

# **Service Contract on the Audit Committee**

between

**ČEZ, a. s.**

and

**Ing. Andrea Káňová**

## **Service Contract on the Audit Committee**

**ČEZ, a. s.**, a company having its registered office at Prague 4, Duhová 1444/2, postal code: 140 53, ID No.: 45274649, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, File 1581, represented by Ing. Daniel Beneš, MBA, chairman of the Board of Directors, and Ing. Martin Novák, MBA, vice-chairman of the Board of Directors,

(hereinafter referred to as the “**Company**”)

*on the one part*

and

**Ing. Andrea Káňová**, born February 7, 1980, domiciled at Srážná 6, 140 00 Prague,

who was elected by the General Meeting of the Company as a member of the Audit Committee on June 27, 2014, and accepted the position,

(hereinafter referred to as the “**Audit Committee Member**”)

*on the other part,*

*(hereinafter also referred to collectively as the “Contracting Parties”)*

have hereby agreed on the following conditions of service on the Company’s Audit Committee:

### **1. Subject Matter of the Contract**

- 1.1.** This Contract specifies in detail the conditions for serving on the Audit Committee and regulates mutual rights and obligations between the Contracting Parties.
- 1.2.** The Contracting Parties’ rights and obligations relating to service on the Audit Committee arise from legal regulations, the Company’s Articles of Association, the Rules of Procedure of the Audit Committee, resolutions of the Audit Committee, and this Contract.

The Audit Committee Member is obliged to perform his/her role with due diligence.

The Audit Committee Member shall regularly perform his/her duties at the following address: Prague 4, Duhová, postal code 140 53, and shall undertake domestic and foreign travel outside the place of regular service if required by due performance of his/her duties.

- 1.3.** This contract is made for the term of service on the Audit Committee.

## **2. Remuneration, Compensation, and Other Performances**

- 2.1.** The Company undertakes to pay the Audit Committee Member remuneration for his/her service pursuant to Annex 1 hereto: "Rules for Remuneration and Providing of Other Performances to Audit Committee Members" (hereinafter referred to as "Annex 1"), except in instances where the law does not permit providing such remuneration.
- 2.2.** When undertaking domestic or foreign travel outside the place of regular service in relation to his/her service on the Audit Committee (hereinafter also referred to as "business travel"), or study, promotional, or other professional activities on behalf of the Company, the Audit Committee Member is entitled to remuneration for travel expenses at an amount and under the conditions specified in Annex 1 hereto.
- 2.3.** Without prejudice to Article 2.2 hereof, the Audit Committee Member is entitled to remuneration for other potential reasonable expenses relating to his/her service to the extent approved by the General Meeting of the Company.
- 2.4.** Upon his/her request, the Company undertakes to provide the Audit Committee Member with the items required for his/her service (cell phone for service on the Audit Committee for his/her private use, related voice and data services are without any financial limit, a desktop or laptop computer, etc.). However, such items will not be provided to the Audit Committee Member if they have already been provided in connection with his/her service in another role within the Company or in connection with a labor relation with the Company.

## **3. Non-Competition Clause and Conflict of Interests**

- 3.1.** The Audit Committee Member shall not:
  - a) conduct business in the Company's line of business, including for the benefit of other parties, or mediate the Company's transactions for other parties,
  - b) be a member of the statutory governing body of another legal entity having a similar line of business or a person in a similar position unless they form a concern,
  - c) participate in the business activities of another business corporation as a member with unlimited liability or as the controlling entity of another entity engaged in the same or similar line of business.
- 3.2.** The Audit Committee Member shall abide by restrictions analogous to those arising for Supervisory Board members from the provisions of Section 451 et seq. of the Business Corporations Act as well as from other provisions of generally binding legal regulations and the Company's Articles of Association dealing with non-competition.

- 3.3.** The Audit Committee Member shall abide by rules for conflict of interest within the statutory scope.

#### **4. Protection of Certain Facts**

- 4.1.** For the term of service as well as after termination thereof, the Audit Committee Member undertakes not to disclose or make available to a third party without authorization any facts that constitute a trade secret of the Company or are of a confidential nature and whose disclosure to third parties might cause harm to the Company (or its business partners). This restriction also applies to data recording and data transfer media containing such facts. The Audit Committee Member undertakes to handle information classified pursuant to Act No. 412/2005 Sb., on the protection of classified information and security clearance, as amended, and its implementing regulations in compliance with these legal regulations.
- 4.2.** Violation of the obligation pursuant to Article 4.1 may constitute grounds for removal from the Audit Committee. This is without prejudice to the Company's right to claim damages should the Company reasonably believe that it incurred harm that is causally linked to the violation of this obligation by the Audit Committee Member.

#### **5. Obligations of the Company**

- 5.1.** The Company undertakes to:
- a) remunerate the Audit Committee Member to the extent and under the conditions specified in Article 2 and in Annex 1 hereto,
  - b) provide the Audit Committee Member, upon request, with documents, data, and other materials necessary for his/her service on the Audit Committee via specialized departments,
  - c) disclose classified information pursuant to Act No. 412/2005 Sb., as amended, and its implementing regulations to the Audit Committee Member if his/her service on the Audit Committee so requires and provided that the Audit Committee Member is a person designated to handle classified information,
  - d) disclose facts constituting the subject of a trade secret to the Audit Committee Member if his/her service so requires,
  - e) keep the Audit Committee Member informed of safety regulations if his/her service so requires.
- 5.2.** The Company shall deduct withholding tax on employment income and premiums for mandatory insurance from the taxable income of the Audit Committee Member and transfer them to the relevant institutions pursuant to applicable law.

## **6. Other Provisions**

- 6.1.** Conditions that are not regulated by this Contract are governed by Act No. 90/2012 Sb., on commercial companies and cooperatives (hereinafter referred to as the “Business Corporations Act”), Act No. 89/2012 Sb., Civil Code (hereinafter referred to as the “Civil Code”), the Company’s Articles of Association, and the Rules of Procedure of the Audit Committee of ČEZ, a. s.
- 6.2.** Should the Audit Committee Member at any time (including after the termination of his/her service on the Audit Committee) get a justified impression that his/her right to protection of person, civic honor, professional reputation, or human dignity has been infringed by way of the press, radio, television, or other mass media in connection with his/her service on the Audit Committee or termination thereof, or should he/she face criminal prosecution, the Audit Committee Member may ask the Company to reimburse him/her for expenses on protection from such infringement and to cover the costs of his/her legal representation. In such a case, the Company undertakes to reimburse the Audit Committee Member for expenses on protection against such infringement, including reimbursement for the costs of legal representation, unless such reimbursement is in violation of the law. Should the Audit Committee Member be lawfully convicted of a crime, he/she shall reimburse the Company for the expenses incurred in connection with his/her legal representation.

## **7. Termination of Service**

- 7.1.** Service shall be terminated in compliance with legal regulations and the Company’s Articles of Association.

In the event that his/her service on the Audit Committee is terminated, the Audit Committee Member shall take such steps and measures that protect the Company against harm that might be incurred should he/she fail to do so.

- 7.2.** Within thirty days after the termination of his/her service, the Audit Committee Member shall return the following to an authorized employee of the Company:
- all documents and papers provided to him/her in direct connection with his/her service, all duplicates, extracts, and copies of such documents and papers, unless they have already been destroyed, as well as data recording and data transfer media provided by the Company,
  - other items provided to him/her in connection with his/her service, including any documentation relating to such items.

## **8. Final Provisions**

- 8.1.** This Contract comes into force on the date of its signing by both Contracting Parties and enters into effect on the date of its approval by the General Meeting of the Company.  
The Audit Committee Member is also entitled to all remuneration, compensation, and other benefits under this Contract for the period from the commencement of his/her service to the entry into effect of this Contract.

- 8.2.** The legal operation of this Contract is governed by the Business Corporations Act and by the Civil Code. Unless otherwise provided in this Contract, the relevant provisions of the new Civil Code regarding the mandate contract apply.
- 8.3.** This Contract may only be modified or amended in writing.
- 8.4.** An obligation under this Contract shall expire on the date of termination of service, with the exception of the provisions of Article 4, item 4.1, and Article 7.
- 8.5.** The parties have entered into this Contract in good faith, voluntarily, solemnly, and having fully understood the text, which they confirm by adding their signatures.

Prague, August 29, 2014

Audit Committee Member:

sign  
Ing. Andrea Káňová

On behalf of the Company:

sign  
Ing. Daniel Beneš, MBA  
Chairman of the Board of Directors

sign  
Ing. Martin Novák, MBA  
Vice-Chairman of the Board of  
Directors

to the Contract of Service on the Audit Committee made on August 29, 2014

## **RULES FOR REMUNERATION AND PROVIDING OF OTHER PERFORMANCES TO AUDIT COMMITTEE MEMBERS**

### **I. Introductory Provisions**

- 1.1. These Rules regulate the conditions for providing remuneration, other performances, and other allowances to members of the Audit Committee of ČEZ, a. s. (hereinafter referred to as the "Company").
- 1.2. A member of the Audit Committee is not entitled to remuneration pursuant to Article II of these Rules if the law does not permit the provision thereof.
- 1.3. A member of the Audit Committee also means the chairman and vice-chairman thereof unless these Rules provide otherwise.

### **II. Remuneration**

- 2.1 Audit Committee members are entitled to remuneration for their service amounting to CZK 10,000 (that is: ten thousand Czech korunas) per month, the vice-chairman of the Audit Committee is entitled to CZK 15,000 (that is: fifteen thousand Czech korunas) per month, and the chairman of the Audit Committee is entitled to CZK 20,000 (that is: twenty thousand Czech korunas) per month.
- 2.2 Remuneration is paid to the members of the Audit Committee after the end of the calendar month, on the pay day specified for paying wages to Company employees. Remuneration is paid on the basis of a written document signed by the chairman and the vice-chairman of the Audit Committee (or by another member of the Audit Committee should either be absent) and by the chairman or the vice-chairman of the Board of Directors, submitted to the competent department of the Company.
- 2.3 Where this Contract provides that an Audit Committee member is entitled to remuneration for a certain period (months, accounting year) and the Audit Committee Member serves for just a portion of such period, he/she shall receive said remuneration on a pro rata basis. If his/her service in a given period was terminated by removal, the removing body may decide otherwise.
- 2.4 If a member of the Audit Committee cannot temporarily perform activities associated with service on the Audit Committee because of sickness, he/she remains entitled to the full monthly remuneration pursuant to Article 2.1 of this Annex 1 for the first 30 calendar days of his/her inability to perform activities associated with service on the Audit Committee due to the above reasons. If such inability to perform activities associated with service on the Audit Committee lasts longer than 30 calendar days without interruption, the amount of monthly remuneration for every calendar month in which the member cannot serve on the Audit Committee, from the 31st calendar day to the end of their inability, is 50% of the monthly remuneration specified in Article 2.1 of this Annex 1.

### III. Reimbursement for Travel Expenses

- 3.1. A member of the Audit Committee may use his/her private car to discharge his/her duties. In such a case, the Audit Committee member shall be reimbursed for travel costs under the conditions and at the amount specified in Sections 157–160 and 167 of Act No. 262/2006 Sb., Labor Code, as amended (hereinafter referred to as the Labor Code), and Act No. 586/1992 Sb. on income taxes, as amended.
- 3.2. When on business travel in connection with his/her service, a member of the Audit Committee is entitled to:
- domestic meal allowances under the conditions specified in Section 163 of the Labor Code amounting to:

Duration of business travel	Amount of meal allowances in CZK
5 to 12 hours	<b>69.00</b>
more than 12 but not exceeding 18 hours	<b>106.00</b>
over 18 hours	<b>165.00</b>

- foreign meal allowances at the amount specified in Section 170 of the Labor Code,
- reimbursement for other expenses related to business travel (i.e. accommodation expenses under the conditions specified in Sections 162 and 169 of the Labor Code, the necessary additional expenses under the conditions specified in Section 164 and Section 171 of the Labor Code) at face value,
- furthermore, a plane ticket in business class,
- per diem allowance in the event of foreign business travel at the maximum amount specified in Section 180 of the Labor Code.

### IV. Travel Insurance

- 4.1 Throughout his/her term of service on the Audit Committee, an Audit Committee member is covered by travel insurance taken up by the Company for short-term foreign business travel in relation to service on the Audit Committee.

Prague, August 29, 2014

Audit Committee Member:

sign  
Ing. Andrea Káňová

On behalf of the Company:

sign  
Ing. Daniel Beneš, MBA  
Chairman of the Board of Directors

sign  
Ing. Martin Novák, MBA  
Vice-Chairman of the Board of  
Directors