

SUSTAINABILITY REPORT 2019

Pierce Holding AB and Pierce Group

Organization number 556967-4392
Reporting period 2019-01-01 – 2019-12-31

Index

1. A WORD FROM OUR CEO	2
2. PIERCE BUSINESS IN BRIEF	3
2.1 DOING RIGHT.....	6
2.1.1 <i>PIERCE Group Code of Conduct.....</i>	<i>6</i>
2.1.2 <i>Data protection.....</i>	<i>6</i>
2.1.3 <i>Suppliers and supply chain partners</i>	<i>7</i>
2.1.4 <i>Social Projects.....</i>	<i>7</i>
2.1.5 <i>Health and Safety</i>	<i>8</i>
2.2 ALL IN.....	9
2.2.1 <i>Gender and diversity.....</i>	<i>9</i>
2.2.2 <i>Misconduct and Sanctions.....</i>	<i>11</i>
2.2.3 <i>Employee Satisfaction and Training</i>	<i>11</i>
2.3 GREEN CARGO	12
2.3.1 <i>Transportation.....</i>	<i>12</i>
2.3.2 <i>Energy.....</i>	<i>13</i>
2.3.3 <i>Packaging</i>	<i>13</i>
2.4 ECO MOTO.....	16
2.4.1 <i>Eco Friendly Products.....</i>	<i>18</i>
3. ABOUT THIS REPORT AND OUR SUSTAINABILITY WORK.....	19
3.1 STAKEHOLDERS AND MATERIALITY	19
3.2 STAKEHOLDERS, SUSTAINABILITY TOPICS AND POSSIBLE DIALOGUE FORUMS	19
4. GRI INDEX.....	21

1. A Word from our CEO

The year 2018 marked the beginning of our journey to formally incorporate sustainability into our way of thinking, acting and conducting business. We acknowledge the responsibility that falls upon us as an e-commerce business within the motor-industry and we want to play our part in enabling people to live their passion within planetary boundaries, an effort we call *#SustainablePIERCE*.

We have approached the sustainability theme like any other part of our business – with passion and enthusiasm - and in 2019 we have taken several steps towards implementing our long-term sustainability strategy and goals.

Our sustainability framework is made up of four components: Doing Right, All In, Green Cargo and Eco Moto. We have worked hard with suppliers and employees to safeguard diversity, ethics and fundamental respect for human rights (Doing Right). We have taken steps to enable all our personnel, suppliers and talented customers to live their passion (All in). We have improved our logistical handling from an environmental perspective (Green Cargo) and are contributing more to the circular economy with green solutions (Eco Moto) than last year. You can read more about our strategic approach towards these four areas in the enclosed sustainability report.

We strongly believe sustainability is a key to the future, enabling us to position our brands, improve our margins and grow a better business for our current stakeholders as well as for coming generations.

I hope you will enjoy reading about our sustainability strategy, *#SustainablePIERCE*, about the progress that we have made over the last year and about some of the initiatives that we are planning moving forward.

Until next time,



Henrik Zadig,
Chief Executive Officer



2. PIERCE Business in Brief

The PIERCE Group is a leading actor in the European market for sales and distribution of gear, spare parts, accessories and streetwear related to motorcycles and snowmobiles. We offer a wide and deep range of our own as well as external brands for passionate riders across 17 European markets and since 2019 also for customers in other parts of the world.

We are an international business with offices in Sweden, Poland and Spain. Our main business consists of procuring products from suppliers and distributors and delivering them to the customer through our three online stores “24MX” (Motocross), “XLMoto” (Onroad) and “Sledstore” (Snowmobiles). We strive to become the leading actor in all our segments within the markets where we operate. We do this by tailoring a unique online shopping experience, swift and safe delivery and a high service for our customers.

Since customers are regularly active, outdoors oriented people with a passion for adventure, stepping up our sustainability game is a natural development for us. As we continue to grow and challenge the norm of how to conduct business, we hope to be able to engage even more closely with all stakeholders by means of our sustainability package: #SustainablePIERCE.

Our vision

To become the most admired retailer within the motor industry and shape the way motor enthusiasts shop by offering a state-of-the-art online shopping experience built on passion, professionalism, and a good dose of rebellious spirit.

Our mission

To help petrol heads around the world to improve their rides, challenge their friends, and pursue their passion. To achieve this, we:

- Challenge the norm of how things get done and how our industry works.
- Scan the globe for the best suppliers to offer the widest range of quality products and the strongest Bang For The Buck-deals.
- Constantly improve the customer experience all the way from click to delivery.
- Promote a culture where our employees can grow, develop, and feel proud to come to work.

Our values:

- We love our customers – Our customers are the whole reason for our existence. We admire them, seek to exceed their expectations, and surprise them all day. Every day.
- We do it with passion – Just like our fellow petrolheads, we use our passion and energy to win the race to become number 1 in our business as well as on the tracks.
- We dare – We constantly strive to improve our business and make it simpler. We take risks and accept that not everything will work. Challenge, improve, and repeat.
- We get dirty together – We work together and share the same goals in order to achieve greatness. We pep each other and know that WE are stronger than ME.
- We drive result – We are committed to top notch performance in all aspects of our business. We take personal pride in making great results happen.
- We do more with less – We do not waste money because controlling our costs means we can pass savings on to our customers who we live, act, and fight for.
- We do the right thing – We have integrity and set high standards for ourselves, our partners, and our suppliers.

The table below shows the direct economic value generated by PIERCE over the last 4 years.

KSEK					
Direct Economic Value Generated	2016	2017	2018	2019	Stakeholders
Revenue	427 022	615 211	942 083	1 242 955	Customers
Distributed Economic Value					
Cost of goods sold	- 216 308	- 320 566	- 492 634	- 669 825	Suppliers
Salaries and compensations	- 60 463	- 75 490	- 120 293	- 165 470	Co-workers
Capital Costs (interest)	- 15 638	-13 885	-29 816	- 60 049	Investors

Corporate sustainability is a change process in which we as a company aim to meet the long-term expectations of our owners, customers, employees, partners, and broader society regarding the topics that are most relevant to our business. The long-term goal in our sustainability strategy is to play our part in enabling people to live their passion within planetary boundaries, a strategic stance we call *#SustainablePIERCE*.

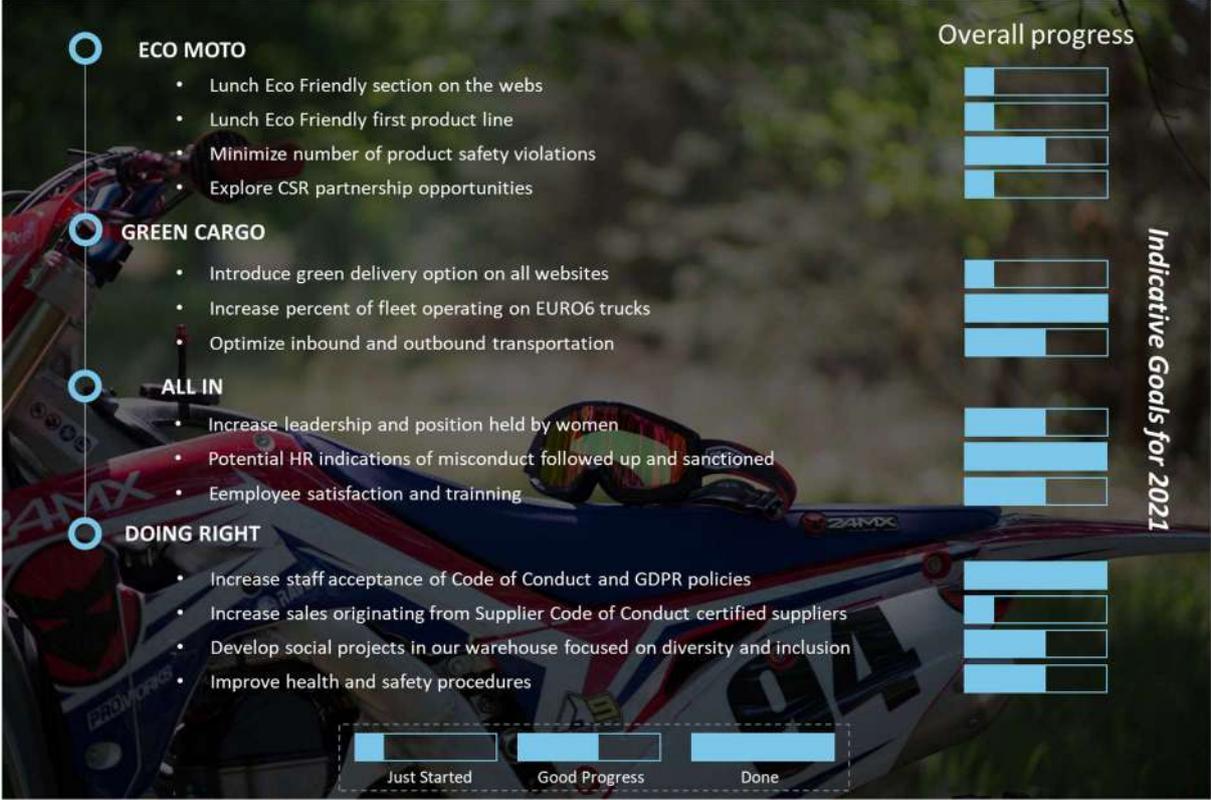
We realize that our industry is part of a sector with consequences on the planetary boundaries within which we all can enjoy our lives. We therefore aspire to work hard to find green solutions, smart innovations and cutting-edge business operations that allow reduced environmental footprints and eco-friendly solutions to emerge. Simultaneously, as an e-commerce business, we need to continuously keep an eye on how our products are being produced, packaged, shipped and recycled. Of equal importance is how people involved in our value chain are treated and that we actively collaborate with others to raise the bar regarding our role in the broader business eco-system.



The sustainability framework is comprised of four components. The foundation of our business is set by our company culture, overall sense of *Doing Right*, as well as going *All In* on HR and diversity issues. Our green responsibility also covers all our transport and logistics operations through our *Green Cargo* initiatives, and the last and most ambitious component of the framework is about exploring opportunities to make our offering greener and to promote innovative and more sustainable products, which we call *Eco Moto*. The *#SustainablePIERCE* framework provides the overarching direction and the first step on an evolving journey to be developed further during the years ahead.

#SustainablePIERCE – Sustainability framework

We have set high-level ambitions and goals against each of the four areas of our sustainability framework and the chart below shows the progress that we have made on our sustainability journey towards our indicative long-term goals.



2.1 Doing Right

At PIERCE we are committed to a business practice that does not only fulfil legal requirements but also proactively engages in issues regarding anti-corruption, human rights (throughout our value chain) as well as health and safety, integrity, data security and privacy.



2.1.1 PIERCE Group Code of Conduct

During 2019 a new **Code of Conduct** was implemented which has been signed by all employees.

The success of the PIERCE Group depends on *doing the right things* but, also, on *doing them in the right way*. PIERCE's new Code of Conduct helps the Group to achieve this. It provides guiding principles on how to conduct business and it sets expectations for every employee's behaviour towards each other, to customers, products and brands, as well as towards other parties.

The Code of Conduct stresses the importance of following all applicable laws and regulations as well as adhering to internal policies and ethical standards. The Code applies to all PIERCE employees and anyone working for or on behalf of PIERCE, irrespective of job function or seniority.

Some of the sections that the Code of Conduct includes are:

- Zero tolerance regarding corruption.
- Zero tolerance for Discrimination and Harassment.
- Promotion of Diversity in the workforce.
- Selecting, monitoring and developing suppliers (fair treatment, working conditions).
- Health and Safety statement ensures proper and well managed working conditions for its employees.
- Importance of Personal Data and confidentiality.

2.1.2 Data protection

PIERCE customers' trust is precious. Therefore, we comply with all legal requirements for consumer protection and we do not sell our customers' information to any third parties. During 2017 our team prepared for the **GDPR** ruling by reviewing and adjusting current processes to ensure compliance with this regulation. All data has been classified and documented, all internal and external data processes have been identified and a method for managing inquiries from customers and employees has been implemented.

During 2019, we had 177 customers requesting to be removed from our database and we received no formal complaints.

2.1.3 Suppliers and supply chain partners

Since PIERCE is a retailer our commitment to “doing right” extends to our suppliers and supply chain partners as mentioned in our Code of Conduct. In our “Supplier Charter” we demand that they, as a matter of course, are in strict compliance with national and international laws and that they support universal human rights, labour rights and environmental concerns.



Based on internal workshops we have assessed the main risks for our supplier and supply chain partners in this ‘doing right’ area and identified mitigating approaches for each of the risk areas, which is shown in the table above.

During 2019 we published a new **Supplier Agreement**, which includes all the conditions our suppliers need to fulfil, from business and packaging to health and safety, Human Rights and Environment.

We are working on our **Supplier Code of Conduct** that will be included during 2020 in the Supplier Agreement, and that will contain a more thorough view on PIERCE requirements regarding:

- Legal obligations
- The rights of freedom of association and collective bargaining
- No discrimination policies
- Decent wages and working hours
- Occupational health and safety
- No child labour
- Clear terms of employment
- No forced or bonded labour
- Protection of the environment
- Ethical business behaviour
- Animal protection

2.1.4 Social Projects

PIERCE commits to do the right thing and help others.

Our distribution center in Poland (PDC) **cooperates with a local non-profit organization** in Goleniów supporting people having disabilities, especially those with autism. During 2019 about 25 disabled employees were supporting warehouse and our Made-To-Order customized product team (4 hours per day).

In total we employed 14 people with disabilities in the Finance, Warehouse and Made-To-Order departments.

In recognition of this cooperation and the actions taken by PDC, the West Pomeranian Marshall Office gave PDC the regional Award “Friend of Social Economy” during 2019, being the only private company in the region to get this award.

Besides the initiative with non-profit organizations, PDC has continued **partnerships with local schools** in the Szczecin area to provide valuable and free in-house practical training for 16-year old students. This collaboration helps the students gain valuable experience and expertise.

2.1.5 Health and Safety

During 2019 a **Safety Committee** was established. The role of the Safety Committee is to participate in the planning of health and safety measures at the worksite and to monitor implementation of these measures. The safety committee closely monitors health and safety developments and promotes satisfactory health and safety conditions across our offices.

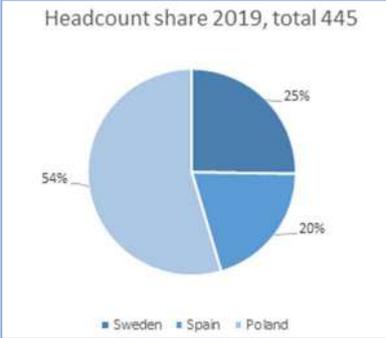
As an employer concerned about staff safety, a **First aid kit training** was conducted in 2019. All trained employees now know how to act in emergencies and how to provide first aid if needed. All training participants were certificated upon completion of the training. In 2020 the training will be repeated to ensure we keep the knowledge fresh and up to date with the latest developments.

During 2020 we will increase the clarity of procedures to use medical emergency equipment, train employees on how to proceed in case of fire and practice fire drills with the entire office.

Also, every warehouse employee at PDC receives **safety training** during the first working day and every second year of employment. This safety training helps us to reduce the number of accidents in the warehouse. During 2019 we had 6 accidents in the warehouse without casualties.

2.2 All In

PIERCE’s ability to expand and build an attractive business hinges on our ability to retain, develop and keep employees with the right skills, attitudes and mindsets. Good working conditions and career prospects paired with clear equality and diversity initiatives make for the right circumstances.



ALL IN



Leadership & Women

2019

- More women on leadership positions

Planned for 2020



Misconduct & Sanctions

- Whistle blower policy



Employee Satisfaction & Training

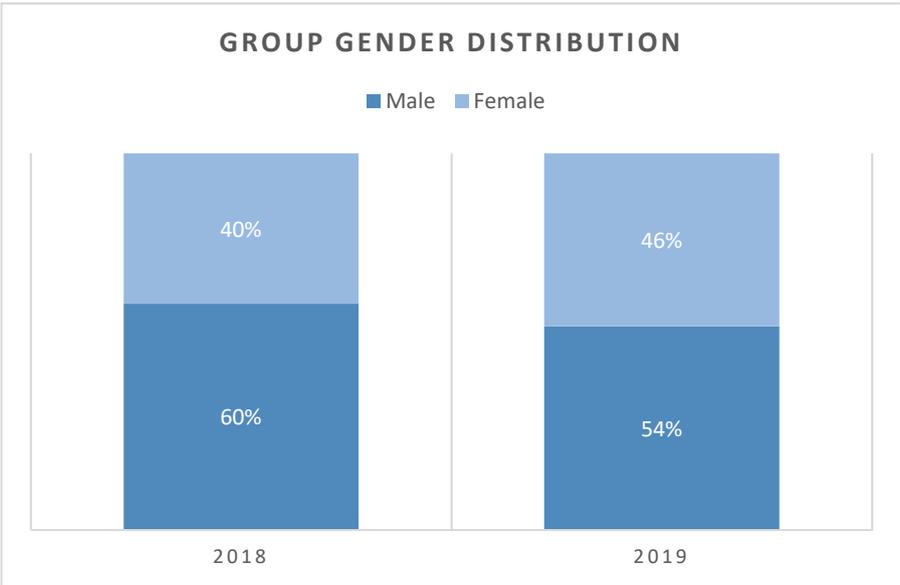
- 2019 Employee survey
- Leadership training

- 2020 Employee survey
- Pierce Leadership Program
- Project Manager training

2.2.1 Gender and diversity

PIERCE wants to promote equal rights for women and men in terms of work, employment, working conditions and professional growth. However, our business is exposed to gender differences in various ways. As an example, applicants to open positions are traditionally male, and PIERCE has noticed that female candidates have been harder to attract.

Among our employees, the proportion of women to men has improved during 2019.



2.2.2 Misconduct and Sanctions

PIERCE is committed to detecting and preventing any kind of irregularities that may seriously harm our business or employees. It is therefore important that such information is noted and investigated as early as possible and to that end we have implemented a whistle blower function.

Through the whistle blower function, employees and business partners can report suspected violations of laws and violations of PIERCE internal regulations by individuals in senior positions or other personnel. The whistle blower function allows for anonymous reporting to the external service provider PwC who operates the whistle blower function on our behalf.

2.2.3 Employee Satisfaction and Training

As a company we want to provide professional development opportunities for our employees. As part of our annual performance management cycle we set individual goals, define personal development areas and identify potential training opportunities.

The PIERCE Distribution Center (PDC) has continued its leadership training, which has resulted in more harmonized ways of working and several of the trained employees have been promoted into more senior roles.

In 2020 we will kick off a PIERCE Leadership Program to define the PIERCE leadership model and to train a group of 36 of the most senior leaders from across the organization. We will also run a Project Management course for 20 select employees to improve our capabilities in this area.

We also continued our Great Place to Work (GPTW) initiative where a group of employees dedicate their time to organize social gatherings, sports activities, events and improvements in the offices.

PIERCE currently have no existing collective bargaining agreements, but we do endeavour to mirror the benefit structure that is commonly found in collective bargaining agreements.

2.3 Green Cargo

With the rise of e-commerce, renewed attention has been drawn to the environmental and climate impact of shipping, logistics and transportation activities. This is an area in which PIERCE is looking to improve our performance by means of a careful design of distribution systems and cooperation with logistical partners. As a result of our main warehouse being in Poland we are achieving an optimal location for inbound and outbound distribution across the entire European market.

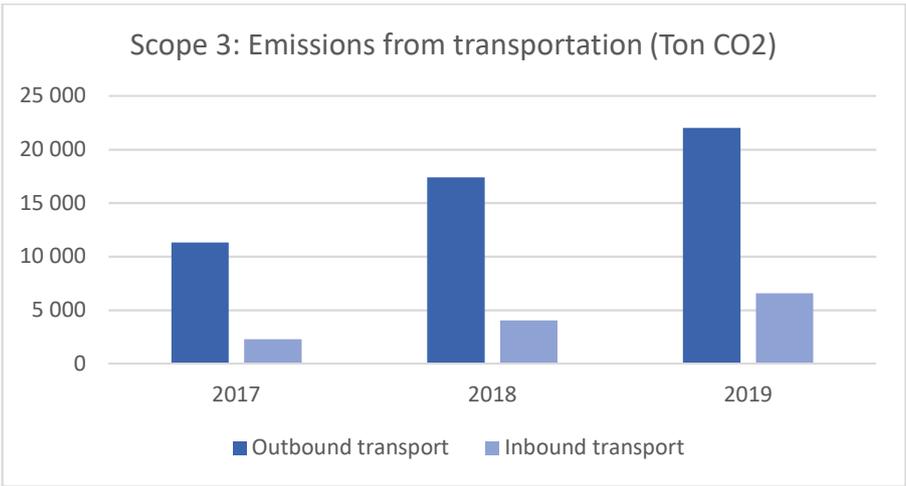
PIERCE is also looking to go beyond improving the distribution and logistics to have a broader impact on the United Nations Sustainable Development Goals (SDGs) for the 2030 Global Agenda.

GREEN CARGO

 Green delivery option	 Fleet operating on EURO6	 Optimize transportation
<p>2019</p> <ul style="list-style-type: none"> • Packaging Guidelines • Recycle cardboard • ECF paper 	<ul style="list-style-type: none"> • Entire line haul transport network under Euro6 regulation 	<ul style="list-style-type: none"> • Product Design to improve packaging
<p>Planned for 2020</p> <ul style="list-style-type: none"> • Paper use reduction 		<ul style="list-style-type: none"> • Sea ships with low sulphur fuels • Measurement station

2.3.1 Transportation

2019 has been a year with changes in logistics and transportation activities because we opened our Global market, and we also now provide an Express option to deliver products to our customers faster. These two actions had a positive impact on our customers' satisfaction but a negative impact on our carbon footprint because 0,27% of our orders were shipped by plane.



Consistent with the 2018 CSR report, the reported numbers include not only the emissions from diesel/gas consumption but also the emissions that come from creating the transportation infrastructure as well as the vehicles.

On the other hand, we can say that for road delivery, our entire partner logistics network is now running under the Euro6 regulation, which was one of our goals for 2021. This action will contribute

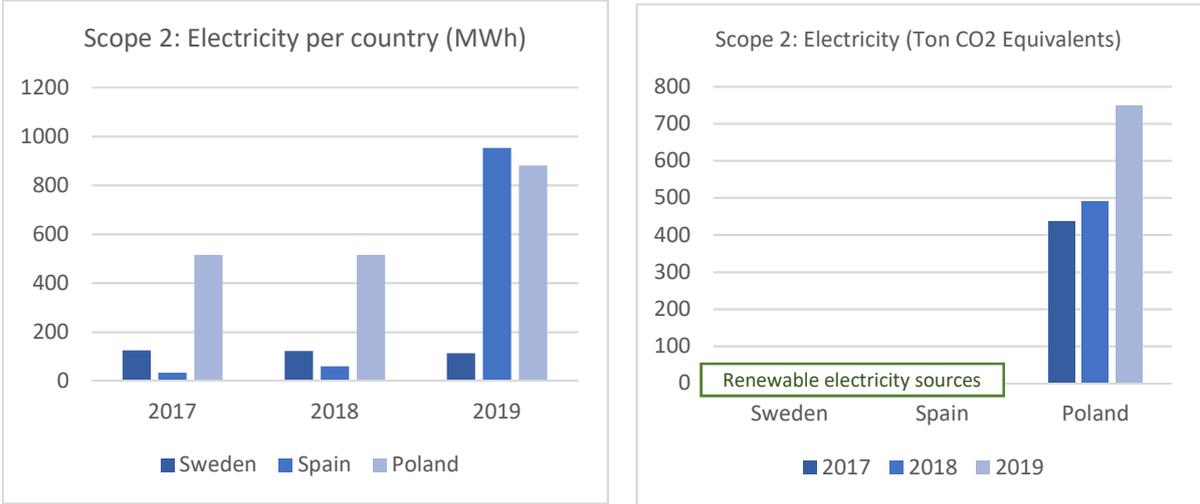
to decrease pollution and health issues by reducing emissions of carbon monoxide, hydrocarbons, nitrogen oxide and particle matter to the atmosphere¹:

- Carbon monoxide (CO): petrol down 63%, diesel down 82% since 1993
- Hydrocarbons (HC): petrol down 50% since 2001
- Nitrogen oxide (NOx): down 84% since 2001
- Particulate matter (PM): diesel down 96% since 1993

Partnerships are the key to success in our long-term #SustainablePIERCE strategy, and for the sea shipping of our own brands, we are working on a new agreement with our logistics partner. Even though our shipping cost per container will suffer and increase, all shipments will be compliant with the new IMO’s Low Sulphur regulation from January 2020. This change will reduce air pollution and therefore has a positive impact on avoidance of premature deaths, cardiovascular, respiratory and pulmonary diseases, and on the environment reducing acid rain and acidification of the oceans.

2.3.2 Energy

Because all our offices use renewable energy sources except for Poland, where this is currently not available, we are planning for the upcoming years to change the lighting system for 10.000 square meters in our Warehouse in Poland to LEDs, which will consume 75% less energy.



2.3.3 Packaging

Partnerships are not only important for shipping but also for developing the most environmentally friendly solutions for product packaging, which is a combined task between PIERCE setting the standards and policies for our products, and our suppliers providing the solution.

The company is very concerned with the problem of plastic pollution on land and sea, so we took action and in July we issued the *New packaging guidelines to all suppliers* setting the standard of packaging we want to achieve in the upcoming years with two environmental objectives:

- Reduce the space of packaging and use intelligent design to make transport and storage of loose items easier - more standardized sizing allows items to stack better and can even help in inventory (stock take) as well as picking.
- Reduce the environmental impact of products produced using fossil fuels (plastics) and produce packaging that is either biodegradable or that can be repurposed, such as paper and cardboard.

¹ <https://www.rac.co.uk/drive/advice/emissions/euro-6-diesel/>

The document was shared with 50 of our suppliers and a number have already accepted the conditions and started to fulfil our standards. Our Sourcing team is still in negotiations with the suppliers and we need to keep working to achieve our objective, but we can already see some changes in products like for instance our T-Shirts. The image below shows the old plastic bag and the new without plastic.

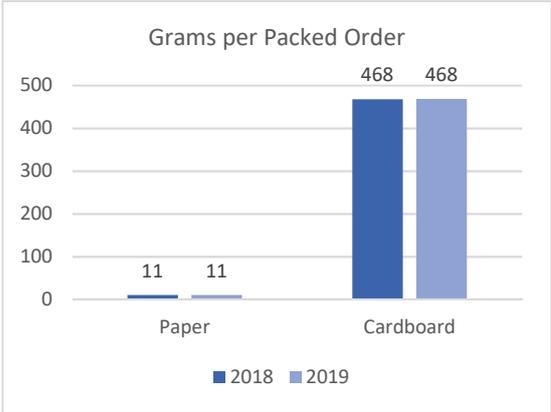
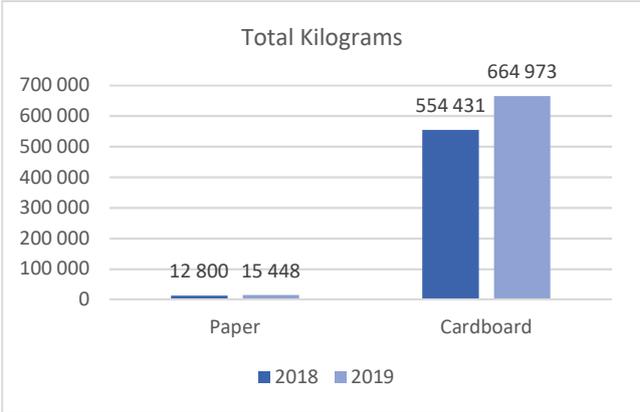


In parallel to reducing the use of plastic in packaging from our suppliers, our Product Design team is working on re-designing current products and designing new products to reduce the space needed for packaging, cutting down on dead fill space. This makes the transport of products more efficient and reduces the quantity of packaging material needed. For example, the redesigned Scooter Top Box saves 40% in packaging volume and the Bike Stand can be shipped in a flat package saving 90% of volume after some design modifications.





The packaging and shipping to our customers also has an impact on the environment because of the cardboard used in the boxes and the paper forms needed to allow our customers to return products.



As our packaged order volume has increased by 19,9% we have managed to maintain the efficiency in the cardboard and paper used per order.

To further reduce the impact, we are using recycle cardboard and certified paper (ECF), but we also plan to improve the packaging efficiency in future, which is why we are investing in a better measurement station for our Warehouse in Poland that will be implemented during 2020. Collecting more accurate size and weight data will help to reduce the amount of cardboard per order and will also reduce the carbon footprint by optimizing the space in the outbound trucks.

To reduce the amount of paper we started an initiative that will reduce the amount of printed return forms and packaging slips by 50% to 100%.

2.4 Eco Moto

ECO MOTO



Eco Friendly section



Eco Friendly products



Products & Safety



Partnerships

2019

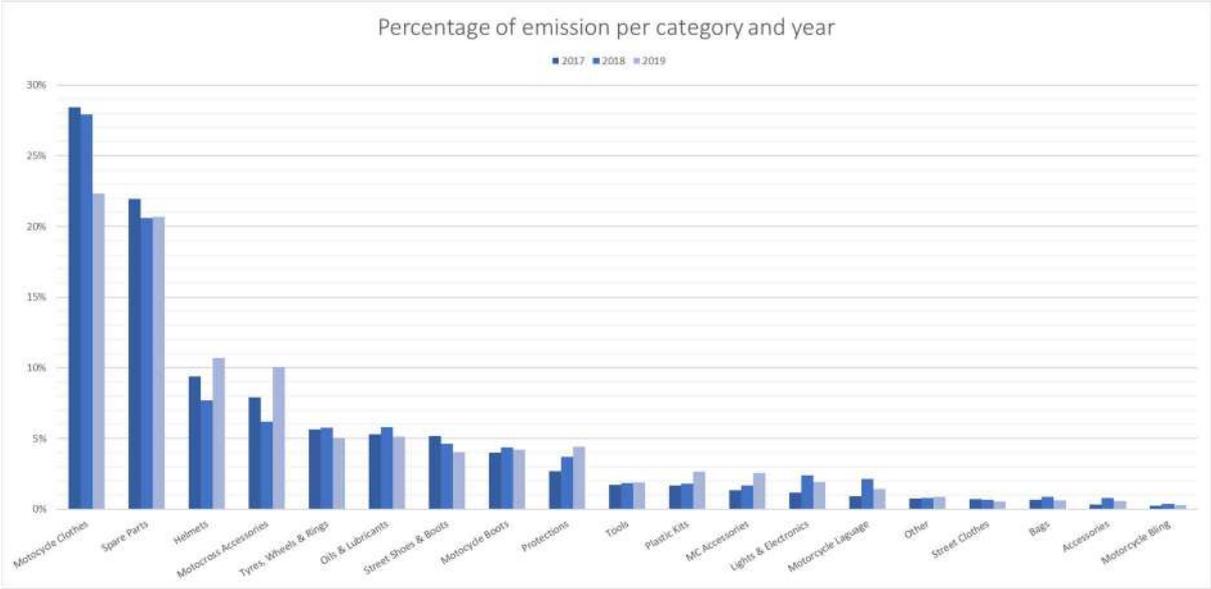
Planned for 2020

- No plastic tags
- Green Design

- Reducing and recycling

The lion share of PIERCE’s environmental footprint is indirect, meaning it comes from the production of the products we sell, as reflected in our scope 3 emissions. To reduce this footprint, it is vital for us to engage with suppliers and to develop more sustainable product offerings. At the same time, we want to raise the bar on innovation and partnership in the design and offering of tomorrow’s products.

For this 2019 report, we have changed the products categories used in previous reports to make them easier to understand and follow. Therefore, we also updated previous years’ information and in the graph below all data are shown on a comparable basis.



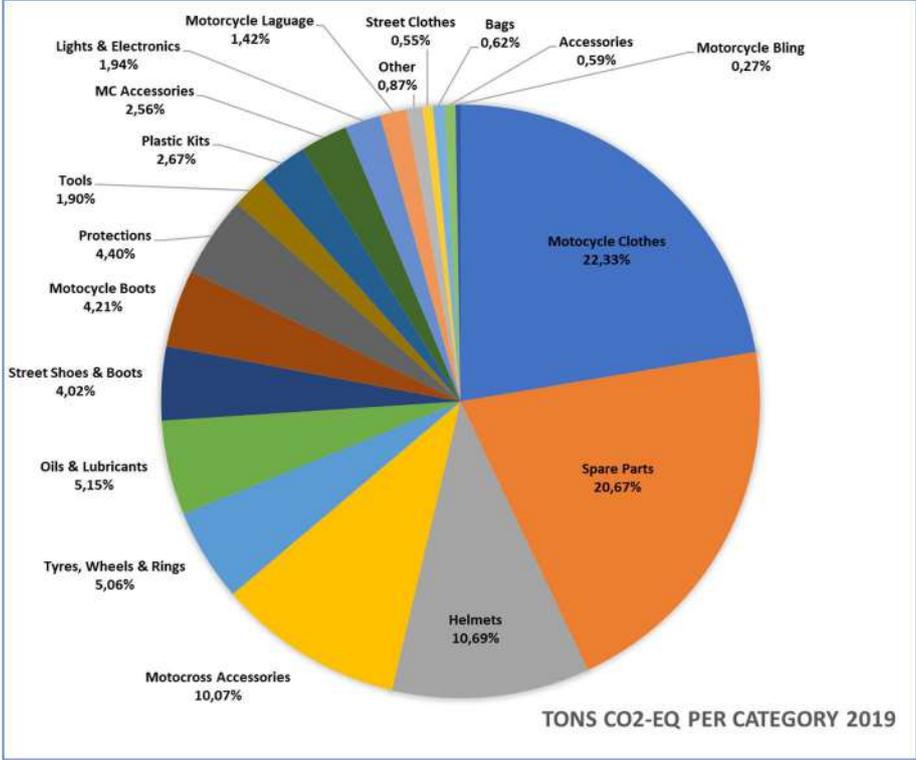
After our initial product screening, undertaken in 2018 through a third-party provider, we know that more than 60% of our footprint emissions in terms of CO2 equivalent per spent dollar on 2019 are generated from the following categories:

- Motorcycle clothes 22.3%**, which includes Children's Motocross Gear, Jackets & Vests, Motocross Clothing, Motocross Goggles, Motorcycle Clothing, Motorcycle Gloves, Personal Equipment, Snowmobile Clothing, Snowmobile Goggles, Weather Protection, Women's Gear.
- Spare Parts 20.7%**, which includes Brakes, Chains & Sprockets, Engine & Exhaust Systems, Engine Parts & Filters, Frame, Skis & Front Forks, and Suspension.
- Helmets 10,7%**

- **Motocross Accessories 10,1%**

These emissions include not only our products but also the products that we sell for third party brands.

We are continuously exploring avenues to improve product design and supplier set-up to reduce the environmental impact of these products.



PIERCE constantly strives to make our customers feel safe and assured of the quality of our products. Part of that work is to put demands on suppliers regarding production and traceability and to ensure the products ordered from our websites comply with legislation for safety, labelling and chemical content. No products have been recalled in 2019 due to incorrect or incomplete labelling. Another part of product safety is related to reducing the use of harmful chemicals in the private label production process.

We have assessed our scope 1, 2 and 3 emissions in accordance with the GHG protocol across our operation. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company.

Scope	Category	2017 (ton CO2)	2018 (ton CO2)	2019 (ton CO2)
Scope 1	Fuel & vehicles	0	0	0
Scope 2	Energy	438	490	750
Scope 3	Inbound transport	2 277	4 039	6 588
	Outbound transport	11 320	17 391	22 004
	Business travel, incl. restaurants and hotel	241	243	202
	Products	34 649	50 475	67 412

All Scope 3 emissions are estimated from a life-cycle assessment perspective using a sector average spend method in accordance with the GHG Protocol standard. Sector estimates data was sourced from the World Input Output Database.

2.4.1 Eco Friendly Products

We mention in the Green Cargo section some of the smart and **Green Design** activities we have done in 2019 such as the redesign of the Scooter Top Box and the Bike Stand.

We also removed all the **unnecessary hang tags** for displays as well as packaging elements like plastic display windows in boxes, which are not required to sell online.

The purpose of the Green Design initiative is to:

- Improve eco-consciousness when designing new products, research and implement more sustainable or reused/reusable materials where possible. This includes designing with a mindset that products will eventually be scrapped, make them easy to dismantle or to reduce mixed materials making them easier to recycle afterwards.
- Design products with a mindset to reduce freight size, cutting down on dead fill space and making transport more efficient.

For 2020 we are planning to focus more on the materials we use for our own brands and to design for easy recycling after the product reaches the end of its useful life.

3. About this report and our sustainability work

Sustainability is becoming an increasingly important part of PIERCE's business. As such it acts as a filter in our operations by means of introducing an economic, environmental and social lens on our activities. PIERCE strives to be inclusive towards direct and indirect stakeholders, but also towards our future associates. This year, we continued to work towards this goal, and continued to build our sustainability strategy – *#SustainablePIERCE*.

Our Board of Directors is governed by the Swedish Companies Act which provides the regulatory framework for the PIERCE Group. The Board of Directors is also responsible for overseeing PIERCE's integration and adherence of corporate sustainability. At the Board of Directors meetings sustainability is discussed at least once a year in addition to important or urgent sustainability issues brought forth through our sustainability coordinating function and our CEO when deemed necessary.

The sustainability strategy, *#SustainablePIERCE*, introduces our long-term ambitions when it comes to sustainability. It states our hopes for future developments within PIERCE as well as indicative goals. The sustainability strategy is managed by a coordinating function chaired by the Head of Product Quality but also involves close cooperation with the CEO to align sustainability initiatives with the business strategy.

3.1 Stakeholders and materiality

In 2018, PIERCE embarked on its sustainability journey by means of conducting a series of internal workshops and strategic discussions. Helped by external facilitators, we were able to evaluate some of the risks and opportunities our business is facing in relation to current trends, international sustainability initiatives and frameworks such as the Sustainable Development Goals and the UN Global Compact. Importantly, we also undertook a screening of our key footprints (including scope 3) using a third-party provider. While our identification of future key stakeholders and related sustainability issues as well as PIERCE materiality issues were conducted internally – we believe this to be a first important step toward crafting a more comprehensive and externally oriented stakeholder and materiality process in the future.

3.2 Stakeholders, sustainability topics and possible dialogue forums

During 2018, a materiality analysis was conducted to internally identify the most crucial sustainability areas with the biggest impact. The analysis was based on risks and opportunities in the areas of environment, social sustainability, personnel/HR matters, respect for human rights, anti-corruption, ethics and corporate governance.

Members of the management group participated in two workshops, together with an external provider to discuss sustainability in relation to PIERCE's business prospects and overall corporate situation. In the second stage, the areas identified in the first workshop – and which form the basis for the larger sustainability strategy covered briefly earlier in this report – were examined in an electronic survey in which 35 co-workers at various levels (management, employees across key functions and Board of Directors) were invited.

The survey asked participants to weigh and rank 10 sustainability areas from both risk and opportunity related angles. The different elements of the survey resulted in a total score between 0 – 20 for each participant from which averages were then drawn. Finally, an in-depth interview with select members of the senior management team was conducted. The results of the materiality work resulted in the following areas being prioritized:

Sustainability topic	Average materiality score (0-20)	% of total
Increase energy efficiency	6	4,62
Diversity	7	5,38
Recycling guidelines	9	6,92
Extend product life	10	7,69
Data privacy	13	10,00
Sourcing standards and human rights	14	10,77
Employee Health and Safety	15	11,54
Product safety	18	13,85
Sustainable and green product development	18	13,85
Logistics and packaging	20	15,38

Stakeholder	Sustainability issue	Dialogue Forums
Customers	Human rights	*Survey *Customer supports *Focus Groups
	Logistics and packaging	
	Transportation	
	Waste	
	Pollution	
	Digital integrity	
Suppliers	Logistics and packaging	*Supplier development dialogues (inc web surveys)
	Pollution	
	Human rights	
	Energy and climate	
	Transportation	
	Business ethics	
Employees	Working conditions and employee well-being	*Employee satisfaction survey *Performance monitoring dialogues *Internal sustainability surveys
	Logistics and packaging	
	Human rights	
	Transportation	
	Diversity and equality	
Owners and analysts	Long-term profitability	*Interviews *Annual General Meetings *Investor Relations Meetings
	Business ethics	
	Strategic sustainability initiatives	
	Management team composition	
	Risk management	
	Tax transparency	
	Customer satisfaction	
Civil Society	Supply chain	*Dailogue / Focus group network meetings *Sustainability surveys
	Human rights	
	Working conditions and employee well-being	
	Energy and climate	

As we look forward to inviting external actors to extend our materiality survey and stakeholder consultations during the coming years, our ongoing work has led us to identify the four key focus areas for PIERCE: (1) Working hard with suppliers and employees to safeguard and promote diversity, ethics and fundamental respect for human rights (Doing Right); (2) Helping all our personnel, suppliers and talent customers to live their passion (All in); (3) Improving our logistic management handling from an environmental perspective (Green Cargo); (4) Contributing to the circular economy with green solutions (Eco-Moto). Implementing actions in all these domains by 2021 make up our first steps on the 2030 #SustainablePIERCE journey, so we can enable people to live their passion within planetary boundaries.

We don't see any reason to change our views from last year and we will continue working to achieve our goals.

4. GRI Index

The GRI index references where various aspects of the GRI standards are mentioned inside or outside the report (e.g. URL to key policy documents). There are two options for reporting in accordance with GRI: “Core” and “Comprehensive”, this report will be classified as core because of the way the materiality survey was conducted. See the table below for the current GRI index. As we conduct operations across multiple offices in Europe and as we are targeting an international stakeholder base, we have published this CSR report in English.

GRI Standard	Disclosure	Page and information	Comments / Omission
GRI 102: General Disclosures	GRI General Disclosures		
	Organizational profile		
	102-1 Name of the organization	PIERCE AB	
	102-2 Activities, brands, products, and services	3	
	102-3 Location of headquarters	Elektravägen 22 126 30 Hägersten Sweden	
	102-4 Location of operations	3 countries where operations are located, Sweden, Spain and Poland.	
	102-5 Ownership and legal form	Limited company (<i>Sw: Aktiebolag</i>)	
	102-6 Markets served	Markets: Sweden, Norway, Denmark, Finland, Germany, France, UK, Ireland, Poland, Netherlands, Belgium, Italy, Spain, Switzerland, Austria, Czech Republic, Rest of World (with exception of black-listed countries)	
	102-7 Scale of the organization	3	

102-8 Information on employees and other workers	9-11	Information has not been fully broken down by region due to limitations in the data.
102-9 Supply Chain	12-15	
102-10 Significant changes to the organization and its supply chain	12-15	No significant changes affecting the scope or boundaries of the report
102-11 Precautionary principle or approach	4	
102-12 External initiatives	This report was developed in accordance with the Global Reporting Initiative (GRI)	
102-13 Membership of associations		Currently not a member of advocacy or industry organizations.
Strategy		
102-14 Statement from senior decision maker	2	
Ethics and integrity		
102-16 Values, principles, standards, and norms of behaviour	2 to 4	
Governance		
102-18 Governance structure	19	
102-21 Consulting stakeholders on economic,	19	

	environmental, and social topics		
	102-22 Composition of the highest governance body and its committees	<ul style="list-style-type: none"> • Ketil Eriksen (f 1963), Chairman of the Board of Directors • Henrik Oscar Gösta Zadig (f. 1970) – CEO • Curt David Mattias Feiff (f. 1972), Board Member • Gunilla Birgitta Ruth Spongh (f. 1966), Board Member • Hans Stefan Rönn (f. 1972), Board Member • Shu Sheng (f. 1991), Board Member 	
	102-23 Chair of the highest governance body	Ketil Eriksen (f 1963), Chairman of the Board of Directors	
	102-32 Highest governance body’s role in sustainability reporting	The Board of Directors approves the sustainability report and ensures adequate execution of the CSR strategy	
	102-33 Communicating critical concerns	As a private company, critical concerns are directly communicated to Henrik Zadig, CEO	
Stakeholder engagement			
	102-40 List of stakeholder groups	20	
	102-41 Collective bargaining agreements	11	PIERCE currently have no existing collective bargaining agreements.
	102-42 Identifying and selecting stakeholders	19-20	
	102-43 Approach to stakeholder engagement	19-20	
	102-44 Key topics and concerns raised	19-20	

Reporting practice		
102-45 Entities included in the consolidated financial statements	PIERCE Holding AB PIERCE AB PDC Logistics sp. z.o.o. IERP Motobuykers S.L.	
102-46 Defining report content and topic boundaries	19-20	
102-47 List of material topics	20	
102-48 Restatements of information	Not applicable, only	
102-49 Changes in reporting	We have slightly adjusted the way we present scope 3 emissions on page 16	
102-50 Reporting period	2019-01-01 - 2019-12-31	
102-51 Date of most recent report	2020-03-31	
102-52 Reporting cycle	Annual	
102-53 Contact point for questions regarding the report	Willem Vos, COO	
102-54 Claims of reporting in accordance with the GRI Standards	'This report has been prepared in accordance with the GRI Standards: Core option'	
102-55 GRI content index	21-26	
102-56 External assurance	No external assurance	

GRI 300: Environmental Topics			
GRI 302: Energy	103-1/2/3 Management approach	3-4	
	302-1 Energy consumption within the organization	13	
	302-2 Energy consumption outside of the organization	13	
GRI 305: Emissions	103-1/2/3 Management approach	3-4	
	305-1 Direct (Scope 1) GHG emissions	17	
	305-2 Energy indirect (Scope 2) GHG emissions	17	
	305-3 Other indirect (Scope 3) GHG emissions	17	
GRI 400: Social Topics			
GRI 401: Employment	103-1/2/3 Management approach	9-11	
	401-1 New employee hires and employee turnover	9	The information has not been broken down fully by age group, gender or region due to limitations in the data.
GRI 402: Labor/ Mgmt Relations	103-1/2/3 Management approach	9-11	
	402-1 Minimum notice periods regarding operational changes		For ending employment; according to Swedish Employment Protection Act (1982:80): one month for all employees with less than two years' service. Then increased above four years of service. We also strive to inform employees as

		soon as possible about operational changes.	
GRI 403: Occupational Health and Safety	103-1/2/3 Management approach	8	
	403-4 Health and safety topics covered in formal agreements with trade unions	8	
GRI 405: Diversity and Inclusion	103-1/2/3 Management approach	9-10	
	405-1 Diversity of governance bodies and employees	9-10	
GRI 412: Human Rights Assessment	103-1/2/3 Management approach	6-8	
	412-1 Operations that have been subject to human rights reviews or impact assessments	9-11	
GRI 417: Marketing and Labelling	103-1/2/3 Management approach	16-18	
	417-1 Requirements for product and service information and labelling	16-18	
GRI 418: Customer Privacy	103-1/2/3 Management approach	6	

	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	6	
--	--	---	--