

# **Contract for Performance of the Function of a Supervisory Board Member**

between

**ČEZ, a. s.**

and

**Prof. RNDr. Václav Pačes, DrSc, Dr.h.c.**

# Contract for Performance of the Function of a Supervisory Board Member

**ČEZ, a. s.** with its registered office in Prague 4, Duhová 1444/2, ZIP Code 140 53, Business ID: 45274649, registered in the Commercial Register of Municipal Court in Prague, section B, file 1581, acting through 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**" /

*For one party*

and

**Prof. RNDr. Václav Pačes, DrSc, Dr.h.c.**, date of birth 2 February 1942, residing at Černochova 1073/7, 158 00 Prague 5,

who was appointed a member of the Supervisory Board of the Company on 19 March 2013 by the Supervisory Board, effective from 20 March 2013, for the period till the next General Meeting, and accepted this function,

/ hereinafter referred to as "**Supervisory Board member**" or "**SB member**" /

*For the other party*

have agreed on these terms and conditions of the performance of the function of a member of Company Supervisory Board:

## 1. Subject of the Agreement

- 1.1.** The subject hereof is constituted by a detailed specification of the conditions for the performance of the function of a SB Member, and by adjustment of the mutual rights and obligations between the Contracting Parties.
- 1.2.** Rights and obligations associated with the duties of the function resulting from the legislation, the Articles of Association, Rules of Procedure of the Supervisory Board of ČEZ, a. s. and the resolution of the Supervisory Board and this Agreement.

A member of the Supervisory Board is required to exercise his powers with due diligence.

- 1.3.** This Agreement is concluded for the period of the performance of the duties of a member of Supervisory Board, which is governed by the Company Articles of Association.

## 2. Remunerations, Compensations and other Benefits

- 2.1.** The Company agrees to pay the remuneration for the performance of the duties to the member of the Supervisory Board under Annex 1 to this agreement: "The rules for remuneration and provision of other benefits to members of the Supervisory Board" (hereinafter referred to as "Annex 1"), excerpt where the law does not permit the provision of such remunerations.
- 2.2.** If the member of the Supervisory Board goes on a domestic or foreign trip or makes an educational, promotional or other professional activity in the Company's interest in relation to the performance of the duties of the member of the Supervisory Board, he/she will be entitled to reimbursement of expenses pursuant to Annex 1, under the conditions laid down in the Rules

of Procedure of the Supervisory Board of ČEZ, a. s. and in the respective management document of the Company.

- 2.3.** A member of the Supervisory Board is entitled to the reimbursement of any other expenses associated with the performance of duties. The amount of reimbursements is governed by the legal regulations or internal control documents of the Company.

### **3. Material Conditions**

- 3.1.** The Company is committed to provide a car to the member of the Supervisory Board at his request for the performance of duties of the member of the Supervisory Board. Conditions for the provision and use of a car are agreed with the member of the Supervisory Board in a separate agreement.

If the member of the Supervisory Board does not take use of the opportunity of being provided a car by the Company, he may use his own car for the performance of his/her duties. The costs associated with its use are covered for a member of the Company Supervisory Board in accordance with legal regulations.

The Company is committed to provide items necessary for the performance of his/her work (mobile phone, desktop computer or notebook, etc.) to the member of the Supervisory Board at his/her request. However, such items will not be provided to the member of the Supervisory Board, if they have already been provided to him/her in connection with his/her other function in the Company or in connection with his/her employment with the Company.

### **4. Ban on Competitive Conduct**

- 4.1.** The member of the Supervisory Board shall not:
- a) make business in the same or similar line of business to the one of the Company nor enter into business relationships with the Company,
  - b) mediate or procure the Company business for other persons,
  - c) participate in the business of another company as a partner with unlimited liability as a controlling person of other persons with the same or similar line of business,
  - d) perform the activity as a statutory authority or a member of the statutory or other body of another legal entity with the same or similar line of business, unless it is a case of trust.
- 4.2.** The member of the Supervisory Board acknowledges that a breach of the competition ban can be reason for dismissal.

### **5. Protection of Certain Facts**

- 5.1.** The member of the Supervisory Board undertakes that throughout the tenure and within two years after its termination he/she shall not disclose any facts the Company considers a trade secret or which are of confidential nature and the disclosure of which to any third parties might cause a loss to the Company. This restriction also applies to media for the recording and transmission of data, containing such information. The information that is classified under Act No. 412/2005 Coll. on the protection of classified information and security qualification as amended, and its implementing regulations, shall be handled by the/a member of the Supervisory Board in compliance with these regulations.

- 5.2.** A breach of obligations under Section 5.1. may be grounds for the dismissal of the member of the Supervisory Board. This does not affect the Company's right to recover damages in the event that the Company will reasonably conclude that such damages were causally related to the breach of this duty by a member of the Supervisory Board.

## **6. Company's Obligations**

- 6.1.** The Company undertakes to:
- a) pay remuneration to the Supervisory Board member in the amount and under the conditions laid down in Article 2 and Appendix 1 hereof,
  - b) provide the member of the Supervisory Board with the benefits in the amount provided by in the Article 3 hereof,
  - c) provide the member of the Supervisory Board with the data or other materials for the performance of the duties through expert divisions at his/her request,
  - d) advise the member of the Supervisory Board of classified information under Act. No. 412/2005 Coll., as amended, and under its implementing regulations, if the performance of the duties requires so and provided the member of the Supervisory Board is a person designated for handling classified information,
  - e) advise the Supervisory Board member of the facts constituting a trade secret, if the performance of the duties requires so,
  - f) advise the Supervisory Board member of the security regulations on the ongoing basis, if the performance of his duties requires so.
- 6.2.** The Company shall deduct the income tax advance payment from the taxable income from the dependent activity of the Supervisory Board member and performs any mandatory insurance payments according to the applicable legislation.

## **7. Other Provisions**

- 7.1.** The Company undertakes to negotiate, at the Company's expense, liability insurance for damages caused by the member of the Supervisory Board to the Company or to third parties whilst performing the duties of the member of the Supervisory Board or in connection with it, up to a maximum amount of the insurance payment under the conditions of the insurance contract concluded with a reputable insurance company designated by the Board.
- 7.2.** The Company undertakes to provide the member of the Supervisory Board with information, papers and documents relating to the activities of the Company in accordance with § 197, section 2 of the Commercial Code and adopted by the system of providing data and information to the Supervisory Board of ČEZ, a. s.
- 7.3.** The violation of section 4.1, 5.1, and Article 8 hereof shall be deemed a gross violation of the terms of this contract.
- 7.4.** Conditions not covered by this Agreement shall be governed by the Commercial Code, the Articles of Association and Rules of Procedure of the Supervisory Board of ČEZ, a. s.
- 7.5.** If the member of the Supervisory Board at any time (even after the termination of the function of a Member of the Supervisory Board) gets the legitimate impression that, in connection with the performance of the function of the Supervisory Board member or in connection with the termination of this function his/her personality rights, civil honour, professional reputation or human dignity have been affected by way of the press, radio, television or other mass media, or criminal prosecution is instituted against him/her, he/she can ask the Company for

reimbursement of costs for providing protection against such interference, and legal fees. In such a case the Company undertakes to compensate the member of the Supervisory Board for costs related to the protection against such interference, including the reimbursement of legal representation, unless it contravenes legal regulations. In the event that a member of the Supervisory Board is convicted for an offence, he/she shall reimburse the costs paid by the Company for his/her legal representation to the Company.

## **8. Termination of service**

**8.1.** The termination of service is in accordance with the laws and Articles of Association.

In the event the service of the member of the Supervisory Board is terminated, the member of the Supervisory Board shall take such steps and measures, the omission of which would be detrimental to the Company.

**8.2.** Within thirty days after the termination of the service, the member of the Supervisory Board shall return to a Company staff member in charge the following:

- All papers and documents, which have been provided to him/her in direct connection with the service, all transcripts, statements and copies of these documents and papers, unless they have already been destroyed, as well as media for the recording and transmission of data belonging to the Company,
- Other articles, which have been provided to him/her in connection with the service, including any documentation relating to such articles.

**8.3.** If the Company provides the member of the Supervisory Board with a passenger car under Article 3.1. hereof, the member of the Supervisory Board is obliged to return the car within one month from the end of the month, when the service was terminated (see article 3 hereof further).

## **9. Final Provisions**

**9.1.** This Agreement shall come into force upon its signature and take effect upon approval by the General Meeting.

**9.2.** This Agreement may be amended or supplemented in writing only.

**9.3.** This Agreement expires upon the service termination with the exception of provisions provided in Article 8 and 5.1.

**9.4.** The parties have concluded this Agreement in good faith, voluntarily and with full understanding of the text, which they confirm with the attachment of their signatures.

In Prague on 13 May 2013

Member of the SB:

signature  
Prof. RNDr. Václav Pačes, DrSc, DR.h.c.

On behalf of the Company:

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

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

to the Contract for the performance of the function of the Supervisory Board member concluded on 13 May 2013

## **RULES FOR THE REMUNERATION AND THE PROVISION OF OTHER BENEFITS TO MEMBERS OF THE SUPERVISORY BOARD**

### **I. Introductory Provisions**

- 1.1.** These rules govern the conditions of the provision of remuneration and other allowances to members of the Supervisory Board of ČEZ, a. s. (hereinafter referred to as the "Company").
- 1.2.** Remuneration, royalties and capital life insurance, according to these rules do not belong to a member of the Supervisory Board in case the law does not permit their provision.
- 1.3.** The member of the Supervisory Board shall also mean the Chairman and the Vice-Chairman, unless these rules provide otherwise.

### **II. Remuneration**

- 2.1.** The Supervisory Board members are entitled to the remuneration of CZK 52,500 (in words: fifty-two thousand five hundred Czech crowns) per month, Vice-Chairman CZK 84,000 CZK (in words: eighty-four thousand Czech crowns) per month and the Chairman of the Supervisory Board of CZK 105,000 (in words: one hundred and five thousand Czech crowns) per month for the performance of their duties.
- 2.2.** The remunerations to Supervisory Board members are paid after the end of the calendar month on a pay day fixed for the payment of salaries to Company employees. The basis for the payment of fees is a written document signed by the Chairman and Vice-Chairman of the Supervisory Board (in case of absence of one of them by another member of the Supervisory Board) and the Chairman or Vice-Chairman of the Board, passed to the materially relevant department of the Company.
- 2.3.** In the event that this Agreement specifies fees for the certain period (months, financial year) and the member of the Supervisory Board only performs his/her duties for a part of this period, only a proportionate part of that remuneration belongs to him/her. In case he/she is repealed from his position during the given period, the body, which repealed him/her, may decide otherwise.
- 2.4.** In the case where performance of duties due to illness or prolonged absence becomes temporarily impossible, the member of the Supervisory Board is entitled to remuneration for the given period, if he/she submits a written statement on the discussed points to the Chairman of the Supervisory Board by the discussion time at latest, unless the Supervisory Board decides otherwise. The remuneration award in case of a temporary inability to perform the duties will be decided by the Supervisory Board. The long absence means absence and failure to submit a written opinion for at least two consecutive months.

### **III. Royalties**

- 3.1.** Royalties as a share in the Company profits belong to a member of the Supervisory Board if its payment is approved by the General Assembly of the Company.

#### **IV. Capital Life Insurance**

- 4.1.** The Company agrees to negotiate promptly capital life insurance in favour of the member of the Supervisory Board with a reputable insurance company designated by the Board; the insurance shall be concluded at the expense of the Company under conditions approved by the General Assembly. Upon the termination of the service or in the event the Company has decided to withdraw from the capital life insurance as the policyholder, this Agreement shall be transferred to the member of the Supervisory Board free of charge.
- 4.2.** A member of the Supervisory Board acknowledges that the premiums paid by the Company for the capital life insurance are considered as income from employment and are subject to income tax and deductions under current legislation. A member of the Supervisory Board agrees that the advance payment for this income tax is deducted from such income in the month, when the Company will pay the insurance premiums. If it is not possible to deduct income tax a member of the Supervisory Board undertakes to pay the advance tax payment on income tax derived from the paid capital insurance to the Company. Terms and dates of payment of advance income tax will be specified in a separate agreement. The member of the Supervisory Board undertakes to conclude this agreement with the Company within 30 calendar days from the date of premium payment.

#### **V. Reimbursement of travel expenses**

- 5.1.** The member of the Supervisory Board may use his/her own car for the performance of his/her duties. In this case the reimbursement of travel expenses will be provided to a member of the Supervisory Board in the amount according to Act No.262/2006 Coll., Labour Code, as amended, and Act No.586/1992 Coll., the Income Tax Act, as amended.
- 5.2.** In case of using a passenger car by the Supervisory Board member in accordance with Article 3.1 hereof, the member of the Supervisory Board is entitled to an upper middle class car, as well as for the insurance against all risks throughout its use by the member of the Supervisory Board; in addition, car repair, maintenance and fuel expenses will be remunerated to him, with the exception of fuel for private car use purposes.
- 5.3.** In the case of the missions associated with the duties the member of the Supervisory Board is entitled to double subsistence (with the exception of Chairman of the Supervisory Board who is entitled to triple subsistence) compared with the rates established by Act No. 262/2006 Coll., The Labour Code, as amended, to cover other expenses associated with travel related to the business journey in the documented amount and to the payment of the premium, as well as the air ticket in the business class and – in case of foreign business trips - pocket money in double the amount (with the exception of the Chairman of the Supervisory Board who is entitled to the allowance in the triple amount) compared to the maximum amount set by Act No.262/2006 Coll., The Labour Code, as amended..

In Prague on 13 May 2013

Member of the SB:

signature

Prof. RNDr. Václav Pačes, DrSc, DR.h.c.

On behalf of the Company:

signature

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

signature

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