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# Invitation to the Annual General meeting of O2 Czech Republic a.s.

The Board of Directors of O2 Czech Republic a.s. with its registered seat at Prague 4, Za Brumlovkou 266/2, Post Code 140 22, recorded in the Commercial Register maintained by the Municipal Court in Prague under Section B, File 2322, hereby convenes the Annual General Meeting to be held at

**TOP HOTEL Praha, Blažimská 1781/4, 149 00 Praha 4 – Chodov.**  
**on 4 June 2018 at 2:00 p.m.**

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## **AGENDA FOR THE ANNUAL GENERAL MEETING**

1. Opening
2. Approval of the Rules of Procedure of the Annual General Meeting, and the election of the chairman of the Annual General Meeting, the minutes clerk, the minutes verifiers and the scrutineers
3. The Board of Directors' Report on the company's performance and the status of its assets (integral part of the 2017 Annual Report), a summary explanatory report concerning certain matters set out in the company's 2017 Annual Report, conclusions of the 2017 Report on Relations
4. Presentation of the Supervisory Board's activities including information on the Report on Relations review
5. Approval of the company's 2017 Financial Statements
6. Decision on the distribution of the company's profit for 2017 and distribution of the company's share premium
7. Appointment of an auditor to conduct the mandatory audit of the company in 2018
8. Decision on an amendment to the company's Articles of Association
9. Decision on a change in the Rules for remuneration of the members of the Supervisory Board
10. Approval of the new Rules for provision of additional perquisites to members of the Supervisory Board
11. Approval of the Supervisory Board member's Executive Service Agreements
12. Election of the Supervisory Board member
13. Approval of the new Rules for provision of additional perquisites to members of the Audit Committee
14. Approval of the Audit Committee's Executive Service Agreements
15. Election of the Audit Committee member and election of the Audit Committee substitute members
16. Conclusion

## **Decisive Date**

**28 May 2018** shall constitute the decisive date for attendance at the Annual General Meeting ("Decisive date"). The meaning of the Decisive date for attendance at the Annual General Meeting is that a person listed, as of the Decisive date, in the extract from the register where company shares are registered, shall have the right to attend the Annual General Meeting and exercise shareholder's rights, including voting, unless it is proven that the entry in the register does not correspond to the actual situation. The extract from the register shall be obtained by the company or company's representative.

## Participation in the General Meeting

### a) Registration and representation at the General Meeting

Registration for the attendance list ("Registration") will take place at the venue of the Annual General Meeting from 1 p.m. onwards on the date of the General Meeting.

Registration of a shareholder – natural persons:

- ❖ A shareholder shall identify him/herself by means of an identity card at the Registration
- ❖ Unless set out otherwise herein below, a proxy of a shareholder-individual shall, in addition to the above, present a power of attorney signed by such a shareholder (the signature must be officially verified); the power of attorney granted for representation of the shareholder at the General Meeting shall be made in writing and it must indicate whether it was granted by the shareholder to the attorney for representation at one or more than one General Meeting of the company.
- ❖ Power of attorney issued by foreign authorities or institutions, or provided with their certification, shall be endorsed with an apostille or other form or verification acceptable to the Czech authorities.
- ❖ Should such documents or apostilles be in a foreign language, an official Czech translation must be affixed thereto.

Registration of a shareholder - legal persons:

- ❖ A member of the statutory body of a shareholder shall identify him/herself by means of an identity card and shall present an original or an officially verified copy of a document demonstrating the existence of the legal person and the manner of acting as a member on behalf of the statutory body.
- ❖ The proxy of a shareholder shall, in addition, present a power of attorney signed by the statutory body (the signature must be officially verified), unless hereinafter stated otherwise. The power of attorney must be in writing and it must indicate whether it was granted for representation at one or more than one General Meeting of the company.
- ❖ Documents mentioned above issued by foreign authorities or institutions or provided with their certification shall be endorsed with an apostille or another form or verification acceptable to the Czech authorities for similar foreign documents.
- ❖ Should such documents or apostilles be in a foreign language, an official Czech translation must be affixed thereto.

Additional information on the shareholder's representation via power of attorney:

- ❖ To grant a power of attorney, shareholders may also use a form to be made available by the company as of 4 May 2018. The form shall be available to everybody at the company's registered seat in a written form, its electronic form shall be available in the same manner as the company publishes other supporting documents relating to the General Meeting in question; everybody has the right to request that the form be sent to him/her at his/her own costs and risk, either in a written form or electronically (for more information on the aforementioned see the part "Note").
- ❖ At the address [valnahromada@o2.cz](mailto:valnahromada@o2.cz), shareholders may notify the company in an electronic form of a power of attorney granted for representation at the General Meeting, as well as withdrawal thereof by the principal. Where such notification does not enable the company to check whether the statutory requirements of the power of attorney have been met or to unambiguously identify the signed person (in particular where a guaranteed electronic signature based on a qualified certificate issued by an accredited certification services provider is not attached to the notification), the company shall be entitled but not obliged to request additional information to verify the attorney's empowerment. The shareholders may also send the notifications pursuant to the first sentence to the company's data-box, the address (ID) of which is d79ch2h. Such notification must also enable a check of whether the statutory requirements of the power of attorney have been met and, for the sake of trouble-free processing thereof, it is essential that the respective message duly identifies the matter (dmAnnotation) with the text "Plna moc na VH". Where representation of the shareholder is demonstrated in any of the aforementioned ways, the company shall not request presentation of the written power of attorney during the Registration.
- ❖ Information relating to powers of attorney for representation at more general meetings: should the proxy provided be an original or a verified copy of a power of attorney for representation which has already been used at other general meetings or a previous General Meeting, the proxy or the shareholder may, no later than on the Decisive date, ask the company for a copy of such a power of attorney. The company shall mark this copy in a certain way (hereinafter the "registered copy") and provide it to the proxy or the shareholder. The registered copy may also be requested directly when providing the power of attorney at the Registration. The proxy may provide the registered copy (now and in the future) at the Registration, instead of providing the original (or verified copy) of the relevant power of attorney (provided the proxy is entitled to represent the shareholder at the General Meeting based on this power of attorney). After the registration the proxy shall keep the registered copy.
- ❖ The shareholder may also be represented at the General Meeting, or in exercising other rights attached to shares, by a person registered in the investment tools register or in the book-entered securities register as an administrator or a person authorised to exercise the rights attached to the share. Authorisation of the administrator or such person shall be demonstrated by the extract from that register, which extract shall be obtained by the company. Where the shareholder's representation is proven in the aforementioned manner, the company shall not request presentation of the written power of attorney. Should the shareholder, pursuant to the first sentence of this paragraph, be interested in being present at the General Meeting (within the meaning of Art. b.1. below) other than through the administrator or another designated person authorised to exercise the rights attached to the share on behalf of the shareholder, they must submit an extract from the statutory register (where the company's shares are registered) at the Registration to demonstrate that they were one of the company's shareholder on the Decisive date.

### b) Shareholders' rights and exercise thereof

#### b.1. Shareholders' rights pertaining to the participation in the General Meeting - general summary

The shareholder shall exercise his/her/its rights at the General Meeting in person or by a proxy, unless the law provides otherwise; such participating shareholder shall be deemed present at the General Meeting. In compliance with the legal regulations, the shareholder shall thus be entitled to participate in the General Meeting, to vote at the General Meeting, to

request and obtain at or before the General Meeting and, under statutory conditions, also after the General Meeting, an explanation of matters concerning the company or persons controlled by the company if such explanation is necessary to assess an item on the agenda of the General Meeting or to exercise rights of the shareholder at the General Meeting, and to raise proposals and counterproposals. Requests for an explanation shall be made at the General Meeting in a suitable form. Shareholders may be requested to make them in writing; such requirement, however, cannot be binding for the shareholder.

#### **b.2. Number of shares and voting rights**

The registered capital of the company amounts to CZK 3,102,200,670 (in words: three billion one hundred and two million two hundred thousand six hundred and seventy Czech crowns) and is divided into 310,220,057 registered common shares with the nominal value of CZK 10 per share and one registered common share with the nominal value of CZK 100. Each CZK 10 of the nominal value of the shares represents one vote; the total number of votes pertaining to company shares equals 310,220,067.

#### **b.3. Description of the participation in and voting at the General Meeting**

The shareholders present (see point b.1.) shall register on arrival at the General Meeting (see point a) above). On the Registration, the shareholders shall receive voting ballots for voting at the General Meeting and also other materials regarding the individual items on the General Meeting agenda. The General Meeting shall be deemed as having a quorum if shareholders who have shares with an aggregate nominal value exceeding one half of the share capital of the company are present (pursuant to the rules of participation of shareholders at the General Meeting – see above).

The individual items on the agenda of the General Meeting will be discussed in the order displayed on the agenda. Prior to the voting, the chairperson of the General Meeting shall be obliged to ensure that the shareholders are acquainted with all the proposals and counterproposals presented by the convening party or by shareholders in respect of the relevant item on the General Meeting agenda. He/she shall also be obliged to ensure that, in compliance with law, the shareholders receive answers at the General Meeting to their requests concerning the explanation of matters regarding the company or entities controlled by the company; these answers being necessary for them to assess the relevant item on the General Meeting's agenda or to exercise their shareholders' rights at the General Meeting, unless such explanation was provided to the shareholders prior to the General Meeting or will be provided subsequently in compliance with the law.

The General Meeting shall decide by a simple majority of the votes cast by the shareholders present, unless legal regulations or a provision of the company's Articles of Association sets forth otherwise. The voting shall take place in compliance with the company's Articles of Association and the Rules of Procedure of the General Meeting, which specify the voting rules stipulated in the Articles of Association and which are to be approved by the General Meeting (re the draft of Rules of Procedure, being one of the documents on the agenda of the General Meeting, see the sections "Draft resolutions regarding the General Meeting items and their justification" and "Note" as well). The voting shall take place by ballots to be signed by the shareholders present. If any of the shareholders present are not able to write, the person to count votes shall sign such shareholder's ballot. At first, the voting shall take place on the proposal of the convening party and, where such proposal was not approved, votes shall be cast on further proposals and counterproposals regarding the item discussed in the order in which such proposals and counterproposals were presented. If the proposal presented is approved, no votes shall be cast on any other proposals and counterproposals conflicting with the approved proposal.

#### **b.4. Right to present proposals and counterproposals**

Where a shareholder wishes to present counterproposals to the items on the General Meeting's agenda at the General Meeting, the shareholder shall be obliged to deliver a written wording of the proposal or counterproposal to the company at least five working days prior to the date of the General Meeting, unless it is a proposal to elect and recall a corporate body member.

In the manner specified for the convening of the General Meeting and in accordance with the law and the Articles of Association, the Board of Directors shall announce a shareholder's counterproposal to the shareholders, as well as its opinion of the counterproposal. This shall not apply should such announcement be delivered less than two days prior to the General Meeting, should the announcement costs unreasonably exceed the purpose and content of the counterproposal, or if the counterproposal contains more than 100 words. Should the counterproposal contain more than 100 words, the Board of Directors shall present the substance of the proposal to the shareholders along with its opinion, and publish the counterproposal on the website [www.ico60193336.cz](http://www.ico60193336.cz) ref. „Investor relations“ section „General Meetings“ („Company website“). The Board of Directors shall be obliged to publish at least the shareholder's proposals or counterproposals on the company's website provided that they are submitted prior to the General Meeting.

#### **b.5. Right to request the addition of a certain matter to the General Meeting agenda**

Shareholder(s) holding registered shares, the nominal value of which amounts to at least one per cent of the company's registered capital, may ask the Board of Directors to convene a General Meeting to discuss proposed matters. Each of the proposed matters must be supplemented by a justification or draft resolution. The shareholder(s) shall substantiate such request with a current extract from the statutory register, where the company's shares are registered; should the shareholder(s) fail to do so, the company shall be entitled to obtain the necessary extract on its own at the costs of such shareholder(s).

The cited shareholder(s) shall also be entitled to have the matter proposed by them added to the General Meeting agenda on condition that a justification or draft resolution is attached to each proposal. Provided the request was delivered after the publication and distribution of the invitation to the General Meeting, the Board of Directors shall amend the agenda of the General Meeting five (5) days before the General Meeting Decisive date, at the latest, in a manner prescribed by law and the Articles of Association for the convention of the General Meeting.

#### **b.6. Other rules for exercise of shareholders' rights**

The shareholders are obliged to abide by the law, be fair, comply with the company's internal rules, including the Articles of Association, and to exercise their rights towards the company responsibly and in a way that prevents interference with the rights and rightful interests of the company and other shareholders, which are known - or could and should be known - to the shareholders.

## **Draft resolutions on individual items of the General Meeting including justification:**

### **Item 2) Approval of the Rules of Procedure of the Annual General Meeting, and the election of the chairman of the Annual General Meeting, the minutes clerk, the minutes verifiers and the scrutineers**

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#### DRAFT RESOLUTION (1):

**The General Meeting approves the Rules of Procedure of the Annual General Meeting as submitted by the Board of Directors.**

*Justification: The Rules of Procedure are an instrument anticipated by the company's Articles of Association and they have been used as a standard at all General Meetings to date. The version submitted is based on the company's best practice. The draft Rules of Procedure of the General Meeting form Annex No.1 of the invitation.*

#### DRAFT RESOLUTION (2):

**The General Meeting elects Petr Kasík as chairman of the Annual General Meeting, Michaela Kršková as the minutes clerk, Eva Stočková and Petr Kubík as the minutes verifiers and Messrs Petr Brant, Josef Nuhlíček and Martin Hlaváček as scrutineers.**

*Justification: The nominations of the General Meeting bodies are implicit in the mandatory requirements and the company's Articles of Association and follow the company's practices. The Board of Directors considers the nominees suitable candidates in the respective offices, given their experience and expertise.*

### **Item 3) The Board of Directors' Report on the Company's Performance and the status of its assets (integral part of the 2017 Annual Report), a summary explanatory report concerning certain matters set out in the company's 2017 Annual Report, conclusions of the 2017 Report on Relations**

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#### Board of Director's statement:

The Board of Directors is submitting its report on the Company's performance and the state of assets pursuant to § 436 Para. 2 of the Business Corporations Act and the Company's Articles of Association. This report is contained in chapter 4 of the Company's 2017 Annual report (hereinafter "2017 Annual Report"). Further, pursuant to the requirement of § 118 Para. 9 of the Act on Business Activities in the Capital Market, the Board of Directors is submitting an explanatory report to its shareholders. Information in the summarised explanatory report, dealing with issues under § 118 Para. 5 (a)–(k) of the Act on Business Activities in the Capital Market, is contained at the end of chapter 5 of the 2017 Annual Report. The 2017 Annual Report (see its Appendix) also contains a report on relations prepared pursuant to § 82 et seq. of the Business Corporations Act (conclusions from the Report will be presented at the General Meeting). The full version of the 2017 Annual Report, i.e. all cited parts, is available on the company's website. It will also be ready for all shareholders during the General Meeting. No vote on this item is expected.

### **Item 4) Presentation of the Supervisory Board's activities including information on the Report on Relations review**

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#### Board of Director's statement:

The subject of this agenda item is the presentation of the results of the Supervisory Board's activities and the submission of report on the results of the review of the 2017 Report on Relations to be presented by an appointed member of the Company's Supervisory Board pursuant to the requirement of § 83 Para. 1, § 447 Para. 3 and § 449 Para. 1 of the Business Corporations Act. The Board of Directors hereby declares that the Supervisory Board did not raise any reservations regarding the annual financial statements 2017, the consolidated financial statements 2017, the 2017 profit distribution proposal or the 2017 Report on Relations by the Board of Directors. The report of the Supervisory Board is available on the company's web site. It will also be ready for all shareholders during the General Meeting. No vote on this item is expected.

### **Item 5) Approval of the company's 2017 Financial Statements**

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#### DRAFT RESOLUTION (1):

**The General Meeting approves the annual financial statements of the company for 2017 verified by the auditor and submitted by the company's Board of Directors.**

*Justification: The company has the obligation, based on the applicable law, to prepare the annual financial statements for the past accounting period. As stipulated in the Business Corporations Act, the Board of Directors is presenting its statement to the General Meeting. The annual financial statements are available to all shareholders on the company's website. The annual financial statements offer a truthful and honest picture of the status of and transactions involving the property, assets, obligations and other receivables, as well as the revenues and costs and the overall financial performance of the company. The auditor expressed an unqualified opinion of the annual financial statements. In addition, the annual financial statements were reviewed by the Supervisory Board, which found no discrepancies, and thus recommended the regular financial statements to be approved by the General Meeting (see report of the Supervisory Board, agenda item 4).*

DRAFT RESOLUTION (2):

**The General Meeting approves the consolidated financial statements of the company for 2017 verified by the auditor and submitted by the company's Board of Directors.**

*Justification: Based on the applicable law, the company also has the obligation to prepare the consolidated financial statements for the past accounting period. As stipulated in the Business Corporations Act, the Board of Directors is presenting the statements to the General Meeting. The consolidated financial statements are available to all shareholders on the company's website. The consolidated financial statements offer a truthful and honest picture of the status of and the transactions involving the property, assets, obligations and other receivables, as well as the revenues and costs and the overall financial performance of the company. The auditor expressed an unqualified opinion of the consolidated financial statements. In addition, the consolidated financial statements were reviewed by the Supervisory Board, which found no discrepancies, and thus recommended the consolidated financial statements be approved by the General Meeting (see report of the Supervisory Board on agenda item 4).*

**Item 6) Decision on the distribution of the company's profit for 2017 and distribution of the company's share premium**

DRAFT RESOLUTION (1):

**The General Meeting approves the following distribution of the unconsolidated profit of CZK 5,395,650,064.34 (after tax), which was generated by the company in 2017:**

<b>1) contributions to reserve fund</b>	<b>CZK 0.00</b>
<b>2) contributions to social fund</b>	<b>CZK 8,000,000.00</b>
<b>3) royalties</b>	<b>CZK 0.00</b>
<b>4) dividends</b>	<b>CZK 5,273,741,139.00</b>
<b>5) retained earnings from previous years</b>	<b>CZK 113,908,925.34</b>

**The company assets also include treasury shares. Pursuant to § 309 Para. 2 of the Business Corporations Act, the company's entitlement to profit share from this type of share shall expire on the payment date. The company will transfer this unpaid share of profit to the account of the retained earnings from the previous years.**

**A dividend of CZK 17 (before tax) will be paid on each share with the nominal value of CZK 10. A dividend of CZK 170 (before tax) will be paid to each share with the nominal value of CZK 100. Under the terms & conditions pursuant to Czech law, the relevant tax will be deducted (subtracted) from the above sum before the dividend is paid out.**

**Those persons who are the shareholders of the company as at the conclusive day shall have the right to a dividend (hereinafter "Conclusive day for dividend"), including any heirs and/or legal successors who can prove their entitlements. The respective shareholders will be identified on the basis of the dividend status registered as of the Conclusive day for dividend in an extract from the statutory register provided by the company (unless the records in the register differ from the actual reality).**

**The dividend payment date will be 4 July 2018. The responsibility for the payment of dividends rests with the company's Board of Directors. The payment transaction will be carried out at the expense of the company by Česká spořitelna a.s. and, where not regulated by this resolution, the payment shall be carried out in compliance with legal regulations and the company's Articles of Association.**

**In accordance with the company's Articles of Association, the Conclusive day for dividend will be 4 June 2018.**

*Justification: In accordance with the Business Corporations Act and the company's Articles of Association, the General Meeting has the authority to decide on the distribution of profit, including retained earnings from the previous years. The dividend is determined on the grounds of the regular financial statements. The Board of Directors proposes that the profit 2017 shall be distributed in amounts compliant with the provisions of the Business Corporations Act and the company's Articles of Association. The amount of the profit to be distributed is stated in the draft resolution. The resolution specifies the amount of dividend per share as well as other details relevant for the pay out of dividend such as the Conclusive day for dividend, the dividend due date and the payment method. The Board of Directors believes that the proposed dividend is appropriate given the financial position and needs of the company, namely that the exercising of shareholder rights to receive the proposed dividend will not limit the existing or future business of the company. In addition, the proposed dividend pay out is in line with the company's declared long-term dividend policy, based on which the Board of Directors intends to propose distribution of 90% to 110% of net unconsolidated profit. The proposed dividend represents distribution of 98% of the net unconsolidated profit for 2017. Having reviewed the proposal of the Board of Directors, the Supervisory Board recommends this item be approved by the General Meeting. In line with the Act governing Business Activities in the Capital Market, shareholders will be informed about the pay out of the dividend on the company's website and also by letter mailed to the shareholders' addresses as registered in the securities register.*

DRAFT RESOLUTION (2):

The General Meeting approves the following distribution of a portion of the Company's share premium in the current amount of CZK 10,675,971,253.91:

- the share premium of the Company shall be distributed (reduced) in the total amount of up to CZK 1,240,880,268.00,
- the company assets also include treasury shares. The company's entitlement to the payment related to the share premium distribution will not arise; the relevant amount (i.e. the relevant part of the aforementioned maximum amount) shall be kept on the share premium account,
- an amount of CZK 4 before tax shall be distributed to each share with the nominal value of CZK 10,
- an amount of CZK 40 before tax shall be distributed to the share with the nominal value of CZK 100,
- given the aforementioned provisions of this resolution, the final total amount distributed to the shareholders as well as the amount of the remaining share premium will depend on the actual number of treasury shares owned by the company,
- under the conditions pursuant to Czech legal regulations, the relevant tax shall be deducted (subtracted) by the company before payment execution,
- the payment shall be carried out on the basis of the extract from the statutory register, provided by the company as of 4 June 2018 (unless the records in the register differ from the actual reality),
- the share premium amount intended for payment shall be payable on 4 July 2018. The company's Board of Directors is responsible for the payment and it shall be exercised through Česká spořitelna, a.s. at the company's expense; any aspects not covered by this resolution will be effected in compliance with legal regulations and the Articles of Association.

*Justification: Based on the audited regular financial statements for 2017, the company's equity comprises a share premium. It amounted to a total of CZK 10,675,971,253.91 on 31 December 2017. Based on thorough analyses, the Board of Directors concluded that the distribution of the share premium to shareholders is justified. The proposal is also backed by analyses carried out by the Board of Directors of the company's past results, the current balance sheet and expected future performance, including investment plans and cash flows forecasts. On this basis, the Board of Directors concluded that the proposed payment of part of the share premium is appropriate given the financial position and needs of the company, and will not limit the existing or future business of the company. At the same time, payment of part of the share premium represents an additional source of remuneration for all shareholders.*

**Item 7) Appointment of an auditor to conduct the mandatory audit of the company in 2018**

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DRAFT RESOLUTION:

**Based on the proposal from the Supervisory Board and recommendations from the Audit Committee, the General Meeting appoints the auditor KPMG Česká republika Audit, s.r.o. (ID No. 49619187, registered office Praha 8, Pobřežní 648/1a, Post code 186 00) to conduct the mandatory audit of the company in the accounting period corresponding to the calendar year 2018 and correspondingly decides to renew the auditor engagement with KPMG Česká republika Audit, s.r.o.**

*Justification: Pursuant to Act 93/2009 of Coll., on auditors, as amended, and in compliance with the company's Articles of Association, the General Meeting is authorised to appoint an auditor to conduct the mandatory audit. The Audit Committee recommended that the Supervisory Board appoints KPMG Česká republika Audit, s.r.o. as the external auditor and renew the auditor engagement with that audit company. The Audit Committee in its recommendation stated that KPMG Česká republika Audit, s.r.o., which carried out the statutory audit of the company for the accounting period corresponding to the 2017 calendar year, performed all of the services of the statutory audit properly, fulfilled all the requirements of the statutory auditor's independence, has sufficient knowledge in the field of telecommunications in the region and in the field of listed companies' audits. Thus, also appointing KPMG Česká republika Audit, s.r.o. as the auditor for the accounting period corresponding to the 2018 calendar year will ensure the proper conduct of the statutory audit. In addition, the Audit Committee stated that the renewal of the audit engagement with KPMG Česká republika Audit, s.r.o. for the stated accounting period complies with the limits for the duration of the audit engagement pursuant to Regulation (EU) No 537/2014 of the European Parliament and of the Council, in respect of specific requirements regarding the statutory audit of public-interest entities. Based on this recommendation, the Supervisory Board proposes the General Meeting appoint KPMG Česká republika Audit, s.r.o. as the auditor for the accounting period corresponding to the 2018 calendar year.*

**Item 8) Decision on an amendment to the company's Articles of Association**

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DRAFT RESOLUTION (1):

**The General Meeting resolves to amend Articles 8, 14, 21, 25, 27 and 28 of the Articles of Association as proposed to the General Meeting by the Board of Directors in the draft, which was included as Annex No. 2 to the invitation to the General Meeting. Amendments to Articles 8, 14, 21 and 25 shall take effect as of 1 October 2018 and amendments to Articles 27 and 28 shall take effect by the decision of the General Meeting to amend the Articles of Association.**

*Justification: The proposal by the Board of Directors is based on the legislative changes which must necessarily, or appropriately, be incorporated into the wording of the Articles of Association. The changes include: (i) the reintroduction of compulsory employees' representation in the Supervisory Board for companies with over 500 contracted employees and governed by the Business Corporations Act, (ii) the abolition of § 164 Para 3 of the Civil Code, which mandated*

authorisation of one member of the statutory body to take legal acts with respect to the employees, and (iii) the specification of the Articles of Association with respect to the current legal regulations of the Act on Auditors concerning the Audit Committee and its competence. In addition, the Board of Directors proposes some minor terminological improvements to the wording which do not have any factual impact.

The proposed deferment of legal efficacy of the amendments to the Articles of Association governing or related to the election, or the dismissal of a member of the Supervisory Board by the employees, is in particular driven by the need for a sufficient time period after the approval of the relevant amendments to the Articles of Association, in which the Board of Directors will have to provide all necessary steps for the employee representative election process to the Supervisory Board and to ensure the continuous functioning of the Supervisory Board.

DRAFT RESOLUTION (2):

**The General Meeting resolves to amend Articles 14 and 20 of the Articles of Association pursuant to the draft proposal by PPF Telco B.V. as a qualified shareholder to amend the Articles of Association of O2 Czech Republic a.s., which was submitted to the General Meeting and which was also included as Annex No. 3 to the invitation to the General Meeting.**

*Justification: Draft amendments to the Articles of Association have been submitted by PPF Telco B.V. within its request to add this item to the General Meeting agenda. This request was delivered to the company ahead of publication and distribution of the invitation pursuant to § 369 Para 1 of the Business Corporations Act. The proposal by the qualified shareholder does not contradict the proposal to amend the Articles of Association submitted to the General Meeting by the Board of Directors. It represents a completely separate proposal, so the proposal by the qualified shareholder will be voted on separately.*

*The qualified shareholder justified the proposed amendment to the company's Articles of Association as an adjustment to the powers of the Supervisory Board in the context of the increasingly dynamic operations of the company. In addition, the proposed amendments aim at simplification and clarification of the Articles of Association's wording and redefinition of the corporate bodies' powers based on the experience of applying the Business Corporations Act, as the current wording of the Articles of Association was adopted shortly after the law became effective. The qualified shareholder also noted that the simplification and clarification of the wording do not affect the statutory powers of the Supervisory Board; on the contrary, it may affect the Supervisory Board's choice of the documents and information that the management of the company submit to it.*

*The Board of Directors has become acquainted with the proposal and its justification and considers the draft proposal to be in compliance with the law.*

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#### **Item 9) Decision on a change in the Rules for remuneration of the members of the Supervisory Board**

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DRAFT RESOLUTION:

**The General Meeting approves the change in the Rules for remuneration of the members of the Supervisory Board of O2 Czech Republic a.s. (as approved at the General Meeting held on 3 April 2009), consequently, the new wording of point 3.1 of the Rules is as follows:**

**The Lump-sum Amount for individuals who perform the individual offices of the members of the Supervisory Board is the aggregate of the amount in Section 3.2 and the following amounts:**

- **Supervisory Board member, who is the Chairman of the Supervisory Board: CZK 10,000 per month**
- **other members of the Supervisory Board: CZK 8,000 per month**
- **in addition each member: CZK 5,000 per each attendance at a Supervisory Board meeting:**

**This resolution shall take effect as of 1 July 2018**

*Justification: The proposal for the change in the rules has been submitted by PPF Telco B.V. within its request to add this item to the General Meeting agenda. This request was delivered to the company ahead of publication and distribution of the invitation pursuant to § 369 Para 1 of the Business Corporations Act. Consequently, the Board of Directors, in line with its obligation, added this item to the General Meeting's agenda. The qualified shareholder justified the proposed change in the Rules for remuneration of the members of the Supervisory Board by the fact that the proposal directly follows up on the proposal of PPF Telco B.V. to amend the company's Articles of Association. An adequate reduction in remuneration of the members of the Supervisory Board is associated with a lower number of cases in which the Supervisory Board is required to co-decide.*

*The Board of Directors has become acquainted with the proposal and its justification and considers the draft proposal to be in compliance with the law.*

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#### **Item 10) Approval of the new Rules for provision of additional perquisites to members of the Supervisory Board**

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DRAFT RESOLUTION:

**The General Meeting approves the Rules for provision of additional perquisites to members of the Supervisory Board as submitted by the Board of Directors, which replace existing Rules for the provision of additional perquisites to members of the Supervisory Board.**

*Justification: In addition to the cash remuneration for the performance of the office, members of the Supervisory Board are also entitled to other perquisites provided by the company (so far called non-claim perquisites). The reason for*

adoption of the new rules and replacement of the existing ones is the need for their update and specification considering the company's options and practice of providing other perquisites. At the same time, the proposal for the change brings formal refinement of the rules, including the specification of the rules' titles. Draft rules form Annex No. 4 to this invitation.

#### **Item 11) Approval of the Supervisory Board member's Executive Service Agreements**

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DRAFT RESOLUTION:

**The General Meeting approves the draft template of the Executive Service Agreement of the Supervisory Board member to be concluded with the members of the Supervisory Board, as submitted by the Board of Directors.**

*Justification: The Executive Service Agreements represents a standard instrument setting out the rights and responsibilities between the company and the member of the Supervisory Board. For practical reasons, the Board of Directors proposes that the General Meeting approves the template of the agreement, which will be concluded with the individual members of the Supervisory Board (after adding the necessary personal data of the individual members of the Supervisory Board). Therefore, it will not be necessary for the General Meeting to approve the wording of the Executive Service Agreement separately when the office of each member of the Supervisory Board is commenced. It may also be possible for the Executive Service Agreements, in accordance with the template approved by the General Meeting, to be concluded with existing members of the Supervisory Board, thus replacing the current Executive Service Agreements, which the Company has concluded with them. The template of the agreement may also be used in the case of co-opting the substitute members of the Supervisory Board or, alternatively, for substitutes who, in accordance with the draft amendments to the Articles of Association submitted by the Board of Directors to this General Meeting, have taken the place of the Supervisory Board members elected by the company's employees. The draft template of the Executive Service Agreement forms Annex No. 5 to this invitation.*

#### **Item 12) Election of the Supervisory Board member**

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DRAFT RESOLUTION:

**The General Meeting elects Mrs Kateřina Pospíšilová, born on 11 April 1982, residing at Jiráskova 825/4, 767 01 Kroměříž, as a member of the Supervisory Board, effective as of adoption of this resolution.**

*Justification: As of 31 December 2017, Mr Martin Štefunko resigned from the office of member and chairman of the Supervisory Board. As of 28 February 2018, the Supervisory Board co-opted Mrs Kateřina Pospíšilová to the vacant position of member of the Supervisory Board, until the next General Meeting. Therefore, the Board of Directors put the election of the Supervisory Board member on the agenda. At the same time, the Board of Directors submits a proposal to the General Meeting to confirm Mrs Pospíšilová in her office and to elect her a member of the Supervisory Board effective as of adoption of this resolution. The Board of Directors was briefed on the professional resume of Mrs Pospíšilová and, in respect of her qualifications and experience, considers her a suitable candidate to be a Supervisory Board member.*

#### **Item 13) Approval of the new Rules for provision of additional perquisites to members of the Audit Committee**

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DRAFT RESOLUTION:

**The General Meeting approves the Rules for provision of additional perquisites to members of the Audit Committee as submitted by the Board of Directors, which replace existing Rules for provision of additional perquisites to members of the Audit Committee.**

*Justification: In addition to the cash remuneration for the performance of the office, members of the Audit Committee are also entitled to other perquisites provided by the company (so far called non-claim perquisites). The reason for adoption of the new rules and replacement of the existing ones is reasoned by the need for their update and specification considering the company's options and practice of providing other perquisites. At the same time, the proposal for the change brings formal refinement of the rules, including the specification of the rules' titles. Draft rules form Annex No. 6 to this invitation.*

#### **Item 14) Approval of the Audit Committee member's Executive Service Agreements**

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DRAFT RESOLUTION:

**The General Meeting approves the draft template of the Executive Service Agreement of the Audit Committee member to be concluded with the members of the Audit Committee, as submitted by the Board of Directors.**

*Justification: The Executive Service Agreements represents a standard instrument setting out the rights and responsibilities between the company and the member of the Audit Committee. For practical reasons, the Board of Directors proposes that the General Meeting approves the template of the agreement, which will be concluded with the individual members of the Audit Committee (after adding the necessary personal data of the individual members of the Audit Committee). Therefore, it will not be necessary for the General Meeting to approve the wording of the Executive Service Agreement separately when the office of each member of the Audit Committee is commenced. It may also be possible for the Executive Service Agreements, in accordance with the template approved by the General Meeting, to be concluded with existing members of the Audit Committee, thus replacing the current Executive Service Agreements,*



which the Company has concluded with them. The template of the agreement may also be used for substitutes, who will eventually take the place of the Audit Committee members. The draft template of the Executive Service Agreement forms Annex No. 7 to this invitation.

#### **Item 15) Election of the Audit Committee member and election of the Audit Committee substitute members**

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##### DRAFT RESOLUTION (1):

**The General Meeting elects Mr Michal Krejčík, born on 4 January 1978, residing at Marty Krásové 920/4, 196 00 Praha - Čakovice, as a member of the Audit Committee, effective as of adoption of this resolution.**

*Justification: As of 27 January 2018, Mr Martin Štefunko resigned from the office of member and chairman of the Audit Committee. Therefore, the Board of Directors put the election of the Audit Committee member on the agenda. At the same time, the Board of Directors submits a proposal to the General Meeting to elect Mr Michal Krejčík as a member of the Audit Committee. The Board of Directors was briefed on the professional resume of Mr Krejčík and, in respect of his qualifications and experience, considers him a suitable candidate to be a member of the Audit Committee.*

##### DRAFT RESOLUTION (2):

**The General Meeting elects Mr Ondřej Chaloupecký, born on 5 December 1972, residing at Chuchelná 55, 513 01 Semily, as the first substitute member of the Audit Committee, effective as of adoption of this resolution.**

*Justification: The Board of Directors considers it appropriate that the General Meeting also elects substitute members of the Audit Committee, who may fill any vacancies in the Audit Committee without having to convene a new General Meeting for that purpose. In accordance with the provision of Article 28 Para 6 of the company's Articles of Association, the General Meeting may elect up to three substitute members of the Audit Committee. At the same time, the Board of Directors submits a proposal to the General Meeting to elect Mr Ondřej Chaloupecký as the first substitute member of the Audit Committee. The Board of Directors was briefed on the professional resume of Mr Chaloupecký and, in respect of his qualifications and experience, considers him a suitable candidate to be a substitute member of the Audit Committee substitute.*

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#### **Note:**

In connection with the items on the agenda of the General Meeting, shareholders or other persons identified by the law shall have the following rights as of **4 May 2018** (unless stated differently below) until the date of the General Meeting (incl.):

- the right to obtain a written copy of the form of power of attorney, mentioned above in point a) of section "Participation in the General Meeting", from the company's registered office on business days between 9:00 a.m. and 4:00 p.m. (and, as the case may be, to request at their own cost and risk that the form be sent to them);
- the right to obtain the form of power of attorney mentioned above in point a) of section "Participation in the General Meeting", from the company's website [www.ico60193336.cz](http://www.ico60193336.cz) under link "Investor relations", section "General Meetings" (or to apply via the electronic address [valnahromada@o2.cz](mailto:valnahromada@o2.cz) to have an electronic version of the form sent to them);
- the right to obtain, via the company's website, the company's 2017 regular and consolidated financial statements and the Annual Report containing, inter alia, the Board of Directors' Report on the Company's Performance and the status of its assets and the Report on Relations; these documents will be available at the company's website for at least 30 days after the date of the General Meeting;
- the right to obtain, via the company's website, any other document relating to the agenda of the General Meeting, unless the law stipulates otherwise;
- the right to obtain, via the company's website, draft resolutions of the General Meeting, including relevant shareholders' proposals or counterproposals, and the position of the company's Board of Directors on individual items on the General Meeting's agenda;
- the right to obtain information about the total number of the company's shares and related votes via the company's website;
- the right to become acquainted with the unified text of this invitation to the Annual General Meeting via the company's website; additionally, the invitation may be published in other information sources.

#### **Annexes to the invitation:**

Annex No. 1: Rules of Procedure of the General Meeting (available in Czech only)

Annex No. 2: Draft amendment to the company's Articles of Association based on the proposal by the Board of the Directors

Annex No. 3: Draft amendment to the company's Articles of Association based on the proposal by the company's qualified shareholder

Annex No. 4: Draft rules for provision of additional prerequisites to members of the Supervisory Board (available in Czech only)

Annex No. 5: Draft template of the Executive Service Agreement of the Supervisory Board member (available in Czech only)

Annex No. 6: Draft rules for provision of additional prerequisites to members of the Audit Committee (available in Czech only)

Annex No. 7: Draft template of the Executive Service Agreement of the Audit Committee member (available in Czech only)

**Board of Directors of O2 Czech Republic a.s.**