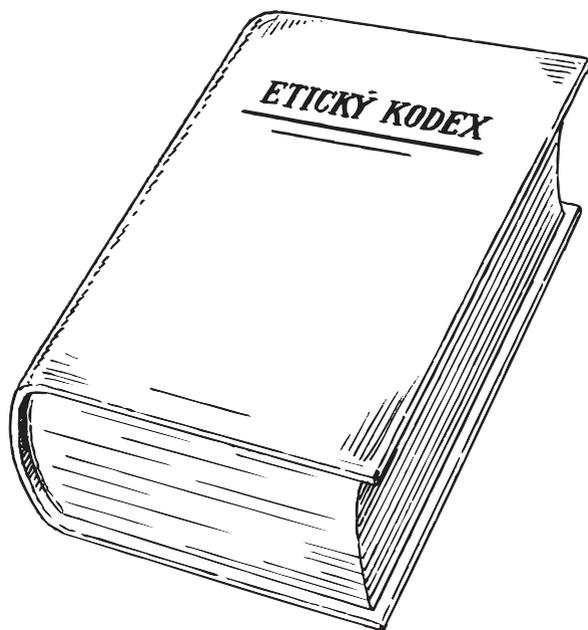


Code of Conduct

of

Česká zbrojovka a.s.





Dear Colleagues

At these times, ever-growing demands are being placed on the maintenance of a high standard of the business environment based on consistent compliance with the applicable laws and regulations. Česká zbrojovka a.s. is aware of these demands and, therefore, with the aim to uphold this standard, we are issuing an updated version of our Code of Conduct.

The present document is a statement of the fundamental corporate and ethical standards of conduct applied at Česká zbrojovka a.s. We regard these standards as important values which guide us in our business activities, as well as in dealings with you: our employees, colleagues or workmates.

The adoption of these principles also constitutes our personal commitment to observe such rules and principles and, at the same time, to help increase awareness among all stakeholders.

We firmly believe that our commitment will also become your commitment so that we can contribute to both economic and social growth of our company.

The Board of Directors
of Česká zbrojovka a.s.

1. Introduction

Česká zbrojovka a.s. is a purely Czech engineering company focusing on the production of handguns and components for the automotive and aviation industries. With the aim to implement and achieve their visions, to perform work in a quality and safe manner, to build positive business relations with partners and customers, to develop fair commercial practices and to prevent criminal activity, the employees and executives of Česká zbrojovka a.s. have committed themselves to observe this Code of Conduct as a sign of esteem and respect for the generally recognized ethical principles and rules and the laws and regulations in force.

1.1. Binding effect, scope of application and extent

This internal regulation applies throughout the entire company of Česká zbrojovka a.s. The Code of Conduct is binding to the full extent on Česká zbrojovka a.s., on every employee or every person with a similar status, on the board of directors and members of the board of directors, on the supervisory board and members of the supervisory board, on every person in an executive position within Česká zbrojovka a.s. who is authorized to act for or on behalf of Česká zbrojovka a.s. and on every person in an executive position within Česká zbrojovka a.s. who performs any managerial or supervisory activity at Česká zbrojovka a.s. (hereinafter the "Persons Concerned").

While the provisions of this Code of Conduct are addressed mainly to the employees of Česká zbrojovka a.s., they also apply, to the broadest extent possible, to other Persons Concerned.



2. Purpose of the Code of Conduct

This Code of Conduct is an integral part of the company's compliance management system, which is a system of corporate governance in the form of activities and procedures aimed to prevent, identify and respond to any conduct that would be in conflict with internal and legal regulations and that would result in a criminal liability for the company. The compliance management system is a strategic part of the corporate culture of Česká zbrojovka a.s.

This Code of Conduct defines the corporate and ethical values of conduct at Česká zbrojovka a.s. With this Code of Conduct, Česká zbrojovka a.s. upholds the defined values and principles, which form the basic framework for the company's business and social conduct, behaviour and actions.

The purpose of this Code of Conduct is to stipulate common principles and values for all employees and for other Persons Concerned. The defined principles and values are basic guidelines for the behaviour of all the Persons Concerned, including situations where they are not completely sure what rules they should follow. Thus, the *raison d'être* of this Code of Conduct is to provide employees and other Persons Concerned with procedures or guidelines for the correct handling of specific ethically difficult or complicated situations and to prevent any conduct that would be contrary to the principles and goals on which Česká zbrojovka a.s. is based and which it promotes.



3. Fundamental ethical values of Česká zbrojovka a.s.

This Code of Conduct is a statement of the principles and values that Česká zbrojovka a.s. supports and intends to build and protect and that should be observed without distinction by all the Persons Concerned while performing their professions and should be adopted as their own. This Code of Conduct provides only a very basic definition of these principles and they are further detailed and reflected in the company's other internal regulations, especially those regulations that constitute a part of the compliance management system.

It is necessary that employees as well as other Persons Concerned place maximum emphasis on compliance with these principles and values, as it is the only way to achieve the goal of Česká zbrojovka a.s. to be a responsible, trustworthy and profitable company for its shareholders, investors and trading partners and to be, to a significant extent, a sought-after employer.

The fundamental ethical values of Česká zbrojovka a.s. can be summed up as follows:

1. We act in accordance with law
2. We will not tolerate corruption behaviour
3. We avoid conflict of interest
4. We respect human rights and freedom of employees
5. We build good relations within the company
6. We protect workplace health and safety of employees and we protect the environment
7. We support quality and innovation
8. We protect the reputation and property of Česká zbrojovka a.s.
9. We use common sense and observe general rules of morality and decent conduct

3.1. We act in accordance with law

When we do our work, we observe the laws and regulations in force, placing emphasis on compliance with the legislation in our area of business. Compliance with the law of the Czech Republic, as well as the law of the European Union is the highest value of Česká zbrojovka a.s., from which all the subsequent principles and values are derived.

Compliance with national legislation and international law is our top priority. We actively monitor and abide by the laws and regulations in force and internal regulations that apply to our work activities. Ignorance is not an excuse when facing the potential consequences of rule violations. We assure that employees are properly informed about the laws and regulations in force that apply to the work activities, business operations or other activities of Česká zbrojovka a.s.

When doing business, we abide by all applicable laws and regulations. We observe the current import, export, customs and license limitations and requirements in all countries where we operate.

We will not allow any illegal procedures in the arms trade or in the use of firearms (we support ethical hunting and we condemn any forms of poaching).

We do not enter with competitors into any agreements on prices, market sharing or any other agreements that would constitute a violation of the antitrust laws in force.

We work with government authorities in any investigations concerning Česká zbrojovka a.s., and we must not prevent, interfere with or unduly influence any official measures.

Česká zbrojovka a.s., just as any other private business corporation, pursues its business activity for the purposes of making a profit. Therefore, it is necessary to maintain a sufficient financial base and weigh the level of sustainable risk while pursuing this activity. However, this business activity must be under any circumstances pursued within the limits defined by the laws and regulations in force and any violations of these laws and regulations at any level or any violations of standards of conduct must never be tolerated or justified by efforts to maximize profits or by efforts to fulfil an assigned task.

We also observe the rules of fair commercial practice.

At Česká zbrojovka a.s., great emphasis is placed on ensuring that all business transactions are properly accounted for and that only true data on the financial situation is provided. In the same vein, the company makes sure that all mandatory payments are always made in a fair, proper and timely manner.

3.2. **We will not tolerate corruption practices**

We will not tolerate any form of corruption behaviour. We develop open and fair relations with our partners and we maintain transparent principles in the selection of suppliers. We always act in the company's best interest.

The fight against corruption is a very important part of the compliance management system, with corruption generally being one of the main risky areas.

We are aware that corruption is not limited to the public sphere only and that corruption rules fully apply to the private sector, too.

In particular, we will not tolerate:

- a) any conduct that would lead to or imply corruption in trade relations and business dealings or in relations with government authorities;
- b) promising, offering or giving a bribe with the aim to influence someone's actions or decisions;
- c) requesting a bribe with the intention to influence one's own decision-making.

'Bribe' means an undue advantage resulting in a direct financial enrichment or other benefit which has been received or is to be received by the bribed person or, with the bribed person's consent, by another person and to which there is no entitlement. From the criminal law viewpoint, the amount of a bribe is not the decisive factor. However, no bribes may be tolerated, even those of negligible value, when dealing with government authorities or administration bodies. A sponsorship gift may also be considered as a bribe.

We will not take part in any activity that inherently leads to soliciting, demanding, offering or accepting bribes, undue advantages, etc.

We will promptly report any corruption attempt by any of the methods specified in Organizational Guideline No. OS -7 -01.

We endeavour to win contracts in a fair manner through the quality and price of products and not by offering undue advantages. None of us will directly or indirectly offer, promise, provide or approve the provision of money or anything of value to public officials or private entities with the aim to influence official decisions or gain an undue advantage. We do not provide any consideration for the provision of undue advantages.

As a principle, we do not accept, provide or require any gifts, gratuities or other benefits of any value. We provide and accept any potential gifts, gratuities or other benefits only in good faith and in accordance with the anticorruption rules of Česká zbrojovka a.s.

When accepting or providing gifts, gratuities or other benefits, especially in cases involving business courtesy, the gift must not result in the Persons Concerned or Česká zbrojovka a.s. assuming any obligations or gaining any illegal advantages. Where a gift, gratuity or other benefit fails to meet this condition, then it can be neither provided nor accepted. The Persons Concerned are obligated to reject any offered gift, gratuity or other benefit that fails to meet this condition and, at the same time, report the offer by any of the methods specified in Organizational Guideline No. OS -7-01.

However, business gratuities may be accepted, especially if their non-acceptance is considered impolite. Thus, it is possible to accept only a business gratuity that is regarded as a common courtesy, i.e. it must be within the limits of standard commercial practice and must not exceed the level of reasonability under the circumstances concerned. However, no such accepted small business gratuity may be provided, or create an impression that it is being provided, with the aim to provide compensation for improper, unethical or illegal behaviour. Acceptance is possible only if the provider of a business gratuity does not expect and does not demand any consideration. Similar rules apply to any meal or drink invitations. The price of such an invitation, i.e. a business gratuity, must be reasonable and must have the nature of a business gratuity, i.e. not being an advantage aimed to influence the decision-making of any entity. This rule will also apply if a small business gratuity is provided by any of the Persons Concerned to the trading partners of Česká zbrojovka a.s. or as part of marketing efforts. If commercial practice or business courtesy requires the acceptance or provision of a business gratuity, the relevant Person Concerned will take into consideration his/her position and the position of the relevant trading partner and will assess the value of the business gratuity in question (e.g. an invitation to a social or sport event, the venue chosen for a meeting, the value of the refreshments provided) so that it corresponds to commercial practice.

We will provide any gifts and sponsorship contributions only in written contractual form on the basis of a decision of Česká zbrojovka a.s. in line with the applicable laws, while assuring that these gifts are transparent and traceable and are not misused for unlawful purposes.

We are aware of the corporate social responsibility of Česká zbrojovka a.s. and, therefore, we try to be personally and financially involved in the fields of healthcare and health, science and education and support for local communities.

We select our suppliers on the basis of objective criteria such as price, quality and delivery terms. Our relationships with suppliers are based on trust and honesty. We assess offers fairly and without bias and our decision-making process is not affected by personal and subjective considerations.

3.3. **We avoid conflict of interest**

We avoid all situations that may result in a conflict between personal and business interests. We act in the company's best interest and we do not misuse property, information or our own positions at the company for personal enrichment.

The term 'conflict of interest' generally refers to situations where the decision-maker is directly or indirectly personally interested in the result of his/her decision.

We strictly separate the business interests of Česká zbrojovka a.s. from private interests. We avoid situations where a conflict may arise between our private interests and the business interests of Česká zbrojovka a.s. In case of a conflict between a corporate and personal interest, we will not give preference to our personal interest over the interest that we are obligated to promote and defend.

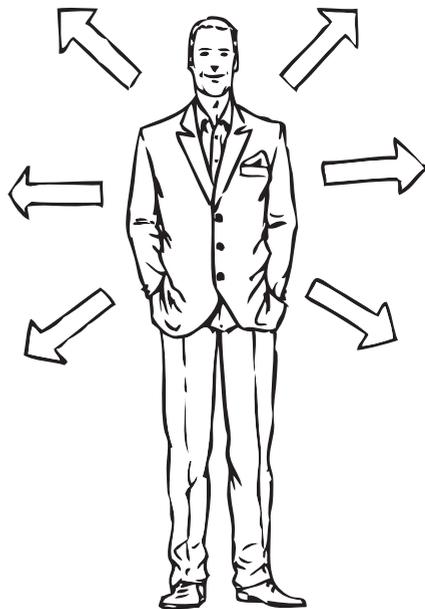
We do not directly or indirectly participate in the supplier and business relations of Česká zbrojovka a.s. by being among the suppliers or customers of any goods and services and we must not have any personal gain from these relations from any entity other than Česká zbrojovka a.s.

We will not knowingly participate in any activity that is inconsistent with the proper performance of our job duties or that hinders this performance.

A conflict of interest may also arise in the context of decisions on human resources issues. With due care we will make sure that our private interests and personal relationship are not a factor in making decisions concerning human resources.

It is our duty to notify Česká zbrojovka a.s. of all situations that might be perceived as a conflict of interest to the maximum extent permitted by law.

We will give Česká zbrojovka a.s. a prior notice of any gainful activity that is identical to the objects of business of Česká zbrojovka a.s. in line with the laws and regulations in force.



3.4. **We respect human rights and freedom of employees**

Promoting equal opportunities, supporting equal treatment, respecting personal dignity, privacy and rights of every employee are key for us. We reject any unacceptable treatment of employees and, to that end, we create conditions for quality interpersonal relations.

We respect our employees' freedom of association provided by law.

We remunerate our employees in a manner reflecting their performance and, at the same time, we provide them with an opportunity of improving their skills and qualifications.

We reject and prohibit discrimination in any job position, especially discrimination based on race, gender, age, religion or any characteristic protected by law.

All our activities take place in accordance with international rules on the respect of human rights and liberties. We strongly reject child and forced labour and we observe the statements and declarations of international organizations aimed to eliminate child and forced labour.



3.5. *We build good relations within the company*

Česká zbrojovka a.s. strives to build a strong and firm relationship with each of its employees. We create a working environment in which every employee is treated with respect and dignity. We strive for employee personal growth, we share knowledge and experience and we promote the use of new technologies.

All relations within Česká zbrojovka a.s., i.e. relations between the company and its employees and between employees themselves, as well as relations between superiors and subordinates, are based on mutual trust allowing for the sharing of information independently of a job position.

We work together, respect each other and we support career growth and professional development of all employees.



We believe that the relations between employees and the employer should be based on the following principles:

- a) mutual respect,
- b) employees are interested in improving their qualifications and the employer creates conditions for the development of these qualifications,
- c) equal opportunities,
- d) accountability for one's actions and behaviour,
- e) fair and objective assessment and remuneration,
- f) a working environment without any form of discrimination; and
- g) a corporate culture focused on performance and teamwork.

3.6. *We protect workplace health and safety of employees and we protect the environment*

We are responsible for the protection of health and for the safety of our employees at the workplace, we identify safety risks and we take precautions aimed at the prevention of injuries and occupational diseases. We respect and comply with the principles of environmental protection.

To ensure workplace health and safety, we organize regular training sessions for our employees to minimize security and safety risks.

The workplace health and safety of employees ranks among our top priorities. The responsibility to employees requires implementation of the best measures possible aimed at the prevention of accidents and includes technical planning of worksites, equipment and processes, security management and everyday behaviour of individuals at the workplace.

We assure and promote compliance with workplace health and safety regulations and we take preventive and protection measures necessary for providing the best conditions in this area.

More specific workplace health and safety rules are laid down in the relevant internal regulations.

Responsible and careful handling of natural resources across all our operations is a matter of course for us. In our production processes we use and improve environmental protection technologies. We observe environmental laws and high internal standards and we constantly develop our management system, as well as compliance with the rules defined by law.

Every one of us plays a major role in our efforts to honour the above-mentioned commitments concerning the environment and workplace health and safety.



3.7. *We promote quality and innovation*

We are aware that the quality of our products and the level of the services provided is the greatest value we can offer to our customers. In our research and development efforts, we observe company-wide ethical principles with the aim to achieve maximum efficiency and quality.

Česká zbrojovka a.s. is renowned for its high-quality products and service. We are responsible for the whole lifecycle of our products, spanning the initial conception phase, procurement of material and component supplies and an environment-friendly disposal of discarded products. To ensure compliance with international standards and, at the same time, to preserve our great reputation, we use a quality management system, which we constantly enhance and improve. We constantly and continually monitor the efficiency of our quality management system by an independent entity which will award a certificate after each annual verification of the quality system. All of us are involved in our quality management system.

We constantly strive for innovation in the fields of technology, products and services, sales and human resources with the aim to achieve maximum efficiency and the highest quality. When developing new products, we do not infringe industrial property rights of our competitors.

We put emphasis on professionalism and credibility.



3.8. *We protect the reputation and property of Česká zbrojovka a.s.*

We promote the company's reputation. We do not take part in any activities or business relations that might harm the reputation of Česká zbrojovka a.s. or of our partners. We always handle the company's property as a true owner. We do not misuse the company's trade secrets and confidential information for our own benefit or for the benefit of third parties.

We always act properly and fairly in relation to our customers, suppliers, trading partners and other employees and we protect their reputation and the image of Česká zbrojovka a.s.

We expect our employees to use the company's property responsibly and for the company's purposes. We can use the property of Česká zbrojovka a.s. for private purposes only to a customary extent and with the employer's consent.

We keep confidential all the classified information that constitutes the company's trade secrets and that comes to our knowledge as a result or in connection with the performance of our job duties. Any trade secrets, information about the company's operations, as well as any other confidential information to which we obtain access as part of our job duties are regarded and treated by us as confidential information. The information of this category – especially any data on suppliers, customers, employees, trading partners and other third parties – is properly protected by us against third parties and unauthorized employees. After termination of employment or a change of position, we don't misuse any information or other benefits that we have obtained or that have resulted from our previous position at Česká zbrojovka a.s.

We take active interest in the business goals of Česká zbrojovka a.s. and, to the maximum extent permitted by law, we try to contribute to their achievement.

We identify ourselves with the corporate culture of Česká zbrojovka a.s., which is based mainly on consistent compliance with law.



3.9. *We use common sense and observe general rules of morality and decent conduct*

We assume that each Person Concerned has the intellect of an average human and the ability to use this intellect with due care and cautiousness and that we can reasonably expect this from the Persons Concerned also in legal transactions and in the performance of their duties for Česká zbrojovka a.s.

Therefore, Česká zbrojovka a.s. asks that all the Persons Concerned always act in accordance with the foregoing assumption while performing their duties for Česká zbrojovka a.s. and, at the same time, that they also observe the principles of morality that are universally recognized by the mainstream society. In this context, the Persons Concerned are also requested that in case of any doubts about whether their actions comply with law or with moral and ethical rules they should always timely report these doubts to the competent manager.



Do you have anything to say?

While performing your job duties, did you encounter any conduct that is in violation of:

- **THE CODE OF CONDUCT** of Česká zbrojovka a.s.?
- **THE STATUTORY PROVISIONS** (laws, regulations, government orders)?
- **THE INTERNAL REGULATIONS** of Česká zbrojovka a.s. (guidelines, labour instructions, bylaws)?

Yes? Then tell us!

If you decide to report any such wrongdoing, please provide:

- **description of the wrongdoing**
- **why you think it is wrong**
- **when the wrongdoing occurred**
- **the section/department or site concerned**

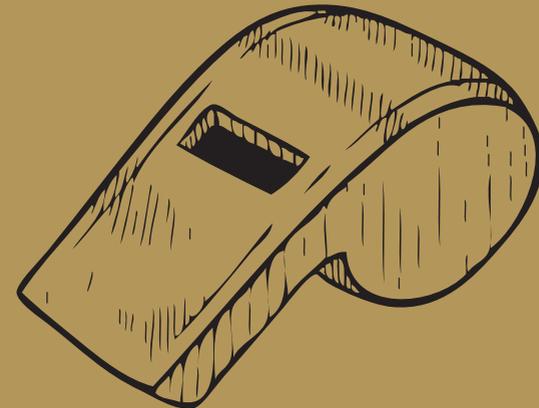
and send your report to compliance@czub.cz or fill out the notification form on <https://www.czub.cz/cz/compliance-formular/>.



If you want to know how your concern has been handled, please specify also your name and contact details for sending information (your identity will not be disclosed though). The reporting individual will not face any retaliation or discrimination for having reported a suspected wrongdoing.

The only and exclusive recipient of your concern is the compliance officer, who will duly verify every concern and, if the individual who has raised the concern has provided his/her contact details, the compliance officer will inform him/her on how the concern has been dealt with.

Česká zbrojovka a.s. appreciates and supports any justified concerns or suggestions that have been raised and by addressing these concerns it helps improve its corporate culture.



**FOR THOSE
WHO KNOW**

