

# General Buying Conditions

## 1. General Provisions

1.1 These General Buying Terms form an integral part of purchase contracts made and entered into by and between Ceska zbrojovka a.s., having its registered office in Uhersky Brod, Svät. Cecha 1283, Comp. ID 46345965, as the Buyer, and the Seller for the purpose of goods purchases. Terms of sale, general commercial conditions as well as all other conditions of the Seller shall not apply to relations between the Parties.

1.2 Any arrangements and regulations differing from these General Buying Conditions shall be agreed in writing in the purchase contract.

## 2. Information Protection

The Buyer considers all private (nonpublic) information of technical and commercial nature provided to the Seller to be its trade secret. The Seller undertakes not to provide such information to any third party and not to use it for its own benefit or for benefit of any third party. The Seller shall be entitled to disclose any information about its contractual relation with Buyer (including the existence of such relation itself) to third parties solely on the basis of the Buyer's written consent. If the Seller violates this obligation, it shall compensate the Buyer for the damage suffered in result of such violation.

## 3. Purchase Contract

3.1 A purchase contract is usually concluded based on the Buyer's written purchase order upon its written and unconditional confirmation by the Seller delivered to the Buyer in the period specified in the purchase order or otherwise, if not specified, within three working days after the delivery of the purchase order to the Seller. Any changes made by the Seller in the purchase order submitted by the Buyer shall mean that the purchase contract is not constituted. In such case, the modified purchase order shall be deemed to be a proposal to sign a purchase contract submitted by Seller to the Buyer, and the contract shall be concluded only on the day when the Buyer's affirmative statement to this proposal is delivered to the Seller.

3.2 A purchase contract can be also concluded based on the Buyer's written purchase order through delivery of the goods specified in the purchase order by the Seller and acceptance of these goods by the Buyer.

3.3 The Buyer shall indicate at least the following data in its purchase order, which constitute essential data for the purchase contract:

- Identification of the Buyer, including its trade name, registered office and Comp. ID,
- Specification of the required goods,
- Required quantity,
- Unit purchase price.

3.4 The Buyer may cancel a purchase order without the Seller being entitled to receive any compensation for damage until the Buyer receives a written confirmation of such purchase order. Such cancellation by the Buyer can be made in writing or also only by phone with the subsequent written confirmation of this cancellation.

3.5 Any modifications and amendments made and indicated by the Seller in the confirmed purchase order shall be valid only if the Buyer approves them afterwards in writing. Otherwise such modifications and amendments shall be deemed unwritten. When the Buyer accepts the delivery or pays the price of the delivery, it shall not mean that the Buyer acknowledges the Seller's commercial terms and conditions.

3.6 Changes to the purchase contract after its conclusion shall be possible only after mutual agreement of both Parties and shall be made in writing.

3.7 A document sent by fax or e-mail shall also be deemed to constitute the written purchase order or purchase order confirmation.

## 4. Purchase Price

4.1 The agreed purchase price shall be fixed excluding VAT and shall include all secondary costs of the Seller. The Seller shall be entitled to change the purchase price only if agreed so expressly in the purchase contract.

## 5. Delivery Terms

5.1 Unless a specific delivery period is indicated in the confirmed purchase order, the delivery period of 7 calendar days shall apply and be deemed as agreed, commencing from the day when the purchase order was delivered to the Seller. Deliveries prior to the agreed period can be carried out only with the Buyer's consent. Deliveries arriving before time that were not approved by the Buyer will either be rejected or stored by the Buyer at the Seller's expense. At its own costs, the Seller shall take all steps as necessary to meet the delivery period.

5.2 The Seller shall be obliged to deliver the goods to the place specified in the purchase order together with the corresponding delivery note. Unless a specific place of delivery is indicated in the purchase order, DDP Buyer's plant shall apply as the delivery term according to INCOTERMS 2010.

5.3 The Seller shall issue a delivery note for each delivery. Such delivery note shall include at least the following data:

- Identification of the Seller and the Buyer,
- Shipping note number,
- Purchase order number,

- Quantity and type of goods, including the Buyer's nomenclature,
- Date of delivery,
- Seller's stamp and signature.

5.4 The risk of damage to the goods and the title to the goods shall pass to the Buyer always at the moment when the goods are accepted by the Buyer, regardless of the agreed delivery term.

5.5 The Seller shall provide such packaging for the goods that will ensure their reasonable protection against damage, while simultaneously allowing their handling with common handling equipment. In the event that the Seller is a manufacturer of packaging or packaging materials, the Seller shall be obliged to submit to the Buyer, in written form, information about the Seller's participation in the EKO-KOM system and shall pay the fees for introducing the packaging to the market (the "Declaration on compliance with requirements on introducing packaging on the market").

5.6 When chemical substances or preparations are delivered, the Seller shall be obliged to ensure compliance with all requirements arising from regulations in force (updated data safety sheet, marking on packaging) and attached the required documents to the delivery.

5.7 In case of the Seller's delay in delivery of goods, the Buyer shall be entitled to charge the Seller a contractual fine in the amount of 0.5 % of the purchase price incl. VAT of the goods, which were not supplied by the Seller pursuant to the contract, for each and every day of delay. The Buyer's right to claim compensation for damage caused by the Seller's failure to deliver the agreed quantity of goods shall remain unaffected and unlimited by this provision regarding the contractual fine. The Seller's delay in delivery exceeding 30 calendar days shall be considered to constitute a fundamental breach of the Agreement. The applied contractual fine shall not divest the Buyer of his right to claim compensation for all additional costs incurred by it due to the delayed delivery. The Buyer undertakes to actively take all reasonable steps as to minimize such additional costs.

5.8 The Buyer shall be entitled to refuse the acceptance of goods that were not delivered on time or properly, i.e. those that show any defects. At its discretion, the Buyer shall be entitled to accept such delivery in full or in part or to reject its acceptance completely. All costs associated herewith (repacking, storage etc.) shall be at the Seller's expense.

5.9 The Seller shall maintain the method of transportation as agreed with or as determined by the Buyer. The delivery shall be effected in the agreed time to the agreed place of delivery. The Seller shall insure the goods up to the place of delivery. The charged returnable packaging shall not be paid by the Buyer, but returned carriage paid, unless agreed otherwise by the Parties. The Seller shall be responsible for damage to the goods occurred during the transport and caused by insufficient or unsuitable packaging, even if the delivery is accepted by the Buyer at the place of delivery.

## 6. Terms of Payment

6.1 The purchase price shall be invoiced after the Buyer's acceptance of every delivery in the form of commercial invoices being payable and due within 90 days after the date of issue of the respective invoice. The invoice shall meet all essential requirements for a tax document and the Seller shall deliver it to the Buyer within 3 calendar days after its date of issue.

6.2 Provided the Buyer pays the invoice within the period of 60 days after the date of issue, the Seller shall provide to the Buyer a discount in the amount of 3 % of the purchase price incl. VAT. The Buyer reserves the right to pay the invoiced amount reduced by the discount percentage.

6.3 The Seller shall be entitled to assign the right for the purchase price payment to a third party only with the Buyer's written consent.

## 7. Documentation and Underlying Materials

Drawings, calculations, models, dies, matrices, samples and all other underlying materials provided to the Seller shall remain the property of the Buyer and shall be returned to it by the Seller at any time upon the Buyer's request. Without the Buyer's written consent, they may not be provided to third parties in any manner whatsoever or used by the Seller in any other way than for the purposes of deliveries for the Buyer.

## 8. Warranty and Complaints

8.1 The Seller provides full guarantee that the supplied goods are free of any actual or legal defects and will be suitable and fit for use both for the agreed as well as for the standard purpose or that they will retain the agreed or otherwise common properties for the minimum period of 3 years, unless a different warranty period is agreed in the partial purchase contract. For supplies of parts designed to be built into a final product, the Seller provides quality guarantee for the goods for the period of 36 months starting from the date of acceptance of the finished product by the end user, while following the conditions of use and respecting the instructions indicated in the directions for use, however, not longer than 4 years after the date when goods were delivered to the Buyer.

8.2 The warranty period shall commence on the day following after the delivery of the goods to the Buyer. The Buyer shall not be obliged to check the delivered goods, not even through random inspection. This arrangement shall not relieve the Seller from its responsibility for the quality of the delivery. Complaints for defects of the goods can be filed at any time during the warranty period.

8.3 Complaints concerning any quantity discrepancies shall be filed by the Buyer in writing to the Seller's address within 15 working days after receiving the goods. At the same time, the Buyer shall also allow the Seller to inspect the goods, if desired.

8.4 The Seller shall give its opinion on every complaint within 3 working days after its receipt. The opinion of the Buyer's receiving inspection shall be decisive for evaluation of defects.

8.5 Provided the complaint is recognized as legitimate, the Buyer shall be entitled to claim the following from the Seller:

- Remedy of the defects by supplying substitute Goods for the defective goods, supplying the missing goods and remedy of all legal defects,
- Remedy of the defects by repair of the goods provided the defects are repairable,
- Reasonable purchase price reduction,
- Withdrawal from the purchase contract.

8.6 The selection between the claims described above shall be exclusively at the Buyer's discretion. The Buyer shall be entitled to apply such claims either to the delivery in full or to its certain part only. The Buyer reserves the right to object the entire delivery as being defective if such delivery does not comply with requirements from the point of view of the statistic acceptance inspection methods applied at the Buyer's site. In case the delivered Goods were repaired or substitute goods were delivered, the warranty period shall commence again from the beginning, starting from the day following the handover of the repaired or substitute goods. The Seller's recognition of the complaint constitutes the Buyer's right to claim compensation from the Seller for all additional costs incurred by it in this connection. The Buyer undertakes to actively take all reasonable steps as to minimize such additional costs.

8.7 In case the Seller gives no response within 5 working days after the notice on defects, the Buyer shall be entitled to return the delivery under claim at the Seller's expense and risk.

8.8 As the manufacturer, importer or distributor, the Seller shall be responsible for all demonstrable damage caused by poor quality of the product. The Seller shall be responsible for having the declaration of conformity available in accordance with Act No. 22/1997 Coll., on Technical Requirements for Products, as amended, provided the issue of such declaration is required pursuant to this Act. In such case, the Seller shall hand over to the Buyer, together with the Goods, also its representation that the declaration of conformity was issued. On request, the Seller shall send the documentation referred to above to the Buyer within 2 working days at the latest. The Seller shall be held liable for all damage suffered by the Buyer in connection with poor quality of the supplied product or with the absence of the declaration of conformity.

8.9 Representatives of the Buyer or also those of the Buyer's customers shall be entitled to enter the Seller's manufacturing plant, upon a previous notice, in order to check the quality of the supplied Goods and the compliance with environmental regulations, including the possibility to carry out an audit of the quality management system. Such audit can be performed either by the Buyer or by third party authorized by the Buyer or, in well-founded and justified cases, also in the presence of a representative of the Buyer's customer.

## 9. Industrial Rights

9.1 The Seller undertakes to hold the Buyer free of any claims of third parties with respect to the potential infringement of their industrial rights. This provision shall apply also if the industrial rights were infringed by the Seller's subcontractor.

9.2 An exception from the previous clause shall be only the situation when the Seller manufactures goods according to the Buyer's drawing documentation or reference samples, without knowing or being aware that they infringe industrial rights of third parties.

9.3 On request, the Seller shall provide the Buyer with information about industrial property rights owned by the Seller or licensed to the Seller for the purposes of production of goods supplied to the Buyer.

9.4 The Buyer and the Seller shall inform each other on potential risks of infringement of third-party industrial rights and cooperate with each other in order to prevent such infringements.

## 10. Final Provisions

10.1 Invalidity of any contractual provision shall have no effect on the validity of all remaining provisions.

10.2 Rights and duties of the Seller and the Buyer arising under these General Buying Conditions shall be governed by laws of the Czech Republic. Applicability of the European Union commercial law as well as the UN Convention on Contracts for the International Sale of Goods (11 April 1980) is hereby excluded.

10.3 All disputes arising from these General Buying Conditions and purchase contracts associated with their conclusion, performance and termination as well as all disputes concerning their validity shall be at first attempted to be settled through mutual negotiation and amicable agreement of the Parties thereto. Should the Parties not be successful in such amicable settlement of their dispute, the dispute should be finally settled by the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic and having its seat in Prague in accordance with its Rules of Procedure by a single arbitrator. The arbitration proceedings shall be conducted in Czech language.

10.4 These General Buying Conditions are valid and effective as of 1 April 2011.