

REMUNERATION POLICY

of members of the Board of Directors and Supervisory Board of O2 Czech Republic a.s.

I.

Premises of the Remuneration Policy

1. **[Company's scope of operation]** O2 Czech Republic a.s. (hereinafter referred to as the "Company") specializes in business activities in the electronic communications sector. This sector requires constant investment in network modernisation and continuous adaptation to both the demands and expectations of customers, which are constantly evolving, and the regulation of the telecommunications and IT sector.
2. **[Business principles]** The Company is one of the major joint-stock companies in the Czech Republic and a socially responsible business corporation that bases its business on the principles of best practice in corporate governance, compliance and ESG principles. The Remuneration Policy is one of the pillars of responsible business for the Company and is also a tool for the Company to demonstrate that non-financial performance criteria are also important to the Company and that these criteria can be taken into account in the remuneration of its executive management.
3. **[Regulation]** In the course of its business, the Company must comply in particular with the regulation of the electronic communications sector, consumer protection laws and the rules and restrictions related to the above principles (point 2 above). The management and governance of the Company requires a balance between performance indicators, taking into account the changes mentioned above, and finding practical solutions for the development and growth of the Company. The complexity of the solutions, resulting in a high level of responsibility and requirements for expertise and professionalism, lays down the structure and criteria for the evaluation and remuneration of the members of the Board of Directors.
4. **[Board of Directors]** The Board of Directors is responsible (within the meaning of Section 435(2) of Act No. 90/2012 Coll., on Business Corporations, and the Articles of Association) for the management of the Company's business, which includes not only activities related to attendance at the meetings of the Board of Directors and formal executive service, but also day-to-day management of those operations the Company which fall within the given member's responsibility. This is also reflected in the fact that members of the Board of Directors are generally in charge of the management of a specific division within the Company. It is therefore natural that the same or very similar remuneration mechanisms are applied to. Recruiting quality managers capable of navigating a complex and changing sector is difficult and requires negotiating individual terms and conditions of employment. Should the Board of Directors delegate the day-to-day business management of the Company to a CEO who is not a member of the Board of Directors, the remuneration rules for members of the Board of Directors will apply mutatis mutandis to the appointed CEO.

The Remuneration Policy summarises the rationale, rules and criteria for determining remuneration. The Company does not disclose specific amounts or quantifiable items for remuneration as this could damage the Company's interests in the labour market as the Company's bargaining position would be known and given in advance.

5. **[Supervisory Board]** The Remuneration Policy also lays down rules, bases and criteria for the remuneration of the Supervisory Board members. The Company has a dualistic internal structure (Board of Directors and Supervisory Board). The Supervisory Board performs a supervisory function – it supervises the activities of the Board of Directors and the Company's operations. The remuneration of the Supervisory Board members is based on the Supervisory Board's position as a supervisory body, which, by definition, must be independent both of the Company's other bodies and, in principle, of the Company's performance indicators. In view of the different role of the Supervisory Board in the Company, the principles for remuneration of the Supervisory Board members differ from those for the Board of Directors. The remuneration of the Supervisory Board members is not dependent on the level of achievement of the Company or personal performance targets; no such targets are set for Supervisory Board members. Their remuneration must depend

on the degree of application with which the members of the Supervisory Board carry out their supervisory activities.

6. **[Method of remuneration]** The details of the remuneration model are set out in the following provisions of the Remuneration Policy, whose structure is based on the logic of regulation, the relationship between the bodies and their role in the Company, and the commercial strategy of the Company which the Remuneration Policy follows.

II.

Remuneration of members of the Board of Directors

1. **[Components of remuneration of members of the Board of Directors]** For their performance of duties associated with their executive service and upon fulfilment of the conditions arising from the legal regulations, the Articles of Association, the Remuneration Policy and the executive service agreement (or other agreements concluded between the Company and the member of the Board of Directors), members of the Board of Directors are entitled to a cash remuneration (hereinafter referred to as "Remuneration for Executive Service"), which may consist of the following components:
 - a) Monthly remuneration (taking into account the management of the relevant division or other unit, or serving as the CEO function or member of the Board of Directors), the amount of which is individual.
 - b) A special annual remuneration is linked to the achievement of the performance targets set by the Company's General Meeting (see Article II (2)).
 - c) Motivation and stabilization remuneration - in justified cases, the General Meeting may grant the members of the Board of Directors the right to a stabilization or motivation remuneration in excess of the monthly remuneration and in excess of the special annual remuneration; the evaluation period is longer than one year and its purpose is to support the pursuit of the long-term goals and sustainable development of the Company and to declare to the member of the Board of Directors that the Company is interested in his/her service long-term.
 - d) Other benefits – the Company may also provide to members of the Board of Directors the following benefits:
 - **other (in-kind) benefits** provided by the Company to members of the Board of Directors upon their written individual request, such as voice and data services and products of the Company for business and private use (outside business), communication and computer equipment including accessories for business and private use (outside business) up to a maximum aggregate value of CZK 90,000.
 - **liability insurance** for damage caused by breach of executive service duties of a member of the Board of Directors (directors liability insurance). In this context, members of the Board of Directors may be entitled to a compensatory remuneration equal to the amount of mandatory (statutory) payments (e.g. taxes, public health insurance contributions, etc.) that the member of the Board of Directors is obliged to pay or bear on due to the fact that the Company covers insurance of his/her liability for damage caused by a breach of duty in the course of the Board of Directors member's executive service. The amount of the compensatory remuneration is based on the amount of the insurance premiums attributable to the relevant member of the Board of Directors, the total amount of the insurance premiums to be determined using methods customary in the insurance industry. The compensatory remuneration is payable monthly by the 10th day of the calendar month following the month to which it relates. Without the need for an individual application, the Company will provide members of the Board of Directors with other benefits consisting of directors liability insurance for damage caused by breach of duties by members of the Board of Directors. The amount paid by the Company for a calendar year in respect of the directors' liability insurance (the total annual premium) will be apportioned equally among the members of the Board of Directors so that each insured person receives a pro rata amount of the total annual premium, which is determined by taking into account, *inter alia*, the number of members of the Board of Directors and the duration of that member's executive service in the given year.

- **benefits and perquisites** of a similar scope and amount to the Company's employees arising from the executive service agreement. The General Meeting may (subject to the conditions in the legislation) decide on further benefits to be provided.
- e) **Royalties** – Pursuant to Article 23 of the Company's Articles of Association, members of the Board of Directors may, subject to a resolution of the General Meeting, be entitled to royalties.
2. **[Terms and conditions of the special annual bonus]**. The specific criteria (financial and non-financial), including the target values and key performance indicators of the Company to be achieved, and the weightings between them, are always set by the General Meeting on the basis of this Remuneration Policy in order to ensure that the target values are in line with the Company's current needs. In setting each criterion, the General Meeting takes into account the fact that members of the Board of Directors may be charged with the management of a specific division of the Company in addition to their duties as a member of the Board of Directors. In the case of the Chairman of the Board of Directors, this means influencing the internal running of the entire Company. For this reason, the criteria for awarding remuneration may be determined individually for each member of the Board of Directors.

The execution of the business strategy, protection of the company's interests and sustainability are based on the following principles:

- a) Setting balanced criteria for delivering the Company's business strategy and performance, taking into account the Company's multiple and diverse priorities;
- b) Setting the company's objectives for a specific accounting period;
- c) Evaluation of the achievement of the objectives with regard to the extent to which a particular member of the Board of Directors contributed to their achievement.

The key financial criteria and indicators are in particular:

- a) EBITDA – earnings before interest, taxes, depreciation and amortisation;
- b) Gross profit – gross profit as the difference between revenues and expenses before deducting overhead, payroll taxes and interest;
- c) Cash flow;
- d) Churn - customer retention and the financial expression of customer churn.

The key non-financial criteria and indicators are in particular:

- a) TRIM - a measure of customer satisfaction based on customer loyalty and strength of the relationship with the Company;
- b) Consideration - the result of research into the Company's preference as a brand;
- c) Net Promoter Score (NPS) - a measure of customer loyalty and satisfaction with the Company's service or product;
- d) Employment Net Promoter Score (ENPS) - a measure of employee loyalty and satisfaction with the Company.

The General Meeting may establish financial and non-financial criteria and indicators other than those mentioned above, while for these other criteria and indicators it is necessary to clearly define their nature and method of measurement, while taking into account the protection of the interests and sustainability of the Company's business.

The level of achievement of the Company's key performance criteria and indicators is determined by comparing the values set as the Company's targets at the beginning of the financial year with the values actually achieved in the financial year as derived from the Company's accounts.

3. **[Payment of remuneration]** The method of payment of remuneration and its components is agreed in accordance with the law between the Board of Directors member and the Company. Payment of remuneration and its components under this Policy is arranged by the Company Secretary.
4. **[Terms of service of a member]**
- The duration of the executive service of members of the Board of Directors is laid down in the Articles of Association.

- The terms of termination are consistent with the statutory grounds for termination.
 - Under the terms of the executive service agreement, a member of the Board of Directors may be obliged to comply with the non-compete after the termination of his/her executive service. In such a case, compensation for compliance with the non-competition clause will be agreed in the executive service agreement, in accordance with the applicable law.
 - Upon termination of executive service, a member of the Board of Directors may be entitled to a severance payment under his/her executive service agreement.
5. **[Relationship of the Remuneration Policy to employee remuneration]** In developing the Remuneration Policy, the Company has taken into account the pay and working conditions of the Company's employees as follows:
- The Company grants the members of the Board of Directors the same benefits and prerequisites as employees, and the rules generally established for determining employee salaries are taken into account in determining the monthly remuneration.
 - The remuneration of the members of the Board of Directors is linked to the remuneration of the Company's top management and reflects the level of responsibility of the Company's statutory body, which substantially exceeds the responsibility of the Company's employees.
 - The level of achievement of the Company's targets for the past financial year is approved by the Company's Board of Directors. This value then influences both the payment of the special annual remuneration to members of the Board of Directors and the payment of the bonus components to the Company's employees.

III. Remuneration of Supervisory Board Members

1. **[Remuneration of Supervisory Board members]** As O2 is a major employer, one of the Supervisory Board members is elected from among the employees, so his/her motivation to achieve the Company's targets is also linked to the Company's employee remuneration policy, i.e. it is subsumed in the salary. Members of the Supervisory Board (including the Chairman and Vice-chairman of the Supervisory Board) are entitled to the following types of remuneration for the performance of their duties and subject to the conditions arising from the legislation, the Company's Articles of Association, this Remuneration Policy and the executive service agreement (and any other agreements concluded between the Company and the Supervisory Board member):
- a) Lump sum remuneration - monthly lump sum remuneration for serving on the Supervisory Board (the amount of the lump sum remuneration depends on the function in the Supervisory Board (hereinafter referred to as the "Lump Sum Remuneration")), whereby:
- the Chairman of the Supervisory Board of the Company is entitled to a monthly remuneration of CZK 10,000;
 - other members of the Supervisory Board are entitled to a monthly remuneration of CZK 8,000;
 - all members of the Supervisory Board are entitled to a remuneration of CZK 5,000 for each meeting of the Supervisory Board they attended.

The Lump Sum Remuneration includes an amount covering mandatory (statutory) payments (e.g. taxes, health insurance contributions, etc.) that the Supervisory Board member is obliged to pay or bear by reason of the insurance premium that covers his/her potential liability for damages related to his/her duties as a Supervisory Board member, as well as mandatory (statutory) payments resulting from the provision of the amount under this sentence. The amount referred to in the preceding sentence is based on the amount of the insurance premium attributable to the Supervisory Board member concerned; the total amount of the insurance premium is to be determined using methods customary in the insurance industry.

The Lump Sum Remuneration is due to a member of the Supervisory Board on condition that he/she claims it no later than two working days before the date on which this component of the remuneration is due, whereby the remuneration is payable monthly by the 10th day of the calendar

month following the month to which the remuneration relates. If a member of the Supervisory Board does not claim the relevant amount of remuneration within by the deadline referred to in the preceding sentence, he/she is entitled to such remuneration only in the amount to which he/she has claimed.

If a member of the Supervisory Board is also a member of a Supervisory Board committee, his/her remuneration for his/her work on the committee is part of the fixed remuneration (point (a) above).

b) Other (in-kind) benefits are provided to members of the Supervisory Board upon request. Other benefits are provided by the Company to members of the Supervisory Board in connection with the performance of their duties and also for private use. This Remuneration Policy is without prejudice to the possibility for members of the Supervisory Board to receive other benefits from the Company (insofar as this is in accordance with legal regulations). The Company will provide the following additional benefits to the members of the Supervisory Board exclusively upon their individual written request:

- voice and data services and products of the Company on the terms and conditions applicable to employees of the Company;
- communication and computer equipment including accessories up to a maximum total value of CZK 90,000, including VAT.

The Company also provides additional benefits to the members of the Supervisory Board consisting of liability insurance for damages caused by breach of duty in the performance of the Supervisory Board member's duties. The amount paid by the Company per calendar year for the liability insurance of the Supervisory Board members (annual premium) is determined according to the terms and conditions agreed in the relevant insurance policy applicable to the Company (or members of its bodies). The amount of the annual premium is determined using methods customary in the insurance industry. The amount of the annual premium attributable to members of the Supervisory Board under the insurance contract is distributed equally among the members of the Supervisory Board. Account shall also be taken of the number of members of the Supervisory Board and the duration of that member's executive service in the given year.

2. **[Payment of remuneration]** The payment of remuneration and provision of other benefits is arranged by the Company Secretary. Members of the Supervisory Board are not entitled to any additional remuneration under this Policy and any such additional remuneration will not be granted to a member of the Supervisory Board to the extent that such remuneration is due and granted in connection with his/her employment with the Company.
3. **[Royalties]** Pursuant to Article 23 of the Company's Articles of Association, members of the Supervisory Board may be entitled to receive remuneration on the basis of a resolution of the General Meeting of the Company, provided that the General Meeting approves the remuneration and that the other conditions set out in the law and the Articles of Association of the Company are met.
4. **[Terms of service of a member]**
 - The duration of the executive service of members of the Supervisory Board is laid down in the Articles of Association (Article 18(15)).
 - The terms of termination are consistent with the statutory grounds for termination.
 - Under the terms of the executive service agreement, members of the Supervisory Board may be obliged to comply with the non-compete after the termination of their executive service. In such a case, compensation for compliance with the non-competition clause will be agreed in the executive service agreement, in accordance with the applicable law.
 - Members of the Supervisory Board are not entitled to severance pay upon termination of their executive service.

IV.

Approval and review of the Remuneration Policy, amendments to the Remuneration Policy

1. **[Review and application of the Policy]** The formulation and review of the Remuneration Policy in relation to the Board of Directors and the Supervisory Board, specifically in relation to the decision

to approve, amend or cancel the Remuneration Policy for members of the Board of Directors and Supervisory Board, is, according to Article 8(1)(v) and Article 8(1)(s) of the Company's Articles of Association, in the authority of the General Meeting. The application of the Remuneration Policy is the responsibility of the Board of Directors.

2. **[Deviation from the Remuneration Policy]** The Company may deviate from the Remuneration Policy only in exceptional cases and for a strictly necessary period of time if it is necessary in order to preserve the interests of the Company and in the interest of sustainability. The General Meeting may decide to deviate from the Policy in relation to the remuneration of the Supervisory Board members and the Board of Directors, considering in particular the necessity of the deviation, and sets the period for which the deviation will apply. The justification of the decision to deviate is then made a part of the relevant resolution of the General Meeting. This is without prejudice to the procedures for amending the Remuneration Policy itself.

V. Common provisions

1. This Remuneration Policy was approved by the General Meeting on 5 September 2023 with effect from 5 September 2023, and as of the same date it replaces the Remuneration Policy approved by the General Meeting on 17 June 2020, including the following:
 - a) Rules for remuneration and other benefits to members of the Management Board as approved by the Supervisory Board on 24 September 2015,
 - b) Rules for remuneration of members of the Supervisory Board as approved at the Annual General Meeting on 4 June 2018, effective from 1 July 2018,
 - c) Rules for the provision of additional benefits to members of the Supervisory Board as approved at the Annual General Meeting on 4 June 2018.