



# ARTICLES OF ASSOCIATION

Telefónica O2 Czech Republic, a.s.

As amended by a change approved by the Regular General Meeting  
of the Company held on 7 May 2010

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# I.

## **BASIC PROVISIONS**

The joint-stock Company Telefónica O2 Czech Republic, a.s. (hereinafter referred to as the "Company") was founded by a single action by the National Property Fund of the Czech Republic, with its registered office at Prague 2, Rašínovo nábřeží 42, as the sole founder through the Founder's Deed, which includes the decision of the founder pursuant to provisions (valid and effective in the relevant time) of Art. 171 (1) and Art. 172 (2) and (3) of Act No. 513/91 Coll., the Commercial Code, as amended (hereinafter referred to as the "Commercial Code") dated December 16, 1993 in the form of a notarial record.

### **Article 1**

#### **Business Name and Registered Office of the Company**

1. The business name of the Company shall read:

Telefónica O2 Czech Republic, a.s.

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2. The registered office of the Company shall be Prague.

### **Article 2**

#### **Duration of the Company**

The Company has been established for an indefinite period of time.

### **Article 3**

#### **Subject of Business (Activity) of the Company**

The subject of business (activity) of the Company shall be:

1. Exercise of communication activities within the territory of the Czech Republic:
  - a) public fixed electronic communications network,
  - b) public network for transmission of radio and television signal,
  - c) public fixed telephone network,
  - d) publicly available telephone service,
  - e) ensuring of public mobile network,
  - f) other voice services (The service is provided as publicly available.),

- g) leased lines (The service is provided as publicly available.),
- h) distribution of radio and television signal (The service is provided as publicly available.),
- i) data transfer services (The service is provided as publicly available.),
- j) Internet access services (The service is provided as publicly available.),
- k) other voice services (The service is not provided as publicly available.).

2. Project preparation activity in construction.

3. Construction of buildings; including their alterations, maintenance and demolition.

4. Assembly, repairs, revisions and testing of electrical equipment.

5. Performance of geodetic activities.

6. Manufacture, installation, repairs of electric machinery and apparatus, electronic and telecommunication equipment.

7. Provision of technical services to personal and property protection.

8. Activities of accounting advisors, bookkeeping, administration of tax files.

9. Production, trading and services that are not stated in Annexes 1 through 3 to the Trade Licensing Act.

Within the framework of Production, trading and services that are not stated in Annexes 1 through 3 to the Trade Licensing Act, i.e. the Act No. 455/1991, Coll., on the Operation of Small Trades (the Trade Licensing Act), as amended (hereinafter "Act No. 455/1991, Coll."), the Company is engaged in the following fields:

- a) Publishing activities, polygraphic production, book-binding and copying activities
- b) Real-estate agency activities, management and maintaining of real-estate property
- c) Advertising, marketing, media representation
- d) Out-of-school training and education, organization of professional courses and trainings, including tutoring activities
- e) Organisation of cultural, cultural-educational and entertainment facilities, organisation of cultural performance, festivities, exhibitions, fairs, shows, selling and similar operations
- f) Production of measuring, testing, navigation, optical and photographic appliances and equipment

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 <#>Provision of technical services to personal and property protection.¶  
 <#>Design of electric equipment.¶  
 <#>Manufacture, installation and repairs of electric machinery and apparatus.¶  
 <#>Production, repairs and installation of measuring equipment.¶  
 <#>Manufacture, installation and repairs of electronic equipment.¶  
 <#>Installation, maintenance and services of telecommunications equipment.¶  
 <#>Lease and lending of movable things.¶  
 <#>Warehousing of goods and load handling.¶  
 <#>Real-estate agency activities.¶

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 <#>Provision of software and consulting in the area of hardware and software.¶  
 <#>Business, financial, organizational, and economic consulting activities.¶  
 <#>Organization of professional courses, training and other educational events, including tutoring activities.¶  
 <#>Construction preparation activities.¶  
 <#>Installation, adjustment and maintenance of products, with the exception of activities specified in appendices to Act No. 455/91 Coll.¶  
 <#>Wholesale.¶  
 <#>Specialized retail sale.¶  
 <#>Copying services.¶  
 <#>Advertising and marketing.¶  
 <#>Organisation of cultural and entertainment events and operation of entertainment equipment.¶  
 <#>Activities of technical consultants in the area of telecommunications.¶  
 <#>Acquisition, processing and provision of public information services using telecommunications equipment and services.¶  
 <#>Publishing activities.¶  
 Mediation of services.

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- g) Assembly of electronic components, electric equipment and assembly and repairs of electrical apparatus, appliances and electronic equipment operating on low tension
- h) Preparatory and completion building works, specialised construction activities
- i) Wholesale and retail
- j) Storing and packaging of goods, manipulation with cargo and technical activities in transportation
- k) Provision of software, consulting in the area of information technologies, data processing, hosting and related activities and web portals
- l) Lease and lending of movable things
- m) Consulting activities, preparation of specialised papers and assessments
- n) Project preparation of electric appliances
- o) Repairs and maintenance of home appliances, cultural objects, products of fine mechanics, optical appliances and measuring equipment
- p) Business and services mediation
- q) Activities of information and news agencies
- r) Services in the area of administration and services of organizational and economic nature

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## II.

### REGISTERED CAPITAL, SHARES, SHAREHOLDERS

#### Article 4

##### Registered Capital, Shares in the Company

1. The registered capital of the Company shall amount to 32,208,990,000 CZK (in words: Thirty Two Billion Two Hundred And Eight Million Nine Hundred And Ninety Thousand Czech Crowns).
2. The registered capital of the Company stated in par. (1) shall be allocated to:
  - a) 322,089,890 bearer common shares with a nominal value of 100 CZK per share, and

- b) 1 registered common share with a nominal value of CZK 1,000.
3. The shares of the Company shall be issued in book-entered form.

## Article 5

### Shareholders of the Company

1. The rights and obligations of a shareholder shall be set forth by the legal regulations and by these Articles of Association. A shareholder of the Company may be either a Czech or a foreign national, a legal entity or a natural person.
2. A shareholder shall be entitled in accordance with the Commercial Code to attend the General Meeting, to vote at it, to ask for and receive explanations at or, as the case may be, prior to the General Meeting of matters concerning the Company or, as the case may be, entities controlled by the Company, if such explanation is necessary for assessment of subjects of the agenda of the General Meeting and to submit proposals and counter-proposals. Provision of explanations shall comply above all with the provisions of Art. 180 (4 and 5) of the Commercial Code. Submitting of proposals and counter-proposals shall be governed in particular by the provisions of Art. 180 (6 and 7) of the Commercial Code.
3. A shareholder shall be entitled to a proportion of the Company profits (a dividend), assigned for distribution by the General Meeting on the basis of the Company's financial results. This proportion shall be determined by the ratio between the nominal value of shareholder's shares and the nominal value of shares of all shareholders. A shareholder shall not be bound to refund to the Company any dividend accepted in good faith.
4. A shareholder shall not be authorized to request the return of his/her/its contribution during the term of the Company's existence even in the event that it has been wound up. Payments by the Company to shareholders shall not be considered to be return of contribution if they are provided:
  - a) as a result of reduction of registered capital,
  - b) upon purchase of shareholder's shares by the Company, if terms and conditions imposed by law are complied with,
  - c) in returning interim certificates or declaring them invalid, or
  - d) in distribution of shares in the liquidation balance.
5. In the event of liquidation of the Company, a shareholder shall have the right to a share in the liquidation balance. This proportion shall be determined as the share in profits in accordance with par. (3) and it shall further be proceeded in accordance with the provisions of Art. 220 of the Commercial Code.
6. A shareholder shall exercise his/her/its rights vis-à-vis the Company in a responsible manner, in particular in such manner that no unjustified interference is incurred in rights and rightful interests of the Company and other shareholders, which are known or can and shall be known to the shareholders.

The shareholder is not obliged to exercise the voting rights attached to all his/her/its shares in the same manner.

7. The Company shall act vis-à-vis all shareholders in an honest and just manner, and shall handle all shareholders under the same conditions in an equal manner, and shall enable all shareholders equal exercise of their rights. The Company shall act vis-à-vis all shareholders in a responsible manner, in particular in such manner that no unjustified interference is incurred in rights and rightful interests of the shareholders, which are known or can and shall be known to the Company.

### III.

## **COMPANY BODIES AND THEIR REMUNERATION**

### Article 6

#### Company Bodies

The bodies of the Company shall be:

- A) the General Meeting,
- B) the Board of Directors,
- C) the Supervisory Board and
- D) the Audit Committee.

### **A) GENERAL MEETING**

#### Article 7

#### The General Meeting and its Status

1. The General Meeting shall be the supreme body of the Company.
2. The proceedings of the General Meeting shall not be public.

#### Article 8

#### Authority of the General Meeting

1. The General Meeting shall have the exclusive authority to:

- a) approve the Rules of Procedure of the General Meeting,
- b) decide on amendments to these Articles of Association, unless any change which occurred under any other legal circumstances is involved,
- c) decide on an increase of the registered capital or on the authorisation of the Board of Directors pursuant to Art. 210 of the Commercial Code (i.e. on the authorisation of the Board of Directors to decide on an increase of the registered capital) or on the option to offset monetary receivable due from the Company against receivable of payment of the subscription price of shares,
- d) decide on the reduction of the registered capital,
- e) decide on issue of bonds, where the decision by the General Meeting is required by the Commercial Code,
- f) decide to wind up the Company with liquidation, appoint and dismiss the liquidator, including determination of the amount of his/her remuneration, approve proposed distribution of the liquidation balance,
- g) decide on transformation of the Company, unless the law stipulates that the Board of Directors is authorized to make such decision,
- h) decide on a change in class of shares and any change in the rights attached to individual classes of shares,
- i) decide on changes in type and form of shares,
- j) elect and dismiss the members of the Supervisory Board, except for the members of the Supervisory Board elected by employees pursuant to the provisions of Art. 200 of the Commercial Code,
- k) approve regular and extraordinary financial statements and consolidated financial statements and, in cases set forth by law, also interim financial statements, decide upon the distribution of profits or other own resources or cover of losses, determine the amount and payment date of royalties, and the amount and payment date of dividends, and approve rules for usage of undistributed profits,
- l) decide to increase the Reserve Fund in excess of the limit set forth in VI.Article 31 (1) and (2), in compliance with Article 31 (3),
- m) discuss a Board of Directors' annual report on the Company's business activity, and on the situation of the Company's assets as part of the annual report according to Act No. 563/1991 Coll. on Accounting as amended (hereinafter referred to as the "Act No. 563/1991 Coll."),
- n) approve agreements set forth in Art. 67a of the Commercial Code,
- o) decide on the establishment and the use of other funds created from profits,

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- p) decide on approval of the rules of remuneration to members of the Board of Directors, the Supervisory Board and the Audit Committee and stipulation of remuneration to members of the Board of Directors, the Supervisory Board and the Audit Committee and maturity thereof,
- q) decide on approval of control agreements, profit transfer agreements and silent partnership agreements and changes thereto, if the Company concludes such agreements,
- r) decide on approval of agreements on the performance of the office of members of the Supervisory Board and the rules for provision of non-claim prerequisites to members of the Supervisory Board of the Company,
- s) decide on determination of an auditor to carry out mandatory audits or to audit other documents where the determination is required by law;
- t) ~~elect and dismiss of the members of~~ Audit Committee;
- u) decide on approval of agreements on the performance of the office of members of the Audit Committee and the rules for provision of non-claim prerequisites to members of the Audit Committee; and
- v) decide on approval of financial assistance if such approval is required by law;
- w) decide other matters that the General Meeting has the power to decide pursuant to the law or pursuant to these Articles of Association.

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2. The General Meeting may not reserve the right to decide on matters on which the law or these Articles of Association do not provide that such decision comes under the authority of the General Meeting.
3. If so approved by the General Meeting in advance and if further conditions arising from legal regulations are fulfilled, the Company may provide financial assistance pursuant to Art. 161f of the Commercial Code to obtain shares or interim certificates of the Company. Subject to fulfillment of the conditions arising from legal regulations, financial assistance may also be provided pursuant to Art. 161g of the Commercial Code.

## Article 9

### Convening the General Meeting

1. The General Meeting shall be convened at least once a year by the Board of Directors, so that it is held no later than six months from the last day of the accounting period; the Board of Directors may also convene it when it considers this necessary in the Company's interests. Under the conditions set forth in Art. 184a (1), the General Meeting may also be convened by a member of the Company's Board of Directors instead of by the Board of Directors.



2. The Board of Directors shall convene an extraordinary General Meeting without unreasonable delay after finding out that the total loss of the Company shown in any financial statements has reached the amount upon coverage whereof from available resources of the Company the unpaid loss would reach one half of the registered capital of the Company or after such situation can be anticipated with respect to all circumstances or after finding out that the Company has become bankrupt, and shall propose to the General Meeting wind-up of the Company or adoption of another measure, unless the law stipulates otherwise.

3. The Supervisory Board or other persons shall convene the General Meeting in cases set forth by law in the same manner as the Company's Board of Directors

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4. A shareholder or shareholders who have shares or interim certificates which nominal value equals at least 3% of the Company's registered capital may request the Board of Directors to convene an extraordinary General Meeting to discuss proposed matters. Each of the proposed matters must be supplemented by a justification or draft resolution. The application shall be enclosed with a current excerpt from the statutory registry, where Company's shares are registered, and, if not, the Company shall be entitled to obtain the necessary excerpt by itself at the expense of such shareholder or shareholders.

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The shareholder or shareholders pursuant to the preceding paragraph have the right that the matter proposed by them is included in the agenda of the General Meeting on the assumption such proposal containing a justification or draft resolution concerning each of the points of such proposal shall be delivered to the Company's Board of Directors within the deadline set forth in Art. 182 (1) (a) of the Commercial Code.

5. The General Meeting shall be convened in the case of a shareholder having bearer shares by a notice published in the manner stated in Article 37 (1) and in the case of shareholders having registered shares by written invitation sent in the manner stated in Article 37 (1), in both cases at least 30 days prior to the General Meeting, unless the Commercial Code stipulates any shorter period.

A notice on the General Meeting and an invitation to the General Meeting shall include at least:

- a) the business name and registered office of the Company,
- b) the place, date and time of the General Meeting;
- c) indication as to whether a regular or an extraordinary or a substitute General Meeting is being convened,
- d) agenda of the General Meeting,
- e) the decisive date applicable to participation in the General Meeting and an explanation of its importance for voting at the General Meeting,
- f) other requisites stipulated by these Articles of Association, General Meeting's decision, or by legal regulations.

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6. The decisive date of participation in the General Meeting is the seventh day before the day the General Meeting is held.

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7. The place, date and hour of the General Meeting shall be determined in such a manner so as to minimize limitation of shareholder's possibility to attend the General Meeting.

## Article 10

### Organization of the General Meeting

1. A shareholder shall participate in the General Meeting in person or through a person authorized to act on his/her/its behalf, or through a representative, unless otherwise stipulated by law; the shareholder participating in such manner is considered present.

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A power of attorney for representing a shareholder at the General Meeting shall be in writing, unless the law or these Articles of Association stipulates otherwise and it must indicate whether it was granted by the shareholder to the proxy for representation at one or more than one General Meeting of the Company within a certain period. For granting the power of attorney, the shareholder may also use a standard form which shall be made available by the Company in compliance with Art. 120 (3 and 4) of Act No. 256/2004 Coll., the Capital Market Trading Act (hereinafter "Act No. 256/2004 Coll.").

A shareholder may also empower members of the Company bodies on the assumption that such members of the Company bodies shall publish, together with the invitation to the General Meeting or with the notice on the General Meeting, all facts that might be important for the shareholder when assessing whether in the case in question a conflict of his/her/its interests and the interests of the relevant member of the Company bodies threatens.

Shareholders may also notify the Company of the granted power of attorney for representation at the General Meeting as well as of its withdrawal by the principal in the electronic form. Where such notification does not enable the Company to check whether statutory requirements of the power of attorney have been met or to unambiguously identify the signed person (in particular where the notification is delivered to the Company's data box or where a guaranteed electronic signature based on a qualified certificate issued by an accredited provider of certification services it is not attached to the notification), the Company shall be entitled, but not obliged, to request additional information to avoid unclarities. Where representation of the shareholder is demonstrated in some of the above mentioned manners, the Company shall not request presentation of the written power of attorney during the Registration.

A shareholder may also be represented at the General Meeting or in exercising other rights attached to shares by a person entered in investment tools register or book-entered securities register as an administrator or person authorized to exercise rights attached to the share. Authorisation of such person shall be demonstrated by an excerpt from the statutory register, which excerpt shall be procured by the Company. Where the shareholder's representation is proven in the manner as mentioned in the first sentence of this subparagraph, the Company shall not request presentation of the written power of attorney during

the registration. If the shareholder mentioned in the first sentence of this subparagraph wishes to be present at the General Meeting in a manner other than through an administrator or other person mentioned there authorized to exercise rights attached to the share on the shareholder's behalf, he/she/it must provide during the registration an excerpt from the statutory register documenting that he/she/it was a shareholder of the Company as of the decisive date.

2. The attending shareholders shall be registered in an attendance list which contains the business name and the registered office of the legal entity or the name and the domicile of the natural person who is a shareholder, or of its representative, the nominal value of the shares which authorize their holders to vote, or indication that no voting rights are attached to the shares. The Company shall provide for the registration of the shareholders the attendance list. If the Company refuses to enter a certain person in the attendance list, such fact shall be stated in the attendance list, with the reasons for refusal. Powers of attorney of the representatives of shareholders shall be attached to the attendance list. The accuracy of the attendance list shall be confirmed by the signatures of the chairman of the General Meeting and the minutes clerk elected pursuant to the Articles of Association.

3. A shareholder who is a natural person shall produce a proof of identity at registration (i.e. at registration in an attendance list). The proxy of a shareholder - individual shall also provide power of attorney signed by the shareholder, unless the law or these Articles of Associations stipulates otherwise. The signature of the shareholder on power of attorney must be officially verified.

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The statutory body of a shareholder - legal entity shall show proof of identity, provide an original or officially verified copy of an extract from the Commercial Register or another document proving the existence of the legal entity and the method of acting of the statutory body on its behalf. The proxy of a shareholder - legal entity shall also provide power of attorney signed by the statutory body, unless the law or these Articles of Association stipulate otherwise. The signature on the power of attorney must be officially verified.

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If the above mentioned documents are issued by or provided with an certificate of a foreign authority or institution, they must be also provided with a stamp of apostille or other certificate required by Czech authorities in official communication in case of foreign documents. If the above mentioned documents or certificates are made in foreign language they must also be provided with official translation in Czech.

If legal regulations stipulate special prerequisites for the shareholder being present at the General Meeting the relevant shareholders, or their representatives, shall fulfil these prerequisites.

This shall be without prejudice to further statutory requirements for shareholders' representation at the General Meeting.

4. The number of votes of a shareholder shall depend on the nominal value of his/her/its shares. To each share with nominal value of CZK 100 one vote is

attached. To each share with nominal value of CZK 1,000 ten votes are attached.

5. Members of the Board of Directors, the Supervisory Board and the Chairman or the Vice-Chairman or other designated member of the Audit Committee shall participate in the General Meeting. If necessary, the Board of Directors shall arrange that relevant top management members attend the General Meeting so that shareholders can obtain, in accordance with the Commercial Code, qualified explanations necessary for assessment of subjects on the agenda of the General Meeting. The auditor shall be authorized to participate in the appropriate part of the General Meeting in order to present his/her/its findings to the shareholders of such General Meeting approving the Company's financial statement. Other persons invited by the Board of Directors shall be entitled to participate in the General Meeting, unless the General Meeting decides otherwise.

## Article 11

### Conduct of the General Meeting

1. Unless the Commercial Code stipulates otherwise, the General Meeting shall elect, in a procedure under Article 12 (1), a chairman, a minutes clerk and 2 persons to verify the minutes and persons to count the votes; persons who are not shareholders of the Company may be elected, too. Until the election of the chairman, the General Meeting shall be presided over by an authorized member of the Board of Directors unless the Commercial Code stipulate otherwise; provided that the Board of Directors does not authorise any of its members to temporarily preside over the General Meeting though ought to have done so, the General Meeting may elect the chairman directly upon a proposal by the person who convened the General Meeting or, as the case may be, by the Supervisory Board.
2. If for any serious reasons the Chairman of the General Meeting cannot continue to preside, then the person who presided over the General Meeting until the election of the chairman shall assume conduct of the General Meeting until a new Chairman of the General Meeting is elected. If for any serious reasons any other elected General Meeting's body cannot continue to carry out his/her function, the General Meeting shall elect another person in the given function.
3. The chairman of the General Meeting shall be obliged to ensure the presentation of all proposals and counterproposals to the shareholders, which have been submitted by the person who convened the General Meeting or the shareholders. The chairman of the General Meeting shall also be obliged, in accordance with law, to provide answers to the requests of the shareholders in relation to the Company or, as the case may be, entities controlled by the Company, which are necessary for assessment of subjects on the agenda of the General Meeting session, unless such answers have already been provided to the shareholders in accordance with Art. 180 (5) of the Commercial Code.

4. Any proposals, counterproposals or questions required to be answered must be submitted at the General Meeting in suitable form. The shareholders may be called upon to submit such proposals, counterproposals or questions in writing; however, this requirement cannot be binding on shareholders.
5. If a shareholder intends to raise counterproposals at the General Meeting in response to proposals, the contents whereof is stated in the invitation to the General Meeting or in the announcement on the session of the General Meeting, or if a notarial record must be made documenting the decisions of the General Meeting, he/she/it shall deliver the written wording of the proposal or counterproposal to the Company at least five business days prior to the date of the General Meeting. This shall not apply to proposals for election or dismissal of specific persons to/from the Company's bodies. The Board of Directors shall publish his/her/its counterproposal with its standpoint at least three days, if possible, prior to the announced date of the General Meeting.

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A shareholder shall be entitled to present proposals concerning the points to be included in the agenda of the General Meeting prior to publication of the invitation to the General Meeting or the notice on the General Meeting. The Board of Directors shall publish a proposal, which shall be delivered to the Company no later than within seven days prior to the publication of the invitation to the General Meeting or the notice on the General Meeting, together with the invitation to the General Meeting or the notice on the General Meeting. The preceding subparagraph of this paragraph 5**Error! Reference source not found.** shall apply *mutatis mutandis* to proposals delivered after expiration of the cited deadline.

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## Article 12

### Voting and Quorum of the General Meeting

1. The voting shall proceed in accordance with these Articles of Association and Rules of Procedure of the General Meeting approved by the General Meeting, which shall specify the voting rules ensuing from these Articles of Association; Rules of Procedure of the General Meeting must provide all shareholders with a fair possibility to exercise their rights. The voting shall take place by voting tickets to which present shareholders attach their signatures. If a present shareholder cannot write, his ballot shall be signed on his behalf by the person authorised to count votes. A proposal presented by a person who convoked the General Meeting shall be voted at first and in case that this proposal shall not be approved, the voting of other proposals and counterproposals relating to the matter in question shall proceed in the order they were submitted. Once a submitted proposal is approved, the shareholders shall no longer vote on other proposals and counterproposals contradictory to the approved proposal. The General Meeting must be informed about all proposals and counterproposals being submitted on the relevant point of the agenda of the General Meeting before voting.
2. The General Meeting shall be deemed as having a quorum if shareholders who have shares or securities substituting shares with an aggregate nominal value

exceeding a half of the registered capital of the Company are present (as stipulated in Article 10 (1)). When judging whether the General Meeting constitutes a quorum for making decisions and when voting at a General Meeting, the shares without voting rights or securities replacing such shares shall not be taken into consideration or, if the voting right attached therewith cannot be exercised, then such shares or securities cannot be taken into consideration; the same applies to other subscribers' securities indicated in the Commercial Code.

3. If the General Meeting is not deemed as having a quorum even after one hour from the designated beginning of the General Meeting, the Board of Directors shall reconvene a substitute General Meeting to take place within 6 weeks after the date of the originally convened General Meeting. The Board of Directors shall convene the substitute General Meeting by a new invitation and new notice in the manner stated therein for convocation of the General Meeting; the term stated in Article 9 (5) shall be reduced to 15 days. The invitation must be sent and the notice on the General Meeting must be published within 15 days after the date of the originally convened General Meeting. The substitute General Meeting must have the same agenda and constitute a quorum without regard to the number of shareholders present and the aggregate nominal value of shares held by them. This fact must be included in the invitation and in the notice on the General Meeting.
4. Issues not included in the proposed agenda of the General Meeting may be decided only if all shareholders of the Company are present (or represented) and approve the discussion of such issues unanimously.
5. The General Meeting shall adopt decisions by a simple majority vote of the shareholders present, unless law or these Articles of Association require otherwise.
6. General Meeting decisions regarding the changes in these Articles of Association, increase in the registered capital, reduction of the registered capital, proposal for division of the liquidation balance and the matters referred to in Article 8 (1) (n) shall require at least a two-thirds majority of the votes of the present shareholders.
7. If the General Meeting decides on an increase in the registered capital or on reduction of the registered capital, the consent of at least two-thirds of the votes of shareholders present of each kind of shares issued by the Company is required, unless stipulated otherwise by law.
8. General Meeting decisions regarding transformation of the Company require at least a three-quarters majority of votes of shareholders present, unless the Commercial Code requires a greater majority. General Meeting decision regarding the wind-up of the Company with liquidation require at least a two-thirds majority of the votes of the shareholders present.
9. General Meeting decisions regarding a change in form of shares and de-listing of shares from the official market shall require at least a two-thirds majority of the votes of shareholders present and at least three-quarters of the votes of shareholders present having these shares shall be also required.

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10. General Meeting decision regarding a change in the kind of shares, on a change in the rights connected with individual kinds of shares shall require the affirmative vote of at least two-thirds of the shareholders present and the affirmative vote of at least three-quarters of the shareholders present having these shares shall be also required.
11. General Meeting decision regarding the elimination or restriction of the priority right to convertible and priority bonds, as well as the elimination or restriction of their priority right to subscribe new shares pursuant to the provisions of Art. 204a of the Commercial Code, approval of control agreement, profit transfer agreement and an increase of the registered capital through non-monetary investments shall require the affirmative vote of at least three-quarters of the shareholders present. For such decisions of the General Meeting at least three-quarters of the votes of present shareholders holding each kind of shares issued shall also be required.
12. The General Meeting is to decide on joining of shares also by votes of shareholders holding the shares, which are to be joined.
13. Election of members of the Supervisory Board or the Audit Committee with an obstacle in the performance of their position pursuant to the provisions of Art. 38l (1) of the Commercial Code, or confirmation of their election shall be decided by the General Meeting, by at least two-thirds of the votes of shareholders present.
14. The General Meeting shall decide on provision of a financial assistance by at least two-thirds of the votes of all shareholders.
15. A notarial record shall be executed with respect to the decisions under the preceding par. (6) to (12). If stipulated by law, a notarial record shall be drawn up in other cases, too.

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## Article 13

### General Meeting Record

1. The General Meeting record shall be provided by the Board of Directors within 30 days from the date of closing of the General Meeting. The General Meeting record shall contain:
  - a) the business name and registered office of the Company,
  - b) the place and time of the General Meeting,
  - c) the name of the Chairman of the General Meeting, minutes clerk, minute verifiers and persons authorized to count votes,
  - d) a description of discussion on individual items of the agenda of the General Meeting,
  - e) the decisions of the General Meeting with results of voting,



- f) the content of protest of a shareholder, member of the Board of Directors or Supervisory Board concerning the decision of the General Meeting, if the protesting person asks for it.
2. Proposals and declarations submitted to the General Meeting for discussion and the list of attendance at the General Meeting, including the powers of attorney of the shareholders' representatives, shall be attached to the record.
3. The record shall be signed by the Chairman of the General Meeting, minutes clerk and the two elected verifiers.
4. General Meeting records along with the notice, the General Meeting invitation, and the attendance list of the shareholders present shall be filed in the archive of the Company during the term of Company's existence. The liquidator shall ensure the archiving or storage of such minutes over an additional term of ten years after the dissolution of the Company. If the Company is wound up without liquidation the legal successor shall be obliged to keep the minutes in the archive.
5. Any of the shareholders of the Company may request the Board of Directors to release a copy of the record or part thereof for the entire period of existence of the Company. The copy of the record or any portion thereof and its delivery to the shareholder shall be made at the shareholder's expense.

## **B) THE BOARD OF DIRECTORS**

### **Article 14**

#### **Status and Authority of the Board of Directors**

1. The Board of Directors shall be the statutory body, managing the Company's activities and acting on the Company's behalf. Nobody is authorised to give instructions to the Board of Directors regarding the commercial management of the Company, unless law stipulates otherwise.
2. The Board of Directors shall make decisions on all Company business not reserved to the authority of the General Meeting or the Supervisory Board of the Company by legal regulations or by these Articles of Association, unless law or these Articles of Association stipulate otherwise.
3. The Board of Directors shall especially be authorized to:
  - a) secure the business activities and ensure the operational management of the Company,
  - b) approve the Rules of Procedure of the Board of Directors,
  - c) execute the rights of employer,
  - d) convene the General Meeting,



- e) ensure the preparation and submit to the General Meeting for discussion the matters coming under the authority of the General Meeting,
- f) implement the General Meeting resolutions in accordance with law and these Articles of Association,
- g) ensure due and proper keeping of accounts and Company documents, in line with legal regulations applicable,
- h) submit to the Supervisory Board for review the Company's regular, extraordinary or, as the case may be, interim financial statement, always in its consolidated as well as unconsolidated form, and the proposal for distribution of profit or the other Company's resources or for coverage of losses and the report by the Board of Directors pursuant to the provisions of Art. 66a (9) of the Commercial Code,
- i) decide on the conclusion of agreements establishing business companies and cooperatives, agreements establishing associations or interest groups, and on capital investment in business companies or cooperatives, on acquisition, cessation, and alienation of participations in other business companies or cooperatives, without limitation to having their registered office in the Czech Republic,
- j) use the undistributed profits in accordance with the principles set forth by the General Meeting,
- k) decide on use of the Funds of the Company in accordance with the principles set forth by the General Meeting,
- l) prepare the report of the Board of Directors on the business activity of the Company and on its property in accordance with the provisions of Art. 192 (2) of the Commercial Code, annual report according to the provisions of Art. 21 of the Act No. 563/1991 Coll., the provisions of Art. 118 of the Act No. 256/2004 Coll., and Article 32 (7), including the report by the Board of Directors pursuant to the provisions of Art. 66a (9) of the Commercial Code, semi-annual report pursuant to the provisions of Art. 119 of the Act No. 256/2004 Coll., interim report or equivalent quarterly information in accordance with the provisions of Art. 119a of Act No. 256/2004 Coll. and a summary explanatory report pursuant to the provisions of Art. 118 (8) of Act No. 256/2004 Coll.,
- m) determine business policy,
- n) stipulate principles for the collective agreement,
- o) decide on use of the Reserve Fund, subject to the conditions stated in Article 31 (4),
- p) grant and withdraw procuration,
- q) organize, in compliance with the Commercial Code, election or dismissal of members of the Supervisory Board by the employees and to approve the election rules for such election or dismissal,

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- r) stipulate the rules for the creation and use of the Social Fund on the basis of collective bargaining,
  - s) enter into an agreement on mandatory audit or, if applicable, on other services to be rendered with the auditor,
  - t) discuss the audit report with the auditor.
4. The Board of Directors shall request the prior consent of the Supervisory Board to the acts whereby, or based on which it shall come to the following matters (provided that the Board of Directors takes any act in connection with such matters):
- a) the issue or acquisition of shares in the Company or debt securities issued by the Company or debt securities issued by a company where the Company has a property participation,
  - b) the issue of global depositary receipts for shares in the Company,
  - c) application for receipt of the debt securities referred to in letter a) and the global depositary receipts referred to in letter b) for trading on the official market of any stock exchange or exclusion of such debt securities or global depositary receipts from trading on such market,
  - d) entry into or termination of a co-operation agreement exceeding one year between the Company and another participant in a controlled entity of the Company or entry into or termination of a co-operation agreement exceeding one year between a controlled entity of the Company and another entity if such agreement concerns core business of such controlled entity,
  - e) acquisition or alienation of a property participation by the Company or by a controlled entity in another company the value of which is not less than the sum of one-quarter of Company's equity resulting from the last ordinary financial statement or the consolidated financial statement of the Company if a consolidated financial statement was prepared for preceding accounting period,
  - f) investments by the Company requiring an amount which is not less than the sum of one-quarter of Company's equity resulting from the last ordinary financial statement or the consolidated financial statement of the Company if a consolidated financial statement was prepared for preceding accounting period,
  - g) termination of the employment agreements at the same time or within one calendar year span concerning employees of the Company or of a controlled entity the number of whom exceeds 10% of such employees as of the last day of previous year,
  - h) transformation of the Company or a controlled entity,

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- i) the election, appointment or dismissal of members of statutory and supervisory bodies of subsidiaries and other companies where the Company has a property participation,
  - j) conclusion of an agreement the subject of which is a sale of the business of the Company or any part thereof and lease thereof, or conclusion of such agreement by a controlled entity,
  - k) conclusion of an agreement on alienation or on leasing of the Company's assets in cases where the book value of such assets in the calendar year exceeds of one-quarter of Company's equity resulting from the last ordinary financial statement or the consolidated financial statement of the Company if a consolidated financial statement was prepared for preceding accounting period,
  - l) designation of Company Secretary and termination of his/her office.
5. The Board of Directors is obliged to inform the Supervisory Board on continuous basis especially about:
- a) the annual financial and business plans of the Company (including the annual investment budget and annual operational budget) and to the concept of the Company's business activity,
  - b) the establishment and use of the funds of the Company,
  - c) the major changes in the Company's organizational structure,
  - d) the appointment and dismissal CEO and managers of the Company whose appointment is requested pursuant to labour laws,
  - e) principles and results of the collective bargaining,
  - f) salary development in the Company,
  - g) current situation in the Company in respect to the information about the events that have material influence on the operation of the Company and that occurred after the last Supervisory Board meeting,
  - h) the development of the receivables and the obligations that are overdue,
  - i) monthly development of Company's performance and risk identification,
  - j) the course and the results of the meetings of the Board of Directors,
  - k) the agenda of the General Meeting, including documents submitted by the Board of Directors to the General Meeting; the Supervisory Board may give its standpoint to any such documents.
6. Members of the Board of Directors shall be listed in the Commercial Register.

7. The activity of the Board of Directors shall comply with the principles and instructions approved by the General Meeting, provided that they are in accordance with legal regulations and these Articles of Association. The Board of Directors shall take heed that the Supervisory Board, the Supervisory Board Committees and the Audit Committee may exercise powers coming under their authority pursuant to law or these Articles of Association.

## Article 15

### Composition of the Board of Directors

1. The Board of Directors shall consist of 7 members. Members of the Board of Directors are elected and dismissed by the Supervisory Board. A member of the Board of Directors may only be a natural person who reached the age of 18, is fully competent to carry out legal acts, has a civil integrity in the sense given by Act No. 455/1991 Coll., and for whom no circumstances constituting an obstacle for carrying out a trade in accordance with Act No. 455/1991 Coll., or an obstacle pursuant to the provisions of Art. 38l of the Commercial Code occurred (unless the obstacle – in accordance with Article 23 (1), and the Commercial Code – ceases to exist). The members of the Board of Directors shall be elected from individual persons who have the required skills and experience. An individual who nominates a new member of the Board of Directors shall procure that such individual's professional resume is available at the Supervisory Board.
2. The term of office of individual members of the Board of Directors shall be five years. A member of the Board of Directors may be re-elected.
3. A member of the Board of Directors may resign from his/her office by means of a written statement delivered to the Board of Directors or to the Supervisory Board. Performance of his/her office shall terminate on the day on which the Supervisory Board discussed or should have discussed the resignation. The Supervisory Board shall discuss resignation of the member of the Board of Directors on its next meeting. However, if a member of the Board of Directors announces his/her resignation at a meeting of the Supervisory Board, his/her office shall terminate after two months following such announcement, unless the Supervisory Board approves another office termination date, upon such resigning Board of Directors member's request. If the Chairman of the Supervisory Board (in his/her absence, the Vice-Chairman in rank order) fails to convene the Supervisory Board meeting, on which the resignation of the member of the Board of Directors shall be discussed, on the date set forth in advance, otherwise without undue delay, any of the members of the Supervisory Board shall convene the Supervisory Board meeting upon a request of the resigning member of the Board of Directors.
4. If a member of the Board of Directors dies, resigns from his/her office, is dismissed or the term of his/her office expires otherwise, the Supervisory Board shall be obliged to elect a new member of the Board of Directors within three months.

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5. The Chairman and two Vice-Chairmen in rank order shall be elected and dismissed by members of the Board of Directors from amongst the members thereof.

## Article 16

### Meetings of the Board of Directors

1. The Board of Directors shall usually meet once a calendar month, but no less than 12 times per calendar year.
2. A meeting of the Board of Directors shall be convened by its Chairman, or in his/her absence, a Vice-Chairman in rank order, by a written notice indicating the place, the date, the time and the agenda of the meeting. The notice is to be delivered to members of the Board of Directors at least 3 days prior to the meeting. Previous sentence shall not apply provided that the date and the agenda of the following meeting were discussed at any of the previous meetings of the Board of Directors; even in such case the Chairman of the Board of Directors, or in his/her absence, a Vice-Chairman in rank order may convene a Board meeting regardless of the previously discussed date and agenda of the meeting. If all members of the Board of Directors agree, the meeting may be convened also by e-mail. Even in such a case, however, the notice must include all the above-specified requisites, and the members of the Board of Directors must confirm delivery of the invitation. If the Chairman or any of the Vice-Chairmen are unable to convene the Board of Directors meeting, any member thereof shall convene the Board of Directors meeting according to the rules specified above at a date set forth in advance, or otherwise as necessary; if several members of the Board of Directors convene the Board of Directors meeting in such manner at different dates, the Board of Directors shall meet at the first of such dates. If a decision in a matter that cannot be delayed is involved, the Board of Directors meeting may be convened by any member thereof in suitable form, potentially without compliance with the 3-day period.
3. The Chairman or in his/her absence the Vice-Chairman in rank order shall be obliged to convene a meeting of the Board of Directors whenever a member of the Board of Directors so requests with determination of the reason therefor.
4. A meeting of the Board of Directors shall take place at the Company's registered office, unless otherwise decided by the Board of Directors.
5. The function of a member of the Board of Directors constitutes an obligation of personal nature and cannot be performed by a deputy.
6. The Board of Directors may, in compliance with legal regulations and at its discretion, invite to its meetings members the Supervisory Board of the Company, members of the Audit Committee, employees of the Company or other persons.
7. The activities of the Board of Directors shall be regulated by the Rules of Procedure.

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8. The meetings of the Board of Directors shall be presided over by the Chairman and in his/her absence by the Vice-Chairman in rank order.
9. The minutes of the proceedings of the meetings of the Board of Directors and decisions approved shall be prepared and shall be signed by the Chairman of the Board of Directors and the minutes clerk determined by the Board of Directors; if the meeting was not presided over by the Chairman of the Board of Directors the minutes from the meeting shall be signed also by the person who presided over the meeting. The names of the Board of Directors' members that voted against individual decisions of the Board of Directors or abstained from voting shall be specified in the minutes from the meeting of the Board of Directors. The minutes of meetings of the Board of Directors must be archived throughout the term of existence of the Company. A copy of the minutes shall be delivered to the Supervisory Board and to the Audit Committee if the matter at hand involves or falls within the powers of the Audit Committee.
10. Any expenses in connection with the meetings and with other activities of the Board of Directors shall be covered by the Company.

## **Article 17**

### **Board of Directors Decision-Making**

1. The Board of Directors shall be deemed to have a quorum if a simple majority of all members of the Board of Directors is present.
2. If a meeting of the Board of Directors cannot be held because there are not enough members to constitute a quorum in accordance with par. (1), the Chairman or, in his/her absence, the Vice-Chairman in rank order, may schedule a new meeting that shall be held within seven days after the originally scheduled meeting, but no sooner than on the day following the originally scheduled meeting, and with the original agenda.
3. For a decision to be passed, the consent of a simple majority of Board of Directors members present shall be required. In the event of a deadlock, the vote of the person presiding over the meeting shall be decisive.
4. Upon election and dismissal of the Chairman and Vice-Chairmen of the Board of Directors the person affected shall not vote.

## **Article 18**

### **Decision-Making by the Board of Directors outside Meetings**

1. If all members of a Board of Directors so agree, the Board can adopt a decision "outside" its meeting (per rollam). The consent to per rollam decision-making must take the same form as the voting referred to in par. (2) and must be granted no later than by the end of voting within the per rollam decision-making

procedure. If a Board member votes within the per rollam decision-making procedure (or, as the case may be, if he/she explicitly abstains from voting in accordance with par. (2)) it shall hold that he/she consented to the per rollam decision-making.

2. The voting within the per rollam decision-making procedure may take either of the following forms:
  - a) in writing, including voting by means that make it possible for the voting Board members to express their will in writing, including identification of the voting person (e.g. e-mail),
  - b) by means transferring the voting Board member's voice or their voice and picture (such as telephone, conference calls or videoconference).
3. Per rollam decision-making may be initiated by:
  - a) a call by the Chairman or, if the Chairman is absent, by the Vice-Chairman of the Board of Directors in a pre-determined manner,
  - b) a joint call by all members of the Board of Directors present at the meeting, if the Board of Directors does not constitute a quorum due to a shortage of members present.
4. Per rollam decision-making is subject to the same rules as adoption of decisions at Board meetings provided that all Board members are deemed to be attending (present) for the purposes of the assessment of quorum and of adoption of the decision and the Chairman of the Board of Directors (or, in his/her absence, the Vice-Chairman in rank order) shall be deemed to be the presiding person.
5. The information on the decision-making referred to in par. (1) through (4) must be recorded in the minutes from the next meeting of the Board of Directors.
6. If the Board of Directors constitutes quorum at a meeting, members who are not present in person at the meeting may vote at the meeting in the manner referred to in par. (2) hereof; they shall also be deemed as present for the purposes of determining the number of votes necessary for adoption of a decision. The expression of will of a Board member who is not present at the meeting in person must unambiguously indicate how he/she votes; it is not permissible for a Board member who is not present in person to authorize another Board member who is present at the meeting in person to vote instead of him/her. The information on the decision-making under this paragraph must be included in the minutes from the Board meeting.
7. All organizational work associated with the decision-making referred to in par. (1) through (6) shall be ensured by the Company Secretary in accordance with instructions of the Chairman of the Board of Directors or in his/her absence of the Vice-Chairman in rank order.
8. The Rules of Procedure for Board meetings can stipulate details of the procedure referred to in par. (1) through (7).

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## Article 19

### Duties of the Board of Directors Members

1. Members of the Board of Directors shall exercise their authority with the due care of a prudent business person and not disclose confidential information and facts to third parties, if such disclosure might be detrimental to the Company. A member of the Board of Directors shall also be obliged to keep the duty of confidentiality after his/her office expired. In particular the following duties fall within the obligation to act with the due care of a prudent business person:
  - a) to participate in activities of the Board of Directors actively, independently and with professional knowledge of the issues involved,
  - b) to extend one's knowledge and experience,
  - c) if any potential conflict of interests of the Company with interests that affect the individual member of the Board of Directors, whether directly or indirectly, is identified during decision-making of the Board of Directors, to abstain from voting setting forth the reason therefor or, as the case may be, not to participate during the relevant part of the Board of Directors meeting.
2. The members of the Board of Directors shall be obliged to respect the restrictions relating to the ban on competitive conduct. No member of the Board of Directors shall be allowed:
  - a) to carry out business on the field identical or similar to the Company activities or to enter into commercial relations with the Company,
  - b) to act as an intermediary in or to procure any Company's business for another person,
  - c) to participate in the business of another company as a member with unlimited liability or as an entity controlling another entity with the same or similar subject of business,
  - d) to carry out the activities as a statutory body or a member of the statutory or another body of another legal entity with the same or similar subject of business, save that such a legal entity belongs to the same concern as the Company.
3. Breach of duties specified in par. (1) and (2) shall bring about consequences set forth by legal regulations.
4. Members of the Board of Directors shall be liable to the Company, under the terms and conditions and to the extent set forth by legal regulations, for any damage caused to the Company by breach of duties in the course of performing their functions. Should such damage be caused by more than one member of the Board of Directors, such members shall be liable jointly and severally. Members of the Board of Directors shall be liable for damages caused to the



Company by their performing of an instruction given by the General Meeting only if the instruction of the General Meeting is in conflict with legal regulations.

## **C) SUPERVISORY BOARD**

### **Article 20**

#### **Status and Authority of the Supervisory Board**

1. The Supervisory Board is a controlling body of the Company. It shall supervise the exercise of the powers of the Board of Directors and the realization of the Company's business activities.
2. In line with the decision of the Supervisory Board or its Rules of Procedure, the Supervisory Board members shall especially be authorized to:
  - a) inspect all documents and reports concerning the Company's activities,
  - b) examine whether the accounting records are properly kept and reflect reality,
  - c) examine whether the business activity of the Company is being performed in accordance with legal regulations, these Articles of Association and lawful instructions of the General Meeting.
3. The Supervisory Board shall especially be authorized to:
  - a) review the regular, extraordinary and consolidated or, as the case may be, interim financial statements and proposals for distribution of profits or ~~the other Company's resources or for~~ coverage of losses, and to submit its standpoint to the General Meeting its standpoint, Deleted: the
  - b) elect and dismiss members of the Board of Directors in the manner given in Article 23 (1),
  - c) approve agreements on the performance of the office of members of the Board of Directors in compliance with the provisions of Art. 194 (1) of the Commercial Code,
  - d) decide on approval of the rules for provision of non-claim perquisites to members of the Board of Directors of the Company in compliance with the provisions of Art. 194 (1) of the Commercial Code,
  - e) convene the extraordinary General Meeting, if the interests of the Company so require, and propose any necessary measures to the General Meeting,
  - f) submit to the General Meeting and to the Board of Directors its standpoints, recommendations, proposals and results of its inspection activities,

- g) review the exercise of the powers of the Board of Directors, based on the request of the shareholders who have shares which nominal value amounts to at least 3% of the registered capital, in respect of the matters determined in the application, Deleted: exceeds
  - h) based on the request of the shareholders who have shares which nominal value amounts to at least 3% of the registered capital, claim the right for compensation of damage incurred by the Company vis-à-vis a member of the Board of Directors, Deleted: exceeds
  - i) to discuss and give the Board of Directors a prior consent on the acts stipulated in Article 14 (4),
  - j) to be informed regularly on continuous basis by the Board of Directors especially about issues stipulated in Article 14 (5):
  - k) decide on:
    - ka) issues concerning remuneration and other benefits for Board of Directors members insofar as stipulated by law, these Articles of Association, individual agreements on the performance of the office of Board of Directors members or rules approved by the General Meeting under Article 8 (1) (p),
    - kb) issues concerning remuneration and other benefits for Supervisory Board or Audit Committee members insofar as stipulated by law, these Articles of Association, individual agreements on the performance of office or rules approved by the General Meeting under Article 8 (1) (p), Article 8 (1) (r) or Article 8 (1) (u), Field Code Changed
  - l) review Board of Directors report under Art. 66a (9) of the Commercial Code; to inform the General Meeting of the review of this report and to submit its standpoint to the General Meeting.
4. The members of the Supervisory Board shall attend the General Meeting of the Company and report the results of their inspection activities to the General Meeting.
  5. The Supervisory Board shall exercise its powers in other matters where required by law or by these Articles of Association.
  6. The Supervisory Board shall approve the Rules of Procedure of the Supervisory Board, which are to govern the activities of the Supervisory Board.

## Article 21

### Composition of the Supervisory Board

1. The Supervisory Board of the Company shall have 15 members. No Supervisory Board member shall be simultaneously a member of the Board of Directors, CEO, Procurist or any person authorized to act on behalf of the

Company as recorded in the Commercial Register. A member of the Supervisory Board may only be a natural person who reached the age of 18, is fully competent to carry out legal acts, has civil integrity in the sense given by Act No. 455/1991 Coll., and for whom no circumstances constituting an obstacle for carrying out a trade in accordance with Act No. 455/1991 Coll. or an obstacle pursuant to the provisions of Art. 38l of the Commercial Code occurred. (unless the obstacle – in accordance with Article 12 (13) and the Commercial Code – ceases to exist). Furthermore, only a natural person who at the time of election is in employment relation to the Company or a representative or a member of a representative of employees in accordance with legal regulations may constitute a member of the Supervisory Board elected by employees. Members of the Supervisory Board shall be assumed to have appropriate professional skills and experience for the proper performance of their duties as members. An individual who nominates a new member of the Supervisory Board shall procure, where possible, that such individual's professional resume be available at the General Meeting. An individual who nominates a new member of the Supervisory Board shall see, where possible, that at least four members of the Supervisory Board are individuals who have no commercial or similar relations with the Company.

2. Two thirds of the Supervisory Board members shall be elected and dismissed by the General Meeting, and one third of the members of the Supervisory Board shall be elected and dismissed by the employees of the Company.
3. The Supervisory Board members shall be elected for the period of five years. A member of the Supervisory Board may be re-elected.
4. A member of the Supervisory Board may resign from his/her office by means of a written statement delivered to the Supervisory Board or to the General Meeting; a member of the Supervisory Board elected by employees may resign from his/her office by means of a written statement delivered to the Supervisory Board. Performance of his/her office shall terminate on the day on which the Supervisory Board discussed or should have discussed the statement of the resigning member. The Supervisory Board shall discuss resignation of the member of the Supervisory Board on its next meeting. However, if a member of the Supervisory Board announces his/her resignation at a meeting of the Supervisory Board, his/her office shall terminate after two months following such announcement, unless the Supervisory Board approves another office termination date, upon such resigning Supervisory Board member's request. If the Chairman of the Supervisory Board (in his/her absence, the Vice-Chairman in rank order) fails to convene the Supervisory Board meeting, on which the resignation of the member of the Supervisory Board shall be discussed, on the date set forth in advance, otherwise without undue delay, the resigning member of the Supervisory Board shall be entitled to convene the Supervisory Board meeting by himself/herself.
5. If a member of the Supervisory Board dies, resigns from his/her office, is dismissed or the term of his/her office expires otherwise, a new member of the Supervisory Board shall be elected within three) months, unless he/she is elected pursuant to par. (6).

6. If the number of Supervisory Board members elected by the General Meeting has not fallen below one half, the Supervisory Board may appoint (co-opt) substitute members to take office until the next General Meeting instead of its members elected by the General Meeting.
7. The Supervisory Board shall elect and dismiss the Chairman and two Vice-Chairmen in rank order from amongst the members thereof.
8. The Supervisory Board shall designate one of its members to represent the Company in proceedings in courts and other bodies conducted against members of the Board of Directors.

## Article 22

### Meetings of the Supervisory Board

1. The Supervisory Board shall meet as it finds it appropriate, usually once in a trimester, but no less than 4 times per calendar year.
2. The meeting of the Supervisory Board shall be convened by its Chairman or in the case of his/her absence by the Vice-Chairman in rank order, by a written invitation, which shall include the place, date, time and agenda of the meeting. The invitation shall be delivered at least seven days prior to the meeting. Previous sentence shall not apply provided that the date and the agenda of the following meeting were discussed at any of the previous meetings of the Supervisory Board; even in such case the Chairman of the Supervisory Board, or in his/her absence, a Vice-Chairman in rank order may convene a Supervisory Board meeting regardless of the previously discussed date and agenda of the meeting. If approved by all members of the Supervisory Board, the Supervisory Board meeting may be convened also by e-mail. Even in such a case, however, the invitation shall include the above given essentials, and Supervisory Board members must confirm its receipt. If the Chairman or any of the Vice-Chairmen are unable to convene the Supervisory Board meeting, any member thereof shall convene the Supervisory Board meeting according to the rules specified above; if several members of the Supervisory Board convene the Supervisory Board meeting in such manner at different dates, the Supervisory Board shall meet at the first of such dates. If a decision in a matter that cannot be delayed is involved, the Supervisory Board meeting may be convened by any member thereof in suitable form, potentially without compliance with the 7-day period.
3. Chairman or in his/her absence the Vice-Chairman in rank order shall be obliged to convene a meeting of the Supervisory Board whenever a member of the Supervisory Board so requests with determination of the reason thereof.
4. The Supervisory Board meeting shall take place at the registered office of the Company, unless otherwise decided by the Supervisory Board.
5. Performance of the office of member of the Supervisory Board constitutes an obligation of personal nature and cannot be delegated.

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6. The Supervisory Board may, in compliance with legal regulations and at its own discretion, invite to its meetings members of the Board of Directors, the Audit Committee, employees of the Company or other persons.
7. The meeting of the Supervisory Board shall be presided over by its Chairman and in the case of his/her absence by the Vice-Chairman in rank order.
8. The minutes of the proceedings of the meeting of the Supervisory Board and approved decisions shall be prepared and shall be signed by the Chairman of the Supervisory Board and the minutes clerk determined by the Supervisory Board; if the meeting was not presided over by the Chairman of the Supervisory Board the minutes from the meeting shall be signed also by the person who presided over the meeting. Each member of the Supervisory Board may request that the minutes include his/her opinion on an issue discussed; the minutes shall always set forth any differing opinion of the members of the Supervisory Board elected by employees. The minutes of meetings of the Supervisory Board must be archived throughout the term of existence of the Company.
9. Any expenses in connection with the meetings and with other activities of the Supervisory Board shall be covered by the Company.

## **Article 23**

### **Supervisory Board Decision-Making**

1. The Supervisory Board meeting shall be deemed to have a quorum if a simple majority of all Supervisory Board members is present. For a decision to be adopted in respect of all matters discussed by the Supervisory Board, the consent of a simple majority of all Supervisory Board members shall be required. In the event of a deadlock, the vote of the person presiding over the meeting shall be decisive. However for the election of members of the Board of Directors with an obstacle in the performance of their position pursuant to the provisions of Art. 381 of the Commercial Code, or confirmation of their election, the consent of a two-third majority of all Supervisory Board members shall be required.
2. If a meeting of the Supervisory Board cannot be held because there are not enough members to constitute a quorum in accordance with par. (1), the Chairman or, in his/her absence, the Vice-Chairman in rank order, may schedule a new meeting that shall be held within seven days after the originally scheduled meeting, but no sooner than on the day following the originally scheduled meeting, and with the original agenda.
3. Upon election and dismissal of the Chairman and the Vice-Chairmen of the Supervisory Board the person affected shall not vote.
4. Any different opinion on matters discussed by the Supervisory Board of those members of the Supervisory Board who were elected by employees of the Company must be reported to the General Meeting along with the conclusions of the other members of the Supervisory Board.

## Article 24

### Decision-Making by the Supervisory Board outside Meetings

1. If all members of a Supervisory Board so agree, the Supervisory Board can adopt a decision "outside" its meeting (per rollam). The consent to per rollam decision-making must take the same form as the voting referred to in par. (2) and must be granted no later than by the end of voting within the per rollam decision-making procedure. If a Supervisory Board member votes within the per rollam decision-making procedure (or, as the case may be, if he/she explicitly abstains from voting in accordance with par. (2)) it shall hold that he/she consented to the per rollam decision-making.
2. The voting within the per rollam decision-making procedure may take either of the following forms:
  - a) in writing, including voting by means that make it possible for the voting Supervisory Board members to express their will in writing, including identification of the voting person (e.g. e-mail),
  - b) by means transferring the voting Supervisory Board member's voice or their voice and picture (such as telephone, conference calls or videoconference).
3. Per rollam decision-making may be initiated by:
  - a) a call by the Chairman or, if the Chairman is absent, by the Vice-Chairman of the Supervisory Board in rank order,
  - b) a joint call by all members of the Supervisory Board present at the meeting, if the Supervisory Board does not constitute a quorum due to a shortage of members present.
4. Per rollam decision-making is subject to the same rules as adoption of decisions at Supervisory Board meetings provided that all Supervisory Board members are deemed to be attending (present) for the purposes of the assessment of quorum and of adoption of the decision and the Chairman of the Supervisory Board (or, in his/her absence, the Vice-Chairman in rank order) shall be deemed to be the presiding person.
5. The information on the decision-making referred to in par. (1) through (4) must be recorded in the minutes from the next meeting of the Supervisory Board.
6. If the Supervisory Board constitutes quorum at a meeting, members who are not present in person at the meeting may vote at the meeting in the manner referred to in par. (2) hereof; they shall be also deemed as present for the purposes of determining the number of votes necessary for adoption of a decision. The expression of will of a Supervisory Board member who is not present at the meeting in person must unambiguously indicate how he/she votes; it is not permissible for a Supervisory Board member who is not present in person to authorize another Supervisory Board member who is present at the meeting in person to vote instead of him/her. The information on the decision-making under this paragraph must be included in the minutes from the Supervisory Board meeting.

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7. All organizational work associated with the decision-making referred to in par. (1) through (6) shall be ensured by the Company Secretary in accordance with instructions of the Chairman of the Supervisory Board or in his/her absence of the Vice-Chairman in rank order.

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8. The Rules of Procedure for Supervisory Board meetings can stipulate details of the procedure referred to in par. (1) through (7).

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## Article 25

### Duties of the Supervisory Board Members

1. The Supervisory Board Members shall exercise their office with the due care of a prudent business person and keep secret all confidential information and facts which, if disclosed to third parties, might cause damage to the Company. This shall not, however, affect the rights of the Supervisory Board Members ensuing from the inspection authority of this Company body. A member of the Supervisory Board shall be obliged to keep the duty of confidentiality also after his/her office has expired. The duty to act with the due care of a prudent business person is subject to the same provisions as set forth in Article 19 (1).
2. The Supervisory Board members shall also be obliged like members of the Board of Directors to respect the restrictions relating to the ban on competitive conduct ensuing from Article 19 (2).
3. Any breach of par. (1) and (2) shall bear the consequences set forth in legal regulations.
4. The Supervisory Board members shall be liable to the Company, under the terms and conditions and to the extent set forth by legal regulations, for any damage caused to the Company by the breach of their duties in the exercise of their offices. Should such damage be caused by more than one member of the Supervisory Board, such members shall be liable jointly and severally. Members of the Supervisory Board shall be liable for damage caused to the Company by their performance of an instruction given by the General Meeting only if the instruction of the General Meeting is in conflict with legal regulations.

## Article 26

### Supervisory Board Committees

1. The Supervisory Board has the right to establish within its competence committees (hereinafter referred to as the "Supervisory Board Committees") as its advisory and initiative bodies. The Supervisory Board shall always establish the Nomination and Remuneration Committee.
2. The Nomination and Remuneration Committee consists of 5 members.

3. Members of Supervisory Board Committees are elected and dismissed by the Supervisory Board. Supervisory Board Committees may consist only of members of the Supervisory Board. The term of the office of a member of the Supervisory Board Committee is two and half years, unless the office of such member of the Supervisory Board Committee in the Supervisory Board terminates earlier; in this case the term of the office of the relevant member of the Supervisory Board Committee terminates at this earlier date. The Supervisory Board Committees members may be re-elected.
4. The Nomination and Remuneration Committee:
  - a) Constantly monitors and evaluates the performance of the members of the Board of Directors, Supervisory Board, the Audit Committee as well as Supervisory Board Committees, in particular, with respect to qualified exercise of their functions and to the benefit of the Company,
  - b) Presents recommendations to the Supervisory Board in relation to the election and dismissal of the members of the Board of Directors,
  - c) Presents recommendations to the Supervisory Board in relation to the appointment and dismissal of the members of the Supervisory Board Committees,
  - d) Presents opinions to the Supervisory Board in relation to the questions relating to the appointment or dismissal of the members of the statutory and supervisory bodies of subsidiaries and other companies in which the Company has an equity participation, provided that the Supervisory Board decides on these issues,
  - e) Proposes to the Supervisory Board the basic remuneration scheme and incentive plans for members of the Board of Directors in accordance with the principles approved by the General Meeting, provided that the Supervisory Board decides on these issues,
  - f) Monitors that the remuneration principles applied to the members of the Board of Directors (including remuneration in connection with their labour-law relationship with the Company), the Supervisory Board and the Audit Committee correspond with the generally applicable international standards of remuneration of members of bodies and managers, so that they comply with the requirements of the generally binding legislation, and that they motivate the members of the Board of Directors, or, as the case may be, recommends to the Supervisory Board to change these principles, provided that the Supervisory Board decides on these issues,
  - g) Gives recommendations to the Supervisory Board on the matter of remuneration of Supervisory Board and Audit Committee members, provided that the Supervisory Board decides on these issues,
  - h) Gives recommendations to the Supervisory Board on the matter of royalties, provided that the Supervisory Board decides on these issues,



- i) Through its chairman, shall report to the General Meeting on any matters within the competence of the Nomination and Remuneration Committee raised by shareholders at the General Meeting.
5. Each of the Supervisory Board Committees shall elect its Chairman and a Vice-Chairman, who shall represent the chairman in his/her absence.
6. The Supervisory Board Committees shall meet as they find it appropriate, and, simultaneously:
  - a) the Nomination and Remuneration Committee shall meet no less than twice a year,
  - b) other Supervisory Board Committees, if the Supervisory Board establishes them, shall meet no less than twice a year, unless otherwise stipulated by the Supervisory Board or rules of procedure of the relevant Supervisory Board Committee.
7. The meeting of a Supervisory Board Committee shall be convened by the Chairman of the relevant Supervisory Board Committee, or the Vice-Chairman in his/her absence, or other appointed member of the relevant Supervisory Board Committee.
8. Each of the Supervisory Board Committees shall be deemed to have a quorum if at least a simple majority of the members of the relevant Supervisory Board Committee is present and all members of the relevant Supervisory Board Committee were duly invited to the meeting.
9. To pass a decision of each of the Supervisory Board Committees, the consent of the majority of all of its members is required. In the event of a deadlock, the vote of the person presiding over the meeting shall be decisive.
10. If all members of a Supervisory Board Committee agree, the Supervisory Board Committee can adopt a decision "outside" its meeting (per rollam). The consent to per rollam decision-making must take the same form as the voting referred to in par. (11) and must be granted no later than by the end of voting within the per rollam decision-making procedure. If a Supervisory Board Committee member votes within the per rollam decision-making procedure (or, as the case may be, if he/she explicitly abstains from voting in accordance with par. (11)) it shall hold that he/she consented to the per rollam decision-making.
11. The voting within the per rollam decision-making procedure may take either of the following forms:
  - a) in writing, including voting by means that make it possible for the voting Supervisory Board Committee members to express their will in writing, including identification of the voting person (e.g. e-mail),
  - b) by means transferring the voting Supervisory Board Committee member's voice or their voice and picture (such as telephone, conference calls or videoconference).

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12. Per rollam decision-making may be initiated by:
  - a) a call by the Chairman or, if the Chairman is absent, by the Vice-Chairman of the Supervisory Board Committee in a pre-determined manner,
  - b) a joint call by all members of the Supervisory Board Committee present at the meeting, if the Supervisory Board Committee does not constitute a quorum due to a shortage of members present.
13. Per rollam decision-making is subject to the same rules as adoption of decisions at Supervisory Board Committee meetings provided that all Supervisory Board Committee members are deemed to be attending (present) for the purposes of the assessment of quorum and of adoption of the decision and the Chairman of the Supervisory Board Committee (or, in his/her absence, the Vice-Chairman) shall be deemed to be the presiding person.
14. The information on the decision-making referred to in par. (10) through (13) must be recorded in the minutes from the next meeting of the Supervisory Board Committee.
15. If the Supervisory Board Committee constitutes quorum at a meeting, members who are not present in person at the meeting may vote at the meeting in the manner referred to in par. (11) hereof; they shall be deemed as present for the purposes of determining the number of votes necessary for adoption of a decision. The expression of will of a Supervisory Board Committee member who is not present at the meeting in person must unambiguously indicate how he/she votes; it is not permissible for a Supervisory Board Committee member who is not present in person to authorize another Supervisory Board Committee member who is present at the meeting in person to vote instead of him/her. The information on the decision-making under this paragraph must be included in the minutes from the Supervisory Board Committee meeting.
16. All organizational work associated with the decision-making referred to in par. (10) through (15) shall be ensured by the Company Secretary in accordance with instructions of the Chairman of the Supervisory Board Committee or in his/her absence of the Vice-Chairman.
17. The Rules of Procedure for Supervisory Board Committee meetings can stipulate details of the procedure referred to in par. (10) through (16).
18. There shall be minutes from each meeting of each of the Supervisory Board Committees, which shall be signed by the chairman and the minutes clerk determined by the Supervisory Board Committee; if the meeting was not presided over by the chairman of the Supervisory Board Committee the minutes from the meeting shall be signed also by the person who presided over the meeting. Each member of the Supervisory Board Committee may request that the minutes include his/her opinion on an issue discussed. The minutes must be archived throughout the term of the existence of the Company.
19. The details on the form of the meeting of each of the Supervisory Board Committees and their powers shall be set out in the rules of procedure of each of the Supervisory Board Committees, which shall be approved by the Supervisory Board.

## **D) AUDIT COMMITTEE**

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### **Article 26a**

#### **Status and Authority of the Audit Committee**

1. The Company shall establish an Audit Committee.
2. The Audit Committee shall:
  - a) monitor the procedure of drafting the financial statements and consolidated financial statements as well as the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting methods used by the Company,
  - b) assess the effectiveness of the Company internal inspections, internal audit and risk management systems; in this connection, the Audit Committee shall review at least annually the internal control and risk management systems, with a view to ensuring that the main risks of the Company are properly identified and managed; the Audit Committee shall further recommend to the Board of Directors and the Supervisory Board of the Company for issues relating to internal audit of the Company, and supports the effectiveness of the internal audit function, in particular by:
    - i) making recommendations on the selection of the head of the internal audit department, his election, as well as the re-election to the office or his dismissal, and on the department's budget and other issues related to the internal audit as specified in the statute of the internal audit department,
    - ii) monitoring the responsiveness of management of the Company to findings and recommendations of the internal audit department;
  - c) monitor the process of the mandatory audit of the financial statements and consolidated financial statements; in this connection, the Audit Committee shall also receive and evaluate information related to the process of carrying out the auditing of accounts, review the effectiveness of the mandatory audit and how the Company management follows auditor's recommendations; the Audit Committee shall cooperate to improve the communications between the auditor and the Company management,
  - d) review the independency of the statutory auditor and the auditor company as well as the supplementary services rendered to the Company; in this connection, the Audit Committee shall also monitor and assess the objectivity of, and cooperates with, the auditor, receive and evaluate information capable of jeopardizing the auditor's independence and review the nature and scope of the supplementary services rendered to the Company by the auditor,

- e) recommend the auditor,
  - f) accept and discuss with the auditor the information, declarations and communications pursuant to law,
  - g) if necessary, provide other Company bodies with information on matters falling within the powers of the Audit Committee.
3. The Audit Committee shall also carry out what is imposed on it by law. The Audit Committee's audit-related powers shall be without prejudice to the powers of other Company bodies prescribed by law.
  4. The Audit Committee approves, and subject its activities to, the Rules of Procedure.

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## **Article 26b**

### **Composition of the Audit Committee**

1. The Audit Committee shall have 6 members.
2. The Audit Committee members shall be elected and dismissed by the General Meeting. The Audit Committee members are elected from the members of the Supervisory Board or from third parties.
3. A member of the Audit Committee may only be a natural person who reached the age of 18, is fully competent to carry out legal acts, has civil integrity in the sense given by Act No. 455/1991 Coll., and for whom no circumstances constituting an obstacle for carrying out a trade in accordance with Act No. 455/1991 Coll. or an obstacle pursuant to the provisions of Art. 38l of the Commercial Code occurred. (unless the obstacle – in accordance with Article 12 (13) and the Commercial Code – ceases to exist). Members of the Audit Committee shall be assumed to have appropriate professional skills and experience for the proper performance of their duties as members. An individual who nominates a new member of the Audit Committee shall procure, where possible, that such individual's professional resume be available. If further requirements for the Audit Committee members or for composition of the Audit Committee result from the legal regulations, such requirements shall also be fulfilled.
4. The Audit Committee members shall be elected for the period of five years. A member of the Audit Committee may be re-elected. The office of the Audit Committee member terminates no later than three month following the end of the five-year term of office unless the new member of the Audit Committee is elected prior the expiration of the above mentioned term.
5. A member of the Audit Committee may resign from his/her office by means of a written statement delivered to the Audit Committee or to the General Meeting. Performance of the resigning member's office shall terminate on the day on which the Audit Committee discussed or should have discussed the

resignation. The Audit Committee shall discuss resignation of its member on its next meeting. However, if a member of the Audit Committee announces his/her resignation at a meeting of the Audit Committee, his/her office shall terminate after two months following such announcement, unless the Audit Committee approves another office termination date, upon such resigning Audit Committee member's request. If the Chairman of the Audit Committee (in his/her absence, the Vice-Chairman) fails to convene the Audit Committee meeting, on which the resignation of the member of the Audit Committee shall be discussed, on the date set forth in advance, otherwise without undue delay, the resigning member of the Audit Committee shall be entitled to convene the Audit Committee meeting by himself/herself.

6. General Meeting can elect substitute members of the Audit Committee up to the total amount of six (6) setting forth their rank order. Substitute members of the Audit Committee must comply with the same requirements as the members of the Audit Committee pursuant to par. (3) and are subject accordingly to the provisions of par. (4) and (5) save for the last sentence. In the circumstances described in par. (7) a member of the Audit Committee shall become a member of the Audit Committee until the next General Meeting; his office of the member of the Audit Committee shall at all times expire no later than five years following their election as the substitute member of the Audit Committee.
7. If a member of the Audit Committee dies, resigns from his/her office, is dismissed or the term of his/her office expires otherwise, a substitute member of the Audit Committee in the predetermined rank order will become ordinary member of the Audit Committee as of the next day. If the vacant office cannot be manned with the substitute member of the Audit Committee as described above and the Audit Committee continues to be quorate, the General Meeting shall not be obliged to elect a new member of the Audit Committee.
8. If a member of the Audit Committee dies, resigns from his/her office, is dismissed or the term of his/her office expires otherwise, the vacant office cannot be manned with the substitute member of the Audit Committee (see par. (7) above) and the Audit Committee is no longer quorate, the General Meeting shall elect a new members of the Audit Committee within three months.
9. The Audit Committee shall elect and dismiss the Chairman and Vice-Chairman (who shall be the Chairman's deputy) from amongst the members thereof.

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## **Article 26c**

### **Meetings of the Audit Committee**

1. The Audit Committee shall meet as it finds it appropriate, usually once in a trimester, but no less than 4 times per calendar year.
2. The meeting of the Audit Committee shall be convened by its Chairman or in the case of his/her absence by the Vice-Chairman, by a written invitation, which shall include the place, date, time and agenda of the meeting. If approved by all members of the Audit Committee, the Audit Committee meeting may be

convened also by e-mail. In such a case the members of the Audit Committee must confirm the receipt of the invitation. The invitation must be delivered to the members of the Audit Committee at least 7 days prior to the meeting.

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3. The procedure for convening meetings of the Audit Committee referred to above in par. (2) shall not apply if the date and agenda of the next meeting was discussed the any previous meeting of the Audit Committee; Even in such a case, however, the Chairman or, if the Chairman is absent, the Vice-Chairman may convene the Audit Committee meeting regardless of the pre-agreed date or agenda of the Audit Committee meeting.
4. If the Chairman or the Vice-Chairman are unable to convene an Audit Committee meeting or if a matter of utmost urgency is involved any member thereof shall convene the Audit Committee meeting according to the rules specified in par. (2). If several members of the Audit Committee convene the Audit Committee meeting in such manner at different dates, the Audit Committee shall meet at the first of such dates.
5. The Chairman or, if the Chairman is absent, the Vice-Chairman of the Audit Committee shall be obliged to convene an Audit Committee meeting whenever a member of the Audit Committee so requests with determination of the reason thereof.
6. The Audit Committee meeting shall take place at the registered office of the Company, unless otherwise decided by the Audit Committee.
7. The minutes of the proceedings of the meeting of the Audit Committee and approved decisions shall be prepared and shall be signed by the Chairman of the Audit Committee and the minutes clerk determined by the Audit Committee; if the meeting was not presided over by the chairman of the Audit Committee the minutes from the meeting shall be signed also by the person who presided over the meeting. Each member of the Audit Committee may request that the minutes include his/her opinion on an issue discussed The minutes of meetings of the Audit Committee must be archived throughout the term of existence of the Company.
8. Any expenses in connection with the meetings and with other activities of the Audit Committee shall be covered by the Company.

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## Article 26d

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### Audit Committee Decision-Making

1. The Audit Committee meeting shall be deemed to have a quorum if a simple majority of all Audit Committee members is present.
2. If a meeting of the Audit Committee cannot be held because there are not enough members to constitute a quorum in accordance with par. (1), the Chairman or, in his/her absence, the Vice-Chairman, may schedule a new meeting that shall be held within seven days after the originally scheduled

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meeting, but no sooner than on the day following the originally scheduled meeting, and with the original agenda.

3. For a decision to be passed in all matters falling within the competence of the Audit Committee, the consent of the majority of all its members is required. In the event of a deadlock, the vote of the person presiding over the meeting shall be decisive.
4. Upon election and dismissal of the Chairman and the Vice-Chairman of the Audit Committee the person affected shall not vote.

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## Article 26e

### Audit Committee Decision-Making Outside of Meetings

1. If all members of the Audit Committee so agree, the Audit Committee can adopt a decision "outside" its meeting (per rollam). The consent to per rollam decision-making must take the same form as the voting referred to in par. (2) and must be granted no later than by the end of voting within the per rollam decision-making procedure. If an Audit Committee member votes within the per rollam decision-making procedure (or, as the case may be, if he/she explicitly abstains from voting in accordance with par. (2) it shall hold that he/she consented to the per rollam decision-making.
2. The voting within the per rollam decision-making procedure may take either of the following forms:
  - a) in writing, including voting by means that make it possible for the voting Audit Committee members to express their will in writing, including identification of the voting person (e.g. e-mail),
  - b) by means transferring the voting Audit Committee member's voice or their voice and picture (such as telephone, conference calls or videoconference).
3. Per rollam decision-making may be initiated by:
  - a) a call by the Chairman or, if the Chairman is absent, by the Vice-Chairman of the Audit Committee;
  - b) a joint call by all members of the Audit Committee present at the meeting, if the Audit Committee does not constitute a quorum due to a shortage of members present.
4. Per rollam decision-making is subject to the same rules as adoption of decisions at Audit Committee meetings provided that all Audit Committee members are deemed to be attending (present) for the purposes of the assessment of quorum and of adoption of the decision and the Chairman of the Audit Committee (or, in his/her absence, the Vice-Chairman) shall be deemed to be the presiding person.

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5. The information on the decision-making referred to in par. (1) through (4) must be recorded in the minutes from the next meeting of the Audit Committee.

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6. If the Audit Committee constitutes quorum at a meeting, members who are not present in person at the meeting may vote at the meeting in the manner referred to in par. (2) hereof; they shall be also deemed as present for the purposes of determining the number of votes necessary for adoption of a decision. The expression of will of an Audit Committee member who is not present at the meeting in person must unambiguously indicate how he/she votes; it is not permissible for an Audit Committee member who is not present in person to authorize another Audit Committee member who is present at the meeting in person to vote instead of him/her. The information on the decision-making under this paragraph must be included in the minutes from the Audit Committee meeting.

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## Article 26f

### Duties of Audit Committee Members

1. The Audit Committee Members shall exercise their office with the due care of a prudent business person and keep secret all confidential information and facts which, if disclosed to third parties, might cause damage to the Company. The duty to act with the due care of a prudent business person is subject to the same provisions as set forth in Article 19 (1).
2. Any breach of par. (1) shall bear the consequences set forth in legal regulations.
3. The Audit Committee members shall also be obliged like members of the Board of Directors to respect the restrictions relating to the ban on competitive conduct ensuing from Article 19 (2).
4. The Audit Committee members shall be liable to the Company, under the terms and conditions and to the extent set forth by legal regulations, for any damage caused to the Company by the breach of their duties in the exercise of their offices. Should such damage be caused by more than one member of the Audit Committee, such members shall be liable jointly and severally.

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## Article 27

### Remuneration of Members of the Board of Directors, the Supervisory Board and the Audit Committee and Rules for Determining Royalties

1. The royalties shall belong to the members of the Board of Directors and the Supervisory Board on condition that a profit has been generated by the Company and that the royalties have been approved by the General Meeting and that further conditions stipulated by law and these Articles of Association are met.



2. The General Meeting shall decide on remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee in accordance with Article 8 (1) (p). Every member of the Board of Directors, the Supervisory Board and the Audit Committee is entitled to remuneration in accordance with law for the exercise of his/her office. The amount of remuneration shall be determined by the General Meeting or under these Articles of Association and rules for the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee members approved by the General Meeting. This shall be without prejudice to the right to remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee paid out in connection with their labour-law relationship with the Company.
3. The royalties shall belong to the persons who were members of the Board of Directors or the Supervisory Board in the previous accounting period. The members of the Board of Directors, the Supervisory Board and the Audit Committee shall be entitled to a proportional part of the remuneration or, if applicable, royalties in the case of exercising of office in the Company's bodies for a period shorter than one year. No proportional part shall be granted if the member of the Board of Directors or Supervisory Board member exercised his/her office for a period shorter than two months during the period that the royalties shall be granted for.
4. The Company may, in accordance with law, provide members of the Board of Directors, Supervisory Board and the Audit Committee with perquisites other than remuneration and royalties, if no provision of goods or services by the Company within standard commercial relationships is involved, on the basis of the rules for provision of non-claim perquisites to Members of the Supervisory Board or, if applicable, the Audit Committee approved by the General Meeting in accordance with Article 8 (1) (r) or Article 8 (1) (u) and on the basis of the rules for provision of non-mandatory performance to Members of the Board of Directors approved by the Supervisory Board in accordance with Article 20 (3) (d).

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## IV.

### COMPANY SECRETARY

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#### Article 28

#### Company Secretary

1. The office of the Company Secretary (hereinafter referred to as the "Company Secretary") is established in the Company.
2. The Company Secretary shall be in charge of, in particular:

- a) ensuring efficient processes of corporate governance of the Company and entities controlled by the Company including regular documentation of the processes in accordance with law,
  - b) providing support to the Board of Directors, the Supervisory Board, the Audit Committee and Supervisory Board Committees in their activities and performance of their authorities and the Board of Directors members and members of the Supervisory Board and the Audit Committee in the performance of their office,
  - c) ensuring administration of Company bodies meetings and the meetings of the Supervisory Board Committees,
  - d) exercise of the function of a minutes clerk during meetings of the Board of Directors, the Supervisory Board, the Audit Committee or the Supervisory Board Committees unless they determine another minutes clerk,
  - e) in compliance with authorization by the Board of Directors, the Supervisory Board, the Audit Committee or the Supervisory Board Committees, confirmation or, as the case may be, communication to third parties of the contents of the decisions adopted by them or minutes from their meetings.
3. During performance of his/her office, the Company Secretary shall follow law, these Articles of Association, rules of procedure of Company bodies or, as the case may be, rules of procedure of Supervisory Board Committees as well as other internal rules of the Company. The Company Secretary shall, during performance of his/her office, keep confidential all confidential information and facts disclosure of which to third parties could result in harm to the Company. The confidentiality obligation shall continue after termination of the office.
  4. During his/her activities, the Company Secretary is liable to the Board of Directors.
  5. The Board of Directors shall decide on designation of the Company Secretary and on termination of his/her office; prior consent from the Supervisory Board is required to such designation or termination of the office.
  6. The Company Secretary is not a Company body.

## V.

### ACTING ON BEHALF OF THE COMPANY

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#### Article 29

##### Acting on Behalf of the Company

1. The Board of Directors shall act on behalf of the Company in one of the following ways:
  - a) all members of the Board of Directors jointly, or
  - b) at least two members of the Board of Directors jointly, or
  - c) autonomously a single member of the Board of Directors fulfilling pre-requisites of the Act No. 412/2005 Coll., on the Protection of Classified Information and on Security Capacity; such member shall act autonomously only in the matters regulated by the above-mentioned act.
2. Signing shall be carried out as follows: individuals authorized to act on behalf of the Company shall affix their signature to the business name of the Company.

## VI.

### FINANCIAL MANAGEMENT OF THE COMPANY

#### Article 30

##### Distribution of Profit or, as the Case May Be, other Company's Resources and Coverage of Losses

1. The accounting profit shall be obligatorily distributed as follows:
  - a) for creation of the Reserve Fund pursuant to Article 31 (1) or, as the case may be, (2),
  - b) for other purposes insofar as stipulated by law.
2. Following the obligatory contribution according to par. (1) the accounting profit and undistributed profit from previous years as well as the other Company's resources may be used in order to:
  - a) cover losses,

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- b) pay a share in the Company profits (dividends) or other own funds of the Company to shareholders in accordance with law,
- c) pay royalties to the members of the Board of Directors and Supervisory Board in accordance with law and these Articles of Association,
- d) determine the employees' share in profits in accordance with law,
- e) increase the registered capital of the Company in accordance with the provisions of Art. 208 of the Commercial Code,
- f) allocate to other funds created from profit.

The above-mentioned order of manners of distribution of profits or the other Company's resources is not binding on the General Meeting. The General Meeting may also decide that the profit (or, as the case may be, a part thereof) shall not be distributed and shall be assigned to the account of accumulated profits of previous years.

3. The Company is not allowed to pay advances for interests in profits.

4. Unless set forth otherwise by a General Meeting resolution, dividends, royalties or shares of the other Company's resources shall be due within three months following the date on which a resolution of the General Meeting regarding distribution of profits or the other Company's resources was adopted.

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5. Unless determined otherwise by a General Meeting resolution or an agreement with a shareholder or by law, the Company shall pay the dividend at its own costs and risk at the address of a shareholder listed in the list of shareholders as of the due date of the dividend, if registered shares are involved, and to address listed in the records of book-entered securities in the section determined for the issuer as of the decisive date being the date of the General Meeting that decided on payment of the dividends, unless the General Meeting determines another date that must neither precede the date of the General Meeting that decided on payment of the dividends nor take place after the dividend due date, if bearer shares are involved.

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6. The losses of the Company shall be covered in particular from the Reserve Funds except for the part of the Reserve Funds which cannot be used pursuant to legal regulations. The General Meeting may also decide on the covering of losses by the use of other funds of the Company (including undistributed profits from previous years), unless such funds are predicated for specific use by the applicable law, or on the covering of losses by reduction of the registered capital, or may decide to assign the losses to the account of accumulated losses of previous years.

Deleted: <#>The Board of Directors shall announce the date of payment of the dividend, the place and manner of payment of the dividend in the manner set forth in Article 37 (1) if listed shares and book-entered bearer shares are involved.¶

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## Article 31

### Creation and Use of the Reserve Fund and Other Funds from Profit

1. The Company shall create a Reserve Fund from profit. The Reserve Fund is to be supplied by the amount of 5% of the net profit annually until the Reserve Fund created from profit equals 20% of the registered capital. The contribution from the first net profit of the Company must equal 20% of the net profit, but such contribution shall not be higher than 10% of the registered capital. The Company is not obliged to create the reserve fund in the manner described above, if the Company has already created the reserve fund by surcharges to the subscription price for the shares. The General Meeting may also decide that other Company's own funds, subject to compliance with provisions of law, may be transferred to the Reserve Fund under this paragraph; should the Reserve Fund thereby exceed 20% of the registered capital, the Company may, at its own discretion, use the sources forming a part of the Reserve Fund up to the amount exceeding this limit.
2. The Company shall also create a Reserve Fund in cases where it is obliged to do so pursuant to legal regulations. In such cases the applicable legal regulations must be followed. When an obligatory Reserve Fund is created in connection with provision of a financial assistance, the Company may use any own resources, unless otherwise indicated by the laws.
3. Should a General Meeting's resolution on increase of the registered capital by subscription of shares so stipulate, a Reserve Fund may be created by additional payments exceeding the subscription price of shares during increase of the registered capital or by using the amount (or any portion thereof), in which the value of the non-monetary investment exceeds the nominal value of shares to be released to the subscriber as a counter-performance. A Reserve Fund equaling 100% of the registered capital may be created in the manner described in the previous sentence. The additional payment exceeding the amount of the subscription price must be paid up within the same term as the subscription price. The Company shall also have the right to create a Reserve Fund either by reduction of the registered capital pursuant to the provisions of Art. 216a of the Commercial Code or by transfer from other funds of the Company, unless such funds are predicated for specific use. A Reserve Fund may be created by the transfer from other funds up to the amount equal to twice the registered capital. The Board of Directors shall decide on such transfer, unless such decision comes under the authority of the General Meeting.
4. The Board of Directors shall decide on use of the Reserve Fund, unless the law or these Articles of Association provide that such decision on specific use comes under the authority of the General Meeting. The Reserve Fund created pursuant to par. (1), may only be used to cover losses. The Reserve Fund established pursuant to par. (2) may not be used as long as the legal presumptions persist.

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Deleted: stipulated in the provisions of Art. 120 (3), Art. 161d and Art. 161f of the Commercial Code, either from undistributed profits or from other funds that may be used at the Company's own discretion.

Deleted: provisions of the provisions of Art. 161d (2) up to (4) of the Commercial Code

5. The Company shall create a Social Fund. The General Meeting shall decide on contribution of profit to the Social Fund. This shall be without prejudice to provisions of Article 14 (3) (r).

## Article 32

### Financial Statements, Social-Economic Information and Records

1. The Company shall, in the prescribed manner and in compliance with legal regulations, keep accounts and records; the Board of Directors shall arrange for preparation of financial statements and submit them to the requisite bodies of the Company.
2. The Board of Directors shall be responsible for proper accounting. The Board of Directors shall submit the financial statement, compiled in accordance with legal regulations applicable regarding the keeping of accounting records, to the auditor together with an application for the review of the financial results of the Company for the appropriate year. Upon receiving the auditor's report on the review of the financial statements and the yearly financial results of the Company, the Board of Directors shall submit the financial statements together with the auditor's report and the proposal for distribution of profit or the other Company's resources or for coverage of losses for review to the Supervisory Board without undue delay. Deleted: profit
3. The financial statements must include complete information regarding the property and financial situation of the Company and the amount of profit gained or losses incurred in the preceding accounting period. This shall be without prejudice to the particulars as to the contents of the financial statements under law.
4. The Supervisory Board shall review the financial statements and the proposal for distribution of profit or the other Company's resources or coverage of losses and shall report its conclusion to the General Meeting. Deleted: profit
5. The Company shall be obliged, through its auditor, to provide for:
  - a) review of the Company's financial statements and consolidated financial statements ,
  - b) making of a report on the review of the financial statements and consolidated financial statements of the Company,
  - c) review of other documents required under law and preparation of appropriate reports.
6. The Company shall be obliged to publish data from the financial statements in the manner stipulated by applicable legal regulations.
7. In addition to the financial statements the Board of Directors shall also ensure semi annual report under Art. 119 of Act No. 256/2004 Coll. and the annual report according to the provisions of Art. 21 of Act No. 563/1991 Coll. and the provisions of Art. 118 of Act No. 256/2004 Coll., interim report or equivalent Deleted: .

quarterly information pursuant to the provisions of Art. 119a of Act No. 256/2004 Coll. and a summary explanatory report pursuant to the provisions of Art. 118 (8) of Act No. 256/2004 Coll., or, if applicable, other reports required by law.

The annual reports shall contain:

- a) names of Board of Directors members with their brief professional resume,
- b) names of Supervisory Board members with their brief professional resume and information on their potential relations with the Company,
- c) names of the Audit Committee members with their brief professional resume and information on their potential relations with the Company,
- d) information on remuneration of members of the Board of Directors, the Supervisory Board and the Audit Committee and on the manner and methods of determination thereof,
- e) names of members of Supervisory Board Committees with their brief professional resume.

This shall be without prejudice to the particulars as to the contents of annual reports under law.

## VII.

### **RULES FOR INCREASE AND REDUCTION OF THE REGISTERED CAPITAL**

#### **Article 33**

##### **Increase of the Registered Capital**

1. In accordance with the provisions of Art. 202 to 210 of the Commercial Code, without limitation, the following rules for increases of the registered capital shall apply:
  - a) any increase in the registered capital or, as the case may be, on the authorisation of the Board of Directors to decide on an increase of the registered capital shall be decided by the General Meeting upon a proposal by a submitter,
  - b) notice on the General Meeting and an invitation to the General Meeting must, in addition to the information required by Article 9 (5), comprise the information required under the provisions of Art. 202 (2) to (4) of the Commercial Code unless otherwise stipulated by legal regulations,

Deleted: provision

- c) within 30 days from the resolution of the General Meeting, the Board of Directors shall be obliged to file an application to enter the resolution in the Commercial Register,
  - d) the subscription price for shares being subscribed may be paid by monetary investment; shares can be subscribed by a non-monetary investment only if an important interest of the Company is involved, which shall be substantiated by the Board of Directors in a report submitted to the General Meeting,
  - e) subscription for shares cannot commence before the resolution of the General Meeting is registered in the Commercial Register, unless an application for registration of such resolution in the Commercial Register has been filed and the share subscription is subject to a condition subsequent, constituted by the legal force of the decision on refusal of the application for registration of the relevant resolution in the Commercial Register,
  - f) the priority right of shareholders to subscription for new shares may be prohibited or restricted by the resolution of the General Meeting only in an important interest of the Company,
  - g) the General Meeting resolution announcing the increase of the registered capital shall be implemented either by the Board of Directors or through another person by contract,
  - h) if the conditions stated by the Commercial Code, these Articles of Association or the decision of the General Meeting are complied with, the Board of Directors shall file an application for the entry of the increase of the registered capital in the Commercial Register. The increase of the registered capital shall become effective as of the date of the registration thereof.
2. The General Meeting of the Company may decide on conditional increase of the registered capital; such decision shall be subject to a decision by the General Meeting regarding issue of bonds to which, in addition to the right to revenue, also the right to convert such bonds to Company shares ("convertible bonds") or the priority right to subscribe for Company shares ("priority bonds") are attached. The decision regarding the issue of convertible or priority bonds must also contain:
- a) the nominal value of the bonds and determined revenue from the bond,
  - b) number of bonds,
  - c) the place and period for exercise of the rights attached to the convertible bonds or the rights attached to the priority bonds setting forth how the commencement of such period is to be announced; the period for exercise of the right to convert the bonds into shares or the priority right to subscribe for shares shall not be less than two weeks,



- d) the class, form, type, nominal value and number of shares, into which a single bond can be converted or which can be subscribed for under a single bond; the nominal value of shares, to which a single bond can be converted, cannot be higher than the aggregate of nominal value of bonds to be converted into such shares,
- e) the subscription price of shares being subscribed for by exercise of the priority right attached to the priority bonds or the manner in which such subscription price is to be determined, or authority for the Board of Directors to determine the amount thereof, unless such priority right of shareholders to acquire such bonds is prohibited or restricted.

The procedure of conditional increase of the registered capital of the Company shall further follow in particular par. (1) and the provisions of Art. 160 and 207 of the Commercial Code.

- 3. Subject to conditions stipulated by provisions of law, the decision on increase of Company's registered capital from own funds shown in the financial statements within the equity of the Company can be taken. Shareholders participate in the increase of the registered capital in proportion to the nominal value of their shares. The increase of the registered capital shall be effected either by the issue of new shares, and their distribution among shareholders, or by raising the nominal value of the existing shares.
- 4. If the price of the shares at a regulated market does not reach the nominal value thereof at the time the General Meeting decides on increase of the registered capital, the General Meeting may decide that a portion of the subscription price is to be covered from Company's own funds shown in the financial statements within the equity of the Company. The procedure of combined increase of the registered capital shall further follow in particular par. (1) and the provisions of Art. 209a of the Commercial Code.
- 5. The Board of Directors may be authorized by the resolution of the General Meeting to decide on the increase of the registered capital under the conditions stipulated by the Commercial Code and these Articles of Association. Thereby, the following rules shall apply:
  - a) the increase of the registered capital may be effected by subscription for shares or from the Company's own funds (with the exception of retained profit),
  - b) the Board of Directors may be also authorized to increase the registered capital by subscription for shares by employees of the Company. It may also be decided that employees' portion of the Company's profit may only be used for payment of such shares,
  - c) the registered capital may be increased by no more than one third of the amount of the registered capital at the time when the General Meeting makes such authorization, unless the General Meeting sets forth a lower limit; the Board of Directors may increase the registered capital several times within the given limit,

- d) the General Meeting may grant the authorization for a period of up to five years from the day when the relevant General Meeting was held.

### Article 34

#### Payment of and Consequences of Delay in Paying up the Shares

1. Upon the decision of the General Meeting the subscription price of shares may be paid up both through monetary investments and non-monetary investments.
2. Monetary investments, unless any agreement on offset thereof is concluded, must be paid up to a special bank account or a savings and loan cooperative account to be opened for such purpose by the Company; the bank or the savings and loan cooperative shall not make the account available to the Company prior to registration of increase of the registered capital in the Commercial Register. The subscriber shall pay-up at least 30% of nominal value of the shares within a period set forth by the General Meeting, unless the General Meeting stipulates any higher amount and potential share premium if the shares are subscribed for by monetary investments; the subscriber shall pay-up the other part of the subscription price within 1 year from registration of increase of the registered capital in the Commercial Register, unless the General Meeting stipulates any shorter time limit. If the combined increase of the registered capital is involved, the subscriber shall pay at least 50% of the subscription price for the shares allocated to him.
3. If the subject of non-monetary investments is
  - a) movable property, the subscriber shall be obliged to hand over the subject of the investment to the Company and ensure the transfer of the ownership rights of the paid up investments to the Company before filing the application for registration of increase of the registered capital in the Commercial Register,
  - b) immovable property, the subscriber shall be obliged to release the subject of the investment to the Company filing the application for registration of increase of the registered capital in the Commercial Register; this shall be without prejudice to other obligations pursuant to provisions of law.
4. For other non-monetary investments, the investment shall be deemed to have been paid up upon conclusion of a written agreement on the investment. If know-how constitutes such non-monetary investment, hand-over of documentation describing such know-how is required for the payment thereof. If an enterprise or any part thereof constitutes the non-monetary investment, hand-over of the enterprise or any part thereof is required for the payment. The Company and the investor shall prepare a protocol on release of the documentation as well as on release of the enterprise or any part thereof.
5. If a property right to the subject of the non-monetary investment does not pass over to the Company, although the monetary investment is deemed to have been paid up, the person that undertook to provide such investment shall be obliged to pay the value of the non-monetary investment in cash and the Company is obliged to return to such person the non-monetary investment that the Company took over, unless the Company is obliged to return the non-

monetary investment to an entitled person. If any shareholder transfers shares or interim certificates to another shareholder, the acquirer thereof shall be liable for performance of the obligation to pay the value of the non-monetary investment in cash, unless acquisition at a regulated market or a multilateral trading system is involved.

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6. If a subscriber fails to pay the subscription price or any portion thereof within the period set forth by the General Meeting, the subscriber shall also pay default interest from the amount due in the amount of four times the discount rate of the Czech National Bank p.a. applicable as of the first date of default.
7. Should the subscriber be in delay with payment of the subscription price of the shares, he/she/it shall be obliged to pay default interest as stipulated in par. (6) within the period stated by the Board of Directors, but no later than 1 month after the day, on which he/she/it fully paid up the subscription price or on which he/she/it was expelled from the Company. Should the delay of the subscriber with payment of the subscription price of the shares exceeds one month, the Board of Directors shall expel the subscriber from the Company and, further, proceed pursuant to the provisions of Art. 177 of the Commercial Code, unless without undue delay (and, as the case may be, even before the lapse of the period decisive for expulsion of the subscriber) it either files an action for the payment of the subscription price of shares or it convenes a General Meeting with the purpose of reducing the registered capital by refraining from issuing shares pursuant to the provisions of Art. 213d of the Commercial Code.

## Article 35

### Reduction of the Registered Capital

1. Reduction of the registered capital shall be subject, in particular, to the provisions of Art. 211 to 216c of the Commercial Code, except for the provisions of Art. 213b of the Commercial Code, with the option of reducing the registered capital by withdrawing shares from circulation on the basis of a proposal to shareholders (pursuant to provisions of Art. 213c of the Commercial Code). When shares are withdrawn from circulation on the basis of a proposal to shareholders, the Company shall proceed in accordance with the following rules:
  - a) if the registered capital of the Company is reduced by withdrawal of shares from circulation on the basis of a public offer of an agreement, the General Meeting may decide that the registered capital be reduced to the extent of the nominal values of shares to be withdrawn from circulation in such manner, or that the registered capital be reduced by a fixed amount,
  - b) a draft agreement on the purchase of shares for the purpose of withdrawing them from circulation shall be published by the Board of Directors in the manner stipulated in Article 37 (1),

- c) if this draft is passed, the Board of Directors shall oblige the person registering the book-entered securities, to suspend the right to dispose of the relevant shares,
- d) the Board of Directors under the authorization of the General Meeting shall file an application to enter the new amount of the registered capital in the Commercial Register in the extent, in which the public offer of an agreement was accepted by the shareholders,
- e) after the registration of the amount of registered capital in the Commercial Register, the Board of Directors shall submit to the person registering the book-entered securities without undue delay an order to cancel the shares bought by the Company on the basis of a public offer of an agreement.

2. For the reduction of the registered capital the following rules shall apply:

- a) any reduction in the registered capital shall be decided upon by the General Meeting upon the proposal of the submitter,
- b) the notice on the General Meeting and the invitation to the General Meeting shall include the information pursuant to Article 9 (5), information required by the provisions of Art. 211 (1) of the Commercial Code unless otherwise stipulated by legal regulations,
- c) within 30 days from the resolution of the General Meeting, the Board of Directors shall be obliged to file an application to enter the resolution in the Commercial Register,
- d) the resolution of the General Meeting to reduce the registered capital shall be implemented by the Board of Directors itself or contractually through a third party,
- e) within 30 days of the date on which the decision of the General Meeting became effective vis-à-vis third parties, the Board of Directors shall be obliged to inform in writing known creditors, who have incurred claims against the Company prior to that date, of the extent of reduction of the registered capital, together with a call for them to apply for their claims, unless reduction of registered capital pursuant to the provisions of Art. 216a (1) or the Art. 216c of the Commercial Code is concerned,
- f) the Board of Directors shall ensure the publishing of the decision of the General Meeting on reduction of the registered capital after the registration thereof in the Commercial Register at least twice consecutively within an interval of at least 30 days in the manner stipulated in Article 37 (1), unless it concerns reduction of registered capital pursuant to the provisions of Art. 216a (1) or Art. 216c of the Commercial Code,
- g) the Board of Directors shall file the application for entry of the reduction of registered capital in the Commercial Register within the term stipulated in the provisions of Art. 216 of the Commercial Code,
- h) the registered capital cannot be reduced below the legal amount thereof stipulated in the provisions of Art. 162 (3) of the Commercial Code,

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- i) if the Company is obliged to reduce the registered capital, it shall use for such reduction its own shares or interim certificates if the Company owns such shares or interim certificates. In other cases as well, the Company shall use in particular its own shares or interim certificates for reduction of the registered capital; the registered capital may be reduced in another manner only if the Company's own shares or interim certificates are not sufficient for reduction of the registered capital to the extent stipulated by the General Meeting or if the purpose of reduction of the registered capital would not be complied with,
- j) prior to registration of reduction of the registered capital in the Commercial Register and prior to satisfaction or securing creditors' receivables in accordance with the provisions of Art. 215 (2) or, as the case may be, the provisions of Art. 215 (4) of the Commercial Code, shareholders cannot be provided with performance due to reduction of the registered capital nor can unpaid portions of nominal values of their shares be waived or reduced for the same reason.

## VIII.

### FINAL PROVISIONS

#### Article 36

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#### **Winding up and Dissolution of the Company**

1. The Company shall be wound up:
  - a) on the date specified in the decision of the General Meeting as the day on which the Company shall be wound up, otherwise on the date when such a decision was adopted,
  - b) on the date set forth in the decision of the General Meeting on merger, consolidation or division of the Company or on assumption of assets thereof by a single shareholder, otherwise on the date on which such decision was adopted,
  - c) on the date set forth by a judicial decision on Company's winding up, or on the date when such a court decision comes into legal force,
  - d) on the termination of the bankruptcy proceedings after the terms of the order on settlement have been met or on the termination of the bankruptcy proceedings due to the total lack of debtor's assets.
2. The Company shall become dissolved upon its deletion from the Commercial Register unless the law stipulates otherwise.

## Article 37

### Notification

1. Facts stipulated by the legal regulations, by these Articles of Association and on the basis of a decision by the General Meeting shall be announced by a letter sent to the owners of registered shares to the addresses stated in the list of shareholders. The shareholders shall be informed by a notice published on the internet pages of the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)) in section determined or usually used for such notifications; simultaneously, the notice shall be published on the internet pages of the Company ([www.cz.o2.com](http://www.cz.o2.com)). Matters that are required to be published according to law or these Articles of Association shall be published in the Commercial Gazette (Obchodní věstník), unless any other manner of publishing is stipulated by law. Other facts or information (including notice on the General Meeting) shall be also published in the Commercial Gazette provided that it is requested by law.
2. Any correspondence to be sent to particular persons shall be delivered at their addresses given to the Company.
3. The annual report, semi-annual and summary explanatory report as well as interim report or equivalent quarterly information in accordance with Act No. 256/2004 Coll., shall be published by the Company in the manner stipulated law.
4. The annual reports, the semi-annual reports, the prospectus of the security issuer as well as other documents stipulated by applicable legal regulations shall be publicly available to all interested parties within working hours at the registered office of the Company.
5. The annual report in the extent stipulated by law must be published at least within four months after the end of the calendar (or fiscal) year. The semi-annual report must be published within two months after the end of the first six calendar months. The interim report or equivalent quarterly information must be published within legal deadlines in the course of the relevant six months of the accounting period. The summary explanatory report must be provided to shareholders at the Company's regular General Meeting.
6. The provisions of par. (3) to (5) shall apply accordingly to consolidated annual and semi-annual reports, should the Company prepare them.

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## Article 38

### Legal Status of the Company and Settlement of Disputes

1. The foundation, legal relations and winding-up of the Company, as well as all legal relations ensuing from these Articles of the Association and labour-law and other relationships within the Company shall be ruled by the legal regulations.

2. In the event of disputes between the shareholders and the Company, if any, disputes between the Company and members of its bodies, as well as disputes between the shareholders themselves which relate to their participation in the Company, shall be settled amicably. In case such disputes are not settled amicably, the relevant Czech court pertaining to the registered office of the Company shall hear and rule on such disputes, unless such a procedure is excluded by legal regulations or the parties sign an arbitration agreement.

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## Article 39

### Procedure for Amendments to the Articles of Association

1. The General Meeting shall decide on amendments to these Articles of Association, unless a change that occurred on the other legal grounds is involved.
2. Any proposals for amendments to these Articles of Association shall be prepared with respect to the mandatory provisions of the legal regulations.
3. If any amendment to these Articles of Association is to be on the agenda of the General Meeting, the invitation to the General Meeting or notice thereon must at least characterize the essence of the proposed amendment and such proposed amendment must be made available to shareholders in the registered office of the Company within the period stipulated for convening the relevant General Meeting. Shareholders shall have the right to request copies of draft amendments to these Articles of Association at their own cost and risk. Shareholders shall be informed of such rights in the invitation to the General Meeting or in the notice on the General Meeting.
4. If a shareholder intends to exercise at the General Meeting counter-proposals to the proposed alterations to these Articles of Association, the procedure pursuant to Article 11 (5) shall apply.
5. The submitter shall submit a proposal for changes of and amendments to these Articles of Association together with his/her/its rationale to the General Meeting. Upon approval by the General Meeting, the Board of Directors shall provide for preparation of the new full version of these Articles of Association, and shall file the same with the Registration Court. Should the General Meeting decide on amendments to these Articles of Association pursuant to the provisions of Art. 173 (2) of the Commercial Code, any amendments to these Articles of Association shall take effect as of the date of entry of such facts in the Commercial Register. Any other amendments to these Articles of Association shall take effect upon its passing by the General Meeting, unless a later effective date is stipulated by the decision of the General Meeting amendments to these Articles of Association or by law.
6. If the General Meeting adopts a decision resulting in an amendment to the contents of these Articles of Association, such decision shall replace a decision

on an amendment to these Articles of Association. If the decision of the General Meeting does not stipulate whether or, as the case may be, in what manner these Articles of Association shall be amended, the Board of Directors shall decide on the amendment to these Articles of Association in compliance with the decision of the General Meeting.

## **Article 40**

### **Company's Incorporation into the Commercial Register**

1. The Company is registered in the Commercial Register at the Municipal Court in Prague in section B, under reference No. 2322.
2. The facts that are required by a legal regulation to be recorded in the Commercial Register and the change and termination of the recorded facts shall be recorded in the Commercial Register.

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## **Article 41**

### **Provisions on Interpretation**

If any provision of these Articles of Association appears invalid, non-effective, or disputable in view of legal regulations in force or changes therein, or if any provision is missing, other provisions of these Articles of Association shall remain unaffected by this fact. Instead of the provision concerned either the provision of the particular legal regulation which due to its nature and purpose is the closest to the contemplated purpose of these Articles of Association shall apply, or, if the legal regulations do not include such a provision, the manner of settlement which is common in business relations shall apply.



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