

Terms of Business

1. **The validity and up-to-date character of the Terms of Business:**
 - 1.1 These Terms of Business are an integral part of the purchase agreements concluded for the purpose of selling the goods by Česká zbrojovka a.s., with its registered office in Uherský Brod, Svat. Čecha 1283, Identification No. (IČO): 46345965, as the seller, and the purchaser as the other party.
 - 1.2 Unless the purchase agreement stipulates otherwise, these Terms of Business shall apply. It is possible to deviate from these Terms of Business only via written specifications in the purchase agreement.
2. **Conclusion of purchase agreements, obligations of the contractual parties:**
 - 2.1 An individual purchase agreement is concluded and becomes binding upon a mutually signed Order Confirmation issued by the seller, or by purchaser's acceptance of an Order Confirmation issued and signed by the seller and delivered to the purchaser, irrespective the means of such acceptance. For avoidance of any doubts, purchase agreements may be concluded also by electronic means, including fax and/or e-mail communication, without receiving hard copies.
 - 2.2 The seller shall handed over the goods to the purchaser in accordance with the purchase agreement, in the agreed quality, amounts, workmanship and with common accessories and shall make it possible for the purchaser to obtain the ownership title to the goods in accordance with the purchase agreement.
 - 2.3 Together with the goods the seller shall handed over the manual for use, installation, maintenance and warranty cards, if such documents related to the goods exist and are designed to be handed over with the goods.
 - 2.4 The seller shall pack the goods in a manner that will protect them sufficiently during the transport to the place of delivery (common packaging). Special packaging for the goods may be stipulated in the purchase agreement.
 - 2.5 The seller declares that the goods delivered conform to C.I.P. standards.
 - 2.6 The purchaser is obliged to take over the goods and pay for them the purchase price.
3. **Payment terms:**
 - 3.1 The purchase price shall be paid on the basis of an invoice issued by the seller within 10 days after the conclusion of the purchase agreement before shipping the goods.
 - 3.2 The purchaser is not entitled to set off its possible receivables against the seller's receivables on the payment of the purchase price.
 - 3.3 If gradual payment of the purchase price is stipulated for the benefit of the purchaser in the form of instalments of the purchase price, the seller shall be entitled to the payment of the entire purchase price if the deadline for any instalment is not observed.
- 3.4 If the purchaser is in delay with the payment of the purchase price it shall pay the seller an interest on late payment in the amount of 0.05% of the outstanding sum for every day of delay.
- 3.5 The seller shall charge the purchase price via an invoice conforming to the requirements for the tax document that will contain at least the following data:
 - identification of the seller and the purchaser,
 - number of the business case,
 - identification of the goods, number of pieces, number of the dispatch note,
 - price for the goods and other price information, if any,
 - issuance date and due date of the invoice.
- 3.6 If the purchaser is in delay with the payment of the invoiced purchase price more than 30 days from the due date, the seller is entitled to suspend all supplies to the purchaser under any purchase agreements between the parties and/or withdraw from the purchase agreement with immediate effect. Withdrawal from the agreement does not affect the rights for paying the contractual penalty or interest on late payment (if it has matured) or the right to damages for breach of contractual obligations.
- 3.7 If the purchaser is in delay with the payment of the invoiced purchase price more than 14 days from the due date, the purchaser shall pay to the seller a contractual penalty in the amount of 30% of the total purchase price. The contractual penalty in this case does not rule out the claim for damages. The claiming of the contractual penalty does not limit the seller's right to have all extra costs refunded, e.g. costs on the enforcement of the claim they may incur as a consequence of a delayed payment of the purchase price. The contractual penalty is due within 15 days from the day the seller's request for its payment is delivered.
4. **Export and import licence, permission:**
 - 4.1 The seller shall secure necessary export permits or export licences, if they are necessary.
 - 4.2 The purchaser shall obtain at its own cost necessary import permits or import licences or the end user certificate (if they are necessary) and deliver them to the seller in time so that the seller may secure the corresponding export permits and the goods may be delivered on the agreed date.
5. **The purchase price for the goods:**
 - 5.1 The agreed purchase price is fixed. Unless agreed otherwise in the purchase agreement, it shall be understood that the prices stated in the agreement are prices on condition that the EXW rule according to INCOTERMS 2010 is applied.
- 5.2 The purchase price for goods stated in the purchase agreement includes costs for common packaging, marking of the goods and documents. If the purchaser requires an above-standard packaging of the goods or a special surface finish thereof these requirements shall be specified in the purchase agreement.
- 5.3 The purchaser shall pay all expenses and fees that may be applicable out of the territory of the Czech Republic, such as customs duty, taxes, import fees, etc.
6. **Delivery terms and conditions:**
 - 6.1 Unless the date and time of delivery are specified expressly in the purchase agreement, the seller is entitled to determine the delivery date at its discretion. However, the latest delivery date shall be 2 years from conclusion of the purchase agreement; if the seller fails to determine the delivery date, the delivery term 2 years from the purchase agreement conclusion date shall be automatically applied to the purchase agreement.
 - 6.2 The seller shall perform the delivery of the goods under EXW Uherský Brod, Czech Republic – INCOTERMS 2010 delivery conditions, unless otherwise agreed in the purchase agreement. The seller shall secure that the respective carrier will take the goods over from the Seller at the given time and location.
 - 6.3 If the goods are to be delivered by a carrier, the seller and the carrier shall sign the packaging list when the goods are handed over by the seller and taken over by the carrier. One execution of the packaging list shall be left with the seller and one with the carrier. The goods are to be considered properly delivered at the moment the packaging list is signed by the carrier and the seller.
 - 6.4 If, because of force majeure events, the seller later learns that it will not be able to observe the date or other terms for the handover of the goods it shall inform the purchaser without undue delay, presenting a proposal of a possible solution. The force majeure event also includes: the non-issuance, suspension or interruption of the export licence of the seller, or non-delivery of materials used to produce the goods to the seller by the manufacturer or other supplier of such materials in time and properly. In case of a force majeure event, it cannot constitute breach of the seller's obligations under the purchase agreement and the seller is not liable for damage incurred by the purchaser and any other possible claims towards the seller, including potential contractual penalties. The parties shall subsequently agree on another date for the delivery of the goods, if such solution is acceptable for the purchaser, or on another procedure to deal with the issue.
7. **Delay:**

If the purchaser does not take over the goods in the way specified in the purchase agreement and at the agreed time, such action shall be considered a material breach of the purchase agreement and the seller shall be entitled to withdraw from the purchase agreement with immediate effect. The seller shall be entitled to compensation for damage that it thus incurred.

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8 Warranty and liability for defects:

- 8.1. The seller provides a warranty for the goods in the length specified in the purchase agreement or in the warranty card. Unless specified otherwise, the seller provides a warranty in the length of 24 months that begins to run on the day following the day the goods are delivered to the purchaser. The warranty of quality means that the delivered goods will be, for the effective period of the warranty, fit for use for the agreed or otherwise common purpose or will retain their stipulated or otherwise common qualities. The warranty of quality does not cover common wear and tear of the goods.
- 8.2. The purchaser shall inspect the goods without undue delay in the seller's factory, on taking over the goods in the factory or when receiving a consignment of the goods, and if any defects are identified it shall write a takeover protocol on the result of this inspection and deliver it to the seller.
- 8.3. Obvious defects and incorrect amounts of the goods delivered identified during the inspection of the goods during the takeover procedure shall be reported by the purchaser at the latest within 5 days from the day the goods are taken over by the purchaser.
- 8.4. Hidden defects of the goods that the purchaser should identify if due care was executed during the inspection or which may be identified later shall be reported by the purchaser without undue delay after such discovery, however, before the end of the warranty period at the latest.
- 8.5. Warranty claims from the purchaser shall be made in writing to the seller's address.
- 8.6. When a warranty claim is made the identified defects and shortcomings shall be specified in sufficient detail by stating the type, production number of the goods and manifestations of the defects.
- 8.7. Non-reporting of defects within the prescribed periods means that the purchaser accepted the consignment without reservation and forfeits the rights attributable to defective performance.
- 8.8. The seller is entitled to verify that reported defects correspond to reality and ask the purchaser for the warranty claim to be settled at the location where the concerned goods under warranty are located and the purchaser shall make this possible.
- 8.9. If it is identified that a claimed defect is a result of incorrect use of the goods, a result of unskilled handling of the goods or a consequence of careless treatment, the purchaser shall forfeit the rights attributable to defective performance.
- 8.10. If a claimed defect amounts to defective performance, the seller is entitled to determine the dates and means for remedying the defective performance at its sole discretion (i.e. elimination of the defect, replacement of the goods or a discount of the

purchase price). The seller shall inform the purchaser about the determined dates and means.

- 8.11. Should the seller fail to remedy the defective performance within the determined date and the seller fail to remedy within an additional period of 30 days after the lapse of the determined date, the purchaser is entitled to: (i) withdraw from the purchase agreement, or request (ii) a discount of the purchase price. The purchaser shall report its decision to withdraw from the purchase agreement to the seller in writing within 10 days from the additional period to remedy lapses. If this period is not observed, the right to withdraw from the agreement due to existence of the defect in question becomes void.
 - 8.12. The purchaser is not entitled to eliminate defects on its own or via third parties. If the purchaser interferes in any way with the structure of the product or its packaging, it forfeits the rights attributable to defective performance and warranty.
 - 8.13. The purchaser is obliged to compensate the seller for any incurred material and/or non-material harm. The obligation of the seller to compensate the purchaser for any incurred non-material harm is herewith excluded. The obligation of the seller to compensate the purchaser for any caused material harm (including any potential raised claims) shall not exceed the purchase price under the purchase agreement on the basis of which the harm was caused, or the claim was raised.
- 9. Transfer of risks:**
- 9.1. All risks to the goods are transferred to the purchaser under the terms stipulated in the purchase agreement, or otherwise at the moment the goods are handed over to the first carrier or at the moment the goods are taken over by the purchaser.
 - 9.2. If the purchaser does not take over the goods in the agreed way and on the agreed date the risks of damage to the goods are transferred to the purchaser when the given deadline expires.
- 10. The arbitration clause and the law selection clause**
- These Terms of Business, any purchase agreement and any other legal relationship connected with and/or related to these Terms of Business and/or subsequent purchase agreements, including relationships arising from legal facts, as well as other legal relationships between the parties within the effectiveness of these Terms of Business shall be governed by Czech law. Business usage shall not take precedence over any, even non-compelling, provisions of a statute.
- 10.2 All disputes arising from or in connection with these Terms of Business, purchase agreements and/or relationships pursuant the previous clause 10.1, including matters related to the validity, establishment, implementation, or termination of the rights arising from these Terms of Business, any purchase agreement and/or any other relationship, will be settled definitively in an arbitration proceeding of the Arbitration Court attached to the Czech Chamber of Commerce and the

Agricultural Chamber of the Czech Republic according to its Rules by three (3) arbitrators. The procedural language shall be Czech.

11. Final provisions:

- 11.1. Withdrawal from the purchase agreement does not affect the rights for paying the contractual penalty or interest on late payment (if it has matured) or the right to damages for a breach of contractual obligations.
- 11.2. If any provision of the Terms of Business is invalid or ineffective or becomes invalid or ineffective, such invalid or ineffective provision shall be replaced with a provision the meaning of which will be as close to the original invalid provision as possible. The fact that a provision is invalid or ineffective is without prejudice to the validity or effect of other provisions. Changes or amendments to the purchase agreement or these Terms of Business shall be made in a written form.
- 11.3. The contracting parties hereby declare that in the period prior to the conclusion of the purchase agreement neither party or its representative has committed any actions that could be classified as corruption (such as bribery, dealing with influence, clientelism, etc.).
- 11.4. The parties also declare that they do not tolerate any form of corrupt conduct and undertake to take all appropriate and available measures to prevent the corruption of their employees, agents, suppliers and brokers and other third parties.
The parties undertake to comply with the Code of Conduct of Česká zbrojovka at <https://www.czub.cz/en/eticky-kodex/>.
In the event of a breach of this paragraph by one of the contracting parties, the other contracting party shall have the right to withdraw from this agreement.
- 11.5. The seller is entitled to change these Terms of Business unilaterally to the extent necessary. The new wording of these Terms of Business shall be delivered by the seller to the purchaser's address. The purchaser is entitled to refuse the change in these Terms of Business and within a one-month period terminate them. Any changes to these Terms of Business are without prejudice to purchase agreements concluded before notifying such changes to the purchaser; changed Terms of Business shall apply only to subsequently concluded purchase agreements.
- 11.6. These Terms of Business are effective as of **01.01.2021** and remains valid until terminated or changed under the terms hereof. Termination of any other agreement between the parties, in particular termination of the framework business agreement (if concluded), is without prejudice to these Terms of Business that shall remain valid and effective.



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In Uherský Brod, Czech Republic date _____

In _____, date _____
