

Sustainability
Report
2023

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Table of Contents

Foreword by the Chairman of the Board of Directors . . .	4	Support for the Environment	60
Foreword by the Chief Sustainability Officer	6	Reduction of Environmental Impacts	61
Sustainable Group Management	10	Setting emission reduction targets	61
Transparency and Disclosure of Information	10	Management of environmental impacts	65
Sustainability reporting	11	Renewable Energy Resources	68
Stakeholder engagement	16	Investing in Renewable energy resources	68
Group Management	30	Conclusion and Planned Actions for 2024	72
Appointment of members of the Board of Directors with relevant professional knowledge and experiences Stakeholder engagement	30	Annex 1 – List of Companies Included in the Sustainability Report	76
Integration of sustainability as a key part of the Group’s management structure	31	Annex 2 – Membership of the Group in Associations	79
Risk Management and Regulatory Compliance	34	Annex 3 – Sustainability Metrics Overview	80
Sustainability risk assessment	35	Annex 4 – Emission Factors	84
Mitigation of sustainability related risks	36	Annex 5 – Index of GRI (Global Reporting Initiative Standards) Contents	85
Employees and Social Responsibility	42		
Working Practices and Human Rights	42		
Promoting diversity and inclusion in the workplace	43		
Fair compensation policy	45		
Safe working conditions	46		
Community Involvement and Development	51		
Community support and social responsibility	52		
Supply Chain Management	56		
Sustainable supply chain	56		
Audit of suppliers	57		

Declaration

CZECHOSLOVAK GROUP a.s. attests that, to the best of its knowledge, this Sustainability Report accurately and faithfully reflects the company’s status and progress in sustainable business practices, including its achievement of strategic goals and engagement in global environmental, social, and governance initiatives.

This report received formal approval from the Board of Directors of CZECHOSLOVAK GROUP a.s. on April 4, 2024 at the company’s registered office.

Foreword by the Chairman

Dear Esteemed Stakeholders, Partners,
and Community Members,

As the Chairman of the Board of Directors of CZECHOSLOVAK GROUP a.s., it is with immense pride and a profound sense of responsibility that I present to you our 2023 Sustainability Report. This document not only signifies our unwavering commitment to sustainable development but also marks a significant milestone in our journey toward a more resilient, equitable, and aware global society.

Our journey through the past year has been both challenging and rewarding, as we navigated the complexities of global markets and the imperative need for sustainable innovation. Amidst these challenges, the Czechoslovak Group has steadfastly pursued its mission to integrate sustainability into every facet of our operations, from manufacturing processes to corporate governance, and into our engagements with the communities we serve.

The year 2023 will stand as a testament to our resilience and our ability to adapt and thrive in an ever-changing world. We have made significant strides in expanding our global footprint, not merely in terms of geographical reach, but more importantly in the depth and impact of our

sustainability initiatives. Our efforts have spanned across diverse sectors, including renewable energy, waste reduction, water conservation, and the promotion of biodiversity, all aimed at mitigating our environmental impact while enhancing our operational efficiency.

Innovation has always been at the heart of our sustainability strategy. We have continued to invest into research and development, exploring new technologies and practices that can drive us toward a more sustainable future. Our collaboration with academic institutions, research centers, and like-minded industry partners has been instrumental in this regard, enabling us to pioneer solutions that are not only sustainable but also economically viable.

Our commitment to social responsibility has remained steadfast. We have intensified our efforts to ensure fair and inclusive work environments, promote diversity and gender equality, and support the well-being and development of our employees. Our community engagement programs have been expanded, with a focus on education, healthcare, and emergency relief, demonstrating our belief in the power of business to effect positive change in society.

Looking ahead, we are acutely aware of the challenges that lie before us. The global landscape is marred by environmental crises, social inequalities, and economic uncertainties. Yet, we remain optimistic, driven by our conviction that through compliance, innovation, and a relentless focus on collaboration, we can overcome these challenges. We are committed to being at the forefront of this transformation, leading by example and inspiring others to join us in this crucial endeavor.

As we present this report, I would like to extend my gratitude to our employees, partners, stakeholders, and the communities we serve. Your support, dedication, and shared vision for a sustainable future have been the cornerstone of our success. Together, we have achieved remarkable milestones, but more importantly, we have set the stage for even greater achievements in the years to come.

Michal Strnad

Owner



Foreword by the Chief Sustainability Officer

Dear Esteemed Stakeholders,

It is with great pleasure that I present to you the cornerstone of our commitment to sustainability and responsible governance—the Czechoslovak Group’s 2023 Sustainability Report. As the Chief Sustainability Officer, my role is not only to oversee our sustainability initiatives but also to ensure that these efforts are deeply integrated into every aspect of our operations, embodying our core values and strategic vision.

The journey toward sustainability is complex and multifaceted, requiring a steadfast commitment to stakeholder engagement, materiality assessment, strategic planning, and compliance with evolving standards such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Our dedication to transparency serves as the bedrock upon which we build our sustainability framework, ensuring that our stakeholders are informed, engaged, and recognized as vital contributors to our sustainability journey.

This year, we have deepened our stakeholder engagement, recognizing the critical importance of understand-

ing and aligning with the expectations and values of our diverse stakeholders. Through a comprehensive materiality assessment, we have identified and prioritized the sustainability issues that are most significant for our business and stakeholders, ensuring that our sustainability strategy addresses these key areas effectively and efficiently.

Our sustainability strategy, meticulously crafted and rigorously implemented, is designed to let us navigate the complexities of our global operations while striving for excellence in environmental stewardship, social responsibility, and governance. We are committed to aligning our efforts with the CSRD and ESRS, setting a new benchmark for transparency and accountability in our reporting practices.

Compliance with these standards is not merely a regulatory requirement for us; it is a strategic imperative that guides our actions and decisions. By embracing these frameworks, we aim to provide a clear, comprehensive, and comparable view of our sustainability performance, fostering trust and confidence among our stakeholders and contributing positively to the global sustainability agenda.

Moving forward, we remain dedicated to continuous improvement, leveraging insights and feedback from our stakeholders to refine our strategies and enhance our sustainability performance. Our commitment to transparency, stakeholder engagement, and strategic alignment with global sustainability standards is unwavering, reflecting our ambition to not only lead by example but also inspire action and collaboration throughout our industry and beyond.

I am deeply indebted to all our stakeholders for their ongoing support, engagement, and collaboration. Your insights, your challenges, and your aspirations are what shape our sustainability journey. Together, we are not just navigating the complexities of today’s world; we are shaping a sustainable tomorrow.

Serge Damian

Chief Sustainability Officer



The Group has crafted a cohesive sustainability strategy at its top level, encapsulating a suite of eight strategic objectives and sixteen targeted activities.



Sustainable Group Management

Transparency and Disclosure of Information

Company Details

Company name: **CZECHOSLOVAK GROUP a.s.**
 Identification number: **034 72 302**
 Date of creation: **October 13, 2014**
 Head office: **U Rustonky 714/1, Karlín, 186 00 Prague 8**
 Registered at: **Municipal Court in Prague, file no.: B 20071**

Sustainability Reporting

Companies Included in the Sustainability Report

The 2023 Sustainability Report (hereinafter also the “Sustainability Report”) for the Czechoslovak Group (hereinafter also the “Group”) encompasses a total of 127 companies (see Annex 1 for a detailed overview of the companies included in this Sustainability Report). Among these, 39 have been designated as executive companies, from which non-financial data has been meticulously collected and is detailed within this report (hereinafter also the “Executive Companies”). Executive companies within the Group are those entities that play a pivotal role due to their significant turnover, the nature of their activities, their size in terms of employee count, and their

potential environmental impact. These companies are considered integral to the Group’s operations and sustainability practices, embodying the core of the Group’s business and environmental responsibilities. The Group’s remaining entities are classified as either Special Purpose Vehicles (SPVs) or holding companies. Due to their nature, these entities do not contribute non-financial data for inclusion in the Sustainability Report. This reflects the Group’s strategic approach to sustainability reporting by focusing on those entities with significant operational impacts.

The selection of the 39 companies included in the Group’s 2023 Sustainability Report was guided by the SEC1 Classification Standard in the Euro-

pean Sustainability Reporting Standards (ESRS), which employs a methodical approach to identifying relevant entities. The process considers each company’s business activities to ascertain its sector group, which in turn informs the understanding of its business relationships and value chains. These elements are pivotal in identifying the specific impacts, risks, and opportunities inherent to the sector where a company operates. Consequently, these factors dictate the sustainability matters relevant to each company, shaping the disclosure requirements for the Sustainability Report. This strategic classification ensures that the report comprehensively covers the sustainability aspects most pertinent to the Group’s operations and impacts.

Sector	Sector Group	Company
		14. OKTOBAR d.o.o. Kruševac
		Baschieri & Pellagri S.p.A.
		ELDIS Pardubice, s.r.o.
		EXCALIBUR ARMY spol. s r.o.
		FABRICA DE MUNICIONES DE GRANADA S.L.
		Fiocchi Munizioni S.p.A.
		Fiocchi of America Inc.
		JOB AIR Technic a.s.
		Lyalvale Express Limited
		MSM EXPORT, s.r.o.
		MSM LAND SYSTEMS s.r.o.
		MSM Martin, s.r.o.
		MSM Services, s.r.o.
		RETIA, a.s.
		SBS ZVS, s.r.o.
		TATRA DEFENCE VEHICLE a.s.
		UpVision s.r.o.
		VOP Nováky, a.s.
		ZVS holding, a.s.
		ZVS IMPEX, akciová spoločnosť
Aerospace & Defence	Manufacturing	

Sector	Sector Group	Company
Automobiles & Other Transport Vehicles	Manufacturing	AVIA Motors s.r.o.
		TATRA EXPORT s.r.o.
		TATRA TRUCKS a.s.
		TRUCK SERVICE GROUP s.r.o.
Construction & Engineering	Construction	DAKO-CZ, a.s.
Health Care	Health Care & Services	Prague Fertility Centre s.r.o.
Machinery & Equipment	Manufacturing	DAKO-CZ MACHINERY, a.s.
		DAKO-CZ SERVICE, s.r.o.
		DAKO-CZ TRANSELCO, s.r.o.
		KARBOX s.r.o.
Metal Processing	Manufacturing	TATRA METALURGIE a.s.
		CSG DEAL a.s.
Professional & Commercial Services	Services	CSGM a.s.
		EXCALIBUR INTERNATIONAL a.s.
		REAL TRADE PRAHA a.s.
Real Estate & Services	Real Estate	DAKO-CZ RE, s.r.o.
Software & IT Services	Technology	ATRAK a.s.
		CS SOFT a.s.
Textiles, Apparels, Footwear & Accessories	Manufacturing	ELTON hodinářská, a.s.

It is crucial to note that, unlike the consolidated financial statements, the Group's Sustainability Report encompasses not only entities under its control, but also those where it merely has shared or significant influence. This includes TATRA EXPORT s.r.o., TATRA METALURGIE a.s., and TATRA TRUCKS a.s., for which non-financial data is being reported at a proportion (65%) reflecting the percentage of shares held by CZECHOSLOVAK GROUP a.s. Additionally, the report

does not cover Armi Perazzi S.p.A., which joined the group in the latter half of 2023, due to the higher priority of the integration process and to time-frame constraints for gathering the sustainability data. Armi Perazzi S.p.A. is slated for inclusion into next year's report, highlighting the Group's adaptive approach to sustainability reporting.

Reporting Period, Frequency, and Contact

The Group's Sustainability Report is aligned with its annual reporting cycle, ensuring its publication alongside the annual report, with a steadfast commitment to annual issuance no later than April 30 of the subsequent year. Specifically, the report for 2023 meticulously documents activities from January 1, 2023 to December 31, 2023, focusing exclusively on the

operational and sustainability performance of the Group's executive companies. This year's publication directly precedes a significant transition in reporting practice; while released until now as a distinct document, the Sustainability Report will, from 2025 onwards (covering the 2024 reporting period), be integrated into Annual Report of CZECHOSLOVAK GROUP a.s. This strategic shift is in direct response to the mandates of the Corporate Sustainability Reporting Directive (CSRD), underscoring the Group's proactive alignment with evolving regulatory standards and its commitment to comprehensive, transparent sustainability disclosure.

The drafting of the Sustainability Report was overseen by the Sustainability Committee, in close collaboration with the Board of Directors of CZECHOSLOVAK GROUP a.s., ensuring a comprehensive and aligned approach to sustainability reporting. For any inquiries regarding the report or the Group's sustainability initiatives, the designated contact is Serge Damian, the Chief Sustainability Officer of the Group (Serge.Damian@czechoslovakgroup.com).

Modifications to Previously Published Information

Upon thorough review and consideration of all data available, the Group has determined that there are no modifications needed to the information that was presented in the Sustainability Report for the year 2022. It is of utmost importance to ensure consistency between reports, and the Group is continuously committed to transparency, enabling stakeholders to maintain continued confidence in its sustainability reporting integrity.

Regulatory Framework

The regulatory framework within which the Group operates encompasses a broad spectrum of environmental,

sustainability, and social legislation, reflecting the complexity and breadth of the Group's commitment to sustainability. In 2023, the group diligently adhered to the Global Reporting Initiative (GRI) standards for the reporting of its non-financial data. This alignment with the GRI standards underscores the Group's efforts to provide stakeholders with clear and comprehensive insights into its sustainability practices and impacts.

Looking ahead to 2024, the Group is poised to transition to the European Sustainability Reporting Standards (ESRS), a move that is aligned with the evolving regulatory landscape, particularly within the European Union. This shift highlights not only the Group's agility in adapting to new regulatory requirements, but also its proactive stance in embracing standards that facilitate more detailed and more comparable sustainability reporting.

Beyond these statutory reporting obligations, the Group voluntarily extends its disclosures to encompass additional information that it deems crucial for stakeholder engagement and understanding. This includes elaborations of details on sustainability initiatives, community engagement efforts, and other areas of corporate social responsibility that the group actively pursues. Through these voluntary disclosures, the Group aims to provide a more nuanced and comprehensive view of its commitment to sustainability and responsible business practices.

The rationale behind these voluntary disclosures lays in a desire to not both comply with mandatory reporting requirements and exceed them, providing stakeholders with a deeper understanding of the Group's sustainability journey. This approach reflects the Group's belief in the importance of transparency and stakeholder engagement, and in the role of corporate responsibility in fostering a sustainable future.

This dual approach of adhering to mandatory reporting standards while engaging in voluntary disclosures illustrates the Group's holistic approach to sustainability reporting. This dual approach ensures that the Group not only meets the current expectations for sustainability reporting but also anticipates and addresses the evolving demands of stakeholders and regulatory bodies, as well as the broader societal context in which it operates.

Sustainability Strategy



Our mission is to engage in sustainable business practices to ensure our economic growth aligns with a sustainable future.

The Group has crafted a cohesive sustainability strategy at its top level, encapsulating a suite of eight strategic objectives and sixteen targeted activities. This robust framework is designed to not only mitigate environmental impacts but also augment quality of life for the Group's employees and the wider community that it engages with. Additionally, the strategy is structured so as to propel economic development, steering it toward pathways that are compatible with sustainable practices.

The Group's strategic objectives and activities span across a variety of facets of sustainability, including reducing emissions, conserving resources, fostering a safe and inclusive workplace, and engaging in community development projects. Through this comprehensive sustainability strategy, the Group reaffirms its dedication to contributing positively to the environment and bolstering its social and economic impact in the regions it serves. This commitment aligns the Group's operations with the broader global goals of sustainable development, positioning the Group as a forward-thinking leader in corporate responsibility.

Strategic Pillar	Strategic goal	Strategic Activity	
Sustainable Group Management	G_1: Transparency and disclosure of information	G_1_1: Sustainability reporting	
		G_1_2: Stakeholder engagement	
	G_2: Group management	G_2_1: Appointment of Members of the Board of Directors with relevant professional knowledge and experiences	
		G_2_2: Integration of sustainability as a key part of the Group's management structure	
	G_3: Risk management and regulatory compliance	G_3_1: Sustainability risk assessment	
		G_3_2: Mitigation of sustainability related risks	
	Employees and Social Responsibility	S_1: Working practices and human rights	S_1_1: Promoting diversity and inclusion in the workplace
			S_1_2: Fair compensation policy
			S_1_3: Safe working conditions
S_2: Community involvement and development		S_2_1: Community support and social responsibility	
S_3: Supply Chain Management		S_3_1: Sustainable supply chain	
		S_3_2: Audit of suppliers	
Support for the Environment	E_1: Reduction of Environmental Impacts	E_1_1: Setting emission reduction targets	
		E_1_2: Management of environmental impacts	
	E_2: Renewable Energy Resources	E_2_1: Investing in renewable energy resources	
		E_2_2: Obtaining energy from renewable resources	

Contribution to the Sustainable Development Goals (SDGs)

The Group is firmly committed to supporting a carefully selected set of the United Nations' Sustainable Development Goals (SDGs), aligning its business practices and sustainability strategy with global efforts to foster a more sustainable and equitable future. The Group's endorsement of ten specific SDGs reflects a strategic approach to sustainability that prioritizes the areas where it can make the most significant impact. These goals are as follows:

-  **Gender Equality**
-  **Clean water and sanitation**
-  **Affordable and clean energy**
-  **Decent work and economic growth**
-  **Industry, innovation and infrastructure**
-  **Reduced inequalities**
-  **Responsible consumption and production**
-  **Climate action**
-  **Peace, justice and strong institutions**
-  **Partnerships for the goals**

By actively supporting these goals, the Group is not only contributing to the worldwide endeavor to achieve a sustainable future but also reinforcing its commitment to responsible business

practices that have a positive effect on its stakeholders, communities, and employees. This approach ensures that the Group's operations and initiatives are aligned with broader global priorities, leveraging its resources and capabilities to address some of the most pressing challenges facing the world today.

The integration of these SDGs into the Group's sustainability framework highlights the organization's holistic view of sustainability, acknowledging the interconnectedness of social, environmental, and economic well-being. Through this commitment, the Group aims to not only advance its sustainability agenda but also inspire and catalyze broader change within the industry and beyond, fostering partnerships and collaborative efforts that amplify the impact of its contributions toward the SDGs.

Sustainability Metrics

Given the complexity and substantial scale of its operations, the Group has judiciously established short-term action plans specifically for the year 2024. This strategic decision reflects a pragmatic approach to sustainability, acknowledging the need for immediate, actionable steps that can effectively set the stage for the fulfillment of more comprehensive, long-term sustainability goals and Key Performance Indicators (hereinafter also "KPIs").

The formulation of these short-term plans is a critical step in the Group's broader sustainability journey. It enables the organization to focus on achievable targets within a defined timeframe, thereby ensuring meaningful progress toward its environmental, social, and economic aspirations. The short-term actions are meticulously designed to address current sustainability challenges, capitalize on available opportunities, and lay a robust foundation for the development and implementation of long-term objectives (see

Annex 3 for a detailed overview of the defined sustainability metrics):

- Implementation of the Renewable Energy Plan across the CSG Group's companies by the end of 2024.
- Create a step-by-step plan for collection of carbon footprint Scope 3 emissions under the Greenhouse Gas Protocol (GHG protocol) by the end of 2024.
- Implementation of Diversity, Equality, and Inclusion Guidelines to be implemented throughout the Group's companies by the end of 2024.
- Implementation of Supplier Code of Conduct across the CSG Group's companies by the end of 2024.
- Identification of CSG's stakeholders and then perform qualitative stakeholder interviews by the end of 2024.
- Implementation of Sustainability Reporting Compensation Policy across the CSG Group, to be implemented by the end of 2024, effective from January 1, 2025.

By adopting this structured approach, the Group is showing its commitment to continuous improvement and strategic foresight in sustainability. It signifies the Group's dedication to not only making an immediate positive impact but also preparing the ground for future initiatives that will further enhance its contribution to sustainable development. This balanced focus on short-term actions and long-term planning is essential so that the Group may navigate the complexities of its operations while striving to meet stakeholder expectations and fulfill its sustainability ambitions.

Stakeholder Engagement

External Assurance

The Group's Sustainability Report for the current period has not undergone an audit by an independent auditor. However, in alignment with the evolving regulatory landscape and the forthcoming requirements of the Corporate Sustainability Reporting Directive (CSRD), the Group anticipates that starting from 2025, its Sustainability Report will be audited by an independent auditor.

Approach to Stakeholder Engagement

The Group places paramount importance on the fostering of strong, transparent, and communicative relationships with its stakeholders. Recognizing that stakeholder engagement is pivotal to the success of its sustainability initiatives, the Group actively seeks feedback and insights to shape its sustainability strategy, mission, and roadmap. This approach reflects a deep understanding of the fact that sustainable progress cannot be achieved in isolation: it requires the active participation and support of a broad spectrum of stakeholders.

To effectively engage with its stakeholders, the Group undertakes a meticulous process to first identify, acknowledge, and categorize its stakeholders into various action groups. This systematic classification allows the Group to tailor its engagement strategies to the specific interests, concerns, and expectations of each stakeholder category, ensuring that communication is relevant, meaningful, and constructive.

By prioritizing stakeholder engagement, the Group ensures that its sustainability efforts are aligned with the needs of the communities it serves, the expectations of its cus-

tomers, the aspirations of its employees, and the standards of its investors and partners. This open and inclusive approach to stakeholder relations not only enhances the Group's social and environmental impact but also strengthens its reputation, fosters loyalty, and drives collaborative innovation toward shared sustainability goals.

In recognizing the ultimate importance of robust stakeholder relationships, the Group is committed to ongoing dialogue, transparency, and responsiveness. This commitment underscores the Group's dedication to sustainability as a collaborative journey, one that is continually shaped and enriched by its stakeholders' diverse perspectives and contributions.

Stakeholder Mapping

The Group is taking significant strides toward deepening its stakeholder engagement through a strategic mapping process designed to clarify the needs and priorities of the diverse individuals, entities, and actors within and around the Group. This mapping is pivotal for simplifying the Group's understanding of its stakeholder landscape, facilitating a more targeted and effective approach to sustainability.

Firstly, the Group is focused on identifying the stakeholders who are most interested in and most impactful for its sustainability journey, mission, and plan. This crucial step, currently under testing, aims to prioritize engagement with those stakeholders who have the most significant influence on, or interest in, the Group's sustainability efforts. The results of this identification process are eagerly anticipated and are set to be presented in the coming year.

Simultaneously, the Group is dedicated to discovering the issues that are most

salient to its various stakeholders, both internal and external to CSG's operations. By integrating these valuable insights into its sustainability journey, mission, and plan, the Group ensures that its sustainability initiatives are both relevant and responsive to stakeholder concerns and expectations. This aspect of the stakeholder assessment, also under testing, will undergo review once the initial phase is completed, with findings to be shared within the next year.

So as to achieve a comprehensive understanding of its stakeholder universe, the Group's Sustainability Committee has employed Articles 22 and 23 of the Commission Delegated Regulation (EU) 2023/2772. This legislative framework, combined with reliable methods for sorting stakeholders by their varying levels of interest and impact on the Group's initiatives, provides a robust foundation for the stakeholder mapping process.

Through these deliberate and thoughtful approaches to stakeholder engagement, the Group is not only reinforcing its commitment to sustainability but also ensuring that its strategies and actions are deeply informed by the perspectives and needs of those it impacts and serves. This methodical process underscores the Group's anticipation of achieving a deeper level of stakeholder engagement, ultimately enhancing the effectiveness and reach of its sustainability efforts.

Criteria for Stakeholder Identification

Through a meticulous process of stakeholder mapping, the Group has identified a diverse and comprehensive set of stakeholders as those most relevant and integral to its sustainability efforts. This identification process is crucial for understanding the varied

needs, expectations, and impacts of those engaged with or affected by the Group's activities. We have defined the following stakeholder groups:

- Academia: Educational institutions and research bodies providing insights and innovations.
- Analysts: Industry experts analyzing and evaluating the Group's performance and strategies.
- Audit Firms: Organizations ensuring the accuracy and integrity of the Group's financial and operational reporting.
- Banks: Financial institutions providing capital and financial services.
- Competitors: Other companies within the same industry, fostering a competitive yet also collaborative environment.
- Customers: End-users of the Group's products and services, whose needs and feedback are vital.
- Employees and Trade Unions: The workforce and its representative bodies, essential for operational success and advocacy for workers' rights.
- Environmental Groups: Organizations focused on environmental protection and sustainability.
- Government Entities: Public institutions that regulate, collaborate with, or are impacted by the Group's operations.
- Human Rights Defenders: Individuals and groups advocating for the protection and promotion of human rights within and beyond the Group's activities.
- Investors: Shareholders and potential investors interested in the Group's financial health and sustainability initiatives.
- Local Communities: People and groups living in the areas where the Group operates—those directly affected by its activities.
- Media: Channels and platforms that communicate the Group's activities, initiatives, and impacts to a broader audience.
- NGOs and Civil Society Groups: Non-governmental and voluntary organizations advocating for various social, environmental, and economic causes.
- Partners and Collaborators: Other businesses and organizations that work with the Group to achieve mutual goals.
- Regulators and Policymakers: Authorities establishing the legal and regulatory framework within which the Group operates.
- Suppliers: Companies providing the Group with goods and services essential for its operations.
- Topic Experts: Specialists with deep knowledge in areas relevant to the Group's sustainability journey.
- Trade Associations: Industry groups that represent the collective interests of companies within the same sector.

Classification of Stakeholder Groups

The Group has meticulously assessed these stakeholder groups using the Power Interest Grid, which serves as a strategic tool for prioritizing engagement of stakeholders based on their level of interest in the Group's activities and their potential impact on the Group's sustainability journey (see Chart 1).

Chart 1 – Stakeholder Power Interest Grid

Stakeholder Map



This assessment has led us to a categorization of stakeholder groups into distinct larger groupings, each requiring different levels of engagement:

- Active consulting: This category includes Banks, Customers, Government Entities, Investors, Media, and Regulators and Policymakers. These stakeholder groups have high levels of interest and impact, necessitating close and continuous engagement to actively manage and foster these key relationships.
- Active consulting + improving engagement: Analysts and Audit Firms are the two groups in this quadrant. Although these stakeholders have a high impact, their level of interest might be moderate, suggesting a need for sufficient engagement to ensure their needs and concerns are addressed—without over-communicating.

- Keeping informed + further engagement: Stakeholders in the Trade Associations group have moderate levels of interest and impact, warranting regular updates to keep them informed and engaged with the Group’s activities and decisions.
- Further engagement: Employees and Trade Unions, Environmental Groups, Local Communities, Partners and Collaborators, and Suppliers are stakeholder groups with high interest but varying levels of impact. It is essential to keep these groups informed and supportive, ensuring their perspectives are considered in the Group’s sustainability efforts.
- Monitoring: Academia, Competitors, Human Rights Defenders, NGOs and Civil Society Groups, and Topic Experts have been

identified as stakeholder groups with low impact and interest in relation to the Group’s current sustainability focus. While these stakeholders may not require active engagement, they are still monitored in case their levels of interest or impact change.

The Group’s strategic approach to stakeholder engagement ensures that efforts and resources are allocated efficiently, fostering the relationships that are crucial for advancing its sustainability agenda. By understanding and responding appropriately to the varying levels of stakeholder interest and impact, the Group leaves itself better positioned to achieve its sustainability goals while maintaining robust and constructive stakeholder relations.

The Group has additionally classified stakeholder groups based on their

relevance as either disclosure stakeholders, affected stakeholders, or both (see Chart 2). This classification helps to tailor engagement strategies to meet the specific needs and concerns of each stakeholder classification effectively.

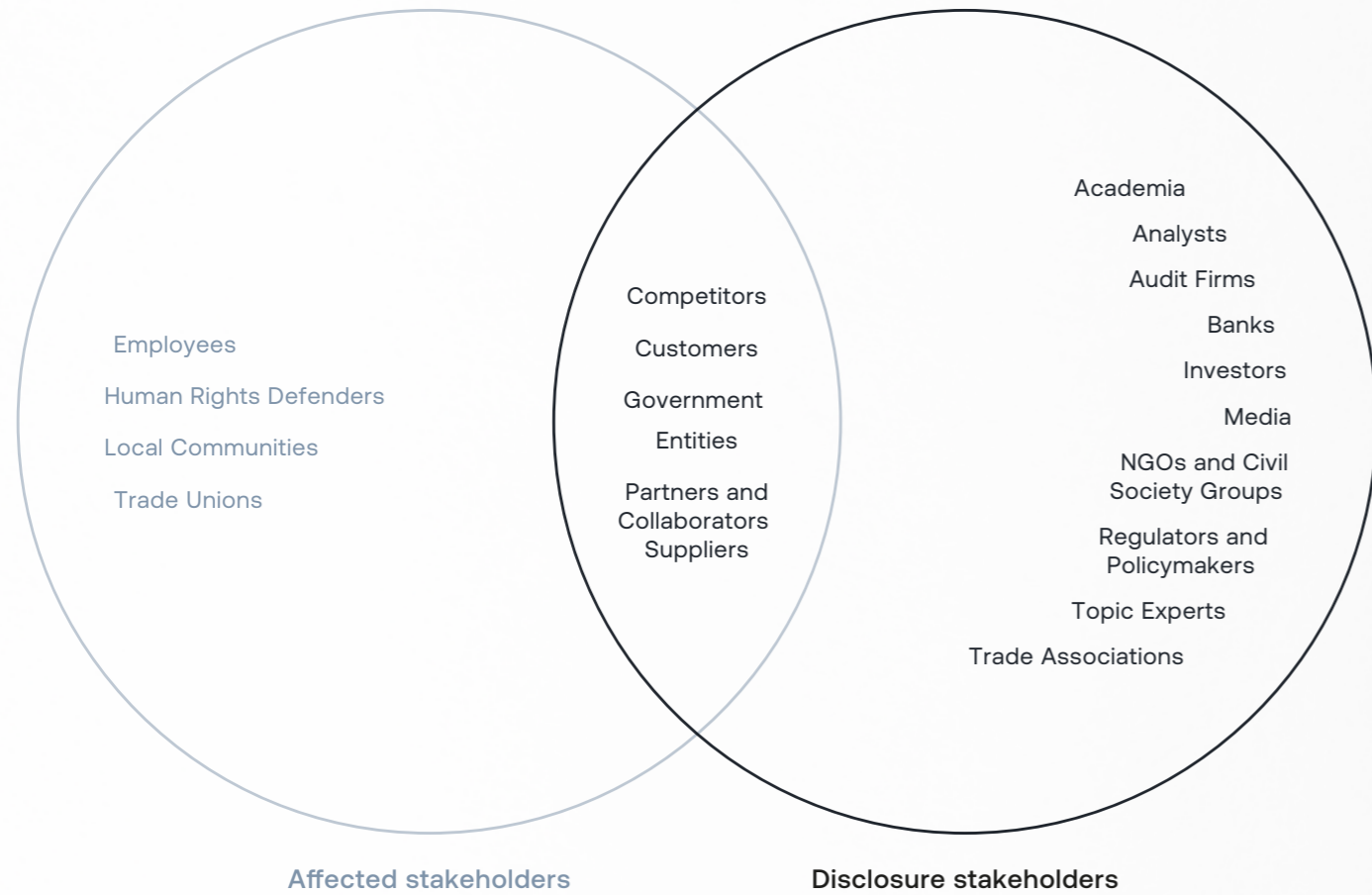
- Academia: Classified as a disclosure stakeholder. Members of academia are key for providing research and disseminating knowledge.
- Analysts: Identified as a disclosure stakeholder group. Analysts analyze and interpret the Group’s data and performance.
- Audit Firms: Considered as disclosure stakeholders, they validate and ensure the reliability of the Group’s reporting.
- Banks: As disclosure stakeholders, banks are crucial for understanding financial aspects and investment potential.
- Competitors: Classified as affected stakeholders, competitors are influenced by the Group’s industry practices.
- Customers: These are both affected and disclosure stakeholders. Customers are directly impacted by the Group’s products and services and are also a source of valuable feedback.
- Employees and Trade Unions: Categorized as affected stakeholders, they have a direct stake in the Group’s operational decisions and sustainability practices.
- Environmental Groups: Recognized here as affected stakeholders, their focus aligns with the Group’s environmental impact and policies.

- Government Entities: As both affected and disclosure stakeholders, they are involved in regulation and also require transparent communication.
- Human Rights Defenders: Classified as affected stakeholders, they are concerned with the Group’s practices related to human rights.
- Investors: Identified here as disclosure stakeholders, the Group’s sustainability performance is of interest for their investment decisions.
- Local Communities: Considered as affected stakeholders, they experience the direct social and environmental impacts of the Group’s operations.
- Media: As disclosure stakeholders, they disseminate information about the Group’s sustainability efforts to the public.
- NGOs and Civil Society Groups: Seen as disclosure stakeholders, they engage with the Group’s sustainability initiatives and impacts.
- Partners and Collaborators: Both affected and disclosure stakeholders. These stakeholder groups work closely with the Group and share a mutual interest in sustainability outcomes.
- Regulators and Policymakers: Recognized as disclosure stakeholders, they require information to ensure compliance and inform policy development.
- Suppliers: As both affected and disclosure stakeholders, they are involved in the supply chain and impacted by the Group’s sustainable procurement policies.

- Topic Experts: Classified here as disclosure stakeholders, they offer specialized insights into the Group’s sustainability practices.
- Trade Associations: Considered as disclosure stakeholders, they represent collective interests within the industry and share information among their members.

By differentiating stakeholders into these categories, the Group ensures that its engagement strategies are precisely targeted and effectively address the specific needs and interests of all stakeholders. This nuanced approach underpins the Group’s commitment to meaningful stakeholder interaction, forming a basis for collaborative and transparent dialogue in its sustainability journey.

Chart 2 – Classification of Stakeholder Groups



Identification of Specific Counterparties

Harnessing the insights derived from the Power Interest Grid, the Group has embarked on the next phase of its stakeholder engagement strategy by initiating the process of identifying specific counterparties within each of the identified stakeholder categories in its classification. This process will be conducted using the Saliency model, a framework that categorizes stakeholder groups based on their power, legitimacy, and urgency in relation to the Group’s operations.

The Saliency model will enable the Group to prioritize its stakeholders more granularly, understanding not just their level of interest and potential impact, but also the immediacy of their claims and the extent to which

relationships with these stakeholders are likely to influence the Group’s sustainability journey. This refined approach will allow the Group to tailor its engagement and communication strategies effectively, ensuring that the most significant and influential stakeholders are actively involved in shaping the Group’s sustainability initiatives.

By identifying specific counterparties through this model, the Group aims to deepen its stakeholder relationships, enhancing collaboration and fostering a shared commitment to sustainability. This strategic identification process will also support the Group in aligning its sustainability efforts with the expectations and needs of its key stakeholders, further integrating stakeholder insight into its corporate sustainability mission and practices.

Techniques for Stakeholder Engagement

Leveraging the outcomes of the Saliency Model assessment, the Group is poised to initiate detailed dialogues so as to ascertain the most pertinent topics for each individual stakeholder. These conversations, whether conducted through face-to-face discussions or structured questionnaires, are aimed at garnering a deeper understanding of stakeholder concerns and priorities.

To structure these engagements effectively, the Group will also be conducting a materiality assessment, aligning with the sustainability matters outlined in the European Sustainability Reporting Standards (ESRS) as described in the Commission Delegated Regulation (EU) 2023/2772 of

July 31, 2023. This assessment will serve as a strategic tool for identifying and prioritizing sustainability issues that are of material significance to both the Group and its stakeholders.

By applying the principles of the ESRS, the Group will ensure that its sustainability reporting and initiatives are comprehensive, focused, and aligned with the latest regulatory frameworks. This process will help to ensure that the Group’s sustainability efforts are responsive to stakeholder interests and impactful in terms of environmental, social, and governance (hereinafter also “ESG”) performance, thereby enhancing the Group’s contribution to sustainable development.

Frequency and Timing of Engagement Activities

The Group has established that the frequency and timing of its stakeholder engagement activities will be on an annual basis, with a commitment to maintaining continuous engagement throughout the year. This approach ensures regular and structured interactions with stakeholders, while also leaving room for ongoing communication to address emerging issues, gather timely feedback, and respond to stakeholder needs and insights as they arise. This sustained engagement is integral to the Group’s strategy of building and nurturing strong, collaborative relationships with its stakeholders, which is essential for driving its sustainability agenda forward.

Integrating Feedback into the Sustainability Strategy

The Group is committed to integrating stakeholder feedback into its sustainability strategy so as to ensure that it accurately reflects the relevance and concerns of individual topics for both internal and external stakeholders. This integration is essential for developing a strategy that is comprehensive and forward-looking while also being

attuned to the perspectives and priorities of those it impacts and those who have a stake in its operations. By doing this, the Group aims to strengthen the alignment between its business practices and the expectations of its stakeholder community, thereby enhancing the effectiveness and legitimacy of its sustainability initiatives.

Materiality Assessment

In its pursuit of excellence and as part of its commitment to sustainability, the Group continually strives to align its operations and strategic objectives with the highest sustainability standards. Understanding the multifaceted nature of its portfolio, which spans a variety of industries, the Group recognizes the necessity of a nuanced approach to its ESG initiatives. This involves not only acknowledging the unique challenges and opportunities inherent to each sector but also identifying and addressing the common threads that join our diverse companies under the umbrella of sustainability and responsible governance.

To this end, the Group has undertaken a comprehensive analysis of its portfolio, encompassing companies in industries ranging from Aerospace & Defence to Software & IT Services. The objective of this analysis was twofold: firstly, to understand the specific ESG issues pertinent to each industry, and secondly, to identify the overarching themes that are of paramount importance across its portfolio. By doing this, the Group has aimed to harmonize its sustainability efforts, ensuring that while each of its companies addresses its industry-specific challenges, the Group’s collective action resonates with a unified and impactful ESG strategy.

The methodology chosen involved a detailed examination based on the industry-specific SASB (Sustainability Accounting Standards Board) Stand-

ards, a framework that provides industry-specific benchmarks for reporting sustainable and socially responsible business practices. By mapping these standards against its portfolio of companies, the Group identified not only its diverse challenges but also the commonalities that present opportunities for shared learning, innovation, and collaboration.

The result of this meticulous process is the defining of seven key sets of materiality issues that are not only prevalent but also critical in their potential impact on our businesses and the wider community:

- Energy Management
- Materials Sourcing & Efficiency
- Product Design & Lifecycle Management
- Data Security
- Business Ethics
- Product Quality & Safety
- Waste & Hazardous Materials Management

The following chapters delve into each of these sets of issues, discussing their relevance, the challenges they present, and the strategies that the Group has implemented to address them.

Energy Management

Energy Management is a critical set of issues that runs across multiple industries within the Group's portfolio. This prominence underscores the vast energy demands associated with the Group's operations, ranging from manufacturing processes in Aerospace & Defence and Industrial Machinery & Goods to the data centers behind Software & IT Services. Effective energy management is pivotal not only in reducing operational costs but also in minimizing the Group's environmental footprint, complying with evolving regulatory standards, and fulfilling our corporate commitment to sustainability.

Current Challenges and Opportunities

- High Energy Consumption: Operations, especially in manufacturing and data-intensive sectors, are inherently energy-intensive. The challenge here lies in managing these demands while mitigating environmental impact and optimizing costs.
- Regulatory Compliance: In light of stringent regulations on emissions and energy efficiency, non-compliance can cause significant legal repercussions, financial penalties, and loss of reputation.
- Dependency on Non-Renewable Energy Sources: A substantial portion of energy consumption comes from non-renewable sources, posing risks related to price volatility, supply chain disruptions, and environmental concerns.
- Technological Transformation: The rapid pace of technological advancement offers opportunities to improve energy efficiency and switch to renewable energy sources. However, it also requires significant capital investment and organizational change management.

Strategic Initiatives

- Energy Efficiency Programs: Implementing energy-efficient technologies and practices in our facilities, such as LED lighting, high-efficiency heating and cooling systems, and energy management software, can significantly reduce energy consumption and costs.
- Renewable Energy Transition: Investing into renewable energy sources, such as solar, wind, and bioenergy, can diversify our energy mix, reduce dependency on non-renewable sources, and align our operations with sustainability goals. This initiative includes onsite renewable energy installations and the purchasing of renewable energy certificates (RECs).
- Process Optimization: Streamlining manufacturing processes and optimizing data center operations can lead to substantial energy savings. This initiative involves adopting lean manufacturing principles, improving equipment utilization, and employing data center infrastructure management (DCIM) solutions.

- Employee Engagement and Training: Cultivating a culture of energy consciousness among employees through training and engagement programs can lead to more energy-efficient behavior and identification of energy-saving opportunities at all levels of the organization.
- Monitoring and Reporting: Establishing robust systems for monitoring, measuring, and reporting energy usage and efficiency gains is crucial toward tracking progress, making informed decisions, and communicating our achievements to stakeholders.

Impact and Future Outlook

The Group's commitment to robust energy management practices positions it to significantly reduce operating costs, improve compliance with regulatory standards, and strengthen its reputation as a responsible and sustainable business. Moreover, it aligns with global efforts to combat climate change and transition toward a low-carbon economy. Looking forward, the Group will continue to explore innovative solutions, forge strategic partnerships, and engage with its stakeholders so as to advance energy-management objectives, thereby ensuring that its businesses remain competitive, resilient, and environmentally responsible within the evolving corporate landscape.

Materials Sourcing & Efficiency

Materials Sourcing & Efficiency issues are a pivotal concern in our portfolio and are especially pertinent in sectors like Aerospace & Defence, Auto Parts, and Industrial Machinery & Goods, wherein reliance on a wide array of materials is inherent to the business model. These issues encapsulate the challenges and opportunities related to the sustainable procurement and utilization of materials. Efficient and responsible materials sourcing is not merely a supply chain concern; it is a strategic imperative that affects our environmental footprint, operational resilience, and corporate reputation.

Current Challenges and Opportunities

- Supply Chain Complexity: The diverse range of industries in the Group involves complex, global supply chains. Managing these effectively requires transparency, ethical sourcing practices, and risk mitigation strategies, particularly in regions prone to environmental or social issues.
- Resource Scarcity and Volatility: Certain materials critical for operations are prone to scarcity and price volatility. This necessitates a strategic approach to sourcing, including considerations for alternative materials and recycling initiatives.
- Regulatory and Compliance Pressures: Increasingly stringent regulations regarding environmental impact, resource use, and materials sourcing require rigorous compliance measures and proactive engagement with regulatory developments.
- Innovation and Market Expectations: Stakeholders, including customers and investors, increasingly value sustainability. Innovation in materials efficiency and sustainability can thus both reduce costs and risks and differentiate the products of the Group on the market.

Strategic Initiatives

- Sustainable Sourcing Practices: Establishing and enforcing strict supplier standards for environmental and social practices ensures that the Group's sourcing activities align with its corporate values and compliance requirements. This involves regular supplier assessments, certifications, and audits.
- Materials Efficiency: Optimizing the use of materials in production processes through initiatives such as lean manufacturing, waste reduction programs, and recycling can lead to significant cost savings and environmental benefits.
- Alternative Materials and the Circular Economy: Exploring alternative materials that are more sustainable and less prone to supply chain disruptions, as well as embracing circular economy principles, can mitigate risks while also driving innovation.
- Supply Chain Transparency and Collaboration: Enhancing visibility throughout the supply chain and collaborating with suppliers and industry partners can lead to shared efficiencies, innovation in sustainable practices, and collective risk management.

- Technology Integration: Investing in technologies for supply chain transparency, advanced materials analytics, and automation can optimize materials sourcing and usage, leading to innovation and new operational efficiencies.

Impact and Future Outlook

By prioritizing Materials Sourcing & Efficiency issues, the Group is not just addressing operating risks and costs; it is standing as a conscious user of sustainable business practices. This commitment resonates with stakeholders and aligns with global trends: sustainability and responsible consumption.

Product Design & Lifecycle Management

Product Design & Lifecycle Management issues are fundamentally important within the Group's portfolio and are notably relevant in sectors like Aerospace & Defence, Auto Parts, and Industrial Machinery & Goods. These issues involve the challenges and opportunities associated with integrating environmental and social considerations into every stage of a product's lifecycle—from conception on through to disposal or recycling. This approach not only mitigates environmental impact but also aligns with consumer demands for sustainable products and regulatory trends pushing for greater accountability in product lifecycle management.

Current Challenges and Opportunities

- **Products' Environmental Impacts:** The products designed, manufactured, and sold by the Group have significant environmental footprints. Reducing these impacts through thoughtful design and lifecycle management is essential for sustainability and regulatory compliance.
- **Consumer and Regulatory Pressures:** There is a growing demand from consumers for sustainable products, paralleled by an increase in regulations focused on product sustainability, such as extended producer responsibility (EPR) and circular economy initiatives.
- **Innovation and Competitive Advantage:** Integrating sustainability into product design and lifecycle management presents an opportunity for innovation, allowing the companies of the Group to differentiate their products in a competitive market.
- **Cost Management and Efficiency:** Effective lifecycle management can help to cut costs by reducing materials use, optimizing production processes, and minimizing waste and disposal costs.

Strategic Initiatives

- **Sustainable Design Principles:** Implementing principles of sustainable design, such as materials minimization, energy efficiency, and recyclability, from the earliest stages of product development. This initiative includes the use of lifecycle assessment (LCA) tools to evaluate and reduce environmental impacts.
- **Circular Economy and Product Stewardship:** Developing products with the circular economy in mind, focusing on durability, repairability, and the ability to recycle or repurpose a product at the end of its lifecycle. Engaging in product stewardship programs that take responsibility for a product's entire lifecycle.
- **Supply Chain Collaboration:** Working closely with suppliers to ensure the sustainable sourcing of materials and to innovate in the use of alternative, less environmentally damaging materials.
- **Customer Engagement and Education:** Engaging with customers on products' sustainability aspects, including how to use and dispose of products responsibly, and offering take-back or recycling programs to facilitate the circular economy.

- **Regulatory Compliance and Beyond:** Complying with existing regulations regarding product design and waste, while also anticipating future trends and regulations so as to stay ahead of compliance requirements and leverage first-mover advantages.

Impact and Future Outlook

By prioritizing Product Design & Lifecycle Management issues, the Group is committing to a future where its products both meet the current needs of its customers and do so in a way that is responsible, sustainable, and forward-thinking. Looking forward, the Group will continue to innovate in product design, lifecycle management, and circular economy practices, ensuring that its products contribute positively to the environment and society while delivering value to customers and stakeholders.

Data Security

In our increasingly digitalized world, Data Security issues have emerged as a critical concern across the diverse portfolio of the Group—particularly vital for companies in the Software & IT Services, Aerospace & Defence, and Professional & Commercial Services sectors. These issues highlight the paramount importance of safeguarding sensitive information against unauthorized access, data breaches, and cyber threats. Effective data security practices are essential not only for protecting intellectual property and customer information but also for maintaining trust, ensuring compliance with global data protection regulations, and mitigating risks to finances and reputation associated with data breaches.

Current Challenges and Opportunities

- **Evolving Cyber-threat Landscape:** The rapid advancement of technology and the sophistication of cyber threats pose continuous challenges to data security. Staying ahead of potential vulnerabilities and threats is crucial for protecting sensitive data.
- **Regulatory Compliance:** With stringent data protection laws like the GDPR in Europe and various national regulations in place worldwide, compliance is becoming a complex, evolving challenge. Non-compliance can result in significant fines and loss of reputation.
- **Digital Transformations:** As companies undergo their digital transformations, the proliferation of data across platforms and devices is expanding their potential attack surface. Ensuring comprehensive data security in this context is a formidable task.
- **Stakeholder Trust:** Customers, partners, and regulators have heightened expectations for data protection. Maintaining their trust requires more than just compliance with laws—we must demonstrate a proactive, transparent approach to data security.

Strategic Initiatives

- **Advanced Security Technologies:** Implementing state-of-the-art security technologies, including encryption, intrusion detection systems, and multi-factor authentication, to protect against unauthorized access and data breaches.
- **Cybersecurity Awareness and Training:** Developing a culture of cybersecurity awareness among employees through regular training and simulations. Employees should be equipped to recognize and respond to security threats, as these people are often the first line of defence.
- **Incident Response and Recovery Plans:** Establishing comprehensive incident response plans to quickly address and mitigate the impacts of data breaches. This includes regular testing and updates to ensure effectiveness in a dynamic threat environment.
- **Data Privacy and Protection Policies:** Creating clear policies and procedures for data privacy and protection, informed by global best practices and regulatory requirements. This also involves regular audits and updates to reflect the evolving privacy landscape.

- **Stakeholder Engagement and Transparency:** Communicating with stakeholders about data security practices, breaches, and protective measures fosters transparency and trust. This includes clear reporting on incidents and ongoing efforts to enhance data security.

Impact and Future Outlook

By prioritizing Data Security issues, the Group is protecting its assets and complying with regulations while reinforcing its commitment to ethical business practices and stakeholder trust. In the face of an ever-evolving cyber-threat landscape, a proactive and comprehensive approach to data security positions the Group as a resilient, trustworthy partner and service provider. Moving forward, the Group will continue to invest in advanced security technologies, employee training, and stakeholder engagement so as to better navigate the complexities of data security in the digital age. The primary goal here is to not just respond to threats, but also anticipate and prevent them, ensuring data integrity and confidentiality and maintaining the unwavering trust of customers, employees, and partners.

Business Ethics

Business Ethics is a fundamental pillar of the Group's corporate governance and operational philosophy, crucial across all sectors of its portfolio but particularly significant in industries such as Aerospace & Defence, Professional & Commercial Services, and Software & IT Services. The focus on Business Ethics reflects the Group's commitment to doing business with integrity, transparency, and accountability. We live in an era where ethical considerations significantly influence customer decisions, investor relations, and regulatory compliance, and so upholding the highest standards of ethics is not merely a compliance requirement: it is a strategic asset that fosters trust, loyalty, and long-term success.

Current Challenges and Opportunities

- Global Compliance and Regulatory Landscapes: Navigating the complex web of international laws and regulations, including anti-corruption, anti-bribery, and fair competition laws, presents ongoing challenges. Compliance is fundamental, but the ethical commitment of the Group transcends mere adherence to legal requirements.
- Supply Chain Integrity: Ensuring ethical practices throughout the extensive global supply chains of the Group demands rigorous due diligence, continuous monitoring, and collaboration with partners who share our ethical standards.
- Corporate Culture and Employee Behavior: Fostering a culture where ethical practices are ingrained in every decision and action requires continuous effort, including training, communication, and a clear ethical framework for decision-making.
- Transparency and Accountability: Stakeholders increasingly demand transparency in business operations and decision-making processes. Meeting these expectations requires robust mechanisms for accountability and open communication.

Strategic Initiatives

- Ethical Standards and Codes of Conduct: Developing and enforcing comprehensive ethical standards and codes of conduct that guide behavior and decision-making across all levels of the organization. This includes clear policies on conflicts of interest, bribery, and corruption.
- Training and Awareness Programs: Implementing regular, mandatory training programs for all employees to reinforce ethical standards, ensure understanding of regulatory requirements, and cultivate a culture of integrity.
- Ethics and Compliance Oversight: Establishing dedicated ethics and compliance teams or officers to oversee ethical practices, conduct audits, and ensure adherence to internal and external ethical standards. These bodies also serve as a resource for employees, offering guidance and confidential reporting mechanisms for ethical concerns.
- Supplier and Partner Background Checking: Conducting thorough background checks of suppliers and partners to ensure alignment with ethical standards. This includes ongoing monitoring and collaboration to address any ethical issues that may arise in the supply chain.

- Stakeholder Engagement: Engaging with stakeholders through transparent reporting, open dialogues, and responsiveness to feedback on ethical matters. This helps to build trust and demonstrates the Group's commitment to ethical business practices.

Impact and Future Outlook

The Group's Business Ethics commitment fortifies its reputation, mitigates risks, and cultivates trust among customers, employees, investors, and the communities where it operates. By embedding ethical considerations into its corporate culture and business operations, the Group not only navigates the complexities of the global business environment more effectively but also sets a standard for integrity and ethical leadership in relevant industries. Looking forward, the Group remains dedicated to continuous improvement in its ethical practices, ensuring that it will not only succeed in the marketplace, but do so in a manner reflecting its core values and commitment to doing what is right.

Product Quality & Safety

Product Quality & Safety is an indispensable priority area within the Group's portfolio; it is notably crucial for sectors like Aerospace & Defence, Auto Parts, and Toys & Sporting Goods. This set of issues underscores the imperative of delivering products that meet and exceed regulatory standards and customer expectations for quality and safety. In industries where the end products are integral to consumer safety and operational reliability, maintaining high quality and safety standards is essential. It protects against reputational risks, legal liabilities, and ensures customer trust and satisfaction.

Current Challenges and Opportunities

- Regulatory Compliance and Standards: Navigating the complex landscape of global regulatory requirements and industry standards for product quality and safety presents a continuous challenge. Compliance ensures market access and is fundamental for customer trust.
- Technological Complexity and Innovation: As products become more technologically advanced, ensuring their safety and reliability becomes an increasingly complex task. This requires robust design, testing, and quality assurance processes.
- Supply Chain Integrity: Quality and safety are not just a matter of final product inspection; they are integral for every stage of the supply chain. Ensuring the integrity and reliability of suppliers and components is critical.
- Customer Expectations and Market Differentiation: Consumers are more informed and demanding than ever regarding product quality and safety. Excelling in these areas can serve as a key differentiator in competitive markets.

Strategic Initiatives

- Comprehensive Quality Management Systems (QMS): Implementing and maintaining rigorous QMS, certified by international standards such as ISO 9001, ensures consistent quality and safety across all products and processes. These systems facilitate continuous improvement and compliance with global standards.
- Advanced Testing and Simulation Technologies: Utilizing state-of-the-art testing and simulation technologies to anticipate and mitigate potential failures before products reach the market. This includes everything from digital twins to stress testing under various conditions.
- Supplier Quality Assurance Programs: Establishing strict quality and safety criteria for suppliers, coupled with regular audits and assessments, ensures the integrity of the supply chain. Building strong relationships with suppliers fosters a shared commitment to quality and safety.
- Customer Feedback Loops and Post-Market Surveillance: Actively engaging with customers to gather feedback on product performance and safety, and implementing post-market surveillance mecha-

nisms, helps with quickly identifying and addressing any issues, thereby improving product quality and safety over time.

- Employee Training and Engagement: Ensuring that employees at all levels are trained in quality and safety standards, and are engaged in the company's quality culture, reinforces the importance of these principles in every aspect of operations.

Impact and Future Outlook

The Group's commitment to the Product Quality & Safety area is not just a compliance obligation; it is a core value that drives the operational excellence and innovation of the Group. By embedding quality and safety into every facet of its operations, from design and manufacturing to supply chain management and customer engagement, the Group not only mitigates risks but also enhances its brand reputation and customer loyalty. Looking ahead, the Group will continue to leverage technological advancements, foster a culture of quality, and engage with stakeholders to set new benchmarks for product quality and safety in the relevant industries, ensuring delivery of safe, reliable, and high-quality products.

Waste & Hazardous Materials Management

Waste & Hazardous Materials Management is a critical environmental and operational area for the diverse portfolio of the Group and is especially pertinent in sectors such as Aerospace & Defence, Industrial Machinery & Goods, and Auto Parts. This set of issues reflects the challenges and responsibilities associated with the generation, handling, and disposal of waste and hazardous materials. Effective management of these materials is not only a regulatory requirement but also a crucial component of environmental stewardship, risk mitigation, and sustainable business practices. Their proper handling can prevent environmental pollution, safeguard public health, and enhance corporate reputation.

Current Challenges and Opportunities

- **Regulatory Compliance:** Stringent regulations govern the disposal and management of waste and hazardous materials. Compliance is complex and varies among geographies, requiring detailed knowledge and adherence to local, national, and international laws.
- **Environmental and Health Risks:** Improper management of hazardous materials and waste can lead to significant environmental and public health risks, including pollution of air, water, and soil and adverse effects on biodiversity.
- **Operational Costs and Efficiency:** The management of waste and hazardous materials involves significant costs. Optimizing this process can bring operational efficiencies and cost savings while reducing environmental impact.
- **Sustainability and Corporate Responsibility:** Stakeholders increasingly demand responsible environmental practices. Effective waste and hazardous materials management is a key aspect of demonstrating a commitment to sustainability and social responsibility.

Strategic Initiatives

- **Minimization and Prevention:** Implementing processes and technologies that reduce the generation of waste and hazardous materials at the source. This includes adopting lean manufacturing principles and using material substitutions and process redesigns to minimize waste.
- **Recycling and Recovery:** Developing systems for recycling and recovering materials from waste streams. This not only reduces the need for disposal but also turns waste into valuable resources, supporting circular economy principles.
- **Safe Disposal Practices:** For waste and materials that cannot be reused or recycled, ensuring that disposal practices meet the highest standards of environmental protection and safety. This involves selecting certified disposal partners and utilizing advanced treatment technologies.
- **Employee Training and Engagement:** Educating employees about the importance of waste and hazardous materials management, and their roles in minimizing and safely handling these materials. A well-informed workforce is critical to implementing effective management practices.

- **Stakeholder Collaboration:** Collaborating with suppliers, customers, and industry partners to improve waste management practices across the supply chain. Sharing best practices and innovations can lead to industry-wide improvements in sustainability.

Impact and Future Outlook

- By prioritizing Waste & Hazardous Materials Management issues, the Group is not only complying with rigorous environmental regulations but also taking proactive steps toward minimizing its environmental footprint. This commitment is crucial for the Group's risk management strategy, operational efficiency, and corporate social responsibility. Looking ahead, the Group will continue to innovate in waste reduction and materials recovery, seek new opportunities for collaboration, and remain transparent with its stakeholders about its progress in this area. Its main goal is to lead by example, demonstrating how responsible waste and hazardous materials management can contribute to a more sustainable and resilient future for the businesses and the communities the Group serves.

Group Management

Appointment of Members of the Board of Directors with Relevant Professional Knowledge and Experiences

In 2023, the Group embarked on a strategic initiative to elevate the significance of ESG within its operational and strategic framework. This initiative was characterized by an extensive series of internal discussions that culminated in the nomination of ESG-responsible members to the boards of directors of all the executive companies within the Group. This pivotal decision underscores the Group's recognition of the critical importance of ESG matters and ensures that these considerations are at the forefront of strategic decision-making processes at the highest management levels.

By ensuring that top management is equipped with the necessary knowledge and expertise to understand and navigate the complexities of ESG-related risks and impacts, the Group aims to foster a corporate culture where sustainability is not just a compliance requirement, but a strategic opportunity for innovation and leadership in corporate responsibility.

Furthermore, this commitment to ESG at the board level sets the stage for the Group's forays into more innovative remuneration strategies. Specifically, the Group is assessing the feasibility of implementing remuneration policies tied directly to ESG performance metrics, slated for introduction in 2025. This forward-thinking approach aims to create a direct link between executive compensation and the achievement of ESG goals, incentivizing Group leaders to prioritize sustainability in their decision-making processes. Such remuneration strategies represent a significant paradigm shift toward aligning financial incentives with sustainable outcomes, reinforcing the Group's dedication to accountability and excellence in ESG practices.

This initiative marks a significant milestone in the Group's journey toward sustainability, demonstrating a clear commitment to not only understanding, but also actively managing the environmental and social impacts of its operations.

Integration of Sustainability as a Key Part of The Group's Management Structure

Sustainability Committee

The Group has established a Sustainability Committee, consisting of seven top managers, to serve as the primary governing body for ESG matters. This committee meets monthly to manage the ESG agenda, ensuring that the Group's actions remain in steadfast alignment with its sustainability objectives. It holds the authority to approve ESG strategies, documents, and roadmaps, guiding the Group toward enhanced sustainability practices.



Serge Damian

Chief Sustainability Officer

Serge leads the Group's sustainability agenda, ensuring alignment with regulations and board directives. He engages with both internal and external stakeholders to manage expectations, oversees disclosure practices, monitors ESG performance year-over-year, and manages regulatory expectations.



David Chour

Chief Operating Officer (COO)

David has been tasked with embedding sustainability into the Group's organizational values. He liaises with the Board, various committees, and teams on ESG matters and is responsible for our commitment to and rollout of the Sustainability Strategy.



Zdeněk Jurák

Group Chief Financial Officer (CFO)

Zdeněk integrates ESG metrics into financial reporting, manages the budget for sustainability projects, and engages with investors on ESG metrics and performance. He identifies the financial risks associated with ESG issues, supports sustainable innovation, collaborates on ESG initiatives, and ensures compliance with fiscal regulations related to sustainability.

Alongside the Sustainability Committee, the Group has strategically established a dedicated Sustainability Department, led by the Chief Sustainability Officer, to underscore its commitment to ESG principles. This department centralizes the Group's sustainability efforts, ensuring that all initiatives align with the latest ESG regulations and standards. By coordinating these initiatives throughout the Group, the department plays a crucial role in integrating sustainability into the Group's core business processes and strategic decision-making. This



Alena Kozáková

Group Human Resources Director

Alena is responsible for developing and implementing strategies for diversity, equity, and inclusion (DEI). She promotes employee engagement and well-being, fosters a culture of ethics and integrity, and ensures that our HR practices comply with ESG-related laws and regulations.

structure enables the Group to effectively manage its sustainability agenda, driving forward practices that not only meet regulatory expectations but also contribute positively to global sustainability goals. Through this centralized approach, the Group ensures the cohesive and comprehensive integration of sustainability principles, enhancing its ability to respond to environmental challenges, social responsibilities, and governance demands.



Michaela Katolická

Chief Executive Officer (CEO)
of CSGM a.s.

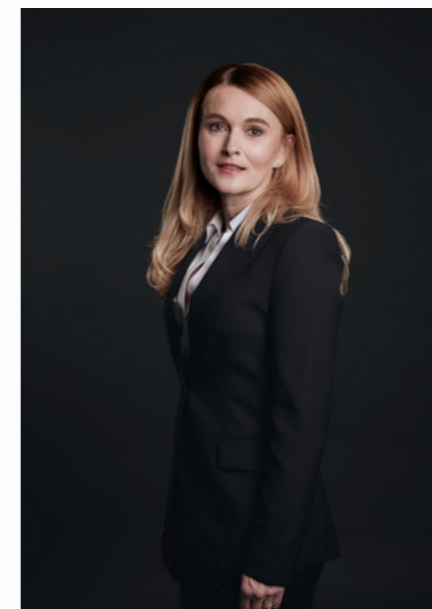
Michaela integrates ESG into our operations, advocating for innovation in decarbonization, and engages with regional and global alliances for knowledge exchange. She oversees our organization's sustainability commitments.



Milan Franc

Chief Executive Officer (CEO)
of CSG DEAL a.s.

Milan develops and implements sustainable procurement strategies, ensuring supply chain transparency and promoting ethical sourcing. He monitors supplier ESG performance and provides progress reporting.



Kateřina Petko

Group Chief Communication
and Marketing Officer

Kateřina Petko incorporates ESG into the organization's sales, marketing, and communication strategies so as to strengthen its ESG narrative. She builds ESG partnerships, leverages credentials, and monitors ESG impact at both the product and organizational levels.

Risk Management and Regulatory Compliance

The Group's management and ownership structure are described in detail in the 2023 Annual Report.

To bolster effective governance, the Group has embraced the internal CSG Corporate Governance Code, aligning with the principal standards set forth in the 2018 CSG Corporate Governance Code by the Institute of Members of Administrative Bodies. This embracement reflects international corporate governance norms, particularly the OECD/G20 Corporate Governance Principles established in 2015. The

Code forms a core part of the Group's internal standards, underscoring its commitment to high-level governance practices. The Group employs diverse methodologies to manage both risks and opportunities, showcasing its proactive and strategic approach to navigating the complexities of corporate governance and regulatory compliance. This multifaceted risk management strategy ensures that the Group remains agile and responsive in a dynamic regulatory environment, safeguarding its operational integrity and strategic objectives.

Sustainability Risk Assessment

Financial Consequences, Risks and Opportunities Arising from Climate Change

The Group has a profound understanding of the critical role that environmental protection and sustainable development play in its operational framework. Recognizing the multifaceted challenges and opportunities that climate change presents, the Group, through its Sustainability Committee's monthly meetings, is committed to an ongoing, rigorous assessment of potential climate-related and other impacts on its operations, financial performance, and strategic direction. This evaluation is not conducted in isolation but involves an inclusive approach that includes collaboration with a broad spectrum of stakeholders.

This stakeholder engagement process, which is set to intensify in 2024, ensures a comprehensive understanding of the external and internal climate-related risks and opportunities. By incorporating insights from a variety of stakeholders, the Group can adopt a more holistic view of the environmental landscape in which it operates, making its risk assessment processes more robust.

The Group's approach to assessing these risks and opportunities includes a financial analysis aimed at understanding the potential economic impacts on its activities. This proactive financial planning allows the Group to deftly navigate the complexities of climate change, identifying strategic opportunities to innovate and adapt its business model for enhanced resilience and sustainability.

The Group is additionally committed to integrating the outcomes of these

assessments into its long-term strategic planning. By doing so, it aims to not only mitigate identified risks but also leverage potential opportunities arising from the evolving climate scenario. The Group's strategic initiatives are focused on minimizing environmental impact and ensuring the sustainability of its operations, aligning with the highest standards of environmental stewardship and corporate responsibility.

Tax Strategy

The Group has developed a comprehensive tax strategy that underscores its commitment to legal compliance, risk minimization, and tax efficiency across all its operations. This strategy is systematically reviewed and approved by the Board of Directors—a process that signifies the Group's dedication to maintaining transparency, credibility, and stability in its tax dealings. The governance of this strategy is entrusted to the Chief Finance Officer (CFO), who plays a pivotal role in ensuring its alignment with the Group's overarching business objectives and regulatory mandates.

Central to the Group's tax strategy is its integration with the Group's business and sustainability strategies, particularly emphasizing its strategic goal named "Risk Management and Regulatory Compliance." This integration is not merely procedural; it reflects a deep-seated philosophy within the Group, whereby tax governance is viewed as essential to the Group's sustainability and long-term success. The strategy involves taking a proactive approach to identifying and mitigating tax risks, leveraging tax incentives, and ensuring compliance with tax obligations in a manner that supports the Group's sustainability objectives.

Moreover, the Group's tax strategy includes a robust framework for the evaluation and assessment of tax obligations and strategies to ensure compliance with applicable laws and regulations. This includes a careful examination of significant transactions and the establishment of processes across CSG's companies to minimize tax risks while maximizing tax efficiency. Early assessments of transactions, engagement with tax professionals, and incorporation of their insights into decision-making processes are key components of this strategy. These measures facilitate the establishment of tax-correct conditions, particularly concerning consultancy services, gifts, sponsorship contributions, and the preparation of tax statements, thereby reinforcing the Group's commitment to ethical tax practices and responsible corporate governance.

This detailed and professional approach to tax strategy underscores the Group's recognition of the importance of tax governance in achieving its business and sustainability goals, ensuring that the group remains compliant, efficient, and socially responsible in its tax practices.

Mitigation of Sustainability Related Risks

Compliance Program

The Group's Compliance Program embodies a comprehensive framework of internal measures and procedures meticulously designed to pre-empt, identify, address, and foster cooperation regarding potential illegal or unethical conduct within the Group. At its core, the program's objective is twofold: ensuring the legality of the Group's activities while publicly affirming CSG's commitment to ethical and moral business standards.

The program's functionalities can be categorized into three primary areas:

- **Prevention:** This foundational layer focuses on averting illegal or unethical behavior through education, training, and the establishment of clear policies and guidelines. By instilling a culture of integrity and ethical business conduct, the program seeks to minimize the risk of compliance violations from the outset.
- **Detection:** Utilizing a blend of internal controls, audits, and whistleblower systems, this aspect of the program is dedicated to the early identification of potential compliance breaches. It emphasizes the importance of vigilance and transparency within the organization, enabling prompt detection and intervention.
- **Reaction:** When a compliance violation is detected, program measures ensure that the Group is equipped to respond effectively and appropriately. This involves conducting thorough investigations, taking corrective actions to address and rectify the issues at hand, and implementing measures to prevent future occurrences.

The fourth critical component of the program is collaboration. Recognizing that compliance is a collective responsibility, this area fosters a culture of cooperation both within individual companies and across the entire Group. It encourages open communication and sharing of best practices, ensuring that compliance efforts are unified and effective across all levels of the organization.

Together, these components form the backbone of the Group's Compliance Program, reflecting a proactive approach to maintaining high standards of legal and ethical conduct. Through this comprehensive system, the Group not only safeguards its operations against legal and ethical risks but also reinforces its commitment to operating responsibly and sustainably in all aspects of its business.

Preventive Measures

Risk Assessment

Risk assessment serves as a foundational activity crucial for the effective management and mitigation of non-compliance risks. This ongoing process involves the proactive identification, monitoring, evaluation, quantification, and, where necessary, mitigation of both internal and external risks stemming from the Group's daily business operations. Compliance risks, once identified, are communicated to CSG's statutory bodies to ensure informed decision-making. Conducted at minimum annually—or more frequently in response to significant changes in activities, legislation, or other factors affecting the compliance landscape—these assessments are tailored to the unique risk profiles of each CSG company. This customized approach acknowledges the qualitative and quantitative differences in

risks faced by the individual entities within the Group, ensuring that risk management strategies are precisely calibrated to address specific vulnerabilities and challenges.

Code of Ethics and Related Regulations

The Group's Code of Ethics stands as the cornerstone of its Compliance Program, articulating the ethical standards mandated across the holding company. It mandates adherence by all employees, management, and Board of Directors members within individual CSG companies. Certain provisions also extend to specific employee groups (e.g., traders) and external parties (e.g., suppliers and dealers) in both the Czech Republic and other countries where CSG operates. Publicly accessible on the CSG website in both Czech and English, the Code of Ethics is complemented by various internal regulations tailored to the unique activities of each CSG company. These regulations encompass a wide array of operational and ethical guidelines, including those for workplace and organizational regulations, document handling, health and safety, personal data protection, information security, and more, ensuring a comprehensive and effective compliance framework.

In 2023, as in the previous year, the Group reported no instances of information leakages, thefts, or losses of customer data, underscoring its commitment to data protection and the stringent measures in place to safeguard customer information. CSG's responsible approach to data security involves strict standards and procedures designed to ensure the confidentiality and security of customer data, with ongoing efforts and investments aimed at minimizing the risks associated with data processing.

Due Diligence of Business Partners

Due diligence of business partners within the Group represents a comprehensive framework, essential for the proactive mitigation of risks prior to formalizing any business relationships. This process, colloquially termed the "know your partner" approach, extends beyond mere transactional assessments to include a deep dive into the backgrounds of potential suppliers and customers. It is crafted to ascertain the reliability of these entities, significantly reducing information uncertainty and mitigating potential risks to finances, security, and reputation that might arise from unwise legal ties.

The due diligence process encompasses an array of investigative measures, including but not limited to thorough background checks. These checks scrutinize an extensive list of criteria such as connections with sanctions lists, historical data concerning debt collections, and the evaluation of any potential conflicts of interest. This rigorous scrutiny ensures that every aspect of a potential partner's historical and operational backdrop is considered, from their financial stability and legal standing to their adherence to ethical standards.

Moreover, this verification process is not a one-time assessment but rather a continuous monitoring strategy to ensure the ongoing compliance and reliability of business partners. This dynamic approach allows the Group to swiftly respond to any changes in a partner's status that might affect their risk profile, thereby maintaining the integrity and security of the Group's business operations.

Information

The Group prioritizes a comprehensive compliance education program for its employees and members of its elected bodies, emphasizing the significance and mechanisms of compliance,

company values, and corporate culture. These educational initiatives stress the importance of understanding the rationale behind compliance regulations, adherence methods, the company's core values, and the broader corporate culture that defines CSG.

Training sessions are systematically organized, to ensure that all employees receive thorough instruction on these critical compliance aspects from the outset of their employment, with subsequent refresher courses conducted at least once every three years. This structured approach guarantees that the Group's workforce remains informed about evolving compliance standards and internal guidelines.

The documentation of training attendance and content, archived in alignment with each company's specific internal regulations, ensures accountability and facilitates ongoing compliance monitoring. This archival process is vital for maintaining a transparent and verifiable record of the Group's commitment to compliance education.

In its pursuit of excellence in compliance training, the Group has established a collaborative relationship with Transparency International. This partnership leverages the expertise of the renowned international non-profit NGO to enhance the effectiveness, relevance, and impact of the Group's training programs. Through this collaboration, CSG benefits from best practices and innovative strategies in anti-corruption and compliance, further strengthening its educational offerings.

Moreover, the Group strongly emphasizes human rights and the safety of employees and other stakeholders. This commitment includes the training of all security personnel, ensuring they are well-equipped to promote the protection of human rights and security within Group activities. Specialized training for security staff focuses on equipping them with the

knowledge and skills necessary to uphold the highest standards of safety and human rights protection in their daily operations.

Communication

Communication is a pivotal aspect of the Group's Compliance Program, serving not just as a method of dissemination but as a proactive compliance tool in itself. The Group ensures that the program is effectively communicated beyond its employee base, reaching out to the broader public to enhance transparency and awareness of its commitment to compliance and ethical standards. This is executed through strategic displays of the Code of Ethics, such as in the entrance areas of company premises, and through its inclusion in marketing activities and any internal publications that the group may issue. This multifaceted communication strategy is designed to make all stakeholders, including third parties, fully aware of the existence and importance of the Compliance Program, thus embedding the Group's ethical principles into its corporate identity and everyday operations.

Detection Measures

Whistleblowing

Employees, contractors, shareholders and members of the organization's elected bodies and other third parties interested in the organization's activities may report suspected violations of law through its Ethics Hotline in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council, on the protection of whistleblowers, and related Czech legislation ("Legislation"), or any violations of the ethical standards to which the Company is committed. Reports may also be made anonymously. Whistleblowers identified in the Legislation are guaranteed rights under the Legislation, in particu-

lar protection of their identity and protection from retaliation. All notifications are dealt with confidentially and impartially, and a whistleblower is informed of the outcome of the investigation if they remain in contact with us.

The Group's ET-LINK web platform is recommended by the Group as the most effective means for stakeholders to report concerns while maintaining the option for complete anonymity. It ensures that individuals can raise concerns without fear of retaliation. Upon submission, reports are rigorously assessed for validity and investigated by an independent expert through this web-based system, ensuring that each report is handled with the utmost integrity and objectivity.

The ET-LINK platform is designed to be highly accessible and user-friendly, ensuring that individuals can report concerns anytime and from anywhere. It is operational 24/7 and can be accessed through both web and mobile applications, available on Google Play and the App Store, making it conveniently accessible on a wide range of devices. To protect whistleblowers' anonymity, the platform supports confidential follow-up communications, including document submissions, enabling individuals to stay informed about the progress of their reports without compromising their identity. Additionally, ET-LINK features a personalized reporting form along with detailed instructions on how to initiate and proceed with a report, guiding users through the reporting and communication process efficiently.

An ET-LINK complaint can be made:

- As a report made by recording a phone message at the number: +420 234 708 465
- In person to the relevant contact, i.e. Mgr. Milan Stupka, tel. +420 725 040 176, etika@czechoslovakgroup.com

- Through the external reporting system established by the Ministry of Justice of the Czech Republic; see <https://oznamovatel.justice.cz>

Internal Investigations

The Group has instituted a robust internal investigation mechanism to address any instances of unfair behavior or suspicions thereof within its operations. This procedure allows for investigations to be triggered not only based on complaints received through the whistleblowing channel but also as a result of findings from regular monitoring activities, audits, and management reviews. This comprehensive approach ensures that any potential misconduct is promptly identified and thoroughly investigated, maintaining the integrity and ethical standards of the Group's business practices.

Control Activity and Monitoring

The Group has established control and monitoring measures to ensure effective implementation and adherence for its Compliance Program across all entities within the Group, tailored to their specific risk profiles. This monitoring activity is crucial for evaluating the efficacy of the Compliance Program, focusing on its actual application and compliance within various sectors of the Group. Through this process, the Group ensures that the principles and practices outlined in the Compliance Program are not only formally adopted but also actively followed, reinforcing a culture of integrity and ethical business conduct.

Reaction Measures

Labor-law Consequences

Throughout the Group, the importance of adhering to compliance rules is underscored through clearly defined labor law consequences, which are meticulously aligned with applicable

labor legislation. This framework of accountability extends across all levels of the organization, from ordinary employees to those in the upper levels of management and members of management and control bodies. Emphasis is placed on ensuring that any deliberate disregard for compliance rules—be it through failing to prevent non-compliant behavior, hindering the detection process, or obstructing investigations—is met with appropriate disciplinary action. This rigorous approach highlights the Group's commitment to maintaining a high standard of ethical conduct and legal compliance, fostering an organizational culture where integrity and responsibility are paramount.

The Group implements a structured approach to the handling of Compliance Program breaches, categorizing consequences based on the severity of a breach. Factors such as voluntary reporting of non-compliance are considered favorably, potentially mitigating consequences. These consequences can range from reprimands and temporary job reassignments to more severe actions such as removal from office, bonus withdrawals, employment termination, or mandatory control tests for breached areas, including checks for alcohol and other substances. This tiered system underscores the Group's commitment to accountability and the maintenance of high ethical standards.

Avoiding Harmful Effects and Recurrence

Upon detecting a breach of the Compliance Rules, Group companies are obligated to prevent the involved party from engaging in illegal activities. If such an act has occurred, the given company must swiftly enact measures to avert or mitigate any adverse outcomes.

In 2023, the Group maintained an exemplary record with no recorded

cases of violations concerning product and service labeling or marketing communications regulations. This achievement reflects the Group's commitment to upholding the established standards and policies integral to its risk management and regulatory compliance efforts, demonstrating its dedication to ethical practices and legal adherence across all facets of its operations.

Combating Corruption and Bribery

The struggle against corruption and bribery is fundamental for the Group's Compliance Program, emphasizing a zero-tolerance policy toward corrupt practices among its employees. Especially within the Group's sales and marketing departments, employees are mandated to communicate its anti-corruption policies to external partners, including dealers and suppliers.

Responsibility for the program's implementation rests with the Board of Directors, ensuring oversight and alignment with the Group's strategic vision. The operational execution of this program is entrusted to the Compliance Department, a dedicated team with direct access to the Board of Directors, tasked with the continuous integration of ethics and anti-corruption measures across all facets of the Group.

This department plays a pivotal role in evaluating business opportunities and negotiations, with a keen eye to corruption risks. Such assessments consider factors like the sector (public vs. private), the country's position in Transparency International's anti-corruption rankings, and the procurement method. The Compliance Department also conducts due diligence on external partners to uncover any instances of corruption, influencing business decisions so as to maintain the Group's ethical stance.

CSG employees are prohibited from engaging in conflicts of interest, ensuring that they do not derive personal benefits from supplier and customer relationships outside of their professional capacity. The Group maintains a policy of offering standard services to partners, such as covering stay costs and providing gifts, but draws a clear line excluding extravagance that could be construed as corrupt.

This prohibition extends to accepting luxury gifts or services and linking sponsorship donations directly to business opportunities, emphasizing the Group's commitment to supporting education, sports, culture, and the nonprofit sector, particularly within its operating regions.

In 2023, the Group reported no instances of corruption, underscoring the effectiveness of its comprehensive anti-corruption measures. Similarly, it received no sanctions related to competition rule violations or impacts of its products and services on health and safety, highlighting its adherence to high standards of compliance and ethical conduct.

The Group is committed to fostering an inclusive and equitable workplace and placing a strong emphasis on data-driven insights.



Employees and Social Responsibility

Working Practices and Human Rights

As part of its pursuit of excellence, the Group embodies a deep commitment to the highest of standards in working practices and human rights. Acknowledging the complexities of legal frameworks within the countries of its operations, the organization rigorously adheres to all employment legislation, encompassing areas such as compensation and benefits, training, development, and diversity. This dedication ensures a harmonious and legally compliant functional and safe environment for its employees, fostering a culture steeped in respect, equality, and opportunity.

To ensure that its practices meet and exceed legal requirements, the Group has established a robust review mechanism, led by its Internal Audit department. This team conducts thorough evaluations of employment

practices, focusing on compliance with both legal standards and internal policies. The findings from these evaluations are meticulously reviewed by the Audit Committee, a testament to the company's governance structure's commitment to transparency and accountability. Comprising senior members of the Board, the Committee is instrumental in integrating these findings into continuous improvement efforts, ensuring that the company's practices set benchmarks for ethical standards.

In its commitment to fostering an inclusive and equitable workplace, the Group places a strong emphasis on data-driven insights. By measuring and monitoring various statistical indicators related to diversity, equality, and inclusion, the organization gains

a profound understanding of its own workforce dynamics. This analytical approach enables the Group to identify trends, celebrate successes, and pinpoint areas requiring enhancement. Through its commitment to ongoing assessment and improvement, the Group aims to lead in the industry while serving as a beacon of positive corporate citizenship, establishing benchmarks in working practices and human rights.

Promoting Diversity and Inclusion in the Workplace

In its commitment to fostering an inclusive and diverse workplace, the Group has taken significant steps to ensure its leadership reflects a wide range of perspectives, skills, and backgrounds. Since September 1, 2019 the Group has implemented a diversity policy specifically designed to achieve a balanced composition within the Management Board and Supervisory Board of CSG companies. This policy emphasizes various criteria, including age, gender, education, expertise, and professional experience, aiming to cultivate a leadership team that is as diverse as the markets and communities it serves.

The Nomination Committee, serving as an advisory body to the CSG General Assembly, stands at the forefront of this initiative. Its responsibilities are multifaceted and are critical to the implementation of the diversity policy. The Committee is tasked with:

- Evaluating and Recommending Candidates: For any vacancies on the Board of Directors or the Supervisory Board, the Committee assesses potential candidates and recommends the most suitable ones to the General Meeting for approval. This process ensures that the process of selecting new members is aligned with the diversity objectives set by the Group.
- Annual Assessments: The Committee conducts regular and at minimum annual evaluations of the knowledge, skills, and experience of individual members and the boards. This thorough review process helps identify any gaps or opportunities for enhancing the diversity and capabilities of the leadership teams.

- Performance and Composition Evaluations: At least once a year, the Committee reviews the structure, size, composition, and performance of the Management Board and Supervisory Board. Based on this evaluation, it makes recommendations to the General Assembly on any potential changes needed to support the Group's diversity objectives.

The criteria for assessing a candidate's suitability are comprehensive, ensuring that each individual not only brings the requisite professional experience and education but also contributes to the moral and ethical standards expected by a company. Factors such as a candidate's understanding of the company's activities, moral integrity, availability, reliability, and previous achievements are all considered. Importantly, each candidate is evaluated not just on their individual merits but also on their contribution to the elected body's overall diversity in terms of experience, education, expertise, gender, and age.

Moreover, appointments to statutory and supervisory bodies within Group companies are subject to a defined Group approval procedure. The Nomination Committee plays a crucial advisory role in this process, ensuring that the diversity policy is consistently applied across all levels of the Group. This structured approach to leadership selection and assessment underscores the Group's unwavering commitment to diversity, recognizing it as a cornerstone for innovation, growth, and sustainability. Through these concerted efforts, the Group not only champions diversity within its own ranks but also sets a benchmark for corporate governance and leadership in the broader business community.

Building upon the foundation of its diversity policy, the Group is set to formalize its commitment to Diversity, Equity, and Inclusion (DEI) by implementing a formal DEI policy in 2024. This initiative is not just a testament to the Group's dedication to fostering an inclusive work environment; it is also identified as one of its key sustainability KPIs. The introduction of this policy marks a significant step forward in the Group's efforts to ensure that DEI principles are deeply embedded in its culture and operational practices, reinforcing its commitment to sustainability and social responsibility.

Statistical Data

Proportion of Employees by Gender



The Group, with its diverse portfolio spanning several key industries, is currently composed of a workforce that displays a significant gender disparity: 72.55% male employees and 27.45% female employees. This disproportion is reflective of the historical composition of the workforce in the sectors where the Group has its most substantial presence.

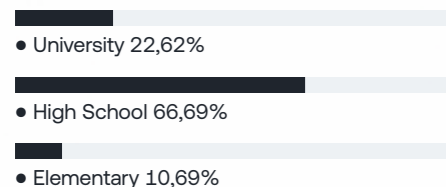
Predominantly, the Group operates within sectors like Aerospace & Defence and Industrial Machinery & Goods, which have historically been oriented toward heavy industry. These industries have traditionally demanded physical labor most suited to male workers, especially in roles involving demanding and hazardous conditions. This historical context has significantly influenced the current gender composition within these fields and, by extension, within the Group.

However, the Group recognizes the importance of evolving past these historical norms. The shift toward automated processes and the increasing demand for high skill levels and specialization present an opportunity to address the gender disparity within the Group. These technological advancements make the physical demands of many roles less significant, opening up more positions to a diverse range of candidates.

The Group is committed to leveraging this transition as a catalyst for change, aiming to foster a more inclusive and diverse workforce. By doing so, the organization believes that it cannot only rectify the current gender imbalance but also enhance its overall productivity and performance. The move toward greater diversity is seen as not just a moral imperative, but also a strategic advantage that will drive the Group toward success in its long-term objectives.

This commitment to diversity and inclusion is a cornerstone of the Group's strategy for sustainable growth. The company acknowledges the challenges ahead but remains steadfast in its belief that a more diverse, but highly qualified workforce will lead to a stronger, more resilient and innovative organization. Through targeted initiatives and a dedication to changing the status quo, the Group is poised to lead by example in transforming industry norms and creating a more equitable future.

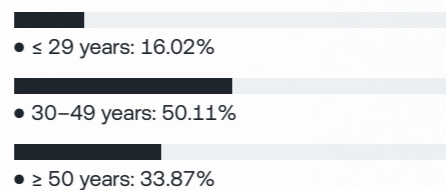
Proportions of Employees by Highest Completed Level of Education



The Group's workforce is characterized by a diverse range of educational

backgrounds, reflecting the varied skill sets and knowledge required across its operations. The distribution of its employees by their highest completed level of education is as follows: for 22.62% of them, this level is university education, for 66.69% it is high school, and for 10.69% it is elementary education. This composition underscores the Group's commitment to harnessing a broad spectrum of talents and capabilities, catering to the multifaceted demands of the industries in which it operates.

Proportions of Employees by Age Group



The Group's workforce exhibits a broad range of ages, highlighting the company's commitment to fostering a dynamic and intergenerational team. The age distribution of employees is as follows: 16.02% are aged 29 years or younger, providing fresh perspectives and innovative ideas. A significant portion, 50.11%, falls within the 30-49 age bracket, embodying a wealth of experience and expertise crucial for the company's growth and stability. Lastly, 33.87% are 50 years or older, offering invaluable insights and deep industry knowledge. This diverse age composition ensures a blend of agility, experience, and wisdom, contributing to the Group's resilience and adaptability in the competitive landscape.

Proportion of Employees by Citizenship



The Group's workforce composition by citizenship underscores the company's strong European foundation while also reflecting its global outlook. A significant majority of 85.51% of its employ-

ees hold citizenship within the European Union, highlighting the Group's deep roots and primary operational focus within the EU. This EU-centric workforce supports the organization's understanding of and compliance with European regulations and market dynamics. The remaining 14.49% of the employees come from non-EU countries, bringing diverse perspectives and international expertise to the organization. This blend of EU and non-EU citizenships enhances the Group's cultural diversity, fosters innovative thinking, and strengthens its capability to operate and compete on a global stage.

New Employee Hires and Employee Turnover



In the past year, the Group has experienced significant dynamism within its workforce, characterized by the addition of 2,097 new employees to its team. This influx of talent underscores the Group's robust growth trajectory and its attractiveness as an employer in its respective industries. The new hires represent a fresh wave of skills, perspectives, and energy, contributing to the Group's innovation capabilities and its commitment to continuous improvement.

Conversely, the company also saw the departure of 1,634 employees over the same period. This employee turnover reflects the natural cycle of career progression and personal circumstances that influence workforce dynamics. The Group still views this turnover rate as an opportunity to reassess and realign its human resource strategies, ensuring that it remains a competitive and desirable place to work, focused on retaining talent and fostering a supportive and engaging work environment.

Overall, these figures highlight the Group's ongoing commitment to growth and adaptation, balancing the infusion of new talent with the retention of existing expertise to maintain its position as a leader on the market.

Cases of Discrimination

The Group is pleased to report that there have been no cases of discrimination within the organization in the

past year. This outcome is a testament to the Group's steadfast commitment to creating an inclusive and respectful work environment where diversity is celebrated and all employees feel valued and supported.

Despite this positive achievement, the Group remains vigilant and proactive in preventing all forms of discrimination. It continues to invest into comprehensive training programs, awareness

initiatives, and robust policies designed to uphold its zero-tolerance stance on discriminatory behavior. Through these measures, the Group aims to both maintain and further enhance its culture of inclusivity, ensuring a safe and welcoming workplace for all employees.

Fair Compensation Policy

Remuneration

The Group places paramount emphasis on rewarding its employees in a manner that is both fair and transparent, underpinning its commitment to fostering a culture of respect and equity. To this end, the Group diligently ensures that all remuneration, both financial and non-financial, aligns with internal rules and regulations. This approach significantly reduces risks and elevates the transparency of remuneration processes, thereby reinforcing trust and satisfaction among the workforce.

Understanding the dynamic nature of the labor market, the Group actively monitors and updates its remuneration plans to reflect the latest industry trends and standards. In selected cases, this involves engaging independent consultants who bring a wealth of expertise in the field of remuneration. These experts play a critical role in the development and implementation of remuneration policies, ensuring that the Group's practices not only meet but exceed industry benchmarks.

Communication is key to the Group's remuneration strategy. Employees are regularly informed about the remuner-

ation and benefits available to them, ensuring clarity and understanding of how their contributions will be recognized and rewarded. Moreover, each company within the Group adheres to its own remuneration system, which is detailed in an internal directive accessible to all employees. This ensures that every team member, regardless of their role or location, has a clear understanding of the remuneration framework, further exemplifying the Group's dedication to transparency and fairness in employee compensation.

In its dedication to fairness and transparency in employee compensation, the Group has meticulously structured its remuneration system to reflect the value and contribution of each employee while aligning with the organization's strategic goals and objectives. This system is divided into three primary areas, each designed to recognize and reward the diverse aspects of each employee's professional engagement and performance.

Base Salary

Standing as the foundation of the Group's compensation framework is base pay: a fixed component that constitutes the contractual salary

agreed upon in a person's employment or management contract. This fundamental remuneration reflects the job position's intrinsic value, taking into account the type, complexity, and effort required, as well as the responsibility and qualifications necessary for the role. It also considers the job task's relevance to the company's main objective, the degree of difficulty associated with the role, and the market costs of recruiting a new employee. By anchoring compensation to these criteria, the Group ensures that base pay is equitable, competitive, and aligned with an individual's role and contributions.

Performance-based Bonuses

Beyond these fixed salaries, the Group implements a variable wage component to incentivize and reward employees for achieving specific company, project, or individual goals. This additional remuneration is contingent upon performance and is paid on a monthly, quarterly, or annual basis, as stipulated in an individual's employment or managerial contract. The objectives for earning variable compensation are clearly defined, and the amount and method of payment are transparently agreed upon, fostering a culture of achievement and recognition.

Special Achievement Awards

To address exceptional circumstances and contributions, the Group also offers extraordinary rewards. These are reserved for use in directly rewarding employees who undertake exceptionally demanding tasks or make significant contributions to improving the Group's economic results, beyond what is covered by the other forms of remuneration. Extraordinary rewards are not issued for routine tasks and outcomes; they are instead a means to acknowledge and compensate for exceptional individual efforts that significantly advance the organization's business objectives in a particular situation.

Employee Benefits

Being recognized as a prospective employer extends beyond ensuring a safe work environment and offering opportunities for training and career advancement. It also involves providing a comprehensive and appealing range of employee benefits. The Group is committed to continuously expanding and tailoring its benefits package to meet the diverse needs of its workforce. This commitment is manifested in the dual structure of its benefits program, wherein individual companies within the Group offer benefits programs that are specifically adapted to their activities, complemented by a CSG-wide benefits program available to all employees across the Group.

Safe Working Conditions

Ensuring the safety and health of employees is a paramount concern for the Group, reflecting a commitment to providing a work environment that not only safeguards the physical well-being of its workforce but also fosters a culture of respect and inclusivity. Recognizing the intrinsic value of its employees, the Group diligently

Work-Life Balance Enhancements:

- Days of Leave in Excess of the Legal Minimum: Offering additional days off encourages employees to maintain a healthy work-life balance.
- Option to Work from Home: This flexibility allows employees to tailor their work environment to their personal and professional needs.
- Flexible Working Hours: Employees are enabled to adjust their working hours so as to better suit their schedules and commitments.

Professional Development and Well-being:

- Language Programs: Supporting employees in acquiring new language skills fosters personal and professional growth.
- Contribution for Leisure Activities: Encouraging participation in leisure activities supports employee well-being outside of work.

Financial and Lifestyle Benefits:

- Pension Insurance Contribution: Contributing to employees' pension plans underscores the Group's investment in their long-term financial security.

monitors and evaluates working conditions, implementing improvements necessary for upholding and enhancing safety standards.

The conception of safe working conditions within the Group extends well beyond traditional safety measures. It encompasses a broader vision

- Fuel Discount and Discounted Tariffs for Calls and Data Services: These benefits offer practical savings on everyday expenses, enhancing the value of being in the Group.
- Discounted Offers on Products and Services from CSG Companies: Employees enjoy exclusive access to discounts, to similar effect.

Community and Engagement:

- Employee Events: Organizing events fosters a sense of community and belonging among the workforce.

By offering these benefits, the Group both highlights its comprehensive approach to employee welfare and demonstrates its understanding of the varied needs and preferences of its workers. This approach ensures that the Group's benefits package is both attractive and relevant, making it an employer of choice in the highly competitive market landscape.

that includes ensuring a respectful atmosphere free from discrimination based on gender, race, age, sexual orientation, religion, or any health limitations. This holistic approach to safety underscores the Group's recognition that a truly safe workplace is one where diversity is embraced and all employees feel valued and supported.

To promote this inclusive understanding of safety, the Group has instituted a variety of measures, including targeted training programs and awareness campaigns. These initiatives are designed not only to educate and inform but also to foster an environment where diversity and inclusion are actively celebrated. Through these efforts, the Group is not only adhering to its legal and ethical obligations but also setting a benchmark for excellence in creating a safe, healthy, and inclusive workplace.

Occupational Safety and Health Management

The Group has established a comprehensive Occupational Safety and Health (OSH) management system across its companies, underpinning its commitment to the well-being and safety of its employees. This system is rooted in both the legislative requirements to which the Group rigorously adheres and the internal standards of operation that underscore the Group's dedication to maintaining a safe working environment. Regular audits are integral to this system, ensuring that practices remain in strict compliance with the established standards and continue to effectively minimize work-related injuries and illnesses. This proactive approach to OSH management exemplifies the Group's commitment to creating a culture of safety and health that both meets and exceeds regulatory expectations, setting a benchmark for excellence in OSH protection within the industry.

System Implementation and Compliance

Within the Group, the implementation of the OSH management system is characterized by a tailored approach, reflecting the diverse industries in which the Group's companies operate and the specific local regulatory requirements to which they must adhere. This customized implementa-

tion ensures that each company not only complies with general legislative mandates but also addresses the unique safety and health challenges inherent to its sector.

Recognizing the importance of leveraging collective expertise, the Group is now shifting toward a strategy of centralizing its knowledge related to OSH management. This initiative aims to facilitate the sharing of best practices, innovations, and lessons learned across the Group's different divisions. By fostering a collaborative environment, the Group is enhancing its ability to implement effective and innovative safety measures, thereby elevating the standard of OSH protection across all its companies. This centralized knowledge-sharing approach underscores the Group's commitment to continuous improvement and excellence in OSH management, ensuring that all employees benefit from the highest standards of workplace safety and health.

Risk Assessment and Management

The Group's approach to risk assessment and management in OSH is designed to systematically minimize work-related injuries and illnesses across its various companies. This comprehensive strategy is rooted in a rigorous process that includes regular training for employees, thorough risk assessments, and effective management practices in line with recognized standards.

Each company within the Group conducts its risk assessment with a focus on identifying potential workplace hazards, understanding their causes and sources, and implementing measures to eliminate or mitigate them. This process is spearheaded by senior employees, often in collaboration with safety engineers, following an established risk assessment methodology. The outcomes of

these assessments are meticulously recorded in risk registers, categorizing individual risks by their significance.

Training and Education

The Group places a significant emphasis on training and education as pivotal components of its OSH management system.

The training methodology varies across the group, with some companies preferring face-to-face sessions led by OSH professionals while others utilize e-learning platforms to deliver the training content. Regardless of the delivery method, the OSH training curriculum is robust, covering legal obligations, general principles of occupational safety, the identification of risk factors, specific job-related risks, and proper use of work equipment.

Ensuring the training content remains current and relevant is a key priority. This responsibility falls to designated staff members or the external partners who manage the e-learning platforms. By maintaining a rigorous training schedule and ensuring the content is up to date, the Group demonstrates its commitment to fostering a culture of safety and health that protects its employees across all operations.

Employee Engagement and Participation

The Group actively fosters a culture of safety through employee engagement and participation in its OSH management system. By involving employees in safety initiatives in various ways, such as the annual competition at TATRA TRUCKS a.s. for the safest workshop, the Group not only enhances the effectiveness of its safety measures but also boosts employee morale and commitment to safety standards. Additionally, some companies within the Group empower their workers by involving them directly

in the audit process through trade-union participation, exemplifying a collaborative approach to safety and health. This inclusive strategy ensures that employees, besides being informed and trained about safety practices, serve as crucial actors in the process of identifying risks, suggesting improvements, and maintaining a safe working environment.

Workplace Safety and Health Measures

The Group's commitment to workplace safety and health is underscored by its comprehensive measures designed to ensure a safe working environment for all employees. This includes providing necessary protective equipment and implementing safety protocols that meet and exceed legislative requirements. The Group's approach encompasses regular assessments to identify workplace hazards, followed by actions to eliminate or mitigate any identified risks. Employee familiarization with risk documentation and specified safety measures is also a critical component of both initial and periodic OSH training. By continually evaluating and adapting its safety measures, the Group ensures the health and well-being of its workforce, thereby maintaining high standards of workplace safety and health across all its companies.

Monitoring, Auditing, and Continuous Improvement

The Group employs a rigorous approach to monitoring, auditing, and enhancing its OSH management systems. This approach includes conducting regular internal audits at predefined intervals, ensuring compliance with safety standards, and identifying areas for improvement. In addition to professional audits, some companies within the Group empower their employees and trade unions to participate directly in the evaluation process, fostering a culture of trans-

parency and collective responsibility for workplace safety. This participatory method not only enhances the thoroughness of audits but also encourages a continuous improvement mindset among all stakeholders, driving the Group toward higher safety and health standards.

The Group reported the following health and safety data for the year:

353 Number of work injuries

3 Number of work-related illnesses

0 Number of work-related deaths

The work-related illnesses recorded are recognized medical conditions, specifically:

- De Quervain's Syndrome, which is a form of repetitive strain injury affecting the tendons on the thumb side of the wrist.
- Flexor and extensor tendinitis of the wrist, which is inflammation of the tendon sheath in the wrist affecting the tendons that flex and extend the wrist.
- Carpal Tunnel Syndrome, a condition characterized by numbness, tingling, or weakness in the hand due to pressure on the median nerve within the carpal tunnel of the wrist.

By tracking these health metrics, the Group aims to continually improve its workplace environment, reduce the occurrence of such ailments, and ensure the well-being of its employees. This data also serves as a foundation for enhancing occupational health and safety policies and implementing more targeted preventive measures.

Remote Work and Safety Considerations

In response to the increasing adoption of remote work, the Group has developed comprehensive safety considerations to ensure the well-being of employees working from home. A detailed home workplace checklist outlines the necessary conditions for ensuring home-workplace safety and fire protection. Employees are responsible for conducting a basic assessment of their home workspace against this checklist and have the option of consulting with a safety officer for guidance. This initiative is part of the Group's broader effort to adapt its OSH management system to contemporary work practices, prioritizing employee safety regardless of location.

Incident Reporting and Analysis

The Group's commitment to OSH extends to meticulous incident reporting and analysis. Employees are obligated to promptly report any work-related accidents, which are then rigorously documented and investigated. This system ensures comprehensive recording of incidents, including details about their occurrence, causative factors, and subsequent measures to prevent recurrence. By analyzing these reports, the Group identifies patterns and implements corrective actions to improve workplace safety, demonstrating a proactive approach to minimizing risks and safeguarding employee health across all its operations.

Future Directions in OSH Management

As the Group advances into the future, its OSH Management is poised for a significant evolution, with a strong emphasis on technological advancements and digitalization. This strategic direction aims to leverage technologies to enhance every facet of OSH man-

agement, from risk identification and assessment to training, compliance monitoring, and incident response.

- Predictive Analytics: The Group plans to implement algorithms to analyze data from various sources, predicting potential safety hazards before they occur. This predictive approach will enable proactive measures, significantly reducing the risk of workplace incidents.
- Mobile Solutions: The adoption of mobile applications for real-time reporting and alerts will empower employees with the tools needed to identify and report safety concerns instantly, fostering a culture of immediate responsiveness.
- E-Learning Platforms: Digital training platforms will be enhanced to offer more engaging, interactive, and personalized learning experiences for employees, improving the effectiveness of OSH training programs.
- Virtual Reality (VR) for Training: VR technology will be utilized to simulate work environments and scenarios for risk-free training—especially for high-risk tasks—allowing employees to gain practical experience without the dangers traditionally involved.
- Automated Compliance Tracking: Digital solutions will streamline compliance tracking, making it easier to ensure that all aspects of OSH management meet regulatory standards and internal policies.
- Data Analytics for Continuous Improvement: The Group will harness big-data analytics to continuously monitor and analyze OSH performance, identifying trends and areas for improvement, ensuring a dynamic and adaptive OSH strategy.

The Group's commitment to integrating these technologies signifies a forward-looking approach to OSH management. This digital transformation will not only enhance operational efficiency but also significantly improve the safety and well-being of its workforce. By embracing digitalization, the Group is setting a new standard for OSH management, one that is predictive, responsive, and continuously evolving to meet the challenges of the modern workplace.

Promotion of Employee Health

The Group places a high priority on its employees' health and well-being, understanding that their vitality directly impacts the organization's overall performance and productivity. To this end, the Group ensures that both initial and periodic medical examinations are readily available to all employees through reputable external medical services. This initiative is a cornerstone of the Group's commitment to maintaining a healthy workforce.

Recognizing the multifaceted nature of health, the Group goes beyond merely offering medical examinations. It also actively promotes a culture of health and wellness by providing a variety of programs and services designed to prevent health risks and enhance the well-being of its employees. These programs cover many facets of health, from physical fitness and nutrition to mental health and stress management, demonstrating CSG's holistic approach to employee health.

Furthermore, the Group encourages its employees to take proactive steps to maintain their own health and well-being by offering various voluntary services and programs. These include facilitated access to non-company medical and health services, encompassing areas such as mental health support and disease prevention programs. By providing these opportu-

nities, the Group aims to empower its employees to take charge of their health, ensuring that they have the resources and support needed to lead healthier, more fulfilling lives both inside and outside the workplace.

Employee Satisfaction

The Group places immense value on the satisfaction and engagement of its employees, recognizing these elements as key drivers of its success and sustainability. So as to ensure a deep understanding of employee sentiment and identify areas for improvement, the Group's companies conduct annual surveys dedicated to assessing and evaluating employee satisfaction. These surveys serve as a critical tool in capturing the voice of the employees, providing invaluable insights into their experiences, concerns, and suggestions for enhancement.

Acting on the feedback gathered from these surveys, the Group is committed to a proactive and responsive approach toward bolstering employee satisfaction. It explores and implements a diverse array of measures aimed at addressing this feedback, whether it involves refining existing policies, introducing new initiatives, or enhancing workplace culture and conditions. This responsive strategy underscores the Group's dedication to creating a supportive and fulfilling work environment that not only meets but exceeds the expectations of its employees.

Through this ongoing cycle of feedback and improvement, the Group demonstrates its unwavering commitment to fostering a positive and engaging workplace. It understands that a satisfied workforce is integral to maintaining high levels of productivity, innovation, and overall business performance, making employee satisfaction a central focus of its organizational strategy.

Employee Turnover Rate

- Turnover Rate: 15.67%

The Group is deeply committed to fostering a stable work environment so as to reduce employee turnover effectively. By offering a suite of attractive and competitive benefits, such as flexible working hours, company events, and educational programs, the Group aims to enhance job satisfaction and employee engagement. Furthermore, the Group is dedicated to providing continuous feedback and opportunities for career advancement, enabling employees to refine their skills and grow professionally within their companies and throughout the Group overall.

In its proactive strategy for preventing employee turnover, the Group implements programs designed to improve work-life balance, creating an environment where employees can thrive both personally and professionally. This includes structuring employee benefits to support this balance, ensuring that team members can manage their work and personal lives effectively.

When employee departures occur, the Group undertakes a thorough analysis to understand the underlying reasons, taking appropriate measures to mitigate the risk of future turnover. Additionally, the Group assesses the impact of turnover on its operations, striving to ensure that it does not adversely affect the quality of its services or the organization's overall performance. Through these comprehensive measures, the Group demonstrates its dedication to maintaining a supportive and dynamic work environment that values and nurtures its employees.

Right to Information

The Group views transparency with its employees as a fundamental principle,

ensuring that all members of the organization are well-informed and engaged with its operations, developments, and achievements. In pursuit of this transparency, the Group has instituted several communication practices and tools designed to keep dialogue open and consistent.

A key element in this communication strategy is the monthly publication of the CSG Newsletter. Distributed via email to all employees, this newsletter serves as a comprehensive source of news and events from throughout the entire Group. This initiative ensures that every employee, regardless of their position or location, remains informed about operational changes, significant developments, or any other news that could impact their working conditions or the overall operations of the individual companies within the Group.

Recognizing the value of accessibility and preference, the newsletter is also made available in printed form. This dual-format distribution caters to the diverse preferences of the Group's workforce, ensuring that its information reaches everyone in the most convenient way possible.

Beyond the group-wide newsletter, individual companies within the Group have adopted their own innovative approaches to enhance and instill new life into internal communication. This includes the use of commercially provided apps designed to streamline information sharing and facilitate more dynamic interactions among employees.

In those companies where trade unions are present, the commitment to employee satisfaction and the right to information takes on an additional dimension of formality. Issues pertaining to these areas are regularly discussed and regulated through collective agreements. This structured approach ensures that employees'

rights to information and satisfaction are not only acknowledged but also actively protected and enhanced through ongoing dialogue and negotiation.

Together, these measures reflect the Group's dedication to fostering an open, informed, and connected workplace environment, one where transparency is not just a policy, but a practice that contributes to the overall well-being and satisfaction of every employee.

Community Involvement and Development

The Group is deeply committed to fostering positive relationships with and supporting the local communities nearby its operations. Understanding the impact that a corporation can have on the local environment, economy, and quality of life, the Group, along with its employees, participates actively in community development programs. These initiatives are carefully designed to enhance the living standards of local residents, while also strengthening the infrastructure and economic vitality of the areas in which a given company operates.

In a concerted effort to contribute to the well-being and growth of these communities, the Group makes strategic donations to support crucial sectors such as education, culture, sports, and health. Recognizing the importance of targeted assistance, the Group collaborates closely with local

organizations. This partnership ensures that the support provided is not only effective but also aligned with the specific needs and priorities of the community, maximizing the positive outcomes for all parties involved.

Moreover, newly as of 2023, member companies of the Group have an obligation to engage in at least two significant projects per year aimed at generating positive impacts on local communities. These projects are integral parts of the companies' budget policies, with specific funds allocated to ensure their successful execution. Each company is responsible for reporting its planned and ongoing community involvement initiatives to the Group, ensuring transparency and accountability in its efforts to contribute to community development.

Community Support and Social Responsibility

The Group's commitment to social responsibility extends beyond its workforce, encompassing support for non-profit organizations, culture, sports, education, and other activities that yield social benefits. The Group has traditionally dedicated resources and efforts toward assisting these sectors, recognizing the vital role they play in enriching communities and fostering societal progress. This holistic approach to community support reflects the Group's broader vision of contributing positively to the social fabric and well-being of the communities in which it operates, highlighting its dedication to making a meaningful impact on society at large.

Community and Cultural Partnerships

Partnership with Česká hlava

Česká hlava, a prestigious initiative in the Czech Republic, aims to identify and celebrate the nation's leading scientists and innovators, spotlighting their significant contributions to the global scientific community. The partnership between the Group and Česká hlava highlights the Group's dedication to promoting innovation and recognizing excellence in science and technology. By supporting Česká hlava's efforts, the Group is helping to honor outstanding achievements in a variety of scientific fields, thus encouraging the continuous pursuit of knowledge and innovation. This collaboration not only highlights the critical role of scientific advancement but also aims to inspire future generations to engage in research and development, contributing to global progress and well-being.

Partnership with ÚHKT (The Institute of Hematology and Blood Transfusion)

The partnership between the Group and ÚHKT (The Institute of Hematology and Blood Transfusion) represents a significant commitment to advancing medical science and healthcare. ÚHKT stands as a prestigious hematological center in the Czech Republic, specializing in congenital, oncological, and extremely rare diseases. With a dedicated team of 500 employees, including approximately 80 scientists, ÚHKT focuses on four main pillars of activity: top-tier diagnostics, specialized treatment, the production of custom transfusion preparations, and research.

It is within the realm of research, particularly, where the Group's contribution plays a crucial role. The last decade has seen a trend toward the development of cell therapy in the fight against leukemia, utilizing, for example, so-called "natural killers" (NK cells). These cells, produced from a donor's blood and "trained" to eliminate cancer cells in the patient's body, represent a groundbreaking approach in cellular therapy. This method shows great promise, especially for types of tumors that are difficult to treat with chemotherapy and bone marrow transplantation.

Through its partnership with ÚHKT, the Group is not only supporting cutting-edge research and development in hematological treatments but also contributing to the broader goal of improving patient care and outcomes during challenging cancer treatments. This collaboration underscores the Group's dedication to social responsibility and its investment into initiatives

that have a profound impact on community health and scientific advancement.

Partnership with Jagello

The Group's partnership with Jagello focuses on national defence and security awareness, emphasizing the importance of public education about these critical issues. Jagello, known for its dedication to strengthening national security through awareness-raising and educational initiatives, collaborates with the Group to organize events and programs that engage the public in a deeper understanding of defence matters. This collaboration supports Jagello's mission of enhancing societal resilience and fostering patriotism by informing citizens about the complexities of national and international security landscapes. Through this partnership, the Group is demonstrating its commitment to contributing to the safety and security of the communities it serves, underlining the role of corporate entities in supporting public knowledge and national preparedness.

Partnership with the CEVRO Institute

The partnership with Cevro represents the Group's investment in the future of public administration, political science, and law through support for education and research in these critical fields. The prestigious Cevro Institute is dedicated to cultivating leaders and informed citizens who can contribute significantly to democratic values and governance. This collaboration enables the Group to play a pivotal role in the fourth pillar of Cevro's mission—research. The focus here is particularly on advancing innovative methods in

these areas, contributing to the development of policies and practices that strengthen the fabric of society. Through this partnership, the Group is demonstrating its commitment to societal progress and the importance of education in fostering a well-informed and responsible citizenry, capable of leading and effecting positive change in public administration and beyond.

Educational Support

Talent Program

The Talent Program is a cornerstone of the Group's commitment to education and professional development for its employees. This year-long initiative invites the most promising talents from its subsidiaries to work on innovative projects of their choosing, providing them with the budget and resources needed to bring their ideas to life. Participants are also engaged in specialized seminars and workshops aimed at enhancing their leadership skills, preparing them for future managerial positions or for leading key projects within the Group. Through the Talent Program, the Group is not only fostering a culture of innovation and growth but also investing in the future of its own leadership, ensuring a pipeline of skilled and motivated professionals ready to contribute to the company's success and the broader community.

Support for Local Educational Institutions

The Group's support for local educational institutions exemplifies its dedication to bridging the gap between academic learning and practical application, while also nurturing the next generation of professionals. Through strategic partnerships with prestigious universities across the Czech Republic and Slovakia, including ČVÚT Praha, VÚT Brno, Technical University Ostrava, the

University of Defence in Brno, UJEP in Ústí nad Labem, VŠE Prague, and the University of Pardubice, CSG's individual companies are actively engaging in initiatives that support students' practical learning experiences.

These collaborations offer students a variety of opportunities to apply their academic knowledge in real-world settings, such as internships, professionally oriented excursions, assistance with theses, and part-time roles in technical projects. This hands-on approach not only enhances the students' learning experience but also allows CSG to identify and recruit emerging talents, further strengthening its workforce with skilled and motivated new employees.

In 2023, the Group continued its successful collaboration with the CEMS Global Alliance in Management Education, a prestigious network of universities and corporate partners dedicated to fostering global management education. This partnership underscores CSG's commitment to supporting high-quality education and professional development, aligning with its strategic goals of innovation, leadership, and continuous growth. Through these educational partnerships, the Group reinforces its role as a key contributor to the development of industry-ready professionals and leaders prepared to tackle the challenges of tomorrow.

Sports Support

The Group has come to expand its support to the dynamic world of motor sports, becoming the main partner of young racing talent Roman Stanek, a prodigious nineteen-year-old driver representing the Czech Republic in Formula 2. Stanek, currently the nation's sole prospect for ascending to the pinnacle of formula car racing—Formula 1—has received CSG's

backing as part of the company's commitment to nurturing promising young talents.

CSG's partnership with Roman Stanek is a natural extension of its historical ties to Czech motor sports, notably through its automotive company, Tatra. Stanek, who started racing at the tender age of nine, has demonstrated exceptional skill and dedication by climbing the competitive ladder up to Formula 2, fueled by his ambition and determination to make a mark on the international stage. CSG's support is aimed at propelling him toward achievement of the shared dream of competing in Formula 1, the apex of formula car racing.

Beyond its support for Roman Stanek in Formula 2, CSG is extending its commitment to the world of motor sports and local sporting initiatives, underscoring its dedication to fostering talent and passion in sports. CSG's involvement in motorsport is notably marked by its support for the Dakar Rally and Buggyra Racing, showcasing the Group's engagement with high-adrenaline, competitive racing at an international level. These partnerships reflect CSG's admiration for resilience, strategic precision, and the relentless pursuit of excellence—qualities that resonate with its ethos.

In addition to these high-profile sponsorships, CSG places great importance on grassroots sporting events, actively supporting and organizing numerous small-scale sports activities engaged in by its employees. This approach not only strengthens the bond within the CSG community but also promotes physical well-being, teamwork, and a spirit of camaraderie among staff. By backing a wide array of sports, from the global stages of Formula 2 and the Dakar Rally to local employee-organized events, CSG demonstrates a holistic approach to its support for sports and education.

This comprehensive engagement in both the global competitive arena and local community activities highlights the Group's multifaceted strategy toward community development and involvement. Through these endeavors, CSG not only champions the development of professional athletes and teams but also nurtures a culture of active participation and wellness within its workforce, contributing positively to the communities to which it belongs.

Emergency Services Support

The Group has a longstanding tradition of collaborating with a variety of organizations dedicated to ensuring public security. Recognizing the paramount importance of safety and security in the communities where it operates, the Group actively supports and partners with components of the Czech Integrated Rescue System (i.e. emergency services agencies) and other security entities. This collaboration ranges from financial support to the provision of resources and expertise, intended to bolster the capabilities of these critical organizations.

The Group's engagement reflects a deep understanding of the intricate role these organizations play in maintaining public order, responding to emergencies, and safeguarding citizens' well-being. By fostering strong partnerships with security and rescue services, the Group helps to enhance these entities' efficiency and effectiveness, ensuring they are well-equipped to meet the challenges of their demanding roles.

This commitment to supporting security and emergency services agencies is an integral part of the Group's corporate social responsibility strategy, underscoring its dedication to contributing positively to societal safety and stability. Through these past and ongoing collaborations, the

Group demonstrates its recognition of the critical importance of security services in fostering a safe and secure environment for all.

Employee Sponsorship Programs

The Group's approach to employee sponsorship programs exemplifies the organization's comprehensive approach to nurturing the diverse interests and talents within its workforce, extending its support beyond the workplace to enrich the broader community. Recognizing the importance of personal development, community engagement, and the well-being of its employees, the Group financially backs a variety of projects that resonate with the passions of its team members. Here is an overview of our support:

- Doggoland z.s.: A unique initiative focused on providing canine therapeutic and recreational activities aimed at enhancing human mental and emotional well-being.
- Podhoran, spolek divadelních ochotníků Velký Újezd, z.s.: This theatre club in Velký Újezd receives support for its cultural activities, promoting the arts and community engagement through theatrical performances.
- Městský klub v Novém Městě nad Metují: An urban club that plays a pivotal role in enriching the local cultural and social scene, supported so that it may sustain its diverse range of community-focused activities.
- CK Epic Dohňany: A cycling club engaged in various cultural and educational projects, supported so as to further its mission of enhancing local community life through diverse programs and events.

- Jezdecká společnost Kozojedy z.s.: This equestrian association in Kozojedy is supported to aid its efforts in promoting equestrian sports and activities, fostering a community of horse enthusiasts and providing educational opportunities in horsemanship.
- SH ČMS – Sbor dobrovolných hasičů Hukvaldy: This volunteer fire brigade in Hukvaldy receives support for its crucial role in ensuring local safety and community well-being, highlighting the importance of volunteerism in maintaining public safety.
- Péče o duševní zdraví – Výměník, z.s.: A mental health initiative that receives the Group's backing so that it may continue its important work in providing support and resources for mental health care, emphasizing the significance of mental well-being.
- Maratón klub Kladno, z.s.: Supported so as to advance its promotion of physical fitness and healthy lifestyles through running and marathon events, encouraging community participation in sports.
- Klub SENZAbabča, z.s.: Receives support for its activities aimed at providing recreational and educational opportunities for children and families, fostering a supportive community for young learners.
- BoJaJiŠi, z.s.: This organization is backed for its commitment to social and cultural development, engaging in various projects with benefits in and beyond the local community.
- Daniel Duda: An individual talent receiving support, exemplifying the Group's commitment to nurturing personal development and achievement in various fields.

- Junák – český skaut, středisko Pagoda Nový Jičín, z.s.: The scouting center in Nový Jičín is supported for its role in youth development, offering programs that build skills, character, and community awareness.

Through these financial sponsorships, the Group demonstrates its holistic approach to employee engagement and welfare, significantly contributing to the flourishing of communities and supporting the diverse interests of its employees. This strategy not only enhances the Group's corporate culture but also strengthens its bond with communities, reinforcing its reputation as a socially responsible and employee-centered organization.

Financial Assistance Received from the Czech Government

In 2023, the Group successfully applied for and received financial assistance from the Czech government in the amount of several hundreds of millions of Czech crowns. This significant support, encompassing tax breaks, subsidies, grants, time-limited relief from financial obligations, financial incentives, and more, has been instrumental in enabling the Group to fund and advance a multitude of projects and initiatives focused on sustainable business practices and the enhancement of the environmental and social dimensions of its operations.

This governmental support has both facilitated the Group's efforts in adopting and integrating sustainable practices and played a crucial role in its ability to maintain and expand its support for the communities it serves. This financial assistance has effectively amplified the Group's capacity to invest in community development, environmental conservation, and social welfare projects, thereby extending the positive impact of the government support.

By leveraging this financial aid, the Group has been able to indirectly continuously support its communities, reinforcing its commitment to corporate social responsibility and its role as a proactive and responsible corporate citizen. This symbiotic relationship between governmental support and community assistance underscores the importance of collaboration between the public sector and private enterprises in achieving the shared goals of sustainable development and societal well-being.

Supply Chain Management

Sustainable Supply Chain

The Group acknowledges the importance of establishing robust reporting and performance metrics as a cornerstone of its sustainable supply chain strategy. Moreover, being at the juncture of evolving its procurement practices, the Group recognizes a significant gap in its current framework—particularly, the absence of formalized criteria for the selection of sustainable suppliers. Despite the inherent complexity of its supply chain, spanning diverse markets and regulatory environments, the Group is committed to developing a unified framework for reporting on sustainability. Recognizing the imperative need to address this gap, proactive measures have been adopted to mitigate potential risks and ensure the integrity of the supply chain.

Capacity Building and Stakeholder Engagement

To support the ambitious goals it has set for procurement and sustainable supply chain management, the Group is taking decisive steps to enhance the capacities of its procurement departments. This initiative involves targeted training and development programs

designed to furnish procurement teams with the necessary skills and knowledge to effectively manage sustainability in the supply chain.

Simultaneously, the Group is strongly emphasizing stakeholder engagement. In 2024, it plans to host discussions with stakeholders to foster mutual engagement and collaboration on sustainability issues. These discussions are expected to cover critical topics such as transparency and traceability in the supply chain, initiatives for reducing environmental impacts, and the promotion of social welfare and labor rights within the supply chain.

This comprehensive approach to capacity building and stakeholder engagement demonstrates the Group's dedication to not just internal improvement but also contributing positively to the broader sustainability ecosystem. Through these efforts, the Group aims to create a collaborative platform where ideas and best practices can be shared, thereby enhancing the overall sustainability of the supply chain.

Reporting and Performance Metrics

The Group is actively working toward the establishment of unified reporting and performance metrics for its supply chain sustainability efforts. This initiative reflects an understanding of the complexities involved in measuring and reporting on sustainability within the diverse and multifaceted supply chain landscape. Although the task presents significant challenges, particularly in identifying quantifiable KPIs, the Group is committed to developing a robust framework for sustainability reporting. This framework aims to provide transparency about the Group's sustainability initiatives, track progress against sustainability goals, and identify areas for improvement. The development of these metrics is crucial for assessing the effectiveness of the Group's sustainability strategies and demonstrating its commitment to responsible supply chain management.

Audit of Suppliers

The “Know Your Partner” Process

The “know your partner” initiative serves as the foundation for the Group's current supply chain management approach. Through this process, the Group aims to significantly reduce information uncertainty and identify potential impacts of financial, security, and reputational risks. This involves continuous monitoring of suppliers for any aspects that could adversely affect cooperation, thus maintaining a high standard of integrity and sustainability in our supply chain.

Future Strategies and Implementation

As the Group strives to bridge the current gaps in its procurement and sustainable supply chain management, a forward-looking strategy is being put in place. Central to this strategy is the introduction of supplier audits and

assessments, scheduled to commence in 2025. These assessments are designed to formalize the process of selecting sustainable suppliers, thereby ensuring that our supply chain aligns with our sustainability goals and ethical standards.

In parallel, by the end of 2024, the Group is committed to implementing a “Supplier Code of Conduct and Compliance” across all its companies. This code will act as a cornerstone for establishing clear expectations and standards for suppliers, focusing on sustainability, ethics, and compliance. It is set to become a key performance indicator (KPI) for the Group, underscoring the critical importance of sustainable procurement practices.

These future-facing initiatives represent the Group's commitment to both enhancing its supply chain sustainability and setting a benchmark for responsible and ethical business

practices within the industry. The introduction of structured audits, coupled with the establishment of a comprehensive supplier code, signals a strategic shift toward a more sustainable and accountable supply chain management approach.

The Group is focusing on preservation of the environment as well as enhancing its own operational efficiency and sustainability in the long term.



Support for the Environment

For the Group, an industrial technology holding with significant operations in the aerospace and defence industries, the commitment to environmental stewardship is not just a policy; it is a core aspect of its operational ethos. Recognizing the unique environmental challenges and responsibilities associated with these sectors, the Group is dedicated to establishing a solid foundation for its environmental commitments.

Central to this endeavor is the meticulous collection and analysis of data across its operations. This crucial process aims to set a comprehensive baseline for the Group's environmental impact, from which specific, quantifiable KPIs will be defined. The goal is to ensure that these KPIs reflect the expectations of all stakeholders and yet are also grounded in realism to guarantee their achievability.

By prioritizing the acquisition of reliable data, the Group is laying the groundwork for environmental initiatives that are both ambitious and attainable. This approach underscores the Group's commitment to transparency and accountability in its environmental efforts. Scheduled to complete this foundational phase by the end of 2024, the Group is poised to advance its environmental objectives using clear targets and strategies, reinforcing its dedication to benefiting the planet while maintaining its industrial and technological leadership. This careful, data-driven approach ensures that the Group's environmental commitments are meaningful while also directly contributing to the broader goal of sustainable development, aligning with the expectations, values, and needs of Group stakeholders, communities, and the global environment.

Reduction of Environmental Impacts

The Group is actively engaged in efforts to reduce greenhouse gas emissions and the release of other harmful substances as a result of its operations.

Understanding the importance of sustainability in today's industrial landscape, the Group has implemented a series of measures aimed at minimizing its environmental footprint. These measures include initiatives to reduce waste, bring down energy and water consumption, and decrease fuel

use across all areas of operation. By focusing on these critical areas, the Group is not only contributing to the preservation of the environment but also enhancing its own operational efficiency and sustainability in the long term.

Alongside these internal efforts, the Group collaborates closely with local authorities and communities. This collaboration ensures that the Group's activities align with local environmental standards and community expectations, further mitigating any potential

negative impacts on local environments. Through these comprehensive strategies, the Group demonstrates its dedication to environmental responsibility and its commitment to contributing positively to our planet's health and well-being.

Setting Emission Reduction Targets

The Group has taken significant strides toward fulfilling its commitment to environmental stewardship, particularly in the realm of greenhouse gas (GHG) emissions reduction. Following its pledge made last year, the Group has broadened the scope of its GHG emissions-data collection to encompass all executive companies within the Group. This comprehensive approach ensures a more accurate and holistic understanding of the Group's environmental impact, laying the groundwork for targeted and effective emissions reduction strategies.

The organization adheres to the Greenhouse Gas Protocol (GHG Protocol) for reporting its carbon footprint, focusing on Scope 1 and Scope 2 emissions. Scope 1 covers direct emissions from owned or controlled sources, while Scope 2 addresses indirect emissions from the

generation of purchased electricity, steam, heating, and cooling consumed by the organization. The decision to currently exclude Scope 3, which pertains to indirect emissions in the value chain, was made due to its complexity and the challenges associated with gathering relevant data.

By concentrating on Scopes 1 and 2, the Group is establishing a solid foundation for its emission reduction targets. This data-driven approach not only aligns with the expectations of stakeholders but also ensures that the targets set are both realistic and achievable. The Group's efforts to expand the list of companies examined for GHG emissions underscore its dedication to environmental responsibility and its ambition to lead by example in the industrial technology sector.

Dedicated Audit Team

The Group has reaffirmed its commitment to environmental sustainability and the rigorous assessment of its greenhouse gas emissions by once again assembling a dedicated audit team. This team is composed of internal staff representing various areas pivotal to the examination, including site managers, energy engineers, and those responsible for the integrated management system. To ensure a comprehensive and multifaceted evaluation, senior CSG management, alongside individuals nominated by an external contractor, are integral members of this team. The external contractor's representation is remarkably robust, including specialists with a wide range of expertise: a facility management specialist, a legally certified energy specialist, an energy auditor, a building certification

specialist for LEED and WELL, a legally certified building structures specialist, a building physics specialist, and a building facilities specialist.

This collaborative effort between internal teams and external experts underscores the Group's dedication to accurately collecting and assessing relevant data. By leveraging the diverse skill sets and experience of this audit team, the Group aims to ensure that its environmental impact assessments are thorough, reliable, and reflective of the latest industry standards and practices. This initiative is a clear testament to the Group's proactive approach to environmental stewardship, demonstrating its ongoing efforts to minimize its ecological footprint and contribute positively to global sustainability goals.

Key Activities

The Group's appointed audit team played a crucial role in the meticulous process of collecting the necessary documentation to calculate the carbon footprint of its operations. This task was primarily accomplished through personal visits to the premises of the companies being audited. The objectives of these on-site visits were multifaceted, aiming to ensure a comprehensive understanding and accurate assessment of the given environmental impact. Key activities conducted during these visits included:

- **Inspection of the Premises:** The team conducted thorough inspections to become familiar with the character of the properties, the nature of the production processes, and the overall operational environment.
- **Engagement with Responsible Personnel:** One crucial aspect of the visits was meeting and engaging with individuals responsible for the operation of the

premises and the collection of data pertinent to the energy sector, facilitating a direct line of communication for accurate data gathering.

- **Documentation and Explanation:** The team provided detailed explanations of the documentation needed to calculate the given carbon footprint, ensuring that all parties involved had a clear understanding of the information needed. This also extended to other inputs critical for future ESG assessments.
- **Basic Data Collection:** Gathering foundational data on the premises and production methods was essential for understanding the scope of operations and their potential environmental impacts.
- **Photo documentation:** To aid in future condition assessments and support works outside the premises, the team took photo documentation of the sites, including properties and operational processes.

These efforts by the audit team are indicative of the Group's thorough approach to environmental responsibility. By gaining an in-depth understanding of the operational and environmental nuances of each site, the Group is better equipped to identify areas for improvement, set realistic and achievable emission reduction targets, and undertake informed ESG assessments.

Tools and Methodologies

In addition to personally visiting the premises of the companies under review, the audit team used a comprehensive suite of tools and methodologies to ensure thorough reporting and accurate data collection for calculating the carbon footprint. This multi-faceted approach encompassed:

- **Direct Interactions:** Engaging in negotiations with the administrators and energy managers of the respective premises to gather insights and data directly related to energy management and sustainability practices.
- **Administrative Tools:** Utilizing Microsoft Word and Microsoft Excel to document findings, manage data, and prepare reports that detail the environmental assessments and carbon footprint calculations.
- **Specialized Software:** Implementing professional programs such as PROTECH, used for analyzing thermal technology aspects, and Meteororm, used for accessing solar data, which are critical for assessing energy efficiency and renewable energy potential.
- **Emission Factors Database:** Leveraging input data from GreenOMeter, which provides CO2 emission factors, essential for calculating carbon footprints accurately based on the specific energy sources and consumption patterns of each site.
- **Measuring Instruments:** Employing a variety of measuring tools, including an anemometer for wind speed, a contactless thermometer for temperature readings, and a rangefinder for spatial measurements, to obtain precise data on environmental conditions and energy usage.
- **Technical Documentation:** Reviewing project documentation for buildings and premises, which offers detailed information on the design, construction, and operational characteristics essential for environmental assessment.

- **Land Registry Preview:** Accessing Land Registry data to understand the legal and spatial parameters of each premises, contributing to a comprehensive evaluation of its environmental impact.
- **Statistical Data:** Consulting data from the Czech Statistical Office, such as average temperatures, electricity and gas transmission network parameters, waste values, and water consumption values, to incorporate external environmental factors into the assessment.

Through the integration of these diverse resources and tools, the audit team was equipped to conduct a detailed and accurate assessment of the carbon footprint and other environmental impacts of the Group's operations.

Types of Data Collected

During its work to assess environmental impact and establish a baseline for the carbon footprint of the Group's operations, the audit team focused on an evaluation of key data across the Group's companies. The primary areas of evaluation included:

- **Electricity Consumption:** Understanding the electricity usage patterns across various operations and premises so as to identify opportunities for energy efficiency improvements and the integration of renewable energy sources.
- **Natural Gas Consumption:** Assessing the consumption of natural gas, which plays a significant role in the energy mix of many companies, with the aim of identifying potential reductions or more sustainable alternatives.
- **Drinking and Process Water Consumption:** Evaluating the usage of drinking water and water in industrial processes to ensure

sustainable water management practices are in place, reducing water waste and promoting conservation.

- **Waste Production:** Quantifying the types and amounts of waste produced by the Group's companies so as to develop strategies for waste reduction, recycling, and responsible disposal, minimizing the environmental footprint associated with waste.
- **Technical Equipment of Buildings:** Reviewing the technical setup and efficiency of building systems such as heating, cooling, hot water supply, and air conditioning. This evaluation aims to identify upgrades or optimizations that can enhance energy efficiency and reduce environmental impacts.

Through a meticulous analysis of these areas, the audit team aimed to gather comprehensive data that would inform the Group's environmental commitments and the defining of specific, quantifiable KPIs.

The individual data types were evaluated as follows:

Heat

When assessing its environmental impact, the Group specifically evaluated the consumption of heat not only produced internally but sourced from external suppliers or building owners, particularly for heating and hot water in both owned and rented properties. This focus helps in accurately calculating the company's carbon footprint by accounting for indirect emissions associated with purchased heat. It also provides insight into energy efficiency and guides the Group's sustainability strategies, highlighting areas for potential improvements in the Group's efforts to reduce operational costs and enhance environmental performance.

Electricity

For reporting purposes, the "Electricity" data category encompasses all electricity consumed by a surveyed company within the Group. This includes electricity purchased from traders, as well as electricity generated on-site by cogeneration units (CGU) or photovoltaic power plants (PPP). By capturing the full spectrum of electricity sources and consumption, this data collection enables a comprehensive analysis of the company's energy use, contributing to a more accurate assessment of its environmental impact and carbon footprint. This approach ensures that all facets of electricity use are considered, from externally sourced energy to self-generated power, providing a foundation for targeted strategies to enhance energy efficiency and sustainability.

Natural Gas

The "Natural Gas" data collected for the Group's companies pertains to natural gas purchased from traders. This encompasses natural gas used across various operational aspects of the company, including but not limited to heating, hot water supply, and specific production-facility operations such as paint shops, compressor rooms, presses, and burners. By cataloguing the consumption of natural gas in these diverse applications, the Group gains a nuanced understanding of its own energy use patterns. This detailed data collection is essential for devising strategies to enhance energy efficiency, reduce emissions, and optimize the operational sustainability of a company's activities.

Water

The "Water" data within the Group is categorized into two distinct consumption types: drinking water or process water. This distinction is crucial for understanding a company's

water usage patterns and identifying opportunities for conservation and efficiency improvements. Drinking water refers to water that is suitable for human consumption, while process water is used in various operational processes, such as cooling, manufacturing, and other industrial applications. The water supply for a company or its premises can come from two kinds of sources: it can be provided through the water mains or pumped from a borehole. By differentiating between these water types and their sources, the Group can tailor its water management strategies to reduce consumption, enhance sustainability, and ensure the responsible use of water resources across its operations.

Waste

The “Waste” data collected by the Group is meticulously categorized into individual waste types, adhering to the classifications outlined in Czech Decree No. 8/2021 Coll., also known as the Waste Catalogue. This detailed approach allows for a precise assessment of the waste generated across different operations, facilitating targeted waste reduction and recycling initiatives. It is important to note that for some companies within the Group, particularly those operating on tenanted properties, waste reports were not provided due to their exemption from reporting obligations. In these instances, the amount of waste was estimated using data from the Czech Statistical Office, ensuring a comprehensive overview of waste generation across the entire Group, regardless of the specific reporting requirements of individual companies. This methodical data collection supports the Group’s commitment to environmental stewardship by enabling effective waste management strategies tailored to the specific types and volumes of waste that a company produces.

Fuel

The “Fuel” data collected within the Group pertains specifically to fuel used for land transport operations. It is important to clarify that this category excludes fuel associated with several activities outside the direct operational scope, such as:

- Transportation of employees to and from work, which falls under Scope 3 emissions due to its indirect nature.
- Air transport, which is also categorized under Scope 3 emissions, or in the case of aviation companies, performance-related emissions.
- Transportation of materials between premises and/or within the supply and customer chains. This is another aspect placed under Scope 3 emissions due to its indirect impact on a company’s carbon footprint.

By examining fuel for land transport, the Group aims to accurately measure and manage direct emissions related to its vehicle fleet and operational transport activities. This targeted approach facilitates the implementation of strategies to reduce fuel consumption and reduce greenhouse gas emissions, enhancing the overall sustainability of the Group’s land transport activities.

Consumable Materials

Packaging materials consumption and the amount of plastic and paper purchased was not assessed.

Other Energy Sources

Other “heating-type” gases and liquids such as propane, propane-butane and light fuel oil were monitored as other parameters.

Emission Factors

The emission factors used by the Group, provided by certified companies specializing in ESG ratings, are detailed in Annex 4. This inclusion ensures that stakeholders have access to the foundational data underpinning the Group’s environmental assessments, promoting transparency and facilitating a deeper understanding of the methodologies employed in calculating its carbon footprint and environmental impacts. By making these factors easily available, the Group underscores its commitment to accountability and the use of reputable sources in its sustainability reporting.

Reported Data for 2023

Production of CO2:

Scope 1

25,384.66 tons

Scope 2

56,735.54 tons

Management of Environmental Impacts

Energy Saving Measures

Selected companies within the Group have taken significant strides toward reducing their environmental impacts through the adoption of energy-efficient technologies and sustainable energy sources. Recognizing the critical role of energy consumption in overall environmental performance, these companies have installed energy-efficient lighting and Heating, Ventilation, and Air Conditioning (HVAC) systems throughout their operations. These systems are designed to minimize energy use while maintaining optimal working conditions, thereby reducing the companies’ carbon footprints and operational costs.

Additionally, in a move toward even greater sustainability, some companies within the Group have committed to purchasing electricity from green sources. This decision not only supports the transition to a low-carbon economy but also aligns with the Group’s broader environmental goals and commitments. By opting for electricity generated from renewable energy sources, these companies are contributing to the reduction of greenhouse gas emissions and promoting environmental sustainability within their operations.

Water Conservation Measures

The Group has successfully implemented water conservation measures throughout its operations, demonstrating its commitment to environmental sustainability and efficient resource management. These measures are part of the Group’s broader strategy to minimize its environmental footprint and help to conserve natural resources. By prioritizing water efficiency, the Group both reduces its

operational costs and supports the well-being of the communities and ecosystems where it operates, underscoring its dedication to responsible and sustainable business practices.

Sustainable Waste Management Practices

The Group has undertaken significant measures to reduce its total waste production, demonstrating a firm commitment to environmental stewardship and sustainable operations. Recognizing the importance of minimizing waste not only for environmental reasons but also to raise operational efficiency and lower costs, the Group has implemented a series of initiatives aimed at streamlining its production processes, reducing unnecessary waste at the source.

Key strategies include adopting more efficient production techniques that minimize offcuts and scrap, transitioning toward a paperless office to reduce paper waste, and purchasing products in bulk to decrease packaging waste. These actions reflect the Group’s holistic approach to waste reduction, encompassing a broad spectrum of materials and waste streams.

By focusing on efficiencies in production, embracing digital documentation, and optimizing procurement practices, the Group is effectively reducing its waste footprint. These measures not only contribute to the sustainability goals of the Group but also set a precedent for responsible resource management in the industrial sector.

Sustainable Transportation Practices

The Group is actively engaged in promoting sustainable commuting

practices among its employees, especially as regards business travel. Recognizing the significant environmental impact of traditional commuting methods, the Group encourages alternatives that help to reduce carbon emissions and traffic congestion. Key for this initiative is advocacy for telecommuting and the utilization of remote meetings whenever feasible.

By educating its workforce on the benefits of remote work options and virtual collaboration tools, the Group aims to minimize the necessity for physical travel, thereby reducing its overall carbon footprint. This approach not only supports the Group’s environmental objectives but also offers employees flexibility, potentially enhancing their work-life balance and productivity.

These efforts to promote sustainable commuting practices are part of the Group’s broader commitment to environmental sustainability and responsible corporate conduct. By prioritizing eco-friendly alternatives and fostering a culture of sustainability, the Group is demonstrating its dedication to contributing positively to the global effort to combat climate change.

Product Life-cycle Assessment and Eco-design

In the realm of product life cycle assessment and eco-design, the Group is currently laying the groundwork for implementing internal mechanisms to comprehensively address these critical areas. Given the extensive range of products manufactured by the companies within the Group, this endeavor presents a substantial challenge. However, it is a challenge the Group is committed to overcoming in its pursuit of sustainability and environmental responsibility.

Recognizing the importance of evaluating the environmental impact of products from cradle to grave, the Group is taking steps to integrate life cycle assessment (LCA) practices into its product development processes. This includes assessing the environmental footprints of products throughout their life spans—from raw material extraction through manufacturing, use, and eventual disposal or recycling. Similarly, eco-design principles are being adopted to ensure products are designed with their environmental impact in mind, aiming to reduce resource consumption and waste generation from the outset.

The development of these internal mechanisms is a complex process that requires careful planning, significant resources, and the engagement of various stakeholders across the Group's operations. It involves training staff, establishing new policies and procedures, and potentially adopting new technologies or materials. Despite these challenges, the Group is dedicated to making eco-design and life cycle assessment integral components of its business model. This commitment reflects the Group's broader strategy to enhance its sustainability performance and minimize its environmental footprint, ensuring it remains at the forefront of responsible and sustainable industrial practices.

Projects with Positive Environmental Impacts

Development of Hydrogen-fueled TATRA Truck

The Group has taken a significant leap forward in sustainable transportation with the development of the hydrogen-fueled TATRA truck. This innovative project was unveiled on October 23, 2023, during the H2 Forum 2023 conference, highlighting a groundbreaking Tatra Force third-generation chassis powered by hydrogen fuel

cells. This venture is part of a collaborative effort within a five-member consortium led by ÚJV Řež, alongside partners that include TATRA Trucks, Devinn, the University of Chemistry and Technology in Prague, and the Řež Research Center from the ÚJV Group. The project has received funding from the Technology Agency of the Czech Republic (TA ČR) under the Trend program, showcasing a commitment to cutting-edge sustainable solutions.

Tatra Trucks, co-owned by the Czechoslovak Group and Promet Group, is a pioneer in the development of modern propulsion systems for commercial vehicles. The hydrogen-powered Tatra Force e-Drive represents a significant milestone in this journey, offering a zero-emission solution that aligns with the future of heavy-duty transportation. This initiative is both a testament to Tatra's legacy of innovation and a strategic move toward fulfilling the ESG goals of its customers and fostering the hydrogen economy within the region and beyond.

The prototype vehicle builds on the latest, third-generation Tatra Force model, known for its robust and reliable chassis, tailored for demanding industrial applications. The hydrogen propulsion system used introduces a sustainable alternative to conventional fuel, promising high efficiency and environmental friendliness. The project leverages long-standing expertise in hydrogen technologies, aiming to pave the way for a new era of clean mobility solutions.

This development underscores the Group's dedication to innovation and environmental stewardship, marking a significant step toward reducing the carbon footprint of the transportation sector. By combining traditional engineering excellence with cutting-edge hydrogen technology, the hydrogen-fueled TATRA truck is poised to become a key player in the transi-

tion to sustainable industrial and commercial transport solutions.

Emergency Water from Air

In a groundbreaking initiative, the Group, through its subsidiary KARBOX and in collaboration with the Czech Technical University in Prague (ČVUT), has developed a unique mobile device, Emergency Water from Air, also known as EWA, capable of extracting water directly from dry desert air. This remarkable innovation underscores the Group's commitment to addressing global environmental challenges through technological advancements.

The EWA device represents a significant leap forward in water conservation technology, offering a sustainable solution to water scarcity in arid regions. Developed with the support of European Union funding, EWA can produce 25 to 30 liters of water per day, outperforming existing technologies in efficiency and effectiveness. Its ability to provide clean water in desert environments opens up new avenues for addressing the critical need for accessible drinking water in some of the world's most water-scarce areas.

This initiative is part of the Group's broader strategy to leverage its technological capabilities for sustainable development. The collaboration with ČVUT brings together industry expertise and academic research, highlighting the potential of public-private partnerships in driving innovation. The EWA device not only fulfills the dreams of many travelers and residents in arid areas but also demonstrates the Group's dedication to pioneering solutions that can profoundly benefit global water resources management.

The successful testing of EWA in Australia, a continent largely characterized by desert land, further validates its potential as a viable solution for remote areas facing daily water

shortages. The affordability of the water produced by EWA, compared to the high cost of bottled water in these regions, marks a significant advancement in making clean water accessible to all.

The EWA project is a testament to the Group's innovative spirit and its commitment to contributing to the hydrogen economy and sustainable development goals. By developing technologies that address critical environmental issues like water scarcity, the Group stands at the forefront of creating a more sustainable and equitable world.

Green Core Biodegradable Wads

In their continuous pursuit of uncompromising sustainability, Group member Fiocchi Munizioni is proudly introducing the "Green Core" line of biodegradable wads, a testament to their commitment to environmental stewardship and high-quality manufacturing. Fiocchi, a global leader in primer production, with a production volume of approximately two billion primers a year, has long upheld the principles of precision, excellence, and respect for the environment. This new development is a reflection of Fiocchi's dedication to promoting a sustainable lifestyle while catering to the passionate hunter or shooter who seeks to harmonize their passion with total respect for nature.

The "Green Core" line represents a significant innovation in ammunition technology, featuring wads produced from 100% biodegradable and compostable material. This material is EN 13432 certified, ensuring that it degrades by at least 90% within six months under conditions rich in carbon dioxide, and decomposes 90% of its mass into fragments smaller than 2 mm when in contact with organic materials over a period of three months. This groundbreaking feature

guarantees that its decomposition residues do not harm flora or fauna, as they do not contain microplastics.

Currently exclusive to 12-gauge cartridges, the "Green Core" wads maintain the same ballistic performance Fiocchi's products are known for. Optimized for a variety of shot materials including lead, steel, tungsten, and bismuth, these wads are exceptionally resistant to low temperatures and shooting pressures, ensuring maximum protection of the barrel from contact with the shot. This makes them an ideal solution when using hard materials like steel and tungsten.

Fiocchi Munizioni's introduction of the "Green Core" biodegradable wads aligns with its broader "GO GREEN" initiative, which includes ammunition with lead-free bullets and the ZetaPi or Zero Pollution trigger developed in the mid-nineties. This trigger uses a priming mixture free of lead, zinc, and other heavy metals, which is also non-mercuric, non-corrosive, and non-erosive, available exclusively with Fiocchi ZetaPi primers.

Fiocchi Munizioni's commitment to responsible and sustainable hunting and shooting practices is evident through its investment in innovations like the "Green Core" wads. By choosing "GO GREEN" products, consumers support a more sustainable lifestyle without compromising on performance, embodying Fiocchi's passion for delivering high-quality, environmentally respectful products.

Renewable Energy Resources

Investing in Renewable Energy Resources

Our Strategy for Transitioning to Renewable Energy

The Group is outlining its forward-looking commitment to enhancing its sustainability and environmental stewardship through a comprehensive shift toward renewable energy sources. Recognizing the critical importance of sustainable energy for future operational resilience and environmental impact reduction, the Group has pledged to undertake a detailed energy assessment in 2024. This pivotal assessment will serve as the foundation for understanding the current energy usage patterns across its operations and identifying potential areas for improvement and transition.

Parallel to this assessment, the Group is poised to develop a renewable energy investment plan, marking it as one of the key sustainability KPIs for 2024. This strategic plan will outline the steps the Group intends to take to invest in and adopt renewable energy sources across its operations. The objective is to not only reduce the carbon footprint of the Group's activities but also ensure that its energy consumption is aligned with the principles of environmental sustainability and resilience, against the volatility of traditional energy markets.

Among the companies within the Group that have by now integrated photovoltaic energy into their operations are Baschieri & Pellagri S.p.A., ELTON hodinářská, a.s., FABRICA DE MUNICIONES DE GRANADA S.L., and

Fiocchi Munizioni S.p.A. These companies have recognized the value of harnessing solar energy, both for its environmental benefits and for its potential to reduce energy costs and increase operational efficiency.

By committing to these initiatives, the Group is demonstrating its proactive approach to integrating renewable energy into its operational framework. This strategy underscores the Group's dedication to contributing positively to the global effort to combat climate change, showcasing a clear vision for a sustainable and environmentally responsible future. Through detailed assessment and strategic investment in renewable energy, the Group aims to set sustainability standards within the industrial sector, ensuring that it remains at the forefront of sustainable development and innovation.

Investments in Renewable Energy Projects

In terms of renewable energy resources, the Group is committed to a strategic and resourceful approach to financing its transition toward sustainable energy solutions. Recognizing the substantial investment needed to shift to renewable energy, the Group has outlined a multifaceted financial strategy to support this vital transition.

Central to this strategy is the allocation of internal funds toward the execution of renewable energy projects. This commitment of financial resources underscores the Group's dedication to embedding sustainability at the core of

its business operations and future growth plans. However, because it understands the complexity and scale of the transition to renewable energy, the Group is also actively exploring a variety of external funding sources to complement its investment.

These external sources include grants, loans, and tax incentives specifically designed to support renewable energy projects. Furthermore, the Group is considering partnerships with third-party investors and funding bodies that align with its sustainability goals and can offer the financial backing needed to accelerate its renewable energy initiatives.

By diversifying its funding approach, the Group aims to ensure the successful implementation of its renewable energy strategy. This proactive pursuit of both internal and external financing options not only facilitates the Group's transition to renewable energy but also exemplifies its comprehensive and strategic approach to achieving its sustainability KPIs. Through these efforts, the Group is poised to make significant strides in reducing its environmental impact and leading by example within the industrial sector's shift toward sustainable energy practices.

Reporting and Performance Metrics on Renewable Energy Use

The Group is currently concentrating its efforts internally to establish a comprehensive framework designed to empower its companies to report

their performance metrics concerning renewable energy use accurately and reliably. This initiative underscores the Group's commitment to transparency, accountability, and continuous improvement in its environmental and sustainability efforts.

By creating a robust framework for renewable energy usage reporting, the Group aims to enhance its sustainability reporting, providing stakeholders with clear and concise information on its progress toward integrating renewable energy into its operations. This effort is pivotal in tracking the effectiveness of the Group's strategies for transitioning to renewable energy sources and measuring the impact of these changes on its overall environmental footprint.

This proactive approach to sustainability reporting reflects the Group's understanding of the importance of reliable data in driving informed decision-making and strategic planning. It demonstrates the Group's dedication to not only adopting renewable energy solutions but also setting new standards for sustainability within the industry. Through this framework, the Group seeks to ensure that its renewable energy initiatives are both impactful and aligned with the expectations of its stakeholders, paving the way for a more sustainable and energy-efficient future.

The Group is committed to leading by example, adapting its strategies and operations to engage with the evolving challenges and opportunities of sustainable business practices.



Conclusion and Planned Actions for 2024

Throughout 2023, the Group solidified its commitment to integrating sustainability into the core of its business operations, recognizing that it is imperative for such measures to not only comply with global standards and directives but also ensure the long-term viability and ethical responsibility of our enterprise. This dedication manifested in several key areas, including rigorous adherence to evolving regulatory frameworks, proactive stakeholder engagement, and strategic sustainability planning.

Engagement with stakeholders has been elevated to a strategic imperative, recognizing the critical role that customers, employees, suppliers, and the wider community play in the sustainability journey. Through structured dialogues and feedback mechanisms, the Group is seeking to build a shared vision for sustainability, one that reflects the diverse perspectives and values of its stakeholder commu-

nity. Materiality assessment has been a cornerstone of the Group's strategy here, enabling it to identify and prioritize the sustainability issues that are most impactful for its business and stakeholders. This focused approach ensures that efforts are directed where they can make the most difference, balancing the needs of the present with the imperatives of the future.

A significant emphasis has been placed on educating our management in ESG principles. Through dedicated training and development programs, the Group has fostered a leadership culture that is deeply aware of and committed to sustainability, ensuring that ESG considerations are embedded in decision-making processes across the organization. Diversity and inclusion have been championed as ethical imperatives—but also as vital components of the Group's identity. Through comprehensive policies and programs, the Group has sought to

create a workplace where every individual feels valued and empowered, recognizing the strength that lies in diversity.

In managing its supply chain, the Group has applied rigorous sustainability standards, extending its commitment to environmental and social responsibility beyond its immediate operations. By promoting sustainable practices among its suppliers and partners, the Group is seeking to contribute to a more sustainable global economy.

Looking ahead to 2024, the Group has outlined a series of ambitious commitments to further advance its sustainability agenda. The Group's actions to define, formalize, and implement a Renewable Energy Investment Plan exemplify its commitment to reducing its carbon footprint and promoting energy efficiency. Similarly, the plan to collect carbon-footprint Scope 3

emissions under the Greenhouse Gas Protocol underscores the Group's commitment to transparency and accountability in its environmental impact.

The formalization and implementation of the CSG Diversity, Equality, and Inclusion (DEI) Guidelines and the CSG Supplier Code of Conduct reflect the Group's dedication to fostering an inclusive, equitable workplace and promoting responsible business practices throughout its supply chain. Additionally, the commitment to conducting stakeholder identification and qualitative interviews demonstrates the Group's proactive approach to understanding and meeting stakeholder expectations. Lastly, the introduction of a sustainability reporting remuneration scheme symbolizes the Group's innovative approach to incentivizing sustainability performance, embedding sustainability objectives into the fabric of the organization.

With all this in mind, the Group's sustainability efforts and commitments for 2024 clearly represent a comprehensive and strategic approach to corporate sustainability. Through these initiatives, the Group is striving to not only enhance its own sustainability performance but also inspire others to follow suit, contributing to a more sustainable and equitable world. The journey toward sustainability is a continuous process, and the Group is committed to leading by example, adapting its strategies and operations to engage with the evolving challenges and opportunities of sustainable business practices.

The Group has steadfastly pursued its mission to integrate sustainability into every facet of its operations, from manufacturing processes to corporate governance, and into its engagements with the communities it serves.



Annex 1 – List of Companies Included in the Sustainability Report

Executive Companies

Company	Note
14. OKTOBAR d.o.o. Kruševac	Fully reported
Armi Perazzi S.p.A.	Not covered in the 2023 Sustainability Report—acquired in late 2023
ATRAK a.s.	Fully reported
AVIA Motors s.r.o.	Fully reported
Baschieri & Pellagri S.p.A.	Fully reported
CS SOFT a.s.	Fully reported
CSG DEAL a.s.	Fully reported
CSGM a.s.	Fully reported
Česká letecká servisní a.s.	Not covered in the 2023 Sustainability Report—sold in 2023
DAKO-CZ MACHINERY, a.s.	Fully reported
DAKO-CZ RE, s.r.o.	Fully reported
DAKO-CZ SERVICE, s.r.o.	Fully reported
DAKO-CZ TRANSELCO, s.r.o.	Fully reported
DAKO-CZ, a.s.	Fully reported
DEFENCE SYSTEMS a.s.	Not covered in the 2023 Sustainability Report
ELDIS Pardubice, s.r.o.	Fully reported
ELTON hodinářská, a.s.	Fully reported
EXCALIBUR ARMY spol. s r.o.	Fully reported
EXCALIBUR INTERNATIONAL a.s.	Fully reported
FABRICA DE MUNICIONES DE GRANADA S.L.	Fully reported
Fiocchi Munizioni S.p.A.	Fully reported
Fiocchi of America Inc.	Fully reported
JOB AIR Technic a.s.	Fully reported
KARBOX s.r.o.	Fully reported
Lyalvale Express Limited	Fully reported
MSM EXPORT, s.r.o.	Fully reported
MSM LAND SYSTEMS s.r.o.	Fully reported
MSM Martin, s.r.o.	Fully reported
MSM Services, s.r.o.	Fully reported
Prague Fertility Centre s.r.o.	Fully reported
REAL TRADE PRAHA a.s.	Fully reported
RETIA, a.s.	Fully reported

Company	Note
SBS ZVS, s.r.o.	Fully reported
Slovak Training Academy, s.r.o.	Not covered in the 2023 Sustainability Report—sold in 2023
TATRA DEFENCE VEHICLE a.s.	Fully reported
TATRA EXPORT s.r.o.	Reported – 65% as per mutual agreement with minority shareholders
TATRA METALURGIE a.s.	Reported – 65% as per mutual agreement with minority shareholders
TATRA TRUCKS a.s.	Reported – 65% as per mutual agreement with minority shareholders
TRUCK SERVICE GROUP s.r.o.	Fully reported
UpVision s.r.o.	Fully reported
VOP Nováky, a.s.	Fully reported
ZVS holding, a.s.	Fully reported
ZVS IMPEX, akciová spoločnosť	Fully reported

SPVs (Special Purpose Vehicles)

Company	Company
ABIENNALE s.r.o.	LIAZ TRUCKS a.s.
ANGERONA TRADE a.s.	LOSTR a.s.
ARMY TRADE a.s.	MANDURIA TRADE a.s.
AsterIVF s.r.o.	MEDHA DAKO-CZ PRIVATE LIMITED
ATLAN GROUP, spol. s r.o.	MEFITIS TRADE a.s.
AVIA Electric a.s.	MERIT SPV a.s.
AVIEN, spol. s r.o.	Perazzi USA, Inc.
CLEVELOPMENT SPV a.s.	POCKET VIRTUALITY a.s.
CSG a.s.	PPS VEHICLES, s.r.o.
CSG EXPORT a.s.	PROGRESS SPV a.s.
CSG INDUSTRY a.s.	RADIATIK a.s.
CSG Land System SK a.s.	Real Info d.o.o. Kruševac
CSG RECOVERY s.r.o.	REALID SPV a.s.
CZECH CAMOUFLAGE SYSTEMS a.s.	RELAZA SPV a.s.
CZECH DEFENCE SYSTEMS a.s.	SHER Technologies a.s.
CZECHOSLOVAK EXPORT a.s.	Slovak Aviation Factory s.r.o.
CZECHOSLOVAKIA TRADE a.s.	Slovak industry s.r.o.
DAKO-CZ EN, a.s.	Sondany s.r.o.
DAKO-CZ INDIA PRIVATE LIMITED	Space T a.s.
DEFENCE TRADE SLOVAKIA, s.r.o.	STA TECHNOLOGY, s.r.o.
Development Přelouč s.r.o.	STALUNA TRADE a.s.
EHC Service, s.r.o.	TABLON SPV a.s.
ENGINEERING SPV a.s.	TATRA a.s.
EUROPEAN AIR SERVICES s.r.o.	TATRA AVIATION a.s.
EUROPEAN AIR SERVICES SLOVAKIA s. r. o.	TATRA DEFENCE PROJECTS s.r.o.
FIOCCHI UNITED KINGDOM LIMITED	TATRA DEFENCE SLOVAKIA s.r.o.
GAMA OCEL, spol. s r.o.	TATRA DEFENCE SYSTEMS s.r.o.
GERLENAIR a.s.	TATRA MANUFACTURE a.s.
HELI COMPANY s.r.o.	TECHPARK Hradubická a.s.
HTH land a.s.	UpVision Defence s.r.o.
INTEGRA CAPITAL a.s.	VENILIA TRADE a.s.
JWL DAKO-CZ (INDIA) LIMITED RN	Virte, a. s.
KARMONIKA AERO a.s.	VORNEA SPV s.r.o.
KONVERTIAL SPV a.s.	

Holding Companies

Company
CSG AEROSPACE a.s.
CSG Ammo+ a.s.
CSG DEFENCE a.s.
CSG HEALTH CARE a.s.
CSG Land Systems CZ a.s.
CSG MOBILITY a.s.
CZECHOSLOVAK GROUP a.s.
ENVERCOTE a.s.
KARBOX Holding s.r.o.
LAIRAN SPV a.s.
LBP 80 S.r.l.
MADE CS a.s.
MSM GROUP s.r.o.
NIKA Development a.s.
TECHNOLOGY CS a.s.
TRADITION CS a.s.
TRIBLAN a.s.

Annex 2 – Membership
in Associations

- ACRI—Association of Enterprises of the Czech Railway Industry
- AFEMS—Association of European Manufacturers of Sporting Ammunition
- AIAD—Italian Industries Federation for Aerospace, Defence and Security
- UAVA Czech Republic
- ANPAM—National Association of Manufacturers of Sporting and Civil Arms and Ammunition
- AOBP—Association of Defence and Security Industry of the Czech Republic
- Arkansas Game & Fish Foundation
- AutoSAP—Association of the Automotive Industry
- AWIN—Aviation Week Intelligence Network
- A-CSR—Association for Social Responsibility
- C.I.P.—Commission Internationale Permanente pour l'Epreuve des Armes à Feu Portatives
- Klub personalistů Moravy a Slezska, z. s.—The Moravian and Silesian HR Managers Club
- CNCN—National Hunting and Nature Committee
- DGAM (Directorate General of Armament and Material) Register
- Confindustria Lecco e Sondrio
- CPSA—Clay Pigeon Shooting Association
- Česká slévárenská společnost—Czech Foundry Association
- FITASC—International Federation of Sport Shooting
- FITAV—Italian Shooting Federation
- Fondazione UNA
- The Gun Trade Association
- Hospodářská komora ČR—Chamber of Commerce of the Czech Republic
- Chamber of Tax Advisors of the Czech Republic
- MAS Šternbersko o.p.s.
- NASGW—National Association of Sporting Goods Wholesalers
- NSSF—National Shooting Sports Foundation
- Regional Chamber of Commerce of the Moravian-Silesian Region
- Regional Chamber of Commerce of the Pardubice Region
- SAAMI—Sporting Arms and Ammunition Manufacturers' Institute
- SAE—Serbian Association of Employers
- SOPK—Slovak Chamber of Commerce and Industry
- Svaz automobilového průmyslu—Automotive Industry Association of the Czech Republic
- Svaz kováren ČR—The Czech Forging Industry Association
- Svaz průmyslu a dopravy—Confederation of Industry of the Czech Republic
- Svaz sléváren ČR—Foundry Association of the Czech Republic
- UNIFE—The European Rail Supply Industry Association
- UROCAE—European Organisation for Civil Aviation Equipment
- ZBOP—Security and Defence Industry Association of the Slovak Republic

Annex 3 – Sustainability

Metrics Overview

Pillar	Goal	Narrative	Timeline	KPI supported by the activity
Environment	Implementation of Renewable Energy Plan (REP) across the CSG Group's companies by the end of 2024.	The CSG Group has proactively allocated investments toward renewable energy initiatives and secured grants from pertinent institutions, funding projects that aimed at curtailing harmful emissions and harnessing renewable energy. Emphasizing the importance of structured approach to renewable sources is crucial, as these endeavors are key to making a significant impact on climate change mitigation. The REP is designed to provide companies in the CSG group with information on instruments how to approach reduction of dependency on fossil fuels, thereby contributing to the preservation of natural resources and the protection of biodiversity.	The Renewable Energy Plan is to be implemented by the end of 2024.	E_2_1: Investing in renewable energy resources
Environment	Create a step-by-step plan for collection of carbon footprint Scope 3 emissions under the Greenhouse Gas Protocol (GHG protocol) by the end of 2024.	Starting in 2025, the CSG Group is committed to measuring its Scope 3 emissions in line with the GHG Protocol. The Group is dedicated to conducting these measurements with the utmost precision and developing a detailed plan for gathering carbon footprint data across its entire value chain. This structured approach will ensure the efficient management of data collection and analysis as well as the consolidation of pertinent information, enabling more informed decision-making and strategy development for sustainability.	The step-by-step plan for group-wide collection of carbon-footprint Scope 3 emissions is to be implemented by the end of 2024.	E_1_2: Management of environmental impacts
Social	Implementation of Diversity, Equality, and Inclusion Guidelines (DEIG) to be implemented throughout the Group's companies by the end of 2024	As a responsible employer, the Group strategically prioritizes promoting diversity and inclusion among its employees, enhancing working conditions and workplace safety, and maintaining ethical business practices. The Group regards the implementation of DEI policy as essential for fostering a diverse and innovative environment, ensuring equal opportunities for everyone. This policy will establish a DEI reporting framework, assisting in the development of specific DEI objectives for the upcoming years, further embedding these critical values into our corporate culture.	The DEIG is to be implemented group-wide by the end of 2024.	S_1_1: Promoting diversity and inclusion in the workplace
Social	Implementation of Supplier Code of Conduct across the CSG Group's companies by the end of 2024.	The Group systematically conducts due diligence on its business partners to assess their reliability, mitigate information uncertainty, and manage potential impacts. To strengthen these evaluations, the Group plans to introduce a CSG Supplier Code of Conduct. This will guarantee that its suppliers adhere to stringent ethical, governance, and social responsibility standards. The Code of Conduct will enable the Group to ensure its suppliers' compliance with both local and international regulations, thereby minimizing legal risks associated with labor laws and anti-corruption efforts.	The Supplier Code of Conduct is to be implemented by the end of 2024.	S_3_2: Audit of suppliers

Pillar	Goal	Narrative	Timeline	KPI supported by the activity
Governance	Identification of CSG's stakeholders and then perform qualitative stakeholder interviews by the end of 2024.	The Group acknowledges the critical role its stakeholders, encompassing employees, customers, suppliers, local communities, and governmental entities, play in the realm of sustainability. Through structured interviews with its stakeholders, the Group aims to closely monitor their needs and expectations, enabling it to enact measures that accurately address these concerns. The insights gained from these discussions will be instrumental for conducting a Double Materiality Matrix assessment, which will ensure that our strategies are both responsive and aligned with stakeholder priorities.	Stakeholder engagement on sustainability issues is to be achieved by the end of 2024.	G_1_2: Stakeholder engagement on sustainability issues
Governance	Implementation of Sustainability Reporting Compensation Policy (SRCP) across the CSG Group, to be implemented by the end of 2024, effective from January 1, 2025	The Group is committed to fully adhering to the latest CSRD regulations, emphasizing the importance of high-quality data and information reporting. The Group is confident that the SRCP will inspire ESG managers throughout the Group to actively participate in sustainability initiatives, directly enhancing the data we report.	The SRCP is to be implemented by the end of 2024, effective from January 1, 2025.	G_3_2: Putting in place measures to reduce risks related to sustainability issues

Annex 4 – Emission Factors

No.	Item	Locality	SCOPE 1	SCOPE 2	Unit
1	Electricity	Czech Republic	–	0,4130000000	tonnes CO ₂ /MWh
2	Electricity	Slovak Republic	–	0,1569300000	tonnes CO ₂ / MWh
3	Electricity	Kingdom of Spain	–	0,1637200000	tonnes CO ₂ / MWh
4	Electricity	Republic of Serbia	–	0,8702400000	tonnes CO ₂ / MWh
5	Heat from the heating plant	Kopřivnice (Czech Republic)	–	0,3142500000	tonnes CO ₂ e / MWh
6	Heat from the heating plant	Pardubice (Czech Republic)	–	0,3837000000	tonnes CO ₂ e / MWh
7	Heat from the heating plant	Prague (Czech Republic)	–	0,3837000000	tonnes CO ₂ e / MWh
8	Heat from the heating plant	Martin (SR)	–	0,3929500000	tonnes CO ₂ e / MWh
9	Heat from thermal power plant	Brno	–	0,2369500000	tonnes CO ₂ e / MWh
10	Natural gas	–	0,2026700000	–	tonnes CO ₂ e / MWh
11	Propane	–	0,2325700000	–	tonnes CO ₂ e / MWh
12	Butane	–	0,2410700000	–	tonnes CO ₂ e / MWh
13	Heating oil	–	0,2597500000	–	tonnes CO ₂ e / MWh
14	Gasoline	–	0,2339700000	–	tonnes CO ₂ e / MWh
15	Gasoline plus (premium)	–	0,2544400000	–	tonnes CO ₂ e / MWh
16	Diesel	–	0,2540900000	–	tonnes CO ₂ e / MWh
17	Diesel plus (premium)	–	0,2680200000	–	tonnes CO ₂ e / MWh
18	Coke	–	0,3588700000	–	tonnes CO ₂ e / MWh
19	LPG	Kingdom of Spain	0,2303200000	–	tonnes CO ₂ e / MWh
20	Electricity	Italy	–	0,3143800000	tonnes CO ₂ e / MWh
21	Electricity	USA (two sites Little Rock and Ozark)	–	0,4740040000	tonnes CO ₂ e / MWh
22	Electricity	United Kingdom	–	0,2203200000	tonnes CO ₂ e / MWh

Annex 5 – Index of GRI (Global Reporting Initiative Standards) Contents

Note: at the time of the finalization of this report, The Group was unable to align the ESRS equivalents with the GRI Disclosures and Requirements, as the Interoperability Index had not yet been released. This index is crucial for integrating ESRS guidelines with the GRI framework, ensuring comprehensive and consistent sustainability reporting.

GRI 2: GENERAL DISCLOSURES

ID	Standard	Location
2-1	Organizational details	p. 11
2-2	Entities included in the organization's sustainability reporting	p. 11
2-3	Reporting period, frequency, and contact point	p. 12
2-4	Restatements of information	p. 13
2-5	External assurance	p. 18
2-6	Activities, value chain, and other business relationships	AR
2-7	Employees	p. 42
2-8	Workers who are not employees	p. 42
2-9	Governance structure and composition	AR
2-10	Nomination and selection of the highest governing body	p. 31
2-11	Chair of the highest governance body	p. 31
2-12	Role of the highest governance body in overseeing the management of impacts	p. 31
2-13	Delegation of responsibility for managing impacts	p. 31
2-14	Role of the highest governance body in sustainability reporting	p. 31
2-15	Conflicts of interest	AR
2-16	Communication of critical concerns	p. 37
2-17	Collective knowledge of the highest governance body	p. 31
2-18	Evaluation of the performance of the highest governance body	p. 31
2-19	Remuneration policies	AR
2-20	Process to determine remuneration	AR
2-21	Annual total compensation ratio	p. 45
2-22	Statement of sustainable development strategy	p. 13
2-23	Policy commitments	p. 13
2-24	Embedding policy commitments	Not available
2-25	Processes to remediate negative impacts	p. 36

ID	Standard	Location
2-26	Mechanisms for seeking advice and raising concerns	p. 37
2-27	Compliance with laws and regulations	p. 34
2-28	Membership associations	p. 79
2-29	Approach to stakeholder engagement	p. 16
2-30	Collective bargaining agreements	p. 48

GRI 3: MATERIAL TOPICS

ID	Standard	Location
3-1	Process to determine material topics	p. 21
3-2	List of material topics	p. 21
3-3	Management of material topics	p. 21

GRI 201: ECONOMIC PERFORMANCE

ID	Standard	Location
201-1	Direct economic value generated and distributed	AR
201-2	Financial implications and other risks and opportunities due to climate change	AR
201-3	Defined benefit plan obligations and other retirement plans	AR
201-4	Financial assistance received from the government	p. 55

GRI 202: MARKET PRESENCE

ID	Standard	Location
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not available ²
202-2	Proportion of senior management hired from the local community	Not available ³
201-3	Defined benefit plan obligations and other retirement plans	AR
201-4	Financial assistance received from the government	p. 55

¹ This principle (i. distribution of responsibility for the implementation of commitments between individual levels within the company, including, ii. how commitments are integrated into organizational strategies, operating principles, and operational procedures, iii. how given commitments are fulfilled within and through business relationships, and iv. what training the organization provides on the fulfilment of commitments) will be established in the Group and reported in the future.

² The Group does not currently calculate ratios of standard entry-level wage by gender compared to local minimum wage. The necessary data will be collected by the Group and reported in the future.

³ The Group does not currently have a defined geographic definition of "local community" and does not currently have data from which to clearly determine the percentage of executives from local communities at significant locations of the Group's operations. The necessary data will be collected by the Group and reported in the future.

GRI 203: INDIRECT ECONOMIC IMPACTS

ID	Standard	Location
203-1	Infrastructure investments and services supported	p. 52
203-2	Significant indirect economic impacts	p. 52

GRI 204: PROCUREMENT PRACTICES

ID	Standard	Location
204-1	Proportion of spending on local suppliers	Not available ⁴

GRI 205: ANTI-CORRUPTION

ID	Standard	Location
205-1	Operations assessed for risks related to corruption	p. 37
205-2	Communication and training about anti-corruption policies and procedures	p. 37
205-3	Confirmed incidents of corruption and actions taken	p. 37

GRI 206: ANTI-COMPETITIVE BEHAVIOR

ID	Standard	Location
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 38

GRI 207: TAX

ID	Standard	Location
207-1	Approach to tax	p. 35
207-2	Tax governance, control, and risk management	p. 35
207-3	Stakeholder engagement and management of concerns related to tax	AR
207-4	Country-by-country reporting	AR

⁴ The Group does not currently have a defined geographic definition of "local supplier" and does not currently have data from which to clearly determine the percentage of expenses at significant points of operation on local suppliers (such as the percentage of products and services purchased locally). The necessary data will be collected by the Group and reported in the future.

GRI 301: MATERIALS

ID	Standard	Location
301-1	Materials used by weight or volume	p. 64
301-2	Recycled input materials used	p. 64
301-3	Reclaimed products and their packaging materials	p. 64

GRI 302: ENERGY

ID	Standard	Location
302-1	Energy consumption within the organization	p. 63
302-2	Energy consumption outside of the organization	p. 63
302-3	Energy intensity	Not available ⁵
302-4	Reduction of energy consumption	p. 64
302-5	Reductions in energy requirements of products and services	Not available ⁶

GRI 303: WATER AND EFFLUENTS

ID	Standard	Location
303-1	Interactions with water as a shared resource	Not available ⁷
303-2	Management of water discharge-related impacts	Not available ⁸
303-3	Water withdrawal	p. 65
303-4	Water discharge	Not available ⁹
303-5	Water consumption	p. 63

GRI 304: BIODIVERSITY

ID	Standard	Location
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Irrelevant (the Group has no such facilities)
304-2	Significant impacts of activities, products, and services on biodiversity	p. 65
304-3	Habitats protected or restored	Irrelevant (the Group has no such facilities)
304-4	ICUN Red List species and national conservation list species with habitats in areas affected by operations	Irrelevant (the Group has no such facilities)

⁵ The Group does not currently have a defined metric for calculating the energy intensity ratio. The definition of the necessary metric created by the Group will be reported in the future.

⁶ The Group does not currently record the level of reduction in energy intensity of products and services provided. This item will be analyzed and reported in the future.

⁷ The Group does not currently have a comprehensive description of its water interaction strategy, including how and where water is withdrawn, consumed, and discharged. The strategy for water-related impacts that the Group contributes to through its activities or that are directly related to the Group's activities will be analyzed and reported in the future.

⁸ The Group does not currently have a comprehensive description of all the minimum standards set for effluent discharge quality. This item will be analyzed and reported in the future.

⁹ The Group does not currently have data regarding the total water volume discharged. The item will be analyzed and reported in the future.

GRI 305: EMISSIONS

ID	Standard	Location
305-1	Direct (Scope 1) GHG emissions	p. 64
305-2	Energy indirect (Scope 2) GHG emissions	p. 64
305-3	Other indirect (Scope 3) emissions	Not available ¹⁰
305-4	GHG emissions intensity	p. 64
305-5	Reduction of GHG emissions	p. 61
305-6	Emissions of ozone-depleting substances (ODS)	Not available ¹¹
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not available ¹²

GRI 305: WASTE

ID	Standard	Location
306-1	Waste generation and significant waste-related impacts	p. 64
306-2	Management of significant waste-related impacts	p. 65
306-3	Waste generated	p. 64

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

ID	Standard	Location
308-1	New suppliers that were screened using environmental data	p. 56
308-2	Negative environmental impacts in the supply chain and actions taken	Not available ¹³

GRI 401: EMPLOYMENT

ID	Standard	Location
401-1	New employee hires and employee turnover	p. 44
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 46
401-3	Parental leave	Not available ¹⁴

¹⁰ The Group does not currently assess greenhouse gas emissions that occur outside its direct control (Scope 3). However, the Group plans to assess this item in the future and is working to improve its internal data set to provide maximally comprehensive and up-to-date information on the environmental impact of its activities.

¹¹ The Group currently does not have a comprehensive reporting mechanism for the volume of ozone-depleting substances it generates. This item will be reported in the future.

¹² The Group does not currently have a comprehensive reporting mechanism for nitrogen oxide (NOx), sulfur oxide, (SOx) and other significant air emissions. This item will be analyzed and reported in the future.

¹³ The Group does not currently record the total weight of waste diverted from disposal in metric tons and a breakdown of this total by composition of the waste. The item will be analyzed and reported in the future.

¹⁴ The Group does not currently have data related to parental leave. The necessary data will be collected by the Group and reported in the future.

GRI 402: LABOR/MANAGEMENT RELATIONS

ID	Standard	Location
402-1	Minimum notice periods regarding operational changes	p. 37

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

ID	Standard	Location
403-1	Occupational health and safety management	p. 47
403-2	Hazard identification, risk assessment, and incident investigation	p. 47
403-3	Occupational health services	p. 47
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 47
403-5	Worker training on occupational health and safety	p. 47
403-6	Promotion of worker health	p. 47
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 47
403-8	Workers covered by an occupational health and safety management system	p. 47
403-9	Work-related injuries	p. 48
403-10	Work-related ill health	p. 48

GRI 404: TRAINING AND EDUCATION

ID	Standard	Location
404-1	Average hours of training per year per employee	Not available ¹⁵
404-2	Programs for upgrading employee skills and transition assistance programs	p. 47
404-3	Percentage of employees receiving regular performance and career development reviews	Not available ¹⁶

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

ID	Standard	Location
405-1	Diversity of governance bodies and employees	p. 43
405-2	Ratio of basic salary and remuneration of women to men	Not available ¹⁷

¹⁵ The Group does not currently have comprehensive data from which it would be possible to determine the average number of hours of training completed by staff in 2022. The Group will report the necessary data in the future.

¹⁶ The Group does not currently have comprehensive data from which it would be possible to determine the proportion of all staff by gender and category who have undergone regular performance and career development reviews in 2022. The Group will report the necessary data in the future.

¹⁷ The Group currently does not have comprehensive data from which it would be possible to determine the ratio of the basic salary and remuneration of women and men according to individual categories of employees. The Group will report the necessary data in the future.

GRI 406: NONDISCRIMINATION

ID	Standard	Location
406-1	Incidents of discrimination and corrective actions taken	p. 45

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

ID	Standard	Location
407-1	Operations and suppliers in which the right to freedom and association and collective bargaining may be at risk	Irrelevant (the Group has no such facilities)

GRI 408: CHILD LABOR

ID	Standard	Location
408-1	Operations and suppliers at significant risk for incidents of child labor	Irrelevant (the Group has no such facilities)

GRI 409: COMPULSORY OR FORCED LABOR

ID	Standard	Location
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Irrelevant (the Group has no such facilities)

GRI 410: SECURITY PRACTICES

ID	Standard	Location
410-1	Security personnel trained in human rights policies and procedures	p. 48

GRI 411: RIGHTS OF INDIGENOUS PEOPLES

ID	Standard	Location
411-1	Incidents of violations involving rights of indigenous people	Irrelevant (the Group has no such facilities)

GRI 413: LOCAL COMMUNITIES

ID	Standard	Location
413-1	Operations with local community engagement, impact assessments, and development programs	p. 51
413-2	Operations with significant actual and potential negative impacts on local communities	Not available ¹⁸

GRI 414: SUPPLIER SOCIAL ASSESSMENT

ID	Standard	Location
414-1	New suppliers that were screened using social criteria	p. 57
414-2	Negative social impacts to the supply chain and actions taken	p. 57

GRI 415: PUBLIC POLICY

ID	Standard	Location
415-1	Political contributions	Not available ¹⁹

¹⁸ An analysis of significant real and potential negative impacts on local communities will be reported in the future.

¹⁹ The Group does not currently have comprehensive data from which it could determine the total monetary value of financial and material political contributions. This item will be analyzed and reported in the future.

GRI 416: CUSTOMER HEALTH AND SAFETY

ID	Standard	Location
416-1	Assessment of the health and safety impacts of product and service categories	Not available ²⁰
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 38

GRI 417: MARKETING AND LABELING

ID	Standard	Location
417-1	Requirements for product and service information and labeling	Not available ²¹
417-2	Incidents of non-compliance concerning product and service information and labeling	p. 38
417-3	Incidents of non-compliance concerning marketing communications	p. 38

GRI 418: CUSTOMER PRIVACY

ID	Standard	Location
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 38

²⁰ The Group does not currently have comprehensive data from which it could determine the percentage of significant product and service categories where occupational safety and health impacts are being evaluated for improvement. This item will be analyzed and reported in the future.

²¹ The Group does not currently have a comprehensive overview of internal company regulations related to product and service information and labeling. This item will be analyzed and reported in the future.

Sustainability Report 2023

© CZECHOSLOVAK GROUP a.s., 2024
U Rustonky 714/1, Karlín, 186 00 Prague 8
czechoslovakgroup.com

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