

**Contract of Service
on the Supervisory Board**

between

ČEZ, a. s.

and

Petr Polák

Contract of Service

on the Supervisory Board

ČEZ, a. s., a company having its registered office in Prague 4, Duhová 1444/2, postal code: 140 53, Company ID No.: 45274649, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, File 1581, represented by Daniel Beneš, Chairman of the Board of Directors, and Michaela Chaloupková, Member of the Board of Directors,

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

on the one part

and

Petr Polák, born January 14, 1973, domiciled at Neužilova 1496/8, 156 00 Praha-Zbraslav,

who was appointed as a substitute member of the Supervisory Board of the Company pursuant to Article 19(8) of the Company’s Articles of Association on February 25, 2016 with effect from the same date, and accepted the position,

(hereinafter referred to as the “**SB Member**”)

on the other part

hereinafter also collectively referred to as the “Contracting Parties”

have hereby agreed on the following terms and conditions of service on the Company’s SB:

1. Subject Matter of the Contract

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

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

The SB 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 entered into for the term of service on the SB.

2. Remuneration, Reimbursement, and Other Consideration

- 2.1.** The Company undertakes to pay the SB Member remuneration for his/her service, share in profits (royalty), and other consideration at an amount and under the conditions specified in Annex 1 hereto: “Rules for Remuneration and the Provision of Other Consideration to Supervisory Board Members” (hereinafter referred to as “**Annex 1**”), except in instances where the law does not permit providing such remuneration and/or other consideration.

- 2.2. When undertaking domestic or foreign travel outside the place of regular service in relation to his/her service on the SB (hereinafter also referred to as “business travel”), or study, promotional, or other professional activities on behalf of the Company, the SB Member is entitled to reimbursement 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 SB Member is entitled to reimbursement for other potential reasonable expenses relating to his/her service to the extent approved by the General Meeting of the Company.

3. Material Conditions and Other Consideration

- 3.1. The Company undertakes to provide the SB Member, upon his/her request, with a car to be used when discharging his/her duties as well as for private purposes under the conditions specified in Annex 1 hereto.

If the SB Member does not take advantage of a car provided by the Company, he/she may use his/her private car for discharging his/her duties. The SB Member shall be reimbursed for the cost of its use under the conditions specified in Annex 1 hereto.

Upon his/her request, the Company undertakes to provide the SB Member with the items required for his/her service (mobile phone for service on the SB and 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 SB 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.

- 3.2. The Company undertakes to take out endowment life insurance in favor of the SB Member under the conditions specified in Annex 1 hereto.

4. Non-Competition Clause and Conflict of Interest

- 4.1. The SB 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.
- 4.2. The SB Member shall abide by restrictions arising 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.
- 4.3. The SB Member shall abide by rules for conflict of interest within the statutory scope.

5. Protection of Certain Facts

- 5.1. For the term of service as well as after termination thereof, the SB 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 SB 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.

- 5.2.** Violation of the obligation pursuant to Article 5.1 may constitute grounds for removal from the SB. 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 SB Member.

6. Obligations of the Company

- 6.1.** The Company undertakes to:
- a) remunerate the SB Member to the extent and under the conditions specified in Article 2 and in Annex 1 hereto,
 - b) provide the SB Member with material conditions within the scope specified in Article 3 hereof,
 - c) provide the SB Member with information, documents, and papers concerning the Company's activities pursuant to Section 447(1) of the Business Corporations Act and in compliance with the adopted system for providing documents and information to the Supervisory Board of ČEZ, a. s.,
 - d) disclose classified information pursuant to Act No. 412/2005 Sb., as amended, and its implementing regulations to the SB Member if his/her service on the Company's SB so requires and provided that the SB Member is a person designated to handle classified information,
 - e) disclose facts constituting the subject of a trade secret to the SB Member if his/her service so requires,
 - f) keep the SB Member informed of safety regulations if his/her service so requires.
- 6.2.** The Company shall deduct withholding tax on employment income and premiums for mandatory insurance from the taxable income of the SB Member and transfer them to the relevant institutions pursuant to applicable law.

7. Other Provisions

- 7.1.** 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 Supervisory Board of ČEZ, a. s.
- 7.2.** Should the SB Member at any time (including after the termination of his/her service on the SB) 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 SB or termination thereof, or should he/she face criminal prosecution, the SB 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 SB 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 SB Member be lawfully convicted of a crime, he/she shall reimburse the Company for the expenses incurred in connection with his/her legal representation.

8. Termination of Service

8.1. 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 SB is terminated, the SB Member shall take such steps and measures that protect the Company against harm that might be incurred should he/she fail to do so.

8.2. Within thirty days after the termination of his/her service, the SB 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.

8.3. If the Company provided the SB member with a car pursuant to Article 3.1 hereof, the SB member shall return the car to the Company within one month after the end of the month in which his/her service terminated (see also Article 3 hereof).

9. Final Provisions

9.1. 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 SB Member is also entitled to all remuneration, compensation, and other consideration under this Contract for the period from the commencement of his/her service to the entry into effect of this Contract.

9.2. 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 shall apply.

9.3. This Contract may only be modified or amended in writing.

9.4. Any obligation under this Contract shall expire on the date of termination of service, with the exception of the provisions of Article 8 and Article 5.1 hereof.

9.5. 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, March 30, 2016

SB Member:

On behalf of the Company:

Signature
Petr Polák

Signature
Daniel Beneš
Chairman of the Board of Directors

Signature
Michaela Chaloupková
Member of the Board of Directors

Annex 1
to the Contract of Service on the Supervisory Board made on March 30, 2016

RULES FOR REMUNERATION AND THE PROVISION OF OTHER CONSIDERATION TO SUPERVISORY BOARD MEMBERS

I. Introductory Provisions

- 1.1. These Rules regulate the conditions for providing remuneration, other consideration, and other reimbursement to members of the Supervisory Board of ČEZ, a. s. (hereinafter referred to as the “**Company**”).
- 1.2. A member of the Supervisory Board is not entitled to remuneration, royalties, endowment life insurance, or other consideration pursuant to this Contract if the law does not permit the provision thereof.
- 1.3. A member of the Supervisory Board also means the chairman and vice-chairman thereof unless these Rules provide otherwise.

II. Remuneration

- 2.1. Supervisory Board members are entitled to remuneration for their service amounting to CZK 52,500 (that is: fifty-two thousand five hundred Czech korunas) per month, the vice-chairman of the Supervisory Board is entitled to CZK 84,000 (that is: eighty-four thousand Czech korunas) per month, and the chairman of the Supervisory Board is entitled to CZK 105,000 (that is: one hundred and five thousand Czech korunas) per month.
- 2.2. Remuneration is paid to the members of the Supervisory Board 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 Supervisory Board (or by another member of the Supervisory Board 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 a Supervisory Board member is entitled to remuneration for a certain period (months, accounting year) and the Supervisory Board 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 SB member temporarily cannot perform activities associated with service on the Supervisory Board 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 SB due to the above reasons. If such inability to perform activities associated with service on the SB 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 SB, from the 31st calendar day to the end of his/her inability, is 50% of the monthly remuneration specified in Article 2.1 of this Annex 1.

III. Share in Profits

- 3.1. A member of the Supervisory Board is entitled to a share in profits (royalty) if such payment is approved by the General Meeting and under the conditions approved by the General Meeting.

IV. Endowment Life Insurance

- 4.1. The Company undertakes to take out endowment life insurance for the benefit of the SB Member under the conditions approved by the General Meeting, with a

policy period of 4 years. The endowment life insurance amounts to CZK 2,550,000 (that is: two million five hundred and fifty thousand Czech korunas) for a member of the Supervisory Board, CZK 3,050,000 (that is: three million fifty thousand Czech korunas) for the vice-chairman of the Supervisory Board, and CZK 4,050,000 (that is: four million fifty thousand Czech korunas) for the chairman of the Supervisory Board. Upon termination of service or the Company's withdrawal from the endowment life insurance contract as the policyholder, the policy shall be transferred to the member of the Supervisory Board free of charge.

- 4.2.** The SB Member acknowledges that endowment life insurance premium paid by the Company is deemed the Supervisory Board member's employment income and is subject to income tax and mandatory insurance withholdings pursuant to applicable law. The SB Member agrees that tax on this income shall be withheld in the month in which the Company pays the premium to the insurance company. If the income tax cannot be withheld, the Supervisory Board member undertakes to reimburse the Company for the withholding tax on the income from the paid endowment insurance. The conditions and date for paying the withholding income tax shall be specified in a separate agreement. The SB Member undertakes to enter into such agreement with the Company no later than within 30 calendar days of the payment of the premium.

V. Car Use

- 5.1.** In compliance with Article 3.1 of this Contract, a member of the Supervisory Board is entitled to an executive car with a purchase price of up to CZK 960,000, to be provided for the term of service and with appropriate all-risk insurance coverage throughout the period of use, to reimbursement for car repair and maintenance costs, and to reimbursement for fuel costs except for fuel costs incurred in connection with the private use of the car.
- 5.2.** A Supervisory Board member may use his/her private car for discharging his/her duties under the conditions specified in Article 3.1 of the Contract of Service. In such a case, the Supervisory Board 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.

VI. Reimbursement for Travel Expenses

- 6.1.** When on business travel in connection with his/her service, a member of the Supervisory Board is entitled to:
- domestic meal allowances under the conditions specified in Section 163 of the Labor Code at the following rates multiplied by 2 (except for the chairman of the Supervisory Board who is entitled to meal allowances multiplied by 3):

Duration of business travel	Amount of meal allowances in CZK
5 to 12 hours	69.00
More than 12, but not exceeding 18 hours	106.00
Over 18 hours	165.00

- foreign meal allowances at rates specified in Section 170 of the Labor Code multiplied by 2 (except for the chairman of the Supervisory Board who is entitled to meal allowances multiplied by 3),
- reimbursement for other expenses (i.e. accommodation expenses under the conditions specified in Sections 162 and 169 of the Labor Code, necessary

- additional expenses under the conditions specified in Section 164 and Section 171 of the Labor Code) related to business travel at face value, and
- a plane ticket in business class and per diem allowance in the event of foreign business travel at rates specified in Section 180 of the Labor Code multiplied by 2 (except for the chairman of the Supervisory Board who is entitled to per diem allowance multiplied by 3).

VII. Travel Insurance

- 7.1.** Throughout his/her term of service on the Supervisory Board, a Supervisory Board member is covered by travel insurance taken up by the Company for short-term foreign business travel in relation to service on the Supervisory Board.

Prague, March 30, 2016

SB Member:

Signature
Petr Polák

On behalf of the Company:

Signature
Daniel Beneš
Chairman of the Board of Directors

Signature
Michaela Chaloupková
Member of the Board of Directors