

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (IS CONCLUDED BY THE FOLLOWING PARTICIPANTS HEREINAFTER THE “MEMORANDUM”):

1. **Czech Republic – Ministry of Defence, with its registered office at Tychonova 1, 160 01 Prague 6, the Czech Republic**

(hereinafter referred to as "**MOD**")
2. **Kingdom of Sweden, represented by Försvarets materielverk, having its registered office at Banérgatan 62, SE-115 88, Stockholm, the Kingdom of Sweden**

(hereinafter referred to as "**FMV**")
3. **BAE Systems Hägglunds AB, company registration number 556305-6059, registered at SE-891 82 Örnköldsvik, the Kingdom of Sweden**

(hereinafter referred to as "**Hägglunds**")

(MOD, FMV and Hägglunds jointly referred to as "**the Participants**" and individually as a "**Participant**").

WHEREAS:

- (A) The Czech Republic and the Kingdom of Sweden assessed intergovernmental cooperation as an appropriate course of action to meet specific military capability requirements and as a means of achieving operational requirements;
- (B) The MOD and FMV, built on previous successful intergovernmental cooperation in the field of defence and security, strongly believe in the suitability and successful cooperation with respect to the MOD's commitment to acquire armored tracked infantry fighting vehicles, also used by the Defence Forces of the Kingdom of Sweden;
- (C) To be able to ensure overall security, it is of crucial importance for the MOD that a reliable cooperation with trustworthy suppliers of its military materials is secured. Such cooperation is considered by the MOD as one of the fundamental pillars of the Czech Republic's defence capability,
- (D) FMV takes into account the close relationship between the Czech Republic and the Slovak Republic, which itself has strengthened relations with the Kingdom of Sweden through intergovernmental cooperation on acquisition of tracked infantry fighting vehicles, while the MOD intends to implement a similar model of intergovernmental cooperation;
- (E) The MOD and the FMV intend to benefit jointly from the similarity of equipment involving Hägglunds as a manufacturer of tracked infantry fighting vehicles, which will be involved in deliveries both to the Czech Republic and the Kingdom of Sweden and, newly, also to the Slovak Republic, and which, through such cooperation, can make a very significant contribution to the achievement of the objectives set out in this Memorandum;

- (F) The Participants expect further arrangements to arise between the Participants, which will follow this Memorandum and will further develop this cooperation in details appropriate to each Participant while respecting the negotiations conducted so far;
- (G) Hägglunds has experience in the design, development, and production of new combat vehicle platforms including infantry fighting vehicles for international customers;

NOW, THEREFORE, THE PARTICIPANTS HAVE REACHED THE FOLLOWING COMMON UNDERSTANDING WITH THE GOAL OF COMPLETING NEGOTIATIONS AND AGREEMENTS FOR THE CV90 INFANTRY FIGHTING VEHICLE:

I. Subject of the Memorandum

1. The MOD and FMV support inter-state agreements concluded with partner countries. For the MOD and FMV the potential agreement between governments creates conditions for sharing the use of military hardware in the armed forces of the relevant country, including verification of technical and military parameters, training experience and combat deployment.
2. The Participants are convinced that the conclusion of this Memorandum will lead, based on joint efforts, to the conclusion of agreements on intergovernmental cooperation including (i) acquisition cooperation, in particular the acquisition of combat vehicles for the military infantry and related associated services, (ii) military training, sharing of experience, education and training of the command corps, crew and equipment operators, technical personnel and training instructors, and (iii) defence industry cooperation.
3. The future similarity of military equipment, especially tracked infantry fighting vehicles, which the MOD wants to acquire in cooperation with FMV and Hägglunds, will allow synergies in the following areas:
 - a) opportunities for cooperation in development, modernization and sustainability;
 - b) the usage of new technology that is developed during the national CV90 programmes;
 - c) further strategic cooperation;
 - d) military skills;
 - e) operational deployment, tactics, training and exchange of combat and non-combat experience, and
 - f) consultation and industrial involvement of national actors.
4. Following the conclusion of this Memorandum, the Participants will make every effort to ensure that the result of their cooperation is an agreement on the MOD's purchase of 210 pieces of tracked infantry fighting vehicles in 7 variants including spare parts and related goods and services for the Army of the Czech Republic. While the subsequent rights and obligations will be mutually agreed, this Memorandum is a statement of intent by the Participants as they conduct negotiations in order to enter into an agreement that will include the following target parameters:

- a) the purchase price will not exceed CZK 51.684.300.000 (VAT included; this purchase price is valid until 30th June, 2023);
- b) the deliveries of all of the requested tracked infantry fighting vehicles will take place in an agreed timeline in the agreement to support the security needs and commitments of MOD;
- c) the involvement of the Czech domestic defence industry in the whole acquisition programme is based on five key pillars that include a focus on the transfer of jointly-developed technology, vehicle development, production, and life-time support, as well as the innovation delivered through Czech-specific requirements and will be at least 40 % of the total agreed cost of the procurement of the tracked infantry fighting vehicles;
- d) any and all of the intellectual property rights necessary for the production, as well as the intellectual property rights necessary for the whole life cycle, of the procured tracked infantry fighting vehicles, in particular for the development, production, use, comprehensive service support, modernization and modification of the tracked infantry fighting vehicles, will be ensured in favour of and for the use by the MOD, with mutually agreed reasonable limitations;
- e) comprehensive service support for the purchased tracked infantry fighting vehicles (technology and material) for their entire life cycle with the emphasis on the security of the supply will be ensured in favour of the MOD and in this connection a separate support contract is to be concluded;
- f) conclusion of the agreement for delivery of the requested tracked infantry fighting vehicles will take place before May 31st, 2023.

II. Forms of cooperation

- 1. Cooperation between the Participants may be implemented through:
 - a) meetings of their representatives and other representatives authorized by the Participants;
 - b) exchanges of experience between experts of the Participants;
 - c) organizing and carrying out educational activities and exercises, and
 - d) conclusion of various agreements and arrangements.

III. Consultations

- 1. The Participants may hold consultations at any time to address issues related to the interpretation or application of this Memorandum.

IV. Final provisions

1. The Participants intend to cooperate under this Memorandum until the conclusion of the agreement set forth in Clause I paragraph 4 hereof, however, until June 30th, 2023 at the latest.
2. The Participants recognize and acknowledge that this Memorandum and any understandings resulting from this Memorandum will be non-binding on the Participants and that there is no binding arrangement or guarantee of future work until such time as a formal binding agreement has been executed between the Participants. This Memorandum is intended to serve only as a mutual expression of the Participants' intentions to work together in pursuit of the subject matter and it does not create any rights and obligations under national and international law and will be fulfilled in accordance with the respective national laws and regulations. Further, all participants agree to bear their own costs for Memorandum related activities, not transfer or assign the Memorandum to another party, This Memorandum expires on June 30th, 2023 or upon the signing of the agreement, whichever event occurs first.

In Prague on December 20, 2022
Czech Republic – Ministry of Defence

In Prague on December 20, 2022
Kingdom of Sweden
represented by Försvarets materielverk

(Signed by His Own Hand)

(Signed by His Own Hand)

Name:
Mgr. Lubor KOUDELKA

Name:
Göran MÅRTENSSON

In Prague on December 20, 2022
BAE Systems Hägglunds AB

(Signed by His Own Hand)

Name:
Tommy GUSTAFSSON-RASK