

**PLANET, PEOPLE AND PRODUCT**

**REVIEW OUR IMPACT  
CHANGE OUR BEHAVIOUR  
MAKE A DIFFERENCE**



# INTRO<sub>04</sub> PLANET<sub>12</sub> PEOPLE<sub>22</sub> PRODUCT<sub>34</sub>





At Merida, we have been in the business of creating bicycles for over 50 years. In that time, there have been many changes, but one of the biggest has been our greater understanding of how human behaviour has impacted our environment.

The bicycle can be a powerful tool to help us reduce emissions and live healthier lives. Cities can be cleaner, quieter and more enjoyable places to live when bicycles begin to replace other vehicles as a mode of transportation. New e-mobility solutions can deliver more cargo across longer distances, further reducing our reliance on more polluting forms of transport. All bicycles can help people reconnect with nature so that they can better understand that it is a valuable resource that needs saving.

The bicycle is a force for good, but producing it does create emissions, and we need to keep our people and planet safe while we do so. As one of the world's foremost manufacturers of bicycles, we need to first understand and then act on these issues.

We know that we must now start creating a new cycle; a closed cycle loop where the resources can be reused over and over, and we don't add more waste to the environment or emissions to the planet's atmosphere when we create our products. This is a challenging task, but one we are fully committed to, including hitting the target of net zero by 2050.

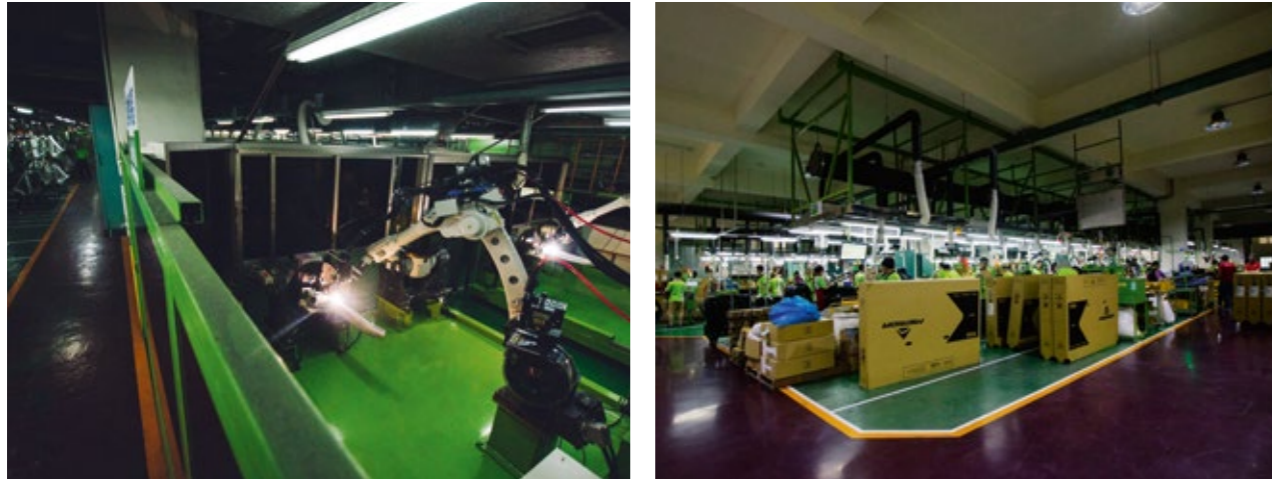
It will take leadership and vision to achieve these goals, combining the efforts of Merida employees across all levels of the company. We must look within ourselves to improve our processes and products so they become greener and more sustainable. We must also look to the partners we work with in the industry to achieve this goal, respecting people and the planet while creating products that have a positive impact.

It is for this reason that we have conducted our first Environment, Sustainability and Governance report, focusing on 2022 data which is the latest and audited. Our ESG Committee has had specialist training and is led by the very highest levels of Merida's management. It aims to address three key areas where we can understand our behaviour and make a difference: Planet, People and Product. We are committed to deliver a new version in due course.





Who is Merida?



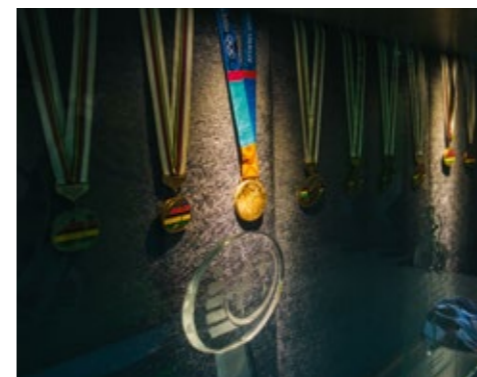
Merida is a Taiwanese bicycle manufacturer, founded in 1972 with our headquarters based in Yuanlin, Changhua. We manufacture bicycles and electric-assisted bicycles for mountain biking, road riding, competitive racing and commuting in the city. We are renowned for our innovative, high-quality products with excellent customer service, and are one of the leading brands in the global bicycle market.

Merida has remained true to our founding principles by refining each product to give it a unique character, which means it is often the first choice of bike for customers worldwide.

The Research & Design team in Germany work closely with the production management experts in Taiwan from the initial concept of each bike through to the final product. Through continuous innovation, Merida not only ensures the products are market-leading but Merida also aims to further reduce the environmental impact it has.

Merida is a global company with 38 distributors covering 64 countries around the world. We work closely with our national distributors regarding our products, constantly seeking dialogue with them to reduce our environmental impact and improve sustainability.

Merida is built on the passion of our whole team for cycling and the quality of our products whilst having the courage to look at ourselves and make positive changes.



“Life should be full of passion and courage”

Mr Ike Tseng, Merida founder





In recent years it has become clear that our impact on the planet is devastating and that climate change is an issue that the world must address without delay. The international community is actively promoting the goal of net zero emissions by 2050 to mitigate the impact.

As a major player in the world of bicycle manufacturing, Merida has been and will continue to play its part in reducing its impact on the planet. Initiatives to reduce our carbon footprint, introduced as early as 2011, will be further refined to help Merida meet and possibly exceed the targets set by the international community. These include basic energy-saving measures such as the introduction of LED lighting, the active promotion and facilitation of the use of bicycles for daily commuting, and the establishment of an extensive clean air zone in Changhua County. In addition, Merida has refined the production process, resulting in impressive energy savings per unit, made great strides in the use of recyclable materials in the packaging process, and achieved significant Green House Gas reductions in the day-to-day operation of our factories and offices.

In this ESG report, the first of its kind for Merida, we want to share with you our plans and ambitions to further reduce

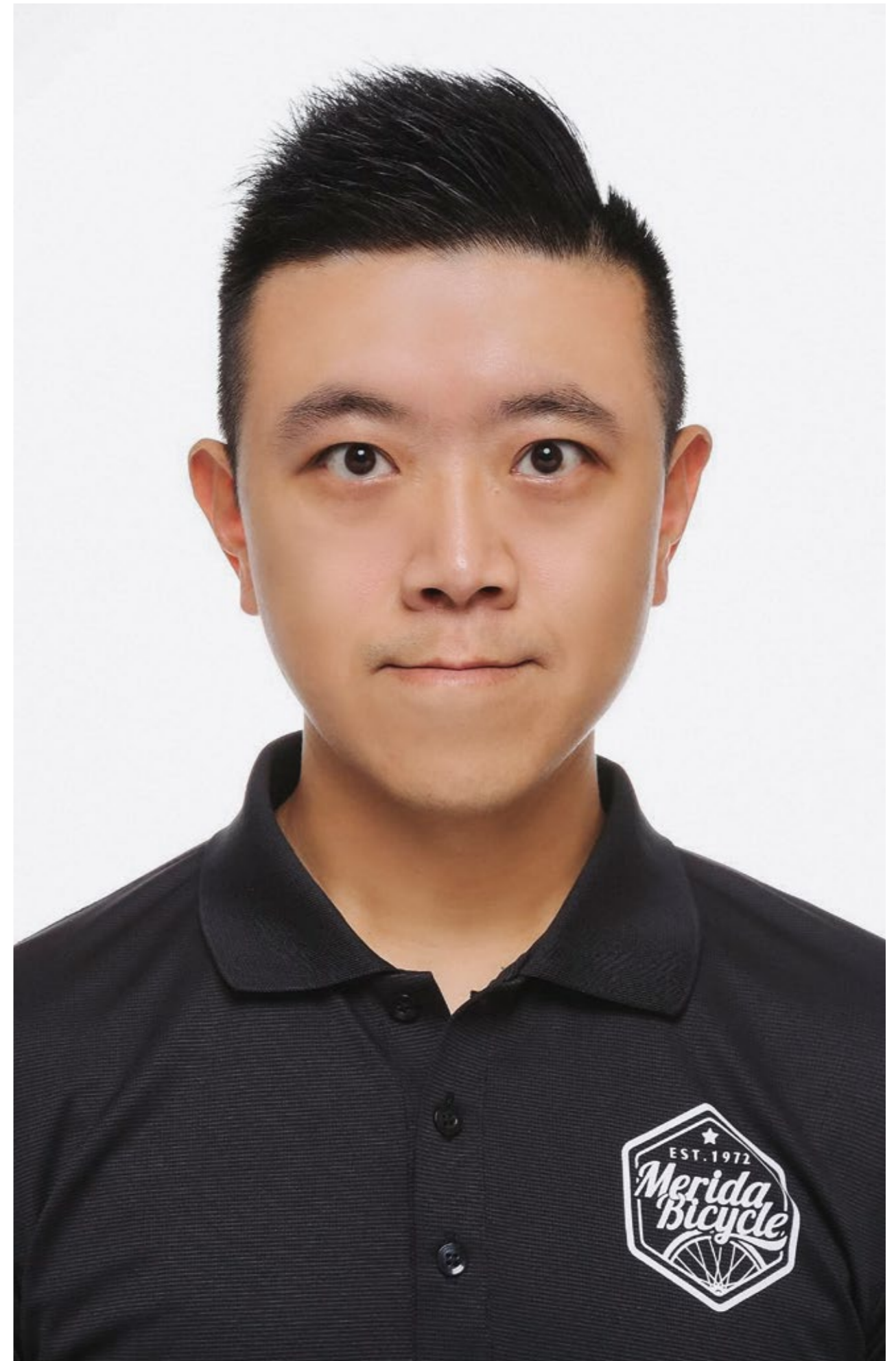
both our and our suppliers' impact on the environment. We also must tackle the key social and governance issues that are critical to our continued journey to become one of the most sustainable bicycle manufacturers in the market and an exemplary employer and highly ethical business partner.

In the pages that follow, we invite you to learn more about our ongoing efforts to improve the performance of our products but also to reduce their impact on the planet by refining the manufacturing process and extending their life expectancy, as well as how we involve our employees in every aspect of the company's decision making thus ensuring the ethical integrity of our business.

While this is the first report of its kind for Merida, it is an important milestone in our long history and will set out our ambitious intentions for the future.

曾上原 Vansen

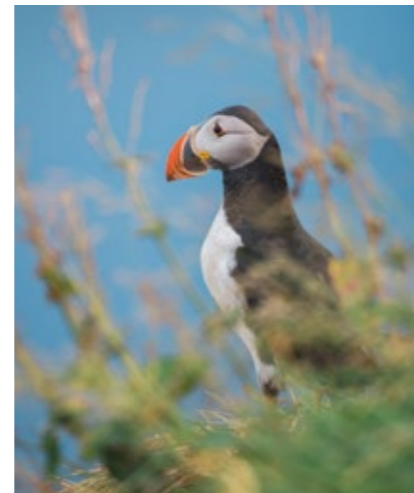
Vansen Tseng  
President Merida Industry Co., Ltd.





# The report

Over the following pages of this report, we will look at key elements of our environmental policies and strategies, reflect on our social responsibilities and the way we conduct our business with our employees and suppliers, plus take a deep dive into our plans and ambitions to make Merida not just a key player in the international bicycle world, but also an exemplary global citizen in this ever-changing world. In this report, we have been and will continue to be guided by the United Nations Sustainable Development Goals and other internationally recognised standards for reporting and measuring our impact.





# Merida designs, manufactures and builds bicycles.

What is our impact on the planet and how can we reduce it?

We need to protect the environment of our planet and the life on it, all while managing resources so they are there for future generations. That is why the choices we make when we create and sell our bikes are so important.

Merida designs, manufactures and builds bicycles. We are committed to our target of net zero emissions by 2050 and a 25% reduction by 2030 from our benchmark year of 2022, but this is not a simple task. The manufacturing of our bicycles - and the raw materials, supplied parts and energy

we use to do so - inevitably creates emissions. In addition, there are those created by all the other factors in our business, from travel and transport to how our products are disposed of at the end of their life.

To do this, we first need to understand our impact. One of the important ways of doing this is to calculate our Corporate Carbon Footprint (CCF) and our Green House Gas (GHG) emissions, both of which are calculated using internationally recognised standards.

## GHG Scope Emissions explained

The Green House Gas (GHG) emissions a company such as Merida makes are grouped into three different categories, called Scope 1, 2 and 3. These different Scopes help to show where and how the emissions are created, both in our own operations, those of the people who supply us with products and energy and those created by others up and down the value chain.

Direct emissions

## SCOPE 1

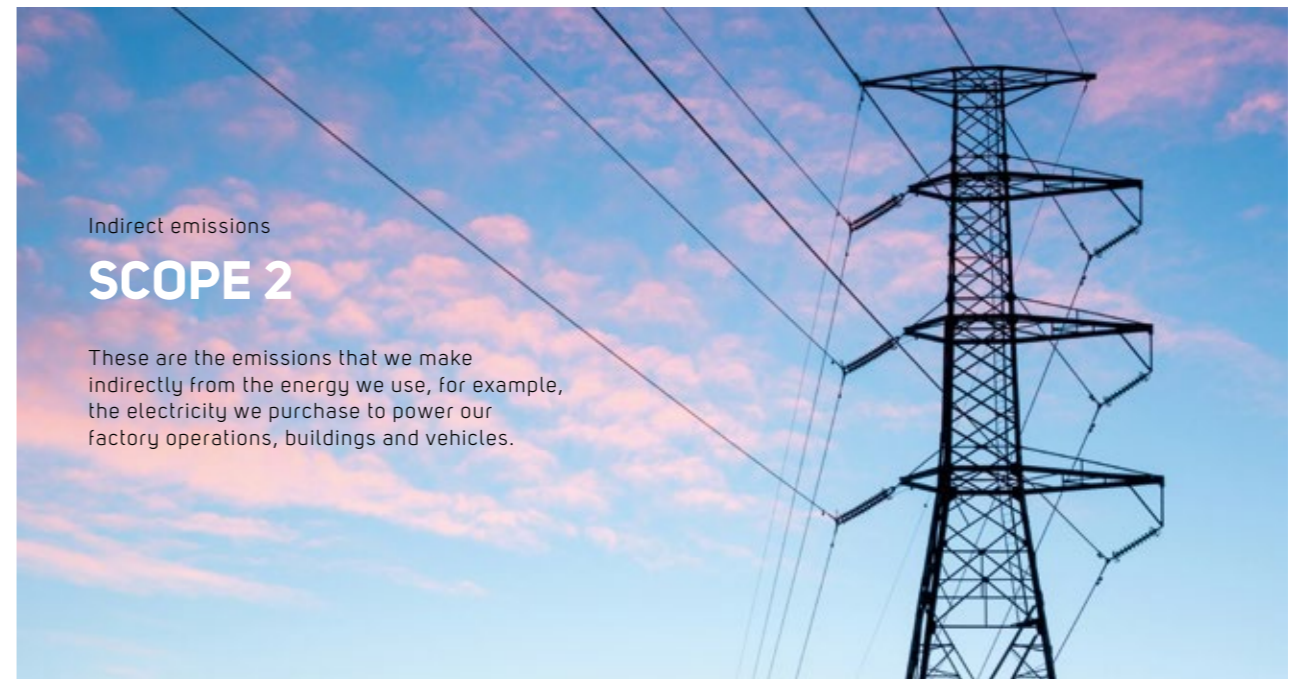
These are the GHG emissions that we make directly, such as those created using the resources we consume when manufacturing our products, using the vehicles we own and heating or cooling our buildings.



Indirect emissions

## SCOPE 2

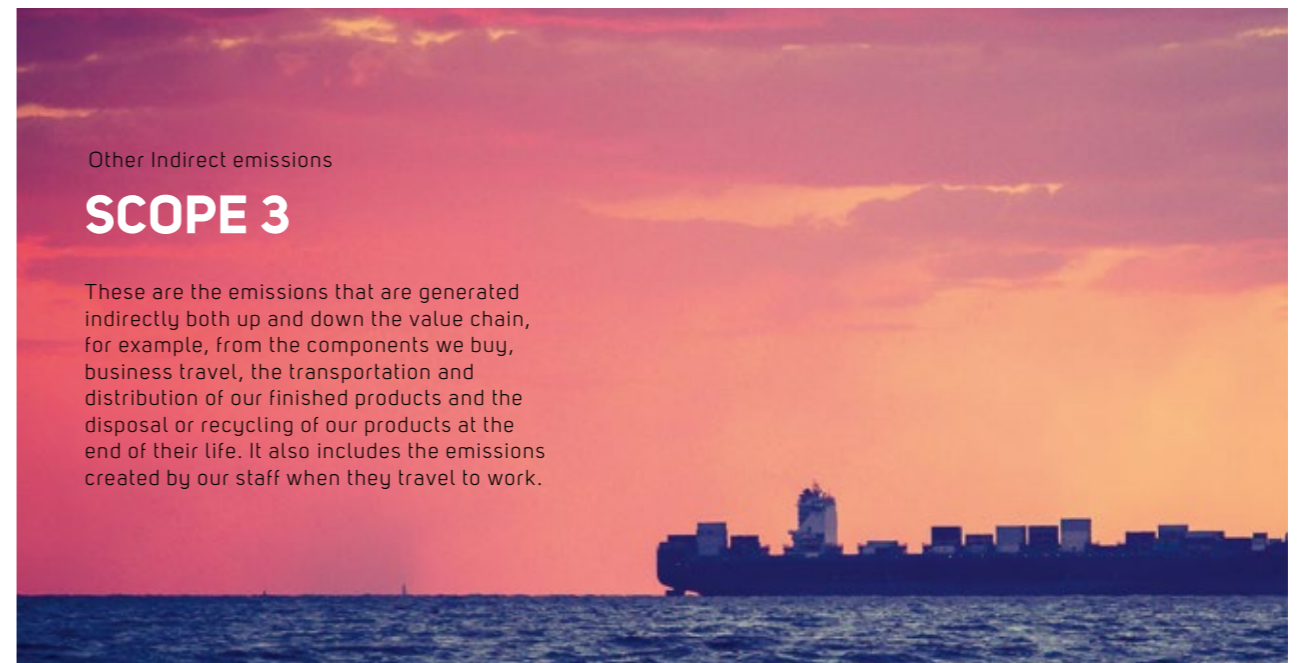
These are the emissions that we make indirectly from the energy we use, for example, the electricity we purchase to power our factory operations, buildings and vehicles.



Other Indirect emissions

## SCOPE 3

These are the emissions that are generated indirectly both up and down the value chain, for example, from the components we buy, business travel, the transportation and distribution of our finished products and the disposal or recycling of our products at the end of their life. It also includes the emissions created by our staff when they travel to work.





Merida manufactures our own products, rather than having production outsourced.

In 2022, we emitted 9,978.48 metric tonnes of CO<sub>2</sub>e. Our short-term target is for a 3% annual reduction in Green House Gas emissions, with a mid-term target of a 30% reduction by 2030 (2,500 tons per year) and net-zero by 2050. To achieve this, we must look at every aspect of the emissions we are responsible for and figure out where we can do better. In 2020 and 2021, we audited our GHG Scope 1 and 2 emissions ourselves, but in 2022 we brought in external consultants to help us calculate key parts of the Scope 3 emissions (i.e. employee commuting, waste, fuel and energy related activities) emissions in more detail.

## Reducing Scope 1 emissions

Merida manufactures our own products, rather than having production outsourced. That means we have a larger proportion of Scope 1 (and 2) emissions than many bike brands. If we are to reduce these, we have a tough task ahead of us.

We choose to view this as a positive; we are in control of tackling these issues ourselves rather than relying on persuading our third-party suppliers to take energy-saving and efficiency measures. This means we can make significant changes to the way we work and improve our impact on the environment.

In 2022, our Scope 1 emissions were 1,499.10 tonnes of CO<sub>2</sub>e, which represents a 23% reduction from 2021, when we were responsible for 1,937.85 tonnes of CO<sub>2</sub>e. We have achieved this by making our factories run more efficiently thanks to a comprehensive energy audit. We have used this to help us direct investment in more modern, energy-efficient machinery and upgrade our buildings to run more cleanly and greenly.

“We reduced our Scope 1 emissions by 23% in 2022, saving 438 tonnes of CO<sub>2</sub>e”

However, the vast majority of our Scope 1 emissions are created because we need to use Liquified Petroleum Gas and diesel fuels in our manufacturing operations. It will be difficult to transition away from these energy sources, but we must investigate possible alternative options, such as biogas and biodiesel. As the market for less-polluting fuels grows, these will become more viable alternatives, but at the moment, we are reliant on innovation outside our industry.

### Green driving

Although our manufacturing activity contributes the vast majority of our Scope 1 emissions, there are other places where we can make small but significant savings. One way we can help is by transitioning to more electric vehicles. The European headquarters in Germany now have charging points for staff to use, and we are using an increasing proportion of partially hybrid and fully electric vehicles as company cars, with the number only set to rise in coming years.



## Reducing Scope 2 emissions

Our Scope 2 emissions were 6,586.19 tons of CO<sub>2</sub>e, with purchased electricity being responsible for the vast majority of this.

The Taiwanese government has set ambitious targets for the use of green electricity, with a goal of 20% of national electricity to be generated by renewable sources by 2025.

In the future, we plan to purchase Renewable Energy Certificates, so we can guarantee that the electricity we use comes from renewable sources, helping to reduce our emissions in line with our targets.

We are in the process of installing solar panels that will directly generate 10% of the power that we need for our operations by September 2024.

We've also tried to reduce consumption by increasing the efficient use of the electricity we need. Compared with 2021, we reduced the Energy Intensity of our production by 22.53% in 2022.

“In 2022, we reduced the Energy Intensity of our production by 22.53%”

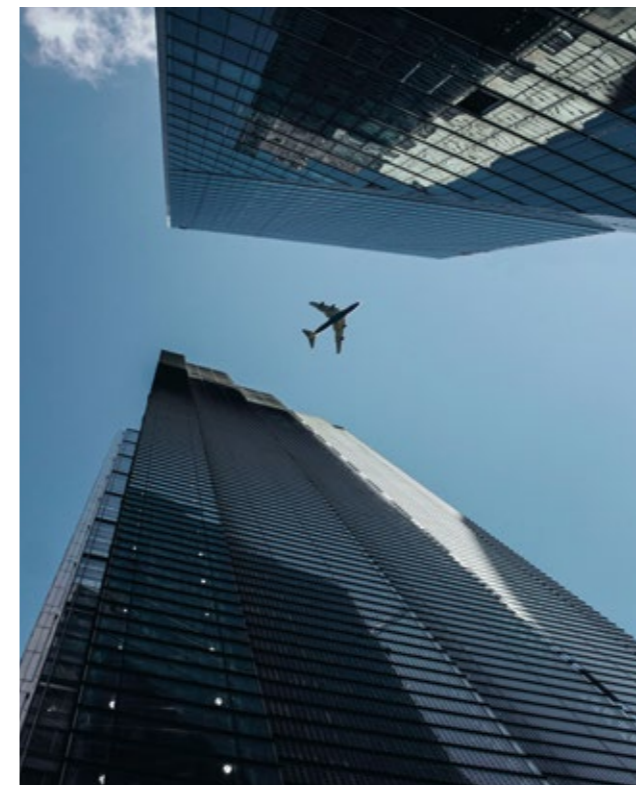
## Reducing Scope 3 emissions

For many bicycle brands, Scope 3 emissions represent a very large proportion of their overall emissions, as they outsource their manufacturing. This is not the case with Merida, but this doesn't mean we can't do better in this area.

One way we can significantly reduce Scope 3 emissions is by working with our supply partners to help them improve

their processes. We thoroughly assess all our suppliers, but we give preference to those who have made proven ESG commitments. In this way, we hope to provide an incentive for all our partners to work with us to reduce emissions and improve processes together.

[READ ARTICLE](#) →



### Flying less, saving more

Air travel is doubly damaging to the environment. As well as the CO<sub>2</sub>e from the fuel burned, there is increasing evidence that as their emissions are released high in the atmosphere, it can have an effect that is 2-3 times more damaging.

While our teams based in Germany and Taiwan need to be in constant communication, we have significantly reduced the number of times they travel to meet in person. We have also minimised our use of air freight to transport bikes and have also focussed on reducing air travel for product launches to a minimum by hosting events as close to national and international media as possible.

### Encouraging people to cycle to work

There's no getting away from the fact that making a bicycle creates emissions. However, if that bicycle is used to replace a regular car journey, it can rapidly repay its 'carbon debt' as a bicycle journey produces around one-tenth the emissions that a car journey of the same distance does. That's why we encourage all our staff to cycle to work with a generous staff discount scheme, secure storage and showering facilities to make this transition to a healthier and less polluting commute as easy as possible.





# Protecting the planet isn't just about reducing emissions.

## How will Merida help preserve resources?

For our business to be truly sustainable, we must move to a model where the raw materials we use can be used over and over again, creating a circular economy where as little as possible is discarded as waste. This is an extremely challenging task.

The main raw materials we use are aluminium, carbon fibre, rubber and paper. Firstly, we try to source as much material as possible from suppliers local to our factory, helping to reduce transport emissions.

We are also focussing on reducing single-use plastics in our packaging and production, phasing them out in favour of more easily recycled materials and reusing this packaging with our suppliers where this is not possible. We're also reducing our paper consumption by moving to digital technologies.

## Recycling for quality: a challenge

However, there are serious challenges when it comes to the recycling of carbon fibre, rubber and the highly specialist aluminium alloys we use.

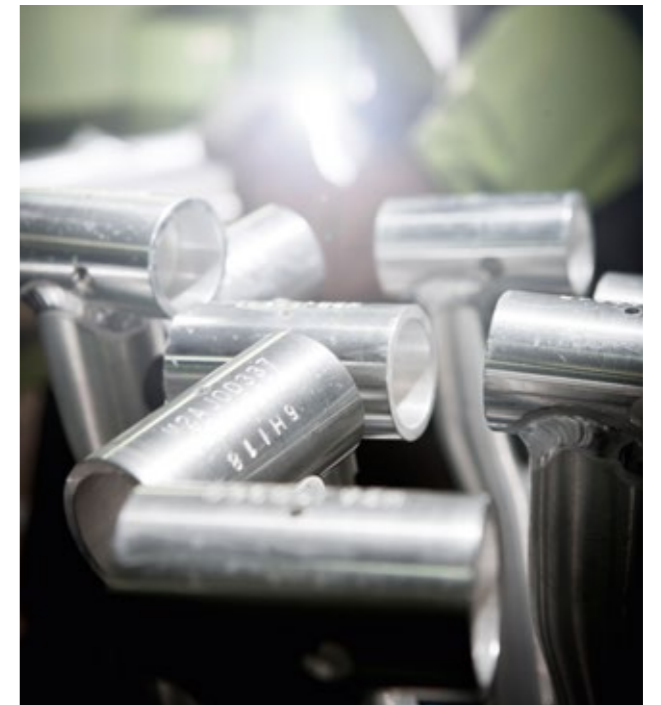
**Rubber** is becoming more recyclable, and we currently use around 20% recycled material here.



**Paper and cardboard** are easily recycled, and we currently use around 85-90% recycled material.



**Aluminium** is an easily and widely recycled material, and it takes 95% less energy to recycle than to create from raw materials. However, the aluminium alloys we use have highly specific properties thanks to their mix of alloying elements. Conventional aluminium recycling facilities are unable to process these alloys while maintaining their properties, making frame-to-frame recycling very difficult. However, this should be possible to overcome with specialist handling that separates high-quality bicycle-grade aluminium from that used in common items, such as drinks cans.



Similarly, the technology to reprocess **carbon fibre** is in its infancy, though this is a challenge that is being worked on both inside and outside the bicycle industry with the wider adoption of composites in all walks of life.



You can find out more about the challenges we face in making our bicycle manufacturing a truly circular affair in the 'Product' section of this report.



Careful handling of waste, keeping water clean and preventing particulate emissions are also very important.

Green House Gas emissions and our use of raw materials are responsible for a large percentage of our impact, but there are other steps we must take to preserve the environment. Careful handling of waste, keeping water clean and preventing particulate emissions are also very important.

We comply with the high standards of environmental protection enshrined under Taiwanese law and ensure our suppliers do the same. We have Dedicated Wastewater and

Sewage Treatment Specialists to help ensure that we do not pollute water sources.

We have adopted an air quality purification zone in our local Changhua County. As well as acting as a natural carbon sink, it is used as a green space for recreation and education for local students and residents, and it has been given multiple awards, including a 'Special Merit Award' by the Environmental Protection Administration.



# Our Employees are the most important asset of the company.

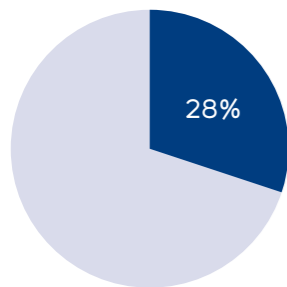
People are at the heart of everything we do at Merida. To succeed in our goals, we must all push in the same direction. We know that the only way to do this is to create a culture of positivity, inclusion and respect. To do this, we are investing in our staff, listening to their concerns, respecting and caring for their rights and their health and safety at work. We must look at every aspect of our conduct to make sure we reach these high standards we have set ourselves.

We also extend this same care to our suppliers and the local community. We know that Merida is part of the larger Earth Village and we must do our best to be a good citizen.

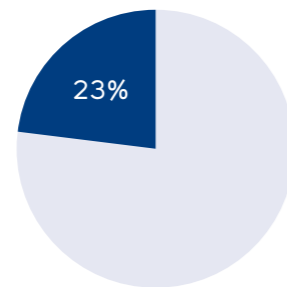


# At Merida, we believe in fairness in all we do

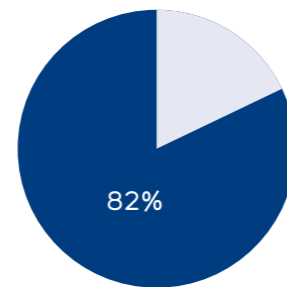
We are passionate about inclusion and diversity within our workforce. We foster a friendly workplace environment that emphasises employee protection, gender equality and empowerment and equal opportunities for all. We know that this ensures we attract diverse employees to come to work with us.



female staff in our factory



female board directors



staff with permanent contracts

In our factory, 28% of the staff are female, and 23% of the board directors are also female. Our long term aim is that more than 20% of the supervisors in the factory will be female. We also prioritise fairness and equality, so 82% of our staff have permanent contracts, the rest are employed on short-term contracts. We also hire employees and support staff with varying disabilities and from disadvantaged groups.

Our company's human resources policy ensures fundamental labour human rights protection principles. We have established management methods and procedures to ensure our employment policies do not discriminate on the basis of gender, sexual orientation, race, nationality, age, marital / family status, physical disability or political / union affiliations. We provide equal compensation, employment conditions, training, and promotion opportunities for all.

We proactively foster a positive environment for our female staff with specific policies and complaint channels for the prevention of sexual harassment. We also provide a comprehensive maternity care program and ensure we have adequate provision for breastfeeding on factory premises.

We have a robust retirement pension system, and the company makes a contribution of 6% of an employee's monthly salary. In addition to the retirement benefits prescribed by law we also provide further benefits and voluntary retirement schemes.







# Cultivating quality talent is a key focus for the company.

## How does Merida invest in our staff?

We know that our employees are our most important asset, and therefore, we invest in them by offering ongoing training to foster development. Our aim is to create a positive company culture.

We know that fresh talent must be cultivated wherever it is found. We do this through training courses, project assignments, attendance at meetings and job rotation.

We provide an environment that promotes a culture of active learning by employees with assistance from supervisors. We also provide a mentorship scheme for all new employees. We provided our employees with over 3,000 hours of training in 2022, which represents a significant increase over 2021.

It is not surprising to know that Merida is an industry leader when it comes to staff retention, this reflects job satisfaction in our employees. Even so we intend to improve this further, so we can reduce staff turnover to 3% in the long term.

Additionally, our directors undertake training (with annual refreshers) to enhance their professional knowledge in Corporate Sustainability Governance and ESG-related issues. They also have diversified external training courses (e.g. climate governance, digital transformation etc) to maintain the culture of ethical corporate management and ensure personal development.



## How does Merida listen to our employees?

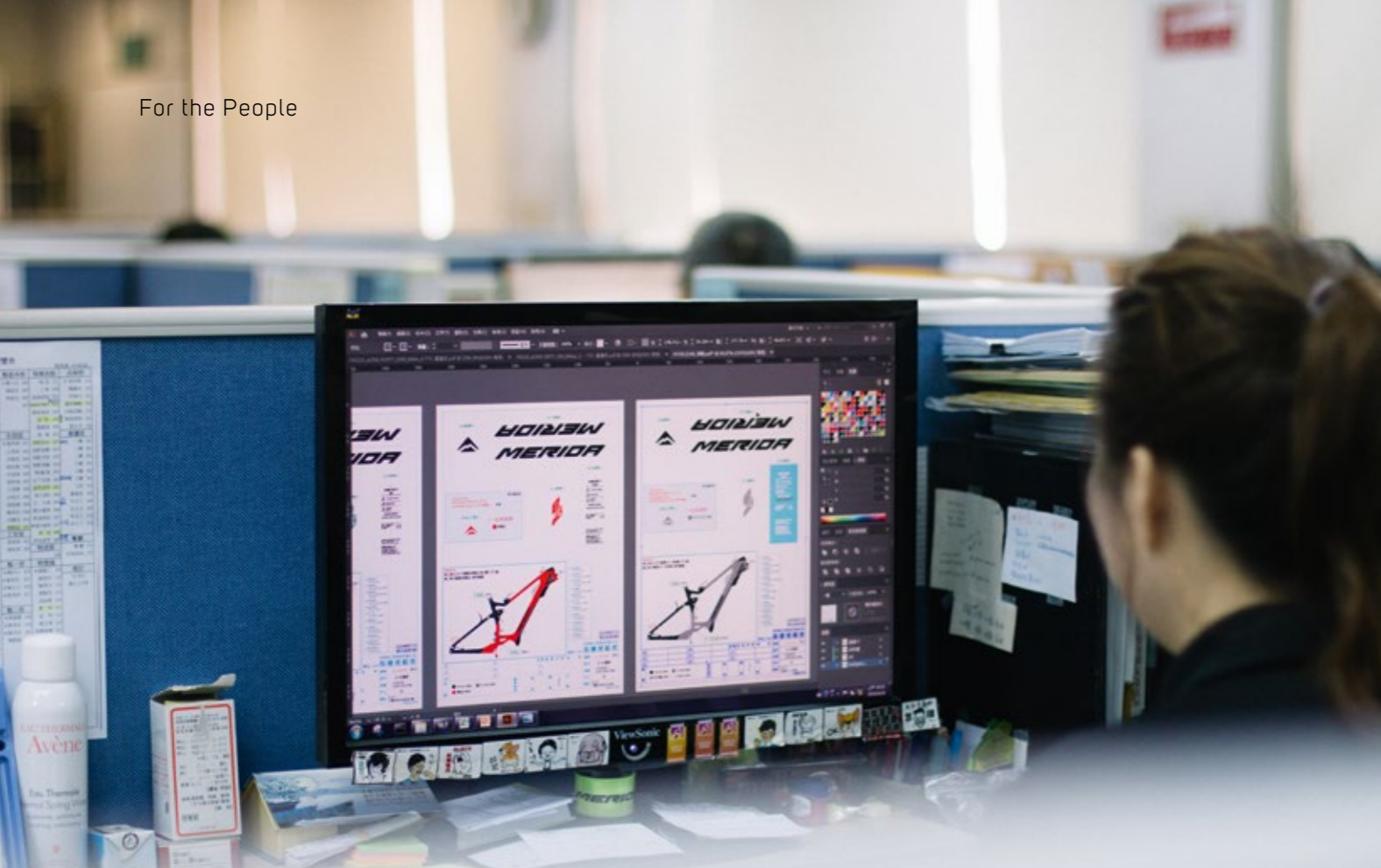
We appreciate that every Merida employee has intimate knowledge and insight into their job role, and we encourage them to share that for the greater good, something that the flat organisational management structure of Merida facilitates.

We listen to our employees through various communication channels, discuss the topics raised in an open and transparent manner, and respond with positive changes. There is a robust complaint mechanism, employees can file complaints through the Company's online platform.

There is also a suggestion box in the factory whereby employees can suggest an efficiency saving or a process change. Over the years, many improvements in efficiency, quality and sustainability have been made thanks to this system.

“Through the sharing of personal knowledge and experience, it is possible to quickly pass on wisdom and create value within the company. It not only helps to expand and effectively transfer knowledge within the company but also enhances the individual's ability and sense of self-worth in the workplace.”





### How does Merida care for our staff?

At Merida, we consider employee welfare to be a priority, so we have created the Employee Welfare Committee. The Committee establishes various subsidies according to the needs of the employees and provides a diversified welfare system, ranging from protection mechanisms to travel subsidies. We also provide various employee benefits such as:

- + Annual festival & birthday gifts
- + Year End Party & lotteries
- + Regular employee trips & regular cycling association club activities
- + Wedding & funeral subsidies

We believe these benefits promote bonding between employees and their families, but also improve well-being.

### How does Merida care for our local community?

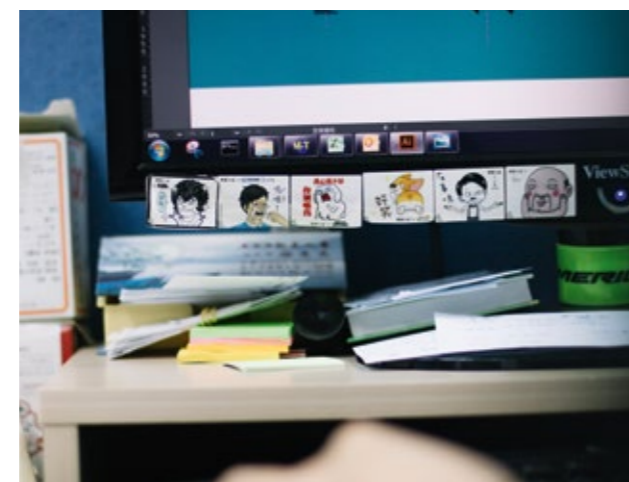
We believe in being involved with our local community and positively contributing to local initiatives. We have sponsored an award-winning dedicated green area in Changhua that can be used not only for relaxation but also to teach children about their natural environment. Amongst many other things, we also sponsor community environment volunteers and work with a local charity to support families in need.

We care deeply about the physical and mental health of our staff.

### How does Merida support employment rights?

We endeavour to eliminate unlawful discrimination and treat all employees fairly. To protect the rights and interests of employees, we have established a Corporate Labour Union to maintain two-way communication between the management teams and their employees. This means workers can fully express their opinions with management and can even communicate directly with the company President. The labour union also holds regular conferences with employers to discuss pertinent issues. The attendance rate at the 2022 Labor Union Member Representatives' Meeting was 100%.

We comply with relevant employment-related laws and regulations, protect the legal rights of our employees, and we follow fundamental labour human rights principles, including freedom of association, the right to collective bargaining, care for the disadvantaged, prohibition of child labour, elimination of all forms of forced labour, and elimination of discrimination in hiring and employment, to protect the rights of our workers.



### How do we ensure the health and safety of our staff at work?

We care deeply about the physical and mental health of our staff. The company advocates a 'zero accident' safety culture. We actively protect the health and safety of all employees by providing a safe working environment, with the reduction of health hazards whenever identified. We have formulated our Labour Health and Safety Work Rules in accordance with the law to clearly define the safety regulations for each work area. There are regular work safety audits, and awareness of safety issues is promoted to all employees. We also conduct environmental workplace monitoring and analyse the data for

special statutory operations - such as noise in the workplace to identify the risks of possible health hazards.

Employees under 40 years of age have a health check-up once every five years, those over 40 years of age have one every three years, and those over 65 years of age have annual check-ups. The results are reviewed by occupational health nurses. Any issues identified are addressed through proactive health promotion or referrals to a health care provider.





# Holding our suppliers to the same high standards

We have strong ethical principles regarding the occupational safety of our employees and our supplier's employees. We have joined forces with them to implement sustainable development policies, including environmental protection, human rights protection, and resource recycling. We prioritise suppliers who implement human rights requirements and policies, including ethical corporate management principles and anti-corruption clauses in the procurement contracts.

We audit our new and potential suppliers to ask them to complete a responsibility questionnaire to evaluate whether the supplier has met our social responsibility and code of conduct requirements. We expect any supplier who breaches our Code of Conduct to make prompt improvements. If they do not, their contract will be terminated.

---

## Whistleblowing policy

There is also the facility for anonymous whistleblowing by employees if they have a health and safety concern. They can do this via telephone, e-mail, or through the suggestion box.

The company has a whistleblower policy which ensures the identity of the whistleblower remains confidential. The whistleblower is also protected against dismissal, demotion or impingement of any rights as a result of their raising a concern.





# Above all, we LOVE cycling



Merida doesn't just make bikes, we LOVE cycling and have been at the forefront of promoting cycling for many years.

We know the importance of encouraging the next generation of cyclists so we have been sponsoring promising young cyclists since 1990. We promote a cycling culture and share our love of cycling with young riders, whether for fun or as a professional career.

As a company, Merida is involved at a political level to promote cycling as a viable and safe form of transport. As well as designing bikes that make city cycling more comfortable and effortless, we work with numerous trade associations and advocacy groups to make cycling an attractive, safe and green lifestyle choice.

We promote cycling not only to our customers but also to our own staff, as we know cycling is an accessible way to exercise and something that fosters better mental and physical health.

In Taiwan, the Merida Cycling Club encourages employees to cycle to work by providing an employee purchase scheme for various styles and types of bikes for all abilities along with other incentives and appropriate storage and changing facilities. We also promote cycling for fun (as well as commuting) by arranging cycling trips using safe cycling routes for staff and their families.

## Riding local, riding green

While replacing a car journey with a bicycle can help reduce emissions, travelling to ride your bike for fun can do the opposite, so the development of local accessible trails is vital. In Germany, our R&D team are involved in making this a reality by supporting the Arrow Trails in their town of Magstadt, providing a local riding hub for people of all ages. We also encourage our distributors to support their own local initiatives.

## Promoting cycling in Taiwan

Although Taiwan is the home of bicycle production, it has long been our ambition to grow cycling as an accessible sport in our home nation. For that reason, we have been running the Merida Cup for 21 years and the Merida Changhua Classic 100K for the last 13 years. With more than 5,000 riders taking part in each event and 700+ volunteers helping with traffic management to make the event possible, these events promote cycling on a large scale in Taiwan and many people have become cycling converts after taking part. We have also continuously sponsored the Tour de Taiwan, the only international cycling race in Taiwan, for nearly 30 years.





# Ride yourself carbon-neutral We produce long-lasting quality products that enrich people's lives

How do our products and the way we conduct ourselves fit into the modern world?

Since its inception, Merida's company ethos has been to produce long-lasting quality products that enrich people's lives, following the rough translation of the three syllables "Me-Ri-Da", which outline our mission to 'produce beautiful and high-quality products that enable everyone to reach their destination as comfortably as possible'.

Back in 1972, sustainability was not considered such a pressing issue, but our focus on making quality products that last has never been more important. The bicycle is one of the few products that has a real chance of offsetting its carbon footprint, and a quality machine that can withstand years of use increases its chances of doing so.

This growing awareness of the importance of product longevity means this focus will remain, and we will continue to develop improved production and manufacturing processes that reduce the environmental impact of our products while increasing their working lifespan.

We recognise that a bicycle's main ability to offset its carbon footprint can only occur if it replaces fossil fuel-powered journeys, and the growing importance of e-bikes has widened this spectrum immensely. It may take longer in its lifecycle to do so, but the e-bike has introduced new user groups to the world of cycling and widened the scope of its use, bringing with it a real opportunity to replace the car in urban and local commuting.





# Circularity

## Use less, use longer, reuse and make clean

There is no doubt that the bicycle has great potential to offset its own carbon footprint and improve the mental and physical well-being of the user, but to further enhance its environmental credentials, we have, and will continue, to look at ways to recycle materials, components and key parts.

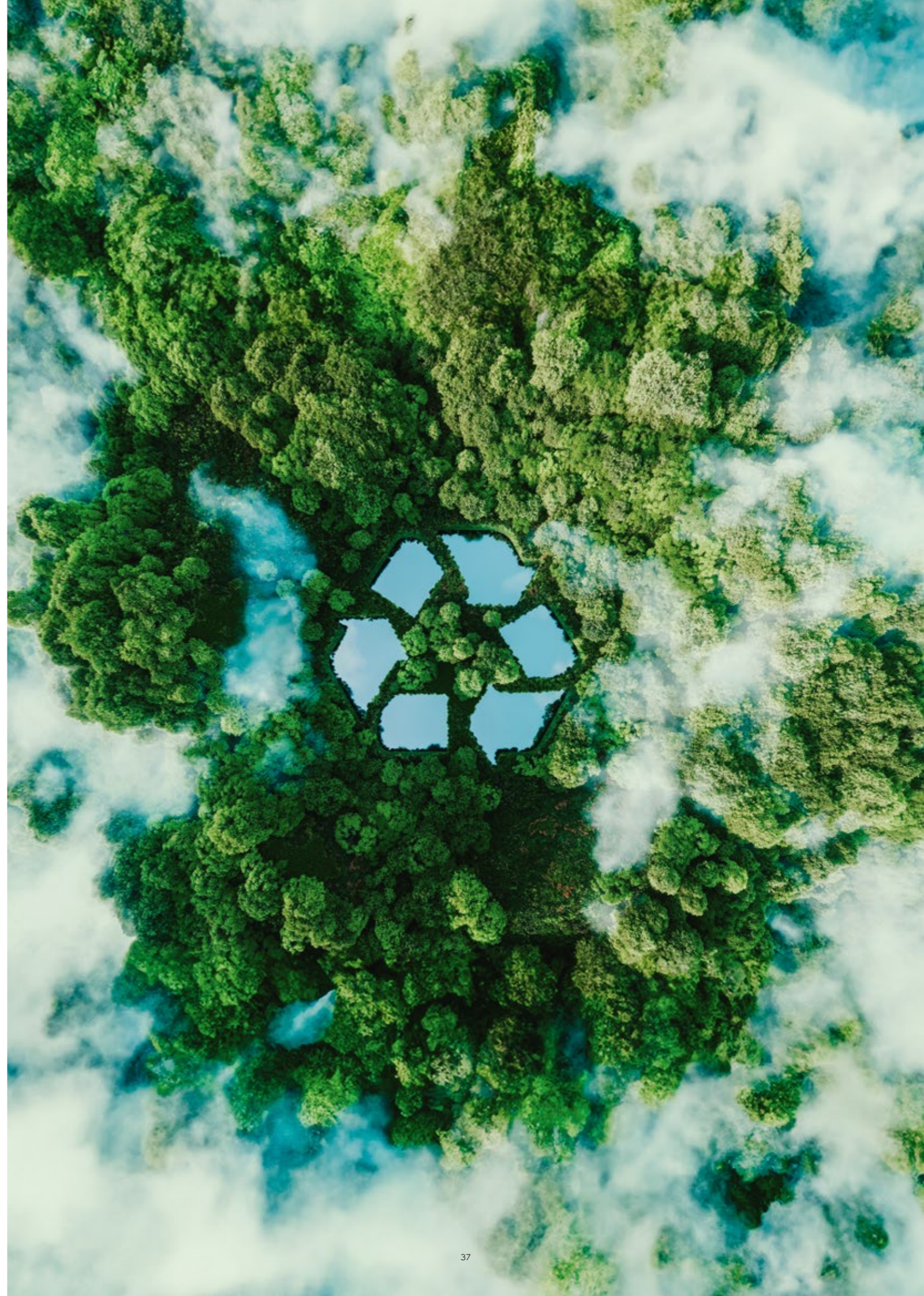
Our ability to recycle the materials used in bicycle manufacture is still in its infancy due to the complexity and high-value nature of the materials involved. However, we are working continuously to improve the amount of material that can be recycled to increase the amount of recycled material that can be incorporated into our manufacturing and packaging processes, all while still producing bicycles that can easily outlast most other forms of transport.

As well as improving the recycling processes and capabilities of our bikes in general, another key aspect of circularity is the maintenance and recycling of e-bike batteries. Although this is a very challenging issue, we have been working closely with our key suppliers to not only improve the

performance, range and lifespan of these batteries but also to develop practical and effective recycling options that can be implemented in the various markets in which we operate and significantly reduce the environmental impact of batteries at the end of their life cycle.

As aluminium is a key material in the manufacture of bicycles, the high quality and grades required for production cannot yet be fully obtained from recycled materials. However, Merida and the industry as a whole are investing heavily in finding new ways to change this and extend the life of the raw material, with the ultimate aim of keeping it in the production cycle.

The situation with carbon fibre is similar. No universally effective recycling method has yet been established, but continuous improvements in production processes and material composition are producing small but promising improvements that will help to meet our recycling targets.





# Undamaged and ready for their first ride Protecting our products in transit to you

Building our products to the highest possible standards and giving them a long lifespan is only one part of delivering on our promise to our customers. The other is how we get the bikes from our factory to the end user undamaged and ready for their first ride. Packaging is a critical part of our business, and we are constantly striving to reduce the use of non-recyclable materials and processes.

Over the years, we have worked to reduce the number of plastic elements in the frame and wheelset packaging we use in our factory, with some product lines now being completely plastic-free.

Although we are constantly improving our packaging in our factory, we know that we still have a long way to go to make all our packaging completely recyclable and made from recyclable materials. This is a goal that is very much in our sights and a key focus for our distribution team and their suppliers.



# Merida's ESG Principles

## Finding the right partners in our supply chain

A crucial part of today's manufacturing business is finding the right partners. For Merida, it has been a key strategic objective to work with local suppliers to maintain flexibility and reduce logistical impacts and keep transport emissions to a minimum.

Over the years, the number of suppliers has been reduced, and the working relationship intensified, all to streamline processes and reduce environmental impact. From 2021 to 2022, the number of suppliers has been reduced while maintaining a focus on domestic suppliers.

### MERIDA'S ESG SCREENING PROCESS



ENVIRONMENTAL  
IMPACT



SOCIAL  
RESPONSIBILITY



GOVERNANCE  
PRACTICE

When selecting new suppliers and monitoring existing ones, Merida goes through a rigorous ESG screening process that assesses key elements such as environmental impact, social responsibility and governance practice. Only suppliers that comply with Merida's ESG Principles remain in the supply chain and any future non-compliance we detect is followed up and addressed. Our practice is to only engage with suppliers who are aligned with our environmental goals and ambitions and who follow similar social and ethical principles



### Striving to improve

To further reduce our impact and improve our sustainability, we are constantly looking for opportunities in every area of our business. While green, social and ethical thinking is high on our agenda, we know that this is just the beginning of a long journey along a challenging and ever-changing path. Working with specialists, our suppliers and at every level of our own organisation, we will strive to further reduce our impact on the planet and become a better global citizen.



# Looking back and going forward

Since initially introducing initiatives to reduce our carbon footprint in 2011, Merida's key objective has been to look at the company as a whole and see how we can become a more sustainable business in this ever-changing world.

While these initiatives have been implemented and refined over the past decade, we know we still have a long way to go to achieve our goal of becoming net zero by 2050. We look back with pride at what we have achieved, but we also know that there is a demanding and often unclear road ahead.

Besides having the reduction of our environmental impact as a key objective, it is also the way we conduct ourselves with our employees, suppliers and customers that has been at the forefront of our minds for many years. We have looked at every aspect and level of our business as well as involving all our staff in the decision-making and solution-finding process. We have also introduced exemplary ways to look after the health and well-being of every member of the Merida family.

We follow a strict set of rules and principles to ensure that our suppliers also follow our codes of conduct in relation to the environment, social responsibility and ethical practices. We continue to do our utmost to show people that the bicycle is a viable alternative to fossil fuel-based forms of transport, while living healthier lives that are more connected to nature.

In this way, we want to continue to play our part in educating our staff, customers and the wider community to treat the environment - and each other - in a more responsible way.

We are excited about the role the bicycle already plays in our modern world and how it can help to improve our future on planet Earth. It will be a long and challenging process, but we will continue to examine and scrutinise every part of our business to achieve our ESG goals.

