



DECISION ON DONATIONS BUDGET

Donorship Strategy for 2017

Social responsibility permeates all fields of activities of CEZ Group, which is a long-term supporter of education, culture, sports, environmental protection, and community life through corporate donations in localities where it operates.

As in the previous years, CEZ Group will continue in 2017 with its donorship activities, which are governed by the motto "We Help Where We Operate." We thus help build one of the strategic pillars of our brand, namely helpfulness.

The CEZ Foundation, which was one of the first corporate foundations to be established in the Czech Republic, has been CEZ Group companies' most important partner in donorship activities since 2002. Every year, it supports hundreds of projects throughout the Czech Republic, responding to society's current needs and making people's lives better. It also has great collaboration with CEZ Group employees, for example on the "Granting Wishes, Thinking About Others" project. In 2015 alone, employees donated more than CZK 600,000 to the construction of shelters under this project.

A grant program named Trees funded the renovation of about 300 avenues of trees and roadside trees. Children, amateur sportsmen, and seniors use more than 360 Orange Playgrounds and pedestrians feel much safer at 70 Orange Crosswalks, which have been fitted with lights by the CEZ Foundation in cooperation with BESIP, arousing considerable interest among both municipalities and the media. Orange Stairs grants, which can be used to remove architectural barriers to allow children with disabilities to participate in standard classes, remain highly popular with schools. The exceptionally successful Employee Grants program, which supports nonprofit organizations that CEZ Group employees volunteer at, has been around for four years. The general public can participate in decisions on where financial support from the CEZ Foundation will go by using the EPP Move to Help mobile app, launched last year.

The 2015 Annual Report of ČEZ, a. s. includes a link to www.cez.cz/dary on page 133. The webpage shows a public list of all donations made by the Company in 2015, including donation beneficiaries and purposes. The list does not show the amounts of donations. This is to prevent the discrimination of beneficiaries that apply for donations or subsidies from other donors and institutions.

Proposed conditions for monetary donations in 2017:

- We propose to transfer CZK 50m to the CEZ Foundation's account in 2017 for projects implemented through the Foundation.
- In the context of the operation, construction, and renovation of CEZ generating facilities and distribution grids, we propose making donations of CZK 95m to selected entities directly by ČEZ, a. s. rather than the CEZ Foundation to maintain positive relations with the affected regions.

Proposed conditions for non-monetary donations in 2016:

Concerning non-monetary donations, we are presenting the General Meeting with one specific project for its approval:

- A non-monetary donation would be provided to the Czech Olympic Committee in 2016 for its Rio–Lipno 2016 Olympic Park, which will be organized at the Lipno Lake. The non-monetary donation would be made by increasing the amount of surface water discharged from the Lipno I reservoir to the old channel of the Vltava River. The amount required corresponds to directing 4.08m³ of water away from the turbine generators of our peaking power plant. Quantified generation loss from discharging water outside the generating facility, as calculated by the Portfolio Optimization function, is CZK 2.1m.

GENERAL MEETING DRAFT RESOLUTION

The General Meeting of ČEZ, a. s.

1. approves a donations budget of CZK 145m for 2017;
2. approves making a non-monetary donation with a total value of CZK 2.1m in 2016.

Rationale:

The proposal made by the Board of Directors is a follow-up to CEZ Group's long-term philanthropic activities. Donorship reflects CEZ Group's social responsibility, while also being a means for promoting the Company's positive image.