

Sustainability Report 2024

Companhia Brasileira de Cartuchos





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ESG Scoring Framework	ESG KPI	2024	2023	2022
Company Data	• Produced Cartridges	1,199 m pcs	1,139 m pcs	1,080 m pcs
	• Produced Weapons	298,546 pcs	346,487 pcs	557,231 pcs
	• Sales BRL (BR GAAP)	2,956,262	2,718,599	2,565,989
	• Staff	2751	2692	2561
Environmental	• Energy Consumption - Scope 1 and Scope 2	51,473 MWh	51,021 MWh	46,724 MWh
	• Renewable energy quota	78 %	77 %	74 %
	• Scope 1 and Scope 2 Emissions	2,647 t CO ₂ e	2,672 t CO ₂ e	2,541 tCO ₂ e
	• Emissions per BRLm sales	0,89 tCO ₂ e	0,89 tCO ₂ e	0,68 tCO ₂ e
	• Water Consumption	229,572 m ³	209,983 m ³	203,748 m ³
	• Waste in t	11,569 t	11,644 t	11,658 t
	• Toxic waste in t	4,723 t	4,031 t	3,532 t
Social	• Number of occupational accidents LTI ¹ NLTI ² fatalities	37 16 0	36 19 0	47 44 0
	• Frequency Rate ³	9.30	9.86	15,8
	• Proportion of women in total workforce	21 %	21%	23%
	• Proportion of women in the management team	14 %	16%	29%
	• Training hours per employee	28	29	26

Notes: (1) LTI = Lost Time Injuries, (2) NLTI = Non-Lost-Time Injuries; (3) Frequency Rate = number of accidents x 1,000,000 / Man Hours Worked



Statement by the President

Dear reader,

In 2024, escalating global conflicts — such as the ongoing war in Ukraine, rising tensions in the Indo-Pacific, and continued instability in the Middle East — further intensified the urgency for robust security and defense measures. At the same time, the climate crisis has reached new levels of severity, with extreme weather events becoming increasingly frequent and destructive. In Brazil, historic floods in southern states have caused mass displacements and infrastructure collapses, while severe droughts and recurrent fires in the Amazon and central regions have exacerbated biodiversity loss and humanitarian impacts. These crises — geopolitical and environmental — reinforce the need for strategic, safe and sustainable solutions. In this scenario, the defense industry plays a key role in protecting global stability and promoting responsible environmental practices.

As a global leader in munitions manufacturing, CBC Brasil remains at the forefront of innovation, continuously improving the performance, safety and environmental responsibility of its products. Our commitment to cutting-edge research and development ensures that we are prepared to meet ever-evolving safety demands by aligning ourselves with the highest standards of sustainability. CBC Brasil ammunitions are recognized worldwide for their accuracy, reliability and compliance with the strictest international regulations — evidencing our leadership in sustainable defense.

Our role as a Strategic Defense Company goes beyond delivering high-performance solutions. We have a deep commitment to security, peace and human rights, through responsible practices that contribute to social and environmental sustainability. By upholding the values of freedom, ethics and democratic governance, we ensure that our actions reflect the principles of liberal democracies and are aligned with sound Environmental, Social and Corporate Governance (ESG) standards.

In support of this mission, in 2021 CBC established an ESG Committee with the objective of integrating sustainability at all levels of our operations. In 2024, we expanded our ESG initiatives by incorporating up-to-date data on environmental and social aspects — especially in light of the recent climate emergencies in Brazil — into our ongoing impact assessments. This work supported the preparation of our ESG 2024 Report, which presents an in-depth analysis of CBC Brasil's advances and priorities in environmental conservation, community engagement and corporate governance. Environmental responsibility remains one of the central pillars of CBC's philosophy. From eco-efficient production systems to the development of sustainable products, we constantly integrate environmentally conscious practices into our operations. Our research teams are actively engaged in the development of lead-free, biodegradable and non-toxic components — anticipating future regulatory requirements and supporting long-term ecological resilience.

This report offers a transparent and comprehensive view of our ESG strategy, providing CBC Brasil's customers, partners and stakeholders with a clear understanding of our unwavering commitment to sustainable advocacy. Whether for sport shooting, hunting, security forces or military applications, we firmly believe that modern defence must be compatible with climate responsibility. At CBC Brasil, we are proving that performance and sustainability can — and should — go hand in hand.

Sincerely,
Fabio Luiz Munhoz Mazzaro
CBC President

KPIs

Consolidated financial information of CBC (Brazil) in accordance with Brazilian GAAP:

2,650 mBRL	26%
Sales 2024	EBITDA margin 2024
12%	33%
NATO Military Sales 2024	Sales to Brazil 2024
1,199 m	298,546
Ammunition produced 2024	Produced Weapons 2024
2,751	21%
Total employees 2024	Female employees 2024



About this Report

The company

Companhia Brasileira de Cartuchos S.A. (CBC), founded in 1926, is headquartered in the city of Ribeirão Pires, in the state of São Paulo. In Brazil, with factories in São Paulo and Rio Grande do Sul, it produces a complete range of products aimed at defense, security, sport and leisure, including a series of innovative munitions, developed with its own technology.

Currently, with three internationally recognized ammunition brands: CBC, Magtech and MEN, it has production units in Brazil, Germany, Belgium, the United States and distribution centers in Brazil, the United States and Europe. The synergy between the companies generates a robust research and development nucleus, forming one of the largest munitions corporations in the world.

CBC has crossed its borders over the years from being local to being global, through the CBC Global Ammunition. The acquisitions of MEN – Metallwerk Elisenhütte Nassau, in 2007, of Sellier & Bellot, in 2009, of ammunition machinery manufacturers Fritz Werner and New Lachaussée, in 2020, of sintered projectile manufacturer SinterFire in 2023, are part of CBC's internationalization program, which began in the 1990s.

In 2024, through its subsidiary, CBC became the second largest shareholder of the Colt CZ group, selling Sellier & Bellot to the Czech group. This equity stake marked the beginning of a strategic collaboration between the companies, further expanding global presence and increasing market share in light weapons. The strategic partnership opens the door to collaboration in various segments of the arms and ammunition market.

CBC, still in 2024, started a new project to increase its presence in the United States: CBC USA. This new unit will be built in the state of Oklahoma, which will produce a complete line of small-caliber munitions, such as 9 mm, 5.56 mm and .50 BMG, for the military, police, sports, self-defense and hunting markets.

With a global presence, CBC Global Ammunition is one of the world's largest suppliers of ammunition to NATO countries. The reliability of the products is attested by more than 50 countries on 5 continents. With almost 100 years of history and strategic focus on research and development, all CBC's knowledge as a Strategic Defense Company is applied in the development and manufacture of its products, with technological mastery of the entire production chain.

CBC is committed to offering its consumers high quality and safety products that meet international performance standards and are certified by the Brazilian Armed Forces, independent laboratories abroad, and military and police forces around the world.

CBC's commitment to conduct its business with ethics, integrity and transparency translates into the CBC Trust. In line with the company's values, the compliance program covers its employees, representatives and partners.

The code of conduct establishes guidelines for behavioral and ethical standards that are in compliance with national and international legislation. In addition, it reinforces CBC's commitment to maintaining a healthy, safe and guided work environment, in a respectful relationship between employees and business partners.

CBC firmly believes in the importance of integrity, transparency and social responsibility in all interactions with employees, customers, suppliers, society and other stakeholders, acting with the highest ethical and legal standards.

Environmental responsibility is also part of CBC's ethical commitment, which adopts sustainable practices, reduces negative impacts on the environment and promotes the preservation of natural resources.

This ethical commitment is not restricted only to legal obligations, but reflects the commitment to excellence, trust and corporate responsibility in all company relationships.

A global reference of excellence and success, CBC is committed to always innovating and offering important differentials in service, quality and the constant search for the ideal performance of each product, contributing daily to the maintenance of order and safety of millions of people.



About this Report

ESG Report

Due to the characteristics of its products and type of customers, the success of CBC's products and business activities cannot be measured by financial indicators alone. In addition to careful business administration, many goals are strictly enforced by legal and governmental requirements.

The impact of both production and the munitions themselves on society and the environment prompted the company to produce a Sustainability Report, outlining how it deals with particularly sensitive issues.

The aim is to provide the reader with maximum transparency in order to fully understand and assess the risks and opportunities of CBC's business in the security and defence industry. Such disclosures have become increasingly important in recent years, especially to banks, customers and other stakeholders.

The preparation of a sustainability report is being driven in joint development with the ESG department of the holding company and the parent company, CBC Global Ammunition. The [Global Reporting Initiative](#) (GRI) standards were used for the preparation of this report. As a globally applied framework, GRIs serve to standardize reporting on the environment, society, and governance.

All information refers to the fiscal years 2022 and 2023, with 2022 selected as the base year. This report is prepared annually in cooperation with CBC's parent company and relates in each case to the company's fiscal year, which corresponds to the calendar year.

CBC's report is composed of Companhia Brasileira de Cartuchos S.A. (CBC) and CBC Brasil Comércio e Distribuição Ltda (CBC Distribuição). The second is a company without assets. Its commercial purpose is the sale and distribution in Brazil of CBC products and business partners of the company.

The report of CBC Global Ammunition LLC (CBC Group) ESG includes all companies that are also consolidated in the Group's financial statements. Newly acquired or established companies are included in the report upon integration. The consolidation carried out is the same as in the financial statements of the CBC Group.

Part of the preparation of the ESG report is the prioritization of key material topics to be covered in the acquisition of data and information relevant to the defined topics. CBC leadership, together with the Board and CBC Global Ammunition, have identified the material topics over which the company has a significantly negative or positive influence. Particularly in view of environmental, economic and social challenges, the determination of these topics will be addressed and updated annually as part of ESG reporting.



Global Reporting Initiative

Products

CBC produces small caliber centerfire ammunition in almost all market-relevant calibers, as well as shotgun and rifle ammunition. The company also produces and sells medium caliber ammunition (20 mm, 30 mm, 40 mm). In total, the company produces more than 300 types of ammunition.

As shown in the illustration on the side, small caliber ammunition consists of four main components. The casing and ammunition are manufactured by the company itself, usually using copper, zinc, metal, steel or lead, as a basic material, and may also use tungsten carbide, depending on the product. As a fully vertical integrated company, all components are produced in the buildings of the ammunition production plant in Ribeirão Pires, from the fuse and propellant to the ammunition.

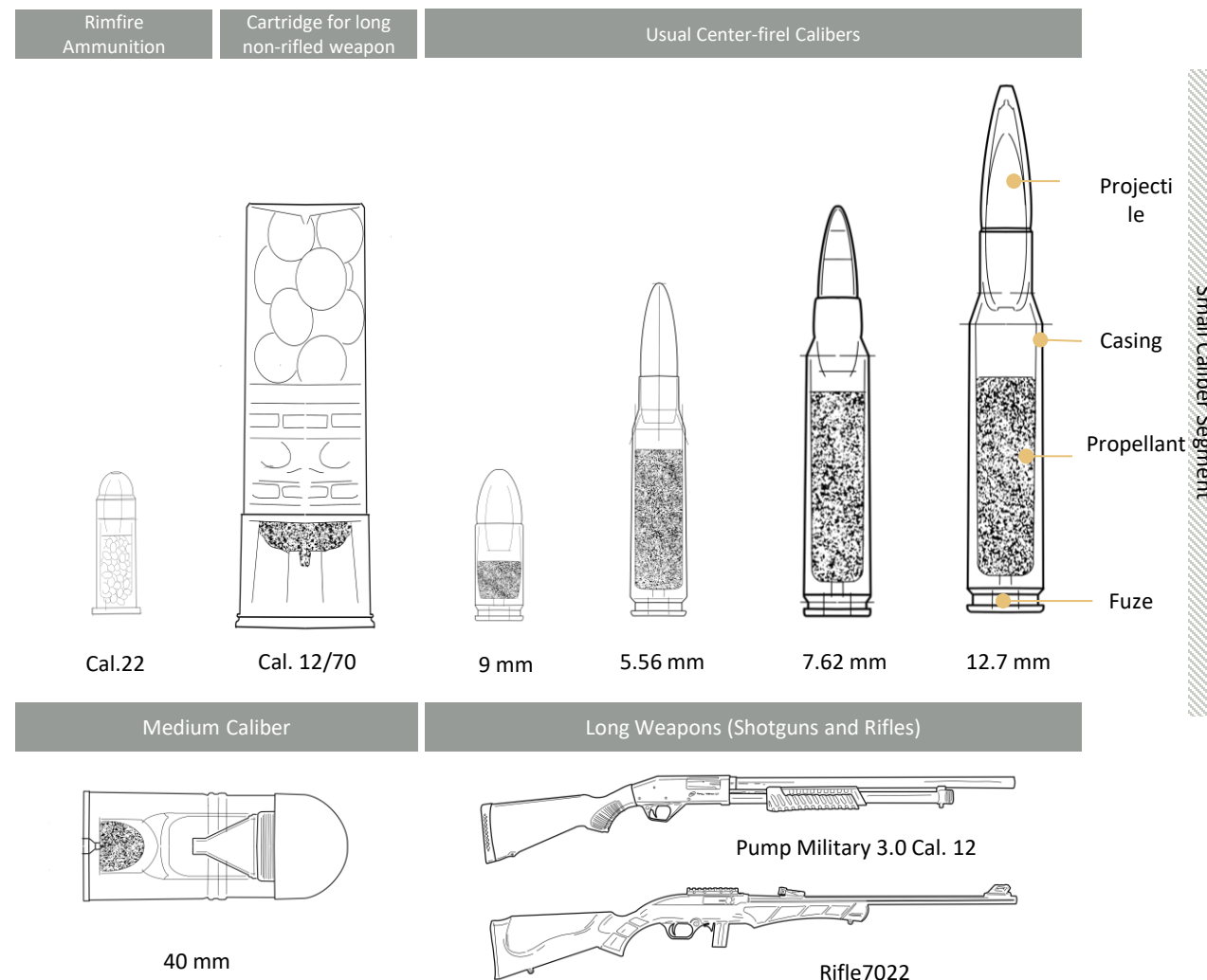
In order to be able to give ammunition various applications, there are a large number of product and configuration variations of projectiles, training and operational ammunition and cartridges, including tracer and piercing versions. The products follow international production standards, including NATO and US MIL military standards and SAAMI and CIP civilian standards. CBC is ISO 9001 and AQAP 2110 certified.

Controversial munitions, such as those enriched with uranium, cluster munitions, phosphorus-containing munitions and other globally prohibited components are not part of the company's product portfolio.

Long weapons such as rifles and shotguns are produced in Montenegro – RS, Brazil. These weapons use, respectively, metal rimfire or centerfire ammunition, and cartridges for long non-rifled weapons. In addition, the company produces compressed air weapons, which use pellets in calibers 4.5, 5.5, 6.0 or 6.35 mm.

The company strives for the permanent improvement of its products not only in relation to accuracy and applicability, but also in relation to environmental aspects. Lead-free and toxic components have been gaining importance in the market in recent years. The company is leading research and development by providing an arsenal of green ammunition products, for example, low-emission propellants and non-toxic fuses.

The synergy between the companies of the CBC Global Ammunition Group creates a solid research and development nucleus, coordinated by CBC in Brazil, with a combined experience of more than 300 years in the manufacture of munitions.





Markets

Ammunition products are sold in the domestic and worldwide market for both police and military forces, as well as for sporting and hunting purposes.

In the police and military segment (LE&M), the company is the main supplier of the Brazilian Armed Forces, as well as the military forces of NATO and Europe. In addition, the company supplies to various US LE&M bodies.

The police and military sales (LE&M) market is heavily influenced by public tenders. Police and military requirements are usually adjudicated at the European level based on procurement guidelines. The products sold are qualified by several national and international entities, for example, by the Armed Forces of Belgium, the Netherlands and Denmark, as well as other NATO partners, and also by the Brazilian Armed Forces.

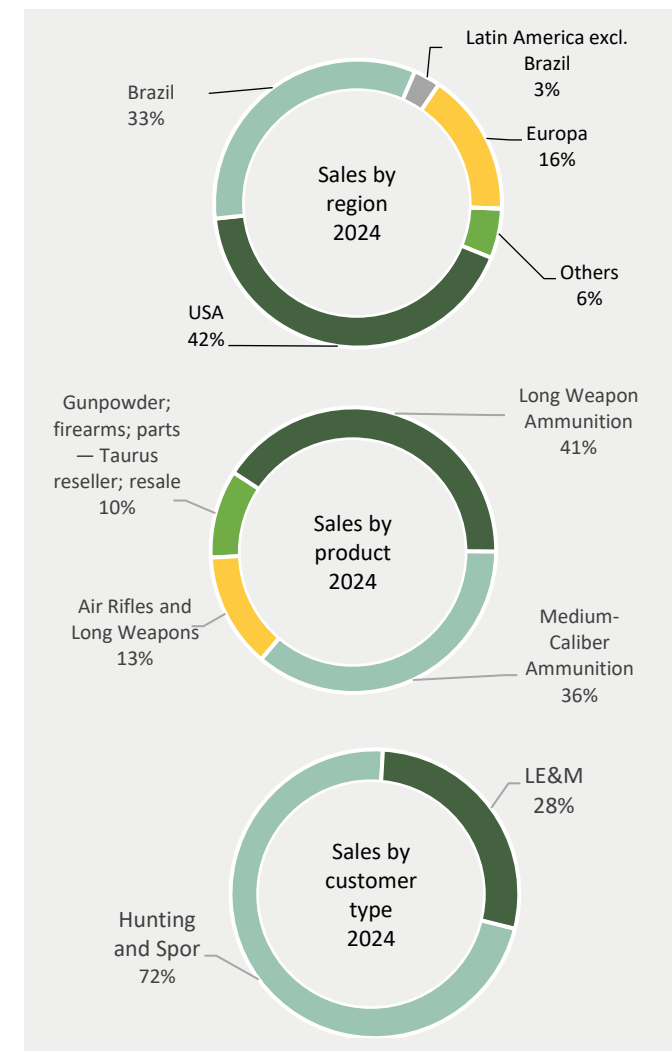
Ammunition quality and price play an important role in LE&M sales. In terms of quality, the NATO-defined ammunition standard is required in all Western tenders, which includes certain ballistic properties of ammunition. In addition, as a supplier to the Brazilian Police and Armed Forces, the company is also qualified according to the standards of these customers.

The high qualification requirements for military munitions are also reflected in environmentally relevant values. (For example, for years, certain customers have already excluded the use of lead-containing projectiles. Lead-containing munitions pose a risk to the environment, particularly during maneuvers or operations. In addition, most of the calibers produced have low pollutant propellant and there is a product line with initiator mixture [fuze] free of heavy metals. This reduces the pollutant load on the shooter and the environment.) This market also requires a high level of product safety. In Brazil, this can be observed by a specific ammunition tracking procedure via marking each ammunition of a batch with a special patented laser method.

For sport and hunting ammunition, the two largest markets are Brazil and the USA. In the USA, they are distributed through CBC's North American Magtech Ammunition brand. In Brazil, the company acts as a B2B (business to business) supplier, and also as a direct-to-consumer (B2C – business to consumer) supplier.

Long weapons are typically sold in the civilian sports and hunting market, and to customers connected with security. The main markets are the USA and Brazil.

Medium caliber munitions are typically sold only in negligible quantities and only to military market customers.





Corporate Values

CBC's mission is to be a company in constant evolution, which masters cutting-edge technology, offering products with international quality, preserving the environment and the well-being of its employees.

CBC's vision is to be the best among the world's largest manufacturers of small-caliber ammunition, meeting all the needs of the Brazilian market.

CBC is committed to the highest standards of ethics and its corporate values are manifested in daily operations through guidelines, manuals and rules of procedure. Employees agree to comply with applicable laws and the respective company standards.

Corporate values:

- 1 **SAFETY:** We believe that all accidents are preventable, so we invest in safety and prioritize prevention. We are intolerant of non-compliance with standards and strict in dealing with deviations.
- 2 **PEOPLE:** we train, seek and retain better professionals than us, with excellent training, proactivity and determination. We work as a team, delegate authority responsibly and encourage healthy living.
- 3 **MERITOCRACY:** our employees are rewarded in proportion to the results and adherence to these values.
- 4 **QUALITY:** we seek, incorporate, develop and implement standards of excellence in our products, services and in all the work we do.
- 5 **OBSTINACY FOR RESULTS:** we put our passion into what we do and are obstinate in making the company grow and prosper.
- 6 **OUR WAY:** we are a flexible, simple, agile company that manages risks and makes decisions with speed. We respect the rules for the sale of ammunition and the laws of the countries in which we operate.

Integrated management system policy

Provide **quality** products and services to the defense, civil and security markets, prioritizing **customer satisfaction**, **operational efficiency** and **compliance with legal requirements** and other **applicable requirements**, seeking the effectiveness of the Management System through **continuous improvement**, aiming at **operational excellence** and **business profitability**, **reducing environmental impacts**, with the commitment and **protection of the Environment**, **pollution prevention**, and other commitments specific and relevant to the CBC context.

Guidelines, directives and manuals establish the operational structure of CBC's Corporate Values in a detailed description for daily application by the company and its stakeholders, including:

- CBC Integrity Program
- [CBC Trust Code of Conduct](#)
- [Code of Conduct for Third Parties CBC Trust](#)
- Donations and Sponsorships Policy
- Travel and Refund Policy
- Internal Rules of the CBC Trust Committee
- QA Policy
- Giveaways, Gifts and Hospitality Policy
- Procurement Policy
- Information Security Policy



Stakeholders

Stakeholder mapping

Continuous communication with stakeholders is one of the essential tasks of the management team, as well as the expanded management of the company. The premise is constant communication in order to identify and respond appropriately to critical issues. This strong relationship with these parties is due, among other things, to the company's product that requires proactive and open communication. Thus, the company is able to promptly discuss critical issues with the parties involved. The company is committed to absolute transparency in all matters.

Stakeholder	Communication	Red flags
Customers	Contractual bids, development projects, company visits, external and internal audits, regular certification, product acceptance.	Compliance with laws, ensuring the ability to deliver, punctual delivery, effective and high quality products for your particular use, ISO certification, offering green ammunition, prices.
Banks	Regular phone calls and meetings, company visits, event invitations, external audits, institutional presentations on budgets and plans.	Compliance with laws, adherence to agreements, solvency guarantee.
Staff	Work meetings, economic committee, work safety committee, employee evaluations, development meetings, social events, meetings with the work council, whistleblowing and irregularity laws, CIPA.	Employee relationships and satisfaction, flexible working and job security, business development, self-development, work environment, Covid-19 measures, working hours.
Legislators / Auditors / Authorities / NGOs	Inspections, reviews, assessments of legal requirements, action plans, implementation of licensing conditions, audit of complete half-yearly and annual financial statements. We acquired the Greenlegis module. It ensures the lifting of all legal requirements applicable to CBC, as well as the management of the action plan for its compliance. In addition, we conduct periodic third-party audits to analyze and validate these requirements.	Compliance with the law, environmental protection beyond the legal basis, completeness and accuracy of financial accounting and relevant accounting principles, ongoing concerns.



Stakeholders

Stakeholder	Communication	Red flags
Brazilian Army, Federal Police, Civil Police and Government Agencies	Mandatory licenses for: the operation, use of controlled chemicals, trade in controlled products, and inspection of controlled products; revalidations; product qualifications.	Compliance with laws, ensuring the delivery capacity and qualification of products; maintain and revalidate the mandatory licenses for operation.
Suppliers	Budget and forecast meetings, quality audits, visits and trade shows. We use the Greenlegis platform to communicate our requirements and validate the service by suppliers, with the support of third-party companies.	Dependencies, volume and price evolution, quality aspects.
Global CBC	Weekly reconciliations, meetings of the directors' committee, adherence to the budget and the master plan.	Profit generation, increased production, business development, M&A.
Residents and Society	Communication with local politicians, presence as a local employer, commissioning of regional suppliers and service providers, factory visits, online publications, donations, municipality health, support to ABCP.	Environmental impact, potential hazardous situations due to spills or accidents, crisis management, business development, customer relations.

The classification of individual communication channels and red flags with stakeholders is used by the administrative team and all department directors to analyze and prioritize business risks. Relevant ESG topics are also part of this matrix.



Stakeholders

Effects of business activities

The production of ammunition and firearms involves the risk of direct danger to employees and the environment, both in production and in the case of mishandling. Proper precautions are taken to keep the resulting risks as low as possible. Due to the explosive potential, the main risk to employees and the environment is fire in the cargo insertion, in the production and storage area of the initiator mixture. Risks are mitigated with fire protection concepts, regular employee training, communication with the internal fire department and emergency testing. In addition, the geographical location of the plants is sufficiently isolated to exclude almost completely possible risks to local residents. CBC follows federal laws with respect to distances from populated areas and roads, which are inspected accordingly. Due to compliance with all laws, there is no need for direct communication with the neighborhood about possible hazards that may occur with the emission of smoke or the like.

The company's Security Policy is defined by the commitment of Senior Management and all employees to minimize risks related to security in the company, guaranteeing the means of physical protection, with the purpose of deterring or delaying the action of threat to property, acting in electronic protection and in the methodological means of protection that define standards, guidelines, determinations, systems and guidelines, reducing vulnerabilities and consolidating effectively in the force of prompt response.

The risk of potential theft at the company's production facilities is prevented through an entry and exit control system for each employee and third parties. Theft is prevented through the company's armed security guards and security systems. The approach in case of invasion, attempted thefts and robberies is carried out annually through training so that employees know the necessary protocols on these occasions. The training is carried out during the admission of new employees with annual refresher.

Due to the risk of major accidents, the company is monitored by the CIPA (Internal Accident Prevention Commission) supervisory authority for the proper installation of safety measures. More information on operational safety can be found in the Social section of this report.

Incorrect handling of the product by the customer is a possible risk of accident. Most of the clients are highly trained personnel, from the Police or Armed Forces. Customers of weapons and ammunition sold to the sports and hunting segment are also qualified customers and are advised about the risks of the product by the dealer himself.

In addition, there is an online [SDS - SAFETY DATA SHEET](#) for all products and possible damage. For potential product hazards or specific malfunction, information is provided through the corporate website, product packaging or directly to the retailer.

The health risks that may arise from defective products are combated through a rigorous, statistically proven quality control process that consists of testing ammunition from each batch produced.

CBC complies with national legislation and international treaties to combat arms and ammunition trafficking (see the Anti-Corruption, Compliance and Export section for more details).

We carry out sales operations (national and international) in accordance with the legislation in force and only with the authorization of the competent bodies, such as: Ministries of Defense and Foreign Affairs (Brazil), Directorate of Controlled Products (Brazilian Army), Federal Police, Department of State (USA), US ITAR (International Traffic in Arms Regulations), US Export Administration Regulations (EAR) etc., as the case may be. For countries in which the export of CBC products is prohibited, export licenses are not issued and, therefore, sales are not initiated.

In the year 2024 there were no cases of undue exports or sales that caused legal impacts for CBC (for more details, see the section Combating Trafficking in Arms and Ammunition).

As a preventive measure, in the case of international clients, CBC performs due diligence on all new partners and their associates, including public terrorism lists and country of origin. For domestic private clients, due diligence is also carried out and contractual clauses are formalized regarding standards of conduct and the need to commit to comply with current legislation.

These analyzes are monitored daily by the Compliance area through a specific tool. These actions ensure that CBC acquires and supplies its products only from qualified and illegal-free partners.

A regular review of all potential risks by the company in relation to third parties, and by third parties in relation to the company, requires each department of CBC to record its risks, as well as the opportunities arising from them. Relevant risks are discussed by senior management. Prioritized topics are then evaluated by departments for consideration of potential risks.

Sustainability Approach

Implications of climate change for the company's business

As of the date of this report, the company does not have a systematic process, such as the process described by the Task Force on Climate-related Financial Disclosures (TCFD), to assess global warming risks (or opportunities).

However, it has already been observed that climate changes such as the increase in drought in the São Paulo region, as well as freezing temperatures in Rio Grande do Sul, are affecting Brazil in general. While there are currently no effects on the company's suppliers, there will inevitably be an impact in the future as the global climate continues to change.

The production of ammunition depends on natural raw materials such as cotton for the production of propellant or metals for boxes and cartridges. The potential shortage of these materials due to environmental factors could also have a potential impact on our supply chain and the price and availability of CBC products. This should be considered separately from the current general price increases. However, the scarcity of raw materials based on climate change has not yet been observed.

Clean water is also threatened by the consequences of climate change. The company extracts water for production from a basin in its facilities that is subject to being affected by water scarcity due to drought or the like. This concern for water can be seen in the various production changes that decrease water use and reuse.

There is an indirect risk to CBC's supply chains and input materials due to the consequences of climate change. However, only minor impacts on CBC have occurred due to weather-related disasters. A detailed cost analysis has not yet been prepared for a more detailed evaluation. Any restrictions of regulatory changes in the area of energy-intensive metal production cannot be ruled out.

Defining the material topics of the report

Strategic guidance on key ESG topics was developed in cooperation with stakeholders, assessing their concerns. Based on the mapping of the company's stakeholders, interviews with relevant groups, as well as CBC's business opportunities and risks, material topics were determined and data collected for each of them.

The prioritization of material topics was based on the areas where CBC has or could have the most positive or negative influence. Thus, material topics define the company's ESG strategy in the context of GRI reporting. These, in turn, can also be used to track the UN Sustainable Development Goals.

Sustainability Approach

The respective approaches to individual risks are reported in the subtopics of this report.

United Nations Sustainable Development Goals

With the adoption in 2015, all members of the United Nations agreed on a set of 17 uniform targets, showing the most urgent areas for global improvements needed in relation to ESG. The following 8 areas are predominantly touching CBC's business in Brazil and are explained in the following report.



Environment

Safety, health and environmental protection are part of CBC's values and have an important impact on the company's success.

The company is committed to minimizing direct environmental impacts on nature and life through resource-efficient production and environmental protection.





Nature and Environment

CBC, aware of its responsibilities to the population around its facilities, maintains a positive and active attitude towards the conservation of the environment in its different aspects, trying to control the possible impact of its activities.

Thus, committed to ensuring compliance with its environmental and social responsibilities, CBC implemented an Environmental Management System and obtained ISO 14001 Certification, ensuring better management of environmental aspects, reducing the impacts of its operations.

With this, CBC reaffirms its environmental responsibilities and renews its commitment to continuous improvement, based on the following principles:

- Promote the rational and efficient management of resources, that is, water and energy, with special attention to reducing consumption and the use of renewable energy;
- Prevent pollution and minimize significant environmental impacts associated with the activities developed;
- Comply with the legal requirements applicable to its activities in accordance with the rules established by state and federal agencies;
- Ensure that suppliers, contractors and customers comply with applicable legal and other requirements established in internal regulations;
- Survey of environmental aspect and impact in the issue of sustainability carried out due to the implementation of the **ISO 14001** standard.

All activities carried out by CBC are duly licensed by the competent environmental and regulatory agencies, such as IBAMA (Brazilian Institute of Environment and Renewable Natural Resources), CETESB (Environmental Company of the State of São Paulo), FEPAM (Henrique Luis Roessler State Environmental Protection Foundation – RS), Fire Department, Local Government, and DAEE (Department of Water and Electricity). These agencies establish the protection of nearby areas and local control, compensation and mitigation strategies. The company's operations are carried out in accordance with its guidelines.

Material Use

The quality of CBC products depends largely on the quality of the materials used. Most materials, such as brass and other metals, come from natural resources. In addition, there are a variety of chemicals used for the production of gunpowder and initiator mixture.

Such materials are purchased by the company primarily from domestic suppliers and transformed into ammunition and weapon components through further processing (e.g., pressing and stamping). Thus, ammunition, cartridges and weapons are produced. In the case of explosives, the primary chemical materials are chemically altered to generate the necessary initiator and propellant mixtures.

The greatest risks to the environment and society arising from the use and acquisition of materials are attributable to the supply of basic materials. In particular, the process of intensive energy production and emissions in steel mills. By acquiring raw materials mainly in Brazil, the company actively contributes to a decrease in raw material transportation emissions. Currently, there is no specific look at compliance with environmental and social standards specifically among suppliers, the selection of suppliers is focused on quality. There is still no screening of new suppliers considering environmental criteria in the year 2024.

All materials used for the production of munitions for NATO units and local police and military units have to be certified according to the high standards of the purchasers (e.g. NATO Standard or Brazilian Army Technical Directive). These processes include an evaluation of the quality of the products supplied, supplier evaluation through research using the Refinitiv and UpLexis, Google platforms, as well as visual compliance. In cases where suppliers have a higher risk assessment, especially international ones, the TRUST Committee, the CBC's internal Compliance committee, takes a greater role in due diligence.

In 2024 there were no significant findings regarding suppliers that were verified by Compliance (previous year: 0).



Material Use

The company complies with the European standards of the reach regulation for all products destined for EU countries. Reach regulates the materials used, particularly with regard to their chemical environmental compatibility, as well as environmental concerns and human health.

With the exception of the initiator mixture and the propellant, all remaining components of the munitions are completely recyclable due to their metallic origin.

Material / Application Product	Weight (previous year)	Recyclability
Brass/Tombac	11824 t (7313 t)	✓
Copper	6646 t (6238 t)	✓
Steel ¹	609 t (716 t)	✓
Lead	8927 t (7692 t)	✓
Gunpowder ²	966 t (941 t)	✗
Polyethylene (high density) ³	7.2 t (2.2 t)	✓
Paper/Cardboard	600 t (631 t)	✓
Zinc	2480 t (2340 t)	✓

Lead ban

The European Union, through its Chemical Agency (ECHA), is currently in the process of drafting a ban on leaded munitions for use in sports and hunting in wetlands. CBC respects legislative projects to protect vulnerable natural areas. Military customers in the EU, as one of CBC's main customer groups, are excluded from this regulation due to the necessary characteristics of the munitions. However, the company already transports products that are environmentally friendly (non-corrosive, non-erosive), using lead-free ammunition and the corresponding non-toxic primers.

Raw Material Procurement

CBC's supplier universe is severely limited by customers' quality and certification requirements. To meet its requirements, the company is in continuous communication with suppliers. The quality of suppliers' products is regularly checked by the company before they are accepted. Strategic raw material suppliers are audited for quality control. Most suppliers manufacture their products domestically in Brazil.

The company is aware of its responsibility with respect to the evaluation and *due diligence* of suppliers. In addition to risk assessment and evaluation, a future objective of the procurement department is to establish a supplier due diligence process in order to identify potential risks of new and existing suppliers to the environment and draw appropriate conclusions.

Brazil	430 mBRL	413 mBRL	438 mBRL
Latin America (without Brazil)	335 mBRL	266 mBRL	188 mBRL
Europe	283 mBRL	239 mBRL	232 mBRL
United States of America (USA)	125 mBRL	118 mBRL	109 mBRL
Other	24 mBRL	45 mBRL	91 mBRL
Total Material Procurement	1,198 mBRL	1,083 mBRL	1,059 mBRL

Note:

- (1) The steel codes were revised by selecting the material register, which increased the volume consumed (2023 values were also updated)
- (2) Volume increase, as in-house purchased and produced gunpowders were considered (2023 values updated with the same concept)
- (3) Consumption increase in 2024 and diversification among other non-existent codes in 2023



Energy Consumption

In addition to the materials used, energy use can be seen as an essential component of production. As a manufacturer in the metallurgical sector, machine productivity is inevitably linked to energy consumption. Thus, greenhouse gases and CO₂ emissions resulting from energy consumption can be considered as the company's main environmental impact factor.

Due to this threat to the environment as well as the resulting direct and indirect economic costs, CBC has set the goal of socially and environmentally conscious production in order to continuously reduce its ecological footprint. This should be achieved by assessing the main causes of emissions and implementing an emission-free alternative.

This effort to reduce energy, a major generator of greenhouse gas emissions, has led to the determination of direct and indirect emissions (Scope 1 and 2) under the Greenhouse Gas Protocol. These Scope 1 and Scope 2 CBC emissions are primarily attributable to CO₂. Emissions of other greenhouse gases are negligible. The base year to create comparability of the development of emissions calculation is 2021. Due to lack of data, no Scope 3 emission is collected in this report.

In the period analyzed, there was an increase in electric energy consumption in our industrial operations. This growth is directly related to the expansion of production capacity. Despite the increase in the absolute volume of energy consumed, it is important to highlight that the energy intensity per unit produced showed a stabilization trend, reflecting operational efficiency gains. In addition, part of this energy growth is linked to the replacement of fossil sources with electricity from renewable sources; an example is the change in the power of some furnaces previously powered by LPG, which currently operate on renewable energy.

In recent years, the electric energy used in the plant has been of hydroelectric origin (renewable) and remains the most used. Natural gas and diesel oil were also used. A 2021 report on the efficiency of the use of electric energy at Ribeirão Pires ammunition factory concluded that the work cycle of the Propellant Gunpowder Factory is continuous, and the consumption of electric energy is being used almost entirely for the manufacturing process with 93.2% of use in productive areas.

The conversion factors of the Brazilian GHG Protocol Program were used to calculate emissions for local purchases of LPG, diesel and fuel. Globally constant conversion factors, such as that from diesel to automobiles, were determined using the UK government's 2022 Conversion Factors table.

LPG (Liquefied Petroleum Gas)	10,831,362	10,861,504	11,655,091
Diesel to Generator ¹	258,750	185,571	212,175
Fuel	479,466	641,480	396,836
Scope 1	11,569,578	11,688,555	12,264,102
Energy Hydroelectric Network	39,904,156	39,332,163	34,460,100
Scope 2	39,904,156	39,332,163	34,460,100
Total (Scope 1 + 2)	51,473,734	51,020,718	46,724,203
Non-renewable energy Portion	22%	23%	26%
Renewable energy	78%	77%	74%
Energy for 1 mBRL in sales	17 GWh	19 GWh	13 GWh

Scope 1	2,401,165	2,423,724	2,540,995
Scope 2 (100% renewable)	0	0	0
Emissions per 1 mBRL sales	0.89 tCO ₂ e	0.89 tCO ₂ e	0.68 tCO ₂ e

Note:

(1) Includes total energy from Ribeirão Pires and Montenegro factories



Water

CBC reiterates its commitment to the sustainable use of water as one of the priorities of its operations and develops strategies and projects to ensure maximum efficiency in the use of this resource. We are very concerned about potential water scarcity in the future, so we look for more economical machinery and equipment and also implement processes that seek to reuse water.

The water supply for the two production plants is made through the public network and, at the Ribeirão Pires plant, also from artesian wells (duly authorized) that supply water from the crystalline aquifer of São Paulo Basin. Water consumption is monitored daily, through digital and analog water meters distributed at the supply points.

In 2024, water consumption in the CBC totaled 229,572 m³, an increase of 9.3% due to the expansion of production capacity. In addition, there were also works to expand the factories, which generates greater water consumption both by the activities themselves and by the greater flow of third-party employees.

The licenses for the water well allow the abstraction of 309,816 m³ per year, but in 2024 only 47% of this total was used to satisfactorily meet production demands and, at the same time, preserve the flow of groundwater.

The main use of water is in the production process, but it is also used for restrooms, restaurants, cleaning and cooling.

The drinking water consumption patterns are verified annually, according to the parameters established by Consolidation Ordinance No. 5, of September 28, 2017, issued by the Ministry of Health of Brazil. The report is issued based on *Methods for the Examination of Water and Wastewater*, 23rd edition.

In addition to the actions implemented in 2021 (highlighting environmental awareness about conscious consumption, applying internal bulletins to all employees as an educational measure, and optimizing water in washing machines with the installation of flow rate controllers), in 2023 we also installed cisterns for the reuse of water, promoting the reuse of water resources.

Well Water ¹	146,406	130,023	143,175
Utility Public Supply	83,166	79,960	60,573
Total	229,572	209,983	203,748

Public sewage system	176,182	168,211	172,360
External treatment (oily ² and TRN ³)	2,139	2,269	2,035
Total	178,321	170,480	174,395

Water consumed	51,251	39,503	29,353
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Notes:

- (1) Only used at the Ribeirão Pires plant
- (2) Includes total water from Ribeirão Pires and Montenegro plants
- (3) TRN = Trinitroresorcinol (C₆H₃N₃O₈)



Effluents

In line with socio-environmental responsibility and environmental standards, CBC performs the proper management of industrial, sanitary and oily effluents produced in the production process. To this end, the company has an Industrial and Biological Effluent Treatment Plant (WWTP) for the treatment of industrial and sanitary effluents. The main water contaminants resulting from the production are lead, as well as copper and sulfate at the Ribeirão Pires plant and lead and phosphorus at the Montenegro plant.

Clean water through this process at the Ribeirão Pires plant is not drinkable, so it is sent to the municipal sewage network for further processing. At the Montenegro plant, the effluent passes through a small section of the municipal network, but is then disposed of in a tributary of the river. Oily effluents, on the other hand, are sent for external treatment in a duly licensed company.

After undergoing a physical-chemical process at the stations, the water effluents in Ribeirão Pires are discharged into the municipal sewage network; there is no discharge into the local water bodies. At Montenegro plant, water is discharged indirectly into a tributary of Cai River. Due to the implementation of water reduction processes, the total volume of water effluents generated and treated decreased by about 2.3% in 2023. The increase in 2024 was due to increased production and works in progress.

The liquid effluents from the Ribeirão Pires plant are collected, treated and disposed of in accordance with the limits established in article 19a of Decree 8468/76 and the effluents generated at the Montenegro plant are treated and disposed of in accordance with the limits established in CONSEMA355/2017. In addition, the internal management of this program is covered by monitoring and evaluating the performance of the treatment devices, ensuring the efficiency of the system and minimizing negative impacts.

Once collected, the samples are sent to specialized laboratories for physicochemical analysis. The results obtained in the campaigns carried out over the years indicate that all parameters met the conditions of the State Decree 8.468/76 for the discharge of effluents into the public sewage collection system.

During 2024, the WWTP treated approximately 145,682 m³ of industrial effluents and 30,500 m³ of domestic effluents, which is equivalent to approximately 58 Olympic swimming pools (50 m) of treated effluents.

There were no dangerous spills between 2022 and 2024.

Industrial ¹	145,682	138,765	144,862	+ 4.9% - 4.2%
Sanitary ¹	30,500	29,446	27,498	+ 3.6% + 7.1%
Oily ²	2,139	2,269	2,015	- 5.7% + 11.2%
Total	178,321	170,480	174,375	+ 4.6% - 2.3%

Notes:

- (1) Included total water from Ribeirão Pires and Montenegro plants
- (2) Oily effluent only generated at Ribeirão Pires plant



Waste

The treatment and final disposal of waste generated in all operations are carried out in accordance with the rules and legal provisions and in accordance with the guidelines of the National Solid Waste Policy (Law 12.305/2010) and with processes and parameters established by environmental agencies. The company is committed to:

- Comply with legal requirements regarding environmental legislation and occupational health;
- Properly manage and control the waste generated;
- Prioritize the non-generation, reduction, reuse, recycling, treatment and environmentally sound final disposal of all waste.

Waste management ensures control from its generation to its environmentally sound destination, including segregation, identification, packaging, storage and final transport, completing the efficient management cycle. All this allows the minimization of possible negative environmental impacts.

In addition, CBC works to obtain constant improvements in the process, aiming to promote the reduction of waste generation and its reuse and recycling. There is a quantitative and qualitative control of waste throughout the unit, with constant monitoring of the volume generated, control and archiving of all relevant supporting documentation for the regularity of the process.

CBC participates in the Industrial Solid Waste Management and Control System - INVENTORY, which is sent annually to CETESB (Agência Ambiental do Estado de São Paulo) and IBAMA (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis), through the Waste Inventory Report that includes information on the quantities generated, form of packaging, contracted carriers, form of destination and identification of the companies receiving the waste generated.

In 2024, most of the waste generated was sent to more sustainable technologies, with the main destinations being Recycling, Recovery, Processing and Co-processing - 3.7% to landfill and 13.2% to physical-chemical treatment of effluents. In the last 4 years, we have had a 25% reduction of material going to landfill due to the redirection to recycling and recovery of construction waste, vegetable waste, paper and glass towels, as well as an educational recycling campaign through internal bulletins that promote recycling and waste reduction.

As a comparison in 2018, only 81.6% of the waste generated was destined for sustainable treatment technologies, but in 2024, the percentage rose to 97.9%.

Hazardous	4,723	4,031	3,532
Non-hazardous	11,569	11,644	11,658
Total	16,292	15,675	15,190

<i>Waste in tonnes</i>	2024	2023	2022	2024	2023	2022
Autoclave	0.12	0.33	2.06	0	0	0
Conversion into Biogas	0	0	0	341	448	417
Decontamination	0.23	0.89	1.58	0	0	0
● Incineration	0.005 ↓	10,03	1.1	0	0	0
Effluent treatment	2.061	1,716	1,495	16	626	624
Recycling/Recovery	1,548	1,596	1,199	10,868	10,112	10,143
Reverse logistics	10	17	14.9	0	0	0
● Co-processing / Beneficiation	950 ↑	672	733	6 ↑	0	0
Oil Recovery / Refining	8.9	12.8	22.3	0	0	0
Landfill	13	4	61	571	457	473
Total	4,592	4,030	3,530	11,802	11,643	11,657

Note:

(1) Includes total waste from Ribeirão Pires and Montenegro plants.



Waste

For CBC, recycling is not just an environmental protection initiative, it is part of its business strategy. Thus, all non-ferrous scrap (brass) is reused by specialized companies. The reuse of this raw material reduces the volume of material deposited in inappropriate places, reduces the consumption of energy and other natural resources in the steel production process, in addition to minimizing CO₂ emissions.

CBC complies with the relevant legislation and has not received any fines in recent years. Opportunities for improvement are systematically identified and gradually implemented, for example, in 2021 projects were developed, among which we highlight:

- Recycling of clean debris: 100% of the clean debris waste generated in the company's construction and expansion works;
- Return of automotive batteries to the supplier;
- Destination of plastic drums for companies specialized in cleaning and recovery;
- Separation of organic and recyclable waste from the landfill;
- Acquisition of pallets from certified wood.

In 2024, we added these new sustainable practices:

- Reuse of industrial towels;
- Environmental inspections;
- Environmental education: better dissemination on relevant environmental topics through interaction and inclusion of the topics in the DDS notebook of the factories;
- Improvement of selective collection;
- Acquisition of electric vehicles (towed) to replace 4 common cars (Stradas powered by gasoline);
- Acquisition of software that ensures compliance with legal requirements in the preparation and availability of the FDSR (Chemical Waste Safety Data Sheet).

The CBC also celebrates an internal week of Prevention of Accidents at Work and the Environment (SIPATMA) in which activities and information are focused on environmental protection and action.

Recycling and waste collection systems

CBC has selective collection of all recyclable materials that are sent to recycling and disposal companies. This is an unusual practice for many Brazilians as waste sorting is not the norm. Therefore, CBC has launched an educational campaign through internal environmental bulletins that explain how to properly separate and dispose of waste. These campaigns also include information on the importance of environmental action, as well as tips on how to achieve a lower environmental footprint.

Atmospheric Emissions

The monitoring and mitigation of emissions are activities linked to CBC's strategy. Monitoring is carried out by annual measurements on fixed generation sources. The gaseous effluents generated in the production processes are captured through exhaust systems and in systems with specific filters, all of them installed and in operation in the production units. Furnaces or activities that can generate particulate matter use filters in their exhaust systems.

The evaluation of the monitoring program is carried out regularly, in accordance with the regulations in force, and measurements of particulate matter are made. The results obtained are published in a periodic evaluation report, and sent annually to the competent environmental and regulatory agencies: IBAMA, FEPAM, and CETESB. Measurement systems are required by law for the conditions of the Operating License. The following table shows the variation in the concentration of particulate matter and lead in the locations where the monitoring systems are installed. The monitoring systems are installed in the Ribeirão Pires plant in the ammunition destruction and lead fusion furnaces, and in the Montenegro plant in the exhaust fans of the ballistic tunnels, blasting booths, finishing sector and welding booths.

Starting in 2013, the unit's boilers began using natural gas – an ecologically clean fuel – instead of oil, an investment that also resulted in significant environmental gains.

The reduction of lead and particulate matter between 2023 and 2024 occurred due to the change of filter sleeves.

Concentrations in mg/Nm ³	Emission limit ¹	2024	2023	2022
Particulate material	5 or 150	6.22	10.9	8.13
Lead	0.2 ou 5	0.089	0.010	0.072

Notes:

(1) The emission limit is determined by the operating permit. Values for the Ribeirão Pires plant are 5 and 0.2; for the Montenegro plant, 150 and 5.

Environmental Action

Monitoring of atmospheric emissions in compliance with the conditions of the Operating License (FEPAM and CETESB).

CBC has several types of Pollution Control Equipment (EPC), such as: (a) bag filters that filter the pollutants that come out of the chimneys of the melting furnaces and lead from the destruction of ammunition, (b) gas scrubbers that absorb the pollutants (NOX) that come out of the chimneys of the TNR, and (c) boilers, where the SOX control is carried out.



Biodiversity

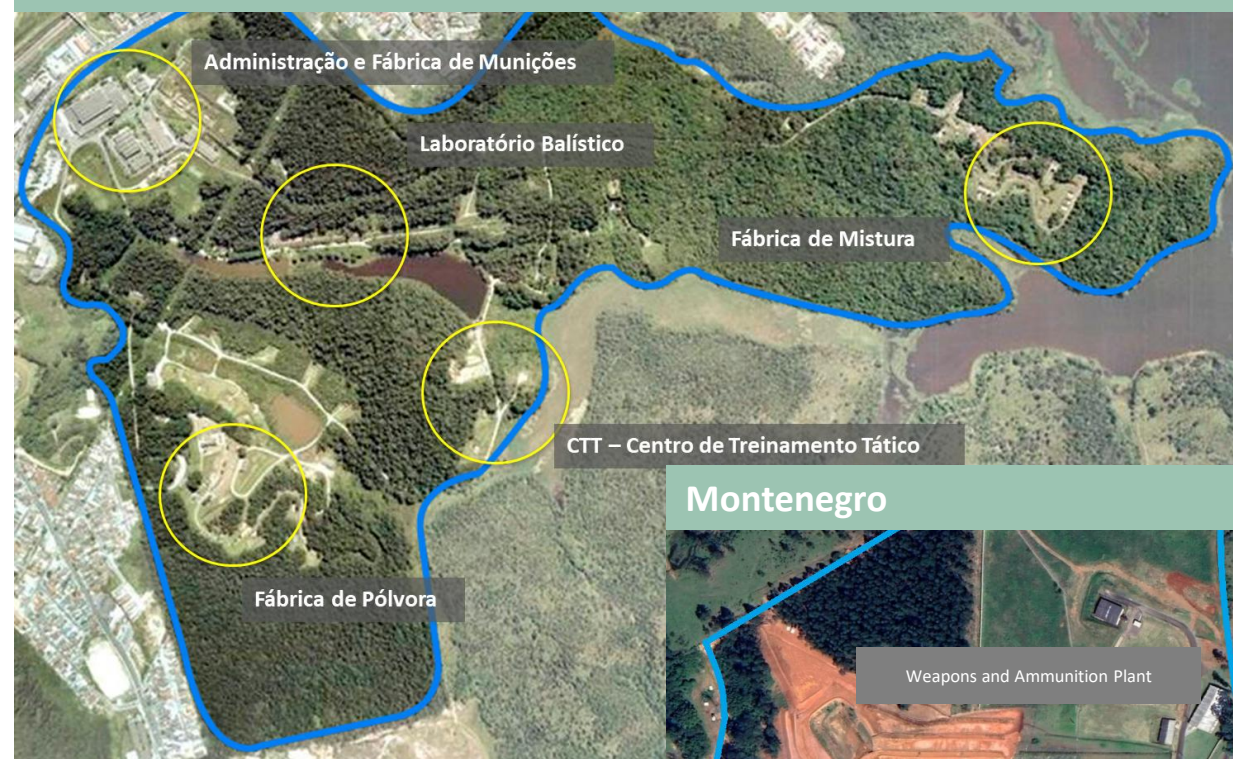
Installed in the city of Ribeirão Pires, 40 km from São Paulo, and on the banks of the Billings dam, responsible for the water supply of the entire ABC of São Paulo and neighboring cities, the CBC headquarters occupies an area of 188 hectares, 75% of the total area of native Atlantic Forest, natural resources that CBC is committed to preserving.

In Ribeirão Pires, a 2006 report sought to characterize the vegetation cover and identify the presence of forest species threatened or endangered, as well as permanent preservation areas and degraded areas. A Dense Ombrophilous Forest was found in the middle and advanced stages (25% of the property area) and early stages (12% of the property area), as well as 45 forest species in the main green areas of the property. No species observed is present in the official list of flora species threatened with extinction in the state of São Paulo (SMA Resolution 48/2004). The state of conservation of the permanent preservation areas within the project was satisfactory and only in the area around the dams was observed the overlap of preservation areas on access roads and the coverage of anthropogenic fields with low density of trees observed. In 2018, a new report was published that found similar results.

In Montenegro, the 2018 Vegetation Coverage Report found no presence of species covered by current laws and no permanent preservation areas.

Forest restoration meets the obligations assumed with CETESB, through the Terms of responsibility for the preservation of green area and the Term of commitment to environmental recovery. In the last forest restoration projects, carried out in 2022 and 2023, there was the execution of replanting services of approximately 2,100 seedlings of native species of the Atlantic Forest, comprising 30 species (fruit and non-fruit), and conservation and preservation of a green area covering 1,793 hectares, which corresponds to 0.97% of the total property. For fauna, the main mitigating measure related to Interference adopted is the establishment of guidelines for the suppression and earthmoving.

Ribeirão Pires



Montenegro





Biodiversity

CBC is located in the Alto Tietê Water Resources Management Unit (UGRHI-06), in the southeastern portion of the RMSP, predominantly in the Billings Dam Source Protection and Recovery Area (APRM-B).

When planning the installation and expansion of the unit, all legal requirements are respected. Environmental licenses for the suppression and pruning of trees, for the execution of works and soil movement, etc. are duly requested and issued by the competent environmental agency.

There are springs, watercourses and artificial dams (concession No. 3580 valid until July 18, 2048) whose riparian forests are duly protected as recommended by the Brazilian Forest Code, Law No. 12.651/2012, and no works or other interventions are allowed in these places.

To promote better management of its impacts on biodiversity, CBC conducts environmental diagnostics whenever necessary. With the support of an external consultant, the environmental diagnosis raises the applicable legal requirements and also conducts a field survey involving aspects of the physical and biotic environment (such as vegetation cover, phytogeography and isolated trees).

On June 3, 2019, 20.75% of the native vegetation was registered, according to the Preservation Responsibility Term – prenotation No. 114.834. The protection of this vegetation has a cost for authorizations, compensations, monitoring and suppression paid by CBC as part of its support to the environment.

In 2018, an update of the vegetation cover map in Ribeirão Pires was carried out throughout the property, whose data are presented in the table on the side.

Phytophysiognomies	% Permanent Preservation Area	Total Area (m²)
Advanced-medium stage	4.06%	439,310
Initial stage	2.14 %	84,797
Floodplain	2.46 %	53,161
Reforestation	8.89 %	791,663
Anthropic field	1.38%	149,587
Total	18.93 %	1,518,518

Environmental Action

Forest replacement area. In 2021, 115 seedlings of native species were planted as requested by the Department of Biodiversity, Department of the Environment and Infrastructure of the State of Rio Grande do Sul. A constant monitoring is carried out regarding the development of the planted seedlings.

In May 2023, with the support of employees and to promote "A world + green", 2,000 seedlings of trees native to the Atlantic Forest were planted in Ribeirão Pires.

Environmental Responsibility Management

In mid-2018, CBC implemented risk containment/mitigation and environmental remediation measures. As an intervention strategy, a combination of techniques was applied that seek to maximize the results to be achieved for the protection of local receptors and water resources. This approach aims at a sustainable strategy, bringing benefits both in its execution and in the mitigation of secondary impacts, contributing to a holistic perspective of resilience in the face of the global threat of extreme weather events (ITRC, 2022; SuRF-UK, 2018).

Sustainable strategies in GAC (Environmental Contamination Management) projects include actions that integrate social and economic aspects with environmental analysis. These factors are known as the Sustainability Tripod (illustration 1.1). Sometimes, these themes converge around the same strategy, aiming at operations that reconcile environmental preservation, mitigation of economic impacts and community development, as will be addressed in the discussion of the results of this report.

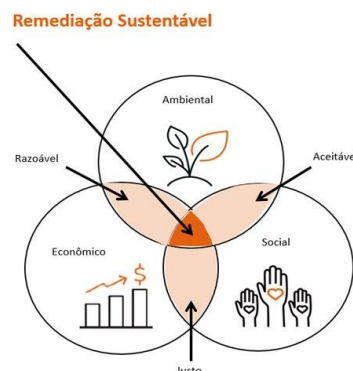


Illustration 1.1: The confluence of the three main factors of Sustainable Remediation, consisting of the Sustainability Tripod – Economic, Environmental and Social Factors. Source: Arcadis

In May 2018, a containment barrier was installed at the boundaries of the CBC property, using Pump & Treat (P&T) technology and a subfloor Vapor Extraction system in building 05. The technology applied in the P&T barrier consists of an *ex situ* pumping and treatment remediation system, the operation of which involves pumping groundwater from the aquifers to a local treatment system. After treatment, the water is reinjected back into the aquifers, minimizing the impact on the volume of groundwater in the local system. The extraction consists of the extraction of vapors from the subsurface, using a negative pressure gradient.

The DGR remediation technique consists of pumping groundwater for treatment and dynamic recirculation. This approach optimizes the process of reducing the mass of the dissolved plume in the saturated zone, promoting increased advective flow in the target region. This result is achieved by increasing the hydraulic gradient, which favors the flushing of the soil and directs the remediation to the preferred paths of displacement of water and contaminants in the environment. On the other hand, to treat air plumes in the soil, EVS technology was used, widely recognized for its effectiveness in the remediation of volatile organic compounds (VOCs) present in the vadose zone. This technique operates by extracting vapors from the subsurface, using a negative pressure gradient, which causes the volatilization of pollutants towards the extraction wells. The induced airflow generates a pressure gradient, forming a region of influence capable of promoting the evaporation of liquids, the volatilization of contaminants present in the water and the desorption of the pollutants retained on the surface of the soil pores.

These solutions demonstrate our commitment to innovative and sustainable practices. The selected systems meet the concept of **green remediation**, which seeks to assess and minimize the environmental footprint of remediation activities in contaminated areas. In addition to promoting an environmentally responsible approach, this strategy contributes to improving the quality of life of local recipients. In addition, such actions are aligned with the United Nations **Sustainable Development Goals (SDGs)**, reinforcing the integration of social, environmental and economic aspects in the context of interventions. Illustration 1.2 presents the 17 SDGs established by the UN, which serve as a reference for these actions.



Illustration 1.2: 17 Sustainable Development Goals (SDGs) established by the United Nations (UN).



Environmental Responsibility Management

The P&T, DGR and SVE technologies were planned based on *risk-based contaminated land* management guidelines, according to ISO **18504 (2017)** – Soil Quality – Sustainable Remediation. This standard considers essential aspects, such as the applicability of the techniques, taking into account the current and future use of the area, protection of the environment and long-term care. Thus, both the containment barrier and the systems implemented in building 5 and the chemical warehouse were designed to meet the concept of sustainable remediation.

Sustainable remediation is a concept widely applied in the management process of contaminated areas, based on the search for balance between economic, social and environmental variables. Its goal is to maximize the benefits to human health and the environment by judiciously utilizing available natural resources, which are often limited. In this context, risk management actions for soil and groundwater are selected, designed and operated in such a way as to ensure environmental, economic and social benefits.

Among the best practices recommended for sustainable remediation, the following stand out: reducing the use of fossil fuels, reducing the emission of greenhouse gases, the conscious use of water and preserving its quality, the conservation of material and natural resources, the reduction of waste and the protection of ecosystems. These practices not only promote an environmentally responsible approach, but also reflect a commitment to minimizing negative impacts and maximizing long-term benefits.

Based on these concepts and good practices, it is possible to define Sustainable Remediation Indicators, which allow, in a qualitative way, to evaluate the performance of the P&T, DGR and SVE systems. Among the main indicators used, the following stand out:

- Volume of water treated and reinjected into the aquifers, contributing to the maintenance of water recharge;
- Reduction of the mass of total VOCs and TCE, ensuring effective control over contaminants;
- Contribution and control of the volume of contaminants with potential for migration to external areas, ensuring the protection of the assets to be preserved on site.

From the start of operation of the systems in May 2019 until December 2024, the accumulated volume of groundwater pumped was approximately 145,577.95 m³. Of this total, 65% (97,455.39 m³) of the treated water was reinjected into the aquifers through the injection wells, strategically installed downstream the former sources of contamination of the former Munitions Factory. This process promoted the recirculation of treated water, accelerating the migration of contaminated plumes, which were intercepted by the pumping line, and contributing to the reduction of concentrations of chemicals of interest upstream of the property boundaries over time.

Regarding the mass of contaminants removed by the system, significant progress is observed over the period of operation. Between May and December 2024, approximately 104.07 kg of total VOC were recovered, of which 81.21 kg correspond to the TCE, reflecting the effectiveness of the implanted technologies.

The actions developed during the implementation, operation and performance monitoring of the SVE, DGR and P&T containment barrier systems, as well as during the environmental monitoring carried out at the CBC site, represented proactive strategies in resilient and sustainable remediation. These initiatives encompassed social, economic and environmental aspects, contributing directly to the improvement of the project's sustainability indicators.

In addition, the project is aligned with the SuRF-UK categories, which define environmental, social and economic indicators as key criteria to assess and promote sustainability in remediation practices.



Environmental Responsibility Management

ISO 14001 Certification

In the year 2024, we obtained the ISO 14001 – Environmental Management System certification, which is a Pillar of Our ESG Strategy, proof of our commitment to the Environmental (E) dimension of the ESG strategy.

The certification attests that CBC has implemented a robust and effective Environmental Management System (EMS), ensuring that our operations are aligned with best sustainability practices.

This formal system allows us to go beyond simple concern for the environment. It empowers us to:

- Manage risks: We proactively identify, monitor and control our environmental impacts.
- Promote continuous improvement: we take a planned approach to optimize our environmental performance, always seeking to reduce our ecological footprint.
- Generate financial and environmental value: Efficient management of resources such as energy, water and raw materials not only preserves the environment, but also results in cost reduction and greater operational efficiency.

ISO 14001 strengthens our credibility and demonstrates the transparency of our commitment to environmental responsibility, one of the essential pillars for modern and responsible corporate governance.



CERTIFICADO

Sistema de gestão para
ISO 14001 : 2015

O organismo de certificação TÜV NORD Brasil confirma por este meio e em resultado da auditoria, avaliação e decisão de certificação de acordo com a norma ISO/IEC 17021-1:2016, que a organização

Companhia Brasileira de Cartuchos.
Avenida Humberto de Campos, 3220 - Bocaina
09426-900 - Ribeirão Pires - SP - Brasil

com os locais de acordo com o anexo

opera um sistema de gestão em conformidade com os requisitos da norma ISO 14001 : 2015 e que durante o período de vigência de 3 anos será monitorada quanto à conformidade.

Seguinte escopo

Projeto, desenvolvimento, fabricação, comercialização e revenda de munições, armas de fogo, carabinas de pressão, seus componentes e assistência técnica de armas de fogo e carabinas de pressão. Centro de distribuição de armas, munições e seus componentes.

Número do registro do certificado TNBR-31373
Relatório da auditoria - OS 22526

Reginaldo Maia
Diretor Presidente

Válido de 27/11/2024
Válido até 26/11/2027
Certificação Inicial 2024

Barueri, 27/11/2024

A validade deste certificado está sujeita ao atendimento satisfatório e contínuo pela empresa das condições estabelecidas no contrato de certificação. Este certificado permite o registro na relação de empresas certificadas do Sistema Brasileiro de Avaliação da Conformidade.

TÜV NORD Brasil Avaliações da Qualidade Ltda. Al. Madeira, 222 - 3º Andar - 06454-010 - Barueri - SP - tuv-nord.com.br



ANEXO

do Certificado N° de registro TNBR-31373
ISO 14001 : 2015

Companhia Brasileira de Cartuchos.
Avenida Humberto de Campos, 3220 - Bocaina
09426-900 - Ribeirão Pires - SP - Brasil

N° de registro do certificado	Localização	Escopo
TNBR-31373-001	Companhia Brasileira de Cartuchos. Avenida Humberto de Campos, 3220 - Bocaina 09426-900 - Ribeirão Pires - SP - Brasil	Projeto, desenvolvimento, fabricação, comercialização e revenda de munições.
TNBR-31373-002	CBC Brasil Comércio e Distribuição Ltda. Via Anhanguera, s/nº, Km 15, 5, Módulo 32 e 33, Mezanino - Jardim Jaraguá 05275-000 - São Paulo - SP - Brasil	Centro de distribuição de armas, munições e seus componentes.
TNBR-31373-003	Companhia Brasileira de Cartuchos. Rodovia BR-470, 3133 - Faxinal 92515-800 - Montenegro - RS - Brasil	Projeto, desenvolvimento e fabricação de munições, armas de fogo, carabinas de pressão e seus componentes. Assistência técnica de armas de fogo e carabinas de pressão.

Final da lista

Reginaldo Maia
Diretor Presidente

Barueri, 27/11/2024

Esta certificação foi conduzida de acordo com os procedimentos de auditoria de certificação da TÜV NORD Brasil e está sujeita às auditorias periódicas de verificação.

TÜV NORD Brasil Avaliações da Qualidade Ltda. Al. Madeira, 222 - 3º Andar - 06454-010 - Barueri - SP - tuv-nord.com.br





Environmental Responsibility Management

Sustainable remediation

CBC works to find the best possible solutions for remediation in any process for environmental projects.

Remediation or combination of remediation techniques, the balance of which brings benefits to human health and the environment, is maximized through judicious use of limited natural resources. Sustainable remediation is a concept applied to the management process of contaminated areas, based on the search for balance between economic, social and environmental variables. In this context, risk management actions for soil and groundwater are selected, designed and operated with the aim of maximizing environmental, economic and social benefits.

Among the best practices to be considered during sustainable remediation, the following can be mentioned: the reduction of the use of fossil fuels; the reduction of greenhouse gas emissions; the conscious use of water and the preservation of its quality; the conservation of material resources, natural resources and the reduction of waste; and the protection of ecosystems.

Environmental Audits

Environmental professionals carry out routine inspections on a regular basis, in order to comply with the items of the Environmental Management Plan. The environmental aspects in the manufacturing units, such as waste disposal and conditioning, conditions of the workplaces, gutters, possible leaks in the equipment, organization and cleaning on the service fronts, are verified.

Considerations

CBC's senior management has as a priority objective the continuous improvement of environmental conditions, to mobilize employees, service providers and partner companies of the units for an increasingly better environmental management, meeting the requirements of **ISO 14001** certification.

Environmental Improvement Projects

Concern for the environment is seen in the processes installed by CBC for environmental improvement.

Global Company Projects

- Economical timed taps installed in all washbasins
- Replacement of conventional bulbs with LEDs
- Implementation of a new electrical substation

Improvement projects at the Weapons Plant

- Elimination of the process of widening carbine pipes leading to the disposal of machines and reduced consumption of oil, tools and energy
- Elimination of the molykote burning process, leading to furnace disposal, and reduced energy consumption, no longer requiring the use of shellac and 90° alcohol
- Induction quenching in rifle barrels and shotguns, eliminating the process with salt in the rifle barrels and eliminating the use of sandpaper for polishing the rifle chambers, which reduces the particulate matter produced
- Implementation of bimanuals on mounting devices for safety and ergonomics

Internal Environmental Education Campaign

A big part of creating a company that thinks about sustainability is the inclusion of all employees. CBC has several internal campaigns, as well as internal environmental bulletins that aim to educate everyone at CBC about best practices when thinking about the environment. The educational campaign through internal environmental bulletins and audits aims to help implement and maintain environmental strategies throughout the company. The bulletins include information on proper separation of the waste disposal stream, proper disposal of chemicals and contaminated packaging, Class 1, hazardous materials, proper disposal of effluents and prevention of contaminants that inhibit the water treatment process.

The campaign also works to provide feedback on proper disposal and publishes tables with the amount of waste diverted from landfills, as well as images of improper waste disposal for further education. Internal auditing of waste disposal, water and energy consumption sites allows the Environmental Department to better understand what information is needed for employees to follow proper guidelines and where to direct their efforts.

Social

The company is convinced that healthy people in a healthy environment are our greatest asset. For our company, healthy employees are an essential prerequisite for performance and, therefore, for economic success and safety at work.

CBC maintains an open dialogue with our employees, the public and the authorities. Stakeholder engagements help define our social priorities.

3 SAÚDE
DE QUALIDADE



5 IGUALDADE
DE GÊNERO



8 TRABALHO DIGNO
E CRESCIMENTO
ECONÔMICO



9 INDÚSTRIA,
INOVAÇÃO E
INFRAESTRUTURAS





Staff

As a product manufacturing company, we depend on the quality and innovation that falls under the responsibility of the company's employees. Thus, the workforce represents an important success factor for CBC. We prioritize hiring professionals in cities close to CBC.

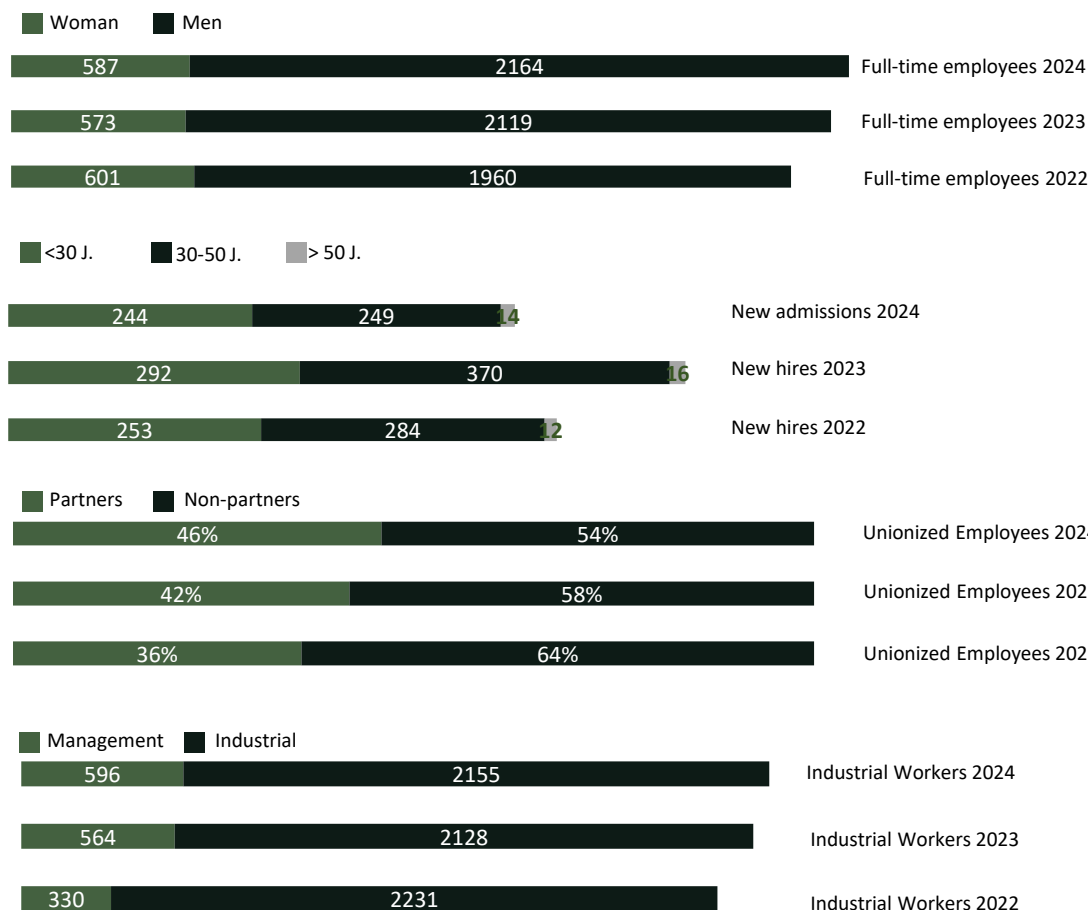
CBC employees have the option of being part of the ABC Chemicals Union in Ribeirão Pires, and Metalworkers in Montenegro. Compensation and working hours are determined in accordance with the collective bargaining agreement negotiations of the union parties, but bonuses are provided in addition to the agreement. Default working hours are 44 hours/week. There is no difference in compensation between men and women in the same positions; this also applies to non-union employees. CBC follows all the guidelines of national labor laws by the Consolidation of Labor Laws (CLT).

Despite constant efforts regarding recruitment and training, CBC is affected by a shortage of staff and skilled workers. The company seeks to retain young talent through the apprenticeship program it offers. In 2024, the company employed 58 apprentices (previous year: 47).

All employees are entitled to food stamps, cafeteria, transportation vouchers, chartered transportation, health insurance, dental plan, Christmas basket, children's toys, school supplies, paid maternity leave, daycare allowance, paid paternity leave, sick pay, accident allowance, bonuses and profit sharing.

Paid paternity and maternity leave are available to expectant parents in accordance with legal standards. Paid maternity leave is 4-month leave, with optional 60 days. Paid paternity leave entitles to 5 days of leave with an optional 15 days. Optional days are paid normally, but deducted from IRRF (Withholding Income Tax). In fiscal year 2024, 21 women and 69 men were on active maternity/paternity leave.

Inclusion of persons with disabilities is integrated into daily working life, for example through appropriate workplaces for persons with disabilities. The company currently employs 80 (previous year: 72) employees with disabilities. CBC is required by law to hire 5% of the workforce with people with disabilities. However, there is a labor shortage in this regard.





Staff

Due to the handling of critical materials such as weapons and ammunition or explosives, a police clearance certificate is required for all new hires. In addition, employees are checked against sanctions lists.

In fiscal year 2024, 103 employees (prior year: 110) left the company voluntarily or due to age, and 499 (prior year: 432) upon being laid off. There were no cases of layoffs due to illnesses that arose during working hours. The resignation is made by the manager through an HR form. HR has a deadline to assess job stability and dismissal is scheduled with the manager.

Continuous education and training programs contribute to the personal and professional development of employees. In addition to the mandatory training that employees must complete at the time of hiring and annually, CBC offers specific training courses for further development, in consultation with department heads and based on regulatory standards. In 2024, a total of 76,034 hours (previous year: 77,088) of external training and seminars were conducted.

Assessment

Assessments are conducted through a questionnaire when employees leave the company but are currently working to implement a performance appraisal policy.

Social Actions

CBC organizes periodic campaigns for the needy community, such as food and clothing collection, among others.

In May 2024, after a devastating flood in Rio Grande do Sul, the CBC organized volunteers and donations. In total, they collected 7.5 tons of donations and 15 tons of food.

During the year, CBC sponsored 41 children from the Nakamura and Rio Grande da Serra communities to provide gifts during the children's day. And during Christmas, it sponsored 222 children from the Sant'Anna Association of Ribeirão Pires.

In addition, it provides monthly financial support to [ABCP](#) – Associação Beneficente & Comunitária do Povo, an NGO that promotes the reintegration and integral development of socially vulnerable children and adults. *ABCP is designed by the People's Baptist Church, with its own governance and structure.*

CBC employees can also participate in volunteer programs at ABCP with visits to help community members.





Health Promotion

Routine Health Tests

The Health Promotion department closely monitors the health and safety of all CBC employees by making decisions on the best way to protect employees from any work hazard.

Tests to assess lead exposure are performed regularly in some departments of the plant that are close to the tolerance limit, according to the Limit Values (TLV) defined by ACGIH and NR-15 (mg/m³). Indicators used for lead exposure are Pb-S (blood dosage) and ALA-U (urine dosage). An acetone exposure test is also performed in a specific department of the plant.

Periodic Medical Examinations

Periodic medical examinations are used as health indicators for ISO 9001:2015, as the performance of these examinations is directly involved with the prevention of occupational accidents and diseases.

The Department of Health Promotion provides occupational and care services. In 2024, the ranking of common diseases attended by Health Promotion in order of the largest number of complaints were: gastrointestinal complaints, respiratory complaints and musculoskeletal complaints.

Monthly Health Dialogues

The Health Promotion department conducts monthly dialogues applied throughout the company to teach and inform all CBC employees. In 2024, the themes of the monthly dialogues were: White January, cancer, thrombosis, halitosis, dengue, importance of drinking water, otitis externa, world health day, autism, tetanus, liver cirrhosis, nail mycosis, winter health care, mumps, kidney stones, pneumonia, respiratory allergies, hand accidents, pertussis, risk of electronic cigarettes, telemedicine, breastfeeding, mental health month, world suicide prevention day, breast cancer, prostate cancer, sexually transmitted infections (STIs), syphilis and AIDS.



Operational Safety

Safety is critical to CBC and it has a dedicated department to monitor the company's operational safety. Being in the metallurgical and chemical production sector, employees are subject to certain risks in the handling of the various raw materials and production steps. The explosives used, the gunpowder and the initiator mixture, as well as the final product, require high safety standards.

Both Ribeirão Pires and Montenegro plant have a safety process for the employee and the plant itself that includes routine and non-routine activities for the protection of all. Each has its own characteristics based on the manufacturing process and the difference of the products produced. The Ribeirão Pires plant is chemical, and the Montenegro plant is metallurgical. The processes are properly designed and validated with technical and engineering teams and senior internal leadership always seeking the safety of people, process and productivity with the highest technology on the market.

The procedures of routine activities for the identification of risks and hazards related to work include macroprocedures defined as Work Safety Instruction (ISI) to inform about the inherent risks by sector of each employee. Also included are standard operating procedures (SOPs) performed by the operation that detail the process steps and their controls. Chemical plants maintain a procedure (PR) always updated, that is, any modification in the process generates a flow of training updates and recycling. Other daily applications, such as the Daily Safety Dialogue (DDS), contain informative topics and allow each manager to address points for accident prevention and engage teams to develop their activities without the occurrence of accidents. CBC also has a Risk Management Program (RMP) that consists of the evaluation of jobs, as well as the adoption of preventive measures to maintain the operation within the healthiest and safest environments for its employees. In 2024, we started implementing the requirements of ISO 45001, referring to occupational health and safety.

Procedures for non-routine activities include Safe Work Permit (SWP), a thorough assessment carried out by a multidisciplinary team with the objective of releasing a task only after all control measures are available and agreed with task performers; they are covered in activities involving restricted area, work at height, confined space, lifting loads, activities with electricity, hot work, excavations and line openings. For specific tasks and risks, we use the preliminary risk analysis (PRA) carried out by multidisciplinary teams, necessary to control the risks involved. In the chemical plants and fuze factory, there is also a hazard and operability study (HAZOP) so that managers have greater detail and operational control. In new projects, the engineering teams prepare, together with the areas involved, a risk matrix to define the necessary operational controls in infrastructure and procedures, always before releasing any project for operation.

Hazard identification, risk assessment and incident investigation

Employees can report job-related hazards and hazardous situations in a variety of ways.

- Employee calls his manager to report the irregularity for evaluation and immediate treatment
- Employee activates CIPA member of the committee representing his area
- Employee activates the occupational safety sector for diagnosis and treatment with management

The processes put in place for the employee to withdraw from work in hazardous situations include:

- Employee can communicate the fact to their immediate manager or CIPA representatives
- Channels for clinical medical care and occupational examinations in Health Promotion, which immediately communicate with the responsible manager and the occupational safety sector for measures
- Tool to formalize deviations identified by any employee with login (deviation portal)

Worker training in occupational health and safety

Occupational health and safety worker training is managed by HR in training management. The mandatory training provided for by the legislation, as well as the internal training originated from the CBC Security Program, are planned according to the needs of the areas (new hires and sectoral transfers) and carried out according to the program. We do not allow employees to perform activities without training.

Health Promotion

The promotion of workers' health is done by making available the Medical Insurance with coverage for employees and dependents, fully funded by CBC. We also have a health team in the company's outpatient clinic that provides face-to-face clinical care, accidents and occupational examinations, in accordance with current legislation, in addition to conducting periodic health campaigns.

Prevention and Impact Mitigation

The prevention and mitigation of occupational health and safety impacts directly related to business relationships are discussed in daily meetings and dealt with in a timely and efficient manner. The system is based on technical standards and legislation in force and is addressed by 100% of employees.

For the continuous improvement of the Safety Program, operational leaders meet periodically at all levels to evaluate and improve the safety performance of their management areas. By evaluating the performance indicators of each area, we can design improvement actions and maintain safer work environments and everyone's commitment.



Operational Safety

Occupational Accidents

Occupational accidents are analyzed in the department by the area leadership together with the Occupational Safety team, based on pre-established procedures and fault identification methodology, in order to determine containment actions and plans to prevent recurrences. Accidents and potential risk situations are validated in a safety meeting with the presence of the leadership team and support areas. Behavioral actions or working conditions are determined and the execution of actions according to the defined plan is monitored.

The company doctor is closely involved in this process. All employees undergo regular medical examinations in accordance with occupational health guidelines. The Health and Safety Management System (SMS) defines these procedures based on three pillars developed in conjunction with a consulting agency. All employees and contractors hired by CBC are covered by occupational health and safety management systems. Routine health tests performed on plant employees are described in the Health Promotion Section in this report.

Occupational health services include clinical and occupational medical care in accordance with current legislation in Brazil. The participation, consultation and communication of employees in the program is carried out through CIPA representatives, factory committees and area leadership.

Fatalities	0	0	0
Lost-Time Injuries (NLT ¹) ²	37	36	47
Non-Lost-Time Injuries (NLT ¹) ³	16	19	44
Cases of health problems arising from work activities	0	0	0
Man Hours Worked (HHT) ***	5,955,939	5,575,395	5,756,445
Frequency Rate (TF) ⁴	8.90	9.86	15,8

The figures above consolidate the accidents involving both employees and third parties, although, in the years calculated, there was no occurrence with third parties (previous year: 0). Major work accidents have resulted from mishandling of production machinery, leading to bruises, cuts or injuries. The processes in which work-related hazards are noted are investigated in the PDCA⁵ method (plan, do, verify, act) and the actions are implemented and monitored. The PDCA is a root cause investigation and analysis method developed by the managers of the occurrence sector and approved by Occupational Safety. The process of using the PDCA begins with collecting the evidence, evaluating the problem using an Ishikawa diagram, evaluating the root cause with the 5 whys method, creating a corrective and preventive action plan, and acting within the scope of the determined actions.

The frequency rate calculated in relation to lost-time accidents determines occupational accidents in relation to hours worked. For comparability, the rate was calculated using the 1,000,000 calculation coefficient.

Notes:

- (1) Includes total occupational accidents at Ribeirão Pires and Montenegro plant
- (2) Types of lost-time injuries: Amputation, contusion, cut, injury, fracture, dislocation, burn, hyperemia, perforation, trauma
- (3) Types of non-lost-time injuries: Contusion, cut, excoriation, crushing, injury, intoxication, burn, trauma
- (4) *Lost Time Injury Frequency Rate* = number of accidents * 1,000,000 / Man Hours Worked
- (5) PDCA – Plan, Do, Check, Action



Operational Safety

Due to the potential for fire or explosion during the production process, CBC is in close contact with the fire departments of both production plants.

Fire Protection and Fighting System (SPCI)

The CBC facilities have a fire project approved by the fire department of the state of São Paulo and Rio Grande do Sul, with issuance of AVCB (Fire Department License). In addition to routine inspections, there is also a team of Brigade members who are periodically trained for emergency readiness. In Riberão Pires, firefighters carry out daily occupational safety audits and inspections, undergo a checklist of the firefighting system, control fire extinguishers and fire trucks and monitor the SWP (Safe Work Permit) of the most critical activities. They are part of the brigade team that responds to any emergency in the company and work on the 12/36 hour shift. In Montenegro, this work is carried out by the Occupational Safety Technicians.

Personal Protective Equipment (PPE)

All employees receive their personal protective equipment and management via the system of their exchange periods, as determined by the legislation. PPE is distributed according to the activities and employees receive training. Every leader monitors daily usage. Management via CBC software through fingerprints of each employee, controlling the time of change of each PPE.

Intertek Workplace Conditions Assessment (WCA)

In July 2023, we obtained the Intertek Certificate in the WCA (Workplace Conditions Assessment) program with a 95% score on the requirements.

The WCA program deals with the assessment of workplace conditions, the program covering:

- Labor: child/forced labor, discrimination, discipline, harassment/abuse, freedom of association, employment contracts
- Wages and Hours: wages and benefits; working hours
- Health and Safety: general work facility, emergency preparedness, occupational injuries, machine safety, safety hazards, chemical and hazardous material, dormitory and cafeteria
- Environment: legal compliance, environmental management systems, waste and air emissions





Customers and Local Integration

Local Integration

As a major regional employer, CBC is in close contact with local municipalities and firefighters to maintain the safety and security of all employees and surrounding communities. CBC follows the respective laws regarding the distances that must be maintained from neighboring communities, and from roads to areas with explosives. The distances between parts of the factories are also in accordance with existing legislation.

CBC also monitors the surrounding noise in accordance with CONAMA 001/1990 to protect neighboring communities from noise pollution.

Close involvement of the local fire department in discussions about new construction, etc., also creates product and production awareness.

Customer satisfaction and safety

CBC's customer structure is focused on public buyers. The sales process also includes acceptance of the cartridges through shooting tests as well as other quality assurance methods. This ensures the ballistic properties of the cartridge. It also includes checking the release of pollutants from the propellant so that excessive exposure of pollutants from the shooter and those directly present can be ruled out. Other possible deficiencies are also disclosed in this way.

CBC also completes an annual customer satisfaction survey in accordance with ISO 9001 guidelines.

Data Protection & IT Security

As a company in the security and defense industry, CBC's IT environment is of particular importance. In 2024 and the previous year, there were no complaints regarding the breach of customer privacy and no incidents of personal data leakage were identified by the company.

The company is well-equipped against third-party attacks thanks to a reliable server environment and modern access systems. Over the past few years, continuous investments have been made in IT security. IT systems are assessed annually using the Cyber Essentials Scheme, which provides a warranty certificate. In 2023, the CBC adopted the practice of intrusion testing, a method that assesses the security of systems and networks by simulating an attack from a malicious source. PenTest has become an annual practice in the company.

CBC does not have employees working permanently from their homes. When working from home, employees only use corporate computers, using VPN and an active firewall in the endpoint solution, which is installed on all computers.

In data protection and privacy, CBC has a privacy committee, an appointed DPO, a data subject service channel, and regularly acts on impact reports, Ropa, privacy policies, and always attentive to guarantee the rights of the data subject.

CBC's IT system is certified by [Cyber Essentials](#), a British certification scheme designed to show that an organization has a minimum level of cybersecurity protection through annual assessments to maintain certification. Cyber Essentials is supported by government and industry and helps businesses protect against the growing threat of cyberattacks by providing a clear statement of the basic controls organizations must have to protect themselves. CBC also hires [CYBER TEC SECURITY](#), a consulting firm that assists in verifying processes and solutions for certification with Cyber Essentials. CBC is accredited by [IASME](#), an Accreditation organization that appoints Certification Organizations to conduct assessments with Cyber Essentials.



CYBER TEC
SECURITY



IASME
CONSORTIUM

Governance

Corporate governance means running a company well and responsibly. This responsibility is assumed by the CEO and supported by the members of the management team and each employee individually.

CBC wants to succeed in the competition through innovation, quality, reliability and fairness. If a business is only possible if it involves some form of illegal or unethical action, it is out of the question for us.

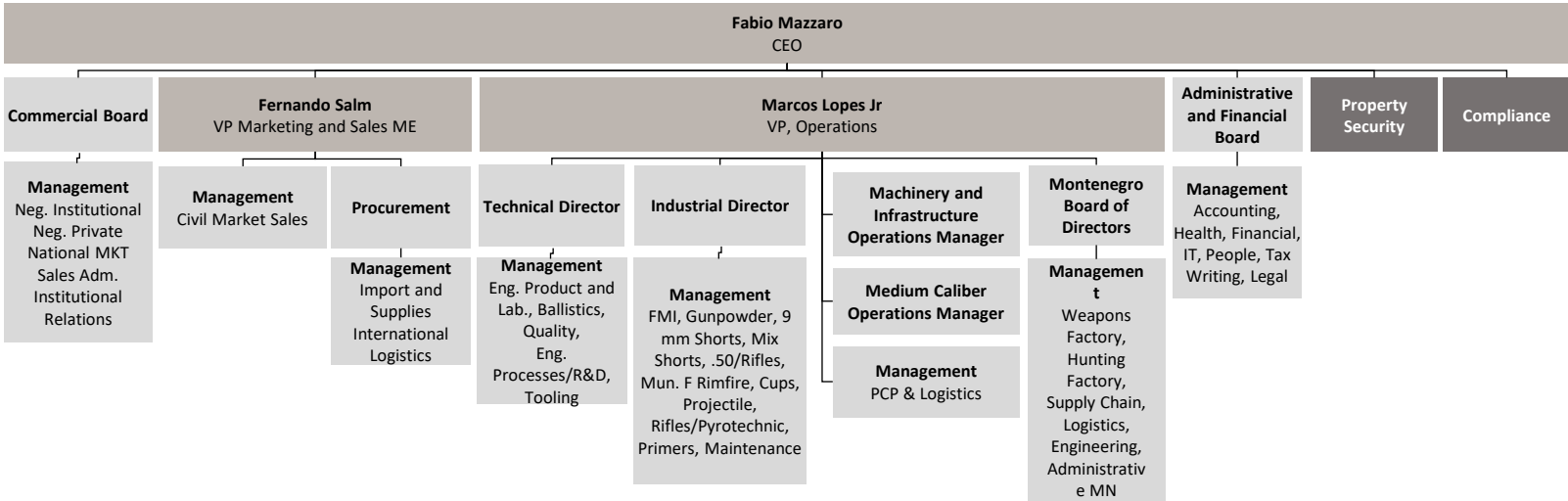




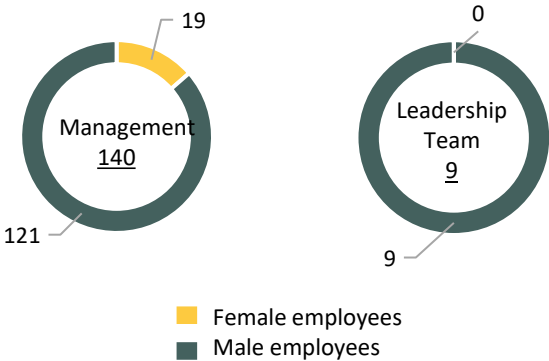
Corporate Management CBC

CBC' management in Brazil is led by CEO Fabio Mazzaro, with the other members of the Executive Board: Fernando Salm, occupying the position of Vice President of Marketing and International Sales, Marcos Lopes Jr., occupying the position of Vice President of Operations, Paulo Gomes, occupying the position of Commercial Director, Sandro Nogueira, occupying the position of Administrative and Financial Director, Rogério Rosato, occupying the position of Industrial Director, Oldemar Alves da Fonseca Júnior, occupying the position of Technical Director, and Adelar Garcia, occupying the position of Unit Director. The Managing Director is also directly responsible for import control and licensing, and the Vice President of International Marketing and Sales is responsible for export control and licensing. Environmental issues are conducted by our Environment Supervisor, Mrs. Cláudia Algemima, who reports to Mr. Oldemar Alves da Fonseca Junior, Technical Director, and our Supervisor Pedro Mário Bof Júnior, who reports to Mr. Rogério Rosato, Industrial Director, and these boards report directly to the Vice President of Operations.

The company's operating business is divided into a technical part and a commercial part. The technical part includes, for example, the departments of production, processes, research and development, chemical laboratory, product engineering and ballistic laboratory, handguns – mix, rifles, rimfire, tooling, cups and projectile, .50 rifles, AV handguns, chemical management, environment and occupational safety engineering. On the other hand, the commercial area includes the areas of institutional business, private business, national marketing, sales administration, institutional relations, civil market, military market and international logistics. The Executive Board meets weekly to discuss strategic plans, as well as operational issues that may be necessary. Each department is led by a specific manager, and the departments report to their respective Boards, counting on the employees of the personnel unit.



Gender-divided leadership and management team:



The administrative team is composed of Vice Presidents, directors, managers and supervisors. The leadership team is comprised of the CEO and the Marketing and Sales and Operations VPs.

Extended management compensation is based on a fixed, industry-oriented salary, which is supplemented by annual bonus agreements. Goals are based on corporate development indicators, such as the overall success of the company, or also indicators of the company's subdivisions. These are agreed between the managers and the CEO.

As a manufacturer of ammunition, the company is, among other things, a member of the Brazilian Association of Defense Material Industries (ABIMDE), as well as the Union of Defense Material Industries (SIMDE), and is also represented by the National Association of Arms and Ammunition Industries (ANIAM).



Approach to Tax Practices

CBC has a conservative characteristic and remains updated on the legislation in force in the country in the matter of tax material, including seeking support through tax consulting companies, tax lawyers and even with the external audit team and the tax division of KPMG, ensuring the integrity of the taxes calculated and collected to the public coffers monthly, as well as regarding the possibilities of raising tax credits, so that there is no questioning by the supervisory bodies, or even if there is, that it is sustained through legal bases, not causing burdens to the company due to lack of arguments.

Fiscal governance, control, and risk management

CBC has an integrated SAP system accompanied by parameters and configurations in its purchasing, sales, tax receipt modules, linked to automatic records in tax and accounting books, of all movements of invoices, with the support of the Mastersaf system in the calculations of these taxes, after all due reconciliations and analyzes have been carried out, by trained and qualified employees, or even analyzed in a macro view, by members of the board of directors, as well as the review of these calculations, carried out by KPMG's external auditors, ensuring the integrity of the information.

Concerned with the integrity of tax information, CBC is always investing in systems, as well as in the training of tax and accounting analysts, keeping them updated on current tax issues, aiming to reduce as much as possible the risks inherent in tax calculations.

Reports by location

Tax jurisdictions: state of São Paulo in the municipalities of Ribeirão Pires and São Paulo, as well as in the state of Rio Grande do Sul, in the municipality of Montenegro.

Reasons for the difference between tax paid and tax accrued

The difference occurs due to the deferral of income tax and social contribution in cases of profit on sales to public agencies of securities not yet settled/unpaid, realization of accelerated depreciation, differences between tax and accounting depreciation, provision for exchange variations assets and liabilities, provision for gains and losses on hedge/derivative transactions, capital gain of fixed assets, provision for losses on accounts receivable and inventory, provision for contingencies and provision for commissions payable.

Amounts in thousands of Brazilian reais	2024	2023	2022
Revenue from sales to third parties	1,862,470	1,762,454	2,567,659
Revenue from intra-group transactions with other tax jurisdictions	788,027	667,268	556,958
Corporate income tax paid	(213,682)	(161,127)	(235,130)
Corporate income tax accrued on profit/loss	34,545	(13,348)	11,560



Integrity Program

CBC has a formally established Integrity Program, in accordance with the guidelines of current national legislation, including Law no. 12.846/13 (Anti-Corruption Law). Our Integrity Program consists of a set of internal integrity mechanisms and procedures, auditing, incentives to report irregularities, effective application of the Code of Conduct and application of penalties aimed at preventing, detecting and correcting deviations, fraud, irregularities and unlawful acts practiced against the public administration, national or foreign, or unethical attitudes practiced against employees or third parties. In addition, it also aims to foster and maintain a culture of integrity within CBC's organizational environment. Our Integrity Program is continuously improved.

Several Brazilian states have regulations that define that, for a company to work with the Public Administration, it must have an Integrity Program. So far, our Integrity Program has been accepted and approved by 100% of our customers.

Our Integrity Program is structured with seven pillars that define our goals and objectives.

1 Independent structure

The Compliance Area is duly established independently with three employees registered with CLT (Consolidation of Labor Laws) and reporting directly to the President of the CBC. Compliance uses market reference tools for Background-Check and Due Diligence analysis. The department has a budget compatible with the needs and has full autonomy granted by the CBC Senior Management. There is also a CBC Trust Conduct Committee. The Codes of Conduct and the independent Reporting Channel cover all units of CBC's business.

2 Risk Assessment

Risk mapping is done using the ISO 31000 methodology that analyzes the impacts and probabilities, defining its risk score (very low, low, medium, high, very high). Internal controls are in place to monitor risks. Mapping is reviewed annually.

3 Policies and procedures

CBC has several Policies and procedures that guide its activities, some of them listed on the Corporate Values slide of this report. There is also the inclusion of anti-corruption clauses, standards of conduct and compliance with the Third Party Code of Conduct in Service Contracts, Retailers (PRLO), Commercial Representatives, among others.

4 Communication and Training

The Compliance area conducts periodic training for CBC employees (in all units) and third parties who work at CBC, informing them of the Code of Conduct guidelines. In addition, the content is also passed via Integration of new employees and service providers. A Compliance calendar is distributed annually to disseminate the Compliance culture. Information about the Program is sent periodically by email to employees and fixed on the company's walls, as well as the establishment of signs by the company informing about some guidelines and sources of access to the Reporting Channel. All codes of conduct for employees, third parties and a Reporting Channel are available on the CBC website.

5 External and Independent Reporting Channel (see slide 45)

Third Party Assessments (see slide 44)

6 Audits and Monitoring

Social networks/internet are monitored for events that may negatively impact CBC's image. The Risk Map, Codes of Conduct, Policies, Procedures and Regulations are all reviewed annually. There is also periodic monitoring of business partners, according to their risk category in the Risk Map.

7 Other

The program is also responsible for advising other departments on appropriate practices, conducts, negotiations and legislation. All positions considered sensitive to CBC (all units) are identified, as well as Due Diligence and periodic monitoring, in order to identify employees with records of unethical conduct, illegal practices or who may have any parallel activity that characterizes a Conflict of Interest.



Compliance and Transparency

Code of Conduct - CBC Trust

The CBC Trust Code of Conduct is an integral part of the **CBC Trust Integrity Program**, which aims to set guidelines regarding ethics and integrity in our internal attitudes and processes.

Ethical behaviors and standards are established in accordance with internal regulations, national and international legislation. In addition, the Code of Conduct reinforces the commitment to maintain a healthy and safe work environment based on a respectful relationship between employees and business partners. The Code of Conduct is therefore a set of rules designed to guide employees' actions, reducing the risk of subjective interpretations.

The Code also presents the rules adopted by the company in order **to prevent, detect and respond** to acts of corruption against the public administration, national or foreign, committed by an employee or by third parties, with their own interests or for the benefit of the company. The Code addresses topics such as:

- Relationship with public servants
- Relationship with suppliers, service providers and business partners
- Conflicts of interest
- Negotiations on giveaways, gifts and hospitality
- Negotiations on donations and sponsorships
- Internal controls and accounting records
- Use of assets and resources
- Information confidentiality
- Information Security
- Personal Data Protection
- Use of social media, institutional image and communications
- Responsibility in Combating International Trafficking in Arms and Ammunition
- Environmental responsibility and sustainability
- Respect for diversity and inclusion
- Combating Harassment and Discrimination
- Reporting Channel
 - Prohibition of retaliation
 - Penalties

CBC Trust Committee

CBC has a Committee, called CBC Trust Committee, with specific Internal Regulations and composed of: President of CBC, Managing Director, Legal Manager and Compliance Manager.

This Committee is activated by Compliance for resolutions on more complex issues.

The CBC Trust Committee also aims to promote the legitimation, respect, compliance and improvement of the CBC Trust Code – Code of Conduct.





Compliance and Transparency

Training

All employees receive training on our Code of Conduct and related policies upon joining CBC. In addition, we conduct periodic training on the content. All employees have a signed Receipt and Acknowledgement Form as evidence that they know and commit to follow CBC's conduct guidelines. We also have Training Lists that are maintained by HR and Compliance, formalizing that 100% of our employees have completed the training. The training also covers members of senior management.

Partner Due Diligence

In 2021, CBC launched its *Code of Conduct for Third Parties*, available on the CBC website. Since then, several contracts with business partners have been amended to include Standard of Conduct contractual clauses, contractual clauses for compliance with our Code of Conduct for Third Parties, and third-party assessments, depending on the case. In 2024 there was *due diligence* of 662 business partners with 5 disapproved.

In 2021, CBC also launched the *Shopkeeper Relationship Program*, signing contracts with shopkeepers for sales and discounts on our products. The program was concerned with signing contracts only with tenants who did not have notes on their reputation, such as allegations of corruption and unethical behavior. In 2024, due diligence was carried out in 113 stores and their partners, of which 1 failed. In 2023 none failed.

Solid and formal Compliance criteria are adopted in national and international negotiations. CBC carries out due diligence and monitoring of several business partners and their partners involved in its processes, such as:

- International Clients, paying attention mainly to the destination country;
- Shopkeepers and shooting clubs
- National and international intermediaries
- Carriers, forwarders and freight forwarders
- Suppliers
- Sponsored athletes
- Employees with sensitive position
- High-risk strategic third parties

Donations and Sponsorship

In 2021, a formal procedure was initiated defining that all **Donations and Sponsorships** must be approved by the Compliance Department, in order to avoid any risk of conflict of interest or corruption. In 2024, there were 131 requests for Donations and Sponsorships, of which 2 were disapproved by Compliance.

Gifts

In 2021, a formal procedure was also initiated defining the rules for receiving and offering **gifts** to business partners, in order to avoid any risk of conflict of interest or corruption.

The policy states that gifts above BRL 150.00 are not offered or received from partners.

In 2024 there were 2 (previous year: 25) gifts received whose value exceeded that stipulated in its Policy; these gifts were retained by Compliance and drawn at the end of the year among all employees of the company, and delivered to the winners.

Termination

We did not have any case of a terminated or non-renewed contract from a business partner as a result of a case of corruption during the fiscal year, however, there were 8 stores that had their contracts terminated because they were involved in processes, even suspected, of trafficking in weapons and ammunition.

There was no case of dismissal or punishment for an act of corruption during the fiscal year.

No corruption-related legal proceedings have been brought against CBC or its employees during the year.



Reporting Channel

The *CBC Trust Reporting Channel* is a means of communication through which employees, third parties, customers, suppliers, among others, can report situations of conduct that violate the ethical principles, standards of conduct, the legislation in force and/or the CBC Trust Code of Conduct.

The channel is operated by a specialized and independent external company, thus ensuring that all reports are delivered and responded to with integrity.

Reports can be made anonymously or identified, according to the choice of the interested party. In addition, CBC does not tolerate any type of retaliation against those who make complaints or questions on this channel.

The total number of complaints made via the Reporting Channel was 197 in 2023, and 201 in 2024. No cases of corruption were reported or identified in the year. The increase in reports between 2023 and 2024 was due to the continuity of periodic training carried out by the Compliance area, where the Channel was disclosed, and the confidence of employees in the Reporting Channel and in the Compliance area.

The Compliance Department is responsible for receiving, investigating, responding to and controlling reports from the Reporting Channel. There is also monitoring of the recurrence of reports for the same offender. All reports are investigated and analyzed. Non-compliance with the guidelines of the CBC Trust Code of Conduct and other conduct considered unethical will be investigated, and may lead to: verbal warning, formal warning in the employee's medical record, suspension, simple dismissal, dismissal for cause, breach of contract, additional training or change/improvement in processes.

There was no legal process arising from the use of the reporting channel. In 2024, the "Incorrect Operating Procedure" type was deleted; the "Irregular Trade" type was included. The two complaints of Corruption/Bribery were investigated by Compliance and considered unfounded.

All reports sent to the Company's Reporting Channel are evaluated by the Compliance area and, if necessary, are submitted to the CBC TRUST Committee.

Reporting Channel Number of reports by type	2024	2023	2022
Discrimination, Harassment and Information/Behavior	97	112	54
Favoring or Conflict of Interest	27	37	29
Incorrect Operating Procedure (type deleted in 2024)	-	-	3
Corruption/Bribery (type included in 2023)	1	2	-
Complaint (type deleted in 2024)	-	1	5
Violation of Laws	15	7	8
Irregular Trade (type included in 2024)	1	0	0
Other	60	38	14
TOTAL	201	197	113



Combating arms and ammunition trafficking

Guidelines in the fight against arms and ammunition trafficking

CBC complies with national legislation and international treaties to combat trafficking in arms and ammunition. We act strictly within the law in our operations.

In relation to **International Operations**, our employees are aware of and abide by the trade prohibitions and restrictions that are part of the international economic embargoes and sanctions established by the Office of Foreign Assets Control (OFAC).

CBC carries out export or import operations only with the authorization of the competent bodies, such as OFAC, Ministries of Defense and Foreign Affairs, Directorate of Controlled Products (Army) and Department of State (USA), US ITAR (International Traffic in Arms Regulations), US Export Administration Regulations (EAR) etc., as the case may be.

No relationships are established or maintained with customers or intermediaries whose activities cause doubts about the legality or purpose of the operation, ensuring that our products are kept out of the reach of unauthorized users.

Operations are not carried out with countries whose civil moment is in internal conflict and the products may cause suffering to the local population or may be used for unauthorized purposes. We pay attention if there are indications that the funds may originate from illegal activities.

In relation to our **National Operations**, the regulation and control exercised by the Brazilian Army and the Federal Police have materialized the means of combat. The controls are aligned with the protocol against the illicit manufacture and trafficking of firearms, their parts, components and ammunition, complementing the United Nations Convention against Transnational Organized Crime, in addition to current rules and legislation that regulate the system of marking and identification of Ammunition. This system represents an important instrument of the investigative process carried out by the police and the Public Prosecutors' Offices throughout Brazil. Due to its importance and effectiveness, the system in question was analyzed by the UN Office for Peace, Disarmament and Development in Latin America and the Caribbean (Unlirc) and included in its *Ammunition Control Practices in Latin America and The Caribbean* report, which concluded that detailed and traceable information on packaging and batch numbering for cartridges are best practices.

CBC obeys the guidelines of the regulations and determinations of these bodies. As for the physical security of facilities and products, CBC has a Security Plan that is approved and periodically inspected by the Brazilian Army.

International Sales Policies

CBC is committed to complying with all rules applicable to our business, and to take all necessary care to prevent any sale from being made in violation of these rules.

In this sense, we make available to our partners our International Sales Policy, which systematizes the principles, guidelines, procedures and precautions to be observed by all when dealing with an international sale. This Policy consolidates CBC's Export Compliance Program ("ECP"), being part together with the CBC Trust Codes of Conduct, of the CBC Integrity Program, and in line with national and international best practices on the subject.

Failure to comply with this Policy by any CBC partner may result in liability and penalties, both from internal procedures conducted by CBC and from external procedures conducted by the competent authorities. For this reason, CBC requests the commitment of all to ensure its faithful compliance, including reporting any problems or irregularities as soon as they are identified via our Reporting Channel.

This document is available on the CBC website in English and Portuguese:

• **International Sales Policy:** <https://www.cbc.com.br/arquivos/Pol%C3%ADtica%20de%20Vendas%20Internacionais.pdf>

• **International Sales Policy:** <https://www.cbc.com.br/arquivos/International%20Sales%20Policy.pdf>



Anti-corruption, Compliance and Export

The Company concentrated its business mainly on the supply of ammunition and weapons to Brazil, the United States, NATO member countries and the European Union.

CBC has several controls that are performed in the export process. Before any negotiation, a Compliance Form called Preliminary Form is sent, containing some statements of compliance by the third party. The Export area itself is aware of the countries embargoed by the Office of Foreign Assets Control (OFAC), with which we cannot have commercial relations. The Export area itself makes the first analysis, based on the responses of the Preliminary Form and standard documents sent, such as Articles of Incorporation (or similar – depending on the country), various licenses, members' passports, etc. Searches are done through two verification tools, Background Check: Refinitiv and Visual Compliance, the latter specializing in embargoes and restrictions, as well as Google searches.

When confirmed that the partner is approved, the documentation is sent to Compliance to release the partner. The searches and documents sent are verified, as well as several other analyzes, such as: validation of the partners, confirmation of the release of the country, confirmation of the export license to the country of destination, restriction search of the partners in several lists such as OFAC, FBI, Interpol, and the United Kingdom, after these analyzes, the Compliance area responds to Export informing whether or not it can follow with the partner. Denied cases can be closed directly by Compliance and Export, or submitted to the CBC Trust Committee for final definition.

Through regular training courses, employees of the import and export teams are informed of changes in foreign regulations, such as the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR).

Violations of sanctions and laws are, in addition to direct effects, maximally detrimental to the company's reputation and business. In extreme cases, this may lead to the official closure of operations. Therefore, it is of absolute priority that such laws form the basis of CBC's actions.

In the years of operation of this report there has been no legal process against the company based on non-compliance with export laws.

Sales by Country ⁽¹⁾	% of Total Sales	Sales by Country ⁽¹⁾	% of Total Sales	Sales by Country ⁽¹⁾	% of Total Sales
Country	2024	Country	2023	Country	2022
United States of America (USA)	42%	Brazil	36%	Brazil	59%
Brazil	33%	United States of America (USA)	35%	United States of America (USA)	23%
The Netherlands	5%	Germany	7%	United Arab Emirates	3%
United Kingdom	3%	The Netherlands	7%	Germany	3%
Germany	3%	Belgium	2%	Philippines	2%
Estonia	2%	United Kingdom	2%	Tunisia	1%
Singapore	1%	Estonia	1%	Estonia	1%
Remaining NATO countries (total NATO)	3% (58%)	Remaining NATO countries (total NATO)	3% (56%)	Remaining NATO countries (total NATO)	5% (31%)
Remaining countries European Union (Total EU)	3% (12%)	Remaining countries European Union (Total EU)	3% (20%)	Remaining countries European Union (Total EU)	4% (7%)

Notes: (1) The sum of total sales in the years will not represent 100%, as the analysis is done per line. Countries included in 'Remaining NATO countries' may also appear in 'Remaining EU countries', as the categorization is comparative with the individual descriptive of the countries presented in the table – countries with the highest % of sales in the year.

ISO 37001 Certification

Preventing corruption is an important part of CBC's corporate policy. The impartial actions and culture of rejection of any kind of corruption or bribery by our employees are the basis of CBC's integrity and responsible business conduct.

Therefore, knowing our responsibilities and the robustness of our Integrity Program, combined with the fact that we are an excellence-oriented company, we sought ISO 37001 certification, whose standard for Anti-Bribery Management Systems is internationally recognized. We embrace the challenges posed by this international standard, where our anti-bribery and anti-trafficking practices have been evaluated and approved. This certification is not only for CBC, but for society and business partners to see and recognize CBC as a company committed not only to fighting corruption, but also to combating arms and ammunition trafficking, at the national and international levels.

This certification is concrete evidence of our commitment to maintaining the highest ethical standards in all aspects of our operations. It is a validation of our commitment to building and maintaining strong, transparent and trusted business relationships, both internally and with our business partners.

Combating Trafficking in Arms and Ammunition – Our commitment formalized in the Scope

In this certification, we have gone far beyond anti-bribery controls. Aware of the requirement and expectation of the market and society, and supported by our strict controls, we have increased the scope of certification, also covering the Fight against Trafficking in Arms and Ammunition.

This means that we have management and controls over the entire process of our products, such as: physical security, carriers, freight forwarders, dispatchers, intermediaries, distributors and end customers.

Our scope: management and operation of the anti-bribery, anti-corruption management system, integrity program and fight against arms and ammunition trafficking for administrative activities, production, marketing, logistics operation and final destination of products.



CERTIFICADO

No. QMS-01268

Certificamos que o Sistema de Gestão na

COMPANHIA BRASILEIRA DE CARTUCHOS

em

Av. Humberto de Campos, 3220 – Bocaina, Ribeirão Pires
SP 09426-900 Brasil

Foi auditado pelos auditores da QMS Certification e considerado
em conformidade com os requisitos da norma

ABNT NBR ISO 37001:2017
Sistemas de Gestão Antissuborno

De acordo com o seguinte escopo:

Gerenciamento e operação do sistema de gestão antissuborno, anticorrupção, programa de integridade e combate ao tráfico de armas e munições, para as atividades administrativas, produção, comercialização, operação logística e destinação final de seus produtos.

Este certificado é válido de 19/07/2023 até 18/07/2026

Data de certificação inicial: 19/07/2023

Data de emissão: 19/07/2023

Este certificado está sujeito à continuidade da empresa no controle efetivo do referido sistema de gestão, que será monitorado pela QMS Certification.

Neifer Franca, Chief Executive Officer



QMS CERTIFICATION | Avenida Fagundes Filho, 145 - 31/02 SP | BR
Para verificar a validade do certificado, acesse: <http://www.qmscertification.org>

Intertek Global Security Verification (GSV)

CBC also met 100% of the requirements for the Intertek Certificate, in July 2023, in the GSV (Global Security Verification) program. This certificate is included in your supply chain security criteria, including C-TPAT (Customs Trade Partnership Against Terrorism), PIP (Partners in Protection) and AEO (Authorized Economic Operator).

GSV certification ensures that the audited company has a robust and reliable security system, covering aspects such as:

- Physical Security: access controls, surveillance, lighting and security of the facilities.
- Personnel Safety: background check, safety awareness training and procedures for handling personnel.
- Process Safety: procedures for cargo control, transportation and storage, ensuring that the goods are not tampered with during the journey.
- Information Technology Security: protection of data and systems against unauthorized access.
- Information Control: Procedures for the documentation and sharing of supply chain information.





Management Statement

Dear reader,

In recent years, the interconnected nature of the global economy has become increasingly evident. The Covid-19 pandemic has disrupted traditional business models and driven a fundamental transformation in global operations. In 2022, the accelerating effects of climate change raised awareness of the urgent need for sustainable solutions. In 2023, intensifying conflicts — including those in Ukraine, the Middle East, and other regions — further highlighted the critical importance of stability and defense. As early as 2024, the convergence of climate crises and rising geopolitical tensions reaffirmed the vital role of CBC Global in promoting security, sustainability and the protection of democratic values.

Last year brought environmental challenges of historic proportions. In Brazil, devastating floods in the South have displaced hundreds of thousands of people, while intense forest fires in the Amazon and central regions have caused severe ecological and social damage. Europe faced record heatwaves, which overwhelmed infrastructure and sparked massive fires — especially in Mediterranean countries — while Central and Eastern Europe dealt with destructive flooding. These events highlighted the growing need for resilient infrastructure, sustainable practices and multilateral action to address the climate crisis on a global scale.

Amid these environmental emergencies, global conflicts have also evolved in scope and complexity. The ongoing war in Ukraine has undergone dynamic changes, with greater international support strengthening territorial defense efforts. At the same time, new tensions have arisen in Eastern Europe, the Red Sea corridor and parts of Asia, affecting supply chains and threatening energy security. These developments reaffirmed the strategic importance of robust defense capabilities and technological innovation to protect sovereignty and democratic institutions.

Operating in a global network, CBC Global maintains its headquarters and four production units in Brazil, two factories in Germany (MEN), one unit in the United States (SinterFire) and a subsidiary in North America (Magtech Ammunition Inc.), which acts as our main distributor in the region. We export to more than 50 countries, with a comprehensive portfolio of munitions for the military, public security and civilian markets. As a leading defense provider to NATO and allied forces, we offer cutting-edge solutions that are essential for maintaining peace and democratic stability. With more than 4,400 employees and an annual production of more than 2 billion cartridges, CBC Global is a reliable partner in addressing the complex challenges of global security.

In 2024, we further deepen our commitment to sustainability by recognizing the interdependence between environmental responsibility and global safety. We expanded our sustainability report according to the guidelines of the Global Reporting Initiative (GRI) and continue to monitor our performance in environmental, social and governance (ESG) aspects. These initiatives support the United Nations Sustainable Development Goals and reinforce our dedication to minimizing environmental impacts, without compromising the performance essential to the mission.

Innovation remains a central pillar of this commitment. Our R&D teams lead the development of sustainable technologies, including non-toxic fuses, biodegradable cases, and lead-free ammunition using steel, bismuth, and tungsten. Anticipating the European Union's 2026 ban on leaded munitions, CBC Global is already setting new standards in environmentally responsible manufacturing. Our advanced waste and water management systems exceed regulatory requirements, returning even cleaner water to local ecosystems and expanding greenhouse gas emissions reporting to include scopes 1, 2 and 3, ensuring a comprehensive understanding of our environmental impact.

In addition to manufacturing, CBC Global promotes community development and economic opportunities. Our facilities in Brazil, Germany, Belgium, India, and the United States follow fair labor practices, generate stable jobs, and build lasting partnerships with local communities. We are committed to uniting cost-efficient production with strong social responsibility.



Management Statement

In Brazil, our laser-numbered traceable cartridges, intended for police forces, increase public safety and transparency. The acquisition of SinterFire further strengthened our leadership in frangible and lead-free munitions — driving innovation and ensuring compliance with the world's strictest regulatory and safety standards. Our NATO certifications and compliance with German military specifications reflect our unwavering commitment to quality, security, and international defense cooperation.

In the face of continuing geopolitical instabilities, CBC Global remains steadfast in its mission to support democracy, sovereignty and peace. Safety is a fundamental human right, and our products play a vital role in protecting lives, freedoms and national integrity. Through sustainability, innovation and a strategic vision, we contribute to building a safer and more responsible future.

Fiscal years 2023 and 2024 were marked by profound transformations — driven by environmental pressures, operational adaptation, and strategic advances. Guided by the ESG and GRI frameworks, CBC Global continues to assess and enhance its global impact. In an increasingly complex world, we remain committed to resilience, leadership and progress towards a safer and more sustainable tomorrow.

Fabio Mazzaro
Officer – CBC Global Ammunition LLC



CBC Group Business Entities



WORLD LEADER
IN AMMUNITION

CBC Brazil - Ribeirão Pires, Brazil

Brazil-based CBC Brazil was founded in 1926 and has grown to become one of the largest ammunition companies in the world. CBC is the main supplier to the Brazilian Armed Forces, public security agencies and NATO.



Sellier & Bellot / Colt CZ Group SE (CCZ), Czech Republic ⁽¹⁾

Sellier & Bellot was sold to CCZ in May 2024. CCZ is a Prague-based brand group in the arms and ammunition sector. Internationally recognized brands such as CZ, Colt, Saltech and also Sellier & Bellot belong to the CCZ group.



Magtech Ammunition - Minneapolis, USAAs

One of the most successful ammunition brands in the world, Magtech has built its reputation on quality, consistency and reliability. Magtech Ammunition is the distribution company of the CBC Group in the United States.



MEN - Nassau, Germany

As a leading German manufacturer of high-quality small-calibre ammunition, MEN is a leading supplier to the European defence and security markets. With state-of-the-art technology — produced in Germany — MEN products stand for quality and innovation.

iLachaussée

FRITZ WERNER

New Lachaussée & Fritz Werner (NLC) - Herstal, Belgium / Geisenheim, Germany

New Lachaussée and Fritz Werner are leading companies in the field of mechanical engineering for the manufacture of small-caliber munitions. Both brands are known worldwide for their quality and reliability.



Sinterfire (SF) - Pennsylvania, USA

CBC acquired Sinterfire in August 2023. The company is a market leader in the production of special projectiles for indoor training, for example. Safety plays a major role here as projectiles disintegrate into dust-like particles on impact.



825 mUSD

Total sales
2024

4,500+

Staff
2024

25+% p.a.

EBITDA Margin
during the last 4 years



CBC Global Ammunition Group Structure

The overall corporate objectives and strategies of the Group are determined by the management of CBC Global Ammunition. This also applies to the overall objectives of ESG. This decision making is based on a “bottom-up” approach, which is based on the evaluation of the managers of the individual operating units.

As part of the regular working meetings between the highest governance bodies of the Group and the individual companies, the risks and impacts are shared between the governance bodies and all senior executives and monitored regularly (weekly, fortnightly) through updates and feedback.

Exchanges with key stakeholders are organized locally and tailored to company-specific issues. Monitoring and progress is the responsibility of each local business manager in cooperation with the respective local department (e.g. wastewater treatment by the relevant HSE departments in direct coordination with management).

The results of such processes/communication are communicated to the highest governance body through the Executive Board when they have a direct and urgent impact. ESG-specific knowledge and skills are addressed at the holding level of CBC Europe and communicated to local management in regular meetings.

Evaluation and compensation of executive officers

The local CEO performance review takes place as part of the annual compensation discussion and includes feedback from the highest governance body on financial achievements and strategic goals. No independent body is appointed for this process.

Local and global management compensation is based on the size of the respective unit and performance-related targets. All managers at the executive level are paid according to industry standards.

In addition, there are long-term and short-term incentive plans linked to the company's medium-term performance. Here, performance is measured using performance indicators such as sales growth, EBITDA growth, and margin. In addition, management is entitled to pension commitments. Such compensation packages are negotiated between the global CFO and the respective local managing director.

With respect to the corporate objectives of local management as well as global management, environmental and social impacts are only taken into account indirectly through economic incentives.

Holding companies

Group holding companies are responsible for support tasks and services across the Group, such as risk control, corporate finance, Group accounting and reporting, ESG-relevant issues, and strategic projects such as mergers and acquisitions.

External Audit

All companies that are below the CBC Global Ammunition Group are audited on a full and semi-annual basis in accordance with IFRS principles. In addition, individual companies prepare their annual financial statements in accordance with local legal requirements and publish them on the relevant portals to the extent required by law.



CBC Global Ammunition Group Structure

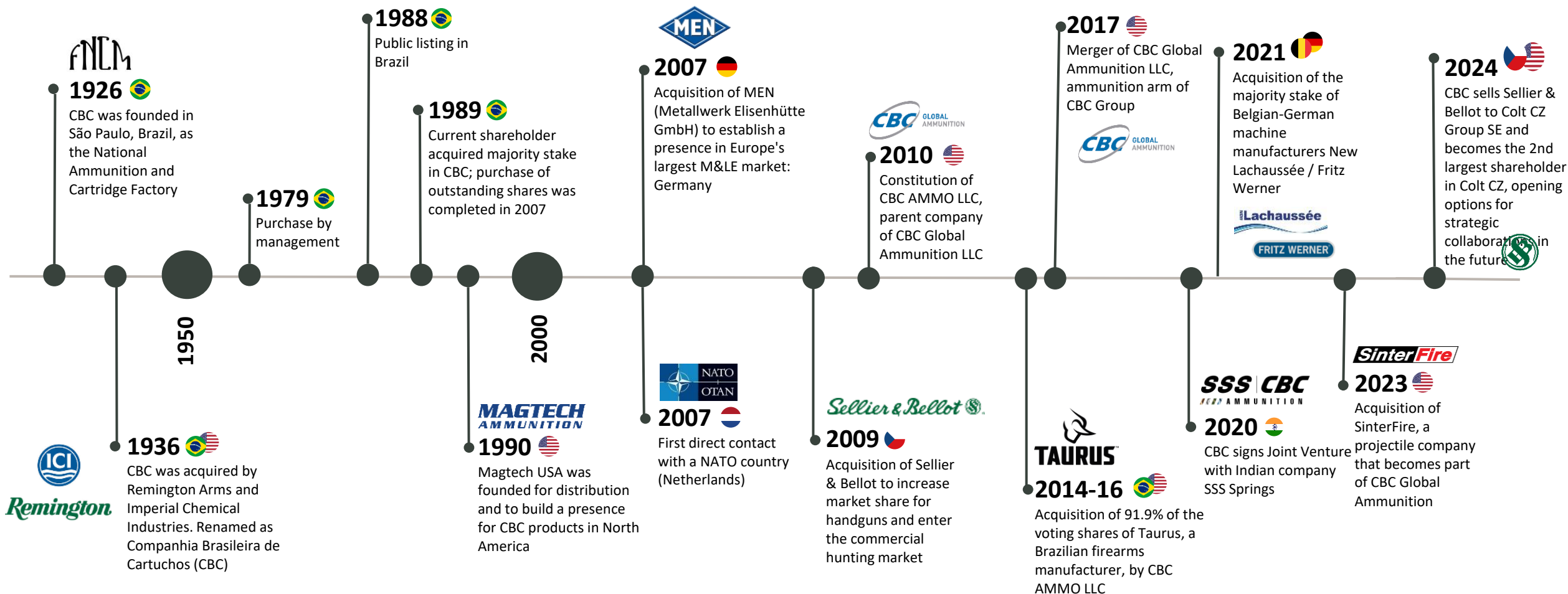
Intra-group service relationships

There are certain service relationships between the different companies of the CBC Group. These result from mutual supply relationship. For example, MEN acquires cases from the company Sellier & Bellot, in the Czech Republic. The backdrop of these orders is the ability of the company making them. Materials are acquired based on prevailing market prices, in accordance with the arm's length principle.

In addition, there are certain services between the individual companies. These arise, for example, from the guarantee obligations of the entire Group, concluded for the financing of the debt. The nature of the arm's length principle of such transactions, in accordance with OECD guidelines, has been verified mainly through the corresponding transfer pricing documentation.



CBC Global Ammunition Group Milestones

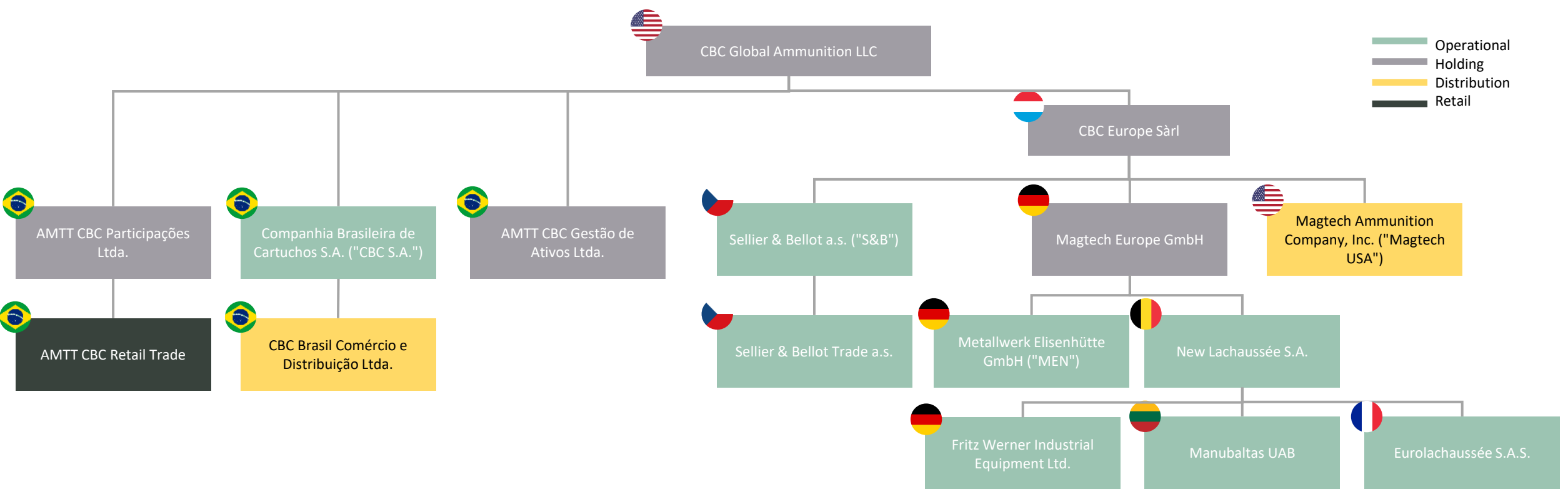




CBC Global Ammunition Organization Chart

CBC Global Ammunition is a global group headquartered in Delaware, USA. It specializes in the manufacture of small-caliber ammunition. Production takes place in Brazil, the Czech Republic and Germany. Each production unit manufactures products under specific brands. The group also manufactures portable long guns such as shotguns and .22 LR rifles, as well as munitions and explosives production machines for the civilian market.

In addition, the CBC Group holds a 64% majority stake in the engineering group New Lachaussee, which in turn holds a 100% stake in Fritz Werner Industrieausrüstungen GmbH, UAB Manubaltas and Eurolachaussee SAS. CBC Global Ammunition LLC is wholly owned by CBC AMMO LLC, headquartered in Delaware, USA. The latter also holds indirect shares of Taurus Armas S.A., a Brazilian producer of light weapons listed on the stock exchange. CBC AMMO LLC is a wholly owned subsidiary of BT Global Investment based in the Cayman Islands.





GRI Content Index

CBC in Brazil prepared this Sustainability Report for the period from 01/01/2024 to 12/31/2024, in accordance with the GRI Standards.

Publicity	Location in Report	Omitted Requirement
GRI 2: 2021 General Disclosure		
2-1 Organization details	p. 6 Management Report	
2-2 Entities included in the organization's sustainability report	p.6	
2-3 Reporting period, frequency and point of contact	p. 6, p. 71	
2-4 Restatements of information	There were no adjustments from previous years' reports. All data for the last three years (2022, 2023, 2024) are included in the report.	
2-5 External verification	p.71	
2-6 Activities, value chain and other business relationships	p. 8 – 10, p. 5, Management Report for the Year	
2-7 Employees	p. 4 - 5, p. 11, p. 31 – 33, numbers of employees calculated as annual averages of employees	
2-8 Workers who are not employees		Not reported – no information was collected on non-employee workers.
2-9 Structure and composition of governance	p. 40, p. 52 – 54	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 2: 2021 General Disclosure		
2-10 Appointment and selection to the highest governance body	p. 40, p. 52 – 54	
2-11 Chairman of the highest governance body	p. 40, p. 52 – 54	
2-12 Role of the highest governance body in the oversight of impact management	p. 40, p. 52 – 54	
2-13 Delegation of responsibility for impact management	p. 40, p. 52 – 54	
2-14 Role of the highest governance body in the preparation of the sustainability report	p. 40, p. 52 – 54	
2-15 Conflicts of interest	p. 40, p. 43 – 45, p. 52 – 54	
2-16 Communication of critical concerns	p. 40, p. 45, p. 52 – 54	
2-17 Collective knowledge of the highest governance body	p. 53– 54	
2-18 Performance assessment of the highest governance body	p. 53 – 54	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 2: 2021 General Disclosure		
2-19 Remuneration policy	p. 53 – 54, currently, the variable component of CEO compensation does not include an ESG component.	
2-20 Process to determine remuneration	p. 53 – 54	
2-21 Proportion of total annual remuneration	The total amount of salaries and bonuses paid to directors is reported in the consolidated financial statements of CBC Global Ammunition LLC and CBC AMMO LLC.	Not reported due to missing data. It will be carried out on the next reporting date.
2-22 Declaration on sustainable development strategy	p. 5, p. 13, p. 14, p. 50 – 51	
2-23 Policy commitments	p. 10, p. 16, p. 43-44, p. 46-47	
2-24 Incorporation of policy commitments	p.10	
2-25 Processes to remediate negative impacts	p. 10, p. 13, p. 14, p. 26-29	
2-26 Mechanisms for seeking guidance and reporting concerns	p. 14, p. 45	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 2: 2021 General Disclosure		
2-27 Compliance with laws and regulations	p. 13, p. 14, p. 43 – 44, p. 46 – 47	
2-28 Associations of which the organization is a member	p.40	
2-29 Approach to stakeholder engagement	p. 11 – 12	
2-30 Collective bargaining agreements	p. 31	
GRI 3: Material Topics 2021		
3-1 Process for determining material topics	p. 14	
3-2 List of material topics	GRI 201 Economic Performance, 2016; GRI 205 Anti-Corruption, 2016; GRI 206 Unfair Competition, 2016; GRI 207 Taxation; GRI 301 Materials, 2016; GRI 302 Energy, 2016; GRI 303 Water and Effluents, 2018; GRI 304 Biodiversity; GRI 305 Emissions, 2016; GRI 306 Effluents and Waste, 2016; GRI 306 Waste, 2020; GRI 308 Supplier Environmental Assessment, 2016; GRI 401 Employment, 2016; GRI 403 Occupational Health and Safety, 2018; GRI 407 Freedom of Association and Collective Bargaining; GRI 410 Safety Practices; GRI 413 Local Communities, 2016; GRI 416 Customer Health and Safety, 2016; GRI 418 Customer Privacy There is no GRI Sectoral Standard applicable to CBC Brasil's business.	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 201: Economic Performance 2016		
3-3	Management Report and Explanatory Notes	
201-1 Direct economic value generated and distributed	p. 4, p. 5 CBC Sales	
201-2 - Financial implications and other risks and opportunities due to climate change	p. 13, p. 14, p. 16	
201-3 Obligations with defined benefit plans and other retirement plans	p. 31 Benefit plans are described, but there is no mention of retirement plans.	
201-4 Financial assistance received from government	There is no participation of public entities in CBC Global Ammunition LLC companies or other holding companies.	
GRI 205: 2016 anti-corruption		
3-3	p. 42 – 49	
205-1 Operations assessed for risks related to corruption	p. 42, 43 – 49	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 205: 2016 anti-corruption		
205-2 Communication and training on anti-corruption policies and procedures	p. 42 – 49	
205-3 Confirmed incidents of corruption and actions taken	p. 45, p. 47	
GRI 206: Anticompetitive Practices 2016		
3-3	p.10	
206-1 Legal actions for anti-competitive behavior, anti-competitive practices and monopoly	p. 42 – 49	
GRI 207: Taxation 2019		
3-3	p. 41	
207-1 Approach to Taxation	p. 41	
207-2 Governance, control and management of tax risks	p. 41	
207-3 Stakeholder engagement and management of taxation-related concerns	p. 41	
207-4 Country-by-country report	p. 41	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 301 - Materials 2016		
3-3	p. 16, p. 17	
301-1 Materials used by weight or volume	p.17	
301-2 Recycled materials used as input	p.17	
301-3 Recovered products and their packaging	p. 17, p. 21 – 22	
GRI 302: Power 2016		
3-3	p. 18	
302-1 Energy consumption within the organization	p. 18	
302-2 Energy consumption outside the organization		There was insufficient information to calculate this scope 3 energy consumption. 2025 Report will have this information.
302-3 Energy intensity	p. 18	
302-4 Reduction of energy consumption	p. 18, p. 26 – 29	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 303: Water and effluents 2018		
3-3	p. 19, p. 20	
303-1 Interactions with water as a shared resource	p.19	
303-2 Management of water discharge-related impacts	p. 20, p. 26 – 29	
303-3 Water abstraction	p.19	
303-4 Water discharge	p.19	
303-5 Water consumption	p.19	
GRI 304: 2016 Biodiversity		
3-3	p. 24, p. 25	
304-1 Operational sites situated within, adjacent to, or close to protected areas and areas of high biodiversity value outside protected areas	p. 24, p. 25	
304-2 Significant impacts of activities, products, etc.	p. 24, p. 25	
304-3 Protected or restored habitats	p. 24, p. 25	
304-4 Species listed on the IUCN Red List and national conservation lists with habitats in areas affected by operations	p. 24, p. 25	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 305: Emissions 2016		
3-3	p. 18, p. 23	
305-1 Direct GHG emissions (Scope 1)	p. 18	
305-2 Indirect GHG emissions by energy consumption (Scope 2)	p. 18	
305-3 Other indirect GHG emissions (Scope 3)		Not reported due to missing data. This will be done on the next reporting date.
305-4 Intensity of GHG emissions	p. 18	
305-5 Reduction of GHG emissions	Currently, there is no process or project focused on reducing GHG emissions per se. However, there are several ongoing projects within CBC that focus on energy savings. The inclusion of GHG emissions is planned for the future.	
305-6 Emissions of ozone-depleting substances (ODS)	There are no such emissions	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	There are no such emissions	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 306: Waste 2020		
3-3	p. 20, p. 21 – 22	
306-3 Significant leaks	p. 20	
GRI 306: 2016 Effluents and Waste		
3-3	p. 20, p. 21 – 22	
306-1 Waste generation and significant waste-related impacts	p. 21 – 22	
306-2 Management of significant waste-related impacts	p. 21 – 22	
306-3 Waste generated	p.21	
306-4 Waste diverted from disposal	p.21	
306-5 Waste destined for disposal	p.21	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 401: Employment 2016		
3-3	p. 31 – 32	
401-1 New employee hires and employee turnover	p. 31 – 32	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 31 – 32; all listed benefits apply to permanent employees, CBC does not hire part-time employees	
401-3 Parental leave	p. 31 – 32	
GRI 403: Occupational Health and Safety 2018		
3-3	p. 33, p. 34-36, p. 37	
403-1: Occupational health and safety management system	p. 33, p. 34 – 36	
403-2 Hazard identification, risk assessment and incident investigation	p. 34 – 36	
403-3 Occupational health services	p. 33, p. 34 – 36	
403-4 Worker participation, consultation and communication on occupational health and safety	p. 33, p. 34 - 36	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 403: Occupational Health and Safety 2018		
403-5 Training of workers on occupational health and safety	p. 33, p. 34 – 36,	
403-6 Promotion of workers' health	p. 33, p. 34 – 36	
403-7 Prevention and mitigation of occupational health and safety impacts directly related to the business	p.35	
403-8 Workers covered by an occupational health and safety management system	p. 34 – 36	
403-9 Work-related injuries	p.35	
403-10 Work-related illnesses	p. 33, p. 35	
GRI 407: Freedom of Association and Collective Bargaining		
3-3	p. 31 – 32	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 31	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 410: Práticas de Segurança 2016		
3-3	p. 34 – 37, p. 47	
410-1 Security personnel trained in human rights policy or procedure	p. 34 – 37, p. 47	
GRI 413: Local Communities 2016		
3-3	p. 38	
413-1 Operations with engagement with local communities, impact assessments and development programs	p. 38	
413-2 Operations with significant actual and potential negative impacts on local communities	p. 26 – 29, p. 38	
GRI 416: Customer Health and Safety 2016		
3-3	p. 38	



GRI Content Index

Publicity	Location in Report	Omitted Requirement
GRI 416: Customer Health and Safety 2016		
416-1 Assessment of health and safety impacts of products and services	p. 38	
416-2 Incidents of non-compliance related to health and safety impacts of products and services	p. 38, p. 45	
GRI 418: Client Privacy		
3-3	p. 38, p. 45	
418-1 Reasoned complaints related to breaches of customer privacy and loss of customer data	p. 38	



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Disclaimer

This report has been prepared in cooperation with all legal entities of the CBC Global Ammunition LLC Group. All information has been compiled to the best of our knowledge and with reasonable care.

The publication date of this report is July 17, 2025.

The Group has not sought external assurance in this report. This is currently under discussion for subsequent reporting years.