

DT SWISS

SUSTAINABILITY REPORT 2022 DT SWISS AG

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SHORT VERSION



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**DEAR AMBITIOUS CYCLISTS,
EMPLOYEES, BUSINESS PARTNERS
AND INTERESTED READERS**

SUSTAINABILITY

A term that is on everyone's lips these days. A term, that at the same time says so much and yet so little. Due to the numerous different facets of this complex topic, we are convinced that sustainability in a business context is characterized by many subjective opinions where there is no clear wrong or right.

This report has been developed to provide clarity on what characterizes our understanding of sustainability and where we currently stand. It includes the DT Swiss headquarters in Biel (Switzerland) and all DT Swiss subsidiaries in Grand Junction (United States), Oelde (Germany), Taichung (Taiwan), Oborniki (Poland) and Le Bar sur Loup (France) and covers the period from January 01, 2022, to December 31, 2022. We want to communicate our status quo transparently and honestly and provide insight into which projects we have already implemented, which opportunities we see, but also which challenges we must overcome. This first report covers topics from all three areas of ecology, economy and social affairs, as in our understanding these pillars cannot be separated from one another.

It is clear that we must take responsibility for our business activities, even if this task is gradual and a long path. Especially in the areas with limited influence, we will not be able to achieve change tomorrow. Nevertheless, we are working on improvement in those dimensions where we believe our work has an impact on people and the environment. At the same time, we are monitoring how global sustainability issues, such as climate change or the scarcity of natural resources, influence our business activities in order to best prepare for the future.

With this report, we would like to show for the first time to what extent DT Swiss has addressed the issue of sustainability. At the same time, we are convinced that it is a joint task of the bicycle industry to develop intelligent and cooperative approaches and solutions in order to act in a future-oriented manner.

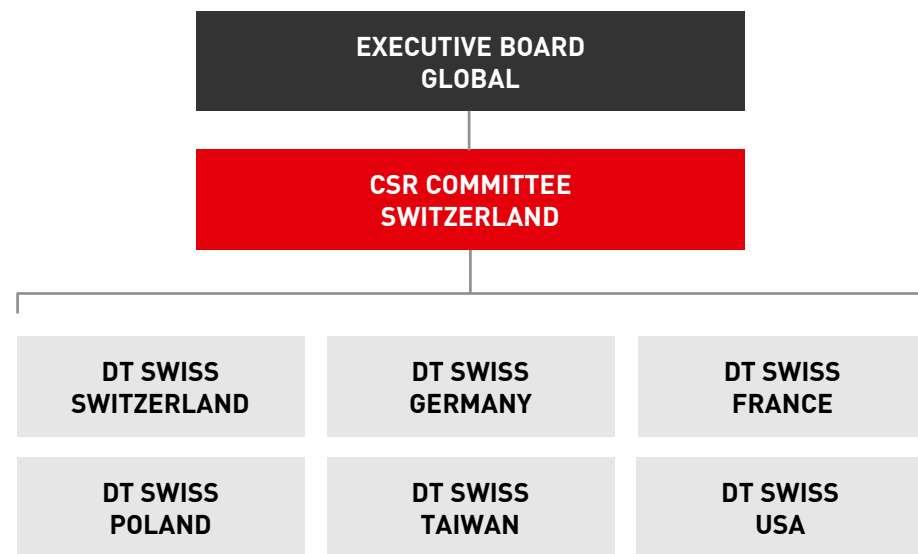

Frank Boeckmann


Maurizio D'Alberto

GOVERNANCE

The governance body who addresses the topic CSR at DT Swiss is called the CSR Committee. The decision makers within this committee consist of one woman and five men, who hold the highest management positions representing human resources, finance, technology, production, product management, and sales and marketing.

With monthly bilateral meetings, representatives from all subsidiaries are proactively involved in the management of sustainability topics at their sites. The chair of the governance body is held by the CFO of the company. The reason for this is the importance of the corporate social responsibility topic and its aim to set targets in an efficient and effective way.



MATERIALITY ANALYSIS

Striving to face the topic of sustainability in a thorough way and to understand which of our business activities have an impact on our society, governance and environment, a first materiality analysis was carried out in 2022. A six-step process, including the involvement of various stakeholders, has resulted in the following material topics. Details about the analysis can be found in the extended version of the sustainability report.

MATERIAL TOPIC	PILLAR	FIELD OF ACTION
COMPANY STRATEGY	GOVERNANCE	OUR MINDSET
ENGAGEMENT	GOVERNANCE	OUR MINDSET
PRODUCT RESPONSIBILITY	ENVIRONMENT	OUR PRODUCTS OUR VALUE CHAIN
HANDLING OF RESOURCES	ENVIRONMENT	OUR PRODUCTS
TRANSPARENCY IN THE VALUE CHAIN	SOCIAL	OUR VALUE CHAIN
DT SWISS FACTORY SQUAD	SOCIAL	OUR PEOPLE
ENGINEERING PERSONALITIES	SOCIAL	OUR PEOPLE
PEOPLE RESPONSIBILITY	SOCIAL	OUR PEOPLE
CLIMATE ACTION	ENVIRONMENT	OUR PLANET
WASTE MANAGEMENT	ENVIRONMENT	OUR PLANET
WATER MANAGEMENT	ENVIRONMENT	OUR PLANET
BIODIVERSITY	ENVIRONMENT	OUR PLANET

LEGEND
 ■ MATERIAL TOPIC WITH TOP PRIORITY ■ MATERIAL TOPIC WITH PRIORITY
 ■ MATERIAL TOPIC

OUR MINDSET

«As a company, we focus entirely on the needs of our customers. In line with our competence strategy, «Engineering Partnerships», one of five strategic pillars, we strive to continuously balance the interests of stakeholder groups relevant to us. We consider customers, employees, the communities in which our sites are located and our shared environment to be relevant. Sustainability considerations are integral to all our competency strategies. We develop products that, with proper maintenance and care, can be used for decades. With modern production sites in the immediate vicinity of our customers' markets, we are already minimizing delivery routes and costs, reducing buffer stocks and are thus consciously counteracting global offshoring trends and, as a rule, also meeting the significantly higher environmental and social standards at these sites. We maintain an ambitious yet appreciative approach to one another, recognizing the uniqueness of our employees, supporting them in their personal growth, and striving together for exceptional performance. We are not driven by short-term results, but by acting in a long-term and sustainable manner. That is our definition of exceptional performance. Holistic relationship management thus allows us to balance a wide range of stakeholders. We see potential in digitalization and «smart standardization» to meet the ever-increasing demands of our customers, business partners, political and social interest groups. Thus, further intertwining material and information flows with our partners helps to take important steps on the path of resource saving, conservation, reusable systems and demand-driven production planning and coordination. It is clear to us that as a company we share responsibility for the further development of society and for a sustainable transformation»

DR. MATTHIAS MEIER
CHIEF SALES & MARKETING OFFICER

ENGAGEMENT

From supporting educational projects, encouraging trail-building initiatives and forest maintenance, to relieving the burden on underprivileged families and nursing homes. Each subsidiary coordinates decentralized initiatives that it believes need our support.

In Poland, the engagement is split into yearly in-kind donations, and financial donations. The donations in kind, known as the Christmas collection, go to a local institution selected jointly by employee representatives and management. Boxes for wish list items are set up in the company, where each employee can voluntarily place his or her donations. The financial support for local projects is determined each year by the management and varies depending on the current situation.

In the United States we support, for example, two local legends, Jen and Anne, in strengthening the local community. Over the last decade, the region around our Grand Junction subsidiary has been transformed into a vibrant and welcoming environment at the heart of mountain biking. A non-profit women's mountain bike club and a series of Sunset Shreds, organized by Pivot Cycles, pay particular attention to foster women on bikes.

WORLD BICYCLE RELIEF

A particular international commitment is our partnership with World Bicycle Relief, which has been in place for over 15 years. In some developing countries, large distances without any connection to public transport must be overcome to reach medical care or educational institutions. With our long-term cooperation with World Bicycle Relief, an internationally active aid organization, we would like to contribute to making people's everyday lives easier by making them more independent.

OUR PRODUCTS

RELIABILITY IS KEY



LONGTERM EXPERIENCE

Our long-term experience refers to decades of wheel building but also to the engineering of reliable and long-lasting products. Every wheel from DT Swiss is built by hand. Currently, wheel building machines are simply not able to build a wheel of the same quality as that hand-built by a skilled wheelbuilder, following strictly defined processes. People learn these differences over many years and can differentiate and act accordingly.



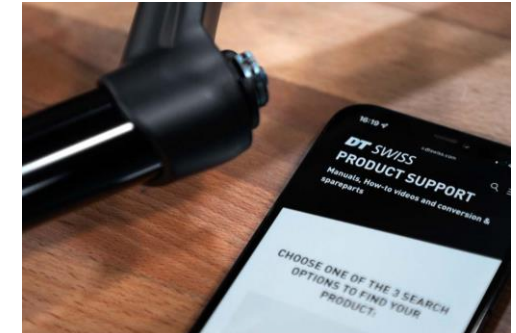
METICULOUS TESTING

DT Swiss' internal testing requirements are significantly higher than applicable standards of the industry. We offer a wide range of test formats: drive torque and brake tests to simulate field runs or drum tests to simulate operating loads over the product lifetime to ensure durability. The test range is considered one of the best and most advanced in the bicycle industry.



INTERNAL QUALITY MANAGEMENT

We carry out rigorous quality controls both in incoming inspection and in production. The so called «Fingerprint» is part of the wheels and suspension products. It includes information about the tension of each spoke, the centricity, the concentricity of the wheel and the name of the respective wheelbuilder. All information is stored in the internal database before a product is made ready for transportation.



AFTER SALES SUPPORT

With our spare parts concept, our online product support incl. how-to videos, manuals, spare parts and conversion options, and the DT Swiss Service Centers as central institution in our efforts to maximize the useful life of our products, we try to offer customers an extensive after sales support.

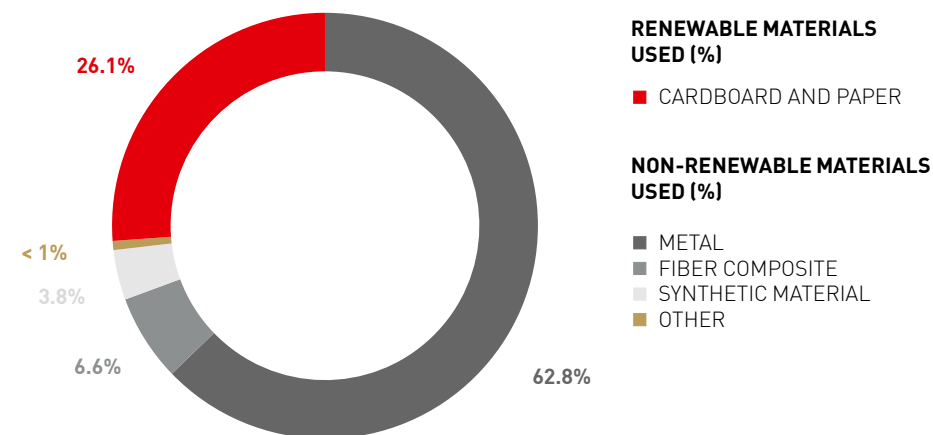
OUR PRODUCTS

MATERIALS

Our material management is directly influenced by our in-house production and a build-to-order approach, which gives us clarity about the final resources required and allows us to discuss customer needs even more precisely. The most used materials in terms of weight include stainless steel and aluminum. We already know that more than 50% of the material purchased from our suppliers for aluminum rim production consists of recycled input material. We have not yet found more sustainable materials that fulfill the high demands of our product lineup. From an ecological perspective, we therefore must face some major challenges: the proportion of non-recyclable materials, in our case CFRP (carbon fiber reinforced polymer), and the consumption of auxiliary materials such as electricity and water for the production. One way we attempt to address this challenge is through re- or down-cycling of a great amount of our production waste. The modularity of our product portfolio in system wheels makes it possible to use the same components in different model versions. Moreover, it enables our customers to adapt «older» parts to newer «bike-standards», which reduces the need to buy new products. With special projects in the fields of packaging and CFRP we try to optimize our resource management. Details can be found in the extended sustainability report.

3328.90 TOTAL WEIGHT – DT SWISS GROUP
NON-RENEWABLE MATERIALS IN METRIC TONS

1177.98 TOTAL WEIGHT - DT SWISS GROUP
RENEWABLE MATERIALS IN METRIC TONS



MATERIAL GROUP	AMOUNT IN %
ACCESSORY	0.5 %
AUXILIARY MATERIAL	0.1 %
PACKAGING MATERIAL*	28.6 %
SEMI-FINISHED GOODS	70.0 %
TRADING GOODS	0.8 %

* Transport packaging has not yet been taken into account.

OUR VALUE CHAIN

PROCUREMENT PRACTICES

Many of our partnerships with suppliers have existed for several years or even decades. With our sourcing strategy, we strive to select suppliers locally in order to strengthen the local economy as well as ensure short transport routes. To date, much of our knowledge of our suppliers has been based on close dialogue, defined regulations on the flow of information and materials, and regular on-site visits. As our industry is characterized by speed and dynamism, close contact with suppliers is essential. Since 2020, we have made major investments in the expansion of our local sourcing strategy: With an in-house carbon rim production facility, we aim to be ready for series production by the end of 2023. This measure will allow us to better ensure compliance and verification of human rights and occupational health and safety in production processes. On the other hand, in-house production allows us to continuously review and optimize processes in terms of energy efficiency and resource usage.

	DT SWISS AG* SWITZERLAND	DT SWISS POLSKA SP. Z O.O.* POLAND	DT SWISS (ASIA) LTD.* TAIWAN	DT SWISS INC.* UNITED STATES
% OF BUDGET SPENT ON LOCAL SUPPLIERS	62%	47%	85%	86%
% OF BUDGET SPENT ON SUPPLIERS FROM RESPECTIVE CONTINENT¹	90%	63%	100%	87%

* This analysis is based on suppliers external to the DT Swiss Group. DT Swiss subsidiaries are not considered.

CODE OF CONDUCT FOR SUPPLIERS

DT Swiss is a manufacturer of high-quality bicycle components. We are in the comfortable situation of conducting thorough reviews of each supplier before entering into a contractual commitment.

To ensure that our partners not only meet our requirements in terms of products but also in terms of business values, a Code of Conduct for suppliers was developed in 2022 that follows the Code of Conduct of the World Federation of Sporting Goods Industry (WFSGI) and the guidelines of the United Nations Global Compact. The Code of Conduct for suppliers consists of guiding principles such as the treatment of people with regards to forced labor, child labor, equality, discrimination, harassment and employment conditions. Furthermore, it describes how DT Swiss expects their suppliers to handle information, competition and the financial environment. It is specified how suppliers are to deal responsibly with the environment and how to comply with laws and regulations.

In 2022, the first Code of Conduct documents were sent out, signed and returned. The global process for sending the guideline has been set up and is to be implemented in 2023.

OUR PEOPLE

DT SWISS FACTORY SQUAD

As a global company, we are proud of our multicultural workforce, which encourages different perspectives and ways of thinking. Our company culture, that we call the DT Swiss Spirit, is based on friendly collaboration where we meet at eye level and with short decision-making processes. We want to ensure that every individual has enough space for self-development. With internal and external training offers, we try to provide a broad range of different tools to foster individual strengths and interests. Our working environment is a rather competitive one, which may not be right for everyone. Nevertheless, we want to appeal as an employer to a diverse audience. After all, motivated persons are given a comparatively large scope for individual development at DT Swiss. In some work areas we see an uneven distribution of labor, e.g. in the gender ratio. At the same time, we see advantages in a diverse workforce, for example in different perspectives with the ability to think in other ways, which counteract group thinking and which we are convinced deliver better solutions. Therefore, we want to implement actions to make these advantages a reality. Instead of quotas, we want to take measures, e.g. attractive working conditions, to recruit people from outside the sector, to encourage a diverse workforce.

If we look at the development of our employee numbers, we see a growth trend in 2022 due to an increase in business demand with large growth in production. We are aware that the growth cannot be kept constant at this speed. The positive trend in the bicycle industry is turning and it remains to be seen how this dynamic working environment will adapt to new circumstances.

No data concerning GF/GQ/NB individuals or individuals who prefer not to share their identity is included for the entirety of the 2022 sustainability report. By GF/GQ/NB we mean employees who do not identify as either male or female. We are aware that individuals with non-binary identities are part of our workforce, and we are working on formally and professionally recognizing these individuals in future sustainability reports.

More data and details about concrete projects that are already implemented or planned, can be found in the extended version of the sustainability report.



EMPLOYEES

41% MEN WORLDWIDE
59% WOMEN WORLDWIDE



WOMEN

21% WOMEN IN LEADERSHIP POSITIONS



NATIONALITIES

23 NATIONALITIES WORLDWIDE



HIRES AND TURNOVER

392 TOTAL HIRES WORLDWIDE
253 TOTAL TURNOVER WORLDWIDE



TRAINING HOURS

9454 HOURS SPENT ON TRAINING – DT CH

OUR PEOPLE

SAFETY, HEALTH AND WELL-BEING

Our worldwide safety team consists of the following employees:

SWITZERLAND

1 safety officer, 7 first aid staff, about 18 floor authorized trained staff

GERMANY

1 safety officer, 2 support staff, 4-5 first aid staff

POLAND

2 safety officers, 34 first aid staff

TAIWAN

2 safety officers, 11 first aid staff

U.S.

first aid staff

The input from our safety teams helps to constantly further develop, implement and evaluate existing occupational health and safety systems. During working hours, our company first aid staff is trained to provide first aid care and respective documentation. Reporting procedures for accidents and fire outbreaks have been introduced and implemented for all employees. In addition, every new employee receives a briefing on occupational safety. Training on specific work-related hazards is given to those employees who are likely to be affected by these hazards. Recorded work-related injuries are only minor injuries, mainly to the upper extremities, mostly to the hand.

In addition to mandatory training and education measures regarding health and safety, we also want to actively protect our employees and support them in safe and healthy lifestyles.

Depending on the respective subsidiary, DT Swiss offers their employees canteens and sports programs in the form of yoga, functional training, spinning or individually organized group bike rides as health promotion services. Financial support for fitness subscriptions is also offered. Additionally, ergonomic workstations, covid tests, vaccination initiatives and fever measuring stations are some of the measures we actively foster.

	DT SWISS AG AMOUNT	DT SWISS DEUTSCHLAND GMBH AMOUNT	DT SWISS POLSKA SP. Z O.O. AMOUNT	DT SWISS [ASIA] LTD. AMOUNT	DT SWISS [FRANCE] S.A.S AMOUNT	DT SWISS INC. AMOUNT
Fatalities as result of work-related injuries	0	0	0	0	0	0
High- consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries	10	0	7	7	0	0

OUR PLANET

ENERGY

The extraction of non-renewable resources has a significant negative impact on our ecosystem. For a company, dependence on external resources can also negatively impact its operations. Our goal is to become less dependent on external energy resources and to enhance the use of renewable energy. This plan is a long-term process, but we have already implemented projects that have a great positive impact: we purchase, for example, 100% green energy in Switzerland and Germany, and we installed solar panels on one of the Taiwanese buildings, together with the landlord. In Switzerland, the installation of solar panels started in Q4 2022. Nonetheless, we know that we still have a long way to go. We need energy saving measures in all our subsidiaries, regardless of their size.

10.10 MWH / FULL-TIME EMPLOYEE
INTENSITY RATIO

	UNIT	2022
TOTAL ENERGY FROM NON-RENEWABLE RESSOURCES	MWH	9249.81
TOTAL ENERGY FROM RENEWABLE RESSOURCES	MWH	4455.25
RENEWABLE ENERGY SOLD, BY USE	MWH	32.66
TOTAL – DT SWISS GROUP	MWH	13672.40

Detailed information on the composition and sources of the energy and emissions data can be found in the long version of the sustainability report.

EMISSIONS

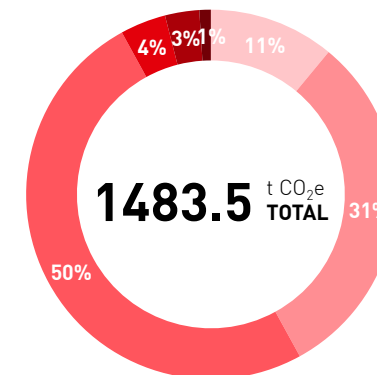
One of the most important material topics that we defined for our company is the field of emissions. We want to identify concrete activities, products and processes where we see great reduction potential for our greenhouse gas emissions and can thus help to weaken the effects of climate change. At the same time, the analysis helps us analyze production and organizational processes and make them more cost-efficient, especially within a growing bicycle industry.

At the headquarters in Biel, the first company carbon footprint measurement was carried out with the help of myclimate. The measurement is based on the internationally recognized «GHG Protocol: A Corporate Accounting and Reporting Standard» and comprises the climate-relevant greenhouse gases that fall under the company’s «operational control». Details of the indicators considered can be found in the full version of the report.

5.578 t CO₂e
PER EMPLOYEE

CATEGORIES (%)

- ENERGY
- MOBILITY
- TRANSPORT
- FOOD AND BEVERAGE
- MATERIAL
- WASTE AND RECYCLING

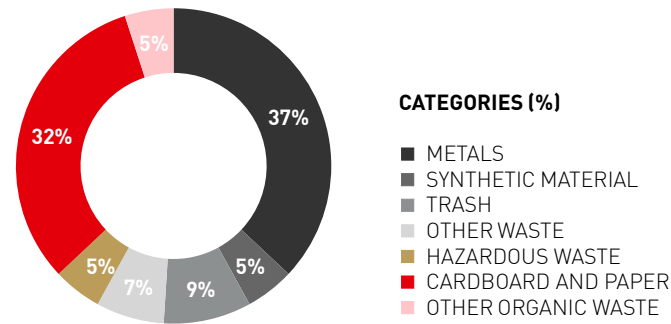


OUR PLANET

WASTE

Being a company with production sites, waste management is a challenge for us, as we generate more waste than non-manufacturing companies. In addition to complying with all local and global guidelines for waste management, all of our production processes aim to keep waste to a minimum. Most in-house waste is generated at our production sites during product manufacturing. Here, waste is generated by input materials that become waste after production, as well as outputs that become waste through storage, assembly, machine operation and retiring products. We are well aware that there is still potential for us as a company in the area of waste reduction and also in the area of CFRP. However, we are pleased and proud of the progress already made. Details on this progress are mentioned in the long version of the sustainability report.

1175.94 **WASTE GENERATED**
TOTAL DT SWISS GROUP (METRIC TONS)



WATER

We are aware that the manufacturing industry, and, as a result, the metal industry, requires a lot of water in processing and production. Even though water is one of the most abundant resources in the world, we must never underestimate how important the substance is for the earth.

The fact that industry- and emerging countries in particular are mainly responsible for the worldwide water shortage is a criterion for us to classify the topic as material. Even though we use comparatively little water in our own production processes, we must begin to better understand how our business activities affect risks in general water management.

16.31 **THIRD-PARTY WATER WITHDRAWAL**
TOTAL DT SWISS GROUP (ML FRESHWATER)

BIODIVERSITY

As the topic of diversity of ecosystems, between species and within species is still comparatively difficult to understand for us as a global operating and manufacturing company, as a first step we must evaluate what impact our business activities have on the loss of biodiversity at our respective locations and within our value chain. After this initial step, we need to answer the question of how we want to address the topic in the future.

YOUR **CONTACT**

For more information, please contact us:
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