

Anti-corruption policy

CZG – Česká zbrojovka Group SE



1. INTRODUCTORY PROVISIONS

The Anti-Corruption Policy is an integral part of the Compliance Program and it is part of the commitment of CZG – Česká zbrojovka Group SE (hereinafter referred to as “CZG” or the “Company”) to ensure that its business activities are carried out ethically and in compliance with all applicable laws and its own principles laid down in the Code of Ethics in all areas of CZG’s operations.

The Anti-Corruption Policy refers to anti-corruption laws, including U.S. Foreign Corrupt Practices Act of 1977, as amended, and other laws that the Company must observe.

1.1. Purpose

The Anti-Corruption Policy is motivated by the following purpose:

- to describe the Company’s anti-bribery and anti-corruption rules in all business operations;
- to prevent any corruption on behalf of as well as in connection with the Company and its Relevant Persons; to ensure compliance with the requirements of applicable anti-corruption laws whenever the Company is involved in business activities;
- to enhance the Company’s commitment to do business globally in accordance with the strictest requirements for honesty and integrity;
- to improve and develop the Company’s corporate culture, apply best practices and standards of responsible business conduct, including compliance with the Anti-Corruption Policy.

1.2. Scope

This policy applies to the entire CZG. The Anti-Corruption Policy is, to its full extent, binding on CZG, its individual employees and persons with a similar status, the Board of Directors and its members, the Supervisory Board and its members, the Audit Committee and its members, CZG officers authorised to act for or on behalf of CZG, and CZG officers in charge of management or audit tasks (“Relevant Persons”). Each Relevant Person shall read and comply with the Anti-Corruption Policy.

The Anti-Corruption Policy is addressed to the Relevant Persons in CZG as well as all other entities including but not limited to CZG group companies, i.e. companies directly or indirectly controlled by a CZG company, companies managed by a CZG company, which are hereby requested by CZG to make a commitment similar to that made in this Policy.

The Anti-Corruption Policy applies to Representatives and their employees to the extent to which third parties agreed in their contracts with the Company.

1.3. Definitions

Representatives

Any persons authorised to act on behalf of the Company or to offer and sell its products and services or the products and services of any of the CZG Group companies.

This includes but is not limited to representatives, distributors, consultants, independent contractors, intermediaries and any other third parties involved in the Company's operations with the authority to represent the Company before other parties, including but not limited to government agencies.

Commercial advantage

This is a broad term that may encompass anything of any monetary value, including but not limited to:

- cash or its equivalent (including gift cards);
- gifts;
- provision of services which would have otherwise been paid;
- advantages and favours (such as special access to a public official);
- contract or other business opportunities granted to a company in which a public official holds an ownership share or any other personal interest;
- unilaterally beneficial contracts;
- offering employment opportunities including those provided to a family member or a friend of a public official or a representative of a business organisation such as positions in joint ventures or consulting opportunities;
- contributions to political parties;
- reimbursement of medical expenses, cost of education or any other living expenses;
- travel expenses, meals, accommodation, shopping or entertainment expenses.

Improper advantage

Means any improper payment made in course of business including but not limited to payment or a commercial advantage granted to a public official or an individual or entity directly or indirectly:

- to influence or prevent a government action or other activities such as granting a contract, imposing tax or a fine or terminating an existing contract or a contractual obligation;
- to obtain a licence, permit or any other authorisation from a public official to which the company is not entitled otherwise;
- to obtain confidential information about business opportunities, offers or competitors' activities;
- to influence the public contract awarding process;
- to promote termination of a contract which is unfavourable for the company; or
- to secure any other improper advantage.

Public officials

Public officials are representatives of the public administration, i.e. all persons with legislative, executive, judicial powers or holding posts in public bodies, corporations, agencies or companies or armed forces of a country, territory or self-governed areas, including their consultants and family members. This also applies to international intergovernmental organisations and political parties.

2. FUNDAMENTAL ANTI-CORRUPTION RULES

In the course of its business operations, the Company:

- commits to complying with the highest ethical principles;
- refuses any form of corruption from private individuals or public officials;
- does not participate in any forms of unethical incentives or payments;
- does not get involved in any activities that are in conflict with the principles set out in this document or applicable anti-corruption laws, and does not support any such activities;
- prohibits the Relevant Persons and representatives from offering, promising, approving, participating in or allowing, directly or through an intermediary, any transfer of commercial advantages to any public official or a representative or employee of a commercial organisation in order to influence their actions (or securing their inaction) or to obtain an improper commercial advantage;
- prohibits the Relevant Persons and representatives from granting their consent to obtaining or from obtaining, soliciting or otherwise receiving, directly or through an intermediary, any commercial advantage if the granting of such commercial advantages is subject to actions, meeting official obligations for the benefit of the granting party, and if such commercial advantages are a direct or indirect reward for meeting such obligations;
- prohibits the Relevant Persons and representatives from acting as intermediaries in bribery, i.e. from directly handing over bribes at the bribing or bribed party's instruction or in any other manner contributing to achieving or reaching an agreement regarding the receiving and granting of a bribe between the parties.

3. ANTI-CORRUPTION AREAS

3.1. Modifications of Terms and Conditions

Contracts concluded between the Company and third parties contain the obligations of the parties to comply with applicable anti-corruption laws in a wording approved by the Company. In addition, the contracts must contain the Company's right to unilaterally terminate the contract with immediate effect in case of a violation of the obligations imposed in the anti-corruption clause.

3. 2. Due Diligence of Business Partners and the Relevant Persons

The Company shall make reasonable efforts to minimise the risks associated with cooperating with third parties, including business, work and other relationships with individuals and/or legal entities.

For that purpose, the Company applies control mechanisms concerning its employees and business partner, with whom the Company plans to conclude a contract, and performs re-evaluation at regular intervals.

3. 3. Gifts and Hospitality

Business decisions made by the Company and its business partners must be objective, not influenced by gifts or any other advantages. Small gifts of a reasonable value or as a symbol of appreciation may be an acceptable way of expressing mutual respect in business relationships. However, regardless of its value, no gift, refreshments, entertainment or any other hospitality must be provided or received with a view to influence a public official or any other party trading with the Company.

Any gifts and costs of hospitality provided by the Company (gifts provided by the Relevant Persons) and the Company's representatives may be granted on behalf of or on the account of the Company to other natural persons or legal entities or may be received by the Relevant Persons from other Parties in connection with the performance of their work duties for the Company (similarly to the equivalent cost of hospitality) provided they meet the following criteria:

- they are not granted with a view to influence the recipient in order to obtain or maintain any improper commercial advantage;
- they must not be prohibited by anti-corruption laws;
- they must not influence the recipient's impartial decision-making in connection with the entrusted official authority;
- they must not be a disguised reward for obtaining an improper commercial advantage, including any service;
- they must not constitute an attempt to influence the recipient with any other unlawful or unethical objectives;
- they must be of a reasonable value and must not be luxury goods;
- they must not jeopardise the Company's reputation if information about such gifts or hospitality were to be disclosed;
- they must be offered and received in a transparent manner and must not be solicited.

The Relevant Persons are authorised to receive small gifts and reimbursement of hospitality expenses of modest value from third parties with whom they cooperate while performing their work duties for the Company subject to the following conditions:

- receiving the gift or reimbursement of hospitality expenses does not constitute the Relevant Person's conflict of interests with regard to his/her official duties in the Company and does not affect the performance thereof;
- the Relevant Person receives the gift in good faith believing that the gifting party does not intend to influence the performance of his/her official duties in any way.

3. 4. Maintaining Relationships with Public Officials

Maintaining relationships with public officials may be very risky in terms of anti-corruption principles. Caution must be exercised when maintaining any such relationships. Such relationships must be set up in a manner consistent with applicable anti-corruption laws and other laws in force in the relevant jurisdictions, and must not constitute a conflict of interests for the public official.

3. 5. Sponsorship and Corporate Social Responsibility

In compliance with this Policy and other procedures in place, the Company does not finance and is not in any way involved in any sponsorship with a view to obtain any unlawful privileges or advantages regarding its business activities.

All sponsorship and charity-related financial activities of the Company are reflected in the accounting records in a detailed and trustworthy manner; thanks to its charitable contribution monitoring procedures, the Company is able to prove with a reasonable degree of certainty that any contributions made are not concealed bribes.

3. 6. Financing Political Activities

The Company does not finance or in any other manner support political parties or their members, including candidates for political posts, election campaigns or political events, or any political organisations or movements.

3. 7. Payments Made to Third Parties through Intermediaries

The Company, the Relevant Persons and the Representatives are prohibited from commissioning a third party to perform any activities which are in conflict with the Policy or the requirements of this Policy or the standards set out in applicable anti-corruption laws. Such third-party actions may expose the Company to risks even if such parties are not acting intentionally or are not aware thereof at that time.

The Company, the Relevant Persons and the Representatives are prohibited from making payments to third parties if there is any suspicion that the entire payment or part thereof may be used to bribe a public official or a representative or an employee of a commercial organisation.

3. 8. Facilitation Payments

This Policy prohibits “facilitation payments”, i.e. unofficial payments made to obtain or accelerate routine tasks performed by a public official (e.g. processing of official documents such as permits, visas etc.).

4. 9. Anti-Money Laundering and Records

All payments to the Representatives and third parties should be made to bank accounts held in the name of the relevant Representative or third party in the country, in which the relevant goods or services were provided, or in the country where the Representative or third party is registered. Any reimbursements of expenses requested by the Company’s employee or Representative as well as any cash expenditures of the Company must be confirmed in writing in the form of proper primary documentation such as receipts, invoices and other relevant documents.

The Relevant Persons and/or Representatives must not make any transactions on behalf of the Company with a fraudulent intention or with the knowledge that the transactions or payments differ from their descriptions in the documentation that confirms or justifies such transactions or payments.

In compliance with this rule, all financial operations, settlements and accounting records, which are sufficiently detailed and accessible for inspection, must be properly documented in the Company’s books and records.

4. 10. Audit and Inspection

The Company regularly performs internal and external audits of its financial and business activities and ongoing reviews of the completeness and accuracy of the records of all business operations in the books and records, compliance with the requirements stipulated in applicable laws and regulations and internal regulations of the Company, including the principles and requirements imposed by this Policy.

4. 11. Reporting Non-Compliance

The Relevant Persons and the Representatives of the Company, who identify (or find red flags indicating) a violation or a tendency to violate the provisions of this Policy or applicable anti-corruption laws by the Relevant Person or a Representative of the Company, or by third parties, must report it using one of the whistleblowing options.

