ESG REPORT

business corporation

BENEŠ a LÁT a.s.

(ID 257 24 304)

for the period from 1 April 2023 to 31 March 2024

Build Date: 7 August 2024

BENEŠ a LÁT a.s. and CIRA Advisory s.r.o.

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1 Information about BENEŠ a LÁT a.s.

The joint-stock company BENEŠ a LÁT is a Czech family-owned engineering company with a history dating back to 1934. In our 4 production plants (Poříčany, Mimoň , Slaná, Sutice), we process materials such as aluminum alloys, zinc alloys, polymer plastics and other materials, we employ approximately 400 employees in our parent and subsidiary companies.

In addition to traditional technologies, such as gravity die-casting, low- and high-pressure steel-mold casting, as well as plastic injection and CNC machining, we also engage in advanced manufacturing technologies such as 3D printing of metals using SLM technology, which enables the printing of otherwise unmanufacturable objects from metal powders. The use of this technology in combination with traditional casting and injection technologies brings completely new possibilities to production processes and procedures. In a number of development projects, we also cooperate with academic and scientific institutions and thus expand the spectrum of processed materials in 3D printing (powders based on aluminum, steel, copper, or titanium), as well as process parameters (variable layer thicknesses, optimization of product topology, etc.). The results of several development projects enjoy legal protection at the level of utility models.

In order to develop our technological competences, we established a subsidiary company CARDAM s.r.o. on 30 September 2016, where the business corporation has held a 33% equity stake since its foundation. This company focuses on linking science and industry with the aim of supporting technology transfer within the Czech Republic, especially towards small and medium-sized companies.

Another equity stake is held by our business corporation in the company seva-czech s.r.o. (100% stake since establishment on 1 October 2018), which is a registered company on the protected labor market and thus provides employment opportunities for people with physical or mental disabilities across 3 regions of the Czech Republic.

Except for direct equity participations, the business corporation is one of the founding members of the consortium of the National Competence Center "MATCA".

Another area of business is the production of children's construction kits and games, which follows the traditional Czech production of Kovozávody Semily, whose bankrupt plant was taken over by the company in 2005 and fully integrated in 2008. Since then, we have managed to return to the Czech market and expand abroad with the "Seva" building set, "Monti System" car models, or dust off the amazing board game "Show! What do you know?"

At Beneš a Lát, we are aware of our social role. Throughout our existence, we support activities leading to education, creativity and the development of team spirit and cooperation in our neighborhood. We also choose a responsible approach to the production and use of technologies with minimal impact on the environment, the working environment and the surroundings of our business.

1.1 Information on the composition of governing bodies

The company's statutory body is a three-member board of directors,

Name	Role
Ing. Josef Lát	Chairman of the board
Bc. Jan Lát	Vice chairman of the board
Jakub Beneš	Member of the board

the control function is then entrusted to a three-member supervisory board.

Name	Role
Ing. Tomáš Faltýnek	Chairman
Mgr. Marie Látová	Vice chairman
Mgr. Ondřej Mikuláš	Member

There were no changes in the composition of the board of directors or the supervisory board during the monitored period.

1.2 Subsidiaries and other connections

The business corporation has reported equity interests in other entities. These are shares in companies:

CARDAM s.r.o. (33% share since establishment on 30 September 2016) – this is a company dedicated to research and development in the field of additives manufacturing, topological optimization and related disciplines. http://www.cardam-solution.cz/

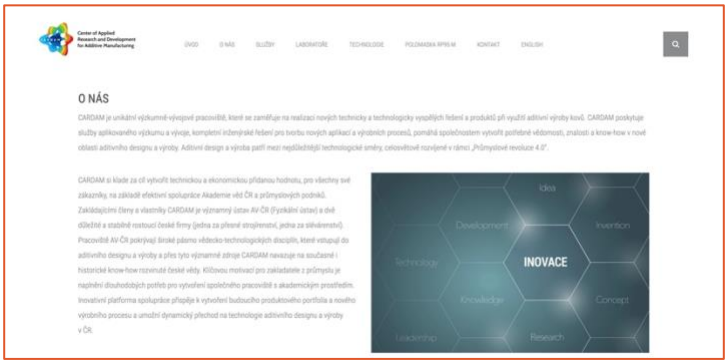


Fig. 1: CARDAM s.r.o. website

seva-czech s.r.o. (100% share since establishment on 1 October 2018) – this is a company founded with the aim of offering employment to disadvantaged people on the labor

market – the primary activities of the company lead to the provision of services in the field of manual work such as small assembly, finishing, etc. http://www.seva-chranena.cz/

Fig. 2: Website of seva-czech s.r.o

Except for direct ownership interests, the business corporation is

- one of the founding members of the consortium of the National Center of Competence "MATCA". This NCK focuses on additive manufacturing technologies, surface treatment and industry of the 21st century. The consortium was also supported by TAČR for another 6 years (2023-2028). www.matca.cz

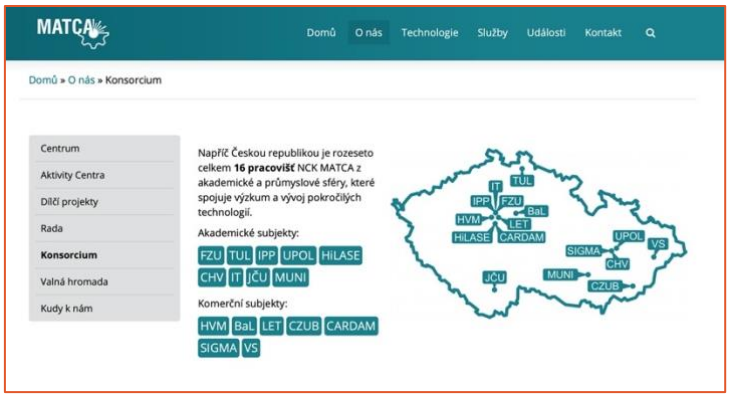


Fig. 3: MATCA Consortium website

- partner organization of the Brain-4-Industry digital innovation hub, which focuses on sharing knowledge in the field of data collection, production management and planning, additive manufacturing technology in the sense of simulations, calculations and product design. www.brain4industry.cz

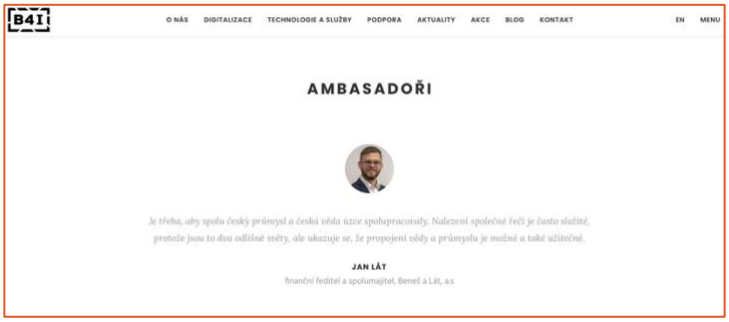


Fig. 4: Brain4Industry Consortium website

1.3 Analysis of the development and performance of the company's business and its position

The currently evaluated economic year FR23 (1/4/2023 – 31/3/2024) is defined by a drop in the prices of the main inputs, as well as by the stabilization of the energy market. While maintaining comparable production volumes, its financial capture is almost 16 % lower precisely due to the impact of energy and material inputs.

To put the reality of FR23 in context, it is appropriate to recall the development of the previous financial year of FR22, as we commented on it in last year's annual report:

At the beginning of 2022, another market shock came in the form of the war aggression of the Russian Federation against Ukraine. In the already shaky supply chains (contextual note: after the COVID period and the so-called chip crisis), further cracks were added in the form of restrictions on the supply of certain materials and, in particular, restrictions on the supply of natural gas. The energy market exploded, and energy prices reached 12 times the standard prices for a short time. Given the energy intensity of our production, the impact on the cost structure was very significant.

Thanks to a quick reaction to the changing market environment, we managed to overcome the dramatic increase in costs, mainly by reflecting these externalities into sales prices in the form of product price indexation with regard to developments on the relevant stock exchanges. Material and energy surcharges were added to price agreements with all customers, even in segments where this approach was fundamentally rejected from the beginning.

However, the negative impact on costs is not only felt by business corporations, but also by individuals, we have witnessed unprecedented levels of inflation. Inflation in the Czech Republic reaches double-digit values after more than two decades. In light of the worsening conditions, we paid two exceptional allowances to our employees during FY22 to help them cope with energy and other exceptional costs in September and December.

Despite the decline in turnover (in financial terms), the wage level remains at new, higher levels, thus exerting significant pressure on the decline in profitability.

Another important factor that has fed into the FY23 results is the high level of the PRIBOR base rate (which was reduced only towards the end of the period under review) and the rise in the EURIBOR base rate, coupled with the appreciation of the EUR/CZK exchange rate. These effects are summarized in the Company's financial result, which reflects the revaluation of derivatives and financial assets at the balance sheet date.

1.3.1 Financial position of the business corporation

Despite the pressures described above, the company's financial position appears to be very stable. There is no increase in operating debt, the factoring line is completely unused, investment loans are repaid in accordance with agreed repayment schedules, investment activities in new machinery and equipment are implemented, of which only investments in new photovoltaic power plants in the Poříčany and Mimoň sites are

financed by a loan with the assumption co-financing through a subsidy obtained from the national renewal plan.

Other investments made in the monitored period, such as

- Automation and robotization of 2 plastic injection molding machines at the Sutice plant,
- Supplementing the high-pressure Zn alloy casting machine park with a robotic casting workplace at the Slaná plant,
- Complete reconstruction of the high-pressure casting machine for casting Al alloys and overhaul, including the modernization of the control system of another high-pressure machine for casting Al alloys at the Mimoň plant,
- Expansion of production capacities by 2 machining centers for machining non-ferrous metals at the Poříčany plant,
- Acquisition of a new 3D measuring table and software upgrade of another measuring machine to ensure the possibility of sharing data and measurement outputs between the Slaná and Sutice branches,

were realized from our own resources without the need for external financing.

The two subsidiaries included in the consolidation developed their activities during the period under review, further strengthening their positions in the relevant markets. The stabilization and better integration into other supply and customer chains also further strengthened/stabilized their financial position.

1.3.2 Business and supplier-customer relations

Despite the overall declining market in recent years, and FR23 was no exception, we managed to win new contracts at the volume of FR22, i.e. well above the long-term average. However, as in previous years, the ramp-up of serial production from these new orders is much slower than what was common practice in the pre-Covid era. Apparently, the market is settling on longer rising curves and it is necessary to adapt to this new reality. Only about 25 % of new projects went into series production within 9 months of receiving the contract. At the same time, serial production of a number of orders won in 2021-2022 started in FR23. In most cases, the ramp-up is in the volumes proposed when contracts are won, only with a delay of about one to two years.

Our company's capacity utilization volume has been essentially constant since 2021 despite the diversification of the customer portfolio. It is interesting to see that the decline is essentially flat - i.e. the same across all customer sectors. In contrast to the market fluctuations of 2008-2010 or 2017-2019, when it was evident how consumption changed over time in individual market segments (automotive, consumer goods, rolling stock, trucks, machinery and equipment, etc.), the last 3 years have seen a gradual decline in subscriptions in all segments. The impact on our aluminum foundries in particular was already such that ton production volumes fell by more than 30% between FY22 and FY19. Between FY23 and FY22, there was no further decline in these operations. At both the Zn foundry and the plastics moulding plant, past impacts were not of a major nature. However, at the end of FY23 there was much more significant turbulence - postponement of orders to future dates, etc.

At seva-czech s.r.o., there was a slight decline in activities related to the engineering industry and consumer products during the monitored period. On the other hand, there was an expansion of scope in the field of facility management and green maintenance.

CARDAM s.r.o. won new contracts in a wide range of industries and business structures. Membership in the Brain 4 Industry consortium, which has become one of the European digital hubs with the aim of making technologies, scientific knowledge and research and development results available to small and medium-sized companies and so-called mid-cap companies, can be considered a significant achievement.

1.4 Anticipated future development

Future developments are difficult to determine due to market changes and hard-to-predict external shocks that are occurring in unprecedented frequency. We therefore adhere to the long-term strategy of our company and the values on which we have built our perspective for generations, summarized in the mission statement: "We show the way to create a successful manufacturing business in the honest way, with a love of precision and imagination."

However, if we were to describe some of the assumptions on which we are based when creating a short-term strategy, we must again look at the continuity of our business, and we will follow up on last year's annual report, where we stated: *"...a decline in performance observed in natural units, which was compensated by growth in the period under review of input prices reflected in sales prices, given that input prices, both commodities and energy, are falling significantly, a financially expressed decrease in realized turnover will be reflected only in FR23..."*

And this predicted impact manifested itself in full force in the period under review – a drop in energy prices by tens of percent, in the case of commodities by higher units of percent. At the same time, we assume that the current market situation has defined new levels of energy prices, which are on the order of twice the values usual in the years 2015-2020, but at the same time at a fraction of the maximum values recorded during FR22. In addition, given the slowdown in essentially all European economies, we also expect a reduction in the pressure on wage growth in the near future.

On the growth impulse side, we see scope for taking over contracts from companies that have decided to withdraw from our sector for various reasons. Already at the turn of FY23 and FY24, we have seen requests to transfer existing projects from other contractors. The financial stability that we have been able to build over the long term, as well as the further development and investment in equipment, give our business partners guarantees for long-term cooperation in difficult situations they find themselves in, for example due to the unreliability of their existing suppliers.

For FR24 and beyond, we are focusing on the following areas:

- Optimization of energy costs and efficient use of production resources.
- Further development of new customer and product segments that we have successfully entered in the last 2 years.
- Continuation of projects dedicated to the digitization of processes (not only production) with the aim of further strengthening the ability to quickly react to changes in the external environment.

- Increasing the level of sustainability of our business and raising awareness of our activities both towards our employees and external partners.
- Implementation of research and development projects not only in the field of 3D printing.

1.5 Description of the main risks and associated uncertainties

A manufacturing company is, by the nature of its activity, a multi-parametric system and thus subject to a higher probability of anomalies/risks. The global involvement and direction of the world economy is the highest source of conditions and situations to which it must respond. The descent to lower levels of external influences and the transition to an internal system greatly expands the range of situations with possible anomalies to which the firm must respond adequately, with anticipation being the preference. For a detailed listing of risks and their stratification in terms of periods and optimization of rescue/remediation responses, see Section 8.1.

1.6 Corporate governance statement

The Company's consolidated balance sheet total decreased by 4.5 % year-on-year. The changes on the liability side of the balance sheet are, as described above, a decrease in liabilities to both credit institutions and suppliers by a total of CZK 82 million. On the other hand, the value of equity increased by more than CZK 52 million by retaining the positive economic results, which were used to offset the losses of previous years and to create a retained earnings fund for previous years.

Thus, the positive economic result and its retention in the company for future development improve the ratio between equity and external resources to a level of equity share in the balance sheet amount of over 55 %.

In the following sections of the report, we elaborate more on the material impacts, risks and opportunities of the topics we have identified and assessed as material. We identified the greatest impact for the E5 Circular Economy and E1 Climate Change themes. Also, material are the themes S1 Own workforce, G1 Corporate behavior, S2 Workers in the value chain and E2 Pollution. Topic S4 Customers came out as partially material and is mainly addressed in data protection area. Themes that did not emerge as material from the analysis and we do not report on them further are E3 Water and marine resources, E4 Biodiversity, S3 Affected communities.

In the chapters that deal with material topics we provide, among other things, clear tables identifying whether impacts, risks and opportunities relate to our own operations or whether they are in the value chain. We also indicate whether our impacts are positive or negative. For positive and negative impacts, it is also identified whether the impact is an actual impact or a potential impact. A brief description of the material impacts, risks and opportunities is provided in the tables. More information on how we respond to our impacts, risks and opportunities is contained in the thematic sections 'Environment', 'Corporate Responsibility' and 'Governance'.

This report has been compiled from information contained in our Annual Report, which is officially published on the Commercial Register maintained by the Ministry of Justice of the Czech Republic (www.justice.cz). As a separate document, it is also available on our website https://www.benesalat.cz/en/sustainability/

2 Sustainability statement of BENEŠ a LÁT a.s.

2.1 Introductory remarks by the company management

"BENEŠ a LÁT joint-stock company is celebrating 90 years of its existence this year, and I am proud to be able to claim, as a representative of the 3rd generation of a family business in the engineering industry, with a clean slate that the entire 90 years of existence is connected with a sustainable approach to business in the broadest sense of this statement. From helping employees in difficult situations, through support of local associations and groups to cooperation with a number of institutions in areas such as education, development of technical knowledge, or energy savings through the use of modern technology.

I perceive that family business entails a sustainable approach as a completely self-evident attribute of the worldview and the current wave of pressure to "normalize" the sustainability principles through directives, and directives are to a large extent just a formalization of something that should be normal and natural."

B.Sc. Jan Lát,
Deputy Chairman of the Board, Company CFO

"It is worth noting that it is precisely because we believe that at BENEŠ a LÁT we take a responsible approach to employees, the supply and demand chain and other stakeholder groups that we have decided to prepare our ESG report significantly ahead of our legal obligation. The fact that we have chosen 2020 as the baseline year for comparison also demonstrates that we started with topics such as energy saving, the use of alternative and renewable energy sources, and a focus on technologies with the potential to reduce the carbon footprint of our operations at a time when the topic of "ESG" was still nascent. The proof can be seen in the increasing share of electricity from renewable sources, which has been increasing for 5 years now. From a 24% share in 2020, we have worked our way up to a 100% share in 2023."

Svatopluk Runčík, MBA,
Company CEO

"Despite the fact that I have quite fundamental reservations about the methodology and approach of the European Commission to the topic of climate protection, I am glad that I could participate in the preparation of the sustainability report at BENEŠ a LÁT a.s., where we live sustainability and not just "paint" it in colorful brochures and optimistic sounding reports about bright tomorrows.

The shift in reducing energy consumption, increasing the share of renewable energy sources, or access to people with health limitations or otherwise disadvantaged in the labor market are topics that make sense to me and that is why I like to be involved in them."

RNDr. Jan Kučera,
ESG Report Analyst

Fig. 5: Management of BENEŠ a LÁT a.s.

Our company's mission is to show the way it is possible to create a successful business the honest way with a love of precision. In this spirit, we also approach the topic of sustainability. We have been addressing this topic in our annual reports for several years, even though we are not yet subject to the obligation to issue a sustainability report or non-financial reporting. We consider it important to address the topic and therefore to issue as objective a report as possible on our activities and our impact on the environment, society and business relationships.

Many of our business partners are already subject to the ESRS reporting obligation, which is why we want to subscribe to reporting according to this standard. We believe that the information we publish will also be of value to our other stakeholders, such as our employees, the leadership of the municipalities and regions in which we operate, or other institutions and partners.

We perceive that business should not only bring financial benefits to shareholders and management. Business is also about creating conditions and an environment for employees in which they feel secure in the long term, want to develop their skills and are given appropriate care. Linked to these values is running our business in such a way that we minimize any negative impact on nature and the environment.

At Beneš a Lát, we have therefore been developing our internal Master BaL academy for several years and investing in employee training. Employees have the opportunity to form unions that continue to monitor, for example, compliance with the Code of Conduct. We take care of the community in our surroundings by supporting various interest- or sports associations. We also give opportunities to disadvantaged groups through the possibility of employment in our subsidiary.

We always treat our business partners fairly and have strict mechanisms in place, for example, to ensure compliance with payment morality. However, we also expect fairness

and responsibility from our partners and therefore require them to have procedures in place to maintain and improve environmental protection.

Each year we are increasing the share of renewable energy in our overall energy mix, and we are also installing our own photovoltaic power plants. We strive to minimize waste in a natural way and use a high (almost 95 %) proportion of secondary raw materials in our primary materials in production. In the area of pollution, our measurements are always well below the limits set by legislation and the relevant standards.

As a medium-sized manufacturing company, we want to set an example for everyone else. We want to show that even a local Czech industrial company can meet ambitious sustainability goals and meet the strict criteria of internationally recognized standards. In the following sections of the report, we will present our activities in greater detail.

3 General information on the sustainability report

We have followed European Parliament and Council Directive 2013/34/EU to publish and compile our sustainability statement. This sustainability statement was created in response to the release of EU standards for reporting on sustainable development, adopted by the European Commission with delegated powers (European Sustainability Reporting Directive - ESRD). ESRD standards are part of the European Union CSRD Directive (Corporate Sustainability Reporting Directive) on non-financial reporting by companies. We issue this statement even though we, as a company, are not obliged to report according to the CSRD Directive.

This sustainability report is part of the consolidated annual report and is consistent with the accounting data, both in the area of the timeline for the preparation of non-financial data and in the area of the consolidated sustainability statement. The sustainability report (except for the cases identified later in the text) did not include information from other shares that we have in the companies CARDAM s.r.o. and seva-czech s.r.o. The reason for this restriction is the fact that the subsidiaries that are in relation to the business corporation BENEŠ a LÁT and controlled corporations or corporations under substantial influence are marginal in relation to the business corporation from the point of view of the evaluated non-financial criteria and thus do not fulfill the condition of consolidation.

When creating the non-financial report, 2020 was chosen as the reference year, from which we are able to present data across all areas, which we compare over time and monitor the trends and development of the company. The goals that are set across BaL are in the short, medium and long term (1 year, 3 years, 5 and more years). These planning horizons are valid for our entire company. The goals and identified risks and opportunities that also arise from ESG topics are integrated into our internal digital IMS.

Since 2008, our company has undergone a major transformation into a digital enterprise. Since 2008, we have already set up production planning in ERP, including the analysis of bottlenecks, follow-up operations, material, machine and human inputs. Since 2010, we have also monitored production efficiency across production plants. These steps were followed in 2015 by the launch of the S-Data project, which is our own MES for data collection of production equipment. In 2017, we upgraded this project to the superior APS, which also controls the links between sub-production plants, their plans and material flows. This system allows us to manage our production enterprise efficiently, clearly define risks and eliminate them as quickly as possible.

Not only operational management has been digitized. The model of strategic management meetings to define risks and opportunities and generate strategies and tactics for the further development of the company has been taken over by the ICT team and since 2017 we have been using a single platform for monitoring and managing strategic areas. The same system is also used to manage ESG-related topics in the company.

Data management and the system itself are described in more detail in the chapter Risk management system and company goals .

4 A long-term approach to sustainability

Due to the family tradition of the company Beneš a Lát a.s., which celebrates 90 years of existence this year, and thanks to the permanent connection of the business directly with the family of the founders, the prerequisites are provided for a responsible approach to the environment in which we do business, as well as a family relationship with employees in our production facilities.

The very fact that we do not see business as a tool for "quick accumulation of profits", but as a question of maintaining and developing value across generations, gives our decision-making a perspective of long-term sustainability, minimizing negative impacts on the environment in which we live and in which the next generations will live. This view is thus intertwined with decisions on investments, about suitable locations for building production capacities, about selected machines and equipment, or about the materials and substances used in production.

90+
let jsme na trhu

400+
nás táhne za jeden provaz

1000+
zákazníků obsluhujeme

3800+
tun výrobků dodáme ročně

4.1 Our historical footprint

In order to document Beneš a Lát's approach to sustainability, it is necessary to be aware of the historical context of the past 90 years. Here, in a graphic summary, are the most significant business milestones:

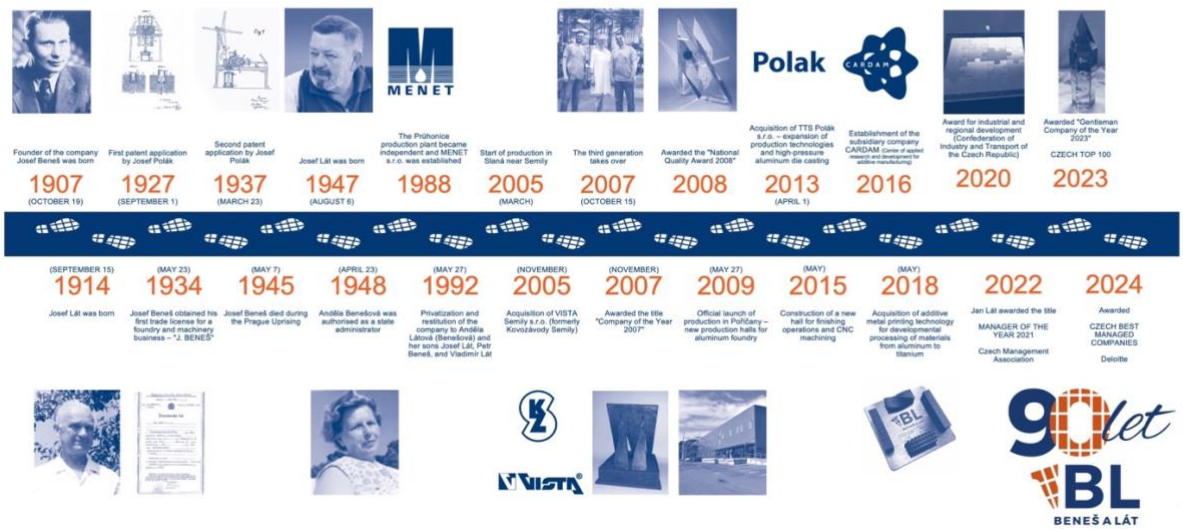


Fig. 6: Timeline of the history of BENEŠ a LÁT a.s.

If we focus on the recent history of the company - say the last 20 years and select the most significant events related to the Environmental aspects of our business, our trajectory looks like this:

Fig. 7: Timeline of ESG relevant activities over the past 20 years

4.2 We are here together

The joint-stock company BENEŠ a LÁT is aware of its social role. Throughout our existence, we support activities leading to education, creativity and the development of team spirit and cooperation **in our surroundings.** We also take a responsible approach to production and strive to choose technologies with minimal impact on the environment, the working environment and the neighborhood of our businesses.

Because we believe that a **team approach, diversity, skills development and a sense of responsibility** are what underpin all successful entities, whether they are sports clubs, successful companies or entire countries, we have long supported activities that develop these skills and abilities.

In addition to financial donations, thanks to which we manage to create an environment specifically for sports clubs and similar institutions, we are also active in the form of cooperation in the implementation of interesting projects. An example can be the cooperation with **Poříčany Primary School and Kindergarten,** which used the free services of our technical supervisor, who cooperated in the implementation phase of the construction of the new Kindergarten pavilion.

Assistance in the form of consulting and cooperation in the organization of the construction process brought the school and its founder significant savings in investment costs by eliminating multiple works and additional financial requirements of the contractor.

Our colleagues are also involved in teaching at various levels of education - from cooperation in teaching technical works at primary schools, through lectures as part of the motivational seminar **You can do business** in secondary schools, to professional lectures at universities - e.g. **TUL in Liberec** or **ČVUT in Prague.** We consider it a matter of course that we organize excursions, help with bachelor's, diploma or dissertation theses.

In the field of supporting sports and artistic activities, we focus on team activities. For all of them we can name the support of football clubs, floorball, firefighting competitions, or a club that develops the dancing and singing skills of young people.

Because we believe that **everyone can be beneficial to their surroundings,** we are looking for ways to cultivate our surroundings. In addition to the support described above, we donate a considerable amount of money to the development of our surroundings every year. **The amount of donations** provided with the aim of improving the environment and supporting the active development and education of youth over **the past 10 years has exceeded the value of CZK 1,300,000.**

Fig. 8: Award CZECH TOP 100 – Gentleman's company of 2023 and Deloitte – Best Managed Companies 2024

4.3 Certification and ISO standards related to sustainability

At Beneš a Lát, we follow several recognized standards or third-party certifications. They express our approach to the quality of manufactured products and our approach to society and the environment. At the same time, **ISO standards and certifications, which we meet and renew over the long term, help maintain high quality standards and manage potential risks.**

It is worth noting, for example, **the ISO 45001 standard,** which determines occupational safety standards, or the guarantee of the origin of energy from renewable sources, which expresses our commitment to the decarbonization of the industry. We describe the meaning of selected certifications below. The certification was carried out for us by DNV Business Assurance B.V. We provide a complete overview of independent certifications or awards in the field of sustainability and social responsibility on our website.

The IATF 16949:2016 standard is a global standard for quality management systems in the automotive industry that **integrates the requirements of ISO 9001** with other

specific requirements of the automotive sector. It focuses on continuous improvement, defect prevention and reduction of variability and losses in the supply chain. Certification to this standard is essential for automotive parts suppliers who want to meet the strict requirements of car manufacturers.

The application of the IATF 16949:2016 standard in BaL has an impact on continuous improvement and defect prevention. It leads to waste reduction and more efficient use of resources, which contributes to more sustainable production processes. Supply chain management requirements can promote responsible sourcing of materials and sustainable practices among suppliers. Emphasis on the quality and reliability of products is also important to us, which leads to a longer service life of parts and a reduction in the need for frequent replacement, thus contributing to an overall reduction of the environmental impact.

The ISO 9001 standard defines our quality management systems and supports organizational efficiency and process improvement. By emphasizing systematic process management, error reduction, and quality improvement, it can help organizations optimize the use of resources and minimize waste. It also supports the establishment of policies and objectives that may include environmental aspects and sustainable practices, thereby contributing to long-term sustainability.

MARINE certification leads us to identify and control our environmental impacts. It also supports the implementation of sustainable practices, such as the efficient use of resources and energy, and encourages the continuous improvement of environmental performance.

The CO_2 footprint at individual branches. We have been evaluating trends and shifts in this area since 2020 and are focusing on integrating the carbon footprint calculation into our ERP (Enterprise Resource Planning) system. This step allowed us to get a clear overview of our carbon footprint and monitor its evolution throughout the year. We are currently working on incorporating SCOPE 3 emissions into the calculation, which includes linking supplier questionnaires that we send via CRM (Customer Relationship Management) system and their evaluation within our information system. In this way, we will be able to monitor not only our own emissions, but also the impacts of our supply chain and contribute to the overall sustainability of our business.

ISO 140001:2015 standard provides us with a framework and guideline for effectively managing our environmental aspects, reducing environmental impacts and ensuring compliance with legislative and regulatory requirements. We regularly evaluate annual goals and set new ones, which constantly moves us forward. This cycle of evaluation and adaptation enables us to achieve better results in the area of environmental management and sustainability, thereby improving and meeting the requirements of the ISO 14001 standard.

ISO 45001:2018 standard. We are primarily concerned with the health and safety of our employees. The goal is to prevent accidents and predict possible risks. At the same time, we are setting new ambitious goals that push us forward. In this way, we constantly improve the working environment and ensure a higher level of protection and safety for all our employees.

REACH + RoHS regulations and directives. Finally, we must mention that we fulfill the principles of Corporate Social Responsibility **(CSR)** in several key segments.

5 Introducing the value chain

In connection with the preparation of the sustainability report, we mapped our entire value chain from suppliers of materials and energy, through the transport of materials and our products, to our customers, our waste management and, of course, the impacts within our own activity. As part of the analysis, we identified impacts, risks and opportunities (IROs) for the value chain. Individual IROs are described in more detail in the tables of impacts, risks and opportunities, where it is also indicated whether they are located in the company's own operation or in the value chain outside the company's operation. We approximate the value chain in the infographic below.

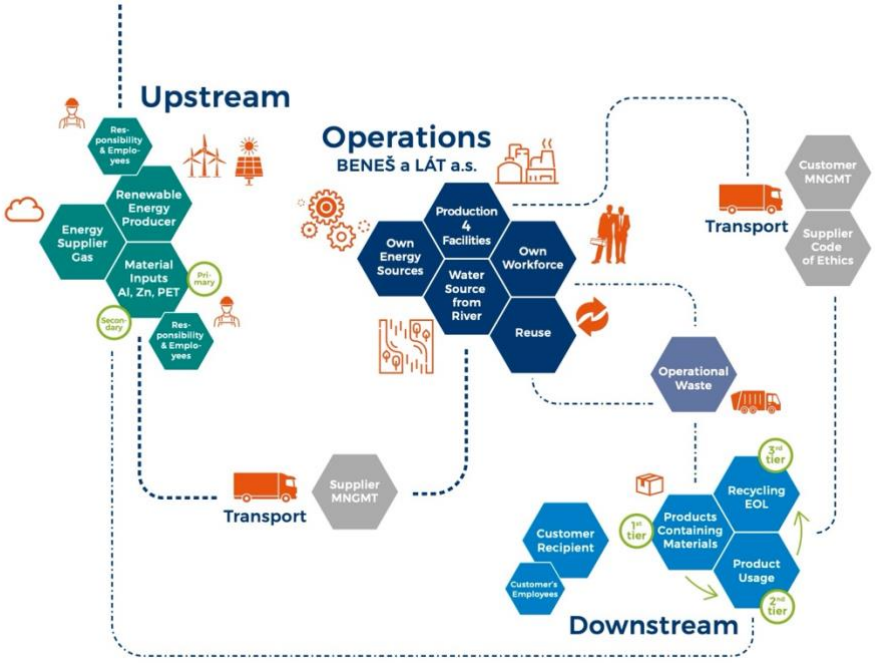


Fig. 9: Value chain BENEŠ a LÁT a.s.

The entire value chain was identified in the analysis. The upstream and downstream parts of the value chain are considered in the material topics of the BaL, where impacts, risks or opportunities occur or may occur. From the point of view of the value chain, these are mainly topics such as the selection and evaluation of suppliers, the circular economy, workers in the supply chain and others.

The analysis is based on internal data and interviews conducted as part of stakeholder dialogues, in which more extensive data collection and identification of impacts, risks and opportunities across the value chain took place. Internal documents containing quantitative data were also considered in the analysis. The resulting map of the value chain is therefore based on interviews with the supplier-customer chain and on the estimates of our senior employees.

We will strive to make the information more accurate for future years. Now, for example, we are introducing an evaluation of all suppliers from the point of view of environmental responsibility, which includes information about the carbon footprint or access to areas of sustainability. We want to base the mapping of the value chain and the evaluation of impacts, risks and opportunities mainly on primary data for the highest accuracy and possible detection of other impacts, risks and opportunities across the value chain.

6 Involvement of stakeholders

Dialogue with stakeholders is one of the key activities for sustainability management in our company. Stakeholder engagement is defined in the ESRS (Annex II, Table II) as "an ongoing process of interaction and dialogue between a business and its stakeholders that enables the business to hear, understand and respond to their interests and concerns." The involvement of affected stakeholders is addressed within the ESRS in:

- ESRS 2 GOV-2,
- ESRS 2 SBM-2: Interests and views of stakeholders,
- ESRS 2 IRO-1,
- ESRS 2 MDR-P a
- thematic ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process.

Through discussion with stakeholders, risks and opportunities associated with sustainability can be revealed, which may remain hidden from us without dialogue. We ensure that the views and concerns of affected stakeholders regarding our sustainability impacts are regularly communicated to our management through regular annual evaluation dialogues.

Stakeholders were selected by our CEO Svatopluk Runčík together with the consulting company CIRA Advisory. We considered stakeholder groups according to AR 6 (ESRS 1, Appendix A). Stakeholder groups were assigned weight, i.e. importance in the areas of the environment, social aspects and management of the organization. It was also defined whether a certain form of dialogue is already taking place with the selected groups of stakeholders and whether we want to involve them in this analysis. In total, 61 respondents were involved in 2024. Data collection took place during the month of March 2024. Based on the thematic ESRS standards, a list of topics relevant for stakeholder dialogues was compiled. Relevant subtopics from these standards were also selected for our company.

Our key stakeholder groups	We engage in dialogue	In what form? And how many subjects were involved in 2023-2024?	The purpose of the dialog and selected outputs from the dialogs
Company management – wider and narrower management	YES	Interview: a series of round tables (involved 32 members of narrow and wide management) Daily operational meetings - current problems, performances, Monthly planned meetings in the field of research and development/planned projects Quarterly strategic meetings - strategic planning/vision/mission	Understand and know the perspective of the management Joint discussion and exchange of views Targeted improvement of working conditions Acceleration of communication at the level of company management Shift in individual areas Fulfillment of the business plan and other planned goals.
Suppliers	YES	Online standardized ESG questionnaire (6 respondents) Supplier assessment portal delivery/quality/legislation Scheduled supplier audits	Deepening relationships Sharing expectations across the supply chain Supplier evaluation output Supplier evaluation
Employees and unions	YES	Online standardized ESG questionnaire (8 respondents) regular monthly meetings with company management	Understand and know the employees' point of view Targeted improvement of working conditions deepening the relationship between employee and employer

Our key stakeholder groups	We engage in dialogue	In what form? And how many entities were involved in 2023-2024?	The purpose of the dialog and selected outputs from the dialogs
Subscribers / customers	YES	Online standardized ESG questionnaire (5 respondents) Customer portals	Deepening relationships Building trust Meeting customer sustainability expectations Evaluation of BAL as a supplier from several different aspects of delivery, quality, legislation, EMS, ESG Marketing strategy adjustment Product Improvement
Banking sector/ institution	YES	Online standardized ESG questionnaire (5 respondents)	Knowledge of requirements and expectations in sustainability Securing funding
Local residents / Affected communities / Non-profit organizations / Associations and Unions	YES	Online standardized ESG questionnaire (3 respondents) Support of local community associations, regular communication	Building trust Understanding and addressing needs deepening the relationship with the community at the place of business
Municipalities and cities - State administration	YES	Online standardized ESG questionnaire (2 respondents)	Compliance with requirements Deepening relationships
Students	YES	Online standardized ESG questionnaire (0 responses)	

7 The main topics and commitments of the company and their management

As part of the preparation of the sustainability report, we defined important topics for which goals and commitments were identified, incl. their fulfillment. As part of the definition of significant topics, we used the so-called double significance (materiality), which has two dimensions, namely the significance of impacts and financial significance. According to the ESRS standards, we use the term "impacts" in connection with the significance of the impact on the environment, society and the management of the organization. While we associate the terms "risks and opportunities" with financial risks and opportunities for Beneš a Lát. How we perceive double significance is captured in the image below:

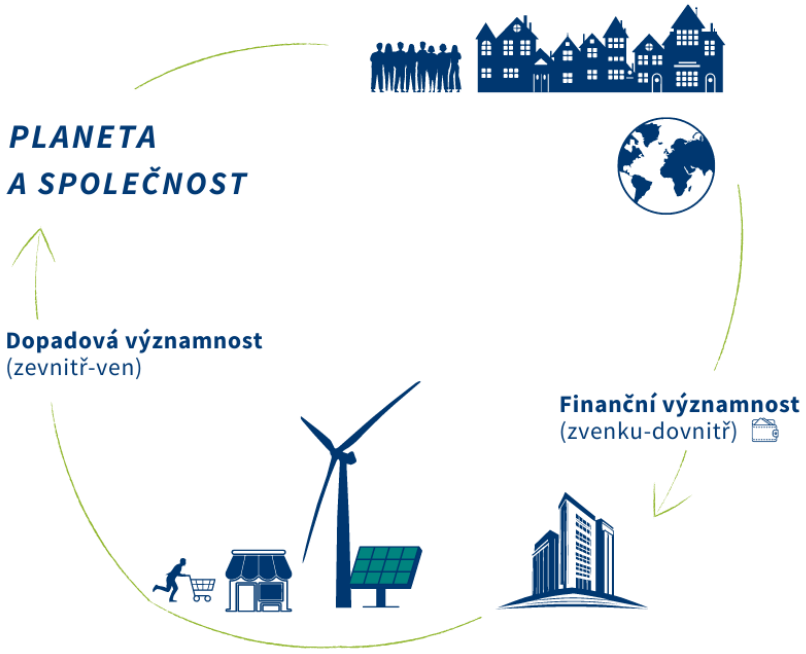


Fig. 10: Illustration of an approach to dual materiality

7.1 The process of assessing the importance of topics

The materiality assessment is the starting point for ESRS sustainability reporting. The assessment of impact and financial significance are interrelated, so we consider the interdependence between these two dimensions. When assessing the significance (or materiality) of topics and subtopics, we followed available ESRS standards and implementation guidelines. However, our own method may still change and be refined in the following years according to newly issued guidance documents by the European Commission and its advisory body EFRAG. Our own process is zoomed in on the image below:

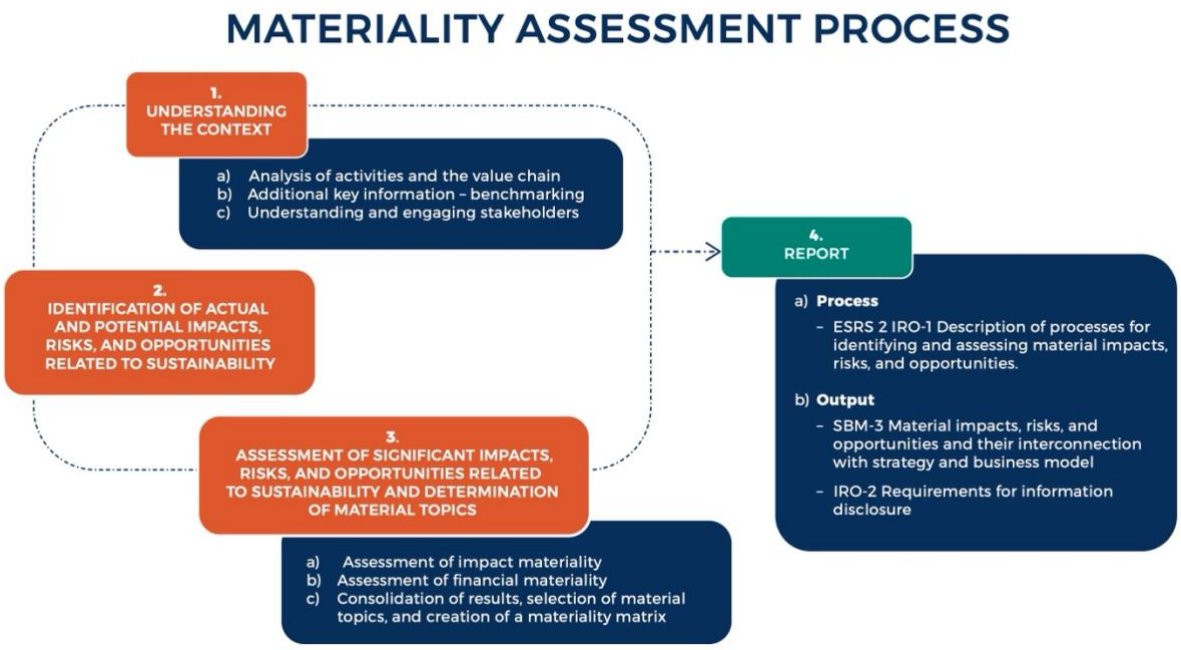


Fig. 11: Visualization of the process leading to the assessment of material topics

We have divided the entire process into several sub-steps. When assessing the significance of impacts and determining material topics, we proceeded as follows:

7.1.1 Understanding the context and context in relation to sustainability

The analysis of the company's activities in relation to sustainability with a focus on the identification of impacts, risks and opportunities (abbreviation: IRO - Impacts, Risks, Opportunities) was carried out using the methodology of the consulting company CIRA Advisory. We analyzed activities within the company, including business relationships, internal data and documents, and conducted a series of interviews with internal stakeholders. In the analysis, we based the list of topics published in the ESRS standards (AR 16), which we supplemented with sector-specific topics and topics that directly relate to our operation.

Furthermore, there was an analysis of the competition (benchmarking) and the identification and involvement of stakeholders. The process and outcomes of stakeholder engagement have been described above.

7.1.2 Identifying actual and potential impacts (both negative and positive), risks and opportunities related to sustainability

The result of the previous phase was the identification of actual and potential IROs. In identifying our impacts, we considered both positive and negative impacts, as well as actual and potential impacts related to sustainability issues. Impacts and risks were also assessed within the value chain. The mapping and assessment of IROs within the value chain was based on internal knowledge and stakeholder input and focused primarily on our key suppliers and customers.

7.1.3 Assessment and identification of significant sustainability impacts, risks and opportunities

The assessment of the significance (materiality) of actual and potential IROs and the determination of material topics took place according to the selected criteria and subsequent threshold values. The significance of IROs was assessed internally in the framework of round tables and meetings of relevant internal stakeholders with the participation of external experts. The impact assessment was our starting point and once we had the preliminary results, we started the financial assessment. The materiality assessment criteria are described more thoroughly below and in the risk management system chapter . We have identified a topic as material if it meets the criteria defined for impact or financial materiality. We then report on the topics that came out as material.

7.2 Criteria for assessing the significance of the impact

The assessment of the significance of the negative impact is based on the due diligence procedure defined in the international instruments of the UN General Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. For actual adverse impacts, significance is based on the severity of the impact, while for potential adverse impacts, it is based on the severity and likelihood of the impact. Severity was assessed according to the following factors:

- rate (assessment of how big the impact is on society or the environment),
- scope (assessing what breadth of stakeholders is affected),
- irreparability of the impact (assessment of how difficult it is to reverse the damage in terms of cost and time horizon).

For positive impacts, significance is based on:

- rate and extent of impact for actual impacts and
- rate, extent and probability of impact for potential impacts.

7.3 Criteria for assessing financial significance

A topic is marked as material from the point of view of financial significance if it creates risks or opportunities that have or may have a significant impact on the development of the company, its financial position, financial performance, cash flows, access to financing or the cost of capital in the short-, medium- or long-term horizon. The significance of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential extent of financial impacts. The potential scope of the financial impact is assessed according to EBITDA, CAPEX and OPEX

7.3.1 Planned investments relevant to ESG / sustainability goals

In its investment activity, the company emphasizes technologies and procedures that have the potential to contribute to reducing the impact of its own activities on the environment, and therefore to improving the overall sustainability of the business. From the ESG relevant investments planned for the nearest period with a total budget exceeding CZK 16 million, the following items can be named at random:

Circular solution for the material flow of Zn alloys – Plant Z10 Slaná
The principle of the solution is based on the acquisition of technology that recycles oxide

residues, which necessarily accompany the formation and handling of Zn melt. The technology itself consumes energy (in the basic version of natural gas, research is underway if a variant using electricity is possible), but the rate of recycling is greatly exceeded by the saving effect (enrichment of the material flow with a significant recycling resource, energy saving in other steps of the technological process and contribution to the sustainability of the company). Accompanied by relevant retrofitting of casting machines, reducing production waste and thereby reducing energy consumption.

Extraction of waste heat from a shaft smelting furnace – Plant Z08 Mimoň
Melting furnaces are an important source of waste high-temperature energy. This energy, so far hindered by dissipation, will be pumped out by a heat exchanger and used for heating, DHW heating, or for electric energy production via an expander. The benefit consists in reducing the energy demand of the production plant and thereby reducing the CO2 footprint.

Mold turner – Plant Z08 Mimoň
Handling molds is dangerous and risky due to their weight (usually in tons) and their being equipped with a number of inlets and peripherals. Mold turning is also time-consuming, because many peripherals must be dismantled (untooled) before handling. The intended technical handling device enables handling without dismantling (=shorter time) and with a higher degree of safety for workers (i.e. with an impact on OHSAS)

Two-manipulator setup of the LPDC workplace Nr. 63 – Plant Z02 Poříčany
Larger and heavier castings are produced at the LPDC workplace Nr. 63. This makes their removal difficult and relatively dangerous. A similar situation also applies to the insertion of metal inserts and/or sand cores. The considered manipulator will also serve the adjacent casting workplace. The investment will thus make production safer (“S”) and also faster, i.e. less energy-intensive, and therefore leads to a primary reduction of the CO2 footprint.

New Casting Machine Spray Head – Plant Z10 Slaná
The spray head is primarily used to apply the separator to the mold surfaces. Its flawless function = applying a relevantly thick layer to all surface details is a necessary condition for high-quality and efficient production. The original malfunctioning head with will be replaced, which will increase the quality and speed of production, as well as the actionability of the mold between two cleanings. The impact in the ESG area follows the path of more efficient production = reduction of energy consumption per production batch.

Overhaul of machinery (lathe) – Plant Z08 Mimoň
Overhaul by exchange method. This item is an example of apparent insignificance, but after considering the increased performance and reduced energy consumption per production unit, there is a clear contribution (though marginal compared to the total footprint of the plant) to the reduction of the CO2 footprint.

LED lighting with intelligent autonomous control – Plant Z03 Sutice
Replacement of existing lighting with a significantly more economical system (= source + control). It implies saving electric energy.

LED lighting replacement in the foundry hall with intelligent control – Plant Z02 Poříčany

Replacement of the existing lighting. Significant electric energy savings are accompanied by improved work hygiene in heavy traffic.

7.3.2 Currently realized investments relevant to ESG/sustainability goals

As already commented in the previous chapter 9.3.1, the company has long been monitoring the dimension of sustainability when evaluating investments. Therefore, essentially all realized investments can be classified as ESG relevant. From the currently implemented investments with the greatest impact on improving sustainability, we select the following examples with a total value of almost CZK 34 million:

Installation of the PVE source on the roofs of the plants – Plants Z02 and Z08
Plants Z02 (Poříčany) and Z08 (Mimoň) were equipped with PV panels on the roofs of the buildings (commissioning 3Q 2024). Subsidizing electricity in the maximum of up to 20% of the plant's continuous consumption and the use of electric energy (EE) during downtime (Z08) will lead to significant savings in purchased EE.

Overhaul of a high-pressure casting machine – Plant Z08 Mimoň
This overhaul goes beyond simply restoring the capacity of the machine. With the new control system and other modernization improvements, higher efficiency is achieved. The standardized operating performance has improved, which leads to a reduction in the consumption of EE and of natural gas.

Automation of the casting workplace of the high-pressure machine - Plant Z10 Slaná
The equipment of the casting workplace with a robot and other peripherals linked to the casting machine resulted in higher production efficiency and throughput of this key workplace, as well as better ergonomics for the operator. More efficient production implies lower energy consumption.

Replacement of lighting in the production hall and outdoor lighting with energy-saving light sources – Plant Z10 Slaná
A significant reduction in EE consumption was achieved.

Purchase and installation of a fume hood for chemical substances – Plant Z10 Slaná
A necessary part of working with casting elements for Zn processing is the cleaning/etching of surfaces with hydrochloric acid (HCl). Its vapors are harmful to health and cause negative phenomena in the surroundings, especially corrosion. The level of work hygiene was increased by putting a specialized workplace with a fume hood into operation.

Purchase of a new machine for thermal deburring – Plant Z10 Slaná
After almost two decades of operation of the original machine for thermal deburring (TEM), a machine with a newer concept and more suitable physical parameters for the needs of the operation was purchased. The direct consequence is a lower consumption of CH4 and thus a reduction in emissions from its combustion.

Overhaul and operational modernization of the casting workplace – Plant Z08 Mimoň
In terms of closing force, the smallest high-pressure casting machine in the Mimoň machine park was reconstructed and significantly modernized. This increased its useful value in all parameters, including specific energy consumption. An unmissable change is

the perceptible improvement of the ergonomics of this manually operated machine. Part of this operation is the purchase of a new furnace for maintaining and dosing the Al melt into the casting machine, as well as expanding the machine's control with the possibility of connecting other peripherals, and therefore its future automation.

Replacement of lighting in operation of the tannery – Plant Z02 Poříčany
Complete replacement of lighting fixtures with significantly lower EE consumption. Also improving hygiene and safety at work.

Upgrade of the X-ray radiation detector in the existing imaging and control equipment – Plant Z08 Mimoň
This investment was necessary for the ability to achieve the same level of inspection of castings as the customer has and prescribes. The direct consequence is a dramatic reduction in waste, and therefore energy savings from several sources, including logistics.

Repair of shaft furnace lining – plant Z08 Mimoň
The lining of smelting furnaces is subjected to extreme temperature stress and must be renewed periodically, as the efficiency and safety of melting Al decreases with the number of cycles. Particularly unpleasant is the increase in Al2O3 production causing heat transfer to the outer shell of the furnace. By demolishing and renewing the lining, the primary result is saving of natural gas.

Replacement of the hydraulic pump on the injection press – Plant Z03 Sutice
Avoidance of failure/emergency condition and reduction of EE consumption.

Repair of a crucible melting furnace – Plant Z02 Poříčany
Classic repair of a furnace that increases the efficiency and safety of work with the impact of reducing the energy demand, and therefore with a direct effect on the reduction of CO2.

Medium repair of the HPDC furnace of the heat treatment line – Plant Z02 Poříčany
The heat treatment line is an extremely important technological node, without which it is impossible to produce thermally and structurally stable castings. The performance/consumption of the thermal energy and the temperature profile are the most important elements in terms of efficiency and waste. Its improvement/correction implies a saving of specific energy for the casting.

Charging station for electric vehicles – Plant Z10 Slaná
The construction of a charging station for electric cars at the Z10 plant will enable trouble-free and trendy transportation between the plants by the company's electric cars.

7.3.3 RESEARCH AND DEVELOPMENT

BENEŠ a LÁT company has traditionally carried out research and development by combining internal with external resources (e.g. CARDAM - see equity participations). All currently addressed topics (see the chart below) are intended to support efficient production and its management. It is obvious that they already have a primary effect on reducing energy consumption and other sources that have their own carbon footprint. Without exception, topics contributing to the sustainability of the company are selected. Many topics include the social aspect of improving the working conditions of employees. Directly spent funds typically reach an annual total of more than CZK 1 million, while a tax advantage is used.

Project name	New / Ongoing (2023)	Project creation date	Project approval date	Project start date	Project end date
Development of a system for predictive maintenance (TPM) associated with Industry 4.0	New	19/05/2023	05/22/2024	01/01/2023	31/12/2024
Electric heating of intermediate pieces	Ongoing	-----	22/03/2019	01/08/2019	31/12/2024
A complete system solution for monitoring the service life and adjusting CNC tools within the machining process.	Ongoing	03/05/2021	29/06/2022	04/01/2021	31/12/2024
Cooling system of molds and casting workplaces	Ongoing	03/08/2022	07/08/2023	07/01/2022	31/12/2024
Automate the loading and unloading process using machine vision	New	19/10/2023	05/22/2024	01/11/2023	06/01/2025
Control of consumption of gas devices and their disconnection to minimize natural gas consumption.	Ongoing	03/05/2021	29/06/2022	01/02/2021	31/12/2024

7.4 Visualization of significant impacts and their classification

The output of the materiality assessment is our materiality matrix (pictured below).

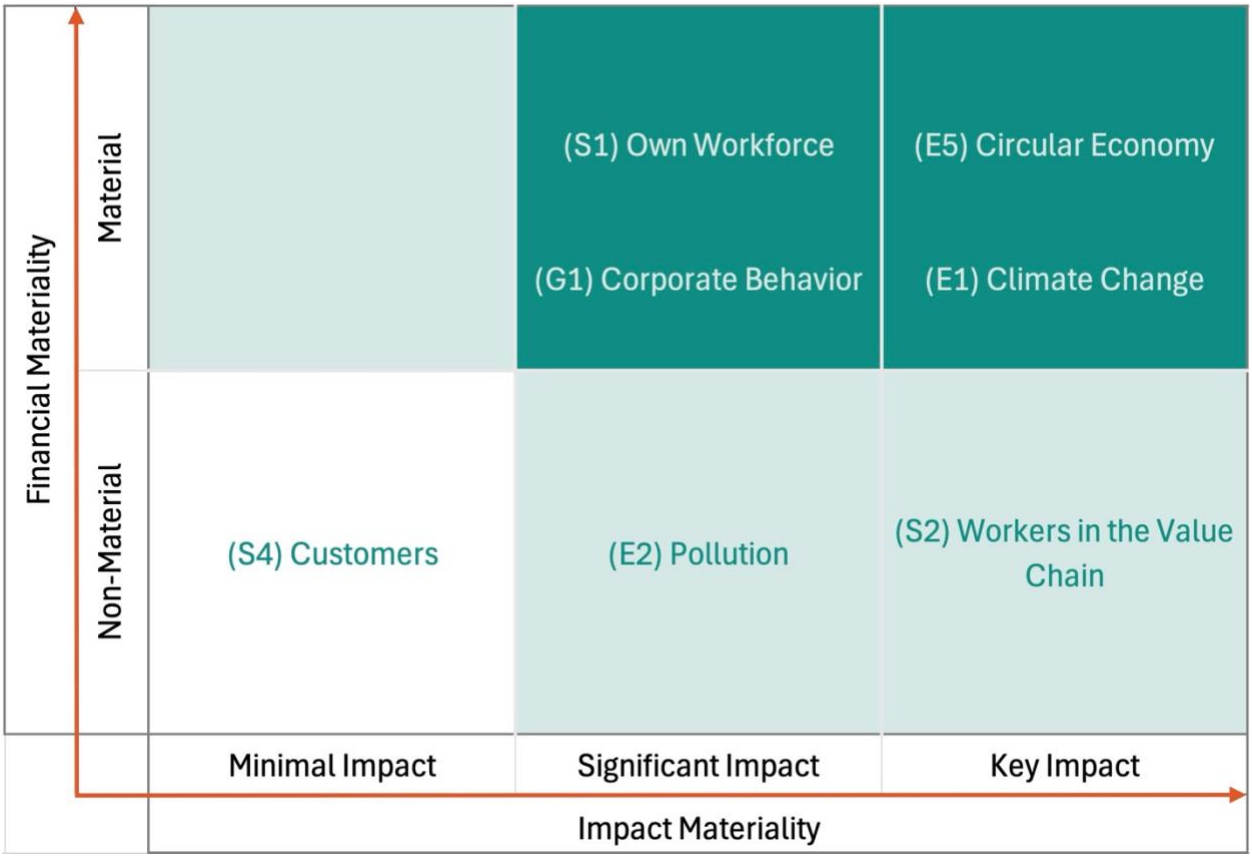


Fig. 12: Materiality assessment matrix

The materiality matrix prioritizes topics according to their impact and financial materiality. The results are aggregated into topics according to ESRS standards. However, in our analysis, we also have a matrix at the level of subtopics. In this aggregated materiality matrix, the E5 Circular Economy and E1 Climate Change topics are the most important from the point of view of materiality evaluation. The topics S1 Own workforce, G1 Corporate behavior, S2 Workers in the value chain and E2 Pollution are also material. The S4 Customers topic turned out to be partly material and we mainly focus on it in the area of data protection.

Topics that did not emerge as material from the analysis and are not reported further are E3 Water and marine resources, E4 Biodiversity and S3 Affected communities.

8 Risk management system and company objectives

At Beneš a Lát, we have long been dedicated to the identification of risks, their systematic management and prevention. The identification of risks is also followed by the setting of goals and action steps leading to their fulfillment. For this purpose, we have built an internal management system (IMS) in accordance with the technical specifications of the standards IATF 16 949:2016, ISO 45 001:2018 (OSH), ISO 14 001:2015 (EMS). **We have also introduced areas related to ESG topics into this risk management system.**

Within our IMS, we annually evaluate defined main topics, e.g. customers, suppliers of raw materials, technology, legislation, etc. We identify whether it is an internal or external aspect, what impact it has on the IMS, as well as the impact on interested parties (stakeholders), to which the potential aspect relates. Based on this identification, we define the requirements for risk minimization. All aspects and topics are recorded and labeled, and for each topic a risk or risks are indicated and the identified department to which the given risk applies (e.g. production, business relationship management, etc.).

As part of the risk analysis, we also defined their severity, significance (small significance, medium significance, high significance) and the probability of the occurrence of the risk. We also described specific risk management measures and possible requirements for changes in risk management.

We describe the individual identified risks and the process of their management in the relevant chapters of this report.

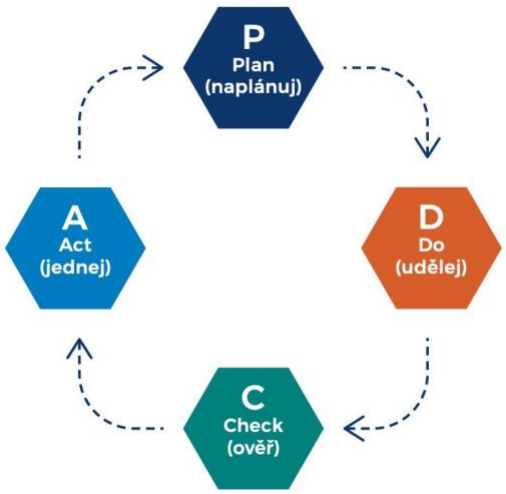


Fig. 13: The principle of IMS

8.1 Organizational context - risk management

We perceive the overview of risks and their management in the context of the organization as a comprehensive whole. We further connect risk management to the Attis software tool, which connects them to individual processes. We review and update

risks at least once a year as part of a management review, however any employee can initiate the update of risks and their review during the year.

8.1.1 Risk management according to the time horizon - periodicity

Daily risks

Operatives in all areas of a manufacturing company's activity necessarily carry risks that cannot be eliminated, but by careful preparation with a constant feedback mechanism, the level of risk can be effectively reduced. The most important aspect is the organization's preparedness for discordant/anomalous events. The most frequent anomalies include sudden staff absences, malfunctions of production and supporting equipment, force majeure events (failure of EE supply, etc.) and especially the most unpleasant, occupational accident. Management of daily risks is built on a reactive basis. The reactive base at BENEŠ a LÁT rests on three pillars. The first of these is the level of training and personal skills of the staff. And this cross-sectionally from operator level to the highest level of management. The second pillar is company procedures/regulations in codified form to prevent and subsequently resolve individual incidents. These manuals are the basis for staff training. The third pillar is the consistent application of feedback (that is, the ability to learn) in the form of corrective measures. Regular morning online meetings of the top management evaluating the collected events of the past day and establishing the necessary measures are used for immediate management. The reaction time is from immediate to several hours.

Weekly risks

These risks consider a longer period compared to daily ones and thus contain a smaller proportion of randomness. In principle, this makes the management itself easier. Classic examples from this set of risks are events in the areas of logistics and production, for example unfilled shifts, changes in client requirements, availability of services (transport, ...), exhausted time reserves and insurance stocks, etc. The main management tool in the company is a regular Monday meeting of top management evaluating the past week and determining current reactions and tasks with a weekly horizon at most. This initiation meeting is followed by weekly meetings of the management of individual plants. The personality and qualification prerequisites remain as described above, but the decision-making level is elevated more towards top management. The reaction time is in the frame of shifts/days.

Monthly risks

The same risk characteristics as by the weekly risks apply to the longer period, only to an even greater extent. The main instrument of collective response is the meeting of the company's management. Every month, this meeting takes place in one of the plants of the BENEŠ a LÁT corporation. In addition to the most frequently affected sections of production, planning and logistics, there is also emphasis on the topics of finance and sales. Typical risks/events are payment deadlines, changes in appeals/orders, deadlines, inventories, tax deadlines, project stages, notice periods, etc. Management is therefore carried out at the highest level, where, in addition to the owners and director level, relevant professionals are present. The reaction time is from days to weeks.

8.1.2 Risk management according to the time urgency of the solution

Operational risks

The risks described above are mostly operational. Only in the monthly meetings do we encounter the transition to the area of plans. Risk management and event resolution (generally described above) is highly dependent on the personal and personality level of workers facing these phenomena. That is why the BENEŠ a LÁT company pays great attention to the relevant qualification level of employees (see "S"). Compliance with the statutory deadlines/regulations of given training and exams is absolute.

Planned risks

The apparent contradiction of this designation points directly to the solution. The combination of knowledge from all the above-mentioned “chapters” of risks and events is the plan for their anticipation. Across the entire organizational breadth of the company, measures are set with varying degrees of urgency. From the personnel department, which has the role of recruiting relevant workforce and especially the organization of training (from mandatory to strategic), to the so-called Wishlist, i.e. the investment requirements of plants. In addition to the obvious elements from the operational area, planning in the sense of correction and prevention is mainly guided by the conclusions made at the so-called MARS. MARS = Managerial Analytical-Recreational Meeting. The management of the company and invited experts discuss current topics quarterly in a non-company environment and with a suitable time allowance. The conclusions are codified and have a direct impact on specific tasks and measures aimed at eliminating the exposed risks.

Strategic risks

The company's focus defines the company's business plan and strategy. This material lists the risks that can be expected based on the best knowledge and estimation of the development of the business environment and society as such. It also organically includes a glimpse into the global situation, not only for its shaping role towards the locality, but especially for the export focus of BENEŠ a LÁT. The basis is, of course, critical evaluation of the past year at the level of plants and central/support sections of the corporation as such (primarily finance). Short-, medium- and long-term plans and visions follow. This material is built by the directors of individual plants and heads of central sections. The main editorial office is handed over to the general director and the commissioner for strategy. The importance of this material is underlined by the accelerated course of global events and the promotion of GD in all sectors of life and business. Thus, new and strategic risks emerge, more closely connected with the perspective of the existence of a business entity. The reaction time (in the sense of the validity of the measure) is months and years.

The above-described phenomena and activities at BENEŠ a LÁT have the following principles in common:

- Complete openness and care towards employees. Not so much a possibility, but a direct challenge to employees to participate in the management/anticipation/elimination of risks. This area also includes the intra-company improvement movement (see "Lean" section) with a range of rewards for activity.

- A clear orientation to the wider context of business activity in social and ecological areas.
- Space for the care of a proper manager in all areas of the company's operation, based on free access of all employees to current information about its condition, including the financial situation.
- An egalitarian approach that does not allow discrimination of any kind.

The person responsible for collecting stimuli, data and risks related to the ESG agenda is the director of the company. These data are regularly presented at the quarterly meeting of the board of directors and company management. After the presentation, these inputs are recorded in the MARS digital strategic management system. If the risk is evaluated as key with the need for investment expenditures or company development, they are included in the business plan, which is updated annually.

It is important to emphasize that the business plan is updated annually, and individual pillars and milestones are carefully designed to be in line with ESG standards.

8.2 Objectives of IMS components

We announce targets once a year, always for a calendar year and for a specific production plant. We also determine longer-term goals for selected areas. Goals can be changed in connection with a change in corporate strategy, changes in customer requirements, or in connection with the implementation of crisis management even during the year. To achieve the goals, our management is committed to applying the principles and tools of continuous improvement.

We publish the objectives of the IMS components on plant notice boards and in internal documentation. The overall overview of the objectives and their fulfillment is part of the report "Review of the management system by the company's management".

8.3 IMS folder documentation

Communication in the form of documentation occurs at several levels and is described in the directive QMS-H02.02-01 Documentation management.

The documentation levels are:

- Policy,
- Goals,
- Documentation management,
- Functional shortcuts.

8.4 Scope of the system by plant

The system is built and maintained for the following manufacturing plants:

Plant	Localities	Description
Z02 – Poříčany	Tovární 463 289 14 Poříčany	Production of aluminum alloy castings using gravity- and low-pressure technology
Z03 – Sutice	Sláná – Sutice No. 2 512 01 Semily	Production of plastic moldings
Z08 – Mimoň	Křížová 660 471 24 Mimoň I	Production of aluminum alloy castings using high-pressure technology
Z10 – Slaná	Slaná 78 512 01 Semily	Production of zinc alloy castings using high-pressure technology

8.5 Persons involved in the risk management system

8.5.1 Board of Directors

The Board of Directors of BaL defines the vision of the company as a whole. The management of each plant specifies its strategies aimed at achieving a common vision. We announce IMS goals, strategic goals, and parameter goals that characterize customer satisfaction every year, and we develop the main goals for individual areas of business. The general director is responsible for the creation and fulfillment of the company's vision and goals on behalf of the board of directors.

The heads of individual departments are responsible for the fulfillment of partial goals that contribute to the fulfillment of the overall vision. Heads of departments also familiarize our employees with the goals during internal training sessions.

8.5.2 Company director

The General Director of the company appoints and manages the quality manager, the EMS representative and the health and safety representative. The quality manager, the EMS representative and the health and safety representative report to the company's general director and report the results of activities. The director of the company is also the responsible person in the framework of the collection of stimuli, data and risks related to the ESG agenda. These initiatives are presented on a quarterly basis at the meeting of the board of directors and company management. The initiatives are subsequently recorded in the MARS digital system for strategic management. In the case of evaluating the risk as important with the necessity of investment expenses, or the development of the company, they are added to the business plan, which is updated annually.

8.5.3 Company Quality Manager

The General Director of the company, on the proposal of the BaL management, appoints a member of the BaL management who, regardless of other functional responsibilities, has defined authority regarding the quality management system. He is responsible for the creation, implementation, maintenance, deepening and development of the quality system in accordance with the requirements of the established standards. The manager of the company's quality system is obliged to check the “Sanctioned Interpretations” and “Frequently Asked Questions” at www.iatfglobaloversight.org

8.5.4 Plant managers

The plant's quality manager is appointed by the plant's manager. He has a defined authority regarding the quality management system. He is responsible for leading, maintaining, deepening and developing the quality system in accordance with the requirements of the established standards. He is also responsible for reporting "Special Status" or other significant changes in the organization of the company's management.

8.5.5 EMS Commissioner

The EMS representative is appointed by the company's CEO. The EMS representative processes or participates in the processing of EMS documentation, performs internal audits of from an EMS point of view and processes a "System Review" from an EMS point of view.

8.5.6 Commissioner for Health and Safety

He is appointed by the company CEO, processes and in cooperation with professionally qualified person in risk prevention participates in the processing of OSH and other related documentation, conducts training of employees from environmental and EMS aspects, performs internal audits of from the point of view of health and safety and processes the "Review of the system" from the point of view of health and safety.

8.5.7 Professionally qualified person in risk prevention

Performs risk categorization, conducts employee training from the point of view of health and safety and cooperates with the commissioner for health and safety. These initiatives are also incorporated into the ESG agenda.

8.5.8 Customer representative

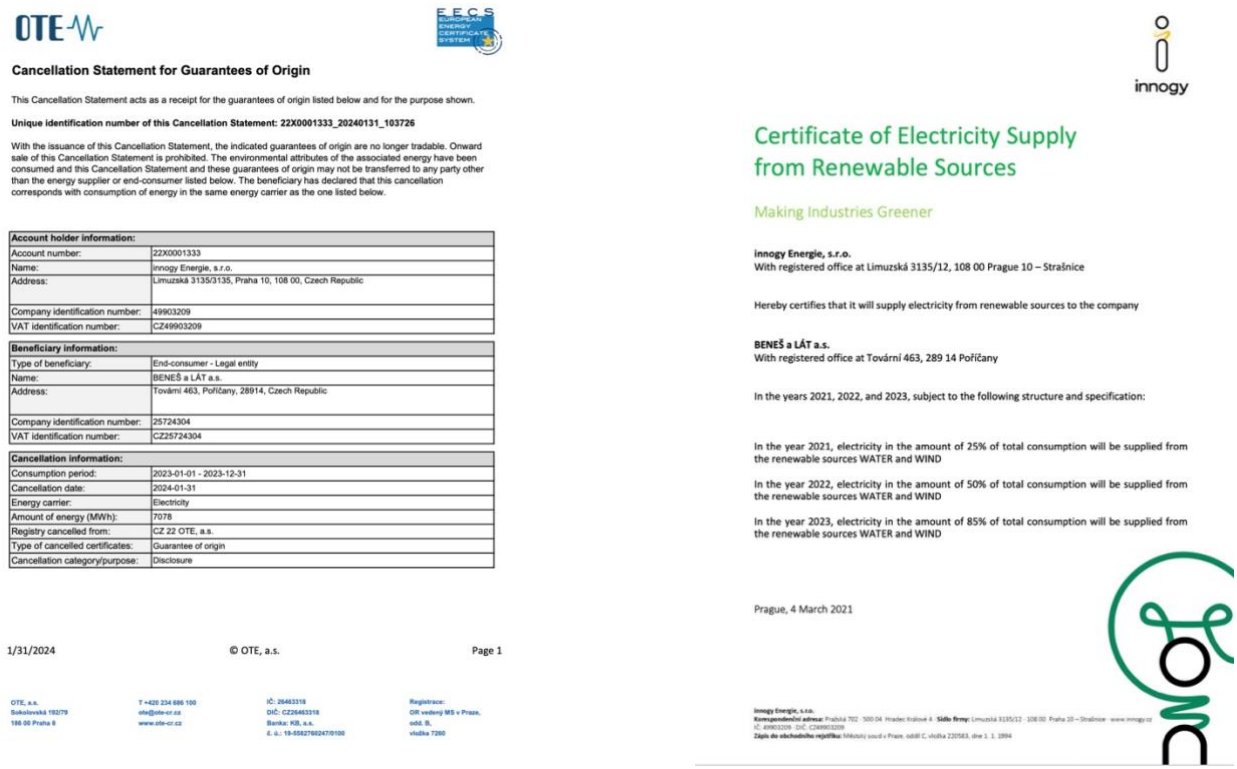
In accordance with the requirements of the IATF 16949 standard, BaL management will designate a "Customer Representative" to ensure that all customer requirements are taken into account. Customer representatives are designated by the head of the sales department, and he is listed in IS Karat as a dealer for individual customers.

9 Information on the company's ecological approach (Environment)

We want to show that even engineering operations, such as foundries, plastic molding plants, machining workplaces and many others, can function in harmony with their surroundings and natural resources. Through the analysis of double materiality, we determined 3 material topics for section E (environment):

- climate change,
- pollution,
- resource use and circular economy.

We have set specific goals and action steps for the identified material topics, which will help us reduce our own negative impact on the environment in the future, and which will fulfill the ambitious requirements of our business partners, incl. mitigation of identified risks. We are already minimizing the impacts in the area of pollution, which is also confirmed by measurements well below the legal limit. If possible, we use secondary materials in production, which is especially successful in the use of aluminum and zinc. As part of the development of the circular economy in our company, we are also planning a circular zinc solution project. The main commitments for the near future include increasing the share of renewable sources in our energy mix, reducing gas consumption, obtaining ISO 50001 and ISO 14001 certifications.



OTE

Cancellation Statement for Guarantees of Origin

This Cancellation Statement acts as a receipt for the guarantees of origin listed below and for the purpose shown.

Unique identification number of this Cancellation Statement: 22X0001333_20240131_103726

With the issuance of this Cancellation Statement, the indicated guarantees of origin are no longer tradable. Onward sale of this Cancellation Statement is prohibited. The environmental attributes of the associated energy have been consumed and this Cancellation Statement and these guarantees of origin may not be transferred to any party other than the energy supplier or end-consumer listed below. The beneficiary has declared that this cancellation corresponds with consumption of energy in the same energy carrier as the one listed below.

Account holder information:	
Account number:	22X0001333
Name:	innogy Energie, s.r.o.
Address:	Limuzská 3135/3135, Praha 10, 108 00, Czech Republic
Company identification number:	49903209
VAT identification number:	CZ49903209

Beneficiary information:	
Type of beneficiary:	End-consumer - Legal entity
Name:	BENEŠ a LÁT a.s.
Address:	Tovární 463, Poříčany, 28914, Czech Republic
Company identification number:	25724304
VAT identification number:	CZ25724304

Cancellation information:	
Consumption period:	2023-01-01 - 2023-12-31
Cancellation date:	2024-01-31
Energy carrier:	Electricity
Amount of energy (MWh):	7078
Registry cancelled from:	CZ 22 OTE, a.s.
Type of cancelled certificates:	Guarantee of origin
Cancellation category/purpose:	Disclosure

1/31/2024 © OTE, a.s. Page 1

innogy

Certificate of Electricity Supply from Renewable Sources

Making Industries Greener

innogy Energie, s.r.o.
With registered office at Limuzská 3135/12, 108 00 Prague 10 – Strašnice

Hereby certifies that it will supply electricity from renewable sources to the company

BENEŠ a LÁT a.s.
With registered office at Tovární 463, 289 14 Poříčany

In the years 2021, 2022, and 2023, subject to the following structure and specification:

In the year 2021, electricity in the amount of 25% of total consumption will be supplied from the renewable sources WATER and WIND

In the year 2022, electricity in the amount of 50% of total consumption will be supplied from the renewable sources WATER and WIND

In the year 2023, electricity in the amount of 85% of total consumption will be supplied from the renewable sources WATER and WIND

Prague, 4 March 2021

Fig. 14: Guarantees of EE origin in 2023 and the commitment of BENEŠ a LÁT to purchase electricity from renewable sources

Since 2020, we have been involved in the saving of natural resources in a previously unused way by gradually increasing the share of electricity produced from renewable sources. In 2020, we committed to step-by-step increasing the volume of "green" electricity in our consumption. In all periods, we were able to exceed the planned share of renewable sources, and for the year 2023 we can boast that all the consumed electrical energy was purchased from producers generating this energy from water or wind sources.

A look at the commitment made in 2020 and its actual fulfillment over the past 3 years:

- for 2021 commitment 25% actual fulfillment reached 28%
- for 2022 commitment 50% actual fulfillment reached 73%
- for 2023 commitment 85% actual delivery reached 100%
- For the next period, we count on a commitment of at least 85% coverage of electricity consumption with renewable sources.

However, in order not to rely only on supplies from other manufacturers, we started preparing for the implementation of photovoltaic power plants on the roofs of our two plants in 2023, specifically in Poříčany and in Mimoň. At the moment, the power plants are completed, with approvals issued, and we are preparing the necessary steps to put them into operation. The installed capacity is 0.6 MWp in Poříčany and 0.4 MWp in Mimoň.

You can find a general overview of the impact of these changes on our carbon footprint on our website in the sustainability section: Sustainability | BENEŠ a LÁT a.s. , where, in addition to the calculation of CO2 equivalent emissions, there is also additional information on our view of ESG in a broader sense.

In the long term, we very closely monitor the handling of secondary raw materials, we minimize the generation of waste and wastewater. In the field of packaging materials, we are moving from single-use packaging towards returnable packaging and, where this is not possible, at least towards packaging that can be recycled more easily.

We have both LPG and electric cars in our fleet - for example, we only use electric cars to transport employees to work.

Water is referred to as the "gold of the future", in our operations we are dedicated to automated water regulation directly at the individual points of consumption to reduce wastage. Where possible, we use surface water instead of drinking water.

9.1 E-1 Climate change

At Beneš a Lát, we are aware of the impacts of human activity on climate change, and therefore we are taking specific action steps with which we can contribute to mitigating these impacts from our position. We consider the carbon footprint and energy management of our company to be the most important area. Regarding energy, we own our solar energy sources, and, in the future, we plan to increase the share of renewable energy sources in our energy mix, as well as reduce the share of gas consumed. Currently, we have prepared energy audits for all four plants of our company, and based on the audits, we are also preparing specific action steps for a long-term transition to renewable energy.

The energy demand of production plants is managed by the so-called energy team, which has a defined energy policy incl. goals for individual plants. The total energy consumption in MWh related to the company's own operating activities is as follows over the years (in the years 2020-2022, the value is reported for the calendar year - due to the inclusion of the ESG report as part of the annual report, steps have been taken to unify the reporting period to the financial year of the business corporation, i.e. .from 1/4 to 31/3 of the following year; FR23 thus lasts from 1/4/2023 to 31/3/2024):

	2020	2021	2022	FR23
Total energy consumption in MWh :	18,518	22,240	16,918	15,428

Our own energy mix then looks like this:

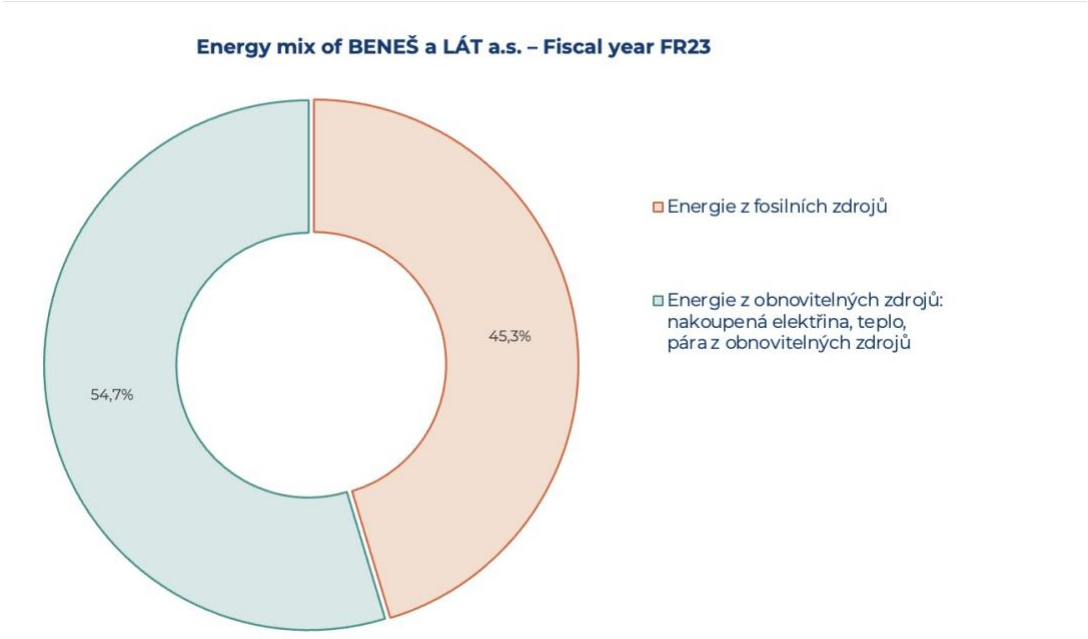


Fig. 15: Energy mix BENEŠ a LÁT as in FR23

We also have calculated carbon footprint for the period 2020-2022 in Scope 1 and 2 - details below in the table. In the following period, we also start calculating the carbon footprint in Scope 3 and we have already started collecting data for this calculation within the value chain. Next, we have to set effective carbon footprint management.

Gross emissions of greenhouse gases in metric tons of CO2 equivalent, consolidated for all plants (in the years 2020-2022, the value is reported for the calendar year - due to the inclusion of the ESG report as part of the annual report, steps have been taken to unify the reporting period to the financial year of the business corporation, i.e. from 1.4. to 31.3. of the following year, FR23 thus lasts from 1.4.2023 to 31.3.2024):

	2020	**2021**	**2022**	**FR23**
Scope 1 - overall	1916.2	2344.4	1776.2	1631.4
Scope 1 - percentage of greenhouse gas emissions from regulated emissions trading systems	0%	0%	0%	0%
Scope 2 - overall	2662.6	3008.2	934.8	0
Scope 2 - market-based methodology	2662.6	3008.2	934.8	0
Scope 3	preparation for calculation			
Total greenhouse gas emissions (Scope 1 & 2)	**4578.8**	**5352.6**	**2711**	**1631.4**

Our calculation methodology, key assumptions and emission factors used to calculate greenhouse gas emissions can be found on our website. In our sector, the intensity of greenhouse gas emissions is given as a proportion of total greenhouse gas emissions to net income. Our greenhouse gas intensity in Scope 1+2 decreased from 6.8 t eCO2 per Mio CZK of output for the year 2020 to 2.3758 t eCO2 per Mio CZK of output for the fiscal year FR23.

Regarding activities that lead to the absorption or storage of greenhouse gases, for every ton of material processed in production, we plant one tree in the vicinity of the plant. However, we do not use any form of carbon compensation using carbon offsets.

The company does not yet have a transition plan for climate change, including a plan for managing impacts, risks and opportunities. Work on its preparation will begin in 2024 with the aim of having it complete by the next annual report.

As part of the transition plan preparation, existing measures and sub-strategies will be reviewed, and we will set targets for reducing the production of greenhouse gas emissions in other areas outside the energy sector as well. As part of the ESG report creation process, we went through the identification of risks and opportunities related to the topic of climate change, and this analysis resulted in specific areas that may affect our business model in the future. At the moment, we are not working on a specific analysis of these risks' evaluation. However, the risks are identified, and we will continue working with them. Regarding climate change, we have identified transformative events that may affect our operations. They are, for example, a change in customer behavior and increased stakeholder interest. Additional risks are described in the tables below. We will process a more comprehensive analysis of climate scenarios and an analysis of resilience to climate change in the course of the following years.

The identified impacts and risks in the areas related to Climate Change are described in more detail below:

- Energy
- Climate change mitigation
- Adaptation to climate change

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks:

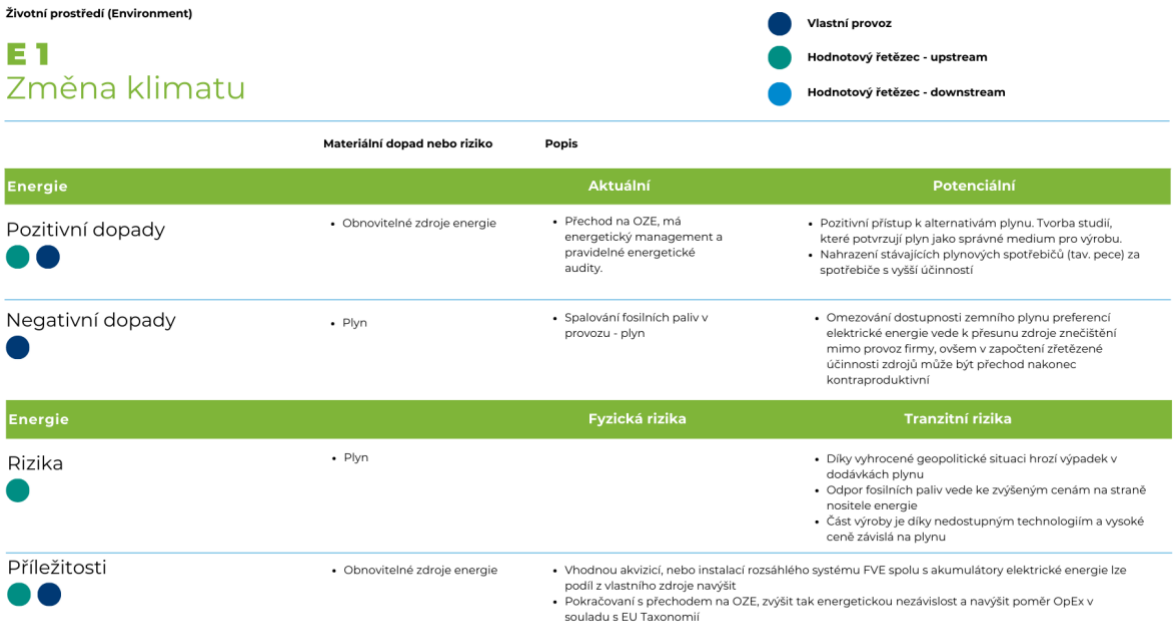
- Solar energy: Installation of solar panels on building roofs.
  Deadline: 2025
- Energy audits: Regular audits of energy consumption to identify areas with potential for savings.
  Deadline: 2025
- Energy efficient heating: Gradual transition from gas heating to heat pumps.
  Deadline: 2030
- Renewable energy sustainability: Share of renewable sources in consumed electrical energy min. 85%.
  Deadline: 2027
- Energy efficiency: Use of energy efficient furnaces and heat recovery from waste heat to reduce overall energy consumption.
  Deadline: 2029
- Transport and logistics: Active participation with suppliers in the optimization of transport and logistics leading to the reduction of emissions (e.g. use of alternative fuels, optimization of routes).
  Deadline: 2027

The company started reducing CO2 emissions already in 2020 and during the next 3 years reduced its eCO2 emissions per kilogram of manufactured products by 60%. If we benchmarked against 2019, when the company used essentially no renewable energy, the impact would be even more significant. However, the data for the year 2019 is not sufficiently clean for a precise analysis, and therefore only the year 2020, when 20 % of electricity was purchased from renewable sources, is used as a comparison basis. Throughout the period (2020-FR23), electricity from renewable sources is used based exclusively on wind and hydropower plants.

For a better understanding of the development of changes in used energy sources, it is necessary to divide the impacts according to individual production technologies. The reduction in eCO2 emissions in tonnes per tonne of products developed as follows in individual productions:

	eCO2 emissions per unit of production		
	2020 [t eCO2 / t products]	**FR23 [t eCO2 / t products]**	**Change [%]**
Al alloys	2.220	1.031	-54%
Zn alloys	1.054	0.189	-82%
Plastics	1.216	0.322	-61%

The company's goal is to maintain this extremely low footprint in the long term and thereby help reduce the carbon footprint throughout its customer chain. Another positive effect in the reduction of the carbon footprint in the coming years will be the start-up of the own photovoltaic power plant in plants with the greatest energy demand.



Životní prostředí (Environment)

E 1
Změna klimatu

Vlastní provoz
Hodnotový řetězec - upstream
Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Energie		**Aktuální**	**Potenciální**
Pozitivní dopady	• Obnovitelné zdroje energie	• Přechod na OZE, má energetický management a pravidelné energetické audity.	• Pozitivní přístup k alternativám plynu. Tvorba studií, které potvrzují plyn jako správné medium pro výrobu. • Nahrazení stávajících plynových spotřebičů (tav. pece) za spotřebiče s vyšší účinností
Negativní dopady	• Plyn	• Spalování fosilních paliv v provozu - plyn	• Omezování dostupnosti zemního plynu preferencí elektrické energie vede k přesunu zdroje znečištění mimo provoz firmy, ovšem v započtení zřetězené účinnosti zdrojů může být přechod nakonec kontraproduktivní
Energie		**Fyzická rizika**	**Tranzitní rizika**
Rizika	• Plyn		• Díky vyhrocené geopolitické situaci hrozí výpadek v dodávkách plynu • Odpor fosilních paliv vede ke zvýšeným cenám na straně nositele energie • Část výroby je díky nedostupným technologiím a vysoké ceně závislá na plynu
Příležitosti	• Obnovitelné zdroje energie	• Vhodnou akvizicí, nebo instalací rozsáhlého systému FVE spolu s akumulátory elektrické energie lze podíl z vlastního zdroje navýšit • Pokračovaní s přechodem na OZE, zvýšit tak energetickou nezávislost a navýšit poměr OpEx v souladu s EU Taxonomií	

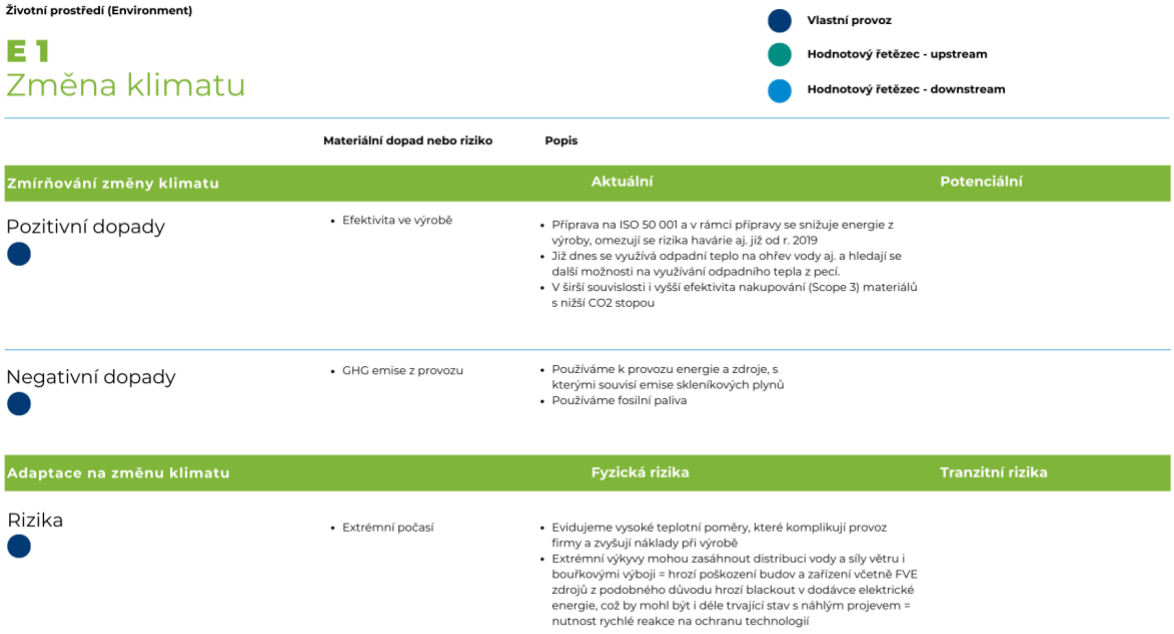


Fig. 16: E1 Impacts and risks

We also publish the expected financial consequences of significant physical and transit risks.

Physical risks and transit risks E1	**The amount of money and share of assets with this physical risk**		
	Short term horizon	**Medium term horizon**	**Long term horizon**
Gas supplies - instability and price increases	CZK 500 million / 60%	CZK 500 million / 50%	CZK 800 million / 25%
Weather fluctuations related to damage to buildings, lack of water	CZK 100 million / 50%	CZK 100 million / 50%	CZK 160 million / 50%

9.3 E-2 Pollution

We actively take action steps to reduce the amount of pollution, especially of water sources, and we have set our own policies, which are mainly governed by valid Czech legislation and the regulations of ISO standard 14001.

Our plant in Poříčany falls under the Integrated Prevention system according to Act No. 76/2002 Coll. and European Directive 2010/75/EU on industrial emissions. The main goal of the integrated prevention system is to protect the environment from industrial pollution by regulating the operation of selected facilities as a whole. The issuance of an integrated permit also replaces administrative acts according to the relevant legal regulations with one administrative decision (the so-called integrated permit). An integrated permit for the plant was issued in 2011.

We work to minimize water and air pollution, which is also proven by our measurements. In all three plants with foundry operations, emissions are measured every year to check compliance with the emission limits set by the relevant permit for the operation of the air pollution source. We monitor the concentrations of solid pollutants, oxides of nitrogen, sulfur and carbon and selected metals in the discharged air. In the same way, we monitor the parameters of wastewater pollution discharged from treatment facilities at those plants that are not connected to public sewerage. According to the measurement results, the pollution caused by us is far below the limits set by legislation. We measure pollution regularly over time. In this category, our indicators and goals are determined primarily by applicable legislation.

The following table documents the measurement of emissions at the foundry of the Z02 plant. Analogously, all relevant BaL workplaces are measured

Gas melting furnaces Z02	**2020**	**2021**	**2022**	**FR23**
Processed Al [t]	1,017	1,239	973	805
TZL (t/year)	0.092	0.020	0.161	0.006
NOx (t/year)	0.115	0.176	0.360	0.365
CO (t/year)	11.488	0.000	0.004	0.000

Below are the results of the wastewater analysis in 2020-FR23:

Z02 – ČOV	Hospodářský rok		FR20				FR21				FR22				FR23				
Poříčany	Kalendářní rok		2020				2021				2022				2023				
parametr	jednotka	limit (p/m)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
BSK_5	mg/l	40/80	2,0	8,7	5,3	5,0	9,0	4,5	4,7	47,0	3,7	6,5	2,9	10,5	8,2	3,5	2,0	5,4	5,8
$CHSK_{Cr}$	mg/l	150/220	59,0	48,0	46,0	31,0	75,0	31,0	98,0	115,0	48,0	21,0	20,0	45,0	44,0	41,0	27,0	53,0	38,0
nerozp. látky	mg/l	40/80	1,0	3,0	6,6	16,0	9,0	5,0	3,0	3,0	2,0	2,0	5,0	4,0	6,0	4,0	2,0	4,0	3,0
$N\text{-}NH_4$	mg/l	nestanoven	30,3	26,6	18,8	0,1	0,3	0,2	0,1	0,3	0,1	0,1	0,2	0,4	0,4	0,2	0,3	0,9	0,8
P-celkový	mg/l	nestanoven	11,7	13,0	6,7	4,4	0,3	3,3	2,2	3,6	7,2	3,3	2,7	3,4	3,8	3,2	3,0	2,8	3,1
Z03 – BC	Hospodářský rok		FR20				FR21				FR22				FR23				
Sutice	Kalendářní rok		2020				2021				2022				2023				
parametr	jednotka	limit (p/m)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
BSK_5	mg/l	30/60	4,0	4,0	3,0	2,0	7,0	4,0	4,0	17,0	3,0	9,0	3,0	23,0	5,0	6,0	5,0	11,0	9,0
$CHSK_{Cr}$	mg/l	60/120	15,0	12,0	11,0	7,0	15,0	14,0	14,0	40,0	6,0	22,0	9,0	59,0	14,0	18,0	17,0	40,0	26,0
nerozp. látky	mg/l	35/70	8,0	8,0	6,0	24,0	6,0	10,0	6,0	23,0	6,0	17,0	8,0	24,0	10,0	10,0	9,0	17,0	6,0
pH			7,6	0,0	7,3	7,8	7,4	7,5	7,8	7,1	7,6	7,8	8,0	6,5	8,1	7,6	7,5	7,1	7,4
Z10 – BC	Hospodářský rok		FR20				FR21				FR22				FR23				
Slaná	Kalendářní rok		2020				2021				2022				2023				
parametr	jednotka	limit (p/m)	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1
BSK_5	mg/l	40/80	8,0	22,0	20,0	21,0	17,0	17,0	12,0	11,0	20,0	19,0	18,0	16,0	15,0	20,0	5,0	12,0	22,0
$CHSK_{Cr}$	mg/l	150/220	30,0	50,0	69,0	67,0	44,0	62,0	41,0	28,0	50,0	50,0	34,0	40,0	45,0	64,0	17,0	42,0	59,0
nerozp. látky	mg/l	50/80	8,0	8,0	9,0	19,0	19,0	22,0	13,0	20,0	11,0	21,0	19,0	18,0	16,0	28,0	8,0	14,0	18,0
pH			7,1	7,3	6,6	6,9	6,9	6,4	6,3	6,7	7,0	6,6	6,8	7,5	6,8	6,6	6,8	6,8	6,6

At all operations where dangerous chemical substances and mixtures are used, there are means to neutralize any accidental leakage of the substances used. Bulk sorbents are available for the capture of oil substances, textile sorbents for oil substances and corrosives, plants located near watercourses are also equipped with floating sorption snakes, which could be stretched from shore to shore in the event of an accident and any floating pollution would be captured by them.

The identified impacts and risks in the areas related to the theme of Pollution are described in more detail below:

- Air and water pollution

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks:

- Impeccably managed agenda, zero tolerance for possible sanctions in the area of the environment = CZK 0

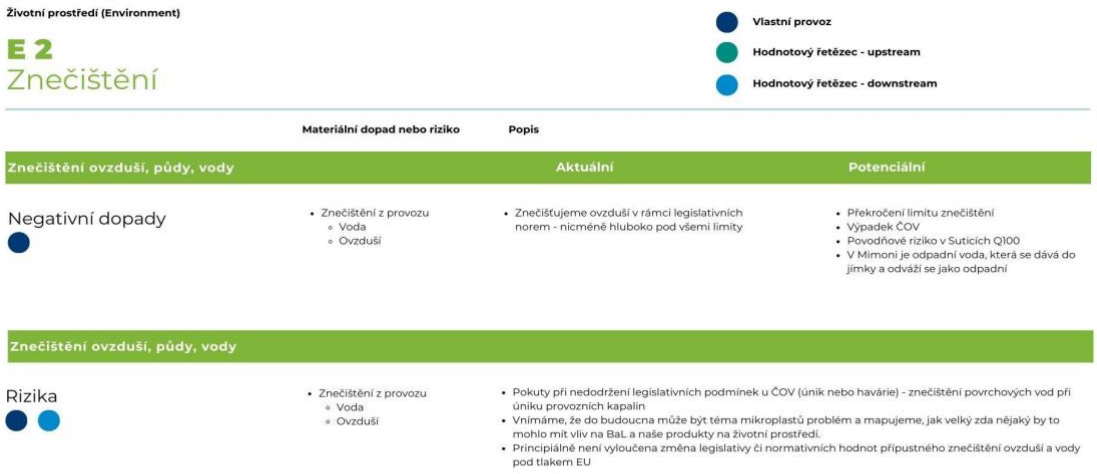


Fig. 17: E2 Impacts and risks

9.4 E-5 Circular economy

The quality of the materials used is key for us as a manufacturing company. However, we also want to minimize our negative impact on the environment and therefore whenever possible we use secondary resources, especially aluminum and zinc. We have specific policies in place for the use of secondary sources and we are currently preparing a questionnaire on the environmental responsibility of suppliers, from which a scoring will subsequently be created.

Our policies include the Production and Waste Management Report and the Summary Operational Records Report. Operating regulations are posted at all production facilities where waste is generated, in which the rules for the storage and sorting of waste and for their further handling, basic information about the chemicals used and the rules of operation in the event of an accident are listed. The objectives and action steps are then listed below in the chapter.

A big challenge for us in the near future will be the mapping of material flows. We primarily choose local material suppliers, but in the future, we also want to know where our suppliers get the materials we process. We are also interested in where our products end up at the end of their life cycle and whether we can continue working with them.

The most important materials used in our production are aluminum and zinc. More information on our key raw materials can be found in the table below.

Defined key inputs	**Amount of input to the enterprise for the reporting period in tons**	**Share of recycled material in the input in absolute value in tons**	**Share of recycled material in the input in %**
Aluminum	1278	1086	85%
Zinc	722	0-36	0-5%
Plastics	387	0	0%

We process these alloys and plastic materials using various technologies. We produce demanding, complex parts from 1 g to 20 kg/pc. The table below shows our typical products. However, we manufacture most orders directly to the customer.

Description of key products / product groups	Product life expectancy relative to industry average	Product repairability	The amount of recycled content in products and their packaging
Die casting AL	3-25 years	not relevant	100%
Gravity Casting AL	4-27 years old	not relevant	100%
Low pressure die casting AL	4-26 years old	not relevant	100%
Die casting ZN	3-25 years	not relevant	100%
Plastic injection	1-7 years	not relevant	100%
Building kits (toys)	1-7 years	recycling	100%

In our plants, we strive for efficiency in handling materials - we install new technologies to reduce the amount of waste, waste costs and also increase quality targets. We are also working on a circular solution project for zinc casting, and according to estimates, we are already using 95% recycled materials.

All activities related to the implementation of the circular economy in BaL operation are in accordance with the hierarchy of waste management. Our goal is to prevent the creation of waste as much as possible, from the operational and production efficiency viewpoint as well as economic aspects. You can find more information on the composition of our waste and how it is treated in the tables below. It should be noted that due to waste reporting based on the calendar year, the values listed below are for calendar year, and thus differ from the rest of the report, which deals with the economic year FR23 in duration from 01.04.2023 to 31.03.2024.

	2020	2021	2022
Total production of waste from own operational activity [t]	809.69	1161.37	1026.23
Of which hazardous waste [t]	367.66	561.42	481.01
Of which other than hazardous waste [t]	442.03	599.95	545.22

The materials found in the waste are mainly metals, metal oxides, plastics, wood, paper, mixed municipal waste and oily water.

YEAR 2023	Preparation for reuse	Recycling	Other utilization procedures
Total amount of waste by type of use [t]	0	341.71	559.08
Of which hazardous waste [t]	433.76		
Of which other than hazardous waste [t]	467.04		
Total Quantity [t] and percentage of non-recycled waste	900.80		
	62%		

YEAR 2023	Combustion	Landfilling	Other disposal procedures
Total amount of waste by type of waste management [t]	0	189.96	369.13
Of which hazardous waste [t]		11.62	367.79
Of which other than hazardous waste [t]		178.34	1.34

The company is aware of future legislative requirements, which it is already complying with to a greater extent, and the stated goals and action steps are set beyond the scope of legislative requirements, which is also in line with the mission of our company.

Identified impacts and risks in areas related to the Circular Economy theme are described in more detail below:

- Garbage.
- Inflow of resources including their use.
- Outflow of resources related to products and services.

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks:

Objective: Aluminum, zinc casting process

- Material recycling: Waste materials aluminum/zinc sprues and runners are 100% melted down and reused in further production cycles.
  Deadline: 2025
- Design optimization: In cooperation with the customer, designing products using topological optimization technologists, where the goal is to eliminate the amount of material with regard to its mechanical properties and its functionality. Furthermore, for easy disassembly and recyclability, which facilitates their reintegration into the production process at the end of their life.
  Deadline: 2025
- Utilization of waste slag: we are installing equipment to recover zinc from waste slag.
  Deadline: 2027

Objective: Plastic injection process

- Closed production cycle: sprues and runners that arise during plastic injection, where it is permissible, are immediately recycled using mills that grind the material into granules. This granulate is subsequently added back into the production process in a precisely defined quantity, thereby ensuring maximum use of the material.
  Deadline: 2026
- Sale for further processing: Plastic waste that cannot be directly recycled within the own production process is sold to specialized companies that can further process it. In this way, it is ensured that plastic waste does not remain unused and contributes to the further cycle of the material.
  Deadline: 2025
- Development of own products: The development of own products, which is designed with regard to the possibility of processing secondary raw materials from production, is a key step to closing the cycle.
  Deadline: 2029

Goal: "Landfilling" waste reduction process

- Production of sand foundry cores: operation of a clean foundry environment, sand waste does not contain any phenols or leachable products. It has a lower hydrogen potential and can be mechanically regenerated. In this way, we fulfill our obligation to gradually reduce landfilling.
  Deadline: 2026
- Application of micro-spraying: Traditional spraying consumes a large volume of lubricants and separation agents, which generate a significant amount of

polluted water, which is discharged as wastewater. Micro spraying uses a significantly smaller number of lubricants, separation agents and water, which leads to a reduction in wastewater. Less spraying means less fumes and aerosols in the work environment, contributing to improved air quality and working conditions.
Deadline: 2027

- Development of own products: The development of own products, which is designed with regard to the possibility of processing secondary raw materials in production, is a key step to closing the cycle.
Deadline: 2029

Target: Supply chain

- Supply chain: Inform all suppliers and develop active cooperation leading to the minimization of the use of primary raw materials (e.g. the use of recycled materials, secondary raw materials, renewable resources, etc.)
Deadline: 2026
- Collaboration: Adaptation of existing supplier audits and questionnaires on topics related to the circular economy and climate change.
Deadline: 2027

Životní prostředí (Environment)

E 5

Cirkulární ekonomika (oběhové hospodářství)

Vlastní provoz
Hodnotový řetězec - upstream
Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Příliv zdrojů, včetně jejich využívání		**Aktuální**	**Potenciální**
Pozitivní dopady	• Využití druhotného materiálu	• Využití sekundárních zdrojů ve výrobě • Odběr sekundárních materiálů	• Máme zpracované studie pro využití podílu recyklátu ve výrobků pro jednotlivé slitiny a sledujeme jakost výrobku v souvislosti s výstupy studií. Cílem je navyšování množství recyklátu ve výrobcích bez ohrožení kvality výrobku a edukace zákazníka.
Negativní dopady	• Využití primárních zdrojů	• Využití primárního zdroje ve výrobě u plastů (100% nakupovaného je primární)	
Příliv zdrojů, včetně jejich využívání			
Rizika	• Materiálové vstupy	• Dostupnost primárních a sekundárních zdrojů • Zvýšená cena primárních a sekundárních materiálů • Zvýšená legislativní regulace a s tím spojené finanční nároky • Umělé překážky obchodu dané geopolitickou situací a nerelevantním rozhodováním politické reprezentace	
Příležitosti	• Využití druhotného materiálu	• Můžeme nadále pracovat na zvýšení cirkularity v provozu a zvýšení nezávislosti na zdrojích • Díky studiím a podkladům, které máme v rámci využívání recyklátů k dispozici a redesignu výrobků s cílem snižování podílu materiálu, máme potenciál přilákat nové zákazníky a sektory. • CRMA a z něho plynoucí důsledky	

Životní prostředí (Environment)

E 5
Cirkulární ekonomika (oběhové hospodářství)

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Odliv zdrojů související s produkty a službami		**Aktuální**	**Potenciální**
Pozitivní dopady	• Zodpovědnost při konci životního cyklu	• Jsme součástí IMDS databáze, kam reportujeme v rámci dodavatelského řetězce pro automotive sektor informace o výrobcích / produktech, tak aby byly dobře zpracovány a recyklovány.	
Negativní dopady	• Konec životního cyklu produktu	• V tuto chvíli není plná transparentnost, kde končí vyrobené produkty - není ztransparentněn konec životního cyklu produktů, ale víme, že většina produktů se dá druhotně využít	
Odliv zdrojů související s produkty a službami			
Rizika	• Materiálové vstupy	• Objevuje se tlak od zákazníků na dodání detailních dat na úrovni Scope 3. • Scope 3 bude tvořit spolu s energiemi dominantní složku CO2 stopy BaL. Nejen BaL se soustředí na zdroj s nízkou uhlíkovou stopou, což povede k exploataci zdroje a negativnímu dopadu do cen.	

Životní prostředí (Environment)

E 5
Cirkulární ekonomika (oběhové hospodářství)

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Odpady		**Aktuální**	**Potenciální**
Pozitivní dopady	• Aplikace cirkulárních řešení	• Slévárenství a lisování plastů se snaží principiálně využívat maximum odpadu • Realizují se dílčí projekty např. druhotné využití pecní strusky, druhotné využití plastových materiálů	• Vývoj pokročilých technologických zařízení (např. pece) a procesů (optimalizace spalování zemního plynu, příměsi H2, sdílení tepla) povedou nejen ke snížení spotřeby energií, ale rovněž k omezení tvorby ZnO a Al2O3. • Technická a organizační opatření vedoucí k redukci zmetkovitosti a tím i nutnosti vlastní recyklace
Negativní dopady	• Kontaminace odpadem	• Skládkujeme určité materiály.	
Odpady			
Rizika	• Zákaz skládkování 2030	• Musíme se připravit na legislativní změny (např. zákaz skládkování od roku 2030) a na případné zpřísnění normativních a taxativních parametrů znečištění	
Příležitosti	• Efektivita, inovace a osvěta	• Snižování nákladů na svoz odpadu a na pořízení nových materiálů. • Edukace zákazníka v rámci využívání druhotných surovin. • Společný vývoj/optimalizace výrobku se zákazníkem k omezení negativních dopadů, tedy snížení množství odpadu a dalších vedlejších projevů	

Fig. 18: E5 Impacts and risks

Physical risks and transit risks E5	The amount of money and share of assets with this physical risk		
	Short term horizon	**Medium term horizon**	**Long term horizon**
Legislative changes (e.g. ban on landfilling)	3 million CZK	1 million CZK	0 million CZK
Reducing the carbon footprint, which will be reflected in the prices of "Scope3" manufactured products	2 million CZK	20 million CZK	0 million CZK
Increased use of secondary material	8 million CZK	19 million CZK	0 million CZK

10 Information on corporate social responsibility (Social)

In the social area S (Social), in Beneš a Lát, we focus mainly on our own employees and the communities in the region where we operate. In the future, however, we will expand our focus in the social area to 3 main groups:

- our own workforce,
- workers in the value chain and
- consumers.

In the activities to date, we have focused most on our own employees and have set policies for workers in the value chain. Our own employees have the opportunity to join unions, and workplace relations are also determined by the Code of Ethics. We guarantee that all our regular employees are valued above the minimum wage. Occupational safety is governed by the ISO 45001:2018 standard, for which we also have certification.

From the academic year 2021/2022, our employees who aspire to further career growth also can participate in our own two-semester Master BaL (MBL) course. Here, participants acquire skills in the areas of management, leadership, motivation, reporting and more. Master BaL plus (MBL+) is then launched for executives, where the knowledge and skills of the basic course are intensively discussed/extended. We also think about the social security of our employees, which is why we have created an emergency fund for them.

We also offer opportunities to the disadvantaged. In 2018, we founded a subsidiary company, seva-czech s.r.o., which is dedicated to employing workers with a wide range of disabilities and looking for suitable job positions for them.

We also contribute to the development of children and youth in the localities where we operate. We support interest associations and sports activities and cooperate with kindergartens and elementary schools near our establishments. Two representatives of our company are also involved in the educational project You can do business, which targets high school students. We also run our own educational program called Slévárenská miniakademie (Foundry Miniacademy), which extends to university education.

We also support our local community by organizing a ball, the tradition of which dates back to the 1930s.

10.1 S-1 Own labor force

We spend a significant part of our lives at work, so trust, belonging, flexibility, recognition and meaning are values we promote in our company, as we believe these aspects contribute to a positive work atmosphere and the overall mental health of employees.

In the S-1 area, we have defined main policies in the following documents:

The work regulations define the employee and employer rules of labor-legal relations in the company BENEŠ a LÁT a.s., in accordance with the Labor Code and other legal regulations as amended. The work rules contain policies such as: prohibition of

discrimination, terms of employment, rights and obligations of employer and employee, working time conditions, conditions for employee leave, conditions for payment of wages and other financial compensation for damages.

The internal human resource management guidelines contain information on how to proceed with the recruitment of new employees, how the selection process is conducted and how new employees are integrated and trained in a new position in the company. The directive also describes how to proceed when an employee leaves the company and how the employee conveys his agenda. Furthermore, the directive describes how the feedback between the employee and the person appointed to manage the employee takes place. The directive also determines the conditions for changing working time. An important part is also the motivational structure of financial rewards - for recruitment, loyalty program, contribution to pension insurance, contribution to the recreation of the employee's children, contribution to language courses, extraordinary rewards, employee liability insurance, loan in case of an employee's difficult situation, contribution to meals and others. At the end, the document determines the conditions for doctor's visits and describes occupational medical services. This directive also includes an employee satisfaction survey, which records employee satisfaction on a monthly basis.

10.1.1 Ethics and human rights

We consider respect for human rights to be a fundamental principle in our company. We respect human rights, both in our own operations and with the companies we work with. None of our employees receive minimum wage and all have the possibility of collective bargaining through unions. Our own employees are guided by their own **Code of Ethics,** which refers to the Universal Declaration of Human Rights and principles of the International Labor Organization (ILO). The Code of Ethics also includes topics such as respect for the cultural and legal environment, respect for the individual, confidentiality and protection of sensitive information, respect for privacy and protection of personal data, good business practices, rejection of illegal payments and corruption, respect for the principles of free competition, health, safety, environmental protection, prevention of conflict of interest, conditions of participation in political and public life, communication with authorities and obligations of employees towards BaL.

The Collective Agreement is also an important document for Beneš a Lát. It includes, for example, the method of involving own workers in unions, the method of wage evaluation, the prohibition of discrimination, procedures for remedying impacts and reporting concerns. Our human rights policy explicitly emphasizes our commitment to freedom of association, the right to collective bargaining, and excludes any form of discrimination or forced and child labor.

We have systems in place to identify, prevent, mitigate and limit impacts on our workers. Our employees can raise concerns about illegal behavior (**whistleblowing**) through the internal reporting system, more defined on our website . We have a process to remedy any potential adverse impact on our employees. In cases where we identify potential negative impacts on our employees, we are committed to prompt remediation provision. We appreciate any feedback to improve our security and environment protection. We want to create an open space for communication and encourage all employees to share their observations, suggestions for improvement or report any deficiencies in the field of health and safety.

10.1.2 Health and safety

At Beneš a Lát, we are firmly committed to creating a healthy and safe working environment for our employees and to continuously support their health and performance. Each job position is assigned a job category (1, 2, 3, 4) according to its risk specifics, and the necessary personal protective equipment is defined for it, and the relevant employees are provided with these by the employer upon starting, in order to protect the health and safety of all employees as much as possible. Before starting work and at regular intervals thereafter, we check the medical fitness of each employee for his position with our provider of occupational medical services. We conduct regular ISO 45001 audits to ensure that our safety and security measures are in line with the latest standards. At the same time, we actively monitor and implement new trends in occupational health and safety (OSH) to constantly increase the level of protection of our employees.

10.1.3 Balance between work and personal life of employees

We believe in promoting a healthy work-life balance, which is a key element in preventing stress. At our company, we strive to create an environment that allows employees to achieve this balance, paying attention to the individual needs of each team member. Employees can use the benefits of the cafeteria and use it to purchase season tickets for sports and wellness or vitamin packages. We support employees in the event of adverse circumstances, such as illness, unemployment, work-related injury. We also support our employees who go on parental leave or retire.

We meet regularly at events outside our workplace to strengthen team spirit and get to know each other better. We take part in joint football and volleyball tournaments, race dragon ships and play airsoft. At the same time, we enjoy quieter moments at fishing competitions or at a traditional representative ball. At the end of the year, we like to take a trip to a hill near one of our plants to celebrate the achievements together and thank the employees for their contribution to our common goal. These events not only give us the opportunity to relax, but also strengthen our working relationships and contribute to a positive atmosphere in the company.

10.1.4 Diversity and Inclusion

From the point of view of diversity, we record information about the age, nature of work, or type of contract of our employees within the Karat IS, but we do not publish the information further. In Beneš a Lát, we do not directly employ persons with disabilities, but our subsidiary seva-czech is an employer on the protected labor market and aims to employ at least 65 % people with disabilities.

We aim to create an inclusive environment at all levels of management to attract and retain talented people from all backgrounds and cultures. We strive to offer equal opportunities regardless of ethnicity, race, religion, age, gender, disability and sexual orientation or social status. We set an ambition to have an equal representation of women and men by 2030, i.e. at least 40 % of women and 60 % of men. We are committed to diversity in senior management, and we are working to increase the proportion of women in leadership and management positions.

We provide equal opportunities to all employees and respect all individuals equally. The average converted number of employees was 320 during the year.

We want to create an inclusive work environment with equal opportunities. We want employees to feel safe here, and that's why we have an Internal policy regarding bullying, discrimination and harassment. Our Head of Human Resources is responsible for this policy. Our policies describe commitments to initiatives for people from vulnerable groups, such as inclusive recruitment and promotion, coaching, mentoring and other support.

10.1.5 Collecting feedback, involving employees in company development and education

We have an internal system created by LutherOne company, in which we collect feedback from all our employees and try to identify negative influences on our own employees - we monitor employee feedback and, based on employee recommendations, we try to improve the work environment on a quarterly basis. An in-depth evaluation, including the effectiveness of new steps, takes place once a year. We also continuously publish action steps that are suggested based on feedback. Financial resources are not calculated in advance, they are allocated according to needs and according to evaluation.

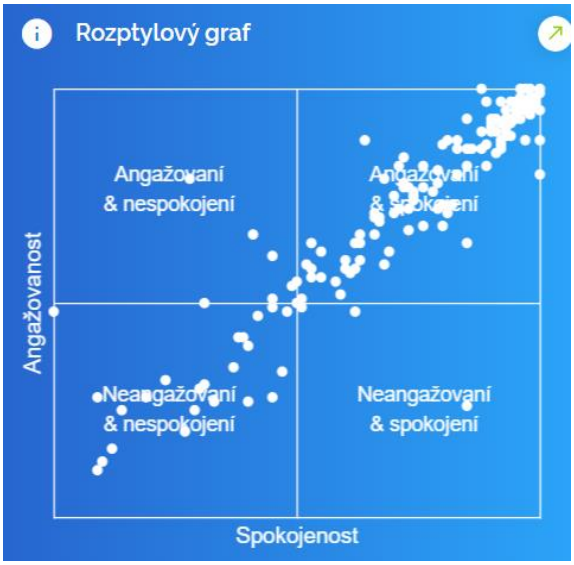


Fig. 19: Scatterplot of Employee Satisfaction and Engagement

LutherOne also functions as our internal social network that connects all our plants. We divide it into two parts. The first is a virtual wall where posts can be shared, commented on and liked. The second part serves for the employee satisfaction survey, which takes place once a month through the Monthly 16 (M16) questionnaire. It is a set of 16 questions and at the end of the questionnaire there is space for a comment or a question.

We also follow our internal Employee Training Guidelines directive. It sets out the procedures and competences for drawing up and implementing education plans and setting tasks for ensuring education needs. The aim of the directive is to ensure sufficient qualification of employees so that their competences meet the set

requirements, for all workers at all levels and in all areas of the company. According to the directive, we must ensure that the training program for further training of all workers in management and specialized functions, whose workload requires specific qualifications, as well as further training in quality techniques, is followed. Employees who perform work affecting product quality must be competent based on appropriate education, training, skills and experience (we follow the IATF 16949 and ISO 9001 standards here). At Beneš a Lát, we also ensure that all employees whose work can have a significant impact on the environment are trained accordingly (according to the ČSN EN ISO 14001 standard).

A data point	Metric	2023	Comment - additional information
Employee statistics			
Number of permanent employees	FTE	Women 112 Men 212	number of people at HPP as of 31.3.2024
Number of temporary employees	FTE	Women 6 Men 6	number of people on agreements as of 31.3.2024
Number of employees with non-guaranteed working hours	FTE	Women 6 Men 6	number of people on agreements as of 31.3.2024
Average number of employees	FTE	Women 109 Men 211	average number of converted workers for FR 2023
Ratio of women to men	%	Women 34 % Men 66 %	calculated from the recalculated number of employees for FR23
Employees outside the Czech Republic	FTE	0	
Proportion of people with disabilities among employees subject to legal restrictions on data collection	%	1.6 %	BaL only. The subsidiary company seva-czech s.r.o. (employer on the protected labor market) and for FR23 fulfills the share at the level of

A data point	Metric	2023	Comment - additional information
			78%. Consolidated, the share would exceed 9%.
Fluctuation			
Number of employees who left	FTE	80	for FR 2023
Percentage of employees who quit	%	24.69	for FR 2023
Persons who are not employees			
Total number of non-employees	FTE	2	self-employed
Average number of non-employees	FTE	2	self-employed
Employees covered by a collective agreement			
Percentage of employees covered by a collective agreement	%	100	All employees are employed in the Czech Republic
Age ratios of employees			
Number of employees under 30 years of age	Number	48	as of 31.3.2024
Percentage of employees under 30 years of age	%	14.81	as of 31.3.2024
Number of employees aged 30-50	Number	164	as of 31.3.2024

A data point	Metric	2023	Comment - additional information
Percentage of employees aged 30-50	%	50.62	as of 31.3.2024
Number of employees over 50 years old	Number	112	as of 31.3.2024
Percentage of employees over 50 years of age	%	34.57	as of 31.3.2024
All employees receive minimum wage	Yes/No	Yes	None of the employees are on the minimum wage level.
Top leadership			
Number of members in top management	Number	14	as of 31.3.2024
Share of women in top management	%	21.43	as of 31.3.2024
Share of men in top management	%	78.57	as of 31.3.2024
Percentage of the total number of employees in senior management	%	4.32	as of 31.3.2024
Education and skills development			
Proportion of employees who participated in regular performance reviews and career development	%	Overall 100 % Women 100 % Men 100 %	Regular annual self-assessments

A data point	Metric	2023	Comment - additional information
Average number of training hours	Hours	Amount 6098 Women 2306 Men 3792	In summary, mandatory and voluntary training; 2306 hours / 1 09 women = 21.16 3792 hours / 211 men = 17.97
Average number of training hours per person (employees)	Hours	19.05	Of this, 7.5 hours of statutory training and 11.5 hours of other training.
Social protection			
The percentage of people in one's own work team that is covered by a safety and health protection management system at work, which is based on legal requirements and (or) recognized standards or instructions	%	100	All employees are regularly trained.
The number of fatal accidents due to work-related accidents and occupational diseases among employees	Number	0	for FR 2023
The number of registrable occupational accidents of own employees	Number	10	for FR 2023
Rate of registrable occupational accidents among own employees	%	3.125	for FR 2023

A data point	Metric	2023	Comment - additional information
Number of cases of registrable work-related illnesses of employees	Number	3	temporarily unable to work due to an occupational accident for FR 2023
The number of days lost due to occupational accidents, fatal accidents at work, occupational diseases among employees	Days	106	for FR 2023
Incidents, Complaints and serious human rights impacts			
Total number of cases of discrimination, including harassment	Number	0	No such case has been recorded through the whistleblowing channel or in any other way
Number of complaints lodged through the channels to raise concerns	Number	0	No such case has been recorded
The total amount of fines, penalties and damages as a result of the above-mentioned incidents and complaints and a comparison of these disclosed monetary amounts with the most significant amount shown in the financial statements	Financial amount	0	No such case has been recorded
Number of serious human rights issues and incidents related to own workers	Number	0	No such case has been recorded
Number of serious human rights issues and incidents related to own employees stemming from non-compliance with the UN Guiding Principles and the	Number	0	No such case has been recorded

A data point	Metric	2023	Comment - additional information
OECD Guidelines for Multinational Enterprises.			
Amount of material fines, sanctions and compensation for serious human rights issues and incidents related to own employees	Financial amount	0	No such case has been recorded

Impacts and risks in the areas related to own workforce are described in more detail below:

- Working conditions (health and safety, reasonable wages and working hours, collective bargaining).
- Equal treatment and opportunities for all (employment and inclusion of disadvantaged people, education and skills development, diversity and diversity).

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks:

- Number of occupational accidents with long-term disability (LTD) within the company = 0 accidents
- Number of occupational accidents with LTD within the plant = 0 accidents
- Reducing the number of occupational accidents without LTD by 50 % per year: regular workplace safety audits,
  Deadline: 2025
- Regular employee satisfaction surveys related to diversity and inclusion in the LutherOne program: achieving climate value for the company by 20 % per year.
  Deadline: 2025
- Increase employee satisfaction and well-being: Offer of programs to support mental and physical health, relaxation zones,
  Deadline: 2025

Key links to documents related to the management of the area of own workers:

- Code of Ethics
- Collective agreement
- Guideline QMS-P01-01 Human resource management
- ISO 9001: Quality Management System (QMS)
- ISO 45001: Occupational health and safety (only in Z02 operation)
- Guidelines for ensuring safety and health protection at work for the employer
- The education system elaborated in the directive QMS-P01-04 Employee education

Sociální informace (Social)

S 1
Vlastní pracovní síla

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Pracovní podmínky		**Aktuální**	**Potenciální**
Pozitivní dopady	• Zdraví a bezpečnost	• Dbáme na zdraví zaměstnanců - sledují se výskyty pracovních úrazů prevence, nastavené cíle na snižování, a následné vyhodnocení plnění	
Negativní dopady	• Zdraví a bezpečnost • Přiměřená pracovní doba	• Standardní negativní dopady související se slévárenským průmyslem	• Nevyrovnaný zaměstnanec • Vyšší úrazovost v případě nedodržování předpisů a pokynů • Přesčasy způsobují únavu a chybovost zaměstnanců, u technických profesí je to nebezpečné (ošetřeno v BOZP)
Pracovní podmínky			
Rizika	• Přiměřená mzda a pracovní doba	• Špatně zaplacený a přepracovaný zaměstnanec fluktuuje, nevydává patřičný výkon, není možné tvořit prostředí pro inovace tlak na zvyšování mezd z vnějšího prostředí ◦ Nižší obraty, ale i vyšší náklady a i ztráty nezájem práce ve směnném provozu • Riziko ztráty konkurence schopnosti v mzdové politice	
Příležitosti	• Přiměřená mzda a pracovní doba	• Atraktivní zaměstnavatel pro pozice, na které se složitě shánějí schopní zaměstnanci • Správně rozložená pracovní doba vede k vyšší efektivitě • Zaměstnávání zaměstnanců na zkrácené úvazky či OZP • Vývoj vlastního finálního produktu s vysokou přidanou hodnotou, která nám umožní mzdově konkurovat vyspělým technologicky výrobním společnostem	

Sociální informace (Social)

S 1
Vlastní pracovní síla

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Pracovní podmínky		**Aktuální**	**Potenciální**
Pozitivní dopady	• Kolektivní vyjednávání, včetně podílu pracovníků, na které se vztahuje kolektivní smlouva	• Efektivní kolektivní vyjednávání vede k harmoničtějšímu prostředí ve firmě	• Pravidelné schůzky se zástupci odborů - otevřená komunikace mezi zaměstnavateli a zaměstnanci
Negativní dopady	• Kolektivní vyjednávání, včetně podílu pracovníků, na které se vztahuje kolektivní smlouva		• Konfliktní prostředí vede k neefektivitě a nekonkurenceschopnosti firmy
Rovné zacházení a příležitosti pro všechny			
Pozitivní dopady	• Zaměstnávání a začleňování osob se zdravotním postižením	• Prostřednictvím dceřinné společnosti začleňuje OZP - využívá jejich velký potenciál na trhu práce (nevyužívání potenciánu OZP se ztrácí hodnota pro českou společnost)	• Zvýšit počet zaměstnanců s OZP a tím nadále podporovat pracovní možnosti pro lidi s handicapem či jiným zdravotním omezením
Rizika	• Zaměstnávání a začleňování osob se zdravotním postižením	• Budoucí změna legislativy v oblasti zákona o zaměstnanosti - konkrétně § 78a (chráněný trh práce) a zákonu o sociálním podniku • Hrozba spojená s nemožností nadále držet chráněný trh práce, kde logicky lidé s OZP nedosahují výkonu jako zdravý zaměstnanec	

Sociální informace (Social)

S1
Vlastní pracovní síla

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Rovné zacházení a příležitosti pro všechny		**Aktuální**	**Potenciální**
Pozitivní dopady	• Vzdělávání a rozvoj dovedností	• B&L má interní akademii (měkké i odborné / technické dovednosti) • Spolupráce s univerzitami a SŠ	• Rozšíření interní akademie nejen pro zaměstnance, ale i veřejnost • Zapojení se do plánovaného programu duálního vzdělávání
Rizika	• Vzdělávání a rozvoj dovedností	• Nekvalitní / nedostatečně kvalifikovaný zaměstnanec • Přesycený trh práce v ČR • Nízká příprava studentu na budoucí zaměstnání	
Příležitosti	• Vzdělávání a rozvoj dovedností	• Kumulace schopných lidí vytváří prostředí pro inovace a firma umí čelit výzvám nové doby • Neustálá práce na prostředí ve firmě a firemní kultuře	

	Materiální dopad nebo riziko	Popis	
Rovné zacházení a příležitosti pro všechny			
Pozitivní dopady	• Rozmanitost (Diverzita)	• Firemní prostředí diverzity může být vhodné pro pro inovace - rozmanitost podporuje kreativitu • Základní hodnota firmy, každý kdo chce pracovat může pracovat	• Nadále pokračovat v programu ERASMUS • Aplikace zahraničních pracovníků do firmy
Rizika	• Rozmanitost (Diverzita)	• Homogenní firma může zaostávat a stát se nekonkurenceschopnou	

Fig. 20: S1 Impacts and risks

10.2 S-2 Workers in the value chain

We expect our partners to respect national laws and international labor and human rights standards. We strive to ensure that all entities within our value chain respect labor and human rights. We strive to reduce the risk of adverse impact on people in our value chain. This means that our partners provide their employees with a decent wage, job security, job security and conditions for a solid working environment where workers are free to voice their concerns and have the right to unionize.

Our suppliers are obliged to comply with the rules of our **Supplier Quality Manual**, which means they are obliged not to use or contribute to slavery, servitude, forced or compulsory labor and human trafficking. Among these rules is the prohibition of child labor, which means that they do not employ workers under the age of 15 and workers under the age of 18 for hazardous work according to the Convention of the International Labor Organization. For our customers, we do not know the data about employees in the value chain yet, but with our customers we have to comply to their standards for suppliers, i.e. for us. At the same time, we require from partners that employees in the value chain develop their skills, and we want us to have contact with the person in charge of training employees in the value chain.

More information on how we manage relationships with our partners in the value chain is described in chapter G1.

10.2.1 Engagement and communication with workers in the value chain

During the regular assessment of suppliers, we actively cooperate with supply chain personnel in order to gain knowledge about the working conditions and management systems of specific suppliers. The primary form of engagement is interviews with staff during supplier evaluation on site or at the partner's facility. These assessments are carried out on selected high-risk suppliers with a high proportion of manual work and are carried out as part of our regular supplier assessments.

Through these interviews, we seek to gain insights from workers who may be particularly vulnerable or who face risks. These conversations provide us with information for possible improvements in the cooperation and conditions of workers in the value chain, which is crucial for the prosperity of BaL.

10.2.2 Remedies and channels for raising concerns

Illegal activities and abuse of law can occur in any organization, private or public. Violation of the rules can take many different forms: corruption, fraud, professional misconduct or negligence, which is why our company allows its employees and external persons to report any violation of the rules, legal regulations and other illegal actions. If we receive such a notification, it is our duty to properly investigate everything in accordance with Act No. 171/2023 Coll., on the protection of whistleblowers and Directive (EU) 2019/1937 of the European Parliament and the Council of 23 October 2019 on the protection of persons who report a breach of Union law, ensure the protection of persons who report such a breach, maintain confidentiality about the content of the report, as well as protect the identity of the reporter. Our partners, as well as their employees, can raise concerns about illegal conduct (whistleblowing) through the notification system, more defined on our website. The way in which the correction of negative impacts or

violations of human rights is carried out, and how the effectiveness of the correction is evaluated is described on the website.

The identified impacts and risks in the areas related to the theme of Workers in the value chain are described in more detail below:

- Working conditions (health and safety, fair pay)
- Equal treatment and opportunities for all (education and skills development, forced labour)

In these areas, we have also defined main goals that lead to the reduction of identified impacts and risks:

- Start approaching customers who speak Czech for participation in the MBaL training program
- Create an offer platform for external candidates for MBaL training
- As part of FR24, get at least one participant from an external company for MBaL training

Key links to documents related to managing the workforce area in the value chain:

- Supplier Quality Manual
- Code of Ethics
- Whistleblowing channel

Sociální informace (Social)

S 2
Pracovníci v hodnotovém řetězci

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Pracovní podmínky		**Aktuální**	**Potenciální**
Pozitivní dopady	• Zdraví a bezpečnost • Přiměřená mzda	• Firma, která dbá na pracovní podmínky v hodnotovém řetězci co do zdraví a bezpečnosti práce, je důvěryhodným obchodním partnerem a dodavatelem solidních korporací. • Firma, kterou zajímají přiměřené mzdy ve svých hodnotových řetězcích, je důvěryhodným obchodním partnerem a dodavatelem solidních korporací.	• Ověřovat dodavatelský řetězec v sociální oblasti pomocí dotazníků • Zahrnutí sociálních aspektů našich dodavatelů do existujícího programu - rozvoj dodavatelů
Negativní dopady	• Zdraví a bezpečnost • Přiměřená mzda	• Možnosti zastřeného zaměstnávání, nedodržování řádné pracovní doby v dodavatelském řetězci	• Poškození reputace, odliv stabilních obchodních partnerů a snížení poptávky od velkých odběratelů, kteří dbají na prac. podnímky pracovníků a přiměřené mzdy ve svých hodnotových řetězcích.
Rovné zacházení a příležitosti pro všechny		**Aktuální**	**Potenciální**
Pozitivní dopady	• Vzdělávání a rozvoj dovedností	• Firma, která dbá na rozvoj a vzdělávání pracovníků ve svých hodnotových řetězcích, je důvěryhodným obchodním partnerem a dodavatelem solidních korporací.	• Nabídnutí interní vzdělávací akademie BaL našim dodavatelům a zákazníkům
Negativní dopady	• Vzdělávání a rozvoj dovedností		• Snižování poptávky od stálých/stabilních obchodních partnerů (zejm. velkých odběratelů), kteří dbají na přiměřené mzdy ve svých hodnotových řetězcích.

Sociální informace (Social)

S 2
Pracovníci v hodnotovém řetězci

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Další práva související s prací		**Aktuální**	**Potenciální**
Pozitivní dopady	• Nucená práce	• Firma, která dbá na svůj hodnotový řetězec a netoleruje nucenou práci, je důvěryhodným obchodním partnerem a dodavatelem solidních korporací.	• Ověřování pomocí programu rozvoj dodavatele a s tím plánované audity
Negativní dopady	• Nucená práce		• Odliv stabilních obchodních partnerů a snížení poptávky od velkých odběratelů, kteří dbají na své hodnotové řetězce a netolerují nucenou práci.

Fig. 21: S2 Impacts and risks

10.3 S-4 Consumers and end customers

In BaL, we do not yet have measures in place regarding significant impacts on consumers and end users. We rather monitor this area due to the fact that our customers are often large companies, i.e. legal entities rather than natural persons. However, in this area we perceive risks mainly associated with data security and privacy protection. We want to create a trustworthy environment for our customers, which is why we have policies and procedures in place at BaL to protect the privacy and security of customer and company data, such as NDAs. We also have established procedures for communicating with customers. All customer suggestions and complaints received through various communication channels are processed using the customer relationship management system (CRM). We also evaluate customer satisfaction through project management in the sales team. We continuously monitor the competitive environment and regularly perform a benchmark analysis of the market and try to prevent the outflow of customers by the above-mentioned steps.

Data leakage/paralysis of the company is a risk that is introduced into IMS, we therefore set regular data backups, the use of an anti-virus system and a system of data protection employee training, incl. rules for home office.

The identified impacts and risks in the areas related to the theme Consumers and end customers are described in more detail below:

- Company culture (favorable company culture, high level of management loyalty towards employees, protection of whistleblowers)

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks. In this area, the goals are focused on protecting customer privacy, protecting their intellectual property, and preventing churn due to a negative experience. Possible targets in these two areas are defined below:

- encryption technology and multi-level authentication to protect customers' personal data. The measurable criteria are the number of security incidents, the number of customer privacy complaints with a target value of 0 occurrences.
- a privacy policy that explains to customers what data is collected, how it is used and with whom it is shared. The goal is to define the agreed terms of intellectual property protection and personal data protection in bilateral NDAs, contracts, or agreed general terms and conditions.
- compliance with all relevant legislation and standards such as GDPR in the EU and adaptation of internal policies to these regulations. The measurable criterion is the number of legal disagreements, fines and sanctions with a target value of 0 incidents.

Sociální informace (Social)

S 4
Zákazníci

- Vlastní provoz
- Hodnotový řetězec - upstream
- Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Dopady související s informacemi pro spotřebitele a/nebo koncové uživatele		**Aktuální**	**Potenciální**
Pozitivní dopady	• Ochrana soukromí	• Soukromí chráněno - firma působí důvěryhodně pro obchodní partnery • Aplikováno GDPR dle platné evropské legislativy a běžně používaná smlouva NDA	• Zvýšit povědomí napříč společností pomocí vzdělávací aplikace BINGO
Negativní dopady	• Ochrana soukromí		• Nedůvěryhodná firma, u které není zřejmé, jak se nakládá s citlivými údaji, přestává být dobrým obchodním partnerem.
Dopady související s informacemi pro spotřebitele a/nebo koncové uživatele			
Rizika	• Ochrana soukromí	• Odliv loajálních zákaníků a dodavatelů.	
Příležitosti	• Ochrana soukromí	• Stabilní obchodní vztahy.	

Fig. 22: S4 Impacts and risks

11 Information on business management (Governance)

In the area of company management - G (Governance), we want to describe how our company is managed. In business conduct, we rely on Czech and international laws on business management or the prevention of corruption and bribery. We have also drawn up our own Code of Ethics, with which we want to further support fair behavior in the workplace and comply with applicable legislation.

11.1 Supplier relationship management

When managing the relationship with suppliers, we use the Supplier Quality Manual (SQM), which requires our suppliers to have in place procedures for maintaining and improving environmental protection, emergency plans, resource security goals (raw materials, energy, water), pollution prevention and reduction, waste minimization, reduction of consumable packaging and a recycling program. The SQM applies to all suppliers of parts and materials entering directly into final products, including suppliers of packaging material and suppliers of services that valorize materials or semi-finished products - cooperations. The goal is to define and transfer to all BaL suppliers the specific requirements of BaL, the requirements of the technical specification IATF 16949:2016 for the quality assurance system in the automotive industry and the requirements of the ISO 14001:2015 standard for environmental protection.

Basic rules applied when managing the relationship with suppliers:

- Supplier's responsibility for quality
- Environmental responsibility
- Social responsibility / code of ethics
- Documentation and archiving management
- Identification and traceability
- Rules for keeping documentation and approved items

The rules for the introduction of a new supplier and partner of our company are also determined within the SQM. We have set up a transparent approval process to ensure deliveries on time and with proper quality. We try to develop our suppliers and provide them with regular feedback, i.e. information on customer satisfaction and supplier eligibility.

11.2 Financial management

We also approach the management of our finances responsibly in order to maintain good payment morals towards employees and business partners. We are proud to live fully in the spirit of the mission that we defined many years ago as an overarching message for our values: "We show the way that it is possible to create a successful manufacturing business the honest way with love for precision and imagination."

pleased that we are a Czech family company that pays salaries to its employees through a transparent system, that the salary is determined by the abilities of each employee, that we remit the correct taxes and levies to the state budget both for employees and for the corporation, that we repeatedly undergo inspections by both the state administration, and independent control institutions without negative findings.

We want to be a trustworthy partner for all subjects of our value chain, and therefore we pay attention to good payment ethics. We pay our obligations on average 2 days before they are due, which also prevents late payments. We model the liabilities in detail for 8 weeks in advance, so that we can anticipate any short-term outages and look for solutions to cover them.

11.3 Whistleblower Protection and Employee Engagement

Since in the Czech Republic the ratio of men and women in working age is almost balanced, we can also boast of a balanced ratio of men and women in the management of the company and production plants.

The area of labor relations is comprehensively covered by the personnel department, which monitors legal regulations, amendments and changes related to this area. Furthermore, it ensures the application of these adjustments in all plants and at all workplaces of the business corporation, both through the managers of individual departments and through the economic section of the payroll office.

In the case of more complicated situations in the field of labor law, the personnel department cooperates with an external law firm.

In the event of the need to report suspicions of incorrect procedures, improper behavior of superiors, or top management, employees have the opportunity to contact the whistleblowing environment , which is operated by an investigator. More information about whistleblowing is available on our website . We describe here, for example, how we protect whistleblowers and the fact that we deal with reported incidents without delay.

Due to further development plans, the business corporation has a close relationship with the labor offices in the regions and, as part of this cooperation, searches for suitable candidates for vacant positions.

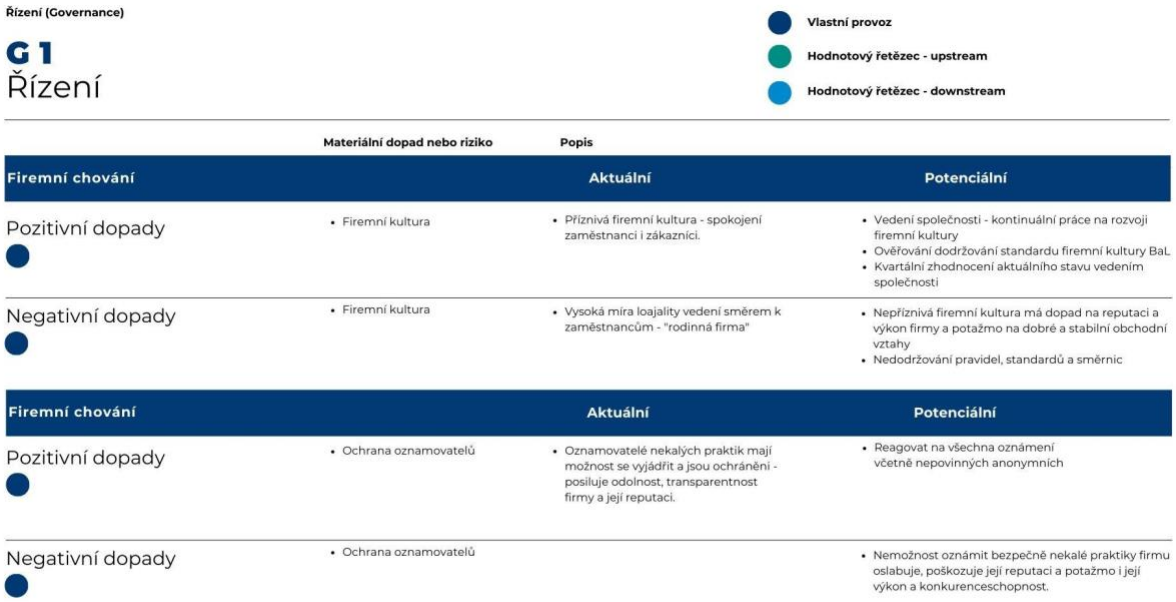
A data point	**Metric**	**2023**	**Comment - additional information**
Recorded incidents and training in ethics and anti-corruption			
Incidents recorded in the whistleblowing system	Number	0	
Number of employees who have received ethics training	Number	0	in the plan for 2024
Percentage of employees who have received ethics training	%	0	in the plan for 2024

The impacts and risks in the areas related to the topic of Corporate Governance are described below:

- Company culture (favorable company culture, high level of management loyalty towards employees, protection of whistleblowers)

In these areas, we also have defined main goals that lead to the reduction of identified impacts and risks:

- Ethical standards and anti-corruption measures: 80% of interested employees trained in ethics and anti-corruption,
  Deadline: 2025
- Creation of a plan and directive regarding the detection of corruption and bribery, with a focus on prevention and training of identified employees.
  Deadline: 2025
- Respond within 5 working days to all notifications, including optional and anonymous ones.
  Deadline: 2025



Řízení (Governance)

G 1
Řízení

Vlastní provoz
Hodnotový řetězec - upstream
Hodnotový řetězec - downstream

	Materiální dopad nebo riziko	Popis	
Firemní chování		**Aktuální**	**Potenciální**
Pozitivní dopady	• Firemní kultura	• Příznivá firemní kultura - spokojení zaměstnanci i zákazníci.	• Vedení společnosti - kontinuální práce na rozvoji firemní kultury • Ověřování dodržování standardu firemní kultury BaL • Kvartální zhodnocení aktuálního stavu vedením společnosti
Negativní dopady	• Firemní kultura	• Vysoká míra loajality vedení směrem k zaměstnancům - "rodinná firma"	• Nepříznivá firemní kultura má dopad na reputaci a výkon firmy a potažmo na dobré a stabilní obchodní vztahy • Nedodržování pravidel, standardů a směrnic
Firemní chování		**Aktuální**	**Potenciální**
Pozitivní dopady	• Ochrana oznamovatelů	• Oznamovatelé nekalých praktik mají možnost se vyjádřit a jsou ochránění - posiluje odolnost, transparentnost firmy a její reputaci.	• Reagovat na všechna oznámení včetně nepovinných anonymních
Negativní dopady	• Ochrana oznamovatelů		• Nemožnost oznámit bezpečně nekalé praktiky firmu oslabuje, poškozuje její reputaci a potažmo i její výkon a konkurenceschopnost.

Fig. 23: G1 Impacts and risks