

POLICY STATEMENT ON HUMAN RIGHTS STRATEGY

RESPONSIBLE BUSINESS PRACTICES

As a globally operating company, Canyon is committed to respecting and upholding human rights. Our actions are guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs) and are based, in particular, on the following internationally recognized frameworks and standards:

- Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD);
- United Nations Universal Declaration of Human Rights (UN-UDHR);
- Conventions, Recommendations and Fundamental Conventions of the International Labor Organization (ILO) on labor and social standards;
- Dhaka Guidelines for Decent Migration.

DUE DILIGENCE PROCESS

With the aim of driving a continuous improvement process, Canyon has implemented a due diligence process and a corresponding human rights program that takes into account international legislations, regulations, standards, and frameworks.

The process includes:

- Developing, formalizing, and implementing the guidelines and codes listed below within its own business area;
- Implementing these guidelines and codes with and in collaboration with direct suppliers;
- Conducting annual and ad-hoc risk analyses to identify high-risk production sites;
- Reviewing high-risk production sites for compliance with human rights and environmental standards;
- Implementing corrective actions, providing remedy, and developing preventive measures where applicable;
- Communicating progress.

In 2023, Canyon introduced an updated version of the Supply Chain Code of Conduct and the Child and Forced Labor Policy with existing direct suppliers. Recognition of both policies is now a requirement to establish a business relationship with Canyon.

To identify and prioritize human rights and environmental risks within its own business area and global supply chain, a risk analysis was conducted in 2024. Based on this risk analysis, Canyon prioritizes high-risk locations for supplier audits. The detailed process for supplier audits and remedial actions will be further explained below.

RESPONSIBILITIES

Canyon is aware of the importance of a governance structure and the enforcement of rules and regulations, and has assigned clear roles and responsibilities to the respective leadership bodies. Canyon's governance structure consists of an Audit Committee, an Advisory Board, a Board of Directors, and a Human Rights Officer.

The main task of the **Audit Committee** is to assist the executive management in overseeing the integrity of the company's financial statements, compliance with legal and regulatory requirements, the appointment, qualifications, independence, and performance of independent auditors, and the company's internal audit function. The committee also monitors the company's risk management and security programs, including those related to environmental, social, financial, and governance issues. The committee's main role is oversight, including the supervision of the company's non-financial reporting as well as its impacts, risks, and opportunities. The tasks of the committee are purely advisory, and it reports regularly to the advisory board. In sustainability matters, members also collaborate with external sustainability experts and consultants depending on the issue.

The main task of the **Advisory Board** is to oversee the strategic direction of the company, taking on an advisory role. This includes environmental, human rights, and governance issues. Responsibility for the strategic direction, approval, and review of codes and policies has been delegated to the Advisory Board.

Executive Team consists of two managing directors: the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), who share responsibility for leadership decisions, the company's direction, oversight of other executives, and the monitoring of growth and strategic plans. The Global Director ESG regularly reports to the executive management on environmental, human rights, and governance issues relevant to Canyon. Additionally, executive management seeks advice from internal experts and external consultants as needed, depending on the issue. Key internal experts include the Environmental Manager, Chemical Compliance Engineer, Human Rights Manager, ESG Disclosure & Transformation Manager, and the Team Manager for Health and Safety. The CEO has also assumed the position of the **Human Rights Officer**.

The **ESG department** was established in 2021 with the Global Director ESG, and by the end of the reporting year, it included five members: an Environmental Manager, a Human Rights Manager, a Junior Human Rights Manager, an ESG Disclosure & Transformation Manager, and a Chemical Compliance Engineer. The department is located within the Chief Group Development Officer's (CGDO) area to ensure process-oriented integration of ESG issues at the global corporate level, as well as direct access to executive management. Increasing the maturity of the ESG department and embedding ESG processes at the global corporate level is a key task for the CGDO.

CODES AND POLICIES

Through responsible actions, both nature and people can be protected. These commitments are formalized in Canyon's codes and policies. The rules set forth in these documents are based on internationally applicable laws as well as recognized standards and documents, providing a clear and transparent framework for conducting business in a responsible manner. These are the principles Canyon follows, reflecting its commitment to act ethically, respectfully, and with integrity regarding human rights and the environment. Relevant policies and codes are available in the [compliance section](#) of canyon.com.

Supply Chain Code of Conduct

This code includes legal and human rights requirements that Canyon, together with its partners in the supply chain, is committed to upholding. The code is based on international regulations and recognized standards.

Child and Forced Labor Policy

Canyon and its affiliates adhere to a zero-tolerance policy toward any form of forced labor and child labor. The policy sets clear requirements in the event of suspected or confirmed violations within the supply chain, including measures for remediation. This policy reflects Canyon's commitment to act ethically, respectfully, and with integrity. Canyon works closely with its partners in the supply chain to prevent, mitigate, and remediate any human rights violations.

Canyon Code of Conduct

Canyon's goal is to create a work environment that enables people to contribute with the utmost dedication. The Canyon Code of Conduct serves as a guide for employees and partners regarding expected and unacceptable behavior at Canyon.

Speak Up Policy

The ability to raise concerns, report misconduct of any kind, and address issues is of utmost importance to Canyon. All available reporting channels for cases of non-compliance with regulations or Canyon's codes and policies, measures for maintaining confidentiality and anonymity, responsibilities, and procedures for handling reported cases, as well as the protection of whistleblowers from retaliation, are outlined in the Speak Up Policy.

Canyon employees and external stakeholders can report actual or suspected human rights or environmental violations related to Canyon's activities via the Speak Up platform: <https://canyon.integrityline.app>.

RISK MANAGEMENT

Canyon has embedded an appropriate and effective risk management system within the company that also considers human rights and environmental risks. The aim of this approach is the systematic and continuous identification of risks. Preventive measures are developed and implemented accordingly. Additionally, remedial actions are taken for human rights or environmental violations. The risk management process encompasses both Canyon's own operations as well as its upstream and downstream supply chains. Regular reviews of the approach and the implementation of any necessary improvements in the risk management process help ensure the effectiveness of the approach.

To identify human rights and environmental risks, Canyon conducts both annual and ad-hoc risk analyses. Information about relevant regions, materials, products, and production sites is incorporated into the analysis. These risk assessments are based on internationally recognized key indicators and the results of supplier audits. Based on the severity of the identified actual or potential impacts, Canyon prioritizes remedial and preventive measures, remediation, and supplier audits.

In 2024, a comprehensive risk analysis was conducted in two steps, identifying four key risks in the upstream supply chain.

In the first step, the risk assessment was conducted using indexes from an end-to-end due diligence platform, international reports on child and forced labor, sanctions lists, and publicly available information. Industry-specific and country-specific risks were considered in this process.

In the second step, the concrete risk assessment was carried out at the production site level. Each production site was assigned inherent risk classifications based on the available data from Canyon's supply chain. However, the severity of specific human rights risks was assessed based on the available data for the entire supply chain. Due to limited transparency in the supply chain, the focus of the concrete risk analysis was primarily on the production sites and outsourced production processes of direct suppliers. Nonetheless, the severity of specific human rights risks for the entire supply chain was assessed based on the available data. Canyon is actively working to improve supply chain transparency.

The following key human rights risks were identified through an abstract risk analysis and specified through supplier audits with direct suppliers:

- Inherent risk of child labor and forced labor, although no actual cases of child labor or forced labor were identified.
- Inherent risk of violations of occupational health and safety standards, whereby violations at direct suppliers were identified through supplier audits.
- Inherent risk of exceeding regular working hours and overtime limits; violations at direct suppliers were identified through supplier audits.
- Inherent risk of negative impacts on the environment, where violations at direct suppliers have been identified through supplier audits.

The inherent risks were evaluated based on their severity and the likelihood of occurrence. In particular, country risks and vulnerable groups in the region were considered. The region with the highest identified risk was East Asia, which Canyon has prioritized for supplier audits.

Supplier audits and preventive measures

As part of the due diligence process, all suppliers are included in Canyon's human rights program. The basis for cooperation is the recognition of the Supplier Code of Conduct and the Child and Forced Labor Policy, as well as the disclosure of relevant evidence (e.g., certificates, audit reports, questionnaires). The Supplier Code of Conduct and the Child and Forced Labor Policy must be formally recognized. This recognition is a prerequisite for entering into a contractual relationship with Canyon.

The human rights program sets the rules for auditing production sites and describes the process for stopping, preventing, and mitigating potential and actual human rights violations, both in Canyon's own operations and in its supply chain. Supplier audits are a central part of Canyon's due diligence process. The goal of the supplier audits is to evaluate compliance with local laws and regulations as well as international labor standards and to identify negative impacts and risks. In 2024, Canyon prioritized production sites of direct suppliers for supplier audits that were identified as high-risk locations during the annual risk analysis or ad-hoc analyses. The supplier audits cover the following areas: health and safety, environment, business ethics, management

systems, and working conditions. Canyon has the supplier audits conducted by an independent service provider recognized by the Association of Professional Social Compliance Auditors (APSCA).

Canyon provides training and capacity-building measures for both its employees and suppliers to increase awareness and understanding of human rights and environmental issues. These programs aim to improve internal processes and help all parties align business practices with the requirements of policies and codes.

Remedial actions

After the completion of the supplier audit, a time-bound action plan is developed that addresses all identified risks and violations. To ensure a holistic approach, publicly available information from the internet, internal checklists, and reports from the whistleblower system are also considered.

The action plan includes the analysis of root causes, the identification of remedial and preventive measures. Clear objectives and the assignment of responsibilities for the subsequent implementation of the goals support the desired continuous improvement process.

Canyon supports suppliers in developing the action plan and regularly exchanges information on progress and challenges related to the implementation of remedial actions, prioritizing the most severe violations.

Any cases of non-compliance that are classified as zero-tolerance violations must be immediately rectified and are tracked by Canyon as well as the affected suppliers.

WHISTLEBLOWER SYSTEM

Through a web-based whistleblower system (Speak Up platform), suspected violations of applicable policies, codes, and regulations can be reported confidentially and anonymously to Canyon. The platform has been translated into several languages and is publicly accessible at <https://canyon.integrityline.app>

Canyon has appointed an external, neutral, and independent lawyer (Ombudsperson) who advises on all reported incidents and ensures that all cases are handled by Canyon's designated Whistleblowing Officers in accordance with the procedure. The role of the Whistleblowing Officer is currently carried out by the following positions: Global Director Legal, Global Director ESG, Vice President People, Senior Director People, and Human Rights Manager. All Whistleblowing Officers are authorized and obligated to act independently; they are not subject to any instructions from management in this function and ensure that case management aligns seamlessly with compliance requirements. They also ensure confidentiality at all times. This is supported by the fact that all identity-related information is processed not on Canyon's IT infrastructure but solely on the servers of the Speak Up platform provider.

Only the Whistleblowing Officers, the ombudsperson, and the platform provider's staff have access to the whistleblowing data on the provider's servers, with which a data processing agreement has been concluded in accordance with the General Data Protection Regulation (GDPR). Confidentiality is also ensured by secure electronic case management. These mechanisms ensure that no retaliatory actions are taken against whistleblowers in compliance with the applicable law for the implementation of Directive (EU) 2019/1937.

These rules of procedure are set out in the [Speak Up Policy](#).

EFFECTIVENESS

The effectiveness of the due diligence process is monitored through relevant performance indicators. These include, for example, the acknowledgment of the Supply Chain Code of Conduct and the Child and Forced Labor Policy by direct business partners, the number of supplier audits in high-risk production sites, and the associated number of action plans developed and implemented, the number of zero-tolerance violations and their immediate resolution, the number of individuals trained, and the number of cases reported and resolved through the whistleblower system.

COMMUNICATION

Canyon regularly communicates about responsible business practices and achieved progress in the compliance area on [canyon.com](https://www.canyon.com) in accordance with the requirements of various international legislations. In accordance with Section 10 of the German Supply Chain Act (GSCA), Canyon will publish an annual report on its website outlining the implementation of due diligence obligations, identified risks, corrective actions taken to mitigate risks and address impacts, as well as the effectiveness of these measures.

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December 2024

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