

Competition compliance policy

CZG – Česká zbrojovka Group SE



1. INTRODUCTORY PROVISIONS

The Competition Compliance Policy is an integral part of the Compliance Program and it is part of the commitment of CZG – Česká zbrojovka Group SE (hereinafter referred to as “CZG” or the “Company”) to ensure that its business activities are carried out ethically and in compliance with all applicable laws and its own principles laid down in the Code of Ethics in all areas of CZG’s operations.

1.1. Purpose

The Competition Compliance Policy is intended to:

- define the basic rules and principles to prevent any conduct in conflict with the rules of fair competition and to prevent unfair competition;
- define the procedures for managing and minimising the risks of unfair competition conduct and the related compliance risks (penalty, financial, reputational);
- raise awareness of all Relevant Persons about anti-competitive conduct;
- determine the procedures and powers for monitoring compliance with competition rules by state authorities.

1.2. Scope

This policy applies to the entire CZG. The Competition Compliance Policy is, to its full extent, binding on CZG, its individual employees and persons with a similar status, the Board of Directors and its members, the Supervisory Board and its members, the Audit Committee and its members, CZG officers authorised to act for or on behalf of CZG, and CZG officers in charge of management or audit tasks (“Relevant Persons”). Each Relevant Person shall read and comply with the Policy.

The Competition Compliance Policy is addressed to the Relevant Persons in CZG as well as all other entities including but not limited to CZG group companies, i.e. companies directly or indirectly controlled by a CZG company, companies managed by a CZG company, which are hereby requested by CZG to make a commitment similar to that made in this Policy.

The Competition Compliance Policy applies to the Representatives and their employees to the extent to which third parties agreed in their contracts with the Company.

1.3. Definitions

Undertaking

Undertakings means parties participating in competition (natural persons and legal entities).

Compliance Program

A system of managing the Company through activities and procedures aimed at preventing, detecting and responding to conduct which is in conflict with internal regulations and legislation and could subject CZG to criminal liability.

Civil Code

Act 89/2012 Sb., the Civil Code, as amended

Act on the Protection of Competition

Act 143/2001 Sb., on the Protection of Competition and on Amendments to Certain Acts, as amended

Trade

Conduct aimed at gaining economic benefits (for another or oneself).

Good competition manners

All moral standards shared by the majority of the society applied in the competition setting where a higher degree of aggressiveness and business “craftiness” is expected (i.e. applying correct methods acceptable in competition while maintaining integrity and exhibiting proper conduct).

Office

Office for the Protection of Competition.

Representatives

Any persons authorised to act on behalf of the Company or to offer and sell its products and services or the products and services of any of the CZG Group companies.

This includes but is not limited to representatives, distributors, consultants, independent contractors, intermediaries and any other third parties involved in the Company’s operations with the authority to represent the Company before other parties, including but not limited to government agencies.

2. COMPETITION COMPLIANCE

The competition compliance rules build and elaborate on the rules set forth in the Code of Ethics adopted by CZG.

Competition compliance has the following effects:

- precautionary, i.e. aims to prevent illegal conduct altogether, which is enforced by increased awareness of the Relevant Persons and Representatives;
- consequential, i.e. applies under circumstances where a violation has taken place; aims to enable the legal entity to be relieved of liability.
- Competition compliance consists of 2 legal areas:
- rules against unfair competition (in particular, as referred to in section 2976 of the Civil Code);
- rules governing competition (defined mainly in the Act on the Protection of Competition).

2.1 Unfair Competition

Unfair competition is any action in trade contrary to good morals of the competition capable of causing harm to other undertakings (competitors) or customers. Unfair competition is prohibited and its definition does not require actual harm, as the mere capability of causing harm is sufficient.

Any actions that meet the above specifications (general clause of unfair competition) qualify as unfair competition and are therefore prohibited.

Unfair competition includes but is not limited to the following conduct:

- Deceptive advertising
- Comparative advertising
- Causing risk of confusion
- Free-riding on the reputation of another competitor's product or service
- Bribery
- Slander (i.e. disseminating false and true information about products, performance or situation of another undertaking capable of causing harm to such competitor)
- Violation of trade secret protection
- Intrusive harassment (such as spam)

All Relevant Persons and Representatives are prohibited from engaging in any conduct that shows signs of unfair competition. In the event that the Relevant Persons and/or Representatives encounter any unfair competition in any form, they are required to immediately follow the rules of whistleblowing.

2.2 Principles of Competition

CZG respects and promotes free and honest competition and rules prohibiting any conduct that limits competition or manipulates competition using dishonest means.

CZG is fully aware of the fact that any non-compliance with competition regulations could cause major harm to the reputation of CZG and adversely affect the Company's future activities. CZG takes an active stand against violations of competition rules and seeks to prevent any conduct that could even appear as such. In addition, it promotes further enhancement of the integrity of CZG and its individual Relevant Persons.

Any conduct or any other agreements between undertakings that could rule out, limit or distort competition are prohibited in competition.

When dealing with other undertakings, in particular, the following prohibitions apply:

- setting different terms and conditions for different undertakings;
- restricting the production or technical development of another undertaking;
- contract or inventory division agreements;
- abusing dominant market position;
- exchanging specific information about the planned prices, production volumes, the intention to submit or refrain from submitting a bid, and/or other strategic information;
- blocking other undertakings or preventing regular market operations

All Relevant Persons and Representatives must obtain information relevant to the business activities using legal methods. Methods such as espionage, theft, corruption, eavesdropping and the conscious spread of false information about competitors are prohibited.

