

Canyon Norwegian Transparency Act Statement 2023

INTRODUCTION

This statement is made pursuant to the Norwegian Transparency Act of 2022 (the "Act"), which requires in-scope companies to carry out due diligence and publish an account of that due diligence in accordance with Section 5 of the Act. This statement is prepared on behalf of Canyon Bicycles GmbH ("Canyon") and outlines Canyon's processes for managing actual and potential adverse impacts on fundamental human rights and decent working conditions. All data and information reported in this statement refer to the financial year ending on December 31, 2023, unless otherwise indicated.

ABOUT CANYON

Canyon is one of the most innovative and inspiring bike brands in the world. Starting out in founder Roman Arnold's garage, nowadays it is the world's largest Direct-to-Consumer manufacturer of premium Road, Mountain and Urban bicycles and Gear for cycling. Riders choose Canyon because they are inspired by the most pioneering and eye-catching bikes, the connected products, and they love the seamless, personalised experience they bring.

While Canyon partners with some of the finest athletes on the planet, its mission to "Inspire to Ride" highlights how the company works to promote the power of the pedal stroke to everyone.

Canyon products are available exclusively online at www.canyon.com.

BUSINESS STRUCTURE AND SUPPLY CHAIN

Canyon is headquartered in Koblenz, Germany, with subsidiaries and external partners around the globe. The Canyon subsidiaries (such as Canyon Finland OY, which is also responsible for the Norwegian market) perform local market management and provide customer-focused services, the business itself is operated under the name of Canyon and the US-subsiidiary Canyon Bicycles USA, Inc.. Product research and development, engineering, supply chain management, purchasing and other administrative as well as supporting functions are mainly based in Germany. At a global level, Canyon employs approximately 1,700 people. Canyon products are sold in over 50 countries worldwide.

A significant proportion of Canyon bikes are assembled in the factory in Koblenz. Further assembly partners are in Portugal, Czech Republic, Cambodia, and Taiwan. Components for Canyon bicycles, accessories and apparel are sourced through local agents and a global partner network of independent brands and suppliers, with production locations stretching across 30 countries.

ESG GOVERNANCE

The Canyon Environmental and Social Governance approach is based on international laws, standards, and documents. These provide a clear and transparent framework on how business can be done in a responsible way. The approach is formalised in the ESG Governance document, available at canyon.com and includes a regular review of policies and procedures related to human rights violations.

The Canyon Advisory Board is responsible for the strategic direction, approval, and review of ESG matters, including policies. The CEO and Global Director of ESG are responsible for the development, implementation, and enforcement of the ESG strategy and policies as well as for ESG risk management. The Audit Committee of the Board of Directors monitors the ESG risk management and oversees the non-financial reporting.

Canyon is aware that the implementation and enforcement of responsible business practices is an effort of the entire company. Therefore, Canyon has embedded the implementation and enforcement of the ESG roadmap across the organisation and related business processes. Dedicated ESG staff support this cross-functional approach.

GUIDELINES AND PROCEDURES

Canyon has formalised legal requirements and company values in a set of codes and policies to ensure employees and interest groups are aware of related requirements. Everyone who works with and for Canyon worldwide is required to follow these principles, familiarise themselves with Canyon's policies, adhere to mandatory guidelines and regulations in all cases, and speak up if they see any violations of our values and principles.

With the aim of setting clear standards for doing business, Canyon developed and approved the following policies, applicable globally and available at the compliance section of canyon.com.

Supply Chain Code of Conduct

This code contains legal and human rights requirements that, together with our supply chain partners, we commit to uphold. The code is based on international regulations and recognised standards.

Child and Forced Labor Policy

Canyon and its affiliated companies have a zero-tolerance policy towards any form of forced labour and child labour. The policy lays out clear requirements in case non-compliance with the policy are suspected or detected in its supply chain, including remediation requirements. This policy reflects Canyon's commitment to act ethically, respectfully and with integrity. We work together with our supply chain partners to prevent, mitigate, and remediate violations of human rights in any form.

Canyon Code of Ethics

Our aim is to create an environment that empowers people to deliver top-tier performance. The code of ethics is a tool that gives guidance to our employees and partners concerning desired, as well as non-tolerated behaviours at Canyon.

Speak Up Policy

Facilitating the ability to speak up, file concerns and address wrongdoing of any kind is extremely important to Canyon. All available reporting channels for cases of non-compliance with regulations or Canyon's codes and policies, confidentiality and anonymity safeguards, responsibilities, and handling procedures of reported cases of non-compliance, as well as protection of whistleblowers from retaliation, are outlined in the Speak Up Policy.

Canyon employees and external interest groups can report any actual or suspected cases of human rights violations that are connected to our activities through the [Speak Up platform](#).

HUMAN RIGHTS DUE DILIGENCE PROCESS

With the aim of driving a process of continuous improvement, Canyon has implemented a Human Rights Due Diligence Process and a related program, both in line with international regulations, standards, and frameworks.

The process includes:

- developing and establishing the policies and codes listed in the previous section;
- implementing these policies and codes in our work with our direct business partners;
- a yearly and ad hoc risk assessment to identify high-risk production locations;
- monitoring of high-risk production locations;
- corrective actions, remediation and the development of preventive measures where applicable.

Canyon established the Supply Chain Code of Conduct and Child and Forced Labour Policies through direct business partners in 2023 and conducted a human rights risk assessment to identify and prioritise human rights risks in Canyon's own operations and the global supply chain.

The following significant human rights risks associated with specific sourcing countries and commodities were identified by an abstract risk assessment:

- Inherent risk of child and forced labour;
- Inherent risk of violation of occupational health and safety standards;
- Inherent risk of exceeding regular working hour and overtime thresholds;
- Inherent risk of negative impacts on the environment.

Significant inherent risks were assessed based on how severe and likely they are to occur.

The analysis focused on the assessment of the inherent country risks related to potential human rights violations. The highest risk region identified was East Asia, with a high percentage of Canyon's suppliers' factories located in this region. In addition to the inherent country risk classification, a high presence of a highly vulnerable group in the region, foreign migrant workers, Canyon consequently prioritized those locations for auditing & monitoring.

Risk-based social audits help check if production locations are following Canyon's social and ethical policies. The focus of these audits is on health and safety, environment, business ethics, management systems and labour, which specifically covers child and forced labour within the audit scope.

The objective of social audits is to evaluate compliance with local laws and regulations and international labour standards with the aim of identifying and mitigating any adverse human rights impacts and risks.

The audits are conducted by an APSCA independent third-party monitoring firm to ensure the process' impartiality and for selected cases we have conducted a worker sentiment assessment to engage with workers regarding their working conditions and treatment.

In 2023, 46 social audits were processed for production locations in 8 different geographical regions, covering approximately 20% of the production locations of Canyon direct business partners.

These 46 audits assessed the working conditions of 11,917 workers in the supply chain and identified 504 instances of non-compliance against applicable laws, regulations and Canyon's policy requirements. These non-compliances were mainly related to the health & safety pillar (61%), with emergency preparedness and chemical safety identified as the key areas of improvement.

The remaining non-compliances were related to labour (29%), environment (4%), management systems (4%) and business ethics (2%) topics.

After the social audit is completed, the supplier must develop and implement a corrective action plan (CAPA) to address each individual finding by assessing the root cause, the proposed immediate corrective actions, and the long-term preventive actions, setting clear targets and responsibilities for the subsequent

implementation. Any instances of non-compliance classified as zero-tolerance, must be immediately addressed and followed up on by Canyon and the supplier to ensure appropriate and immediate remediation.

Suppliers are required to complete a corrective action plan for any finding observed during their social audits or for any issues observed by other means of monitoring (e.g. worker sentiment, internal check-list concerns, or observations made by Canyon employees on site visits).

EFFECTIVENESS OF THE DUE DILLIGENCE PROCESS

The effectiveness of the due diligence process and the human rights program is monitored by tracking relevant performance indicators such as the percentage of direct suppliers that have acknowledged the Supply Chain Code of Conduct and the Child and Forced Labour Policy, the number of suppliers and business partners that have conducted social audits, the number of corrective action plans that have been developed and implemented, the number of zero-tolerance non-compliances and percentage that have been remediated, the number of people trained on human rights, and the number of cases reported and resolved through our Speak Up platform.

TRAINING AND AWARENESS

In 2023 Canyon started with a company-wide human rights awareness training program, which includes the topic of modern slavery. This high-level training is rolled out across all departments that have direct contact with high-risk production locations, such as Operations and Quality Management.

The training focuses on the concept of business and human rights, the development of related frameworks and regulations, several case studies on the impact of global business activities on human rights, how we ensure human rights are respected within Canyon and throughout our Supply Chain and what can each one of the participants do individually to help ensure human rights are respected through every step of our operations. These training courses specifically cover child and forced labour topics and case studies. The objective is to raise internal awareness on the subject and equip key company functions to be able to identify potential or actual negative impacts and alert the ESG department to address any concerns.

During these sessions we also cover the Canyon Crew Check List for supplier visits that is a checklist intended for any Canyon employee that visits a supplier production location, to help them identify any human rights issues. The trainings were held both in person and online to facilitate higher participation levels. We evaluate the effectiveness of the training by requesting the attendants to complete an optional feedback form survey at the end of the session with an average overall course rating of 4.5 out of 5.

Nicholas de Ros Wallace
CEO Canyon Bicycles GmbH

Signature

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Date

06 June 2024

Karim Bohn
CFO Canyon Bicycles GmbH

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