

Cycling Industry Supply Chain Code of Conduct

Official Adoption by Canyon Bicycles GmbH

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The Cycling Industry Supply Chain Code of Conduct (hereinafter 'Code') is the result of a joint initiative uniting cycling brands and industry organizations around a common standard for responsible global supply chains.

It is designed to support suppliers in the cycling industry and strengthen long-term partnerships by aligning expectations, reducing duplication, and creating greater consistency in social and environmental standards.

By establishing common principles, from human rights and safe working conditions to environmental responsibility, the Code enables coordinated industry action, helping companies and suppliers focus less on navigating differing requirements and more on driving progress together.

Guiding Principles

The principles of this Code are grounded in relevant International Labour Organization (ILO) Conventions, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the Dhaka Principles for Migration with Dignity, the Employer Pays Principle, and internationally recognized standards for occupational health and safety and environmental management. Its implementation aligns with the OECD Due Diligence Guidance for Responsible Business Conduct.

Introduction

At Canyon, we believe that business must always be conducted under safe and appropriate circumstances, grounded in a unified respect for human rights, environmental protection, and forthright relationships within our ecosystems. We are committed to corporate sustainability and ethical business practices. The well-being of the people throughout our supply chain is of paramount importance for us and a key driver of our holistic success.

This Code outlines the standards required to structurally improve working conditions throughout our global supply chain and to support a healthier environment for local communities. It does not stand alone; it is part of our broader commitment to ethical business practices and legal compliance. It is specifically complemented by, and should be read in conjunction with, Canyon's policies such as the Child and Forced Labour Policy, the Speak Up Policy, and the Governance Policy, all of which are available at [canyon.com](https://www.canyon.com).

We recognize that the implementation of these standards is a shared responsibility, requiring commitment and close collaboration from everyone involved in the manufacturing of our products.

Scope

Compliance with this Code is a requirement for all our own operations, direct suppliers, their subcontractors, and deeper supply chain actors involved in the production of Canyon products.

1 Legal Compliance

Operations are conducted in full compliance with all applicable local and national laws and regulations relevant to the respective business activities and informed by new legal provisions and amendments or changes to existing ones applicable to the field of activity.

When differences arise between industry standards and the applicable local laws and regulations, the standard that provides the highest level of protection to rights holders is applied.

2 Responsible Business Conduct

Business is conducted with integrity, professionalism, and mutual respect. This includes ensuring accuracy and transparency in all communications, fulfilling contractual commitments in good faith, handling sensitive negotiations ethically, and refraining from any form of fraudulent or deceptive practices. Senior management fosters and leads an ethical business culture, establishes clear accountability for ethics and compliance, and models ethical behaviour consistently across all operations.

3 Child Labour and Young Workers

Child labour is not permitted. No person is employed, directly or indirectly, at an age younger than 15, unless under the exceptions recognized by the ILO, or younger than the age for completing compulsory education in the country of manufacturing where such age is higher than 15.

In the absence of local regulations, the term "child" means any person under 15 years of age or any person who has not yet reached the relevant minimum employment age; and the term "young workers" refers to workers under 18 years of age but above the legal minimum working age.

Young workers are not engaged in hazardous work, night work, overtime or excessive working hours. Work assigned to young workers does not harm their health, safety, morals, or development, nor does it interfere with their education, and includes specific instruction or vocational training relevant to the tasks assigned. Young workers are only assigned tasks suited to their capacity and under conditions that ensure their protection and well-being. Employment of young workers is formalized through legally compliant contracts and does not undermine regular employment or training pathways.

Worst Forms of Child Labour: All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflicts, are strictly prohibited.

4 Forced Labour

Forced labour is not permitted. The term "forced labour" refers to all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.

All employment is freely chosen. No worker is subjected to coercion, bonded labour, indentured servitude, trafficking, or modern slavery. All workers accept employment voluntarily and are able to leave their jobs without penalty, following reasonable notice and in accordance with local law.

4.1 Retention of Identity Documents

Workers have full and unrestricted access to their passports, residence permits and other personal or identification documents at all times. If secure storage is provided, it is optional and free of charge. Workers are able to retrieve their documents at any time.

4.2 Deposits, Wage Withholding and Loans

Workers are not required to pay deposits or accept delayed payments or withholding of wages as a condition of employ-

ment or continued work. Loans or wage advances comply with national laws. Where no legal limits exist, loans are capped at 10% of the worker's wages, with a repayment period of no more than six months.

4.3 Freedom of Movement

Workers are able to enter, exit and move freely within facilities, including living quarters when provided. Workers are free from intimidation, retaliation, or coercion that restricts their freedom of movement or personal autonomy.

4.4 State-Imposed Forced Labour

State-imposed forced labour, where workers do not have the freedom to refuse the work without penalty is not used and no benefit is derived from it at any stage. This prohibition includes abuse of compulsory prison labour.

4.5 Responsible Recruitment

4.5.1 General Principles

All recruitment is conducted ethically, transparently, and in accordance with international standards. Workers receive clear and accurate information about the terms and conditions of their employment, including job roles, wages, benefits, deductions and advances, working hours, living conditions, contract duration, termination, and available grievance mechanisms. This information is formalized in a written employment contract, provided to the workers in a language they understand and provided prior to hiring.

No worker is required to pay recruitment-related fees or costs at any stage. This may include but it is not limited to payments to agencies, brokers, sub-agents, or intermediaries for job placement, documentation, travel, medical checks or onboarding. All such costs associated are fully covered by the employer. Direct hiring is prioritized. Where labour agencies are used, only licensed and vetted recruitment agencies that comply with ethical hiring practices are engaged. Contracts with such agencies include enforceable clauses requiring adherence to this Code.

4.5.2 Foreign Migrant Workers (FMW)

Foreign migrant workers constitute a group in a vulnerable position, and extra precautions are taken to respect their rights and well-being. Recruitment of foreign migrant workers is free from deception, coercion, or exploitation. Foreign migrant workers receive the employment agreement produced in line with the requirements of this Code, in a language they understand and prior to the worker departing from their country of origin. The terms of employment agreements are not altered upon arrival in the receiving country unless amendments are required by local law, provided that they establish conditions equal to or better than those offered in the initial employment agreement. Foreign migrant workers have access to effective grievance mechanisms in a language they understand and without fear of retaliation.

5 Discrimination

The workplace is free of discrimination and workers are treated with dignity and respect.

There is no discrimination in any aspect of employment including recruitment, hiring, wages, benefits, work assignments, training, promotion, discipline, termination, or retirement, on any basis, including but not limited to skin colour, caste, ethnicity, national or social origin, religion, disability, gender, gender identity or expression, sexual orientation, age, marital or family status, pregnancy, medical condition, genetic information, political opinion, union membership, or any other protected status. Workers' disabilities, pregnancy-related needs, and religious or cultural practices are accommodated for, where applica-

ble. Workers' privacy rights and personal data are protected. Foreign or migrant workers are treated equally to local employees. No worker is subjected to discriminatory medical tests such as pregnancy or HIV tests. Any use of large language models (LLM) or artificial intelligence systems as automated decision-making tools in employment processes or remuneration is assessed and monitored to ensure they do not produce discriminatory outcomes on any of the above bases.

6 Harassment and Abuse

Workers are treated with dignity and respect. Every form of abuse, whether physical, psychological, verbal, or sexual, is strictly prohibited. No worker is subject to harassment, intimidation, threats, bullying, or any other form of inhumane or degrading treatment in the workplace. Corporal punishment, coercion, disciplinary fines, or any form of violence or monetary punishment used as a method of discipline is not tolerated.

7 Disciplinary Practices

Disciplinary measures are fair, transparent, clearly communicated to workers, consistently applied, documented and provide workers with the opportunity to respond or appeal.

8 Freedom of Association and Collective Bargaining

The rights of all workers to freely associate, form or join trade unions or worker organizations of their choosing, and engage in collective bargaining are respected and upheld without fear of discrimination, retaliation, intimidation, or harassment. Workers and their representatives are able to communicate openly with management regarding working conditions and workplace concerns. No worker is penalized, threatened, or disadvantaged for participating in union activities or for choosing not to engage in such activities. Lawful activities of trade unions and worker representatives are not obstructed and such representatives are granted access to the workplace and permitted to carry out their functions without interference. Where the rights to freedom of association and collective bargaining are restricted under local law, the development of parallel means for independent and free association and bargaining is not hindered. Workers are able to elect their own representatives and organize internal communication structures that reflect their interests.

9 Grievance Mechanisms

Effective factory-based grievance mechanisms are in place and accessible to all workers and any external stakeholders whose rights may be affected by the supplier's or their suppliers' business practices. The grievance process includes clear procedures for receiving, investigating, and resolving complaints confidentially and without delay. Individuals raising concerns do not face retaliation, threats, or disciplinary action and are able to raise concerns anonymously. Mechanisms are actively communicated to all workers, including foreign migrant workers, and external stakeholders in a language they understand. Access to other relevant operational-level grievance mechanisms, where available, is neither restricted nor discouraged.

10 Wages and Benefits

Workers receive fair and timely compensation for all hours worked. Wages meet or exceed the highest applicable standard (whether it be legal minimum wage, prevailing industry rate, or collective bargaining agreement) and are sufficient to cover workers' basic needs and provide some discretionary income, with the aim to reach living wages reflective of local living conditions.

All workers receive clear, written, and accurate information about their wage conditions in a language they understand before starting employment. Workers also receive detailed wage statements with each pay period. Wages are paid regularly, in full, and in legal tender.

Workers are entitled to all legally mandated benefits, including but not limited to social insurances, holidays, and leave entitlements. Compensation reflects workers' skills, responsibilities, seniority, and qualifications, and is equal for work of equal value, regardless of gender, origin, or employment category, including contractors and agency workers. Workers compensated by piece rate or quotas earn at least the minimum wage within standard hours. Deductions from wages only occur when permitted by law or collective agreement and never as a disciplinary measure. Practices such as labour-only contracting, false apprenticeships, or consecutive short-term contracts used to circumvent wage and benefit obligations are strictly prohibited.

11 Working Hours

Working hours are contractually defined, clearly communicated to every worker in a language they understand and transparently recorded. A regular work week does not exceed 48 hours and workers are provided with breaks during the workday. Overtime is voluntary and may be requested by the company only exceptionally and never exceeds 12 hours in a week nor results in total working hours exceeding 60 hours per week. Working hours above 60 per week occur only in genuine emergencies permitted by law, covered by a collective agreement where applicable, safeguarded for health and safety, and communicated promptly to clients and relevant authorities when required. Overtime is always compensated at a premium rate in line with applicable local laws and guided by international standards. Overtime does not substitute regular employment. Workers do not work more than six consecutive days and receive at least 24 consecutive hours of rest every seven days or two days in any 14-day period. Reliable and auditable time-tracking systems are maintained, and work schedules are posted in the facility to ensure a safe, balanced work life for all workers.

12 Regular Employment

All workers are employed based on a recognized and documented employment relationship. Employment contracts are issued in accordance with the applicable local laws and regulations, reflect the genuine purpose of the employment relationship and are not substituted or altered unfairly. Legal obligations are not avoided and worker rights are not undermined through the excessive use of temporary contracts, subcontracting, agency work, homeworking, apprenticeships, or seasonal arrangements. Where probationary periods are used, they are reasonable in length and are not used to delay or deny access to regular employment status. Apprenticeship and training schemes are designed to genuinely impart skills and offer real employment prospects. Third-party providers and on-site workers not directly employed by the factory, such as security, cleaning, or food service staff, are granted the same protections and are subject to the same standards under this Code as directly employed workers.

13 Land Rights and Community

The rights of individuals, local communities, and Indigenous Peoples to land, forests, and water that support their livelihoods, culture, and well-being are respected. Unlawful eviction, forced displacement, or the acquisition or use of land without due process is prohibited. All land-related decisions uphold the principles of free, prior and informed consent (FPIC), with transparency in contracts and disclosure of terms. Customary land rights are respected regardless of formal title.

Business activities, including the sourcing of conflict minerals (tin, tungsten, tantalum, and gold) and any other high-risk materials, do not contribute to land conflicts or community harm, particularly in conflict-affected and high-risk areas.

14 Health and Safety

Workers are provided with a safe, healthy and hygienic workplace and, when offered, living quarters.

14.1 Hazard Prevention

Hazards are proactively identified, assessed and eliminated through the hierarchy of controls. Incidents are recorded and investigated, and risks are reviewed on an ongoing basis. Hazardous chemicals are clearly labelled and stored, handled and disposed of in line with their safety-data sheets, which are readily accessible to all workers and available in languages they fully understand.

14.2 Facility, Machinery and Operational Safety

All legally required permits, licences and certifications to operate are obtained and maintained. Buildings remain structurally sound. All machinery, electrical installations and vehicles are safely designed, installed, operated and maintained, with up-to-date inspection records. Production and maintenance processes undergo periodic risk assessment and control to ensure they do not create health or safety hazards.

14.3 Health and Safety Committees, Training, Right to Refuse Unsafe Work

Joint worker-management Occupational Health and Safety Committees operate on every site. Workers are given regular, documented and language-appropriate training. All personnel retain an unfettered right to refuse or leave dangerous work without reprisal.

14.4 Personal Protective Equipment

Personal protective equipment (PPE) is provided free of charge, in accordance with applicable occupational safety standards. PPE is always suitable for the work performed and, where required, considers the specific needs of workers such as pregnant or nursing workers, young workers, and people with disabilities, while maintaining full compliance with safety requirements. PPE is provided and used wherever residual risks remain after the application of the hierarchy of controls. PPE is inspected, maintained, and replaced at intervals as required by law, by manufacturer guidance, and whenever it is damaged, contaminated, or no longer provides effective protection.

14.5 Workers' Health and Well-Being

Workers have unrestricted access to potable water, gender-appropriate sanitary facilities, and clean eating and rest areas. Any company-provided accommodation meets the same safety and hygiene standards. Appropriate measures are taken to protect workers from excessive heat, in line with occupational health and safety standards. No worker is disciplined for raising health and safety concerns, and occupational injuries or illnesses are compensated in line with legal requirements. In the context of infectious-disease outbreaks such as local epidemics or global pandemics, preparedness plans are maintained and infection-control measures are applied. Workers engaged continuously, are offered paid sick leave and health/mental-health support and do not face retaliation for health-related absences.

14.6 Emergency Preparedness

Effective emergency plans covering fire, chemical release and other foreseeable events are developed and regularly rehearsed

with workers. These are supported by first-aid facilities, medical assistance, and accident insurance that meet or exceed local standards.

15 Protection of the Environment

15.1 Environmental Permits and Legal Compliance

All required environmental permits, approvals, and registrations are obtained, maintained and kept current. Business is conducted in compliance with operational and reporting requirements and applicable environmental laws, regulations, and relevant international standards.

15.2 Hazardous Substances and Waste Management

Chemicals, waste, and other substances posing environmental or health risks are identified and labelled in all languages spoken by the employees; handled, stored, transported, and disposed of safely and responsibly; and monitored and documented across all operational stages. Systems to reduce, reuse, and recycle waste are implemented.

15.3 Air and Greenhouse Gas Emissions

Air emissions of volatile organic compounds (VOCs), aerosols, and particulates are monitored, controlled, and treated as required by local or national laws before discharge; and emission control systems are maintained and regularly tested for performance. Production facilities are encouraged to learn and build internal capacity on Greenhouse Gas (GHG) Emissions and their scopes and maintain a formal commitment with a clear implementation pathway towards comprehensive GHG accounting and target setting. These targets must be aligned with science-based frameworks, such as the Science Based Targets initiative (SBTi) or similar.

15.4 Water Management

Water use and discharge are monitored, controlled, and reduced through water conservation programmes. Wastewater is treated, tested, and disposed according to local and national laws to prevent environmental harm and to ensure the local community access to clean water is preserved.

15.5 Resource Efficiency and Circular Practices

Production is managed in a manner that promotes resource efficiency and supports the transition to circular production systems. This includes actively minimizing the use of raw materials, water, and energy through process optimization, preventive maintenance, and continuous improvement measures. Suppliers are expected to reduce waste generation at source, prioritize reuse and recycling of materials, and implement systems for the segregation and responsible management of production waste. Where feasible, recycled or renewable inputs should be used, whilst product and process design should consider durability, reparability, and recyclability.

16 Business Ethics

16.1 Anti-Corruption and Bribery

All forms of bribery, corruption, extortion, and embezzlement are strictly prohibited. Nothing of value, such as gifts, entertainment, payments, or favours, with the intent to improperly influence business decisions or gain an unfair advantage is offered, promised, authorized, or accepted. Internal controls and anti-corruption programmes capable of preventing, detecting, and addressing such practices are in place. These requirements apply to interactions with both public officials and private sector entities.

16.2 Fair Competition and Antitrust

Business is conducted in compliance with all applicable competition and antitrust laws. Unlawful practices such as price fixing, market allocation, bid rigging, or customer sharing are strictly prohibited. Ethical conduct extends to fair marketing, truthful advertising, and transparent negotiations.

16.3 Conflicts of Interest

Business decisions are made impartially and in the best interest of the business relationship. Situations in which personal interests, relationships, or affiliations may conflict, or appear to conflict, with professional responsibilities as well as any actual or potential conflicts of interest, including those involving public officials or workers of the customer organization, shall be disclosed in a timely and transparent manner.

16.4 Business Integrity

Effective systems and internal controls are established and maintained to ensure compliance with regulatory requirements in the areas of finance, trade, data, and intellectual property. This includes, but is not limited to, regulations concerning anti-money laundering, trade sanctions and export controls, tax compliance, data privacy and protection (including workers' personal data), and intellectual property rights.

16.5 Subcontracting and Supply Chain Responsibility

Production, services, or processes related to the contracted goods or services are not subcontracted without prior written approval from the contracting company. The subcontracting company is fully responsible for ensuring that all approved subcontractors, agents, and service providers comply with the principles outlined in this Code.

16.6 Record Keeping

Accurate records of employment including but not limited to wages, working hours, health and safety, and of information related to management systems including but not limited to the origins of raw materials and components, sourcing practices, complaints received and preventive and corrective actions are maintained and made available upon request.

17 Environmental and Human Rights Risk Management Systems

Effective management systems are established and maintained to ensure compliance with this Code and applicable laws, and to promote continuous improvement of environmental and human rights performance along the supply chain. These systems shall include accountability, due diligence, preventive and corrective actions, monitoring, worker communication and training, and are intended to ensure the effective and consistent implementation of this Code. In case of subcontracting and use of third parties (such as recruitment agencies), the subcontractor's or third party's adherence to this Code and applicable laws is ensured by the contracting company. Effective management systems also include establishing measurable environmental goals across emissions, waste, water, and energy and monitoring, documentation and disclosure of environmental performance. Environmental impact and management systems are audited regularly; and circular economy initiatives and industry benchmarking efforts are supported.

17.1 Accountability

Responsibility for ensuring compliance, oversight and regular review and updating of the management systems is clearly assigned to company representative(s).

17.2 Risk-Based Due Diligence

Risk-based due diligence is conducted to identify, prevent, and address risks of adverse impacts on people, the environment, and ethical business conduct. This includes developing and implementing written policies and procedures that reflect the requirements set out in this Code and applicable laws into consistent and compliant business practices. It further involves identifying and assessing actual and potential risks in their own operations and supply chains and taking action to cease, prevent, or mitigate adverse impacts.

17.3 Enhanced Due Diligence

Enhanced due diligence measures are defined and implemented to assess heightened risks, such as human rights risks in conflict-affected and high-risk areas and risks of state-imposed forced labour. These measures include but are not limited to mapping of supply chains at risk, identifying origins of materials, and implementing responsible disengagement, where necessary.

17.4 Preventive and Corrective Actions

Where adverse impacts occur, remediation is provided or cooperated in. Any violations or deviations from this Code and significant risks such as child labour, forced labour, or imminent threats to health, safety, or the environment are promptly communicated. Preventive and corrective actions are developed and implemented collaboratively within agreed and reasonable timelines, identifying the root cause and including appropriate immediate corrective actions and long-term preventive solutions.

17.5 Monitoring and Reporting

Preventive and corrective actions are communicated transparently and their effectiveness monitored and tracked.

17.6 Communication and Training

Workers and supervisors are regularly trained on their rights, responsibilities, and the company's policies and processes, including grievance mechanisms. Training is conducted in a language and format workers understand and reinforced periodically to ensure ongoing awareness and compliance.

18 Termination of Business Relationships

Failure to comply with this Code is treated as non-compliance and may result in corrective actions. Termination of business relationships is pursued only as a last resort and only in cases of repeated and known violations and where there is a failure or unwillingness to cooperate with the company in implementing corrective actions.