

# Articles of Association

of

**VIG RE zajišťovna, a.s.**

## PART I.

### Basic Provisions

#### § 1

#### **Business Name; Registered Office and the Legal Relations of the Company**

1. The business name of the Company shall be: **VIG RE zajišťovna, a.s.**
2. The registered office of the Company shall be: Prague.
3. In accordance with Section 777(5) of the Act No. 90/2012 Coll., on Business Corporations and Cooperatives (hereinafter the “**Business Corporations Act**”), the Company hereby fully subjects itself to the Business Corporations Act.

#### § 2

#### **Scope of the Business Activities**

The scope of business activities of the Company shall be as follows:

1. reinsurance activity (including retrocession)
  - with respect to life insurance sectors,
  - with respect to non-life insurance sectors;
2. activities related to the reinsurance activity:
  - claim adjustment;
  - intermediation activity performed in connection with the reinsurance activity;
  - consultancy in connection with reinsurance;
  - educational activity for reinsurance intermediators and independent adjusters.

#### § 3

#### **Registered Capital**

1. The registered capital of the Company shall amount to CZK 3,150,000,000 (in words: three billion one hundred fifty million Czech crowns).

2. The registered capital of the company shall be divided to 31,500 (in words: thirty one thousand five hundred) ordinary shares, each with the nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns), with which no special rights are associated (hereinafter the “shares”). All shares shall be registered shares in book-entered form.

## **PART II. Shares**

### **§ 4 General Provisions**

1. Each share shall include information indicating that it is a share, specification of the business name and the registered office of the Company, the nominal value, a clear identification of the shareholder, information about the type of the share, the form of the share, the value of the registered capital and the number of shares as of the date of issuance of the relevant share, including that date.
2. The list of shareholders shall be replaced by the records of book-entered securities kept by the authorized person (hereinafter the “Records of Securities”). Prior to payment of the issue price of a share, the Company may issue interim certificate(s), which shall have the requisites stipulated by Section 285 (2) of the Business Corporations Act and shall carry rights and obligations attached to an unpaid share. After entry in the Records of Securities, a holder of interim certificate shall be obliged to return the interim certificate to the Company.
3. If the General Meeting decides on an increase of the registered capital, transformation of the Company or a change in the kind of shares, the Company may issue shares with a priority right relating to dividends (hereinafter “preferred shares”), provided that the sum of nominal values thereof does not exceed one half of the registered capital. No right to vote at the General Meeting shall be associated with preferred shares, unless voting according to kinds of shares is required by law or these Articles of Association. The holders of preferred shares shall have all other rights associated with the shares. As of the date following the date when the General Meeting decided that preferred dividends will not be distributed or as of the date of delay with payment of a preferred dividend, a shareholder shall acquire the voting right until the General Meeting decides on payment of the preferred dividends and, if the Company is in delay with payment of the preferred dividend, until the date of payment of the preferred dividend.
4. The holders of preferred shares, who have temporarily acquired the voting right, shall be also entitled to vote at the General Meeting which will decide on payment of preferred dividends to the entire extent of the agenda of this General Meeting. The provisions of

these Articles of Association relating to shares shall apply to preferred shares accordingly unless the law or the Articles of Association stipulate otherwise.

## **§ 5**

### **Pledge of Shares**

1. The shares may be pledged only with the prior consent of the Supervisory Board. If the Supervisory Board does not make a decision on a request for consent within two months of delivery of the request, it shall hold that the consent has been granted. The right of pledge to the shares shall arise upon registration of the right of pledge in the holder's account in the Records of Securities.
2. Prior to adoption of the decision pursuant to paragraph 1 above, the shareholder shall be obliged to prove that he has acquainted the future pledgee with limitations of transferability of the shares (Article 6 hereof) in case of exercise of the right of pledge. In case of exercise of the right of pledge, the relevant shareholder shall also be obliged to notify the securities trader of the limitations pursuant to Article 6 hereof.

## **§ 6**

### **Transfer of Shares**

1. Shares may be transferred only subject to the conditions stipulated by the applicable legal regulations and these Articles of Association.

The transfer of shares shall occur upon registration of the transfer in the holder's account in the Records of Securities. The transfer of a share shall become effective vis-à-vis the Company upon proving the change of the owner thereof to the Company by an excerpt from the owner's account or upon the delivery or taking delivery of an excerpt from the share issue record under the law regulating conduct of business activities in the capital market.

2. In case of transfer of Shares, the pre-emptive right shall be borne by the shareholders registered in the Records of Securities as of the date preceding the date when the offering shareholder sent his offer pursuant to paragraph 3 to other shareholders. The shareholders shall have the pre-emptive right *pro rata* according to the amount of their interest in the registered capital, rounded off, on the basis of mathematical methods, to an amount evenly divisible by the nominal value of the Share. Each holder of the pre-emptive right may waive his pre-emptive right.
3. A shareholder, who intends to transfer a share to some other shareholder or a third person, shall be obliged to submit a written offer to other shareholders, which shall include:

- a) Specification of the shares offered for sale, the total number thereof and the aggregate amount of their nominal values;
  - b) Nominal value per share, the requested price per share and the maturity date of the price (the price and the maturity date thereof must be identical for all shareholders);
  - c) The number of shares that would be assigned to each shareholder according to the calculation pursuant to Article 6 (2);
  - d) The deadline, within which other shareholders can notify the offering shareholder in writing (including fax) of acceptance of his offer; this deadline must be identical for all shareholders and may not be less than 30 days from the date of dispatch of the written offers.
4. If an entitled shareholder exercises his pre-emptive right, his written notice sent to the offering shareholder must contain acceptance of all terms and conditions included in the offer. The entitled shareholder must specify, in his notice, the number shares he wishes to purchase under his pre-emptive right and the deadline within which the offering shareholder and the entitled shareholder shall file an order for registration of the transfer of shares with the Records of Securities. This deadline may not be less than seven days of the date of delivery of the notice of the entitled shareholder to the offering shareholder.
5. A purchase agreement is concluded upon delivery of the notice of the entitled shareholder pursuant to paragraph 4 above to the offering shareholder. This shall also apply if the entitled shareholder wishes to purchase only part of the shares that were offered to him. Both parties, i.e. the offering shareholder and the entitled shareholder, shall be obliged to file, within the deadline specified in the notice of the entitled shareholder pursuant to paragraph 4 above, an order for registration of the transfer of shares with the Records of Securities and specify, in the instruction, all the requisites stipulated by the applicable legal regulations.
6. If part of the shares transferred in the manner set forth in paragraphs 2 to 5 above cannot be transferred in the first round of the offer procedure, the transferor shall be obliged to restate the offer in the same manner; however, only with respect to the shareholders who have taken advantage of the first offer to the full extent. If all the shares are again not transferred, the transferor shall be entitled to transfer the remaining shares, under the same terms and conditions, to any current shareholder or, under the hereafter stipulated conditions, to a third party.
7. The consent of the Supervisory Board shall be required for a valid transfer of a share(s) to a third person. In his request for consent to the transfer of shares, the transferor shall specify:
- a) The total number of shares offered for transfer and the nominal value thereof;
  - b) The nominal value per share, the required price of one share and the maturity period of the price;
  - c) Fulfilment of the conditions for exercise of the pre-emptive right of the other shareholders and the result thereof;

- d) The name and registered office (or the name, birth identification number and residence) of the relevant third person;
- e) An up-to-date excerpt from the Commercial Register or other registry of the third person;
- f) A brief description of citizen and business activities of the third person, if a natural person is involved.

If the Supervisory Board does not make a decision on the request for transfer of shares within two months of delivery of the request, it shall hold that the consent has been granted.

- 8. The Supervisory Board shall be obliged to refuse its consent to the transfer, if:
  - a) The conditions of the pre-emptive right of other shareholders have not been met; or
  - b) The transfer of the shares should be effected under different terms and conditions than those specified in the offer to shareholders; or
  - c) Prior to the date of decision of the Supervisory Board on the request, the enforcement of a decision, execution proceedings or insolvency proceedings have been commenced against the acquirer, a decision on the acquirer's insolvency has been issued or bankruptcy has been declared with respect to the acquirer's assets, or moratorium has been declared prior to the insolvency decision, or debt discharge or reorganization has been approved by court or an insolvency petition has been dismissed due to insufficient assets or a decision on dissolution of the acquirer with liquidation has been adopted.
- 9. If the Supervisory Board refuses to grant its consent to the transfer of shares for reasons other than those stipulated in paragraph 8 above, the Company shall be obliged to purchase the shares, upon the shareholder's request, in accordance with Section 272 (3) of the Business Corporations Act. The right to have a share purchased may be exercised within one month of the date of receipt of the refusal to grant consent to the transfer of the share; otherwise, the right shall expire.
- 10. If the conditions for a transfer of shares have not been met, the agreement on transfer of the relevant shares shall be ineffective or null and void, respectively, subject to the conditions stipulated by the law. The provisions on transfer of shares shall also apply to transfer of interim certificate and transfer of the pre-emptive right to the subscription of shares.

**PART III**  
**Increase and Decrease in the Registered Capital**

**§ 7**  
**Increase of the Registered Capital**

1. A decision on an increase of the registered capital shall be made, as a rule, by the General Meeting.
2. The Board of Directors may be authorized, by a decision of the General Meeting, to increase the registered capital. The authorization may be granted for the maximum period of 5 years from the date of adoption of the relevant resolution by the General Meeting. An increase of the registered capital may be effected either by subscription of new shares or from the Company's own resources, with the exception of non-distributed profits. An increase of the registered capital shall be permissible to the maximum extent of one third of the amount of the registered capital recorded in the Commercial Register on the date of the decision of the Board of Directors.
3. Invitations and resolutions adopted in connection with an increase of the registered capital must include the requisites stipulated by law.
4. An increase of the registered capital shall become effective as of the date of registration of its amount in the Commercial Register.

**§ 8**  
**Increase by Subscription of New Shares**

1. The registered capital may be increased in this manner if the shareholders have fully paid up the issue price of previously subscribed shares. This limitation shall not apply, if the issue price of the shares that are to be subscribed is paid up exclusively by non-monetary contributions.
2. The issue price may be set above the nominal value of a share (the share premium).
3. The Board of Directors shall be obliged to file without undue delay a motion for registration of a resolution of an increase of the registered capital with the Commercial Register.
4. Each shareholder shall have the priority right to subscribe part of new shares that are subscribed for the purpose of an increase of the registered capital to the extent of his interest in the registered capital of the Company, if the shares are subscribed through monetary contributions. This priority right may only be excluded or limited in the important interest of the Company.

5. After registration of the resolution pursuant to paragraph 3 above, the pre-emptive right may only be transferred pursuant to Article 6 hereof.
6. If the shares are subscribed through monetary contributions, the subscriber shall be obliged, within the deadline set by the General Meeting, to pay part of their nominal value determined by the General Meeting, which shall equal to at least 30 %, and the share premium, if appropriate; otherwise, the subscription shall be ineffective.
7. If the registered capital is increased by non-monetary contributions, the Board of Directors must provide the General Meeting with a written report, stating the reasons for the subscription of shares through non-monetary contributions, and justification must be provided for the amount of the proposed issue price or the manner of determining thereof. Non-monetary contributions must be paid up in full prior to submission of a proposal for registration of an increase of the registered capital in the Commercial Register. Valuation of a contribution in kind shall be made by an expert opinion.
8. The subscriber shall be obliged to pay up the issue price of the subscribed shares within the deadline set by the General Meeting, which may not exceed 1 year after adoption of the resolution on an increase of the registered capital.
9. In case of breach of the obligation to pay up the issue price of the subscribed shares pursuant to paragraph 8 above, the subscriber shall be obliged to pay default interest in the amount of 20 % p.a. The Board of Directors shall further implement the procedure set forth in Sections 345 and 346 (1) et seq. of the Business Corporations Act towards the subscriber.
10. In case of subscription by monetary contributions, the Board of Directors shall be obliged to file a motion for registration of the new amount of the registered capital with the Commercial Register after subscription of shares to the extent corresponding to the increase of the registered capital and after payment of at least 30 % of the nominal value thereof and the share premium, if applicable. In case of subscription by non-monetary contributions, the Board of Directors shall be obliged to file a motion for registration of the new amount of the registered capital with the Commercial Register after subscription of shares to the extent corresponding to the increase of the registered capital and after payment thereof in full amount.
11. The shares issued in connection with an increase of the registered capital shall give rise to the right to a dividend from profits generated in the year when the registered capital was increased, for the period from the date of registration of the increased registered capital in the Commercial Register to the end of the relevant calendar year.

## § 9

### **Increase from Internal Resources**

1. The General Meeting may decide on an increase of the registered capital after approval of audited ordinary, extraordinary or interim financial statements with opinion without reservation (qualification).
2. The amount of an increase of the registered capital may not exceed the difference between the amount of the equity capital and the sum of the value of the registered capital and other own sources dedicated to a special purpose which may not be changed by the Company.
3. The shareholders shall participate in an increase of the registered capital *pro rata* according to the nominal value of the shares subscribed by them.
4. An increase of the registered capital shall be effected either by issue of new shares to the shareholders *pro rata* according to their interest in the current registered capital or by an increase of the nominal value of the current shares.
5. If new shares are to be issued, the Board of Directors shall file, without undue delay after registration of the increase of the registered capital with the Commercial Register, an order for registration of the new shares in the Records of Securities.
6. If the nominal value of the current shares is to be increased, this increase shall be effected by a change in the record on the amount of the nominal value in the Records of Securities on the basis of a Company's instruction. The Company's instruction must be accompanied by an excerpt from the Commercial Register proving registration of the amount of the registered capital.
7. Without undue delay after registration of the new amount of the registered capital with the Commercial Register, the Board of Directors shall provide for issuance and distribution of new shares or an increase of the nominal value of the current shares.

## § 10

### **Decrease in the Registered Capital**

1. The General Meeting makes decisions on a decrease in the registered capital. The Czech National Bank, as the reinsurance supervisory body, must be informed in advance of each decrease in the registered capital.
2. Invitations and resolutions adopted in connection with a decrease in the registered capital must include legal requirements.
3. A resolution of the General Meeting on a decrease in the registered capital shall be registered with the Commercial Register. The Board of Directors shall be obliged to notify



all known creditors, whose claims receivable from the Company have arisen prior to the effective date of the decision of the General Meeting on the decrease of the registered capital, of the scope of the decrease in the registered capital within 30 days of the registration. Upon registration, the resolution and a notice to the creditors to register their claims receivable pursuant to Section 518 (3) of the Business Corporations Act must be published in the Commercial Journal at least twice in succession with an interval of at least 30 days.

4. After expiry of 90 days of the date of delivery of the notice to creditors of the Company or from the last publishing of the notice pursuant to paragraph 3 above, as appropriate, the Board of Directors may file a motion for registration of the decrease in the registered capital with the Commercial Register. This deadline need not be met, if the Company agrees with all the creditors on securing or payment of their claims receivable prior to expiry of the deadline.
5. A decrease in the registered capital shall become effective as of the date of registration thereof with the Commercial Register.

## **§ 11**

### **Methods of Decreasing the Registered Capital**

1. If the nominal value of shares is decreased, the nominal value shall be decreased proportionally with respect to all shares of the Company. The decrease shall be effected by a change in the record on the amount of the nominal value of shares in the Records of Securities on the basis of a Company's instruction. The Company's instruction must be accompanied by an excerpt from the Commercial Register proving registration of the decrease in the registered capital.
2. A decrease in the registered capital through withdrawal of shares from circulation on the basis of drawing a lot or a public offer shall not be permissible.
3. The General Meeting may adopt a resolution that the registered capital will be decreased in the amount corresponding to subscribers' delay with payment of the nominal values of shares, unless the procedure pursuant to Section 345 (2) and Section 346 (1) of the Business Corporations Act applies or unless it issues the shares to the person approved by the general meeting pursuant to Section 345 (2) of the Business Corporations Act.

**PART IV**  
**Shareholders' Rights**

**§ 12**  
**Share in Profits and Share in Liquidation Balance**

1. A shareholder shall be entitled to a share in profits that has been approved by the General Meeting for distribution according to the financial results attained. The General Meeting may decide on distribution of profits among the shareholders provided that the preconditions stipulated by the applicable legal regulations, unless the Czech National Bank decides on preferential use of the entire profits pursuant to Section 95 (3) of the Insurance Act.
2. The amount of the share in profits per ordinary share (hereinafter a "dividend") shall be based on the ratio of the nominal value of the ordinary share to the aggregate amount of nominal values of all ordinary shares issued by the Company. The amount of the share in profits per preferred share (hereinafter the "preferred dividend") shall be based on the ratio of the nominal value of the preferred share to the aggregate amount of nominal values of all preferred shares issued by the Company.
3. The dividends shall be payable within 3 months of the date of adoption of the resolution of the General Meeting on distribution of profits, unless the General Meeting sets a different deadline. Shareholders shall be obliged, when requested, to provide the Company with information necessary for payment of the dividend.
4. In case of dissolution of the Company with liquidation, each shareholder shall have the right to a share in the liquidation balance. The shareholder shall acquire the right to payment of a share in the liquidation balance as of the date when the Company's shares are deleted from the Records of Securities on the basis of a liquidator's instruction.

**§ 13**  
**General Meeting**

1. A shareholder shall be entitled to participate in and vote at the General Meeting, to request and be provided with explanation of matters concerning the Company that are the subject of discussion at the General Meeting, and to submit proposals and counterproposals.
2. The Board of the Directors shall be obliged to provide each shareholder, who submits a written request in due time, with the necessary information, if possible in a bilingual version (Czech and English), on matters proposed for the agenda of the General Meeting, at the latest 8 days prior to the General Meeting.
3. The number of votes of a shareholder shall be based on the nominal value of his shares. One vote shall be allocated to each CZK 100.000 of the nominal value of a share.

4. Each shareholder, each member of the Board of Directors or the Supervisory Board or the liquidator, may file a petition to the court to declare a resolution of the General Meeting invalid if it is at variance with the applicable legal regulations or the Articles of Association or good morals. This right shall expire if not exercised within 3 months from the date when the relevant person became or could become aware of resolution of the General Meeting but not later than within one year after the adoption of such resolution. Details are specified by the law.
5. Persons designated under the law shall act on behalf of the Company in court litigations.

#### **§ 14**

##### **Shareholders with 1 % Interest in the Registered Capital**

1. A shareholder or shareholders holding shares or interim certificates, whose total nominal value reaches at least 1 % of the registered capital, may request that the Board of Directors convene a General Meeting to discuss the proposed matters.
2. The Board of Directors shall convene the General Meeting so that it is held at the latest 30 days from the date of receipt of a request for convening the General Meeting. The Board of Directors shall not be authorized to change the draft agenda of the meeting. The Board of Directors shall be authorized to supplement the draft agenda only with the consent of the persons who requested the convening of the General Meeting pursuant to paragraph 1 above.
3. If the Board of Directors fails to fulfill the obligation pursuant to paragraph 2 above, the court shall decide, upon request of the shareholder or shareholders specified in paragraph 1 above, on authorization of the shareholder or shareholders to convene the General Meeting and perform any and all acts on behalf of the Company relating thereto.
4. The shareholder or shareholders specified in paragraph 1 above shall also have other rights under the law.

#### **PART V**

##### **Bodies of the Company**

#### **§ 15**

##### **General Meeting**

1. The General Meeting shall be the supreme body of the Company. The shareholders shall exercise their rights in matters relating to the Company at the General Meeting. The right to participate in the General Meeting and exercise all shareholders' rights shall be vested in

all shareholders of the Company, who were registered as shareholders in the Records of Securities five days prior to the General Meeting.

2. Members of the Board of Directors, the Supervisory Board and the representative of the insurance supervisory body shall also be entitled to participate in the General Meeting without the voting right. Subject to the consent of the Board of Directors or Supervisory Board therewith, also other persons may participate in the General Meeting without the voting right.

## **§ 16**

### **Convening of the General Meeting**

1. The General Meeting that approves regular financial statements must always take place not later than by 30.4. of each calendar year. Where necessary, a General Meeting may be convened at any time.
2. The Board of Directors shall convene the General Meeting by a written invitation drawn up, if possible, in a bilingual version (Czech and English) and sent to all shareholders to the address of the registered office or residence specified in the Records of Securities at least 30 days prior to the General Meeting. A shareholder may elect that invitations to the General Meetings would be sent to him only electronically at the email address which he shall have notified to the Company by his written notice sent to the registered address of the Company. In such case, all invitations to further General Meetings shall be sent to such shareholder only electronically at so notified email address. If the shareholder no longer wishes that invitations to the General Meetings be sent to him only electronically to the respective notified email address, or if he wishes to change his email address for this purpose, he shall notify this to the Company in writing at its registered office; such notification shall become effective *vis-à-vis* the Company 60 days following delivery of such notice, unless the Company agrees with the shareholder otherwise. The shareholder shall be responsible that the email address notified to the Company for the purposes of delivery of invitations to the General Meetings shall be correct and fully operational; the Company shall be under no obligation to verify in any way whether the email address notified by the shareholder is correct and fully functional. At the same time, the Board of Directors shall publish at least 30 days prior to the date of the General Meeting an invitation to the General Meeting at the Company's website. The invitation shall stay posted at the Company's website until the moment of the General Meeting. If a shareholder who has received an invitation to the General Meeting transfers his shares or part thereof to a third person in the period until the date decisive for participation in the General Meeting, as specified in Article 15 (1) hereof, and the relevant third person is registered as a shareholder in the Records of Securities, the transferring shareholder shall be obliged to notify the acquirer in writing of the place, date and time of the General Meeting and the agenda thereof. If the transferring shareholder breaches this obligation, he shall be liable to the acquirer for any detriment incurred by the acquirer as a consequence of being prevented from participation in the General Meeting.

3. The invitation must include at least:
  - a) The business name and registered office of the Company,
  - b) The place, date and time of holding the General Meeting,
  - c) Specification as to whether an ordinary or substitute General Meeting is being convened,
  - d) The agenda of the General Meeting, including the identification of the respective person if proposed as member of any of the Company's bodies.
  - e) The decisive date for participation in the General Meeting and explanation of its importance for voting at the General Meeting,
  - f) Draft resolution of the General Meeting and the reasoning thereof.
  
4. In other cases, shareholders may meet at any time, at any place and for any reason. For adoption of valid resolution, it is necessary that all shareholders are present, in person or duly represented and that the shareholders waive the deadline and form of delivery of a written invitation and give consent to the discussion and adoption of resolutions on matters included in the agenda. Minutes shall be drawn up on fulfillment of these conditions and on discussions held at the General Meeting and on the adopted resolutions; the minutes must be executed by all shareholders present.
  
5. In necessary and urgent matters shareholders may adopt a decision *per rollam* based on a prior written declaration of all shareholders that they agree with such method of decision making. For this purpose, a written form shall include also written expressions sent by electronic means. The Board of Directors shall distribute to all shareholders a proposed resolution which must include:
  - A) Wording of the proposed resolution and its reasoning;
  - B) Time period for delivery of a shareholder's response;
  - C) Background materials necessary for adoption of the resolution.

The time period pursuant to A) above shall be determined by the Board of Directors in the range from 5 to 30 days taking into account the complexity and materiality of the respective decision. If a shareholder does not deliver, within such period, his consent with the proposed resolution, he shall be considered as disagreeing with the proposal. The decisive majority shall be calculated from the total number of votes of all shareholders. The result of *per rollam* voting shall be notified by the Board of Directors in writing to all shareholders without undue delay following the end of voting.

## § 17

### **Quorum of the General Meeting**

1. The General Meeting shall have a quorum if shareholders are present who hold shares with the total nominal value of 60 % of the registered capital of the Company.

2. If the General Meeting does not have a quorum, the Board of Directors shall convene a substitute General Meeting so that the substitute General Meeting takes place within six weeks of the date for which the original General Meeting was convened; the agenda shall remain unchanged. The substitute General Meeting may make decisions in all matters included in the agenda of the originally convened General Meeting, without regard to the provisions of paragraph 1 above.
3. A decision may be made on matters that were not included in the draft agenda of the General Meeting only in presence and with the consent of all shareholders of the Company.
4. If all shareholders agree, General Meeting may take place without complying with the requirements of these Articles of Association and legal regulations on convening of a General Meeting. Such consent must be in writing and attached to the minutes of the General Meeting or must be granted at such General Meeting.

## **§ 18**

### **Competence of the General Meeting**

1. The General Meeting shall make decisions in all matters stipulated by law or the Articles of Association.
2. The General Meeting may make decisions in matters relating to business management only if requested by the Board of Directors or the Supervisory Board in cases, where consent of the Supervisory Board is required for the act involved. The Board of Directors may ask the General Meeting for an instruction in a matter falling under business management.
3. The competence of the General Meeting shall include:
  - a) Decision-making on amendment to the Articles of Association, unless the amendment follows from an increase of the registered capital by the Board of Directors pursuant to Section 511 of the Business Corporations Act or from other legal facts;
  - b) Decision-making on an increase of the registered capital; this shall not affect the authorization of the Board of Directors pursuant to Section 511 of the Business Corporations Act;
  - c) Granting authorization to the Board of Directors to decide on an increase of the registered capital pursuant to Section 511 of the Business Corporations Act and decision-making on the possibility to set-off a monetary claims receivable from the Company against the claim for payment of the issue price;
  - d) Decision-making on a decrease in the registered capital and on issue of bonds;
  - e) Electing and recalling members of the Supervisory Board, their substitutes and members of the Audit Committee;

- f) Approval of ordinary, extraordinary and consolidated financial statements and, in cases stipulated by law, also of interim financial statements; decision-making on distribution of profits or payment of losses, and setting of royalties;
- g) Decision-making on remuneration of members of the Supervisory Board and members of the Audit Committee;
- h) Decision-making on submission of an application to accept the Company's participating securities to trading in a European regulated market or to withdraw such securities from trading in a European regulated market;
- i) Decision-making on dissolution of the Company with liquidation and on appointing and recalling the liquidator, including determination of the amount of the liquidator's remuneration, approval of a proposal for distribution of the liquidation balance and decision-making on merger, transfer of assets to a single shareholder or division or conversion the legal form, as appropriate;
- j) Approval of agreements on transfer, pledging or leasehold of a plant or part thereof;
- k) Approval of an agreement on silent partnership and amendments thereto, decision-making on matters relating to other capital funds;
- l) Approval of a report of the Supervisory Board on consents granted by the Supervisory Board in the preceding financial year with respect to legal acts between members of the Board of Directors and the Company;
- m) Approval of a report of the Audit Committee;
- n) the discharge of the members of the Management Board, the Supervisory Board and the Audit Committee for actions in respect of their performance during the past financial year;
- o) Appointment of the Auditor;
- p) Decision-making on other matters falling within the competence of the General Meeting on the basis of the Business Corporations Act or these Articles of Association.

## **§ 19**

### **Decision-Making by the General Meeting**

1. Unless decided otherwise by the General Meeting, a shareholder shall vote by the show of hand with voting card specifying the total number of votes that belong to the relevant shareholder pursuant to these Articles of Association.
2. The General Meeting shall adopt decisions by a majority of votes of the shareholders present, unless the law or these Articles of Association require a different majority.
3. The General Meeting shall adopt decisions on matters pursuant to Article 18 (3) (a), (b), (c), (d), (i) and (j) hereof and on approval of registration of shares at least by two thirds of the votes of the shareholders present. Where the General Meeting makes a decision on an increase or decrease in the registered capital, a two-third majority of votes of the shareholders present shall be required with respect to each kind of shares that have been issued by the Company or instead of which interim certificate has been issued.

4. The votes of at least three quarters of the shareholders present holding the relevant shares shall be required for a decision on a change in the kind or form of shares, a change in the rights associated with a share, on limitation of transferability of shares and on withdrawal of participating securities from trading in a European regulated market. The votes of at least three quarters of the shareholders present shall be required for a decision on conclusion of an agreement providing for a transfer of a plant or a part thereof and leasehold of plant pursuant to Article 18 (3) (j) hereof. If the Company has issued more than one kind of shares, the votes of at least three quarters of the shareholders present with respect of each kind of shares shall also be required for a decision of the General Meeting.
5. The General Meeting shall adopt decisions on exclusion or limitation of the priority right to subscribe new shares and on an increase of the registered capital by non-monetary contributions by at least three quarters of the votes of the shareholders present. If the Company has issued more than one kind of shares, the votes of at least three quarters of the shareholders present with respect of each kind of shares shall also be required for a decision of the General Meeting.
6. Decisions on the matters referred to in paragraphs 3 to 5 above and on other matters that become effective only upon registration in the Commercial Register shall be certified by a public deed, namely by a notarial deed.

## **§ 20**

### **Minutes of the General Meeting**

1. The General Meeting shall elect the chairman, recorder, two verifiers of the minutes and persons entrusted with counting votes. Until the chairman is elected, the General Meeting shall be chaired by a member of the Board of Directors authorized by the Board of Directors.
2. Minutes shall be drawn up on the General Meeting and shall include:
  - a) The business name and registered office of the Company;
  - b) The place and time of holding the General Meeting;
  - c) The name of the chairman of the General Meeting, the recorder, the verifiers of the minutes and the persons entrusted with counting votes,
  - d) A description of the discussion of the individual items on the agenda of the General Meeting;
  - e) Decisions of the General Meeting, specifying number of votes for and against the decision and the number of votes of shareholders who refrained from voting;
  - f) The contents of an objection by a shareholder or a member of the Board of Directors or the Supervisory Board relating to a decision of the General Meeting, if requested by the person raising the objection.
3. Proposals and declarations submitted for discussion at the General Meeting and the attendance list shall be attached to the minutes.



4. The minutes shall be signed by the recorder, the chairman of the General Meeting and two verifiers.
5. The Board of Directors shall be obliged to provide for drawing up the minutes within 15 days after the date of conclusion of the General Meeting. The minutes, together with the invitation and the attendance list, shall be kept in the Company's archives for the whole term of the Company.
6. Any shareholder may ask the Board of Directors to issue a copy of the minutes or part thereof in the Czech and/or English language during the whole term of the Company.

#### § 20a

#### **Internal Structure System**

1. The Company has a dual internal structure system, establishing the Board of Directors and the Supervisory Board.

#### § 21

#### **Board of Directors**

1. The Board of Directors shall be the statutory body of the Company, which manages the Company, at its own responsibility, as required for the benefit of the Company, having regard to the interests of the shareholders and employees, as well as public interest. In this respect, the Board of Directors shall be obliged to act in accordance with laws, the Articles of Association and its rules of procedure that must be approved by the Supervisory Board.
2. The Board of Directors shall act on behalf of the Company both before courts and out of the courts. The Board of Directors shall be obliged, towards the Company, to comply with the limitations stipulated by the Articles of Association or the Supervisory Board with respect to the scope of its authorization to act on behalf of the Company or the limitations following from resolutions of the General Meeting, The limitation of the right to act on behalf of the Company shall not be effective towards third parties.
3. Members of the Board of Directors shall be elected and recalled by the Supervisory Board. The Board of Directors shall elect the Chairman from amongst its members. The Board of Directors may optionally elect also its Vice-Chairman from amongst its members. The Supervisory Board shall be entitled to submit a nomination for the election of the Chairman and the Vice-Chairman of the Board of Directors. Together with election of a member of the Board of Directors, the Supervisory Board may elect his substitute who shall become a member of the Board of Directors in the event of termination of office of the member for whom the substitute was elected. The term of office of such substitute shall end upon election of a new member of the Board of Directors replacing the member for whom the substitute was elected, however, at the latest as of the moment on which the term of office

of the substituted member ends. A substitute may be elected a regular member of the Board of Directors.

4. The Vice-Chairman of the Board of Directors shall take over tasks of the Chairman of the Board of Directors in cases where the Chairman cannot perform the tasks.
5. The Board of Directors of the Company shall have at least three members. Particular number of members of the Board of Directors shall be determined by the Supervisory Board. Only a natural person who fulfils the general conditions for operating a trade pursuant to the special law and with respect to whom there is no obstacle for operation of a trade stipulated by the special law, irrespective of the scope of business activities of the Company, may become a member of the Board of Directors and meets other conditions regarding performance of an office required by the law.
6. In all cases, two members of the Board of Directors acting jointly shall be entitled to manifest will and sign on behalf of the Company. Also, in all cases, only two corporate agents acting jointly may make manifestations of will and sign on behalf of the Company, having regard to the statutory limitations. If a manifestation of will is made towards the Company, manifestation towards one member of the Board of Directors shall be sufficient.
7. Documents shall be signed for the Company in that the required number of acting persons shall attach their signatures to the printed or otherwise indicated business name of the Company, together with specification of their office.
8. The term of office of a member of the Board of Directors shall be 5 years unless the decision of the Supervisory Board and the respective agreement on performance of office stipulates otherwise. The office of a member of the Board of Directors shall expire upon election of a new member of the Board of Directors, however, not later than 3 months after expiry of his term of office.
9. Each member of the Board of Directors may resign from his office but may not do so at a time that is not suitable for the Company. If the resigning member of the Board of Directors provides notice of his resignation at a meeting of the Supervisory Board, he may ask the Supervisory Board to grant its consent to immediate effect of the resignation from the office or to the effects of the resignation as of some other specific future date. If the Supervisory Board approves the effective date of the resignation from the office proposed by the resigning member of the Board of Directors, the office of the member of the Board of Directors shall expire as of the relevant date. If the Supervisory Board does not approve the effective date of the resignation from the office proposed by the resigning member of the Board of Directors, the office of the member of the Board of Directors shall expire two months after the relevant notice. If the member of the Board of Directors does not provide notice of his resignation from the office at a meeting of the Supervisory Board, he must notify the Supervisory Board in writing of his resignation from the office. For this purpose, it shall be sufficient to notify of the Chairman of the Supervisory Board of the resignation. The registered office of the Company shall be the delivery address. Even in his written

notice of resignation, the resigning member of the Board of Directors may ask the Supervisory Board to agree with the effective date of such resignation to occur as of a certain future date. If the Supervisory Board agrees with the effective date of the resignation proposed by the resigning member of the Board of Directors, the term of his office shall expire as of such date. If the Supervisory Board does not agree with the effective date of the resignation proposed by the resigning member of the Board of Directors, then the term of office shall expire as of the date when the Supervisory Board discusses, or should discuss, the resignation from the office; the Supervisory Board may discuss a written notice of resignation, not only at its meeting, but also through a written resolution "*per rollam*" pursuant to Article 28 (3) hereof.

10. The Supervisory Board may recall a member of the Board of Directors from his office at any time, upon proposal of the General Meeting or the Chairman of the Supervisory Board. Simple majority of the votes cast by members of the Supervisory Board shall be required for election or recalling of the individual members of the Board of Directors. In case of equality of votes, the Chairman of the Supervisory Board shall have the decisive vote.
11. If the office of member of the Board of Directors becomes vacant for any reason, the Supervisory Board must elect a new member of the Board of Directors within two months unless his substitute replaced him in his position within the meaning of section 4 above. If the office of member of the Board of Directors becomes vacant prior to expiry of his term of office, the election of a substitute member shall only be valid for the remaining part of the term of office of the member of the Board of Directors, whose office became vacant. It is expressly set out that the Board of Directors shall not be entitled to elect any of its members.
12. The detailed terms and conditions relating, in particular, to convening and meetings of the Board of Directors shall be stipulated in the rules of procedure that must be approved by the Supervisory Board.

## **§ 22**

### **Competence of the Board of Directors**

1. The Board of Directors, as a collective body, headed by its Chairman, shall manage activities of the Company in the framework of laws, the Articles of Association and the rules of procedure of the Supervisory Board and the Board of Directors.
2. The competence of the Board of Directors shall include, but shall not be limited to:
  - a) Convening of the General Meeting and preparation of the agenda thereof;
  - b) Preparation of the following documents for the preceding financial year and submission thereof, after these are audited, to members of the Supervisory Board for review:

- ordinary, extraordinary, consolidated and interim, if applicable, financial statements and a proposal for distribution of profits or payment of losses,
- report on business activities,
- report on the state of assets,
- report on financial and business policies,
- report on the relations between the controlling entity and the controlled entity and on the relations between the controlled entity and other entities controlled by the same controlling entity.

This shall in no way affect the obligation to provide the Supervisory Board with reports or other documents pursuant to the rules of procedure of the Board of Directors.

- c) Informing the Supervisory Board, at least once a year, on substantial matters relating to the Company's future business policy, future development of the state of assets and financial and revenue situation on the basis of projections (the annual report);
  - d) Informing the Supervisory Board, regularly, at least once each quarter, on the course of the business activities and on the situation of the Company compared to projections, having regard to future development (the quarterly report);
  - e) Notifying the Chairman of the Supervisory Board forthwith of substantial facts;
  - f) Notifying the Supervisory Board forthwith of any and all circumstances of substantial importance for profitability and liquidity of the Company (the special report);
  - g) Submitting to shareholders, together with invitations to a General Meeting whose agenda includes the approval of financial statements, audited financial statements, proposals for distribution of profits and payment of losses, the report on business activities and on the situation of the Company;
  - h) Ensuring due bookkeeping and implementation of the internal audit system;
  - i) Appointment of corporate agents (proxy holders), with the consent of the Supervisory Board;
  - j) recalling of corporate agents (proxy holders).
3. The reports pursuant to subpara. (c) and (d) above must be drawn up in writing and accompanied, upon request of the Supervisory Board, by an oral explanation. This information must be provided to each member of the Supervisory Board. The special reports pursuant to subpara. (f) above shall be submitted in writing or orally. Written reports shall be drawn up, if possible, in a bilingual version (Czech and English) or in some other language as agreed by members of the Supervisory Board.

## § 23

### **Decision-Making by the Board of Directors**

1. The Board of Directors shall have a quorum if at least one half of its members are present, including the Chairman or Vice-Chairman of the Board of Directors or the member of the Board of Directors authorized to chair the meeting of the Board of Directors.

2. Should a resolution of the Board of Directors concern a certain sector, as a rule, the member of the Board of Directors responsible for the relevant sector must also be present. If this member of the Board of Directors is not present at the meeting, the item on the agenda relating to his sector shall be postponed to the agenda of the subsequent ordinary meeting of the Board of Directors. If this member of the Board of Directors is not present even at the subsequent meeting, members of the Board of Directors may adopt the resolution in his absence. Notwithstanding the foregoing, any member of the Board of Directors shall be entitled (including in the aforementioned events) to authorize another member of the Board of Directors in respect of an individual matter to vote on his behalf in his absence. The member of the Board of Directors can waive in writing his right to be present during the discussion on an agenda item relating to his sector. In such case the members of the Board of Directors may adopt the resolution in his absence without obligation to postpone the item on the agenda to the agenda of the subsequent ordinary meeting of the Board of Directors.
3. Where necessary, in urgent cases, the Chairman or Vice-Chairman may issue a resolution “*per rollam*” on the basis of the prior written declaration of all members of the Board of Directors, whereby they expressed their consent to the envisaged manner of voting. For this purpose, declarations made by electronic means shall also be deemed to have been made in writing. A resolution *per rollam* must be recorded in the minutes of the next meeting of the Board of Directors. If all members of the Board of Directors agree, any and/or all of them may participate in the meeting of the Board of Directors and vote therein through telephone or other communications system which enables all participating persons to hear each other. A person participating and voting in such manner shall be deemed present at the meeting and shall have the right to vote.
4. Resolutions of the Board of Directors shall be, where possible, adopted unanimously. If a unanimous decision cannot be reached, a resolution shall be adopted by a majority of votes of present members of the Board of Directors. In case of equality of votes, the chairperson shall have the decisive vote.

## § 24

### **Liability of the Board of Directors**

1. Members of the Board of Directors shall be obliged to perform their competence with necessary loyalty and with required knowledge and diligence and maintain confidentiality of confidential information and facts whose disclosure to third parties could harm the Company.
2. The members of the Board of Directors who caused detriment to the Company by violation of the legal obligations when performing the competence of the Board of Directors shall be jointly and severally liable for such detriment.

3. Members of the Board of Directors shall be liable for detriment caused to the Company by fulfilling an instruction of the General Meeting only if the instruction of the General Meeting is at variance with the applicable legal regulations.

## **Article 25**

### **Ban on Competition, Additional Activities**

1. A member of the Board of Directors may not:
  - a) Carry out a business within the scope of the Company's business activities (identical or similar), even in favour of third parties, to broker or to procure the Company's transactions for a third party or enter into business relations with the Company;
  - b) Participate in business activities of some other business corporation as an unlimited partner or as the controlling entity of some other entity with the same or similar scope of activities;
  - c) Be a member of the statutory body of some other legal person with the same or similar object of business activities or hold a similar position, unless this is a concern.
2. In case of breach of the ban of competition, the Company shall be entitled to request that the member of the Board of Directors concerned submit any benefit from the transaction in which he breached the prohibition or transfer the corresponding rights to the Company. The right to compensation of detriment shall not be prejudiced thereby.
3. The rights pursuant to par. 2 above shall expire if they are not enforced against the member of the Board of Directors concerned within 3 months of the date when the Company became aware of this fact, but not later than within 1 year of the date of occurrence thereof. This shall in no way affect the right to compensation of detriment.
4. Members of the Board of Directors may not perform any additional activities for consideration; particularly carry out a business pursuant to the Trade Act, without the consent of the Supervisory Board. This shall also apply to additional activities carried out without consideration related to the scope of business activities of the Company. With respect to additional activities performed without consideration that are not directly related with the scope of business activities of the Company, it shall be sufficient to notify the Supervisory Board of such activities.

**§ 26**  
**Supervisory Board**

1. The Supervisory Board shall supervise the conduct of business activities of the Company. The Supervisory Board is a control body that supervises the performance of competence of the Board of Directors and conduct of the business activities of the Company.
2. The Supervisory Board shall have seven members. Only a natural person who fulfils the general conditions for operating a trade pursuant to the special law and with respect to whom there is no obstacle for operation of a trade stipulated by the special law, irrespective of the scope of business activities of the Company may become a member of the Supervisory Board and meets other conditions for performance of the office required by the law.
3. The members of the Supervisory Board shall be elected by the General Meeting. The current members of the Supervisory Board may be re-elected. Together with election of a member of the Supervisory Board, the General Meeting may elect his substitute who shall become a member of the Supervisory Board in the event of termination of office of the member for whom the substitute was elected. The term of office of such substitute shall end upon election of a new member of the Supervisory Board replacing the member for whom the substitute was elected, however, at the latest as of the moment on which the term of office of the substituted member ended. A substitute may be elected a regular member of the Supervisory Board.
4. The term of office of all members of the Supervisory Board shall be 5 years, unless the decision of the General Meeting and the respective agreement on performance of office shall stipulate otherwise. The office of member of the Supervisory Board shall terminate upon election of a new member of the Supervisory Board, however, not later than 3 months from expiry of his term of office.
5. The Supervisory Board shall elect its Chairman and one, two or three Vice-Chairmen from amongst its members. The election shall be repeated if the office of the Chairman of Vice-Chairman becomes vacant.
6. The Vice-Chairman shall take over tasks of the Chairman of the Supervisory Board in cases where the Chairman cannot perform the tasks.
7. The Chairman or Vice-Chairman shall represent the Supervisory Board vis-à-vis third persons.
8. A member of the Supervisory Board may resign from his office but may not do so at a time that is not suitable for the Company. The Supervisory Board shall be competent to discuss the resignation. If the resigning member of the Supervisory Board provides notice of his resignation at a meeting of the Supervisory Board, he may ask that the Supervisory Board grant its consent to immediate effect of the resignation from the office or to the effects of

the resignation as of some other specific future date. If the Supervisory Board approves the effective date of the resignation from the office proposed by the resigning member of the Supervisory Board, the office of the member of the Supervisory Board shall expire as of the relevant date. If the Supervisory Board does not approve the effective date of the resignation from the office proposed by the resigning member of the Supervisory Board, the office of the member of the Supervisory Board shall expire two months after the relevant notice. If the member of the Supervisory Board does not provide notice of his resignation from the office at a meeting of the Supervisory Board, he must notify the Supervisory Board in writing of his resignation from the office. For this purpose, it shall suffice to notify the Chairman of the Supervisory Board of the resignation. The registered office of the Company shall be the delivery address. Even in his written notice of resignation, the resigning member of the Supervisory Board may ask the Supervisory Board to agree with the effective date of such resignation to occur as of a certain future date. If the Supervisory Board agrees with the effective date of the resignation proposed by the resigning member of the Supervisory Board, the term of his office shall expire as of such date. If the Supervisory Board does not agree with the effective date of the resignation proposed by the resigning member of the Supervisory Board, then In that case, the term of office shall expire as of the date when the Supervisory Board discusses, or should discuss, the resignation; the Supervisory Board may discuss a written notice of resignation not only at its meeting, but also through a written resolution "*per rollam*" pursuant to Article 28 (3) hereof.

9. The General Meeting may recall a member of the Supervisory Board also prior to expiry of his term of office, and such recalling does not have to specify any grounds therefore. This resolution of the General Meeting must be adopted by simple majority of the votes of the shareholders present.
10. If the office of member of the Supervisory Board becomes vacant for any reason, the General Meeting must elect a new member of the Supervisory Board within two months unless his substitute replaced him in his position within the meaning of section 3 above. If the office of a member of the Supervisory Board becomes vacant prior to expiry of his term of office, the new member shall be elected, or the substitute replacing him, respectively, shall serve, for the remaining part of the term of office of the member of the Supervisory Board, whose office became vacant.
11. Unless the number of members of the Supervisory Board elected by the General Meeting (including all substitutes, if any, who have replaced members of the Supervisory Board for whom they were substitutes) has decreased below one half, the Supervisory Board may appoint substitute members until the next session of the General Meeting.
12. Detailed terms and conditions relating, in particular, to convening and meetings of the Supervisory Board shall be stipulated in the rules of procedure.



**§ 27**  
**Competence of the Supervisory Board**

1. The Supervisory Board shall supervise business management of the Company.
2. The Supervisory Board may request, at any time that the Board of Directors provide it with information on matters of the Company, including its relations to companies belonging to the same concern.
3. The Supervisory Board may inspect and control all accounting and other documents relating to the Company's activities and proprietary values, namely the treasury and information on the state of securities and goods. The Supervisory Board may delegate this activity to the individual members or appoint special experts to perform certain tasks. The Supervisory Board may particularly verify whether the accounting records are kept duly and in accordance with the actual state of affairs and whether the business activities of the Company are performed in accordance with the legal regulations, the Articles of Association and instructions of the General Meeting.
4. The prior consent of the Supervisory Board shall be required for the following acts:
  - a) Acquisition and disposal of the ownership interests and acquisition, disposal of an enterprise and suspension of activity of an enterprise,
  - b) Acquisition, disposal of and encumbering real estate;
  - c) Establishment and closing of branches;
  - d) Investments exceeding, individually or in aggregate during one financial year, certain acquisition cost;
  - e) Acceptance of bonds, loans and credits as well as the assumption of liability for bonds, loans and credits exceeding, individually and in aggregate during one financial year, a certain amount;
  - f) Provision of loans and credits outside the usual operation of an enterprise;
  - g) Conclusion of derivative transactions;
  - h) Commencement and termination of transactions in the individual sectors of business activities;
  - i) Determination of general principles of business policy;
  - j) Determination of underwriting plan and underwriting policy;
  - k) Determination of business policy for retrocession;
  - l) Determination of principles of distribution of shares in profits or turnover or payment of supplementary pension insurance for senior employees and security in old age for other employees;
  - m) The acceptance of an office as supervisory board member, management board member or managing director in companies outside the Group as well as the performance of additional activities for consideration by members of the Board of Directors and granting and recalling of corporate agents, as well as conclusion and termination of agreements with corporate agents;

- n) The conclusion of agreements with members of the Supervisory Board, under which such members commit themselves vis-à-vis the Company or any of its subsidiaries, outside their work on the Supervisory Board, to render a performance for a consideration that is not merely trivial. This shall also apply to agreements with companies, in which a member of the Supervisory Board has a substantial economic interest;
  - o) The recruitment of the auditor, of the Group auditor, of the auditor of an affiliated major company, or by the certified accountant who signed the audit opinion or a person active for him, who has had a significant position in the audit to a senior position in the Company within two years after execution of an audit opinion;
  - p) Nominations to corporate bodies of fully consolidated subsidiaries of the Company;
  - q) Legal acts between members of the Board of Directors and the Company;
  - r) Proposal to the General Meeting for determination of the issue price in case of subscription of new shares;
  - s) Decisions of the Board of Directors on an increase of the registered capital pursuant to Section 511 of the Business Corporations Act;
  - t) Submission of documents to the General Meeting, including, but not limited to, ordinary, extraordinary or interim financial statements, the report on business activities and situation of the Company and reports, if any, on the relations between the controlled entity and the controlling entity and on the relations between the controlled entity and other entities controlled by the same controlling entity;
  - u) Proposal to the General Meeting for use of a balance of the net profits;
  - v) Proposal to the General Meeting for payment of losses reported in the balance sheet;
  - w) Determination of the principles of distribution of shares in profits or turnover or payment of supplementary pension insurance for senior employees and security in old age for other employees of the Company or any of its affiliated companies as well as to management board members and supervisory board members of affiliated companies, as well as personnel measures of fundamental importance in this area, particularly introduction of social benefits and improvement thereof;
  - x) Other acts stipulated by the Articles of Association or the law.
5. Moreover, the following matters shall require the consent of the Supervisory Board:
- a. annual plan, including premium, cost and earnings planning;
  - b. financial plan, including strategic asset allocation;
  - c. annual plan of asset development.
6. The Supervisory Board may determine thresholds for the acts pursuant to par. 4 (a) and (b) above. The Supervisory Board must determine thresholds for the acts pursuant to par. 4 (d) (e) and (f) above. If no thresholds are determined, the prior consent of the Supervisory Board shall be required for all acts specified in the relevant provisions.
7. The Supervisory Board may decide that its consent shall be required also for certain other acts.

8. The Supervisory Board shall review ordinary, extraordinary or interim financial statements, proposals for distribution of profits or payment of losses, the report on business activities and situation of the Company and reports, if any, on the relations between the controlled entity and the controlling entity and on the relations between the controlled entity and other entities controlled by the same controlling entity, and shall submit a report on the verification to the General Meeting. The Supervisory Board shall state, in its report, in what manner and to what extent it reviewed conduct of the business of the Company during a financial year and whether the final results of the examination give rise to substantial objections.
9. The Supervisory Board shall convene the General Meeting if this is required by interests of the Company. The provisions of Article 16 hereof shall apply to the manner of convening the General Meeting *mutatis mutandis*.
10. Members of the Supervisory Board may not delegate their tasks to any other person. However, this shall not prevent them from their right to authorize, in respect of an individual matter, another member of the Supervisory Board to vote on his behalf in his absence. The right to chair a meeting may not be transferred.
11. The Supervisory Board shall be entitled to pursue legal disputes against a member of the Board of Directors in matters determined by the General Meeting.
12. The Supervisory Board adopts its rules of procedure. The Supervisory Board may establish committees from amongst its members, specifically for the purpose of preparation of its meetings and decisions or for the purpose of supervision over implementation of its resolutions, including, without limitation, committee for urgent matters and committee for the matters of the Board of Directors, and delegate to such committees and also to their individual members certain authorizations. The authorization to grant consent to acts for which the consent of the Supervisory Board is required pursuant to the Articles of Association or the rules of procedure of the Board of Directors, as appropriate, may be delegated to such committee, particularly where the matter, in urgent cases, cannot be postponed until the subsequent meeting of the Supervisory Board. The committee for the matters of the Board of Directors shall be authorized, including without limitation, to approve agreements on performance of office with members of the Board of Directors and to deal with any other matters relating to remuneration of members of the Board of Directors.
13. The provisions of Articles 24 and 25 of the Articles of Association relating to liability and ban of competition of the members of the Supervisory Board shall apply *mutatis mutandis*.

**§ 28**  
**Decision-Making by the Supervisory Board**

1. The Supervisory Board shall have a quorum if at least half of its members are present, including the Chairman or one Vice-Chairman of the Supervisory Board.
2. The Supervisory Board shall adopt its resolutions by a majority of its present members. In case of equality of votes, the Chairman, or the Vice-Chairman, shall have the decisive vote. The members personally affected by the subject of the adopted resolution must refrain from voting.
3. Where necessary, in urgent cases, the Chairman or Vice-Chairman may issue a resolution “*per rollam*” on the basis of the prior written declaration of all members of the Supervisory Board, whereby they expressed their consent to the envisaged manner of voting. For this purpose, declarations made by electronic means shall also be deemed to have been made in writing. A resolution “*per rollam*” must be recorded in the minutes of the next meeting of the Supervisory Board. If all members of the Supervisory Board agree, any and/or all of them may participate in the meeting of the Supervisory Board and to vote therein through telephone or other communications system which enables all participating persons to hear each other. A person participating and voting in such manner shall be deemed present at the meeting and shall have the right to vote.

**§ 28a**  
**Audit Committee**

1. The Audit Committee is a Company’s body, which competence shall include, but shall not be limited to:
  - a) monitoring of the process of creating the Financial Statements and the Consolidated Financial Statements,
  - b) assessment of the effectiveness of the Company's internal control , internal audit and if applicable risk management systems,
  - c) monitoring the statutory audit of the annual and consolidated accounts,
  - d) review and monitor the independence of the statutory auditor or audit firm, and in particular the provision of additional services to the audited entity,
  - e) providing recommendation for the appointment of a statutory Auditor,
  - f) submitting reports on its performance to the General Meeting.

2. The competence of the Audit Committee does not affect the competences of other Company's bodies pursuant to the respective legal regulations and these Articles of Association.
3. The Audit Committee is entitled to request any information on Company's matters from the Board of Directors and Supervisory Board at any time.
4. The Audit Committee shall have at least three members.
5. Only a natural person who fulfils the general conditions for operating a trade pursuant to the special law and with respect to whom there is no obstacle for operation of a trade stipulated by the special law, irrespective of the scope of business activities of the Company may become a member of the Audit Committee.
6. The majority of the Audit Committee members shall be independent and professionally competent. Members of the Audit Committee may be elected from amongst non-executive members of the Supervisory Board or third parties. A member of the Audit Committee may not be member of the Board of Directors, corporate agent (proxy holder) nor employee of the Company.
7. Members of the Audit Committee shall be elected by the General Meeting. Current members of the Audit Committee may be re-elected.
8. The term of office of all members of the Audit Committee shall be 5 years. The office of member of the Audit Committee shall terminate upon election of a new member of the Audit Committee, however, no later than 3 months from expiry of his term of office.
9. The Audit Committee shall elect its Chairman and one or more Vice-Chairmen from amongst its members. The election shall be repeated if the office of Chairman or any Vice-Chairman becomes vacant.
10. The Vice-Chairman shall take over tasks of the Chairman in cases where the Chairman cannot perform the tasks.
11. A member of the Audit Committee may resign from his office pursuant to Section 59 (5) of the Business Corporations Act. The provision of Article 26 (8) of these Articles of Association shall apply accordingly.
12. The general Meeting may recall a member of the Audit Committee also prior to expiry of his term of office, even without stating any grounds therefore.
13. If the office of member of the Audit Committee becomes vacant for any reason so that the total number of members is less than 3 (three), the nearest General Meeting must elect a new member of the Audit Committee.

14. The Audit Committee shall adopt its Rules of Procedure. If such Rules do not exist, then the Rules of Procedure of the Supervisory Board shall apply – if the law allows so – also for the procedure of the Audit Committee.
15. Detailed terms and conditions relating, in particular, to convening and meetings of the Audit Committee shall be stipulated in the Rules of Procedure in accordance with Article 28a (14) of these Articles of Association.
16. Members of the Audit Committee may not delegate their tasks to any other person. Therefore, members of the Audit Committee may not be represented by other persons.
17. Articles 24 and 25 of these Articles of Association shall apply accordingly with regard to liability and ban on competition of the Audit Committee members.

#### **§ 28b**

##### **Decision-Making by the Audit Committee**

1. The Audit Committee shall have a quorum if at least half of its members are present including the Chairman or one Vice-Chairman.
2. The Audit Committee shall adopt its resolutions by a simple majority of its present members. In case of equality of votes, the Chairman, or the Vice-Chairman, shall have the decisive vote. The members personally affected by the subject of the adopted resolution must refrain from voting.

#### **§ 29**

##### **Election of the Board of Directors and Remuneration for Members of the Board of Directors**

1. The Supervisory Board shall elect and recall members of the Board of Directors and their substitutes. The Supervisory Board shall be entitled to submit a nomination for election of the Chairman and Vice-Chairman of the Board of Directors.
2. The Supervisory Board shall elect and recall members of the Board of Directors in that the proposal for election or recalling shall be submitted by the member of the Supervisory Board authorized for this purpose by the General Meeting or, in the absence of such member, by the Chairman of the Supervisory Board. In other aspects, convening and meetings of the Supervisory Board in case of election and recalling of members of the Board of Directors shall be governed by the rules of procedure of the Supervisory Board.
3. The provisions of Article 28 of the Articles of Association shall apply to the quorum and decision-making of the Supervisory Board in election and recalling members of the Board of Directors.

4. The Supervisory Board shall decide on remuneration and other benefits for members of the Board of Directors in accordance with the law.

### **§ 30**

#### **Procedure in Supplementing and Amending the Articles of Association**

1. If the agenda of the General Meeting includes supplementation of or amendment to the Articles of Association, the invitation to the General Meeting or notification of holding the General Meeting must include a draft resolution on the amendment of the Articles of Association and reasons for the proposed amendments.
2. The Company shall allow each shareholder to inspect free of charge in the Company's seat within the time limit stipulated in the invitation a bilingual (Czech and English) draft of the amendment to the Articles of Association, The Company shall notify shareholders of such right in the invitation to the General Meeting.
3. A decision of the General Meeting on supplementation of on an amendment to the Articles of Association shall be certified by a public deed. The Board of Directors shall be obliged to ensure the presence of a notary at the General Meeting deciding on such amendment of the Articles of Association, who shall draw up a public deed on the decision.
4. If the facts registered with the Commercial Register pursuant to the legal regulations change due to the supplementation of or amendment to the Articles of Association, the Board of Directors shall be obliged to file, without undue delay, a motion for registration of the change with the Commercial Register.

## **PART VI**

### **Economic Management of the Company**

#### **§ 31**

#### **Ordinary Financial Statements**

1. The Board of Directors shall submit to the General Meeting for approval, after obtaining the prior consent of the Supervisory Board, particularly the following documents for the preceding accounting period corresponding to a calendar year:
  - a) The audited financial statements with a proposal for distribution of profits or payment of losses, as appropriate;
  - b) The report on business activities and situation of the Company;
  - c) The report, if any, on the relations between the controlled entity and the controlling entity and on the relations between the controlled entity and other entities controlled by the same controlling entity.

2. The Board of Directors shall send the supporting documents pursuant to par. 1 above in a bilingual version (Czech and English) to the shareholders holding registered shares at least 30 days prior to the General Meeting which shall discuss the documents.

## **§ 32**

### **Distribution of Profits**

1. Profits generated by the Company shall be used preferentially for payment of the obligatory taxes and fees.
2. The General Meeting shall make decision on distribution of the balance of the net profits upon proposal of the Board of Directors approved by the Supervisory Board, having regard to sufficient creation of provisions and the planned business development of the Company.
3. If net profits follow from the balance sheet of the Company, the General Meeting shall make decision particularly on the following:
  - a) The amount of the net profits to be distributed among the shareholders;
  - b) The allocation for financing of the social plan of the Company;
  - c) The amount of royalties to the members of the Board of Directors and Supervisory Board;
  - d) Other allocations from the net profits or on non-distribution of the balance of the net profits, as appropriate.

## **§ 33**

### **Payment of Losses**

1. The General Meeting shall make a decision on payment of losses reported in the balance sheet of the Company upon proposal of the Board of Directors approved by the Supervisory Board.
2. Decisions of the Board of Directors shall be based particularly on the following order of manners of payment of losses of the Company:
  - a) From non-distributed profits from preceding accounting periods;
  - b) By a decrease in the registered capital.



## **PART VII**

### **§ 34**

#### **Internet Pages of the Company**

1. Invitations to the General Meeting as well as other facts stipulated by law shall be published by the Company at its website at the address: [www.vig-re.com](http://www.vig-re.com).
2. The Board of Directors shall be entitled by its resolution to change at any time the website address of the Company, provided that such change shall take effect on the 15<sup>th</sup> (fifteenth) day from (i) sending of the respective resolution on change of the website address to all shareholders by the same manner as invitations to the General Meetings are sent by the Company and (ii) publication of such resolution on the current website of the Company.
3. The Board of Directors shall be entitled by its resolution to restrict public accessibility of information and facts available at the website within the meaning of section 1. above (in particular, if the respective data, information and materials contain business secret of the Company and/or if the corporate bodies of the Company, shareholders or other persons are under the obligation of confidentiality or secrecy in respect of the respective data, information and materials) by enabling access only to shareholders of the Company upon entering their user name and password assigned to them free-of-charge; other persons shall be provided with access to such information or data only in well grounded cases based on a special resolution of the Board of Directors.

## **PART VIII**

### **Final Provisions**

#### **§ 35**

#### **Interpretation Provision**

1. If any of the provisions of the Articles of Association becomes invalid, ineffective or disputable or is missing with regard to the valid legislation or amendments thereto, other provisions of these Articles of Association shall not be prejudiced by this fact.

The given provision shall be replaced either with a provision of the relevant generally binding regulation that is the closest in its nature and purpose to the purpose intended by the Articles of Association, or – if there is no such provision of a legal regulation – with the solution that is usual in business relations.

#### **§ 36**

#### **Force and Effect**

The Articles of Association shall enter into effect upon incorporation of the company.