



CHROPYNSKA

Organisational Directive No. 38/15

Name:		CODE OF CONDUCT OF CHROPYŇSKÁ STROJÍRNA		ČSN EN ISO 9001:2016 14001:2016
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Recitals

The management of CHS, a.s. is aware of the importance of describing the Company's Code of Conduct. This Directive is issued as a document describing the ethical principles of CHS a.s.

Area of application

This Directive is valid for all employees of CHS, a.s.

Terms and abbreviations:

CHS Chropyňská strojírna
a.s. joint-stock company

Reference documentation

Sustainability Policy
Business Conduct Policy

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1. Foreword from the Company Director

The reputation of our Company as a fair and capable company that the others choose as a business partner is one of our most valuable assets. In order to ensure that this important competitive advantage is maintained, it is necessary for everyone at Chropyňská strojírna, a.s. to know, comply with and understand this Code.

One aspect will remain unchanged when developing and building the success of Chropyňská strojírna, a.s., namely the commitment of our Company to ethical behaviour. With Chropyňská strojírna, a.s. entering new markets, it is necessary to further strengthen already excellent standards of behaviour. It is important that both the new and the old experienced employees keep pace with evolving legal standards and compliance requirements affecting our Company and their respective job positions.

In addition, the ethical behaviour of every employee of Chropyňská strojírna, a.s. is the basis of our efforts to maintain corporate sustainability. We are doing what we can to ensure the corporate sustainability of our Company for the benefit of our customers, suppliers, shareholders and employees. Our morality is an essential part of our ability to achieve this objective.

This Code of Conduct sets out the principles that apply to all employees of Chropyňská strojírna a.s., wherever and under all circumstances. We cannot damage our Company's reputation simply because of the lack of knowledge of this Code or its failure to apply it to some of our employees. Our reputation lies not only in our ability to provide good quality goods and services, but also in our integrity and high ethical standards.

Let us follow this Code in working together to achieve our common objectives: to deliver goods and services that meet the needs of our customers and society; to ensure a safe, healthy and satisfactory working environment for all our employees; to ensure an excellent return on investment to our shareholders.

2. Application of the Code

How to use the Code

The Code of Conduct governs the conduct of all employees of CHS regardless of function or position in relation to ethical issues that each employee is facing during their work duties.

The Code of Conduct is divided into five general categories:

- Relationships of CHS with customers, suppliers and competitors
- Responsibility towards CHS employees
- Protection of Company assets and preparation of accurate financial statements
- Commitment to sustainability in CHS
- CHS as a global organisation

Within the individual categories, principles and explanations are provided for specific subjects in the category. A clear and unambiguous language is used to explain what is expected of individual employees of CHS. If any questions arise to anyone when reading the Code of Conduct, please contact the QMS Manager or the relevant division or Company Director with this question.

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What is expected:

All employees of CHS are required to read, understand and comply with this Code. Ensuring this is the direct responsibility of each CHS manager. No code of conduct, nor this one, can cover all the situations that a person can encounter. However, the employees of CHS, wherever they may be, are expected to perform their work in a way that ensures them a good reputation as individuals and is beneficial throughout the Company.

Consequences of a breach of law or this Code

CHS considers the breach of laws and this Code to be very serious. A breach of law or established policy may expose the Company, its employees and products to a significant risk. Each employee of CHS is responsible for their own behaviour. Similarly, anyone who breaches the law or the Code will be subject to an appropriate measure, which may result in termination of employment.

The efforts of CHS to achieve higher levels of financial performance in no way diminish our continuing commitment to integrity. In today's highly competitive economy, some people may feel tempted to act in such a way as to promote the financial interests of the Company, regardless of the ethics or legality of their actions. However, CHS does not recognise any conflict between achieving its corporate performance and compliance goals and its Code of Conduct.

We want CHS to remain an attractive Company with which others want to cooperate. We are convinced that our business, in accordance with law and high ethical standards, contributes to this statute. We will continue to support an employee or agent who waives any business benefit that may only be achieved if they breach the law or any of the principles of CHS.

Notification of a breach of this Code, a breach of law or inappropriate conduct at the workplace

All employees are required to report without delay any illegal action or violation of the Code by or on behalf of anyone working for CHS. Certain types of breach may cause serious damage to the Company and/or third parties and their rapid notification to CHS may help to avoid or mitigate such damage. The failure to notify any illegal activities is not only a violation of the Company's principles, but may in itself constitute a violation of the law. Intentionally and deliberately false reporting of inappropriate behaviour is also unacceptable and may also be illegal.

Immediately report such conduct fully and objectively to any of the following persons responsible for such matters:

- **Direct manager** – Your manager should address and inform you of the nature of the issues you report. If your manager's response is not satisfactory or if you would prefer to contact someone else because of the nature of the problem, you can inform another level of authority.

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- **QMS manager – Person familiar with safety issues is ready to help you.**
- **Company Director – Responsible for enforcing compliance with Company ethics, principles of export controls, controls and procedures, loss prevention, safety investigation and consultation.** In particular, keep in mind that any suspected or actual breach of law, compliance policies for export, controls or procedures or your compliance obligations under this Code, such as those against bribery, payments and expenses and compliance in trade, must be reported directly to the Company Director.

If the Company is so requested, it shall use its best endeavours to maintain the anonymity and confidentiality of any person who transmits such information.

Protection against retaliation for notification of a breach of law or the Code

It is against CHS's policy to take retaliatory measures against anyone who reports a breach of law or this Code in good faith.

Any employee of CHS who receives a notification of the breach of the law or the Code is responsible for ensuring that such notification is handled correctly and that the employee who gives the notification is treated fairly during the proceedings.

3. Relationships of CHS with customers, suppliers, and competitors

The key to CHS's business success lies in our ability to supply our customers with goods and services of continuously high value. In order to meet this standard, we manufacture products that operate in accordance with the customer expectations, we promote them truthfully and provide effective customer support and services. Our business success is linked to the satisfaction of our customers. CHS relies on long-term lasting relationships with satisfied customers and not on isolated separate sales. Therefore, it is important to build relationships with customers with regard to the long-term interests of the Company. Building the trust of our customers and selling our products based on their value are the basis of this long-term approach.

Anti-bribery principle

CHS prohibits bribery and corruption in all its business negotiations. This principle applies to all transactions between CHS and any other party. In addition to being a good business practice, this principle is required to ensure compliance with the laws and regulations of the countries where CHS exports its products and services. These laws and regulations, such as, among others, the UK Anti-Bribery Act, have been adopted in order to eliminate corruption in the world market and to promote a competitive business environment. These laws, along with the CHS principle, prohibit the employees of CHS from giving or offering bribes, payments or any valuables to obtain or maintain an order or other inappropriate commercial advantage. "Any valuables" include cash, gifts, invitations to meals or entertainment or the provision of services.

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Gifts, meals and entertainment may only be provided if this is not done with the aim of obtaining or maintaining in an appropriate way business and/or other commercial advantage and is carried out in accordance with CHS's principle of gifts and invitations to meals, entertainment and travel, as set out below in this section.

This principle and these laws and regulations apply to the entire CHS and its branches, as well as to their representatives, directors and employees. These laws and regulations also prohibit any attempt to act that way through any party directly or indirectly related to CHS, such as sales representatives, contractors, executive directors or agents.

Because a breach of these laws and regulations may lead to serious criminal or civil penalties for both the Company and the persons involved, it is important to act in a manner that avoids even an indication of a possible breach of these restrictions. Any breach of this principle may result in disciplinary proceedings, which may finally include the termination of employment.

Donations

Nobody working and acting on behalf of CHS should give or accept gifts that could reasonably be considered an attempt to inappropriately influence the recipient. In no case may cash or securities be donated or received. Donation or acceptance of gifts of higher value should be approved in advance by your manager. Gifts can never be requested. In addition, you can never give or accept a gift if it would be unlawful or would deliberately violate the principle of the other party's employer.

The purpose of giving business gifts is to show the good will of the Company, nothing more. Examples of acceptable gifts are souvenirs proportional to the particular opportunity and gifts that express local cultures. However, the attempt to influence others on the basis of personal gifts is inappropriate, unacceptable and, in some cases, even illegal. It is important to take into account the impression of the gift and the reality. Provision of event tickets for an unaccompanied customer is not an invitation for entertainment, but a gift. Similarly, accepting tickets for an event that you do not attend with the supplier is not an invitation for entertainment, but a gift. The main rule in this area is to follow good judgement. If you are unable to refuse an inadmissible gift without any risk of damage to a valuable business relationship, you can accept it. However, you must immediately hand over such gift to the internal auditors of the Company who will donate it to the charitable organisation. If you wish to keep this gift, you can pay the actual market price of the gift to the Company. CHS will donate the received money to a charitable organisation.

Meals, entertainment and travel

Nobody working and acting on behalf of CHS should offer or accept invitations to meals, entertainment or travel that could reasonably be considered an attempt to unduly influence the recipient. Invitations to meals, entertainment or travel can never be demanded. In addition, you can never give or accept these forms of entertainment if this would be unlawful or deliberately in breach of the principle of the other party's employer.

Decisions regarding whether to offer or accept invitations to meals, entertainment or travel should follow good judgement and moderation. Be particularly careful when accepting these forms of

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entertainment from suppliers. The general rule applies that invitations to meals, entertainment or travel are permissible if they meet the following conditions:

- The opportunity in question serves exclusively for business purposes.
- The CHS employee shall accompany the customer or the supplier shall accompany the CHS employee.
- Meals, entertainment or travel are appropriate to the particular opportunity.

The refunded form of “entertainment” is defined in CHS as any suitable activity or event in which an employee of CHS is accompanying a customer. As mentioned above in the section dedicated to gifts, tickets for an event may, under certain circumstances, be regarded as a gift rather than entertainment. Therefore, they are governed by the same requirements for approval as gifts. When deciding whether to provide or accept an invitation to meals, entertainment or travel, also consider the frequency of their recurrence and their value. A high frequency or value of such offers should be approved in advance by your manager at CHS.

Improper entertainment

Do not propose or take any form of entertainment that could reasonably be regarded as causing inconvenience to CHS or its employees or adversely affecting the image of the Company.

Certain forms of entertainment are not suitable for the Company’s business. An example is entertainment that abuses or degrades someone in terms of sex, ethnic identity, culture, race or religion. Managers should not permit reimbursement of expenses for undesirable forms of entertainment.

4. Responsibilities of the Company’s employees

The relationship between CHS and its employees at all levels are based on mutual respect, reciprocal trust and shared objectives. The continued responsibility of each CHS manager is to recognise these relations, strengthen our joint commitments and improve their impact on the day-to-day activities of the Company.

Safety, health, working conditions and human rights

CHS will ensure safe and healthy workplaces and partnerships with our employees in order to improve their health and well-being, as well as the health and well-being of their families.

The protection and support of the health, safety and well-being of the workers at CHS is the main priority of the Company. Our strategy to achieve this objective includes:

- Establishment of safe and healthy working conditions that meet or exceed the applicable occupational health and safety standards.
- Provision of appropriate safety and health training and instructions.

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- Supporting the health and safety of our employees and their families outside the workplace.
- Ensuring that our employees' working hours are in accordance with the relevant local laws that regulate the hours worked.
- Ensuring that child labour is not used and that the minimum age of all employees is in accordance with applicable local laws.
- Providing the employees with competitive wages and benefits at least in accordance with applicable laws.
- Commitment that we will never use any form of forced work.
- Respecting the right of our employees to communicate their concerns about management work, to freely associate themselves and collectively organise and negotiate or refrain from such activities in accordance with local law.

CHS seeks to prevent the occurrence of occupational diseases or injuries. In order to achieve this goal, we have prepared company-wide policies and procedures related to the safe operation of CHS equipment, correct handling of materials, safe working procedures, limits of exposure to potentially hazardous substances and other matters that affect employee health and safety at work. CHS also has procedures in place for emergencies related to possible natural disasters. CHS requires all employees to comply with these policies and procedures.

Internal communication

CHS undertakes to maintain an environment that supports transparent, honest and timely communication.

The achievement of CHS performance targets largely depends on a well-informed and motivated workplace. On the contrary, this requires efficient, open, bilateral communication throughout the Company.

Therefore, all employees are expected to communicate important information and offer solutions that are beneficial to the functioning of the Company. This includes immediate reporting of problems and violations of CHS policies to relevant managers. Similarly, each manager is expected to communicate timely information about the Company's plans, performance, objectives and policies to their subordinate employees. In addition, each employee of CHS has the right to information regarding their performance, remuneration and contributions.

Harassment

CHS does not tolerate unlawful harassment of any kind, including verbal or physical abuse or intimidation.

Harassment of any CHS employee – by management, colleagues, customers or suppliers – destroys teamwork and may negatively affect productivity. Accordingly, all employees of CHS are expected to act towards each other with courtesy, dignity and respect. Each CHS employee should be attentive to the signs of harassment in the workplace. If you feel that someone is molesting you, or think that

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another employee is being molested, take appropriate actions to resolve this matter, such as reporting the matter or inappropriate behaviour to the HR department or one of the management members.

CHS shall promptly and thoroughly examine any complaints about harassment and shall take appropriate disciplinary action against any employee who is found to be in breach of this Policy. CHS will not tolerate any retaliatory action against any employee for the truthful notification of harassment or participation in the investigation of alleged harassment.

Personal data privacy and confidentiality

CHS respects the privacy of its employees.

The relations between CHS and its employees are based on trust and respect. Accordingly, CHS shall only disclose to third parties the confidential information about employees knowing that this is necessary for legal business reasons and in accordance with applicable law. Employees of CHS who have access to confidential information about employees are responsible for taking appropriate steps to ensure confidential record keeping in accordance with CHS policies and procedures.

Protection of personal data in communication and in the workplace

Telephones, e-mail, internet connection, computers, fax equipment and other electronic equipment of CHS are solely intended for use for business purposes of CHS. Any undesirable use of these systems, including non-work related applications, is prohibited.

All messages or other communications sent in these systems represent Company records. CHS reserves the right to access and detect the content of such messages if there is a legitimate business reason to do so and it is in accordance with applicable law. CHS will not tolerate the transfer or storage of electronic communications that are insulting, obscene, intimidating or derogatory.

Electronic communication systems are not fully secure and can be intercepted. The employees are responsible for securing e-mail messages, fax messages and other electronic transmissions of information to persons outside the Company. Employees should also apply the same care, attention and rules of conduct in telephone and electronic communication as in any written business communication.

Conflict of interests

No employee should behave or allow a situation in which their personal interests conflict with their responsibility to act fairly and honestly with regards to the Company.

Conflict of interest occurs when the employee's personal interests undermine their ability to act objectively in the best interests of CHS. For example, it may occur that an employee or a close relative or friend may derive personal profit from a transaction involving the Company and the employee or a third party. A conflict of interest may also occur where an employee negotiates or affects a Company's contract for their own benefit, for the benefit of a private company in which they or their close relative or friend has a financial interest, or a public company in which the employee or their close relative or friend has a substantial financial interest.

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The employee must immediately report to their superior any circumstance relating to a potential conflict of interest or any change in circumstances. By avoiding actual or apparent conflicts of interest, CHS employees help build and maintain the trust of our employees, customers, business partners and the general public.

Alcohol, drugs and other addictive substances

It is in conflict with the CHS principles when any employee damages their ability to work with alcohol, drugs or other toxic substances. In addition, CHS undertakes to secure workplaces free of toxic substances in accordance with applicable laws and to prohibit the distribution, possession or use of illegal or unauthorised alcohol, drugs and other toxic substances at the Company's workplaces or at the time of work for the Company.

CHS expects all its employees to use their best efforts when working for the Company. This means, among other things, that we expect the employee's judgement and decision making to be clear and not influenced by alcohol, drugs or other toxic substances. In addition to the influence on the employee's own work and decision making, the use of toxic substances may also pose a significant risk to the safety of others and to the Company benefits.

5. Protection of Company assets and preparation of accurate financial statements

It is the responsibility of everyone working for CHS to protect the Company's assets against theft, loss or misuse. These assets belong to shareholders and constitute a valuable resource. They provide the people at CHS with a means of subsistence.

In particular, in those product markets where confidential information and patented technologies play a major role in CHS's business strategy, there is a significant impact on the transfer of information to the ownership of unauthorised persons. It is important that everyone watchfully protects the trade secrets, business data and know-how of CHS against undesirable use and industrial espionage.

Similarly, the responsible management of CHS' resources requires accurate accounting with regard to the use of the Company's assets and the results of its activities. Enterprise resources may not be transferred for inappropriate or unauthorised use.

CHS has established internal control standards and procedures to ensure the protection and proper use of assets and the accuracy and reliability of accounting records. All employees are responsible for maintaining and observing the required internal controls.

Acting in accordance with CHS' accounting principles is not optional. Compliance with these requirements will lead to good business practices and will be beneficial for all employees and shareholders of CHS.

Accurate accounting books

Any person involved in the creation, transfer or entry of information in the financial records of CHS is responsible for the accuracy, completeness and proper documentation of these procedures. Compliance with the established accounting procedures and controls is necessary at all times. The records, books and documents of CHS must accurately reflect the Company's transactions and provide a full overview of the Company's assets, responsibilities, revenues and costs.

Payments and expenses

No secret and/or unrecorded funds or accounts may be established, directly or indirectly. It is not permitted to authorise or execute any direct or indirect payments or expenses on behalf of CHS with the intention or knowledge that any part of such payments or expenses will be spent for purposes other than those described in the documentation supporting such payment or expense. All entries in the financial records of the Company must honestly and accurately reflect the facts and circumstances of any payment or expense incurred by the Company. No employee should make a direct or indirect payment or devote any gift with the aim of unfair influence or apparently unfair influence of any person in relation to the Company or others.

Security of assets and information

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Each employee of CHS having access to the funds, information and/or assets of the Company is held absolutely responsible for the management of such CHS's assets with the highest level of integrity, and for preventing any misuse of such assets. It is the principle of CHS to terminate employment to persons who breach this requirement, and to conduct legal proceedings against them.

Fraud, theft, misappropriation or other undesirable means of transferring corporate funds are, of course, illegal and unethical. Every employee should take care to prevent theft, misuse or misappropriation of Company property by others. Such losses may often be limited by standard preventive measures of handling the Company property in a cautious manner, and by complying with our determined internal control policies and procedures. The following are included:

- Security of equipment, supplies and materials against theft.
- Implementation of adequate information security measures.
- Reporting suspicious persons or activities to managers.

It is always important to be aware of the circumstances in which you perform your orders and to avoid any discussions on sensitive or confidential information of the Company in the presence of unauthorised persons.

Intellectual property

Nobody working for CHS is allowed to disclose to unauthorised persons, inside and outside the Company, any information that could compromise the technologies used or the trade secrets. Appropriate precautions should also be taken to prevent unintended disclosure of such information. This confidential nature of the Company's information applies even if the person ceases to work for CHS.

Just as CHS expects its intellectual property rights to be respected, we respect the ownership rights of others. Similarly, it is contrary to CHS's policies to capture, duplicate or appropriate in an electronic way or in another way materials such as computer software, audio or video recordings, publications or other proprietary intellectual property, except as permitted by the rights owners. It is also contrary to CHS's policies if employees disclose patented information that is disclosed to them under a personal confidentiality obligation from others such as previous employers, or if they request disclosure of such information. CHS does not require disclosure of such confidential information from employees and does not take any retaliation if they do not do so.

In addition, any offer of confidential information from external sources should be rejected unless appropriate legal measures have been taken in advance.

Confidential information

Employees of CHS must respect the confidential nature of sensitive or confidential information and show a high level of credibility in order to handle such information. This includes information relating to the Company's business or financial data relating to sales, earnings, assets, financial liabilities, forecasts, business plans, acquisition strategies and other confidential information. Employees of CHS who possess such confidential information unavailable to the public may not disclose it to any unauthorised person.

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Employees must also respect the confidential nature of any similar information they may obtain concerning the organisations with which CHS conducts business negotiations as a supplier, customer or competitor.

In addition to CHS's long-term commitment to ethical behaviour, it is also a matter of compliance with the law. Non-public information obtained through employment with the Company may not be used for personal enrichment of the employee or anyone else as a result of negotiations with the employee. Use for personal enrichment includes the use of such information for trading or providing information to other persons for the trading of securities of CHS or of another company. Examples of information that may be of a non-public nature include the financial results of CHS prior to disclosure; information about customers, suppliers or competitors; acquisition of real estate property; exploration activities and proposed acquisition or sale.

External communication

In order to build public confidence, it is in the best interest of CHS to provide accurate, timely and consistent non-patented information to the media about products, services and activities. The acquisition of such trust requires continuous two-way and mutually beneficial communication with the various players important for the success of CHS. These key players at CHS include: employees, shareholders, customers, suppliers, government officials, citizens of municipalities in which CHS operates, financial community, various professional groups, general public and media.

Communication by CHS to the media to promote its products and services is welcome. Other communications with media related to CHS should be conducted by the Company's Director or Chairman of the Board of Directors. Individuals who are contacted by the media with a question should refer them to the top managers of the Company.

6. Commitment to sustainability in CHS

Within the values of CHS, the Company recognises its responsibility to maintain and protect the environment in which it operates. Moreover, it seeks to be a responsible corporate citizen in all the communities in which we operate. This diverse concept of sustainability includes:

- The commitment of responsible corporate citizenship by combining our business interests with our role as guardians of the country.
- Improving and protecting the well-being of our neighbours, the planet, employees and stakeholders by investing in safe and sustainable technology and resources.
- Improving the quality of life by supporting various charity activities, education, social services and support for our employees.
- Encouraging our employees to be involved citizens and fulfil the civil duties of the communities in which they live.

We expect our name – CHS – to be synonymous with responsible and ethical corporate citizenship. And we ask all our employees to take up the challenges and opportunities of an ever-changing world and take a positive and sustainable position in their daily work.

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Product safety

CHS warrants that its products may be developed, manufactured, distributed, used and disposed of in a safe and environmentally-friendly manner. We will adequately train, prepare and support employees in environmental, health and safety-friendly activities and recommend to customers how to use and work with our products safely. No employee of CHS should permit the shipment of a product known to be incorrectly marked, defective, dangerous or unsuitable for the intended purpose.

Ensuring the safety of our products and minimising the risk of customer injury or damage to the environment due to the use of the product is very important for the well-being of CHS. We carry out the testing of products required by law and other tests beyond the legal requirements if we believe that such testing may help us understand the environmental, health and safety impact of our products. For the products presenting a potential risk of injury during transport, processing and use, clear and relevant safety information shall be provided. We undertake to protect our employees, the community, the general public and the environment.

Environmental protection

The Company will design, build and operate its facilities in ways that respect public health and the environment, save energy, water and raw materials, integrate pollution prevention, and make a positive contribution to the community and society as a whole.

The responsibility of CHS and all its employees is the concord with the environment according to government regulations. CHS undertakes to respect these laws and regulations.

Animal welfare

Chropynska strojirna is committed to the protection of animal welfare in accordance with the internationally established welfare principles. Although our company does neither source nor offer animal products or animal-derived materials, we are committed to supporting ongoing animal welfare standards and increasing transparency in the industry, and we commit our suppliers to the same standards.

Ethical recruitment

Chropynska strojirna undertakes to hire workers lawfully and in a fair and transparent manner that respects and protects their rights and to comply with the national and international laws and standards under all circumstances.

Chropynska strojirna commits to:

- eliminate forced labour, along with human trafficking and child labour
- respect and uphold workers' rights
- not charging recruitment related fee
- no retention of identity documents

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- minimum wage
- fair and equal opportunity
- safe and healthy working environment
- collective bargaining and freedom of association

We expect our suppliers and recruitment agents to adhere to the same sustainability practices including to prevent any forms of forced labour practices as stated above. The company is responsible to promote, engage, and assist its suppliers to close the gaps on sustainability best practices in line with the company's commitments. Any misconduct or breaches of our commitments may be reported through our grievance mechanism channel and will result in a thorough investigation. Corrective actions are to be taken accordingly including suspension or termination of contract.

Use of Security Forces: Assessing and Managing Risks and Impacts

Chropynska undertakes to consider the impacts its security arrangements might have on local communities and include provisions and mitigation measures to address these. The company ensures that any security arrangements shall always be consistent with respect for human rights.

Chropynska is guided by the principles of proportionality and good international practice in relation to hiring, rules of conduct, training, equipping, and monitoring of security forces, and by applicable law. The company ensures that those providing security are not implicated in past abuses, have adequate training in the use of force and appropriate conduct toward workers and affected communities, and require them to act within the applicable law. The company will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat.

The company undertakes to implement a grievance mechanism for affected communities to express concerns about any security arrangements. Every allegation or incident related to security should be documented and then assessed with the objective of determining whether company policies and procedures were complied with and if any corrective or preventive actions are required. All gender's perspectives shall be considered in the assessment. Where appropriate, lessons learned shall be shared and adequately incorporated into company policy and/or practice. The outcomes shall be communicated to the complainants and other relevant parties, keeping in mind confidentiality provisions and the need to protect victims.

7. CHS as a worldwide organisation

CHS is active not only in the Czech Republic, but is an important business partner of foreign companies. CHS supplies its products and services abroad and thus becomes a global supplier and, for this reason, CHS is considered to be a guest in each host country where our employees must follow the principles of the behaviour of the country where they are currently located.

Being a global supplier also creates commitment to comply with internationally recognized laws and standards in regard to diversity, equality and inclusion.

Trading compliance

The ability of CHS to export its products, services, technologies and technical data throughout the country is a privilege that needs to be carefully guarded. We require our employees to try and understand and comply with all applicable export laws and regulations and to maintain and comply with the internal procedures and processes of CHS that govern our compliance with applicable export

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controls. CHS also requires that, in addition to internal requirements regarding the import of materials and services worldwide, its employees also comply with all commercial and customs restrictions, laws and regulations.

Importing materials and services poses, among other things, potential compliance issues related to security, valuation, classification and record keeping.

Respecting local law and customs

CHS will comply with the laws wherever it operates. We consider compliance with local laws to be a minimum acceptable level of behaviour. In addition, CHS's own standards of behaviour often oblige us to go beyond the legal minimum of a given location and manage our issues according to a higher standard.

We, the management of our Company, undertake to respect local customs and institutions. However, local customs cannot be used as an excuse for violating the relevant laws or principles of society. We also recognise that the laws are different and sometimes in conflict in different places.

And we also recognise that we do not always have to accept the basic philosophy or consider the practical consequences of a particular law to be desirable. However, we must always comply with the local laws of the host countries in which we are guests.

Diversity and equal opportunity

CHS is committed to provide equal opportunities, treat people fairly and without bias and create conditions in the workplace and wider society that encourage and value diversity.

CHS ensures that dealings with clients, customers and suppliers are conducted in a constructive way that supports appropriate inclusion and does not give rise to unjustified discrimination.

CHS is committed to respecting others without regard to race, colour, religion, sex, national origin, age, disability, sexual orientation, or political affiliation.

CHS recognises national or ethnic, religious and linguistic minorities and the right of persons belonging to these groups to enjoy their own culture, to profess and practice their own religion, and to use their own language.

Land, forest and water rights and forced eviction

CHS does not participate in any illegal forced eviction or illegal deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures a person's livelihood.

8. Personal commitment

The reputation of CHS as an ethical and trustworthy company is in our hands every day. The way you behave, lead employees and negotiate with suppliers determines how society perceives us and whether the reputation that CHS has acquired since its establishment in 1993 will persist. Your

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personal commitment to the principles and values set out in this document is one of the most important tools we have to ensure the continued reputation of CHS as a valuable business partner. We are convinced that you will take this commitment seriously and that your words and actions will continue to ensure and strengthen the extreme ethical tradition of CHS.

Quality system records

Final provisions

The Organisational Directive is valid on the date of issue.

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