

Colt CZ Group SE

# SUSTAINABILITY REPORT 2023

June 2024

**COLT  
CZGROUP**



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## About this Report/How to read this report

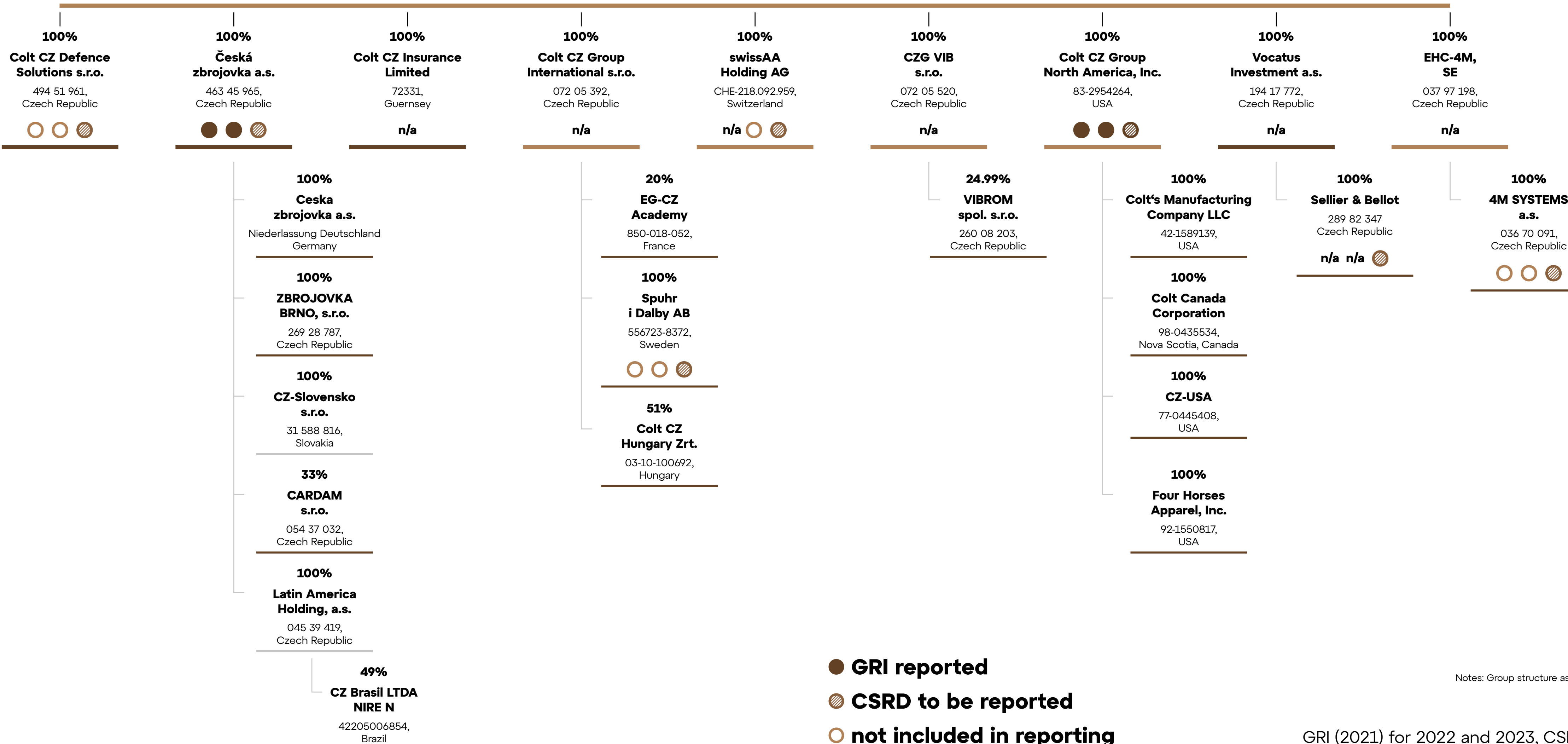
Sustainability statements have been prepared by Colt CZ Group SE for the purpose of this report. The scope of the report was partially aligned to the scope of the 2023 Annual Financial Report published on April 24, 2024.

The review of the materiality of the risks & impacts and actions was prepared in line with relevant legislation and the sustainability approach adopted by Colt CZ Group SE. The 2022 Sustainability Report was prepared in accordance with GRI standards, and this year's report is largely based on a similar approach. However, the report is not fully compliant with GRI standards. It was prepared as a transition document for gradual movement to European Sustainability Reporting Standards (ESRS) under the EU Corporate Sustainability Reporting Directive (CSRD) in financial year 2024.

An overview of Group companies is included in the sustainability reporting of this report, together with expected changes under the ESRS.



**100%**  
Colt CZ Group SE  
Czech Republic



- GRI reported
- CSRD to be reported
- not included in reporting

Notes: Group structure as of 16.05.2024

GRI (2021) for 2022 and 2023, CSRD 2024

# 1

## CEO FOREWORD

Dear Stakeholders,

I am proud to present Colt CZ Group's Sustainability Report for the year 2023. Our commitment to sustainability is not only a reflection of our responsibility to the environment, but also an integral part of our mission to contribute to global security, economic stability, and societal well-being.

As we navigate an era marked by unprecedented challenges in the global security environment, it is undeniable that the defense industry plays a pivotal role in ensuring the safety and security of nations and societies. This has become particularly evident with the war in Ukraine, which is in its third year, and which continues to underscore the critical importance of robust defense capabilities. As part of the global defense community, Colt CZ Group is dedicated to supporting military and law enforcement partners, thus contributing to peace and security. We are proud of our cooperation with NATO and EU member states, Ukraine, and its partners, reinforcing their defense capabilities and contributing to a safer world.

The defense industry is a significant driver of economic growth. Our operations create jobs, stimulate technological advancements, and generate substantial economic activity. The recent increase in defense spending by many countries, in response to heightened security concerns, underscores the importance of a resilient and innovative defense sector. Colt CZ Group is at the forefront of this transformation,

investing in cutting-edge technologies and expanding our capabilities to meet the evolving needs of our customers.

Beyond our economic impact, we recognize our broader societal responsibilities. We are committed to conducting our business ethically and contributing to the communities where we operate. Our focus on sustainability encompasses environmental stewardship, social responsibility, and governance (ESG) practices, ensuring that we operate with integrity and transparency. By prioritizing these principles, we aim to build a sustainable future for all. This is ever more important as we continue to grow as a company, both organically and also via mergers and acquisitions.

In 2023, we marked an important milestone by venturing into the ammunition segment. In June, we acquired swissAA Holding AG, a top-class Swiss ammunition producer. In December, we announced the agreement to acquire the oldest small caliber ammunition manufacturer, Sellier & Bellot. This transaction was successfully completed in May 2024. It is the largest transaction in our Group's history and is undoubtedly a transformational one. We have significantly expanded our product portfolio, become an important player in the ammunition segment, and in terms of our financial performance, thus moving closer towards fulfilling our vision of becoming the recognized undisputed leader of the small arms industry. Our Ammunition segment brings new ESG challenges. Nevertheless, Sellier & Bellot has been working on sustainability for a long time and has solid results in this area, which will help us fulfill our Sustainability Strategy.





As for the environmental aspects of our activities, much of the carbon footprint generated by our products is associated with the sourcing of materials and our manufacturing processes. As a result, we focus on improving energy efficiency, material use efficiency, and reducing emissions. We also offer upgrade kits for certain types of firearms and product categories, thereby prolonging their service life. In response to potential stricter regulations on the use of lead in ammunition, we have developed lead-free and non-toxic ammunition to meet evolving standards and ensure compliance.

We also focus on cyber security, due to increasing risk of attacks against state institutions, businesses, and individuals. We have made significant progress in the area of information security. This year, Česká zbrojovka obtained the ISO 27001:2022 certification for its Information Security Management System, a process which started already last year. We are continuing ISO certification in our North American companies.

To succeed in our vision, we are aware that we need to attract and nurture talent. We do so by providing an inclusive environment, empowering our people to develop their talents and skills, while ensuring their health and well-being. Building on Colt CZ's globally recognized brands, loyal customer base, and dedicated employees, we are in the process of transforming our organization and workforce

for the future. We foster a culture that helps us achieve operational excellence, meet our goals, and uphold our mission to provide innovative and high-quality products that our customers can rely on in any situation. This mission drives our efforts in sustainability, innovation, and customer satisfaction, ensuring that we remain a trusted partner.

All our efforts in sustainability, innovation, and people are essential to our long-term success and value creation. I want to express my gratitude to our employees, partners, and stakeholders for your unwavering support and dedication. Together, we are building a safer, more secure, and sustainable world. Thank you for your continued trust in Colt CZ Group.

Sincerely,

**Jan Drahota**  
CEO and Chairman of the Board of Directors

# Performance Highlights in 2023



## Global Reach

Customers in **100+** countries:  
Of which **24** are NATO members

Production facilities  
in **6** countries

Over **621 thous.**  
firearms sold in 2023

**2** new acquisitions in ammunition



## Financial Performance

2023 Revenue **CZK 14.9 bn**

2023 Adj. EBITDA  
**CZK 3.05 bn**

2023 Adj. EPS **CZK 58**

Dividend paid in 2023 **CZK 30**



## Products & Innovations

**106**  
people in R&D

R&D spent in 2023  
**CZK 223 mm**

**Over 30** individual **R&D** projects  
incl. **9** design concepts

# 2

## COLT CZ IN BRIEF



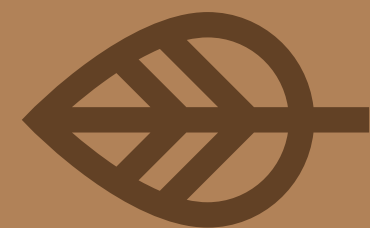
## People/Social

**2,111** Group employees FTE:  
**30%** are women,  
**13%** are under 30  
 and **38%** are over 50

**222** new hires  
**22%** are women

**Over 90%** of employees are located  
 in CZ, USA and Canada

Employee satisfaction  
 index **54%**



## Environment

GHG emissions (Scope 1)  
**-7.5%**

**0,5 GWh**  
 renewable capacity

Electricity consumption  
**-10.4%**

Waste generation  
**-11.7%**

**47%**  
 of total waste is recycled



## Governance

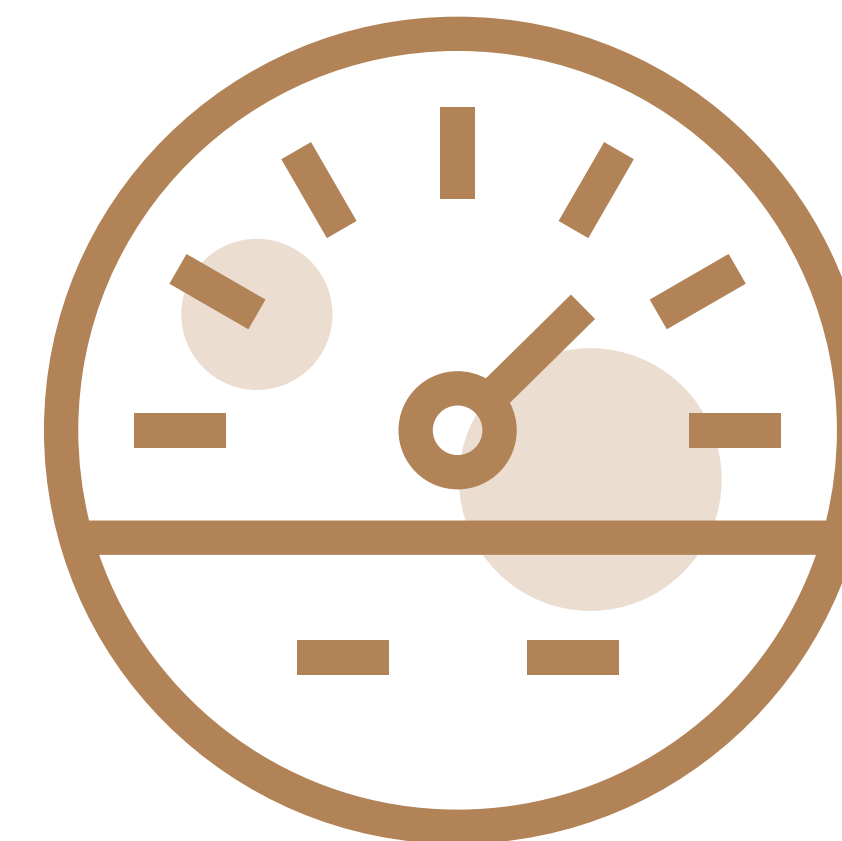
**50%** of Group's employees are trained  
 on cyber security

**233** employees completed trace  
**Anti-corruption** training

**0** whistleblowing cases  
**0** human and labor rights violations

**0** material cybersecurity  
 incidents

# Performance Highlights in 2023







Parking lot at Česká zbrojovka with installed solar panels

# 3 2023 IN REVIEW

## 3.1 Highlights of 2023

### E Demolition of the old neutralization station

The Group started with demolition of the old neutralization station for disposal of wastewater from the chromium, electroplating and tempering plant at its subsidiary CZUB. Demolition of the idle building lifted its historical environmental burden and subsequently created a green area, allowing the Group to actively contribute to a healthy and sustainable environment.

### E Replacement of windows in factory buildings

All windows were gradually replaced across the entire CZUB complex to reduce energy consumption of the buildings.

### E Second largest solar car park in the Czech Republic

The second largest solar parking lot in the Czech Republic was built at Česká zbrojovka. Photovoltaics have an output of 474 kW and produce 486 MWh of emission-free electricity per year. All electricity produced by the 718 panels will be utilized at the production site and the parking provides 179 parking spaces. CO<sub>2</sub> emissions are reduced by 260 tons; the equivalent of consuming 32 hectares of forest per year.

### E Conversion to LED lighting

Colt US – converting the lighting system to LED - 75-80% conversion finished.



## **E** Air leak program

At Colt US, all existing air leaks were fixed to improve the performance of compressed air systems and achieve energy savings

## **E** Tumbling water reclamation system

At Colt US, water recycling system was introduced reducing freshwater consumption

## **E, S** Health and Safety – Modernization of the Gunstock production line at CZUB

Improvement of the most physically demanding manual grinding operation, where new grinders with direct sawdust extraction and height-adjustable vises were installed. The first stage of soundproofing the outdoor fans and pipes has been completed and will continue.

## **S** Health and Safety Firearms testing facility

The Group is streamlining work processes at not only the existing firearms testing facility, but also the newly planned firearms testing facility, which includes the introduction of new methods of firearm verification.

## **S** Rifle Range System

At Colt US, a semi waterless system reducing the amount of water was implemented. It requires less maintenance and therefore is limiting exposure to lead for employees.

## **S, G** CZUB suppliers management

The Group is continuously improving its cooperation with suppliers in order to achieve even higher quality of supplies. The focus is primarily on improving cooperation and communication by providing suppliers with online access to selected information.

## **S, G** Customer satisfaction surveys

At Colt US, the customer surveys to track satisfaction for repair and services was initiated and sent out



## **Business and financial highlights**

In May, Colt CZ issued bonds that totaled CZK 1,929,000,000. The bonds are floating rate notes based on 6M PRIBOR plus 1.8 % p.a. margin maturing in 2030.

Mr. David Aguilar and Mr. René Holeček were appointed as members of the Supervisory Board as of July 1, 2023. The General Meeting also appointed Mr. Jiří Nekovář as a new member of the Audit committee.

In June, Colt CZ executed a share purchase agreement that resulted in the acquisition of a 100% stake in the Swiss ammunition producer swissAA.

The General Meeting of the Company, outside its meeting (decision per rollam), decided on the distribution of profits for 2022 and dividend payment. The dividend payout for 2022 was CZK 30 per share before tax. For the first time in the Company's history, shareholders could choose whether or not to receive a share of the profit in the form of new shares in the Company.

In December, Colt CZ executed a share purchase agreement to purchase a 100% interest in Sellier & Bellot a.s. Sellier & Bellot, located in Vlašim, Czech Republic, is one of the oldest and largest producers of small caliber ammunition in the world.

## 3.2 Growing the Group

In order to fulfil its vision, the Group continuously monitors and evaluates opportunities for growth through advantageous acquisitions. The Group is primarily looking at acquisition opportunities in the firearms production industry, including crew-served firearms, particularly those with significant sales to, and a proven track record with, military and law enforcement customers, in order to help the Group increase its share in that market. In addition, the Group anticipates potential changes in the needs and preferences of military and law enforcement customers, which could result in the digitalization of small firearms, together with an increased integration of optics, optoelectronics and other modern firearm accessories. Further acquisitions in the ammunition segment cannot be excluded.

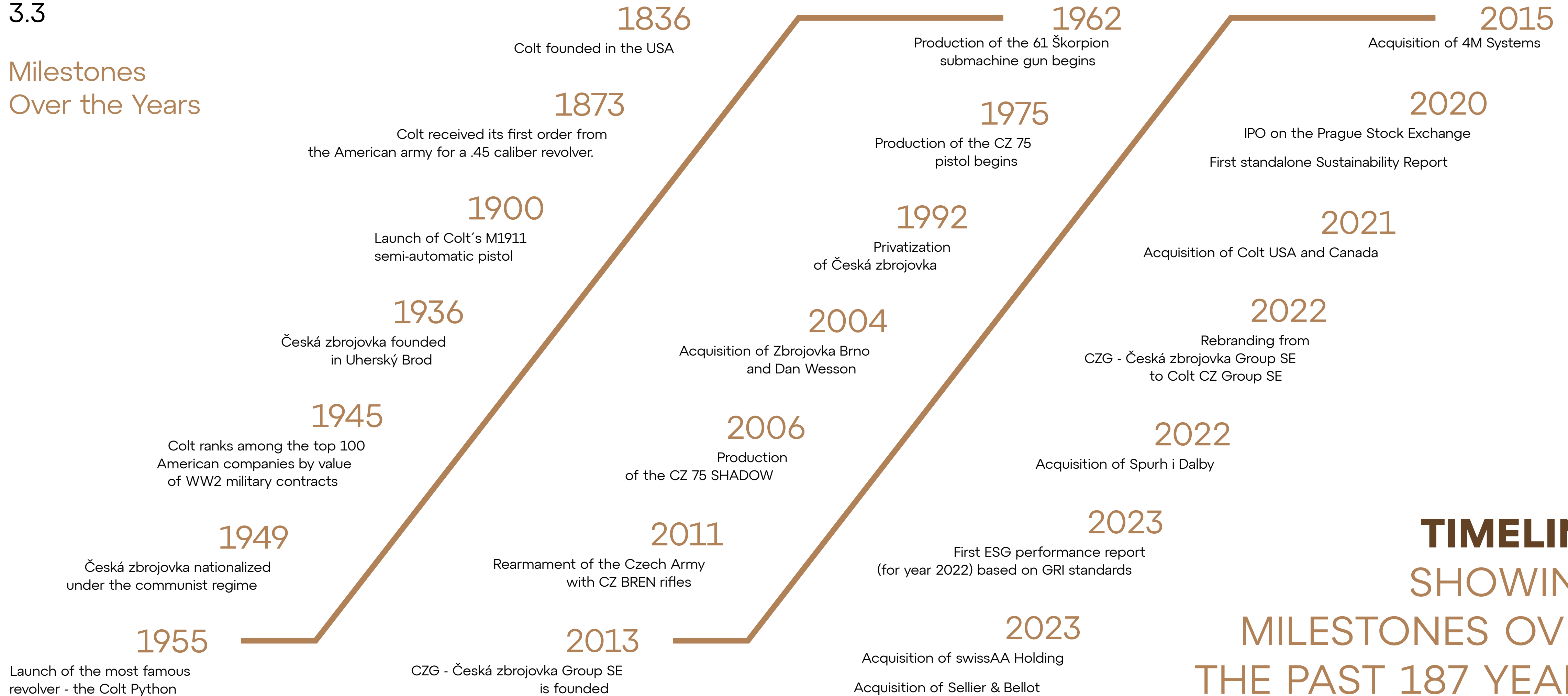
Recent acquisitions of ammunition producers swissAA and Sellier & Bellot are highly complementary to the Group's firearm products, due to the importance of seamless functioning of the Group's products with the relevant ammunition and increasing demand from military and law enforcement customers for ammunition with more transfer of energy.

The acquisition of Sellier & Bellot represents a pivotal move for the Group, aligning with its long-term strategy to bolster its presence in the small firearms and ammunition sector. Sellier & Bellot, a venerable entity with a heritage dating back to 1825, is a leading manufacturer of small caliber ammunition, serving both commercial and military and law enforcement sectors around the world. The Group anticipates to yield a multitude of synergies, including enhanced sales networks, a broadened product portfolio, and operational efficiencies. The transaction was successfully completed on May 16, 2024. Sellier & Bellot will become part of the Group's sustainability reporting for 2024, which will be in line with the scope of financial consolidation.



3.3

Milestones  
Over the Years



**TIMELINE**  
SHOWING  
MILESTONES OVER  
THE PAST 187 YEARS

# 4

## COLT CZ SUSTAINABILITY STRATEGY

**We see engagement with sustainability as an opportunity to transition our business, promote change, accelerate innovation, and encourage cooperation, while addressing climate change and building the trust of our people, customers, and wider society. We aim to balance company growth with environmental responsibility and ensure the social well-being of our people, including those who work with us or can be impacted by our activities.**

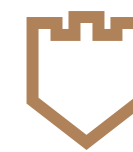
### 4.1 How We Approach Sustainability

At Colt CZ, we recognize that we must direct our attention and efforts to the environmental, social and governance topics that are of concern to our stakeholders and have the greatest impact on not only the environment, people, and society, but also on our business.

When carrying out our assessment, we were guided by the GRI standards (2021). To obtain input for our materiality analysis, we have explored trends in our industry, took into consideration applicable regulations and other mandatory requirements and industry best practice, conducted a peer analysis, ran media searches, and interacted with our key stakeholders (see stakeholder dialogue below). Topics were prioritized through extensive discussions with a diverse set of internal and external experts, including our management.

In preparation for the upcoming requirements of the EU Corporate Sustainability Reporting Directive (CSRD), we have completed a preliminary, high level financial materiality analysis, using e.g., corporate reports and the Aerospace & Defense Sustainability Accounting Standards Board (SASB) standard, along with regulatory and legal requirements.

In our 2022/2023 materiality analysis, we identified a list of the following topics that are the most important to our businesses because they have a substantial impact on the environment, society and/or value of the Group.



- 1. Business Ethics and Transparency**  
– Conduct our operations ethically, fairly, and in accordance with applicable laws and regulations.
- 2. Cybersecurity and customer privacy**  
– Protect business-sensitive and personal information.
- 3. Sustainable Supply Chain**  
– Responsible and sustainable procurement programs, including material sourcing, to enhance environmental stewardship and social responsibility.



- 4. Energy and emissions**  
– Reduce energy consumption and emissions of climate-altering gases.
- 5. Water, Waste and Pollutants**  
– Prevent contamination in various industrial processes, along with reducing and recycling waste.

We aim to regularly review topics, impacts, risks, and opportunities, as new topics can emerge and gain significance over time, particularly taking into account acquisitions of new businesses in the ammunition segment.

We understand that they are closely related to our business model and must therefore be included in the Group's strategy and targets. The topics below were approved by the Group's Governing Body (in alphabetical order):



- 6. Occupational Health and Safety**  
– Prevent work-related accidents and occupational diseases to ensure the health and well-being of our employees.
- 7. Employment practices**  
– Foster an inclusive workplace culture that engages employees and creates rewarding career paths.
- 8. Social Responsibility**  
– Support communities and improve the lives of those who are less fortunate or in need of aid.



- 9. Product Quality, Safety, and Innovation**  
– Deliver products that are technological and functional class leaders in their respective categories in terms of safety and reliability, performance, quality, and durability.

# AREAS OF FOCUS FOR STRATEGIC SUSTAINABILITY

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3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

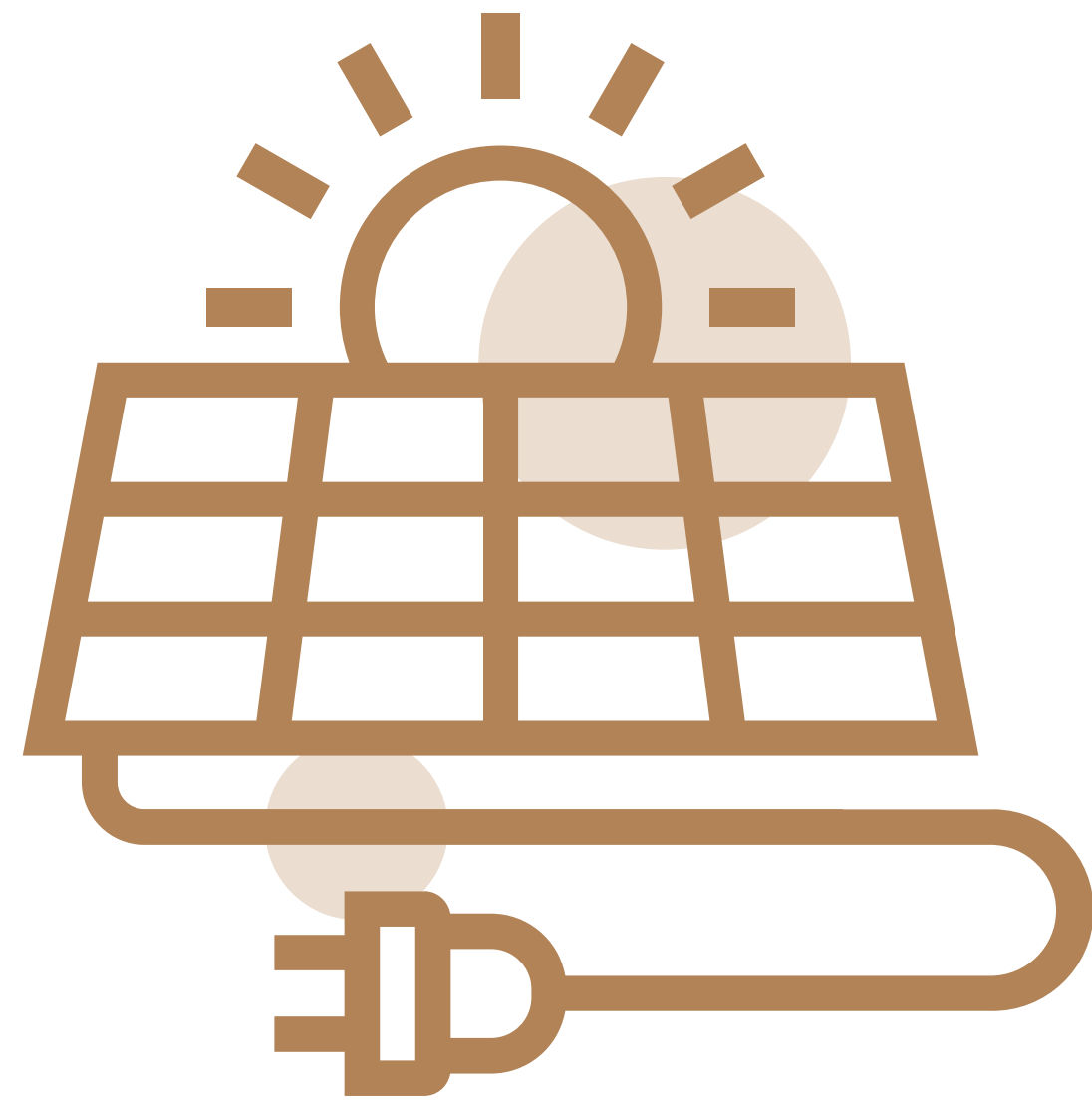


17 PARTNERSHIPS FOR THE GOALS



4.2

Areas of Focus  
for Strategic Sustainability



E

**For Environment**

Promote operational eco-efficiency.

Embed innovation, reliability, and responsibility into the DNA of our products and processes.

**Approach**

Reduce energy consumption and emissions of climate-altering gases in all areas of the company to combat climate change.

Prevent contamination in various industrial processes.

Reduce and recycle the waste we generate, while leveraging our engineering and manufacturing know-how to deliver long-lasting products.

**Priorities**

Minimizing the environmental impact of our operations by preventing pollution, reducing waste, energy, and water consumption.

Using innovative technologies to produce reliable, resilient, and durable products. Fostering enduring relationships with our customers.

**Reference** Page 14, Chapter 6



S

**For Society**

Be the employer of choice and an active community participant.

**Approach**

Prevent work-related accidents and occupational diseases to ensure the health and well-being of all employees.

Support our employees in their personal and professional development. Foster an inclusive workplace culture that engages employees and creates rewarding career paths.

**Priorities**

Attracting and nurturing talent in an inclusive environment, while ensuring the health and well-being of our people, and strengthening communities where we work.

**Reference** Page 23, Chapter 7



G

**For Governance**

Promote responsible business practices.

**Approach**

Further advance the Group's policies and standards, including ESG. Strengthen internal controls and competences for ethical business conduct to support transparent customer relationships, supplier partnerships, and workplace integrity, with the ultimate goal of ensuring that we conduct our operations ethically, fairly, and sustainably in accordance with all applicable laws and regulations.

**Priorities**

Operating ethically and encouraging our partners to adhere to the same high ethical standards as us.

**Reference** Page 33, Chapter 9





COLT'S PT. F. A. MFG. CO. HARTFORD, CT. U.S.A.



## 4.3 Ongoing Dialogue with Stakeholders

### 4.3.1 On-line Questionnaires

The Group constantly engages in a range of activities and interactions with key stakeholders to increase transparency and effective dialogue to identify which topics are considered the most significant to our stakeholders (customers, employees, strategic partners and suppliers, shareholders and analysts, government bodies and regulators, the media and communication services, and society).

Five different questionnaires were prepared to assess the strategic relevance and related impacts (positive and negative, current and potential) of each of the sustainability topics we identified.

### 4.3.2 How We Engage with Stakeholders

	How we engage	Reasons for engagement	Examples of outcomes
<b>Employees</b>	<ul style="list-style-type: none"> <li>▶ Engagement Surveys</li> <li>▶ Internal newsletter and quarterly magazine</li> <li>▶ Digital channels, incl. social media</li> <li>▶ Face-to-face meetings, regular CEO round table meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Including employees' perceptions and experiences</li> <li>• Contributing to a sustainable workplace and work/life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Internal policy updates</li> <li>• Improvements and action plans</li> <li>• Communications from management</li> <li>• Global initiatives and campaigns</li> </ul>
<b>Trade Union</b>	<ul style="list-style-type: none"> <li>▶ Meetings</li> <li>▶ Surveys</li> <li>▶ Digital channels, incl. social media</li> </ul>	<ul style="list-style-type: none"> <li>• Contributing to a sustainable workplace, work/life balance and diversity</li> <li>• Understanding expectations for sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Communications from management</li> <li>• Improvements and action plans</li> <li>• Responses to TU queries</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>▶ Survey</li> <li>▶ Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Including management perceptions and experiences</li> <li>• Contributing to a sustainable workplace and working life</li> <li>• Embedding a sustainable approach in management decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptation of internal communication on sustainability practices</li> <li>• Aligning the business model and strategy</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>▶ General Shareholders' meetings</li> <li>▶ Annual / Quarterly reports, financial filings</li> <li>▶ Earnings conference calls</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding expectations for sustainability</li> <li>• Attracting responsible shareholders</li> <li>• Enhancing transparency and credibility in dialogue with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Responses to investor queries</li> <li>• Adaptation of external communication on Sustainability practices</li> </ul>
<b>Financial community</b>	<ul style="list-style-type: none"> <li>▶ Roadshows, investor calls and Conferences</li> <li>▶ Digital channels, incl. social media (LinkedIn)</li> <li>▶ Annual / Quarterly reports, financial filing</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding expectations for sustainability</li> <li>• Attracting responsible investors</li> <li>• Enhancing transparency and credibility</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment with best practice</li> <li>• ESG rating plans</li> <li>• Responses to investor queries</li> <li>• Adapted external communication on sustainability practices</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>▶ Press releases</li> <li>▶ Media days</li> <li>▶ Email, phone, personal communication</li> <li>▶ Digital channels, incl. website and social media</li> </ul>	<ul style="list-style-type: none"> <li>• Building a public image of a sustainable market and industry leader</li> <li>• Enhancing transparency and credibility in communication</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment with best practice</li> <li>• Responses to media queries</li> <li>• Informed media, experts and general public, customers, etc.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ Surveys</li> <li>▶ Audits</li> <li>▶ Digital channels, incl. social media</li> <li>▶ Face-to-face meetings, over the phone interactions</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with our code of conduct</li> <li>• Promoting responsible sourcing, incl. of minerals and metals</li> <li>• Ensuring a respectful working environment</li> <li>• Decarbonizing our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlined supplier expectations</li> <li>• Supplier improvement plans</li> <li>• Informed selection of suppliers</li> </ul>

	How we engage	Reasons for engagement	Examples of outcomes
<b>R&amp;D Partners</b>	<ul style="list-style-type: none"> <li>▶ Surveys</li> <li>▶ Digital channels, incl. social media</li> <li>▶ Face-to-face meetings, over the phone interactions</li> <li>▶ Project collaborations, industry research, sharing feedback and information</li> </ul>	<ul style="list-style-type: none"> <li>• Building trust</li> <li>• Providing sustainable solutions</li> <li>• Being on the top of innovation initiatives</li> <li>• Understanding expectations to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Product improvements</li> <li>• Innovation initiatives</li> <li>• Sustainable solutions</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Satisfaction Surveys</li> <li>▶ Digital channels, incl. social media</li> <li>▶ Face-to-face meetings, over the phone interactions</li> </ul>	<ul style="list-style-type: none"> <li>• Building trust</li> <li>• Providing sustainable solutions</li> <li>• Enabling customers to achieve their targets</li> </ul>	<ul style="list-style-type: none"> <li>• Product improvements</li> <li>• Adaptation of marketing strategies</li> </ul>
<b>Public Governmental Authorities and Regulators</b>	<ul style="list-style-type: none"> <li>▶ Meetings with state institutions</li> <li>▶ Round table discussions, conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring regulatory compliance</li> <li>• Understanding sustainability requirements</li> <li>• Addressing climate-related transition risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Aligning business model and strategy</li> <li>• Value creation and compliance risk mitigation</li> <li>• Alignment of projects with best practice</li> </ul>
<b>Local Communities and NGOs</b>	<ul style="list-style-type: none"> <li>▶ Digital channels, incl. social media</li> <li>▶ Face-to-face meetings</li> <li>▶ Event partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing community concerns, questions, and feedback</li> <li>• Building trust and community support</li> <li>• Ensuring community benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding community benefits</li> <li>• Support of local projects</li> <li>• Alignment of projects with best practice</li> </ul>

## 4.4 Relevant Policies and Disclosures

Colt CZ’s sustainability is managed through established policy documents, such as the Code of Conduct, Supplier Code of Conduct, Environmental Policies, Anti-Bribery and Anti-Corruption rules and policies, Occupational Health and Safety Policy, Security Strategy 2021-2024, Quality Management Policies, Public Procurement and Competition Policies, Diversity Policy, Business Travel Policy and Privacy Policy.

Several of these policies stipulate applying a precautionary principle through risk management. If a negative impact would still occur, Colt CZ has processes in place for mitigation and remediation actions.

The Board of Directors authorizes and signs policies, some of the policies are approved and signed by the Group CEO or by the local CEOs. The Code of Conduct<sup>1</sup> contains sections on Company’s values, business ethics, conflicts of interest, human rights and freedoms, compliance, reporting, enforcement, and more. The Code is available in Czech and English.

Group companies have certificates of conformance to ISO9001 for quality management and ISO 14000. Several units have been also certified according to ISO 27001. The rest of the subsidiaries are going through the certification process, which should be completed in 2024-2025. Our aspiration is to obtain ISO 50001 certification to improve energy efficiency management.

<sup>1</sup> <https://www.coltczgroup.com/file/926>



The CZ BREN 3 rifle and 4M Systems ballistic protection, tactical uniforms, and accessories

# 5

## PRODUCT INNOVATION AND PARTNERSHIPS

### 5.1 ESG Impacts of Our Products

The Colt CZ Group portfolio primarily consists of small firearms and accessories. We therefore believe that much of the carbon footprint generated by our products is associated with sourcing of materials and our manufacturing processes. As a result, we focus our attention and resources on improving energy efficiency, increasing efficiency of material use and reducing emissions. We also offer upgrade kits for certain types of firearms and product categories, thereby prolonging their service life.

The small caliber ammunition industry, which includes the recently acquired business of the Group, potentially faces stricter regulation on the use of lead in ammunition. While the proposed restrictions do not cover military or other non-civilian uses, and indoor uses are also excluded, the trend is clear. The Group has developed a portfolio that includes lead-free and non-toxic ammunition (i.e. ammunition equipped with a primer that does not contain any traces of heavy metal in its emissions, such as lead, mercury, barium, or antimony). However, should the regulatory environment become more restrictive, or the transition to non-toxic alternatives be accelerated, the Group, along with the entire sector, could face challenges in supplying the necessary quantities of alternative ammunition.



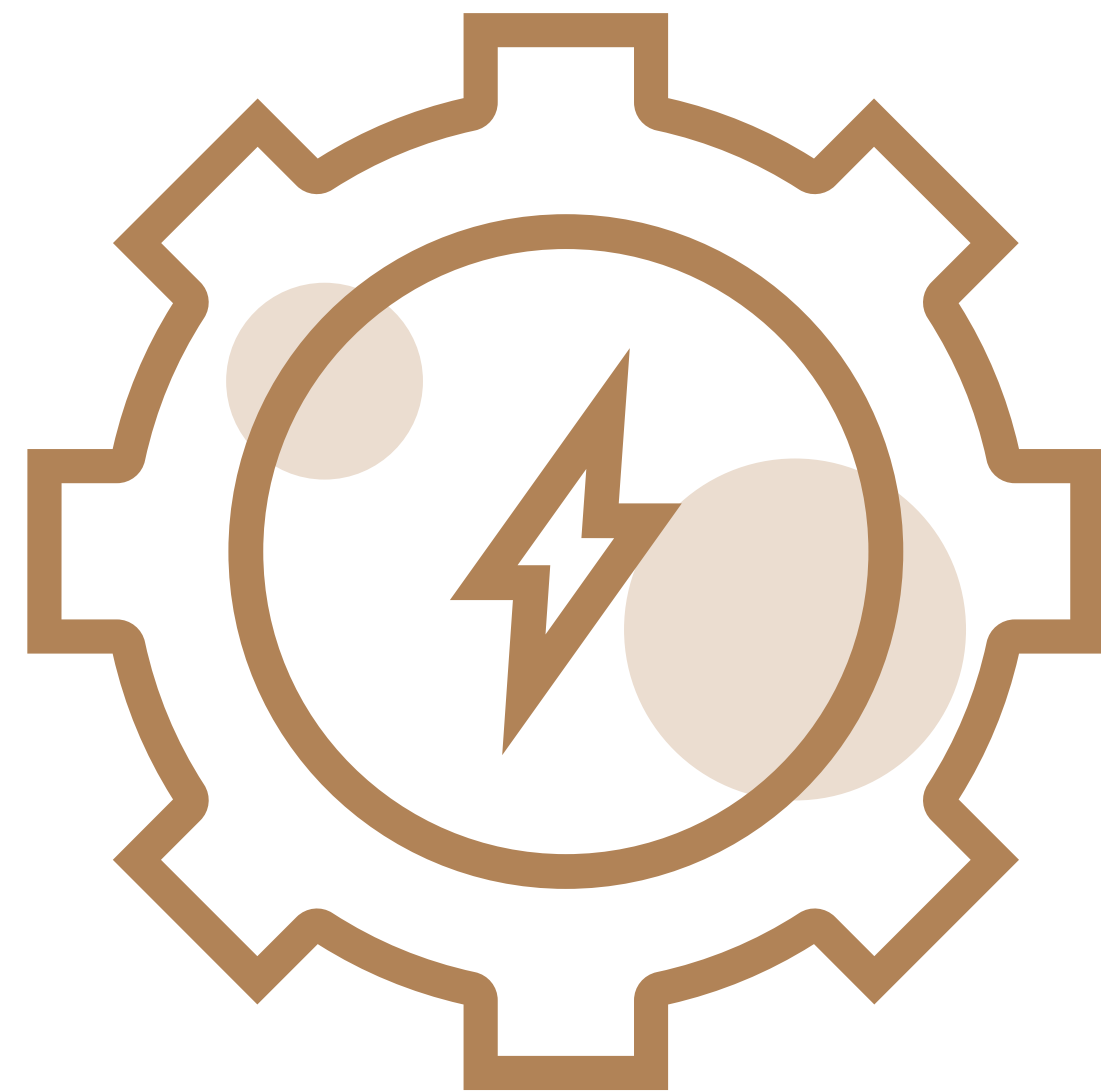
## 5.2 Economic Growth through R&D

We are investing in a new R&D development and testing facility at both CZUB and Colt WH, together with a significant investment planned in Colt Canada. Each of these centers will include prototype workshops, laboratories e.g., for climate and dust tests, as well as a shooting range to facilitate complex testing during early stages of the product development process. As a result, these new R&D centers will improve testing and guarantee that our products meet the highest level of safety standards. They will further protect the health and safety of employees who test and develop products by e.g., filtering corrosive gases, powders, and lead particles from the environment. Testing and ensuring that our products function with non-toxic munitions is an essential priority in our development process.

More information about our R&D activities is available in the Annual Financial Report for the year 2023, Chapter 5.4 Overview of Research and Development Activities.

We continuously replace outdated technologies and machinery with new equipment that is more efficient and precise, as well as environmentally- and worker-friendly.

Where finished products are concerned, we focused on digitization of the checks and testing results to improve our ability to quickly and more reliably analyze opportunities for improvements in both mass production and the development of new products.



## 5.3 Partnering for Innovation and Industrial Cooperations

Our goal is to produce innovative and high-quality products that our customers can rely on in any situation and to deliver products that are technological and functional class leaders in their respective categories, in terms of safety, reliability, performance, quality, and durability. We plan to achieve this through investments in innovation, including design and manufacturing processes, and rigorous testing.

We are working towards strengthening data and informatics to enhance research and testing, as well as operational workflows through integrated technology infrastructure. We do this by leveraging our internal know-how, as well as obtaining additional knowledge through collaboration with technical universities, research institutions and third parties.

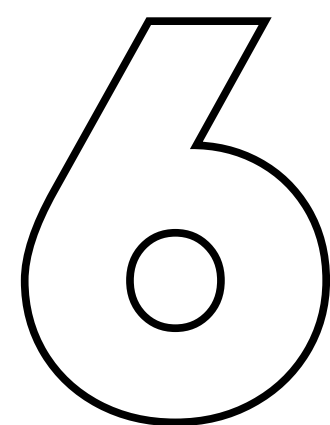
The Group focuses on collaborations with external partners, such as universities, to access and quickly utilize new technologies and solutions to improve the quality and safety of our processes and products. Our long-term academic partners in the Czech Republic include the Institute of Physics of the Czech Academy of Sciences, J. Heyrovský Institute of Physical Chemistry, Czech Academy of Science, University of Defence, University of South Bohemia in České Budějovice, and Palacký University in Olomouc.

## 5.4 Safety and Reliability, Testing, QMS

Our customers expect our products to adhere to the highest standards of quality. We are committed to ensuring product quality and safety and have complex systems in place to make sure we deliver on our commitment.

We invest in the latest testing technologies to protect our employees and customers from harm. The more robust the testing process, the more likely it is that we will detect hidden defects and thus prevent the sale of a potentially defective product to the end user. We strive to adhere to the highest standards of safety of our products and we go well beyond the minimum legal requirements. Our goal is to carry out robust product safety controls above those required by law.

All our facilities are ISO 9001 certified for quality management, demonstrating that we are taking due care in maintaining high standards, reducing the chance of product faults, recalls or service shortcomings, and ensuring our customers can trust our products. We also hold industry specific certificates, such as Production Organization Approval to produce aviation units as per Part 21, Subpart G, Maintenance Organization Approval for the maintenance of aviation units as per Part 145, and Certificate of Quality Management System compliant with Czech Defense Standard ČOS 051672 (NATO standard AQAP 2110). We also subject our firearms to testing under the Permanent International Commission (C.I.P.) program for testing of firearms, and even those that are exported to countries outside C.I.P. Our customers and regulators conduct regular audits at our sites. None of the audits identified any significant instances of non-compliance in 2023.



# ENVIRONMENT

## Our Ambition

**To minimize the environmental impact of our operations by preventing pollution, reducing waste, saving energy, and limiting water consumption. We aim to achieve reduction of GHG emissions, and other hazardous substances used in production, by investing into improvements of energy, water, and waste management.**



## 6.1 Environmental Management System and Regulatory Compliance

The Group's operations are subject to, and must comply with, a variety of national and international laws and regulations regarding the protection of the environment, health, and safety. These laws and regulations address, among other things, the identification, acceptance, treatment, storage, handling, transportation and disposal of hazardous materials and waste, as well as air and water emissions, soil and water contamination, noise, the prevention or minimization of climate change, and exposure of employees and others to hazardous materials and waste.

Production facilities in the Czech Republic are ISO 14000 certified (Environmental Management Systems), which is complemented by policies and systems in place above the legal requirements. Our aspiration is to obtain ISO 50001 certification to improve energy efficiency management. Our safety, health and the environment (SHE) policy include commitments to continuously improve the integrated SHE system, maintain active leadership in the area of employees' environmental impact awareness, and act in a way that motivates everyone to remain attentive to the risks of environmental impacts. All operations and departments are subject to environmental impact assessments every two years, or sooner, if a change is implemented. An environmental impact assessment is part of any purchase of machinery or equipment. By implementing the latest industrial methods of manufacturing and energy efficient technologies, together with improving equipment efficiency, we aim to reduce the environmental impact of our manufacturing. We have dedicated employees responsible for environmental management. In addition, our management has environmental responsibilities included

in their job description and is incentivized to achieve certain targets e.g. energy savings. The ultimate environmental responsibility sits with our CEO and the Board of Directors.

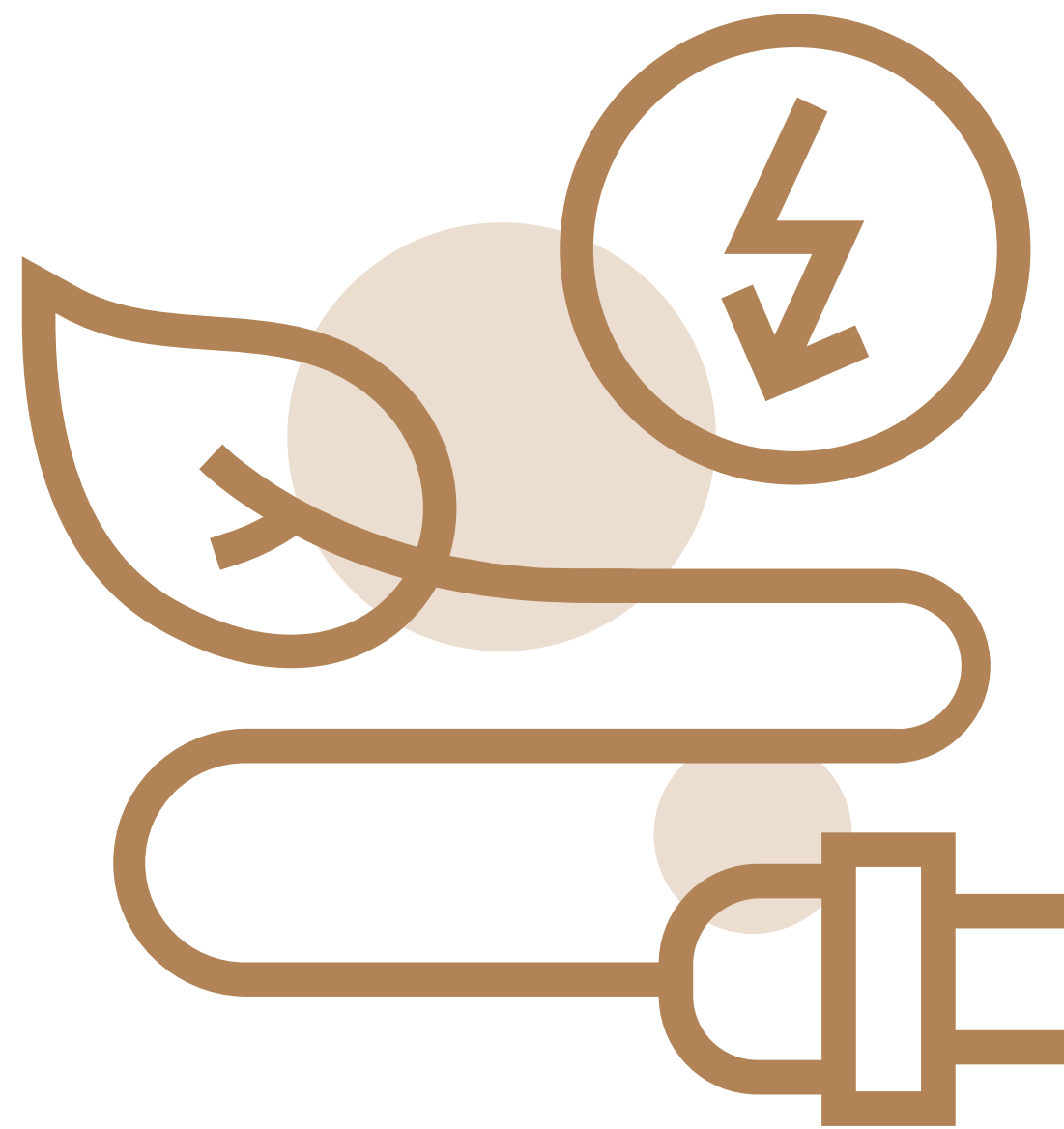
Our facilities in the US and Canada are not ISO 14001, 45000 and 50001 certified, but we are preparing a plan to implement environmental policies in the future. In the US, we have two dedicated full-time employees who are responsible for environmental management. We also contract with an outside firm to review, coach, and lead us towards responsible environmental improvements. We follow the Environmental Protection Agency's regulations and its effluent guidelines on discharge into the environment. In Canada, we follow the Canadian Environmental Protection Act (CEPA) and industry standards for environmental guidelines. Colt Canada has one employee who supports environmental activities to ensure we are compliant. We are working to align both internal and external resources that will better support Colt Canada to setup a comprehensive environmental management system. The ultimate environmental responsibility sits with the CEO of Colt USA and the CEO of Canada, respectively.

In line with the legislative framework of the Czech Republic, we also have **an energy audit** for the CZUB site, including a proposal for saving measures, such as insulation of buildings, more efficient lighting systems, exchange of transformers, and installation of new boilers. As part of our decarbonization strategy, we are also looking at options to increase renewable energy in our energy mix.

Energy efficiency is a key element in Group's procurement of both capital and operational expenditures. For example, new transformers are purchased solely in the highest energy class Ekodesign II and the energy efficiency is one of the key decision-making factors when making investment into new machinery. Going forward, the Group intends to consider technical requirements outlined by the EU taxonomy in order to align its capital expenditures with environmentally sustainable economic activities.



US Army members equipped with Colt M5 rifles



## 6.2 Energy and Emissions

GRI 103, GRI-302-1, 305-1, 305-2, 305-3

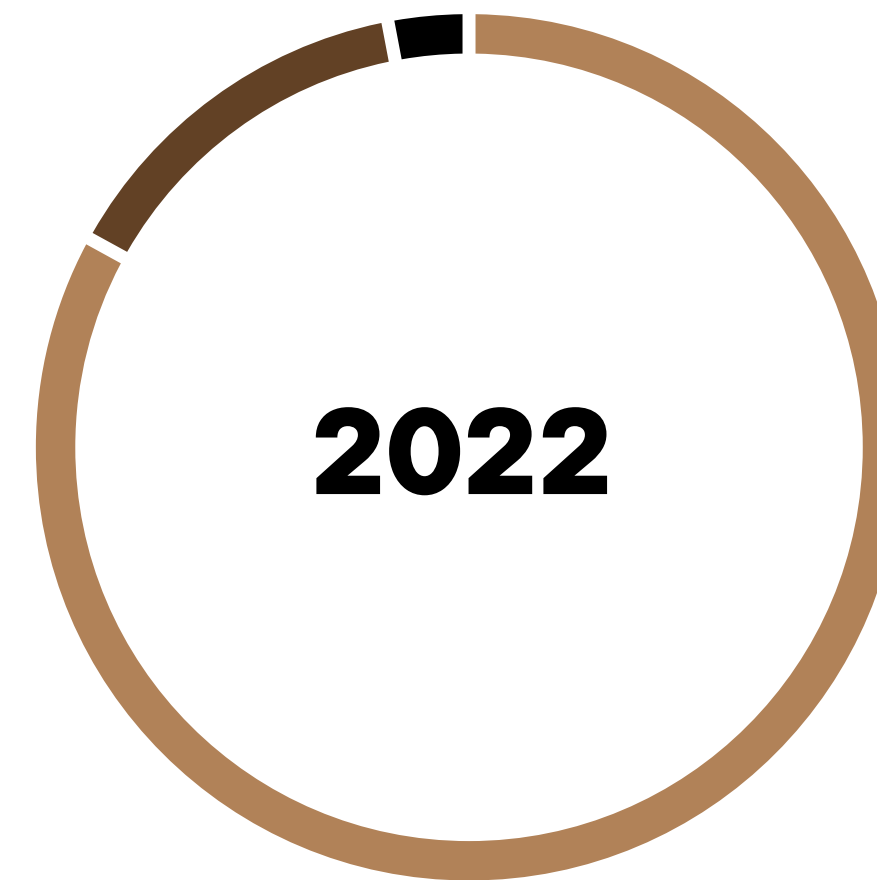
### 6.2.1 Energy Use

Energy use (GWh)*	2021	2022	2023
<b>Total</b>	<b>56.254</b>	<b>58.001</b>	<b>52.016</b>

Source: Colt CZ  
 \*The table shows the total electricity use for the following Group's subsidiaries: CZUB, Colt US and Colt Canada

In 2023, the total energy consumption of the Group equaled 52.0 GWh, which is 10.3 % less y-o-y. The main reason for this decreased consumption is the installation of more efficient machinery and new manufacturing equipment. Also, some processes that typically use lots of electricity, such as the foundry at CZUB in the Czech Republic, were utilized less in 2023. The majority of Group energy consumption is by CZUB, where the manufacturing process is more complex and less outsourced, and therefore, the share of energy consumption is greater. Between 2022- 2023, the share of energy consumption of individual subsidiaries on total energy use was stable.

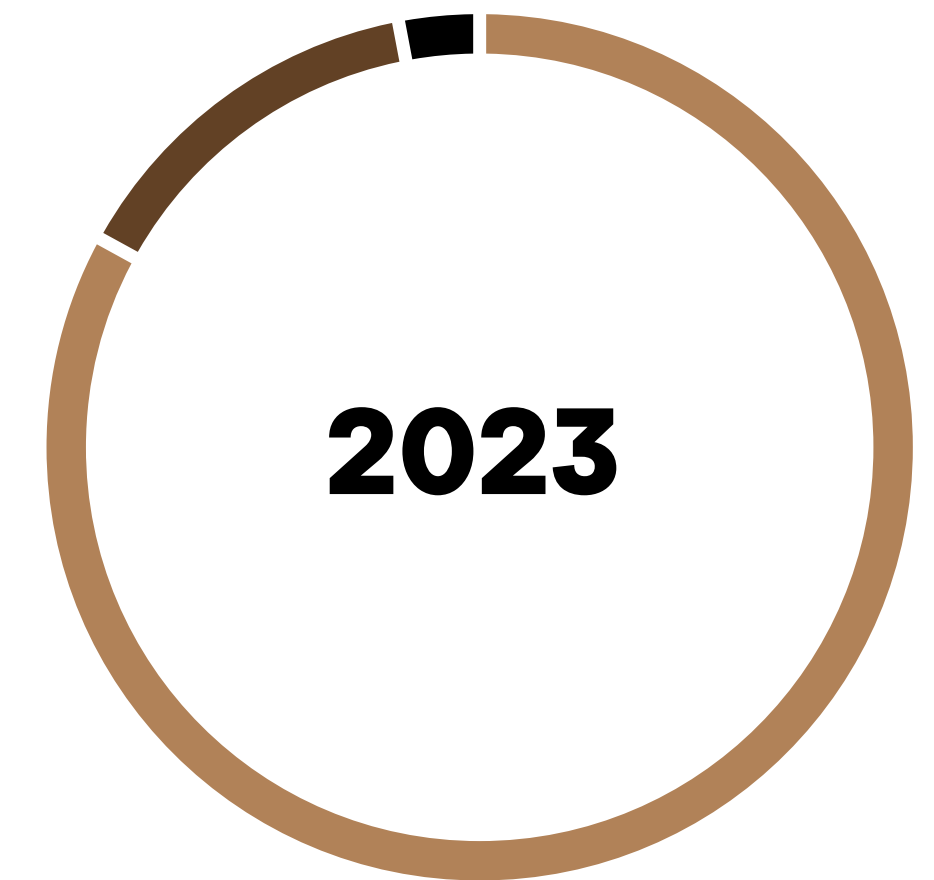
The Group's energy consumption:  
Share of individual subsidiaries



■ CZUB	<b>83%</b>
■ Colt US	<b>14%</b>
■ Colt Canada	<b>3%</b>

Source: Colt CZ

The Group's energy consumption:  
Share of individual subsidiaries



■ CZUB	<b>82%</b>
■ Colt US	<b>15%</b>
■ Colt Canada	<b>3%</b>



**6.2.2 Greenhouse Gas Emissions**

We prioritize activities where we believe we can have the biggest impact. Therefore, a carbon footprint assessment was undertaken at our most complex manufacturing facility, CZUB, and in the manufacturing facility of Colt USA at West Hartford, which together contributed to more than 90% of Group’ revenues in 2023 and employed together approximately 88% of total headcount. The assessment was based on the Greenhouse Gas Protocol (GHG Protocol) methodology for activities under the Scope 1 classification, which are direct emissions produced by the organization,

and in our case, include combustion of natural gas, fuels, and consumption and leakage of refrigerants; and Scope 2 classification, which are indirect emissions and, in our case, include consumption of purchased energy. We did not calculate Scope 3 emissions associated with e.g., the purchase of materials and goods, waste and water management, business trips, and transport and logistics, however, we plan to calculate Scope 3 in the upcoming periods based on CSRD requirements.

The carbon footprint (Scope 1 and 2) of **the reported Group companies reached 22,587.7 t CO<sub>2</sub>e in 2023**, compared to **22,334.4 t CO<sub>2</sub>e** in 2022, which represents a minor increase of +1.1%. The increase of the carbon footprint was recorded at CZUB, while the carbon footprint at Colt West Hartford declined, compared with the previous year. The carbon footprint at CZUB went up, driven by a higher intensity of production with a different product mix that favored more advanced products than in 2022.



**Overview of Scope 1 and 2 sources of emissions at CZUB in the Czech Republic**

		2020	2021	2022	2023
Electricity consumption	MWh	29,199	30,709	29,864	21,632
Natural gas consumption	MWh	18,636	19,686	16,573	17,284
Propane (C3H8)	kg	1,450	1,401	5,660	1,250
Refrigerant R410A	kg	0	6	4	6
LPG	l	0	0	7,623	0
CNG	l	0	847	650	1,003
Petrol	l	4,199	16,607	19,170	26,788
Diesel	l	79,779	56,949	89,165	102,583

Source: CZUB

**Overview of Greenhouse Gas Emissions for the Total Group<sup>2</sup>**

Scope	2020		2021		2022		2023	
	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]
Scope 1	5,880.8	25.16	6,042.2	24.36	5,411.2	24.23	5,066.0	22.43
Scope 2	17,489.9	74.84	18,791.2	75.64	16,923.2	75.77	17,521.7	77.57
<b>Total</b>	<b>23,370.7</b>	<b>100.0</b>	<b>24,805.4</b>	<b>100.0</b>	<b>22,334.4</b>	<b>100.0</b>	<b>22,587.7</b>	<b>100.0</b>

Source: the Group

<sup>2</sup> GHG emissions reported for CZUB and the facility of Colt USA at West Hartford which together contributed to over 90% of Group’ revenues in 2023



## 6. ENVIRONMENT

### Overview of CZUB Greenhouse Gas Emissions

Scope	2020		2021		2022		2023	
	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]
Scope 1	3,952.8	20.3	4,174.8	19.6	3,644.2	19.7	3,467.7	18.1
Scope 2	15,533.9	79.7	16,859.2	80.4	14,932.2	80.3	15,639.9	81.9
<b>Total</b>	<b>19,486.7</b>	<b>100.0</b>	<b>21,034.0</b>	<b>100.0</b>	<b>18,576.4</b>	<b>100.0</b>	<b>19,107.6</b>	<b>100.0</b>

Source: CZUB

### Overview of Colt West Hartford Greenhouse Gas Emissions

Scope	2020		2021		2022		2023	
	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]
Scope 1	1,928.0	49.64	1,867.4	49.15	1,767.0	47.02	1,598.3	45.93
Scope 2	1,956.0	50.36	1,932.0	50.85	1,991.0	52.98	1,881.8	54.07
<b>Total</b>	<b>3,884.0</b>	<b>100.0</b>	<b>3,799.4</b>	<b>100.0</b>	<b>3,758.0</b>	<b>100.0</b>	<b>3,480.1</b>	<b>100.0</b>

Source: Colt WH

### (a) Scope 1

Direct greenhouse gas emissions of the reported companies (i.e. CZUB and Colt West Hartford facility) within Scope 1 include the consumption of natural gas, fuel and the replenishment of coolants for machinery. The natural gas emission factor that was used is based on Decree No. 140/2021 Coll., as amended, on the energy audit, while the emission factor for fuel that was used is according to the standard values given in the IPCC Guidelines for National Greenhouse Gas Inventories. The emission factor for refrigerants is based on the indicators of the Kyoto Protocol for standard refrigerants and their mixtures.

Most of the carbon footprint in Scope 1 at the level in 2023 (over 90%) was created by burning natural gas, primarily for technological processes and heating, although gas consumption declined in both production facilities included in the calculation. Scope 1 emissions decreased from 5,411.2 t CO<sub>2</sub>e in 2022 to 5,006.1 t CO<sub>2</sub>e in 2023, which is a 7.5% decline y-o-y, as a result of a decreasing trend of natural gas consumption, due to investments in modernization of the heating system.

### Scope 1 Group total<sup>3</sup>

Scope 1	2021 [t CO <sub>2</sub> e]	[%]	2022 [t CO <sub>2</sub> e]	[%]	2023 [t CO <sub>2</sub> e]	[%]
Natural gas	5,717.2	95.06	4,997.0	92.4	4,634.6	91.5
Refrigerants	34.7	0.6	39.9	0.7	33.6	0.7
Fuel	262.3	4.34	374.3	6.9	397.9	7.8
<b>Total</b>	<b>6,014.2</b>	<b>100.0</b>	<b>5,411.2</b>	<b>100.0</b>	<b>5,066.1</b>	<b>100.0</b>

Source: Colt CZ Group

### Scope 1 CZUB

Scope 1	2021 [t CO <sub>2</sub> e]	[%]	2022 [t CO <sub>2</sub> e]	[%]	2023 [t CO <sub>2</sub> e]	[%]
Natural gas	3,937.3	94.9	3,314.7	91.0	3,111.2	90.0
Refrigerants	18.0	0.4	24.7	0.7	13.4	0.4
Fuel	191.6	4.6	304.8	8.4	343.2	9.6
<b>Total</b>	<b>5,928.9</b>	<b>100</b>	<b>3,644.2</b>	<b>100</b>	<b>3,467.8</b>	<b>100.0</b>

Source: CZUB

### Scope 1 Colt West Hartford

Scope 1	2021 [t CO <sub>2</sub> e]	[%]	2022 [t CO <sub>2</sub> e]	[%]	2023 [t CO <sub>2</sub> e]	[%]
Natural gas	1,779.9	95.3	1,682.3	95.2	1,523.4	95.3
Refrigerants	16.7	0.9	15.2	0.9	20.2	1.3
Fuel	70.7	3.8	69.5	3.9	54.7	3.4
<b>Total</b>	<b>1,867.3</b>	<b>100.0</b>	<b>1,767.0</b>	<b>100.0</b>	<b>1,598.3</b>	<b>100.0</b>

Source: Colt WH

<sup>3</sup> GHC emissions reported for CZUB and the Colt USA facility at West Hartford' together contributed to over 90% of Group' revenues in 2023



## 6. ENVIRONMENT

### (b) Scope 2

Scope 2 emissions exclusively consist of electricity consumption. The relevant emission factors were calculated separately for each year, based on Methodology for the creation and evaluation of policies and measures for reducing greenhouse gas emissions. In the Czech Republic, the input data for the calculation included data from Eurostat<sup>4</sup> and the Czech Hydrometeorological Institute<sup>5</sup>, taking into consideration the real energy mix of the Czech Republic. In the US, the data was from the U.S. Environmental Protection Agency (EPA)<sup>6</sup>.

The change in the energy mix in 2023 resulted in the total production of GHG emissions of 17,521.7 t CO<sub>2</sub>e or a +3.5% y-o-y increase. At CZUB, the change of the energy mix (a higher share of energy from non-renewable sources) led to an annual increase of Scope 2 GHG emissions of +4.7% over 2022. The actual electricity consumption in MWh declined by -27.5% y-o-y as a result of savings from the installation of more energy efficient machinery and new manufacturing equipment, as well as lower utilization by the foundry. At Colt West Hartford, the production of Scope 2 GHG emissions, based on the electricity consumption declined by -5.5 % y-o-y.

#### Scope 2 Group total<sup>7</sup>

Scope 2	2021	2022	2023
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]
Electricity	18,791.2	16,923.0	17,521.7
<b>Total</b>	<b>18,791.2</b>	<b>16,923.0</b>	<b>17,521.7</b>

Source: Colt CZ Group

#### Scope 2 CZUB

Scope 2	2021	2022	2023
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]
Electricity	16,859.2	14,932.0	15,639.9
<b>Total</b>	<b>16,859.2</b>	<b>14,932.0</b>	<b>15,639.9</b>

Source: CZUB

#### Scope 2 Colt West Hartford

Scope 2	2021	2022	2023
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]
Electricity	1,932.0	1,991.0	1,881.8
<b>Total</b>	<b>1,932.0</b>	<b>1,991.0</b>	<b>1,881.8</b>

Source: Colt WH

We use the outcome of this assessment to determine the areas where we can improve in terms of reducing emissions and identifying any future offsetting and mitigation interventions. As electricity and natural gas are the most significant CO<sub>2</sub> equivalent emitters, this is where we need to focus our efforts and channel investments. The consumption of electricity by the reported manufacturing sites accounts for approximately 77.6% of the overall calculated carbon footprint.

CZUB purchases electricity from the public energy network, which is a mix of conventional energy sources, such as fossil fuels and nuclear, that are supplemented by sources producing electricity from renewable sources. Natural gas is also supplied from the public distribution network.

Colt West Hartford purchases electricity from regional grid the Northeast Power Coordinating Council (NPCC) which has more favorable energy mix (a higher share of nuclear, hydro, wind, and biomass) than the national fuel mix, with average emission rates (CO<sub>2</sub>) being by almost 35% lower compared to the national average emission rates.

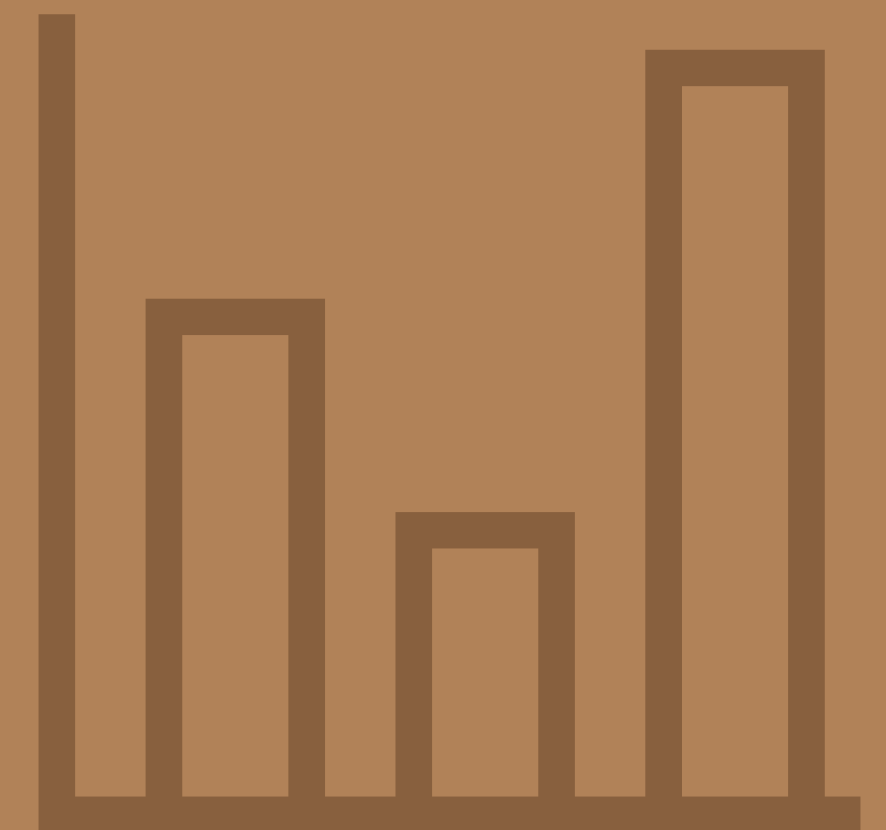
In the US, Colt West Hartford has already started to track data related to energy, waste, and hazardous waste. We also cooperate with the local energy company to reduce energy usage during peak hours and send energy back to the grid in off-peak times. In Colt Canada, we have completed a similar project where all plant and office lighting were updated to LED to reduce energy consumption.

### Actions

**Goal: Reduce energy consumption and emissions of climate-altering gases in all areas of the company to combat climate change.**

**As Colt CZ, we will continue our efforts to reduce emissions. We will measure the carbon footprint of the whole Group over the next 12 months and subsequently set specific emission reduction targets.**

**To minimize impacts on climate change where possible, we are continually assessing options to lower our greenhouse gas emissions (GHG). The GHG emissions from our operations are due to energy consumption during production, as well as upstream and downstream supply chain activities.**



<sup>4</sup> Energy balance data available at <http://ec.europa.eu/eurostat/web/energy/data/database>

<sup>5</sup> Greenhouse gas emission balance available at <http://www.chmi.cz>

<sup>6</sup> <https://www.epa.gov/>

<sup>7</sup> GHG emissions reported for CZUB and the Colt USA facility at West Hartford which together contributed to over 90% of Group' revenues in 2023

## 6. ENVIRONMENT

In 2023, the second largest solar parking garage in the Czech Republic was built at Česká zbrojovka.

The roof of the solar parking lot for Česká zbrojovka employees in Uherský Brod is covered by a photovoltaic power plant. The carport has an output of 474 kW and produce a total of 486 MWh of electricity for the company per year, which corresponds to the consumption of approximately 140 ordinary households. At the same time, 260 tons of CO<sub>2</sub> are saved, which is the amount that 32 hectares of forest absorb annually. The supplier of the photovoltaic power plant is ČEZ ESCO, a leading provider of economical and low-emission energy solutions. This solar power plant will contribute to the goal of the Group to reduce CO<sub>2</sub> emissions and increase the consumption of energy from renewable sources.

At the same time, the carport protects the cars of employees and visitors from bad weather. During winter, it protects the cars from snowfall. In the summer months, cars are protected from direct sunlight, so employees will not return to overheated cars when they finish work each day.

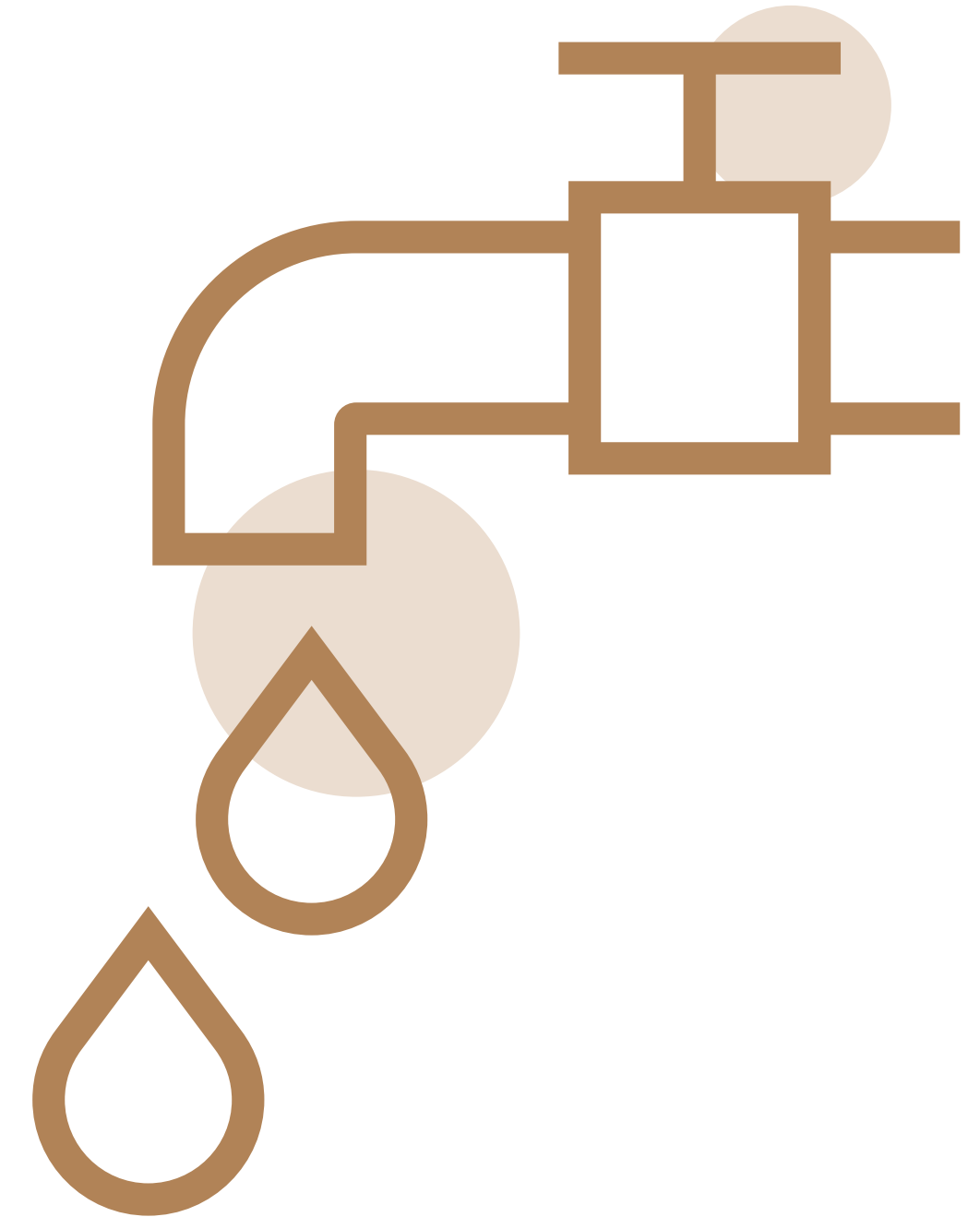
### 6.3 Pollution of Air, Water and Soil

Wastewater from metallurgy operations passes through a preliminary neutralization treatment. In the US, water and waste results are closely monitored and evaluated each week by our environmental team and made publicly available. At CZUB, wastewater and rainwater are treated at the Company's biological treatment plant and are then released in accordance with the relevant permit into a specified watercourse.

CZUB uses hexavalent chromium in their production processes, which may represent a significant environmental threat, severely impacting environment and natural resources, especially water and soil. Hexavalent chromium is used to produce a hard chrome for use in galvanic platin (it is no longer hexavalent chromium at the end of the process). CZUB sources the chemicals from the chemical company MacDermid, which is based in the USA. The use of chemicals is subject to the permits issued for the supplier. The current permit is valid until 2024 and the subsequent permit is under review. Chromium plating is performed under strict hygiene and SHE supervision, with all workers monitored regularly.

In 2023, the Group began demolition of the old neutralization station for disposing of wastewater from the chromium, electroplating and tempering plant at its subsidiary CZUB. Demolition of the idle building lifted its historical environmental burden and subsequently created a green area, allowing the Group to actively contribute to a healthy and sustainable environment.

At our production facility in Uherský Brod, we are taking measures to reduce noise produced by our machinery. Due to historical reasons dating back to second world war, the facility is centrally located and the noise it produces impacts the local population. Since 2021, a noise cancelling solution has been installed in our compressor rooms, factory exhausts and foundry, which eliminated noise from areas that manufacture our main components. In 2023, we are planning to continue with more projects that will lower noise pollution.



#### 6.3.1 Water

GRI 303-5

Most of our water consumption stems from manufacturing, specifically from washing the surfaces of parts. We use groundwater for our technological processes and follow strict guidelines, especially during discharge. At CZUB, wastewater and rainwater are treated at the Company's biological treatment plant and are then released in accordance with the relevant permit into a specified watercourse. Wastewater from metallurgy operations passes through a preliminary neutralization treatment. In the US, water and waste results are closely monitored and evaluated each week by our environmental team and made publicly available.

In 2023, the water consumption was 128.1 megaliter which a moderate increase of 6.8% if compared to 2022 and can be attributed to higher production volume at subsidiaries.

Water consumption*	2021	2022	2023
<b>Total annual water consumption (megaliter)</b>	<b>98.8</b>	<b>120.0</b>	<b>128.1</b>

Source: Colt CZ

\* The table shows data for the following Group's subsidiaries: CZUB, Colt US and Colt Canada

**Actions**

**Goal: Reduce water consumption and prevent contamination in various industrial processes.**

We limit the impact of our operations on the environment by preventing pollution of soil and water through reduced consumption of raw materials and water, and by lowering the production of waste, with a focus on producing waste that is less hazardous. We recycle materials where possible to minimize the amount of waste going to landfills. Colt CZ is in the process of setting concrete targets to reduce production of waste and hazardous waste.

## 6.4 Resource Use and Circular economy, Waste

GRI 306-1, 306-2, 306-3

Produced waste goes through an extensive sorting process. For example, the amount of sorted wastepaper and plastic has exceeded the volume of solid municipal waste produced by CZUB. The volume of scrap metal is proportionate to production volumes. All of CZUB’s metal waste is forwarded to recycling, therefore contributing to the fulfillment of the principles of circular economy. Other types of waste, such as oils, paper and plastics, are also handled by our waste management program and are either sent to recycling or energy recovery. Most of the production waste does not fall in the category of hazardous waste, which facilitates their subsequent recycling, reprocessing or a further use. Biological waste is composted.

In 2023, the total annual waste amounted to 3,183 tonnes which is 12.2% less than in 2022 and 2.5% less than in 2021. The amount of recycled waste was 1,505 tonnes in 2023 and has decreased in line with the decrease of total annual waste. The percentage of the recycled waste of total waste is around 50% every year.

Waste generation*	2021	%of recycled waste on total	2022	%of recycled waste on total	2023	%of recycled waste on total
Waste generation per year (tons)	3,264.78		3,625.66		3,182.73	
- From which is recycled (tons)	1,777.00	54.4%	1,892.00	52.2%	1,505.00	47.2%
<b>Total annual waste generation (tons)</b>	<b>3,264.78</b>		<b>3,625.66</b>		<b>3,182.73</b>	

Waste generation*	2021	2022	2023
<b>Total hazardous waste generation (tons)</b>	<b>1,040.4</b>	<b>1,137.1</b>	<b>1,215.0</b>

Source: Colt CZ

\*The table shows data for the following Group’s subsidiaries: CZUB, Colt US and Colt Canada

## 6.5 Ammunition Production Processes

Our ammunition production facilities at swissAA in Switzerland are ISO 14001 certified (Environmental Management Systems). The wastewater is treated at an in-house biological treatment plant and reused in the closed water cycle. As a result, consumption of ground water at swissAA is limited. The water treatment is regularly checked by local Swiss cantonal authorities, which take samples. Waste material from the water treatment, such as slug, is burned in an official incineration plant.

There is no explosive waste in Switzerland. In Hungary, the explosive waste is disposed. Metal waste is collected separately and sold to a recycling center.

swissAA follows relevant legislative framework in Switzerland on the federal level, including the Environmental Protection Act, USG dated October 7, 1983 (as of January 1, 2024), Water Protection Act, GSchG dated January 24, 1991 (as of February 1, 2023) and Chemicals Act, dated December 15, 2000 (as of January 1, 2024).





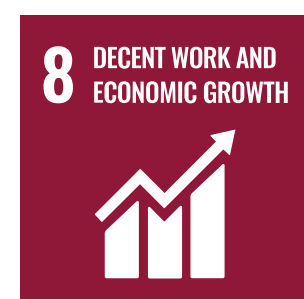


# 7

## SOCIAL

### Our Ambition

To attract and nurture talent in an inclusive environment, while ensuring the health and well-being of our people, and strengthening the communities where we operate.



We achieve this by building on Colt CZ's globally recognized brands, loyal customer base and dedicated employees.

Although our companies are steeped in history, a lot has happened since we came together to form Colt CZ Group. Recent acquisitions of ammunition producers and designers swissAA in 2023 and Sellier & Bellot in 2024 are highly complementary to the Group's firearms products, due to the importance of seamless functioning of the Group's products. We are in the process of transforming our organization and workforce for the future, investing in skills and capabilities that will help us to successfully deliver on our strategic imperative to become the world's leading small arms company. Our employees are embracing this change and driving improvements in performance that allow us to meet our goals. We foster a culture that will help us achieve operational excellence to deliver upon our customers' expectations, adhering to the highest standards of quality and integrity, while protecting the health, safety and well-being of our employees.

### 7.1 Occupational Health and Safety Management System

We have complex policies in place to reduce risks to the health and safety of our employees. In the Czech Republic, we have **implemented policies, codes, procedures, and guidelines with respect to health and safety, the environment (SHE)** and stakeholder relationships that are applicable to the Uherský Brod site. All are in line with requirements set out in **ISO 9001**, 14001 and 45001. We conduct third party, bi-annual audits of our health and safety procedures, including inspections by representatives of labor unions (ZO OS KOVO)<sup>8</sup>. We conduct regular educational campaigns using electronic media (intranet), as well as the physical distribution of leaflets and hanging of posters at our sites. Every employee must undergo certification upon joining our organization and they are regularly re-certified on our health and safety procedures.

In North America, we follow **Occupational Safety and Health Administration (OSHA)** standards and regulations

for industrial companies. We have a set of policies in place and our **sites are ISO 9001** certified. Regular internal audits are carried out, as well as third party audits to check our polices and KPIs, including physical inspections on the premises. As a government contractor, we are subject to specific checks carried out by representatives from the government. In addition, we have ergonomic teams, comprised of engineers, union representatives and members of our human resources department, who work together to prevent injuries and ensure ergonomic principles are followed at the workplace.

Employees working at a shooting range are obliged to undergo specialized training, including first aid and wound management. Close monitoring of work-related injuries and illnesses is in place, with KPIs reviewed monthly. We invest in new technologies to prevent work-related injuries, especially those involving firearm testing or other repetitive tasks.

#### 7.1.1 Safety and Reliability - Improving Testing

We invest in the latest testing technologies to protect our employees and customers from harm. The more robust the testing process, the more likely it is that we will detect hidden defects and thus prevent the sale of a potentially defective product to the end user. We strive to adhere to the highest standards of safety of our products and go well beyond the minimum legal requirements. Our goal is to carry out robust product safety controls above those required by law.

Proof testing of firearms is a process of determining whether a specified firearm meets the defined technical requirements. During the test, a deliberately over-pressured round is fired from a firearm in order to verify that it is not defective and will not explode upon firing. The firearm is then inspected for any flaws or damage and receives a proof mark.

<sup>8</sup> OS KOVO –is the largest trade union organization in the Czech Republic comprising of more than 80 thousand members mainly from metal working industry.

## 7.2 Employment Practices – Responsible Employer

GRI 2-7

The standard proof test consists of firing a prescribed number of overloaded cartridges that produce at least 25% more chamber pressure than the C.I.P. specified maximum pressure limit for the same cartridge in its commercial version. Voluntarily testing beyond the current legally required standard test benchmark is often carried out for consumers who intend the use their firearms under extreme conditions, such as the army or police.

In the main European markets (C.I.P. members), all guns must be proof fired and marked with the appropriate test mark.

Currently, we still shoot some so-called „hand-held“ products, so in the event of a defect in the firearm, there is a possibility that the shooter’s health will be at risk. At the same time, the physical effort and noise associated with shooting could be eliminated by investments in testing equipment. There are many ways to increase the safety of testing and we are exploring our options.

Part of our „Virtual Testing“ project at CZUB is aimed at understanding the properties of materials and how they behave under impact stress. We can then create models that describe and simulate the properties of various materials, depending on the type of loading put on individual parts and the structural characteristics of the firearm. The aim is to increase the accuracy of our predictions, regarding a firearm’s service life and resistance to drops, thereby making it possible to significantly reduce the number of tests required to practically verify the durability of a firearm prototype.

		2021	2022	2023
<b>Group total</b>		<b>2,196</b>	<b>2,205</b>	<b>2,111</b>
<b>By region</b>	Czech Republic	1,623	1,627	1,421
	USA	433	431	439
	Canada	134	123	124
	Sweden	0	17	17
	Switzerland	0	0	65
	Hungary	0	0	35
	Other	6	7	10
<b>By age</b>	Under 30	356	382	281
	30-50	1,108	1,066	1,023
	Over 50	732	757	807
<b>By gender</b>	Male	1,498	1,527	1,469
	Female	698	678	642
<b>By employment contract</b>	Full-time	1,954	1,960	2,034
	Part-time	235	242	74
	Contractors	7	3	3
<b>By work position</b>	Worker	1,532	1,527	1,410
	Office	622	640	654
	Managerial	42	38	47

Source: Colt CZ



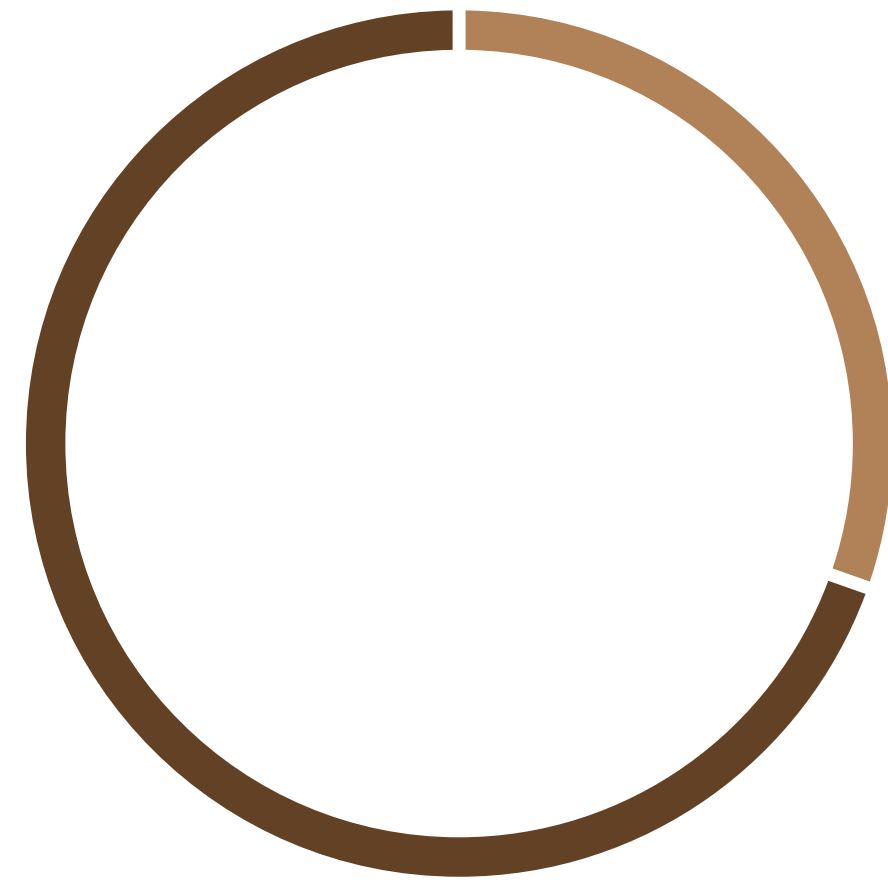
### Actions

We aim to implement innovative technologies and solutions to minimize harm to employees and promote awareness among the entire workforce of the importance of health and safety, including management of work-related stress.

Lost time to injury frequency (LTIFR) is a metric that we would like to consistently monitor across the Group. We define this metric as a Key Performance Indicator (KPI) under our ESG strategy. An LTI is a case when an injured employee is unable to work for one or more days after an injury, undergoes medical treatment, or sustains an occupational illness. We aim to set yearly LTIFR targets for the Group that are applicable for all sites, with the aim of reducing the overall number of work-related injuries.

7. SOCIAL

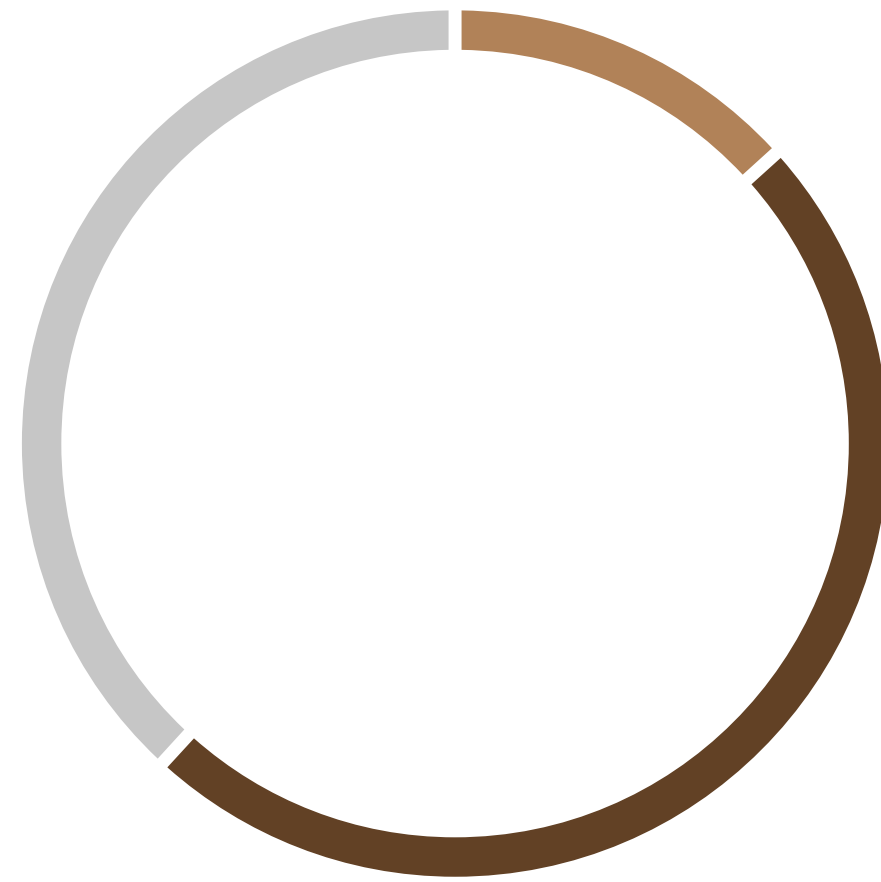
Diversity of Employees by Gender (%)



■ Women	<b>30.4%</b>
■ Men	<b>69.6%</b>

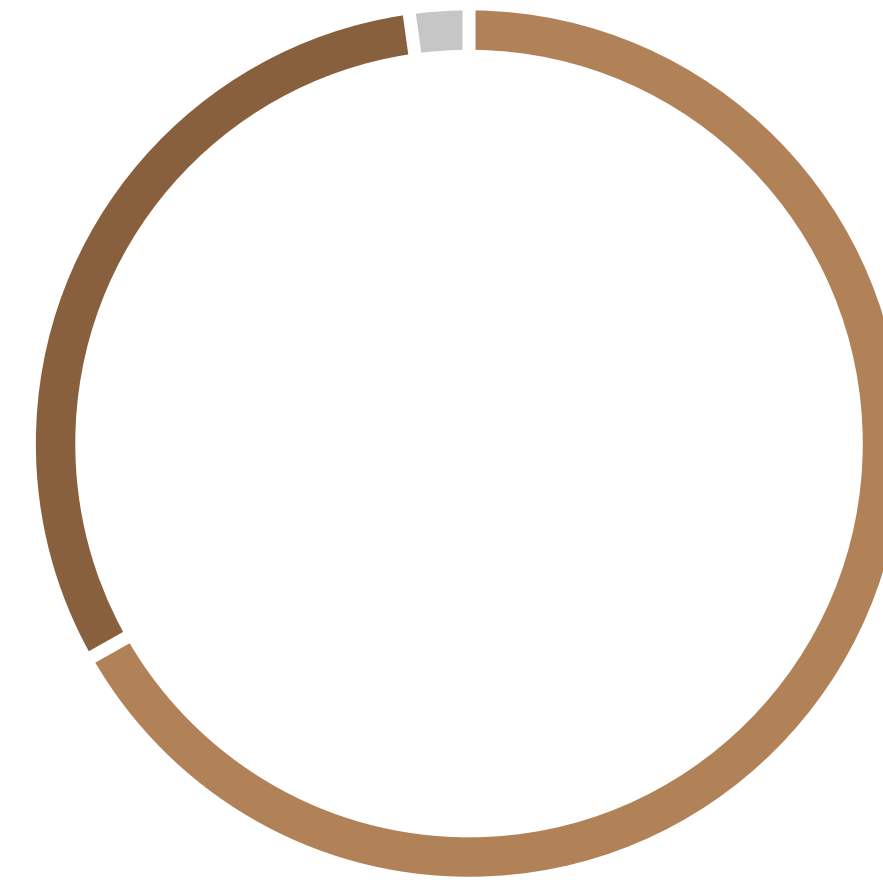
Source: Colt CZ

Diversity of Employees by Age (%)



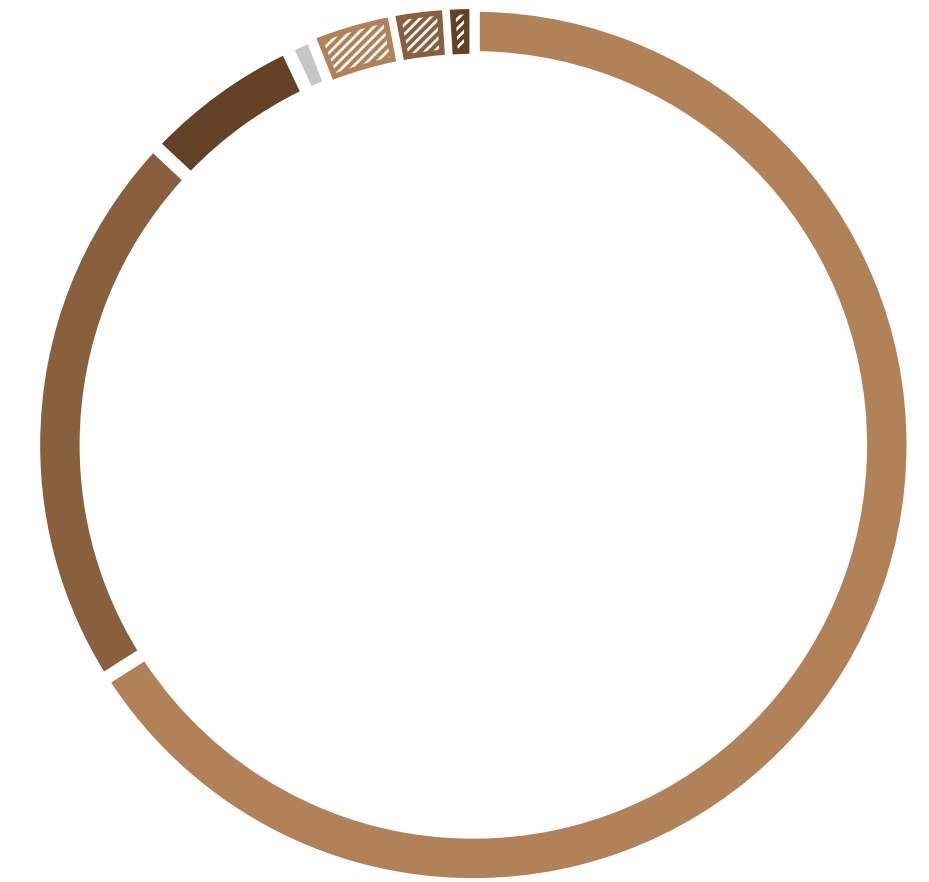
■ Under 30	<b>13.3%</b>
■ 30-50	<b>48.5%</b>
■ Over 50	<b>38.2%</b>

Diversity of Employees by Work Position (%)



■ Worker	<b>66.8%</b>
■ Office	<b>31.0%</b>
■ Managerial	<b>2.2%</b>

Diversity of Employees by Region (%)



■ Czech Republic	<b>67.3%</b>
■ USA	<b>20.8%</b>
■ Canada	<b>5.9%</b>
■ Sweden	<b>0.8%</b>
■ Switzerland	<b>3.1%</b>
■ Hungary	<b>1.7%</b>
■ Other	<b>0.5%</b>

Persons with disabilities

	2021	2022	2023
<b>Group total</b>	<b>55</b>	<b>51</b>	<b>42</b>
<b>By gender</b>			
Male	35	33	27
Female	20	18	15

Source: Colt CZ

**Goal: Support our current and future employees in their personal and professional development, foster an inclusive workplace culture that engages employees and creates rewarding career paths.**

## 7. SOCIAL

### 7.2.1 Training and Education

At CZUB, we have a training and development program in place that's tailored to our employees' positions and required skill set. Educational methods range from e-learning and on-the-job training to internal and external seminars. Apart from the legally required curriculum (about 10% of the program), we offer a wide range of trainings to promote development of skills and competencies, including courses on soft-skills, technology, languages, and well-being. We also support our employees furthering their education, such as their pursuit of MBAs. We also cooperate with the University of Ostrava in regards to gaining a bachelor's degree in the fields of small arms design, ballistics, measurements, and quality management.

In the US, we provide financial assistance to employees who wish to further their education under our educational assistance policy. In Canada, we are developing coaching programs for all positions, with a focus on core-competencies, such as communication and conflict resolution. We also offer reimbursement of tuition and professional designation program fees.

To support recruitment, CZUB launched a new interactive career website (<https://kariera.czub.cz/en/>) showcasing open positions, which are accompanied by job descriptions, requirements and benefits. Each position features an attractive design that combines CZUB products and attributes of the position. Information about open positions is also available internally, so our employees have the opportunity to apply as well.

### 7.2.2 Listening to Our Employees

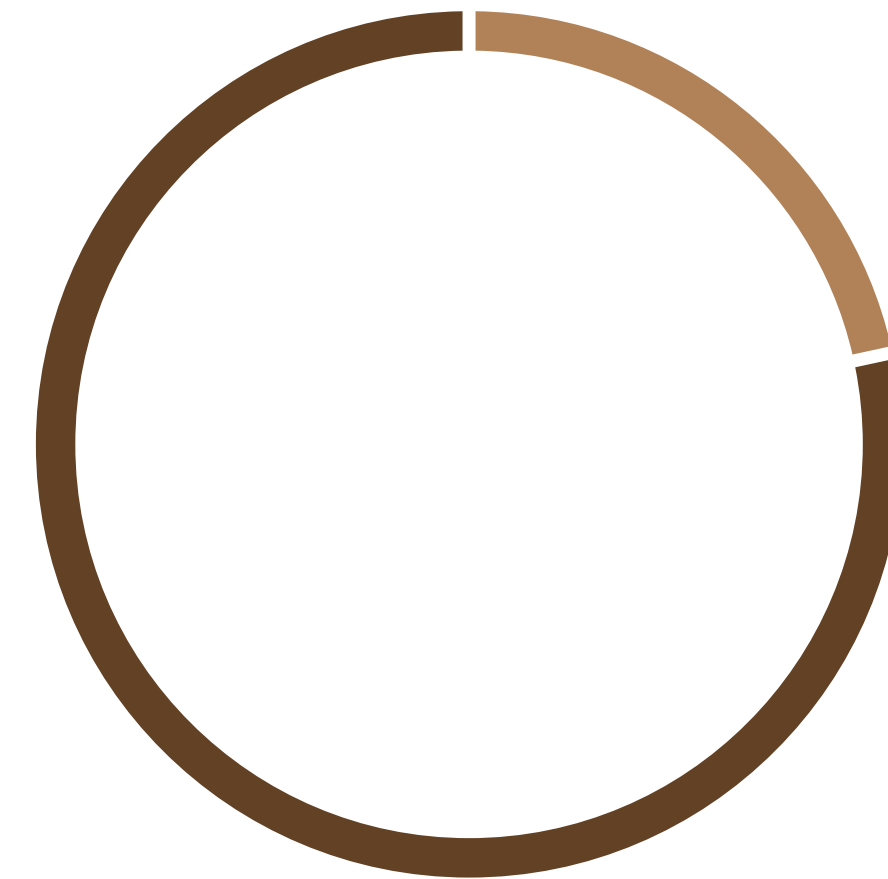
At CZUB, we conduct employee satisfaction surveys every two years, looking closely at the results and acting on the feedback we receive. The last survey took place in December 2022, with 57% participation and results that confirmed employee satisfaction increased from 52% in 2020 to 54% in 2022. 89% of employees had a positive view of collegial relationships, support and friendships, while dissatisfaction was highlighted with pay levels, benefits and departmental interoperation. The results of the satisfaction survey are discussed at the company's management meeting and at the level of the local Board of Directors.

At Colt USA, we plan on rolling out the Employee Satisfaction Survey in 2024 and are targeting September for this to take place. We are currently reviewing a third-party service provider/vendor, who specializes in this process. The service provider/vendor would conduct the employee satisfaction surveys for us, as this would be the best approach for employees to feel comfortable, as well as maintain integrity of the results. If successful, the results of the employee satisfaction survey will measure and assess the level of engagement, satisfaction and motivation among employees, with the overall goal of understanding our employees' perceptions, experiences and sentiments regarding their work, workplace environment, leadership and overall organizational culture.

To support internal communication at CZUB, we send out a weekly newsletter informing employees about benefits, which includes health and well-being, learning opportunities, events and other important information. We also run an internal Facebook group called "CZ Zbrojovák", with more than 300 posts last year. Colt Canada and swissAA regularly have picnics with employees. Colt CZ Group CEO Jan Drahota conducts town halls across the subsidiaries on a regular basis. Colt CZ Group issues a monthly Newsletter for all employees, which informs them of recent developments across the Group, as well as supports intercompany communication and Group culture.

### 7.2.3 Inclusion, Diversity and Equality

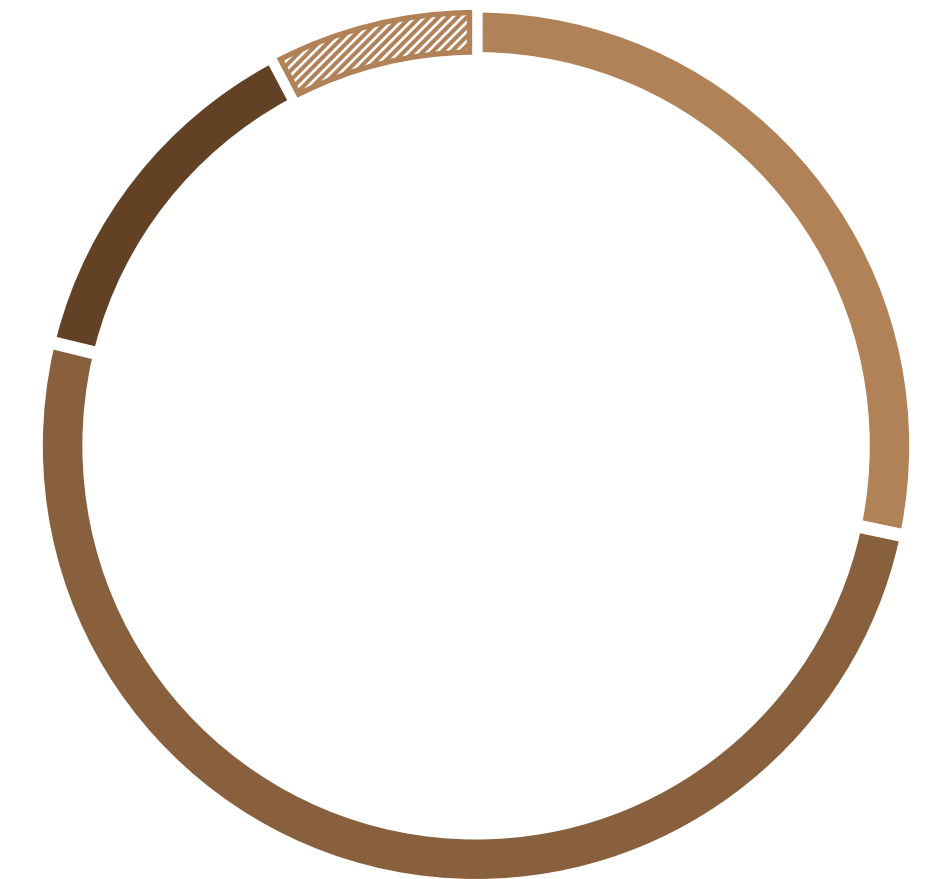
New Hires by Gender



Women	21.6%
Men	78.4%

We attach great importance to creating an environment of inclusion and belonging. We are a diverse team made up of some 2,111 individuals (FTE 2023), all with different backgrounds, perspectives, and experiences. Because of the nature of our work, where the required skills are learned

New Hires by Region



Czech Republic	27.9%
USA	50.5%
Canada	13.5%
Sweden	0.5%
Switzerland	7.7%

over many years, we are proud to report that more than 38% of our employees (2023) are over the age of 50.

We fully value and leverage these differences to ensure that creativity and innovation can flourish. Our commitment

## Actions

Invest in training and personal development programs, so they cover the entire workforce and all age groups, and encourage participation. Build a pipeline of future talent by strengthening cooperation with science, technology, and engineering-focused schools, universities and external research organizations.

We want our employees to see our company as the best place to work, where opportunities for learning and development are offered, and company culture embraces diversity and inclusion. Our operations require the right mix of traditional craft and know-how, while utilizing the latest technology.



to inclusion and diversity is described in the Group's Code of Conduct, which is subject to approval by the Company's governing body. The diversity policy is also part of the Remuneration Committee agenda. The activities of the Remuneration Committee include, inter alia, ensuring and regularly reviewing the structure and composition of the managing bodies in order to reflect professional experience, technical knowledge, managerial skills, and other requirements.

As of December 31, 2023, Colt CZ employed 642 women, which translates to 30.4% of the total workforce. The Company generally seeks to fill vacancies by considering candidates that bring a diversity of (amongst others) gender, and it is noted that the selection of candidates is based on merit. There have been pragmatic (industry-related) reasons – such as other relevant selection criteria and the availability of suitable candidates – that have impacted the achievement of greater gender diversity, especially at the senior management and board level.

The Company's managing body includes representatives of different nationalities and countries, reflecting the Group's global focus. At the end of 2023, the youngest member on the Board of Directors was 30 and the most senior member was 68 years old. The members of the Board of Directors have a variety of professional experience and expertise ranging from defense, industry, firearms and accessories, and manufacturing to finance, business, law, administration, and international relations<sup>9</sup>.

### 7.2.4 Fair and Equal Pay

Our remuneration policy is designed to encourage employees to deliver on our purpose and strategy, as well as to create stakeholder value, and to motivate and retain them. We are committed to ensuring equal pay for equal work. In the Czech Republic, we are closely following the statistics and undertaking regular reviews, including benchmarking against external data, and implementing a corresponding grading system with limited leeway for deviations. If possible, we allow for part-time contracts. Voluntary employee turnover in our largest Czech operations, CZUB, traditionally remains in the low single digits. At the moment, we do not use agency workers in the Czech Republic.

Each year, the remuneration policy at CZUB is the subject of an agreement made within the framework of collective bargaining with unions and worker's council. See Chapter 9.1.1 Employee Involvement & Collective Agreements. At CZUB, wages and benefits are negotiated each year. At Colt USA, the collective bargaining agreement is carried out every other year and the last collective bargaining agreement was set for the period of 2022 – 2024 starting from April 1st.

In the US, we use internally developed benchmarks, while in Canada we conduct pay equity reviews and assess all positions based on standard criteria and set wage bands. All new hires are assessed using the same criteria and must be paid within the established bands.

We pride ourselves in being a family-oriented company. At CZUB, we support and celebrate our employees' important milestones. We offer paid leave on special occasions, such as for the birth of child or a wedding, and make financial contributions for care of a newborn or a funeral when one of our employees passes away. We provide support for our employees above the minimal legal requirements. For example, we offer a range of benefits at CZUB, including 25 days of annual leave and contributions towards medical treatments, meal vouchers and mobile phone bills.

**CZUB Benefits:** "Pursuant to the collective agreement, the Company offers to its employees the following benefits above the statutory requirements:

- Subsidized meals at the Company cafeteria, a financial bonus upon the birth of a child, a financial bonus upon reaching 50 years of age
- Severance pay upon termination of employment as per Section 52, letters a), b), c) or d) of the Labor Code
- Severance pay above Labor Code requirements, contribution to pension insurance, additional days off above the Labor Code requirement – sick days
- Paid days off above the Labor Code requirement and unpaid days off above the Labor Code requirement
- Financial contribution towards a child's educational expenses and additional compensation for afternoon shifts above the Labor Code requirement
- Additional compensation for night shifts above the Labor Code requirement and overtime compensation above the Labor Code requirement
- Additional compensation for weekend shifts above the Labor Code requirement and additional compensation for demanding work conditions above the Labor Code requirement

In the US, we pay above minimum wage, and benefits include 14 days of paid leave each year, fully-funded health insurance plans, HSA contributions, dental insurance, life insurance, AD&D, short- and long-term disability insurance, telemedicine services and an employee assistance program (<https://czusa.millercare.com/>).

<sup>9</sup> More information in the 2023 Annual Financial Report chapter 8.6 Description of diversity policy applied to the issuer's managing body



# 8

## ENGAGEMENT WITH COMMUNITIES

**Goal: Improving the lives of those who are less fortunate or in need of aid and supporting communities that we impact through employee volunteerism, charitable contributions, and sponsorships.**

We will actively engage with communities where we operate and provide support through volunteering, internships, and donations. We also lend a helping hand to beneficial charitable projects, non-profit organizations, foundations, interest groups, sport clubs, gamekeeping, members of the armed forces, the police and the fire brigade.

*In 2023, the Group contributed a total of CZK 7.7 million to charitable activities.*

Colt CZ has also been a long-standing supporter of shooting sports<sup>10</sup>, which include support of the International Practical Shooting Confederation (IPSC) and United States Practical Shooting Association (USPSA) organizations, together with all of their associated competitions and international championships. Colt CZ also supports its own shooting teams. We produce firearms specifically designed for sport shooting competitions, with the highest performing sport firearms from our range being semi-automatic pistols designed for competing in IPSC events.

### 8.1 Local Jobs and Educational Opportunities

Some of our production plants are located in rural areas or in small cities, where high-profile jobs and educational opportunities are extremely limited. Communities can benefit from the socio-economic impacts of our presence, in terms of creation of local jobs, professional careers and educational opportunities in the companies located near them. In the Czech Republic, we have long-term cooperation with the local secondary technical school, offering graduates comprehensive learning and development opportunities, including technical and engineering skills. Our Czech production subsidiary, CZUB, is one of the most popular employers in the region and a top choice for graduates and students. In 2023, CZUB received the 2023 Sodexo Employer of the Year award after coming in 1st place (in the category of less than 5 thousand employees in the Zlín region).

<sup>10</sup> Link to Instagram and FB <https://www.instagram.com/czshootingteam/>, <https://www.facebook.com/czshootingteam/>.

## 8.2 Corporate Volunteering and Charitable Activities

### Scholarships to spouses and children of America's fallen and disabled service members

In the US, the Group supports Folds of Honor, a nonprofit organization dedicated to providing scholarships to spouses and children of America's fallen and disabled service members. It also supports Habitat for Humanity North Central Connecticut by providing funding and voluntary work. This is a nonprofit organization dedicated to eliminating substandard housing locally and worldwide through constructing, remodeling, and preserving homes; by advocating for fair and just housing policies; and by providing training and access to resources to help families improve their conditions for shelter.

### Back-to-school with the Waterloo Regional Police

In Canada, we cooperate with the Waterloo Regional Police, which hosts annual Backpack Challenges that help assist and prepare youth organizations and children in the Waterloo Region for the back-to-school season. Colt Canada has supported this initiative for the past few years by collecting and donating new school supplies, including backpacks, lunch bags, and other school supplies. Our participation in the Backpack Challenge contributes to building strong community ties and furthering our professional relationship with the Waterloo Regional Police. We also support The Food Bank of Waterloo Region, which provides food and other vital support to people in need in the Waterloo Region. Colt Canada has supported this organization and its initiative for the past few years with its donations of non-perishable food.

### Blood Donations

In the Czech Republic, CZUB has been a long-standing supporter of blood donations, rewarding its staff with vouchers. CZUB was a general partner of regional sports and the music festival "Slovácké léto", which includes philanthropic activities, such as encouraging registrations for the donation of plasma.

### Improving the local environment

We actively engage in activities that aim to improve the local environment. Employees in CZUB participated in the Czech Republic-wide initiative "Let's Clean Czechia", where they collected waste and contributed to keeping the town clean.

CZ-USA supports the following wildlife conservation organizations by providing funding, products, public seminars and more: Costal Conservation Association; Pheasant Forever & Quail Forever; Missouri Conservation Federation; and the National Wild Turkey Federation.

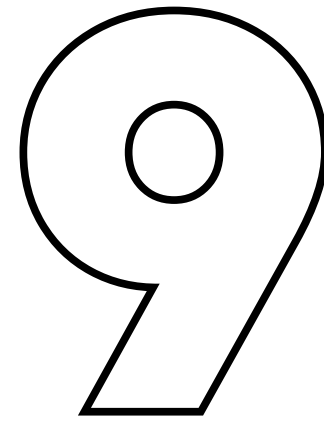
We also support the "A Girl & A Gun" Shooting League, which is a ladies-only organization established by women shooters for female shooters of pistols, rifles, and shotguns. The league is designed to help novice shooters reach whatever skill level they wish to achieve and provide experienced shooters with more shooting opportunities.

We recognize that there's an issue with noise limits at our CZUB site (due to the proximity of the factory to the city center for historical reasons), and are actively looking for solutions to eliminate the impact they have on the local population/communities.



### Actions

**Support active members of the armed forces and veterans, together with their families, to improve their mental and economic well-being. Engage with local governments and non-profit organizations to improve the standing of their communities and seek to employ local suppliers and sub-contractors.**



## GOVERNANCE

### 9.1 Business Conduct

We are committed to always upholding our values in doing business correctly, responsibly and transparently, together with making investments to strengthen our practices and supporting systems. All with the goal of having our people, and those who work with us, adhere to the same high ethical standards.

The Code of Conduct is the cornerstone of the Compliance Program and a versatile guideline for defining the elementary standards of conduct. It sets out the fundamental, ethical obligations for employees of the Group, which is the obligation to (i) act in line with applicable law, (ii) avoid any acts that may be related to bribery, (iii) avoid any conflicts of interest, and (iv) protect the good standing of Colt CZ. The rules set out in the Code of Conduct must be kept in mind as the starting point, especially when facing moral dilemmas.

Company's Code of Ethics is the cornerstone of Group's compliance training. The compliance training is based on individual principles contained in the Code of Ethics and Group's Code of Ethics is referred to during the training.

The on-line compliance training is mandatory for all new admin hires in the Czech Republic and 55 new employees attended the e-learning in 2023. In addition, 233 employees across the Group attended on-line course for Trace Anti-corruption. Apart from the general compliance training, the Group offers Export/ Import compliance training and Military & law enforcement Export/ Import compliance training to selected employees depending on their functions.

### 9.2 Human Rights

The Group confirms its commitment to all relevant international conventions and declarations. It respects, protects, and enforces all applicable regulations for the protection of human rights and children's rights as a fundamental and general requirement worldwide. The Company applies internal policies and procedures to prevent any violation of human rights. Colt CZ firmly rejects the use of child labor, forced or compulsory labor, and all forms of modern slavery and human trafficking. This policy applies not only to the Company's internal operations but also to the behavior of its business partners. For greater clarity, the Code of Conduct provides examples for employees on how to proceed against violations of the Code of Conduct. The Group's approach follows the UN Guiding Principles on Business and Human Rights that further refer to the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, Business Ethics Policies and Corporate Culture. Any violation of human rights can and should be reported through a publicly available Colt CZ Group whistleblowing hotline (Whistlelink, see below). Colt CZ Group has not been accused of human rights violations and has not been convicted of human and labor rights violations during reported year 2023.

**Colt CZ Group has not been accused of human rights violations and not been convicted of human and labor rights violations during reported year 2023.**

### 9.3 Export Compliance and Licensing

Export of firearms to foreign countries is subject to regulations of the countries where the product is manufactured. More than an approximate 85% of the Group's revenues depends on obtaining export licenses in various jurisdictions where the Group's products are manufactured (the European Union, the Czech Republic, the USA, Canada, Germany, Switzerland, Hungary, and Sweden) and compliance with sanction lists adopted by the United Nations, European Union and its member states, United States and other relevant governmental authorities.

In the Czech Republic, the Group spends a considerable amount of time and effort to obtain export licenses, especially in the case of military firearms. This includes obtaining a positive decision from the Czech Ministry of Defense, Czech Ministry of the Interior, Czech General Directorate of Customs and Excise, and the Czech Ministry of Foreign Affairs, as well as registration to the list maintained by the Czech Ministry of Industry and Trade. After an export license is granted, the Group has to maintain all conditions so that the license is not revoked. If a registered entity breaches the statutory conditions, or if the transfer could disrupt public order or the security of the state or its inhabitants, the Czech Ministry of Trade and Industry may suspend the general registration for the transfer of military materiel within EU member states or revoke any license granted under Act No. 38/1994 Coll., on international trade in military material, as amended.



Products manufactured in the United States by Colt West Hartford (as defined below) and sold to foreign military, law enforcement and foreign commercial customers are currently subject to United States export restrictions. These include rifles, such as the Colt M4 and M5, as well as handguns and revolvers, such as the Python and Anaconda. Products manufactured and sourced in Canada by Colt Canada are currently subject to Canadian export restrictions. These include rifles, such as the Colt Canada C7, C8 and C20.

In the United States and Canada, obtaining export licenses is also required to export the Group's products and services. The issuance of an export license lies within the discretion of the issuing governmental authority. In the United States, all of the Group's export licenses are processed and issued by the Directorate of Defense Trade Controls within the U.S. Department of State, in accordance with Executive Order 13637 and the International Traffic in Arms Regulations (No 22 CFR 120-130), which implement the Arms Export Control Act (No. 22 U.S.C. 2778). In the case of large transactions, DDTTC is required to notify the U.S. Congress before it issues an export license. As regulated by the Firearms Act (SC 1995, c. 39) in Canada, export licenses are processed and issued by the Foreign Affairs, Trade, and Development Canada (commonly referred to as Global Affairs Canada). However, imports from Canada into the USA require the importer to obtain an import license from the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF).

In addition to export control rules of the countries where its products originate, the Group is also subject to export control rules of Switzerland. The Swiss export control rules

for the export of ammunition are primarily governed by the Swiss federal act of 13 December 1996 on war material, as amended, and the Swiss ordinance of 25 February 1998 on war material, as amended. Under these regulations, the export of ammunition requires an official export license issued by the Swiss State Secretariat for Economic Affairs. The assessment criteria for granting an export license include considerations of international law, human rights, internal and external security, and the country of final destination's commitment to non-proliferation of weapons of mass destruction. The Swiss legislation emphasizes Switzerland's neutrality and commitment to peace, thus imposing strict controls on the export of war material, including ammunition, to prevent its use in internal conflicts or by regimes violating human rights.

## 9.4 Prevention of Corruption and Anti-Bribery

The Anti-Corruption Policy provides guidance and restrictions in dealing with the public and private sectors in regard to hospitality, corporate events, gifts and charity. Colt CZ's **Anti-Corruption Policy** is motivated by the following purpose:

- ▶ To describe the Group's anti-bribery and anti-corruption rules in all business operations.

- ▶ To prevent any corruption on behalf of, as well as in, connection with the Group and its relevant persons; to ensure compliance with the requirements of applicable anti-corruption laws whenever the Company is involved in business activities.
- ▶ To enhance the Group's commitment to do business globally in accordance with the strictest requirements for honesty and integrity.
- ▶ To improve and develop the Group's corporate culture, apply best practices and standards of responsible business conduct, including compliance with the Anti-Corruption Policy.

In compliance with the Anti-corruption Policy and other procedures in place, the Group does not finance, and is in no way involved with, any sponsorship that results in obtaining any unlawful privileges or advantages regarding its business activities. All sponsorship and charity-related financial activities of the Group are reflected in a detailed and trustworthy manner in the accounting records; thanks to its charitable contribution monitoring procedures, the Group is able to prove with a reasonable degree of certainty that any contributions made are not concealed bribes. The Group does not finance, or in any other manner support, political parties or their members, including candidates for political posts, election campaigns or political events, or any political organizations or movements.





## 9.5 Whistleblowing

Being aware of its obligation to monitor and promote compliance with laws and moral and ethical principles, Colt CZ has implemented a uniform system for reporting suspicions of unethical conduct, which may be used by anyone (employees, customers, partner, etc.) to report any such conduct. Colt CZ protects whistleblowers' identity and guarantees protection against retaliation. All reports are evaluated confidentially, impartially and the whistleblower is notified of the results of the investigation.

In 2023, the Group implemented Whistlelink, a whistleblowing solution offering the most easy-to-implement platform for any organization wishing to be fully compliant with the EU Whistleblowing Directive 2019/ 1937. Whistlelink is available in all Group companies.

## 9.6 Relationship with Suppliers

Competition laws promote, or are aimed at, protecting competition in the market by regulating behavior that distorts competition. **The Competition Compliance Policy** provides guidance for dealing with competitors, suppliers, distributors and customers, and preventing abuse of market position. **The Competition Compliance Policy** is an integral part of the Compliance Program, and it is part of the commitment of Colt CZ to ensure that its business activities are carried out ethically and in compliance with all applicable laws and its own principles laid down in the Code of Conduct in all areas of Colt CZ's operations.

The Group and its subsidiaries apply strict verification procedures to suppliers, as well as wholesale and retail customers. Suppliers are asked to accept and adhere to our Code of Conduct. Compliance with the Code of Conduct is regularly monitored and assessed, and non-compliance results in the severing of cooperation with the non-compliant supplier.

In addition, we have public procurement and competition policies in place and supplier development directives. We carry out supplier audits before the start of the cooperation and then every two years for key suppliers, according to our audit plan. Our focus is on transparency, supplier stability, quality, financial situation, and available references. Information resources are available on the website (US) for our supplier to help them comply with our conditions.

For specific contracts, we require AQAP 2110 –NATO quality requirements providing assurance of the organization's ability to deliver a product that meets the requirements as agreed in the contract with our customer. For military contracts, additional checks and supplier audits are carried out. In the US, responsible sourcing of minerals is a government requirement and is part of our internal supplier policy for our rifle component suppliers.

Responsibility for the safety, health and well-being of individuals is embraced at all stages of the Group's operations, including supply chains. The objective of sustainable supply chain management at Colt CZ is to ensure alignment of our supplier's social, ethical, environmental and safety and health responsibilities with our own sustainability commitments. We plan to proactively manage our supply chain to reduce carbon emissions, mitigate risk and safeguard valuable resources. **We plan to establish a sustainability supplier program and implement it for key suppliers.**

## 9.7 Cybersecurity and Data Privacy

The defense industry is subject to strict privacy, security, and safety regulations concerning a wide range of information

**To protect business-sensitive and personal information by minimizing the likelihood and impact of cybersecurity incidents on our business operations and customers.**

**The Group did not record any material cybersecurity incidents in 2023.**

Actions:

We are making sure that IT systems are kept up to date. We carry out regular testing and engage external auditors in the process to ensure the robustness of our systems.

We have a governance structure in place for cybersecurity management, including IT specialists.

In 2023, CZUB adopted ISO27001:2022 standards and implemented them in their internal processes and functions. It involved several steps - to establish, implement, maintain, and continually improve the Information Security Management System (ISMS). The commitment of senior management was secured in the early stages, ensuring allocation of the necessary resources and relevant support. During the implementation and rollout process, the organization successfully defined all necessary Information Security Policies fully aligned with the key objectives of the Company, established governing bodies within the organizational structure, conducted comprehensive risk assessment and treatment analyses, deployed relevant risk mitigation measures and treatment plans, created a Risk Management Framework, and employed mechanisms for continuous improvement in the area of ISMS. In parallel, recognizing the importance of the human factor in information security, the Company launched comprehensive training programs aimed to educate employees about their roles in maintaining information security, fostering a culture of vigilance and compliance.

In 2024, the Group continues to roll out ISO certification in other Group subsidiaries as well.

Colt CZ **Privacy Policy** provides guidance for major aspects of personal data protection, including data collection and processing, access to and retention of data, as well as the quality, confidentiality and security of data. All employees are trained on data privacy when joining the company.

**50% of Group employees received training on cybersecurity in 2023**

**100% of CZUB employees received training on cybersecurity in 2023**

## 9.8 Suppliers Due Diligence

The Group and its subsidiaries apply strict verification procedures to suppliers, as well as wholesale and retail customers. Suppliers are asked to accept and adhere to our Code of Conduct. Compliance with the Code of Conduct is regularly monitored and assessed, and non-compliance results in the severing of cooperation with the non-compliant supplier.

In addition, we have public procurement and competition policies in place and supplier development directives. We carry out supplier audits, including on-site audits, before the start of cooperation and then every two years for key suppliers, according to our audit plan. Our focus is on transparency, supplier stability, quality, financial situation, and available references. Information resources are available on the website (US) for our suppliers, in order to help them comply with our conditions.

For specific contracts, we require AQAP 2110–NATO quality requirements, which provides assurance

of the organization’s ability to deliver a product that meets the requirements as agreed in the contract with our customer. For military contracts, additional checks and supplier audits are carried out. In the US, responsible sourcing of minerals is a government requirement and is part of our internal supplier policy for suppliers of our rifle components.

Responsibility for the safety, health and well-being of individuals is embraced at all stages of the Group’s operations, including supply chains. The objective of sustainable supply chain management at Colt CZ is to ensure alignment of our supplier’s social, ethical, environmental and safety and health responsibilities with our own sustainability commitments. We plan to proactively manage our supply chain to reduce carbon emissions, mitigate risk and safeguard valuable resources. We plan to establish a sustainability supplier program and implement it for key suppliers.

**Actions:**

**Establishment of a sustainability suppliers’ program, including environmental, legal, human rights, and implementation for key suppliers subsequently.**

## 9.9 Governance Structure

Detailed information about the Governance structure is provided in Chapter 8.4 *Description of decision-making processes and the composition of the Group's managing body and its committees*, in our 2023 Annual Financial Report.

The corporate governance structure of the Company complies with applicable laws, including the Corporations Act under Czech law. The Company is not required to comply with any corporate governance code. Since its listing, Colt CZ has subscribed to the Corporate Governance Code CR 2018 (henceforth referred to as the "CG Code"). It is based on a comply-or-explain principle, which means that the Company either complies with the CG Code or explains why it does not comply with certain rules of the CG Code. In 2023, the Company complied with all provisions of the CG Code, with one exception stated in the 2023 Annual Financial Report.

The General Meeting is the highest corporate body of the Company. The Company has a dual management system consisting of the Board of Directors and the Supervisory Board. The Board of Directors is the executive body of the Company and represents the Company in all matters and is charged with its day-to-day business management. The Supervisory Board is responsible for supervision of all activities of the Company and Board of Directors, and resolves matters defined in the Corporations Act and the Articles of Association, particularly in matters with material impact on the value of ownership interests in the Company. The Supervisory Board may set up committees and sub-committees as its advisory bodies and shall issue rules of procedure for each committee. The Company currently has the following committees in place:

- ▶ **Audit Committee**
- ▶ **Remuneration Committee** The key function of the Remuneration Committee is to ensure integrity and fairness of the remuneration system for senior management of the Group.
- ▶ **Committee for Strategic Investments and Acquisitions** The key task of the Committee for Assessment of Strategic Investments is to review and approve proposals from senior management for potential M&A transactions and/or joint venture initiatives, in order to ensure the industrial logic and desired financial benefits for the Group.
- ▶ **Compliance and Ethics Committee** The Compliance and Ethics Committee oversees the Group's compliance management and CSR policy.

### 9.9.1 Employee Involvement and Collective Agreements

The involvement of Company employees is governed by relevant provisions of the Council regulation, the Council Directive, and the SE Act. Within the scope set out by law, Company employees have the right to information and consultation. They exercise this right through a representative body of employees or in another way that may have been set forth in an agreement within the meaning of Sec. 54 (2) of the SE Act stipulating the manner and scope of employee involvement at the Company.

Colt CZ respects its employees' rights to be members of unions, and we do not tolerate any retaliation or hostile action towards employees who choose to do so. We respect the core standards of the International Labour Organization (ILO), especially regarding freedom of association and the right to collective bargaining.

#### Česká zbrojovka a.s.

The subsidiary company CZUB is subject to a collective bargaining agreement. The Group provides its employees in the Czech Republic with social benefits, such as travel compensation at rates above those set forth in the applicable labor legislation, contribution to private pension insurance, and premium medical care. ZO OS KOVO ČESKÁ ZBROJOVKA a.s. operates as a workers' council within CZUB.

#### Colt USA

The interests of Colt employees in the US are defended by the United Auto Workers, a US union representing workers in the automotive, aerospace, and agricultural industries. The collective bargaining agreement is in effect until 31 March 2025. The union represents approximately 60% of Colt's US employees. The collective bargaining agreement guarantees employees wage indexation.

The Group also provides certain post-retirement healthcare benefits and life insurance coverage to certain retired US employees who were covered by its Collective Bargaining Agreement at the time of retirement. The cost of these post-retirement benefits is determined actuarially and is recognized in the Group's consolidated financial statements over the active working lives of the employees. In the USA, the Group also operates a so called NQDC Plan (A Non-Qualified Deferred Compensation Plan), enabling key employees to defer compensation from the Employee Retirement Income Security Act (ERISA).

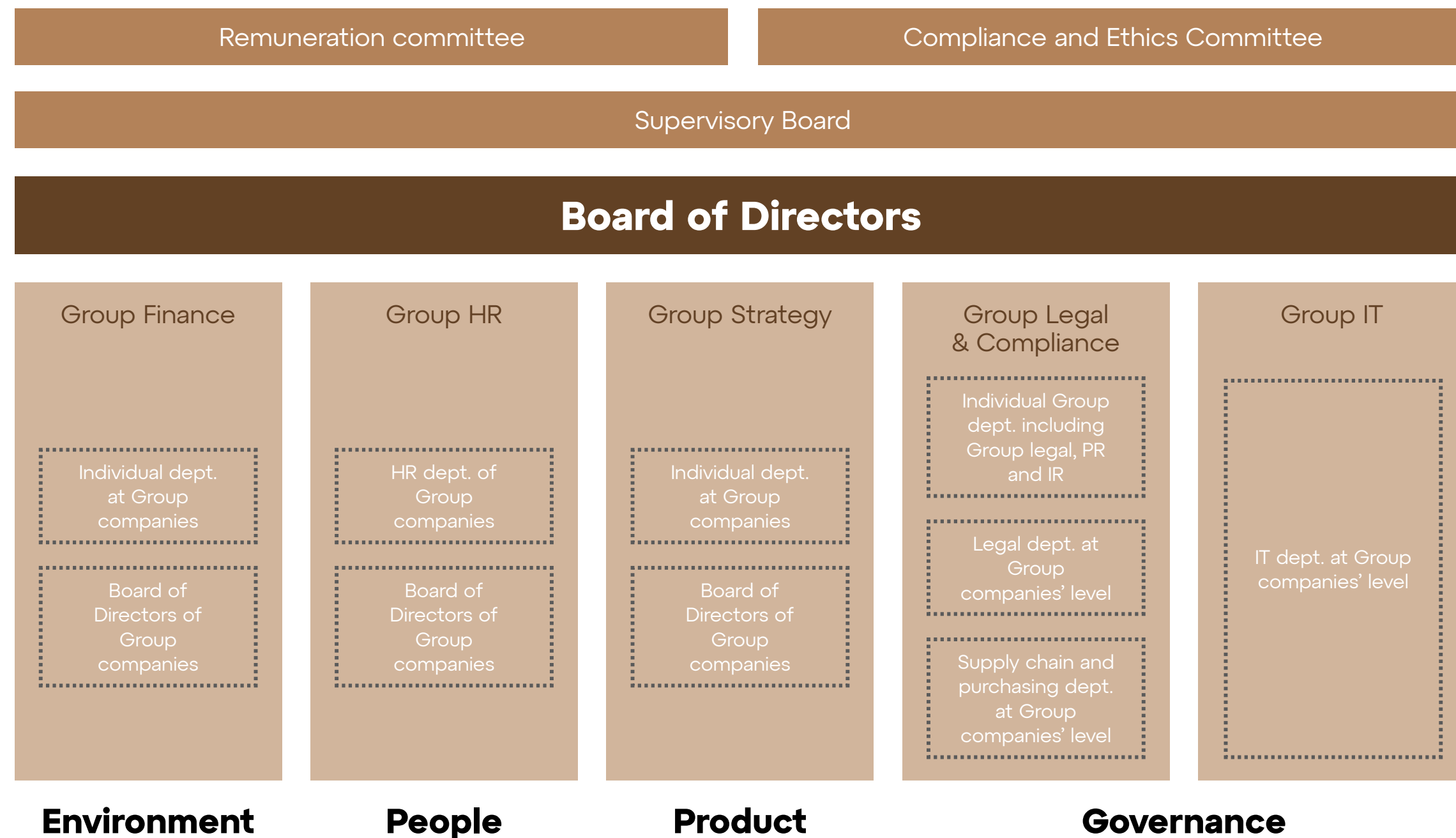
Colt USA has an incentive program for most of its non-unionized employees that makes the amount of their bonuses conditional on the accomplishment of their individual or collective goals and on the financial results achieved by Colt USA. Colt USA provides a pension plan for its employees.

#### Colt Canada

Colt Canada is not subject to a collective bargaining agreement. Colt Canada has an incentive program for certain members of management that makes the amount of their bonuses conditional on the accomplishment of their individual or collective goals and on the financial results achieved by Colt Canada. Colt Canada has a defined contribution pension plan for its employees, whereby the employees may make voluntary contributions from a minimum of 1% up to 2.5% of their gross earnings and the employer provides a matching amount. Colt Canada also offers its employees a deferred profit-sharing program.

There are no unions or collective bargaining agreements at the level of other Group companies, primarily due to their size and the number of employees.





Source: Colt CZ

## 9.10 ESG Reporting

Sustainability and ESG form an integral part of our everyday operations and business strategy, and we need to ensure full integration with our governance and reporting systems.

The highest decision-making body for the area of ESG at Colt CZ Group is the Board of Directors. Based on section 13.7 of the Articles of Association, the Board of Directors shall obtain the prior opinion of the Supervisory Board on the following matters which relate to sustainability:

- ▶ Approval of the concept of the Company's business operations and any changes thereto (mission, vision, key areas, strategic goals)
- ▶ Adoption of compliance policies governing the rules of conduct within the Company, prevention of fraudulent conduct, prevention of criminal liability of legal entities, corrective measures, measures for improvement in the field of compliance, risk management, and the internal control system of the Company and its subsidiaries
- ▶ Decisions to engage in activities in the field of corporate social responsibility (CSR), sponsorship, donations and philanthropy

The diversity policy is part of the agenda of the Remuneration Committee, which was established as a permanent advisory body of the Company's Supervisory Board.

The additional advisory body to the Supervisory Board is the Compliance and Ethics Committee, which oversees matters in the following areas:

- ▶ Code of Conduct
- ▶ Anti-Corruption Policy
- ▶ Prevention of criminal liability of a legal entity
- ▶ Remedial actions and measures to improve compliance, risk management, internal control system, and building a responsible employee value system
- ▶ Ethics hotline and whistleblower protection
- ▶ Activities in CSR, sponsorship, donation, and philanthropy, with respect to the business areas of companies in the Group

At the level of individual Group companies, responsible personnel/process owners are assigned to each topic, and are responsible for coordination of ESG activities and data reporting in their respective business unit/location.



# 10

## EU TAXONOMY KPIs

### 10.1.1 Colt CZ Group Reporting Approach

In compliance with the current regulatory framework and requirements, Colt CZ Group discloses the information for the fiscal year 2023, regarding the percentages of turnover, capital expenditures (Capex) and operating expenses (Opex) relating to sustainable taxonomy eligible and non-eligible activities, as well as aligned and non-aligned activities.

The financial ratios were defined based on guidelines given in Annex I to the Delegated Act of July 6, 2021, for definition of the denominators of turnover, Capex and Opex, amended by Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.

#### 1. Turnover calculation approach

In the absence of sustainable activities set out in the Climate delegated act for the defense sector, no turnover/net sales were considered as eligible or/and aligned.

#### 2. Capex calculation approach

The denominator is taken directly from the audited Group's IFRS consolidated financial statements (after the elimination of intra-group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. Capital expenditure includes inflows of property, plant, and equipment, and intangible assets during the fiscal year under review, before depreciation, amortization, and revaluation, and inflows of property, plant, and equipment, and intangible assets from business combinations.

The numerator includes the share of capital expenditure related to the identified eligible and/or aligned activities.

#### 3. Opex calculation approach

The denominator is taken directly from the audited Group's IFRS consolidated financial statements

(after the elimination of intra-group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. The denominator covers direct non-capitalized costs that relate to research and development, building renovation, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of property, plant, and equipment that are necessary to ensure the continued and effective functioning of such assets.

For the numerator, and in the absence of a delegated act for the defense sector, the only eligible and potentially aligned Opex are expenditures on building renovation, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of property, plant, and equipment that are necessary to ensure the continued and effective functioning of such assets.

It should be underlined that numerators are affected by the lack of coverage of the primary business of Colt CZ Group within the Climate Delegated Act.

### 10.1.2 EU Taxonomy Development and Its Impact on the Defense Sector

In the Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act, which establishes technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objective (C/2023/267), the Commission acknowledges the need to ensure access to finance and investments including from the private sector for all strategic sectors, in particular the defense industry which contributes to the security of European citizens.

In its communication on 15 February 2022 on European defense, the Commission highlighted the need for initiatives on sustainable finance to remain consistent with the European Union efforts to facilitate the European defense industry's sufficient access to finance and investments. The EU Sustainable Finance Framework focuses on ensuring



transparency and does not impose any limitations on the financing of any specific sector, including the defense sector.

As with any sector, undertakings involved in defense-related activities can claim Taxonomy-alignment for eligible horizontal investments stipulated in the Climate Delegated Act. This includes, for example, investments in greening their buildings, or investment in clean transport in the form of CapEx and/or OpEx referred to in point (c) of Sections 1.1.2.2 and 1.1.3.2 of Annex I of the Disclosures Delegated Act. They can also claim alignment for any other activities identified in the Climate Delegated Act (for example activities in the field of transport, data solutions, manufacturing, etc.).

EU rules on sustainability disclosures equally apply horizontally across all industries and they do not single out a particular sector.

There is an explicit reference directly relevant for a limited part of the defense sector in one regulatory technical standard under the Sustainable Finance Disclosures Regulation, further specifying how financial market participants should disclose information about their principal adverse sustainability impacts. This regulatory standard covers exposure to four categories of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons). For the remaining part of the regulatory technical standard under the Sustainable Finance Disclosures Regulation, the requirements (including on social aspects) are the same as for any other sector.

Similarly, the rules on MiFID/IDD sustainability preferences for retail investors equally apply horizontally across all industries and do not single out any specific sector. Therefore, they

do not prevent investments in any specific sector. The principal adverse impacts taken into consideration in the financial product only concern the controversial weapons as referred to above.

As part of a broader work following up on the European Council conclusions of March 2022 to promote and facilitate access to private funding for the defense industry, the European Defence Agency launched a study in May 2022 to provide an overview of ESG frameworks applied on financial markets and how they regard defense industry or defense industry related activities. The aim is to measure and benchmark the European defence industry's activities in relation to ESG criteria, and provide an analysis of the sector's contribution to the objectives set out by ESG-related frameworks.

In November 2023, the EU defense ministers made a joint call to strengthen the defense sector's access to finance. It is paramount that finance institutions avoid discriminating against investments and adjust their policies accordingly, including through environmental, social and governance indexes, which currently exclude companies active in the defense and armaments sectors. The ministers called for enhanced coordination between national and EU institutions in order to mitigate negative effects and find alternative ways to enable further investments by making investments in defence more attractive.

<https://eda.europa.eu/news-and-events/news/2023/11/15/eu-defence-ministers-call-for-strengthening-the-defence-sector-s-access-to-finance#>

# 11

## PREPARING FOR THE CSRD

Colt CZ will be obliged to report under the Corporate Sustainability Reporting Directive (CSRD), which comes into effect in 2025 and is based on 2024 numbers. It significantly expands the scope and rigor of our sustainability reporting requirements.

The CSRD requires companies to report every year through the European Sustainability Reporting Standards (ESRS) and aims to uncover how sustainability impacts company development, finances, and performance. These new requirements will help standardize sustainability metrics across the EU and increase transparency around corporate and sector-specific sustainability disclosures. CSRD aims to ensure that companies present reliable and comparable sustainability information that investors and other stakeholders require.

In the course of 2023 and 2024, Colt CZ worked intensively on the preparation of upcoming legislative requirements. The preparation journey included a double materiality assessment and stakeholder engagement, climate risk assessment, data collection CSRD gap analysis, action plan with roadmap to close identified gaps to become CSRD ready, and alignment with EU taxonomy.





# APPENDIX

## Methodology

This report has been prepared by referencing recognized reporting frameworks, including the Global Reporting Initiative (GRI) 2021 standards, incorporating the Group's alignment with the relevant United Nations Sustainable Development Goals, and includes selected GRI. In accordance with Article 8 of the EU Taxonomy Regulation, Colt CZ Group also discloses in this reporting the proportion of taxonomically eligible and taxonomically ineligible activities that are related to climate change adaptation objectives or mitigation measures.

For the purpose of sustainability reporting, the following companies in the Group are included in this report and data was collected from them: Colt CZ Group SE (holding company), Česká zbrojovka a.s. in the Czech Republic, and manufacturing companies Colt CZ Group North America, Inc., including Colt Canada. This report was drafted in English. Data for 2023 are reported as of 31 December 2023, unless indicated otherwise. This report was issued on 26 June 2024.

In accordance with the principals of the GRI Standards, this Report provides information on the material topics revealed by internal analysis conducted by the Company as having a strong influence on the assessments and decisions of stakeholders and being of significant relevance in terms of economic, social and environmental impact.

The process that led to the development of the Sustainability Report 2023 involved company management and the main functions they coordinate. In order to ensure quality of the information reported, the Report followed the GRI reporting principals on quality, accuracy, balance, clarity, comparability, reliability and timeliness.

## GRI Content

Colt CZ Group SE has reported the information provided in this GRI content as being for the period from January 1, 2023, to December 31, 2023, with reference to GRI standards.

The contact point for questions about this report:  
[info@coltgroup.com](mailto:info@coltgroup.com)



EU taxonomy KPI: Turnover Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
	Code	Turnover	Proportion of Turnover, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
<b>Economic Activities</b>		MCZK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
<b>Of which enabling</b>		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
<b>Of which transitional</b>		0	0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		0	0%	0%	0%	0%	0%	0%	0%								0%		
<b>A. Turnover of Taxonomy-eligible activities (A.1+A.2)</b>		0	0%	0%	0%	0%	0%	0%	0%								0%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities</b>		<b>14,856</b>	<b>100%</b>																
<b>TOTAL</b>		<b>14,856</b>	<b>100%</b>																

EU taxonomy KPI: CAPEX Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")											
	Code	CapEx	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity		
Economic Activities		MCZK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%				
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E			
Of which transitional		0	0%	%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
Installation, maintenance and repair of energy efficiency equipment		7.3	19	2.06%	EL	EL	N/EL	N/EL	N/EL	N/EL											1.60%
Installation, maintenance and repair of renewable energy technologies		7.6	12	1.29%	EL	EL	N/EL	N/EL	N/EL	N/EL											1.60%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		31	3.35%	3.35%	0%	0%	0%	0%	0%											3%	
<b>A. CapEx of Taxonomy-eligible activities (A.1+A.2)</b>		31	3.35%	3.35%	0%	0%	0%	0%	0%											4.60%	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
CapEx of Taxonomy-non-eligible activities		893	96.65%																		
<b>TOTAL</b>		924	100%																		

EU taxonomy KPI: OPEX Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")											
	Code	OpEx	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity		
Economic Activities		MCZK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																					
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%				
<b>Of which enabling</b>			0	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E			
<b>Of which transitional</b>			0	0%	0%					N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
<b>Installation, maintenance and repair of energy efficiency equipment</b>			7.3	5.4	1.6%	EL	EL	N/EL	N/EL	EL	N/EL										
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>			5.4	1.6%	1.6%	0%	0%	0%	0%	0%											
<b>A. OpEx of Taxonomy-eligible activities (A.1+A.2)</b>			5.4	1.6%	1.6%	0%	0%	0%	0%	0%											
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
<b>OpEx of Taxonomy-non-eligible activities</b>		<b>327.6</b>	<b>98.38%</b>																		
<b>TOTAL</b>		<b>333</b>	<b>100%</b>																		

Additional disclosure requirement according to Annex 12 of Regulation 2021/2178 in regards to our exposure to activities related to nuclear energy and gas fossil fuel energy

<b>Template 1 Nuclear and fossil gas related activities</b>		
<b>Row</b>	<b>Nuclear energy related activities</b>	
<b>1.</b>	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	<b>NO</b>
<b>2.</b>	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	<b>NO</b>
<b>3.</b>	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	<b>NO</b>
<b>Fossil gas related activities</b>		
<b>4.</b>	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	<b>NO</b>
<b>5.</b>	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	<b>NO</b>
<b>6.</b>	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	<b>NO</b>

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## The organization and its reporting practices

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