

CODE OF CONDUCT IN RELATIONS WITH EXTERNAL SUBJECTS OF EXCALIBUR ARMY spol. s r.o.

SECURITY, RESPONSIBILITY, QUALITY

EXCALIBUR ARMY spol. s r.o. (hereinafter referred to as the “Company”) is a successful business company conducting business in the area of national and foreign commerce of military equipment. The objective of the company is long-term and successful activity in the area of special land equipment production for security and rescue units as well as special equipment and other military materials in the area of domestic and international commerce, including the ability of the company to introduce new products to the global market that are the result of the Company’s own research and development. During the conduct of its business, the Company puts emphasis on security, responsibility and quality of its products, reflected mainly in securing the life and health, property, environment, economic competition, fair market competition, goodwill, prestige and reputation of the Company.

EXCALIBUR ARMY spol. s r.o. is a member of the CZECHOSLOVAK GROUP and follows the same values as declared by the entire group. It respects and observes these values. The result of this responsible approach of the Company is not only the implementation of these values into its own rules, but their development, leading to the creation and formation of its own internal comprehensive system of rules, procedures and regulations, whose aim is the compliance of required behaviour of employees and any other persons with basic human rights, general ethical values, morality, legal order and internationally accepted standards. The Code of Ethics forms part of this system and covers all Company employees, including the members of Company bodies and external subjects, such as consultants, suppliers or intermediaries representing the Company (hereinafter referred to as the “Workers”).

This Code specifies the regulations based within the Code of Ethics of the Company. The first part of the Code of Conduct is dedicated to the Company relationship with its external subjects. The second part of the Code of Conduct is dedicated to the requirements for business partners, or more specifically, it sets the rules of conduct the Company requires from its suppliers, business partners, etc.

EXCALIBUR ARMY spol. s r.o. does not tolerate any acts of its Workers, which could be considered in any way illegal, corrupt, unethical, unfair or immoral. The Company considers such behaviour as condemnable and unacceptable within the pre-set frame of behaviour and acting.

PART I.

THE COMPANY'S RELATIONSHIP WITH EXTERNAL SUBJECTS

PUBLIC AUTHORITIES

While carrying out their duties, Workers of the Company come into contact with public authorities frequently, in particular within the frame of specific activities of the Company in the area of arms, ammunition and security equipment as well as licence proceedings in relation to foreign commerce with military material. Under public authorities the Company understands not only the officers or representatives of different administrative authorities, but also the representatives of authorities involved in criminal proceedings, armed forces of the country, etc. (hereinafter referred to as the "Public officers").

When acting in the interest or within the business activity of the Company with Public officers, Workers shall act in accordance with the basic ethical principles, of fairness, honesty, respect and honour. When dealing with such authorities, the highest standard is always held, in the right and proper suit, decently and politely.

When dealing with Public officers, Workers may not behave, negotiate or speak in any way that could be considered untrue, for any specific purpose, unethical or illegal. In communications with Public officers, Workers must always pay attention to the fact that all information provided to Public officers is complete, accurate, true and clear at all times. Any behaviour that could be interpreted as fraudulent or violent is fully contradictory to the corporate policy of the Company, as well as the basic principles proclaimed by the Company. An especially condemnable and unacceptable behaviour is any kind of expression of malice in the form of physical or psychological violence.

When dealing with Public officers, all Workers shall proceed in accordance with the anti-corruption program of the Company, or they shall always behave in such a way that any impression of their willingness or openness to any kind of corrupt behaviour may not occur. In particular, it is completely against the interests and corporate policy of the Company to offer or accept any kind of advantages, minor services, favours or rewards in the form of financial, tangible or intangible donations or advantages. An especially condemnable behaviour of Workers for the company is

such where they could disrepute, alter or affect the decision of a Public officer in any way. Each donation or reward, even a small one, is completely forbidden if such a donation or reward could infer the impression that such behaviour of a Worker is only malicious, purposeful or inappropriate and at the same time, that such an advantage or reward may affect the behaviour of respective subjects.

Minor gifts, expressions of gratitude or promotional materials may be accepted or offered by Workers only in the case that it does not contradict good manners and that it will not pose a breach of ethical principles.

The Company completely refuses any behaviour that could be considered fraudulent, blackmail, deception, or threaten or harm the health of any person, or any other inappropriate behaviour.

In all documents submitted to public authorities, all Workers shall always mention only correct, clear and accurate information and facts, shall always keep due diligence and conscientiousness so the submission of any such documents that could not correspond to the real and factual state in the Company is avoided. Moreover, they may not keep any information secret or misuse any error or lack of knowledge.

SUPPLIERS AND BUSINESS PARTNERS

All Workers shall follow the basic principles of polite behaviour also in case of communication and dealing with business partners of the Company.

The Company and its Workers promote and proclaim always the correct, professional and fair approach when concluding business contracts with partners and suppliers. The choice of contractual partners shall follow the principle of equality and result from healthy and natural competition. During a tender, suppliers are assessed independently, regardless of any personal or family relationships or on the basis of acquisition of illegal or unwanted benefit of a person/entity. The basic principles of assessment of individual suppliers are in particular the quality, price and payment terms, delivery period, adopted quality system and environmental management system.

The Company and its Workers always care about the anti-corruption principles, based on the anti-corruption program of the Company. Company Workers may never misuse their power, funds or influence to secure any unjustified advantage for the suppliers, the Company or themselves, or they may not also discredit the Company's image and reputation in the future by their actions.

The Company observes the competition rules – in the field of domestic or foreign markets it observes the laws and common business practices in relation to its competitors. Any illegal results of anti-competitive behaviour, in particular the

effects of unfair competition as the abuse of defamation for the purpose of harming the competitor, use of misleading advertising not corresponding or grossly distorting reality, bribery or taking bribes, unjustified comparison with competitive products for the purpose of harm, or to alter the decision of customers, harassment of customers in an inappropriate manner, etc., are completely intolerable and condemnable by the Company.

The Company observes the “pacta sunt servanda” (contracts must be observed) principle, expressed in particular by a fair approach to creditors. The Company deals with them in a correct and equal manner, while any behaviour of Workers that could harm the creditor, reduce his claims, mislead him or which could result in their own property being reduced or destroyed, is fully contradictory to the interests and corporate policy of the Company. The Company completely refuses any unfair behaviour against creditors that could lead to the reduction of their claim or the impossibility of the Company paying its payables.

CUSTOMERS

The Company’s objective is to keep a professional and positive relationship with its customers. The Company requires its Workers to act professionally, in a qualified way, with respect, honour and dignity at all times when communicating with customers on all levels, and they shall always support such behaviour that will be completely in compliance with basic ethical and moral values. When acting in this situation, Workers shall always take the interests and needs of customers into account.

While communicating with customers, Workers shall always deal in a way that the good image and reputation of the Company is not hurt, that a gentle tone is used at all times, and that the communication is polite, fair, respectable, and qualified.

The Company pays attention so all Workers communicate only true, complete and accurate information, do not state distorted or deceptive facts, do not act corruptly, do not offer to accept any advantages, nor mislead any person.

In case the Company or its Workers manipulate the property of a customer, all Workers shall pay increased attention so no damage, alienation or loss is caused to the property while manipulating therewith. The customer’s property shall be properly identified, monitored and subsequently returned to the customer in accordance with internal regulations of the Company.

In case of any doubts related to the compliance program of the Company, its employees may and will turn to their superior and head employees for guidance.

PART II.

RELATIONS BETWEEN EXTERNAL SUBJECTS AND THE COMPANY

The basic values of the Company, incorporated into the principles and obligations set by internal regulations of the Company, are so important for the Company that it enforces its observation also from its suppliers and other external subjects. Compliance with ethical and moral values is an appreciated asset for the Company and a natural thing, being as important as the securing and observation of legal provisions.

The approach of the Company in relation to the observance of the basic ethical and moral rules and legal order is so natural for it, that it became the condition for further cooperation with external subjects. Therefore, the basic principle is not only the observance of the mentioned rules by Workers, but also their active enforcement by external subjects.

By entering business or any other negotiations by external subjects, such a subject confirms that it will follow the rules mentioned in this Code, that the proclamations here stated are true and that it will be bound to observe such rules and principles. Besides this, the external subject undertakes to make the observance of basic principles, stated in this Code, the condition for cooperation with its subcontractors.

BASIC ETHICAL AND MORAL VALUES, LEGAL ORDER AND ACTS

The external subject declares the following:

- It is established in accordance with the legal order of the country where its registered seat is placed, and meets all the mandatory requirements for the execution of its activities,
- It has no debts and arrears of taxes in relation to public authorities, while it fulfils its informational, notice and tax obligations,
- It was not lawfully convicted in relation to a similar activity for which it entered into negotiations with the Company,

and undertakes to:

- observe all valid legal rules of the country in which it conducts its business, related to its business activities, Company business conduct, property treatment, etc.,
- observe all the administrative and tax legal rules in particular,
- provide only true, complete and accurate information when dealing with the Company. The external subject shall be held responsible for the submitted documentation or papers in the same range,
- respect, during its activities, basic human rights and values of historical tradition within European society and listed in basic legal acts, in particular in the area of prohibition of child or forced labour, prohibition of discrimination, and any other degrading treatment,
- employ workers and observe occupational conditions of its employees in compliance with valid legal rules, and fight actively against illegal and unreported employment and to not allow or support it,
- provide equal opportunities to people regardless of their race, skin colour, gender, nationality, religion or ethnicity.

CONFLICT OF INTEREST, ANTI-CORRUPTION RULES AND THE PRINCIPLES OF ECONOMIC COMPETITION

The external subject declares the following:

- it runs its bookkeeping properly pursuant to the respective legal rules and standards, does not provide any gifts, minor services, favours, services, discounts or any other privileges for the purpose of achieving advantages or minor gifts, or for the purpose of affecting the decision of the third party,
- it adopts such internal regulations, which avoid the possibility of conflict of interest among its workers, as well as in relation to the business conduct between the Company and an external partner,
- all orders and supplied goods are not acquired and will never be acquired either through a criminal act or as a reward for such an act,

and undertakes to:

- observe the legal rules within the area of corruption prevention,

- check the origin of all its goods carefully and conscientiously and shall never hide or conceal such origin,
- shall observe the rules of economic competition, in particular to avoid such behaviour that could be considered illegal or unfairly competitive.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The external subject declares the following:

- that it observes all legal rules related to the occupational health and safety of employees and the protection of the environment, in particular with regard to the manipulation of hazardous and chemical substances,
- it takes preventive measures necessary to secure the right conditions within the area of occupational health and safety and its permanent improvement,

and undertakes to:

- take active care in keeping the working environment safe and healthy,
- make endeavours to minimize negative impacts of its business activity on the environment in the most effective way.

CONFIDENTIALITY

The external subject declares and undertakes to keep the confidential information it receives during negotiations with the Company safe, and will prevent their misuse by third parties.

COMPLIANCE PROGRAM

The external subject declares the following:

- takes into account that the Company observes the compliance program, aiming for the avoidance of unwanted situations by using an internal system of rules, principles and procedures. Within this program, the Company communicates which actions and behaviours of any person taking part in the business conduct of the Company, including external subjects, is binding on it,
- takes into account that the actions of Company employees contradictory to the basic principles and rules set within the Code of Ethics and this Code of Conduct, as well as in the anti-corruption program published on the website,

shall not be binding on the Company, as it is completely in contradiction with the Company's main ideas, fully contravenes the main principles and rules of the Company, and is condemned and not tolerated by the Company,

and undertakes to:

- inform the Company without delay of any case when the Worker of the Company breaches certain regulations or basic principles set within the Code of Ethics, the Anti-corruption Program or this Code of Conduct,
- stop any negotiations with such Worker immediately and turn to his superior in the case when such Worker of the Company abuses his competences or breaches the abovementioned rules.

Here are the following possibilities on how to notify the statutory body, General Director or head of department, who is the superior for such Worker, about any such unwanted action by the Worker:

- by phone,
- in writing,
- electronically,

by using the contacts specified on the Company's website.

PART III.

FINAL PROVISIONS

The Code of Conduct for external subjects is binding for all external subjects of the Company from the moment when they become or should become aware of it.

If the external subject breaches this Code, or there exists at least a reasonable suspicion that the external subject breached this Code of Conduct, or an external subject refuses to fulfil his obligation to provide collaboration and to cooperate when any clarification of a case or suggestion is necessary, the Company reserves the right to terminate business cooperation with the external subject with immediate effect.

In case the Code of Conduct is breached, the Company reserves the right to undertake further legal steps, in particular to claim damages.



Furthermore, the Company requires all requirements set in this Code of Conduct to be observed by external subjects taking part in cooperation with the Company in any way (subcontractor, supplier of respective components, etc.).

The Code of Conduct for external subjects becomes effective on 02.10.2017

In Šternberk, on 02.10.2017

EXCALIBUR ARMY spol. s r.o.

Ing. Zdeněk Novobilský, v. r.

Managing Director