



1. General Provisions

- 1.1 These Terms and Conditions of Purchase are an integral part of the purchase agreement concluded for the purpose of purchasing goods by and between Česká zbrojovka a.s., with the registered office in Uherský Brod at Svat. Čecha 1283, ID Number (IČO) 46345965, entered in the Commercial Register maintained by the Regional Court in Brno, section B, file 712, as the Buyer, and the Seller. The purchasing, commercial and other terms of the Seller not approved by the Buyer shall not apply to the contractual relations between the Parties.
- 1.2 Unless the purchase agreement states otherwise, these Terms and Conditions of Purchase shall apply. It is possible to deviate from these terms only via written specifications in the purchase agreement in question.
- 1.3 The Buyer reserves the right to refuse a delivery of Goods or postpone the payment for invoices until the Terms and Conditions of Purchase are properly met.

2. Protection of Information

The Buyer considers non-public information of technical and business nature that the Buyer provides to the Seller to constitute trade secrets. The Seller agrees not to disclose this information to any third parties and shall not use it for its own benefit or for the benefit of a third party. The Seller is entitled to share any information concerning the contractual relationship with the Buyer (including the fact that such relationship exists) only with a prior written consent of the Buyer. If this obligation is not observed, the Seller shall compensate the Buyer for any damage incurred.

3. Purchase Agreement

- 3.1 As a rule, the purchase agreement comes into existence on the basis of a written Purchase Order issued by the Buyer and the unreserved confirmation of the Purchase Order by the Seller delivered to the Buyer within the period stipulated in the Purchase Order, or if no period is given therein then within 24 hours of its receipt by the Seller. Any change made by the Seller to the Purchase Order submitted by the Buyer shall not constitute formation of the purchase agreement. It shall be deemed to be a proposal for concluding a purchase agreement submitted by the Seller to the Buyer, and the agreement will arise no earlier than on the day on which the Buyer's consent thereto is delivered to the Seller.
- 3.2 The Parties exclude the application of sections 1740(3) and 1751(2) of the Civil Code which stipulate that the purchase agreement is concluded even if the wishes of the Parties are not fully consistent.
- 3.3 The Parties shall indicate the Purchase Order number on all correspondence, invoices, delivery notes and all other documents relating to the Purchase Order.
- 3.4 The Buyer shall indicate at least the following information in the Purchase Order constituting the essential particulars of the purchase agreement:
- identification details of the Buyer and the Seller including the company name, registered office and ID Number (IČO),
 - specification of the Goods ordered,
 - required quantity,
 - unit price or total Purchase Price.
- 3.5 Until the Buyer receives a written confirmation of its Purchase Order, it may withdraw the Purchase Order without the Seller's right to claim damages in writing or by phone with an additional written acknowledgement of the withdrawal.

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- 3.6 Deviations and amendments made by the Seller in a confirmed Purchase Order become valid only if the Buyer subsequently approves them in writing. If the Buyer accepts and/or pays for a delivery of the Goods, it will not constitute the Buyer's acceptance of any terms and conditions of sale or other contractual terms of the Seller not approved by the Buyer.

- 3.7 Changes may be made to the purchase agreement after its conclusion only upon agreement of both Parties. Such changes shall be made in writing.

- 3.8 A document sent via e-mail shall also be deemed to be a written Purchase Order or Purchase Order confirmation.

4. Purchase Price

- 4.1 The agreed Purchase Price is fixed and does not include VAT. VAT at the rate specified in applicable legislation shall be added to the Purchase Price.

- 4.2 Purchase Price means the price of complete products, including accessories, packaging, palletization and packing and labelling costs, transport, and documents, unless the Parties agree otherwise in writing for each particular case.

5. Terms of Delivery

- 5.1 If no delivery period is given in the confirmed Purchase Order, the delivery period shall be 7 calendar days beginning on the day of delivery of the Purchase Order confirmation to the Buyer. Any delivery before the agreed deadline or a partial delivery of the Goods may be effected only with the consent of the Buyer. Early deliveries not approved by the Buyer shall be refused or stored within the Buyer's premises at the Seller's expense. The Seller shall take all measures to adhere to the date of delivery and the quality specifications at its own expense.

- 5.2 The Seller shall deliver the Goods to the place specified in the Purchase Order with the appropriate delivery note. If no place of delivery is given in the Purchase Order, the delivery term DAP Buyer's plant in accordance with INCOTERMS 2010 shall be deemed to be agreed.

- 5.3 The Seller shall issue a dispatch note for each delivery containing at least the following information:

- identification details of the Seller and the Buyer,
- dispatch note number,
- Purchase Order number,
- quantity and type of the Goods,
- date of delivery,
- signature of the Seller.

- 5.4 Risk of damage to the Goods and the title thereto shall pass to the Buyer regardless of the agreed terms of delivery upon the acceptance of the Goods by the Buyer.

- 5.5 The Seller shall use such packaging for the Goods which complies with the requirements of the relevant legal regulations, in particular Act 477/2001 Coll. on packaging, as amended, including but not limited to ensuring adequate protection of the goods against damage until arrival to the destination regardless of the agreed terms of delivery while allowing handling of the Goods using common handling devices. If the Seller introduces packaging or packaging materials on the market, it shall inform the Buyer in writing whether the Seller is registered in the EKO-KOM system and pays fees for the introduction of the packaging on the market ("Statement of Compliance with the Conditions for Introducing Packaging on the Market"). If it proves that the Seller has failed to meet its obligations

arising out of the relevant waste laws, the Seller shall compensate the Buyer for any loss incurred by the Buyer in connection with arranging for the disposal of packaging.

- 5.6 If chemical substances or preparations are to be delivered, the Seller shall arrange for all mandatory elements resulting from the applicable legislation (up-to-date safety data sheet, marking on packaging) and enclose these with the consignment.

- 5.7 In case of a delay with the delivery of the Goods, the Buyer is entitled to charge the Seller a contractual penalty of 0.05% of the Purchase Price excl. VAT for each day of delay for the Goods which the Seller failed to deliver under the agreement. The application of the provision on contractual penalty shall not in any way affect or limit the Buyer's right to claim compensation for damage resulting from the Seller's failure to deliver the agreed quantity of the Goods. The Seller's delay with the delivery of the Goods by more than 30 calendar days shall be deemed to constitute a substantial breach of the agreement. Imposition of the contractual penalty shall not waive the Buyer's right to claim compensation for any extra costs such as the costs of recovery of claims incurred by the Buyer due to the delay in delivery of the Goods. The contractual penalty is charged quarterly and payable within 30 days of delivery of the bill to the Seller. If the Parties agree, the Buyer shall be entitled to set off the contractual fine against the Seller's claim for payment of the Purchase Price for the Goods. In extraordinary cases and at the Buyer's sole discretion, the Buyer may waive or reduce the contractual fine as deemed appropriate by the Buyer in the event of the Seller's default in the delivery of the Goods to the Seller. The Parties agree that the Buyer shall be entitled to charge a contractual fine under this paragraph, only where the sum of contractual fines in the relevant quarter exceeds CZK 300.

- 5.8 The Buyer has the right not to accept the Goods if they are not delivered in due time and in a proper manner. The Buyer is entitled to accept such a delivery in whole or partially or reject it completely. All costs associated therewith (repackaging, storage, etc.) will be charged to the Seller.

- 5.9 The Buyer is entitled to carry out a detailed non-technical inspection of the Goods within 2 working days of acceptance. The Parties agree that if a defect is detected by the Buyer during the non-technical inspection, they shall proceed in accordance with the provisions hereof regulating claims.

- 5.10 The Seller shall use the type of transport agreed between the Parties or determined by the Buyer. Delivery shall be made to the agreed place of delivery within the agreed time. The Seller shall insure the Goods for the whole period of transport, including storage, if any, up to the place of delivery to the Buyer. Returnable packaging accounted for by the Parties shall not be paid for by the Buyer but returned using pre-paid transport unless the Parties agree otherwise. The Seller shall be liable for damage to the Goods during transport caused due to insufficient or unsuitable packaging even if the Buyer accepts the consignment of the Goods at the place of delivery.

6. Payment Terms

- 6.1 The Seller will issue invoices for the Purchase Price after the acceptance of each delivery by the Buyer. The invoices will be due 60 days after the invoice date. The invoices must also contain all mandatory elements of a tax document and the Seller shall deliver them to the Buyer within 3 calendar days of the invoice date.

- 6.2 The Seller is entitled to transfer any rights or obligations arising out of the agreement to a third party only with the prior written consent of the Buyer.

7. Documentation and Documents



Drawings, calculations, models, dies, matrices, samples and all other documents provided to the Seller shall continue to be the Buyer's property and shall be returned to the Buyer immediately upon the Buyer's request. Without prior written consent of the Buyer, they shall not be provided to third parties or used by the Seller for any purposes other than the deliveries for the Buyer.

8. Warranty and Complaints

- 8.1 The Seller shall provide a 36-month warranty for the quality of the Goods beginning upon the delivery of the Goods to the Buyer. The warranty period begins on the day following the delivery of the Goods to the Buyer. The quality warranty means that the delivered Goods will be fit for use for the agreed or otherwise usual purpose and that they will retain the agreed or otherwise usual properties over duration of the warranty period. When components to be installed in a final product are delivered, the Seller shall provide a 36-month warranty for the quality of the Goods beginning on the day the finished product is accepted by the buyer on the condition of compliance with the terms of use and the instructions specified in the user manual. However, the warranty period shall not exceed 4 years from the date of delivery of the Goods to the Buyer.
- 8.2 If the Buyer identifies any inconsistencies between the delivered Goods and the Seller's specifications, it shall notify the Seller thereof in writing without undue delay. The Buyer shall notify the Seller of any defects detected during the inspection of the Goods during the acceptance procedure without undue delay after the acceptance of the Goods.
- 8.3 All expenses associated with the detection of the defects (such as repackaging, sorting, cost of sorting services provided by third parties) shall be borne by the Seller. In order to eliminate any expenses associated with the sorting of defective Goods, the Seller is entitled to carry out the sorting using its own resources. The time limit for remedying defects shall remain unaffected.
- 8.4 Due to the increased administrative burden associated with making claims regarding the Goods, the Parties agree that the Buyer is entitled to charge a contractual penalty of CZK 1,000 per claim.
- 8.5 Hidden defects, which the Buyer should have revealed by exercising due professional care during the inspection at the acceptance of the Goods, shall be notified by the Buyer to the Seller in writing without undue delay after the acceptance of the Goods. Hidden defects that may be found at a later date shall be notified by the Buyer to the Seller without undue delay after they are revealed or can be revealed when exercising due professional care, however not later than before the end of the warranty period in each particular case.
- 8.6 The Seller shall communicate to the Buyer, without undue delay but no later than within 3 working days of the delivery of the notice of defects, a proposal of further steps to resolve the claim. The Seller agrees to handle the claim immediately depending on the nature of the Goods but no later than within 15 days of the delivery of the Buyer's written notice of the defect, unless the Seller and the Buyer agree otherwise. The Buyer's opinion always takes priority in the assessment of defects. In the event of the Seller's default in the handling of a claim within the time limit set in this paragraph, the Buyer shall be entitled to charge a contractual penalty of 0.05% of the price of the claimed Goods excluding VAT for each calendar day from the date of delivery of the Buyer's written notice of the defect.
- 8.7 If the claimed defect proves to be a defective execution of the agreement, the Buyer is entitled to:
 - remedy of the defect by delivering new Goods free from defects or delivering any missing Goods,
 - remedy of the defect by repairing the Goods,

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- a reasonable discount on the Purchase Price, or
 - withdraw from the purchase agreement.
- 8.8 The choice from the above mentioned claim options pertains exclusively to the Buyer. The Buyer may apply the above either to the delivery of the Goods as a whole or any part thereof. The Buyer reserves the right to claim the whole shipment as defective, if it fails to be satisfactory in terms of statistical techniques for the sampling inspection of the Goods applied at the Buyer's plant. If the defective Goods are repaired or replaced, the warranty period shall begin to run again from the day following the date of handover of the repaired or replaced Goods. Once the claim is acknowledged by the Seller, the Buyer has the right to claim compensation from the Seller for any extra costs thereby incurred.
 - 8.9 If the Seller fails to notify the Buyer of further steps to handle its claim of defective Goods within 3 working days, the Buyer will be entitled to withdraw from the agreement as a whole. The costs of returning the defective Goods delivered shall be borne by the Seller.
 - 8.10 In the event that the Seller is in default in the removal of a defect by delivering new goods free of defects, by delivering the missing Goods or repairing the Goods for a period of more than 60 days, the Buyer will be entitled to withdraw from the agreement with regard to the whole or only a certain part of the delivery of the Goods. In that case, the Seller shall issue a credit note and deliver it to the Buyer.
 - 8.11 The Seller in its position of the manufacturer, importer or distributor is liable for all provable damage caused by low quality products. The Seller is responsible for having declarations of conformity in accordance with Act 22/1997 Coll., on technical requirements for products, as amended, at its disposal if such declarations must be issued under the act. In that case, the Seller shall deliver not only the Goods to the Buyer but also a note of confirmation that a declaration of conformity has been issued. The Seller shall send the documentation specified above to the Buyer at the Buyer's request within 2 working days of the delivery of the request. The Seller is liable for all damage incurred by the Buyer in relation to low quality workmanship or material of the delivered product or the absence of a declaration of conformity.
 - 8.12 In order to check the quality of the delivered Goods and compliance with environmental rules, a representative of the Buyer or the Buyer's customer is entitled, following a prior notification, to enter the Seller's production premises, including the option of performing an audit of the quality management system. Such audit may be performed by the Buyer or a third party authorised by the Buyer or, in justified cases, in the presence of a representative of the Buyer's customer.
 - 8.13 If any special tests are required in the Purchase Order, in the purchase agreement or specifications attached thereto, the Seller shall notify, in an appropriate manner, the Buyer and relevant audit or expert body of any such tests before their execution to enable them to delegate representatives who will be supervising the tests.
 - 8.14 The Seller shall deliver the necessary certificates for all tests required by the Buyer in the Purchase Order or in the purchase agreement. All delivered Goods must be clearly marked with an identification number that helps match the items to the relevant certificates.
- ## 9. Industrial Rights
- 9.1 The Seller agrees to relieve the Buyer of any third-party claims of possible infringement of third-party industrial rights. This provision shall apply to any infringement of industrial rights by the Seller's subcontractors.
 - 9.2 The only exception from the previous provision is the situation when the Seller manufactures the products according to the Buyer's drawings or

reference samples without having any knowledge of infringement of third-party industrial rights.

- 9.3 At the Buyer's request, the Seller shall provide the Buyer with information about industrial property rights owned by or licensed to the Seller for the purpose of producing the Goods delivered to the Buyer.
- 9.4 The Buyer and the Seller shall keep each other informed about possible risks of infringement of third-party industrial rights and cooperate in order to prevent any such infringement.

10. Final Provisions

- 10.1 If any of the provisions of the Terms and Conditions of Purchase is or becomes invalid or ineffective, such an invalid or ineffective provision shall be replaced with a provision the meaning of which is as close to the initial provision as possible. The validity of the remaining provisions shall remain unaffected by the invalidity or ineffectiveness of the said provision. Changes or amendments to the purchase agreement or Terms and Conditions of Purchase shall be made in writing.
- 10.2 The Buyer is entitled to change these Terms and Conditions of Purchase unilaterally to the extent necessary. The new wording of Terms and Conditions of Purchase shall be delivered by the Buyer to the Seller's address together with the Purchase Order. The Seller is entitled to refuse the change of the Terms and Conditions of Purchase by a written notice delivered to the Buyer and withdraw from the Terms and Conditions of Purchase unilaterally.
- 10.3 The rights and obligations of the Seller and the Buyer established by these Terms and Conditions of Purchase shall be governed by the laws of the Czech Republic.
- 10.4 Withdrawal from the agreement does not affect the right to charge a contractual penalty or interest on late payment if due or the right to claim damages for a breach of contractual obligations.
- 10.5 The Parties shall first attempt to resolve any disputes arising out of these Terms and Conditions and purchase agreements relating to the formation, execution and termination thereof, as well as disputes over the validity thereof, by negotiation and agreement. If the said dispute cannot be settled in such a manner, then the dispute shall be finally settled by the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic in Prague under its Rules of Arbitration. The arbitration will be conducted in Czech.
- 10.6 The Parties agree that the Buyer is entitled to make a security payment of value added tax under section 109a of Act 235/2004 Coll. on value added tax, as amended, to the account of the competent tax administrator, especially if the Seller becomes an unreliable tax payer on the date of taxable supply as defined in section 106 of Act 235/2004 Coll. on value added tax, as amended. The Buyer shall notify the Seller of any security payment of value added tax in writing.
- 10.7 The Seller agrees to refrain from offering employment to the Buyer's employees and persons in a similar relationship to the Buyer and from any direct or indirect soliciting of the Buyer's employees and persons in a similar relationship to the Buyer with the aim of arranging employment or any other similar relationship for the duration of the contractual relationship and other two years after its termination. In the event of a violation of this obligation, the Seller shall pay to the Buyer a contractual penalty of CZK 100,000 for each individual violation of this obligation.
- 10.8 The Parties acknowledge that they shall exchange personal data of their representatives and contacts persons to the following extent: first name, last name, phone number and e-mail address, to be able to communicate in connection with their arrangements.



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- 10.9 The Parties agree to inform the individuals, whose personal data were disclosed in the contractual documents or provided to the other Party in connection with the contractual relationship, about this manner of processing of their personal data and the rights which they, as data subjects, have in connection with the processing of their personal data, including but not limited to the right to object to such processing.
- 10.10 The Parties also agree to ensure the application to the contractual relationship between them of the principles set forth in the Regulation (EU) 2016/679 of the European Parliament and of the Council dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) effective 25 May 2018.
- 10.11 The Parties hereby declare that the Parties and their representatives did not act in a manner that could qualify as corruption (such as bribery, influence peddling, clientelism etc.) before concluding the purchase agreement.
- The Parties also declare that they do not tolerate any forms of corruption and agree to take all adequate and available measures to prevent corruption by their employees, representatives, suppliers and agents and other third parties. Such measures include but are not limited to instructing other entities about the Party's internal anti-corruption rules and their commitment to comply with the rules.
- The Parties agree to comply with the Česká zbrojovka a.s. Code of Ethics available at <https://www.czub.cz/cz/eticky-kodex/>.
- In case of a breach of this provision by one of the Parties, the other Parties will be entitled to withdraw from the purchase agreement.
- 10.12 These Terms and Conditions of Purchase shall be valid from 15 January 2020.