

Fighting Against Forced Labour in Supply Chains Report 2024

About this report

This report is Quality Bicycle Products (QBP)'s first report on forced labour and child labour in supply chains for the fiscal year ending on December 31st, 2024, as required by Canada's new Fighting Against Forced Labour and Child Labour in Supply Chains Act.

QBP is dedicated to acting as a responsible corporate citizen in alignment with the United Nations Global Compact. This commitment includes strict compliance with all laws and regulations in the countries and jurisdictions where the QBP operates.

(a) Our Structure and Operations:

Quality Bicycle Products (QBP) is a US based business incorporated in Minnesota as a General Benefit Corporation. We are headquartered in Minnesota and have 4 distribution centers in the US, a branch office in Taiwan, and 2 3PL warehousing partners in Canada (BC and ON). We do all parts of the bicycle and component value stream from our Minnesota headquarter with the exception of manufacturing. We contract with 3rd parties in Asia and North America for manufacturing and we have an Asian branch office serving as our Asian Headquarters to oversee tier 1 and some tier 2 and 3 manufacturers.

More than 90 percent of our products are bicycle parts and accessories. We also have some clothing and bags in our assortment.

Our manufacturing base consists of finished goods assemblers, frame and fork manufacturers (metal and carbon fiber), surface treatment companies (paint, anodizing, ED coatings, decals), CNC shops, investment casting companies, tube and tire manufacturers, bag producers, clothing and footwear manufacturers.

We have approximately 100 tier 1 manufacturers and annually visit more than 95% of them in person. Our Supply Chain team is trained to review and audit to our supplier code of conduct.

(b) Policies and Due diligence Procedures:

We have an internal Code of Conduct that calls out forced and child labor as zero tolerance issues. If found at a supplier, we issue a corrective action notice and give them 1 week to remedy the situation, providing documentation that the issue has been satisfactorily, and permanently

remedied. We would then audit the supplier in-person to verify the situation no longer exists and would annually perform follow-up audits to verify that situation does not return.

We also take steps to ensure we are not working with a supplier in regions that are known to have issues with forced or child labor. Two specific examples of this; we turned down a supplier's offer to work with them as the factory they offered us capacity in was in Myanmar. At a different time with a different product, we turned down a supplier offering us capacity in their factory in NE China in a region known to have issues with North Korean labor.

(c) Risk Assessment:

We have identified risks to the best of our knowledge and will continue to strive to identify emerging risks.

Within our supply chain, clothing and bag manufacturing has the greatest potential for forced or child labor. To that end, we are shrinking our supplier base to go deeper with known partners that operate according to our internal code of conduct, which is based off of the SA8000 Social Accountability Standard.

We visit our suppliers in-person to review and audit to verify compliance with our code of conduct. We contract with 3rd party auditors if we are unable to visit suppliers in-person.

(d) Measures taken to remediate any forced labour or child labor:

We did not identify any forced labour or child labour in our activities in 2024.

(e) Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains:

We did not identify any forced labour or child labour in our activities in 2024; therefore, we have not identified any loss of income to vulnerable families resulting from measures taken to eliminate such acts.

(f) Training and Capacity Building:

Our Product Quality team receives training on our supplier code of conduct, as well as, training in how to conduct reviews and audits of suppliers to verify compliance with our expectations.

(g) Effectiveness Measures:

We regularly review our tier 1 suppliers base for who we are working with, where our social accountability risks are, and visit or contract with a 3rd party to ensure ongoing visibility of working conditions at our suppliers.



Approval:

This Annual Report was approved by the governing body on May 12, 2025.

Dated this 12th of May 2025

EVP QBP/Pres FlaggBicyGrp
Executive

Signature: *Jerry Pomije*
Jerry Pomije (May 28, 2024 16:15 CDT)

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