

Executive Service Agreement of a member of the Audit Committee

THIS EXECUTIVE SERVICE AGREEMENT OF A MEMBER OF THE AUDIT COMMITTEE SHALL BE ENTERED INTO BY THE FOLLOWING PARTIES TO THE AGREEMENT:

1. **Telefónica Czech Republic, a.s.** (the name of the company in the moment of the agreement conclusion), having its registered seat in Prague 4, Za Brumlovkou 266/2, postcode: 140 22, Company ID: 60193336, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 2322 (hereinafter referred to as the **"Company"**)

and

2. Mr./Ms....., born on, domiciled at(hereinafter referred to as **"the Audit Committee member"**)

WHEREAS:

- (A) the Audit Committee member shall be a member of the Audit Committee of the Company by the day the agreement takes effect,
- (B) the Company and the Audit Committee member shall define their mutual rights and responsibilities relating to execution of the office of a member of the Company's Audit Committee as well as other rights and responsibilities applicable after the termination of the Audit Committee member's tenure,

THE FOLLOWING HAS BEEN AGREED UPON:

1. Responsibilities of the Audit Committee member

- 1.1. The Audit Committee member agrees hereupon that he/she shall execute all Audit Committee member's responsibilities implied by law or the Company's Articles of Association with a due care of a manager.
- 1.2. The Audit Committee member agrees to abide by the prohibition of competition in a similar extent as for the Supervisory Board members as ensues from the extent implied by Sec. 451 of the Business Corporations Act and the Company's Articles of Association. The Audit Committee members agree to pay a penalty of CZK 100,000 for each case of infringement of the provision. The penalty shall be due in a one-week time after the Audit Committee members is notified by the Company in writing to pay the penalty. The obligation to pay the contractual penalty according to Art 1.2 hereabove shall not affect other obligations of the Audit Committee member similar to

those applicable to the Supervisory Board members in the case of infringement of the prohibition of competition.

- 1.3. The Audit Committee member agrees that for a period of six months after his/her tenure's termination, he/ she shall refrain from
 - (a) holding an office of a statutory, controlling or other body or a member of such body in a legal entity that provides telecommunications services in the territory of the Czech Republic or consulting services in the field of providing telecommunications services in the territory of the Czech Republic (such activities provided in the territory of the Czech Republic shall be further on referred to as the "**competing activities**").
 - (b) becoming an employee of an entity providing competing services (unless his/ her job-related activities are neither directly nor indirectly related to the territory of the Czech Republic),
 - (c) running business as a natural entity in competing services or
 - (d) otherwise providing competing services or being involved in their provision.

Holding the offices or job-positions mentioned above or performing the said activities as a result of legal relations with the Company or an entity belonging to the same Group as the Company shall not be considered an infringement of the Audit Committee member's commitments according to (a) to (d) hereabove.

- 1.4. Should the prohibition of competition according to Art. 1.3 hereof be violated, the Audit Committee member shall be obliged to return remuneration according to Art. 2.3 to the Company and to pay a contractual penalty in the amount of CZK 100,000. The contractual penalty shall be due in a one-week time after being asked by the Company in writing to do so. The obligation to pay the contractual penalty according to Art 1.4 hereabove shall not affect other obligations of the Audit Committee member applicable in the case of infringement of the prohibition of competition according to Art. 1.3.

2. Responsibilities of the Company

- 2.1. The Company agrees to remunerate the Audit Committee member for executing the office on condition that the remuneration is or shall be defined by an internal directive approved by the General Meeting of the Company. The remuneration shall be paid out in the amount or according to the rules specified in the directive, or if the remuneration, which may as well be paid out in a form of a share on profit, is decided on by the General Meeting, all of that in compliance with legal regulations and the Articles of Association.
- 2.2. The Company agrees to reimburse the costs to the Audit Committee member spent out of necessity or a purpose relating to the office and to provide him/ her with the prerequisites in accordance with legal and internal regulations approved by the General Meeting, unless prohibited by law.
- 2.3. The following internal directives regulate remuneration of Audit Committee members and other prerequisites:
 - (a) The Remuneration Rules for Audit Committee members (as approved at the General Meeting held on 3 April 2009), and

- (b) The Rules for Providing Non-claim Perquisites to Audit Committee members (as approved at the General Meeting held on 22 April 2013, taking effect as of 30 June 2013).

Provided that any future General Meeting amends or revokes the directives or adds other directives, internal directives valid and effective at that moment shall apply.

- 2.4. To compensate for their non-competition commitment according to Art. 1.3, the Company agrees to provide consideration to the Audit Committee member corresponding to six average flat remunerations according to the Remuneration Rules for Audit Committee members, which was paid to a Audit Committee member in the month preceding the month, when the tenure of the Audit Committee member ceased. The average Flat remuneration shall be defined irrespectively of any other Audit Committee member's failure to apply their right to remuneration. The Company's obligation to compensate for the non-competition commitment shall be due in a one-month time after the tenure termination and shall be paid either in cash or by transfer to a bank account, the number of which the Audit Committee member provides to the Company within one week after the tenure termination at the latest.

3. Terminal provisions

- 3.1. Unless specified otherwise, the Audit Committee member's right and responsibilities relating to the execution of the office shall be regulated in accordance with law, the Company's Articles of Association and the General Meeting's resolutions.
- 3.2. Parties to the agreement shall sign two counterparts hereof, and each of them, namely the Audit Committee member and the Company, shall keep one copy thereof.
- 3.3. The agreement replaces all prior agreements between both contracting parties regarding the respective subject-matter, unless something else is implied by such prior agreements.
- 3.4. The agreement shall take effect upon approval by the General Meeting or upon the start of the Audit Committee member's tenure, whichever of the events occurs later.

Prague, date2014

Telefónica Czech Republic, a.s.

The Board of Directors

Name: _____

Title: _____

Name: _____

Title: _____

The Audit Committee member

Name: _____