

**UNIPETROL, a.s.**

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# **Articles of Association**

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**Full wording of company Articles of Association with amendments approved by General Meeting on 30 June 2011**

# **ARTICLES OF ASSOCIATION**

## **UNIPETROL, a.s.**

### **I. General stipulations**

#### Article 1

#### **Company foundation**

UNIPETROL a.s. (further referred to as "company") was established by one-off action by the Czech Republic National Assets Fund as the sole founder by deed of foundation on 27.12.1994.

#### Article 2

#### **Trade name and head office of company**

1. Trade name (further referred to as "name") of the company: UNIPETROL, a.s.
2. The head office of the company is in Prague.

#### Article 3

#### **Company duration**

The company is established for an indefinite period of time.

#### Article 4

#### **Subject of business of the company**

1. The subject of business of the company is as follows:
  - Functioning as entrepreneurial, financial, organisational and economic advisers
  - Functioning as technical advisers in the following areas
    - Research and development
    - Chemical industry
    - Environmental protection
    - Logistics
  - Research and development in the field of natural and technological sciences
  - Services in the field of administration and services of a business organisational nature for physical and corporate entities
  - Service provision in the field of security and protection of health at work
  - Provision of software and consulting in the fields of hardware and software
  - Data processing, databank services and network administration
  - Arrangement of trade
  - Arrangement of services
  - Organisation of specialist courses, training and other educational events including lecturing.
2. The fundamental mission of the company is as follows:
  - Strategic management of company development for directly and indirectly controlled companies
  - Co-ordination and conducting of matters of joint interest of the group for directly and indirectly controlled companies

- Arranging financing and development of systems of financing in the companies within the holding
- Human resources development and the development of human resources management in the companies within the holding
- Administration, acquisition and treatment of investments and other property of the company, particularly the following:
  - Establishment of public companies, taking part in their foundation, and other acquisition of investments in the business of other corporate entities,
  - Performance of shareholder rights and rights similar to them for directly and indirectly controlled companies,
  - Rent of real estate and provision of basic services securing the full operation of real estate.

#### Article 5

#### **Origin of the company and record of company in the business register**

1. The company came into being on 17<sup>th</sup> February 1995 by being recorded in the business register.
2. The company is recorded in the business register administered by Prague Municipal Court in section B, insert 3020, and has been assigned company identification number 61672190.
3. Proposals for recording into the business register are presented by the company's board of directors, which is responsible for the updating and timeliness of records made.

#### Article 6

#### **Company dealings**

The board of directors acts in the company's name for all company matters, always jointly with two members of the board of directors, of whom at least one is the chairman or vice-chairman of the board. Signing for the company takes place in such a way that the members of the board who are authorised to act in the name of the company add their signatures to the name of the company.

#### Article 7

#### **Company representation**

1. A proxy of the company is authorised to act in its name on the basis of power of attorney, and to do so only to its extent. Power of attorney must be in writing in cases determined by law and must have its extent defined.
2. Company employees can act in the company's name as representatives either on the basis of power of attorney or on the basis of Article 15 of the business register.
3. A head of procuration is also authorised to act on behalf of the company, if procuration is granted. The granting of procuration is effective from the moment of it being recorded in the

business register. The head of procuration signs for the company in such a way that he adds his signature to the name of the company and a supplement indicating procuration.

## **II. Base capital and company shares**

### Article 8

#### **Base capital of the company**

The base capital of the company is CZK 18,133,476,400 (in words eighteen billion one hundred and thirty three million four hundred and seventy six thousand four hundred Czech crowns).

### Article 9

#### **Company shares, payment method of issue price and consequences of breaching settlement obligation**

1. The base capital of the company is divided into 181,334,764 units (in words one hundred and eighty one million three hundred and thirty four thousand seven hundred and sixty four units) of ordinary shares of a nominal value of CZK 100 belonging to the owner.
2. Shares are issued in book-registered form by recording in the records of the Central Depository, and are admitted to official listing on the stock exchange
3. The subscriber is obliged to pay the entire issue prices of shares subscribed by him, which are paid by monetary deposit within six months of the day of recording of increase in base capital in the business register. Non-monetary deposits must be paid before presenting a proposal for recording an increase in base capital in the business register in the manner according to paragraphs 4 to 6 of this Article.
4. If the non-monetary deposit is a moveable thing, then the subscriber is obliged to hand over the subject of deposit to the company, and to secure the acquisition of ownership rights for the company to the paid deposit. This must be done before presentation of the proposal for recording an increase in base capital into the business register.
5. If the non-monetary deposit is an immovable thing, then the subscriber is obliged, prior to presentation of proposal for an increase in base capital into the business register, to hand over to the company the subject of deposit and a written declaration with an officially authorised signature. He is also obliged to ensure the acquisition of ownership right to the company for the paid subject of deposit. Any possible proposal for deposit into the land register of real estate is to be presented within fifteen days after the increase in base capital is recorded into the business register.
6. For other non-monetary deposits, the deposit is paid by entering into a written contract on deposit. If know-how is the non-monetary deposit, then handover of documentation in which the know-how is recorded is also required for payment. If the non-monetary deposit is a firm or part thereof, then handover of the firm or part thereof is also required for payment. The company and

the depositor draw up a record on handover of documentation in which the know-how is recorded, as well as on handover of firm or part thereof.

7. In the event of breach of obligation to pay the issue price of subscribed shares or its payable amount, the subscriber is to pay interest resulting from delay at a rate of 20% annually.

8. If the subscriber does not pay the due amount of issue price of subscribed shares, then the board of directors will summon him to pay it within sixty days of the day that the notice is delivered. After ineffectual expiry of this period, the board of directors will expel the subscriber from the company and will summon him to return the interim certificate within a reasonable time, which it will determine for him. The procedure for declaring an interim certificate not returned by an expelled shareholder as unpaid and the issue of a new interim certificate is determined in Article 177 paragraphs 5 to 7 of the Commercial Code. Instead of procedure according to the previous sentences, the board of directors can either submit a complaint on the payment of issue price of shares, or possibly of its payable amount, against the subscriber who is delayed in paying it off. Alternatively, the General Meeting can decide on decreasing the base capital by relinquishing the issue of shares to the extent in which the subscribers are delayed in payment of the nominal value of shares.

9. The amount paid for paying off the issue price of shares or the value of paid non-monetary deposit is firstly counted towards the share premium. If such an amount or value does not suffice for payment of the due amount of nominal value of all subscribed shares, it is counted gradually towards payment of the due amount of nominal values of individual shares.

## Article 10

### **Rights and obligations of shareholders**

1. A shareholder is understood as being

- a) Owner of company shares,
- b) Owner of interim certificates of the company,
- c) Person who has a share in base capital of the company from the day of recording the base capital in which he has a share into the business register, to the day of issue of shares or interim certificates of the company.

2. The rights and obligations of shareholders are determined by legal regulations and by these Articles of Association. A company shareholder can be a domestic or foreign corporate or physical entity.

3. The shareholder has a right to a share in company profit (dividend), which the General Meeting approved for dividing according to profit. Such a share is determined as a proportion of the nominal value of his shares to the nominal value of shares of all shareholders on the deciding day. The shareholder is not obliged to return to the company any dividend accepted in good faith. When there is doubt, good faith is assumed.

4. The amount determined to be paid out as a share of company profit must not be higher than the profit for the financial period shown on the financial statement decreased by the obligatory

allocation into the contingency fund according to Article 217 paragraph 2 of the Commercial Code and on unsettled losses from previous years and increased by undivided profit from previous years and a fund created from profit that the company can use according to its own free wishes.

5. The company is not authorised to divide profit or its other own resources between shareholders, if own capital is ascertained from an ordinary or extraordinary financial statement, or if as a result of undivided profit it would be lower than the base capital of the company, increased by the following:

- a) Subscribed nominal value of shares, as long as the company shares were subscribed for an increase in base capital and the increased base capital on the day of formulation of the ordinary or extraordinary financial statement was not recorded in the business register, and
- b) That part of the contingency fund or those contingency funds, which the company may not use for payment to shareholders according to the law and the Articles of Association.

6. Unless resolved otherwise by the General Meeting, the due payment date of dividends is the day that follows two months after the day of the General Meeting taking place, which decided on the payment of dividends, and by numbered labelling is in concordance with the day of such a General Meeting taking place.

7. Unless a resolution of the General Meeting or agreement with the shareholder determine otherwise, the company is obliged to pay out dividends at its own costs and risk. It must do so to the shareholder's address administered in the records of book-registered securities of the Central Depository at the amount determined for the issuer on the deciding day. The board of directors is obliged to notify of the due date of payment of dividends, and the place and method of their payment in a manner determined for convening of the General Meeting (Article 14 paragraph 5 of these Articles of Association).

8. The right to payment of dividend is independently transferable from the day when the General Meeting decided on payment of dividends.

9. Throughout the period of the company being in existence, or even in the event of it being dissolved, the shareholder may not ask for his deposits to be returned. Payments described below are not considered as being return of deposits:

- a) As a result of a decrease in base capital,
- b) When buying company shares, if the conditions determined by law are fulfilled,
- c) When returning interim certificate or declaring it as invalid,
- d) When dividing shares of the liquidation value.

10. In the event of dissolution of the company with liquidation, the shareholder has the right to a share in the liquidation value. The level of this share is determined the same way as in determining shareholder share of profit (dividends).

11. With shares comes the right for the shareholder to take part in the management of the company. This right is enforced in principle at the General Meeting, while it must respect organisational measures regarding the conduct of general assemblies. The shareholder is

authorised to take part in the General Meeting and to vote in it. He has the right to request and receive at it an explanation of matters relating to the company, if such an explanation is necessary for assessing the subject-matter of dealings at the General Meeting and to enforce proposals and counterproposals. Shareholders present at the General Meeting have the right to explanations according to the previous sentence and regarding matters relating to persons controlled by the company. Information can be refused for reasons stated in Article 180 paragraph 4 of the Commercial Code. The explanation may be provided in the form of a collective answer on several questions of the similar scope. There is a rule, that the shareholder has been provided with an explanation even in case that the supplemental explanation to the individual points of the order of business of the General Meeting was published on the official web pages of the company at latest on the day preceding the day of holding of the General Meeting and was available to the shareholders at the place of holding of the General Meeting.

12. If a shareholder intends to enforce at the General Meeting counterproposals to proposals, the content of which is shown in the notification on the General Meeting taking place, or in the event of a notarial record having to be made on the decision of the General Meeting, the shareholder is obliged to deliver a written wording of his proposal or counterproposal to the company at least five working days before the day of the General Meeting taking place. This does not apply if it concerns proposals for the election of specific persons to company authorities. The board of directors is obliged to publicise its counterproposal with its standpoint, if possible, at least three days prior to the notified date of the General Meeting taking place. A shareholder has a right to enforce his proposals to points, which shall be included in the order of business of the General Meeting, even before publication of the invitation to the General Meeting. The board of directors publishes the proposal, which shall be delivered to the company at latest 7 days prior the publication of the invitation to the General Meeting, together with the invitation to the General Meeting. The provision of the first and second sentence hereof shall apply similarly to proposals of the shareholder delivered after the time period specified in the precedent sentence hereof.

13. The shareholder has priority right to subscribe part of the new shares of the company subscribed for increasing base capital to the extent of his share of the company's base capital, as long as the shares are subscribed by monetary deposits. This right may be restricted or excluded to the same extent for all shareholders by ruling of the General Meeting, and this may be done only in significant interest of the company.

14. A shareholder or shareholders, who has or have shares the total nominal values of which reach three percent of the company's base capital, can ask for the following:

- a) The board of directors to convene an extraordinary general meeting to discuss matters proposed by them, if each point of the order of business of the General Meeting is supplemented by an explanation or a proposed resolution,
- b) The board of directors to place a matter determined by them into the order of business of the general meeting, if each point of the order of business of the General Meeting is supplemented by an explanation of a proposed resolution and is delivered to the board of directors at latest 20 days prior the deciding day pursuant to Article 13 paragraph 7 of these Articles of Association. If the request was received after publication of the notification that the general meeting is going to take place, the board of directors will supplement the publication of the order of business of the General Meeting at latest 10

days prior to the deciding day pursuant to Article 13 paragraph 7 in a manner according to Article 14 paragraph 5 of these Articles of Association. If such publication is not possible, the assigned matter can only be put into the order of business of this General Meeting by procedure according to Article 15 paragraph 6 of these Articles of Association,

- c) The supervisory board to investigate the performance of the board of directors in matters determined in the request,
- d) The supervisory board to enforce its right to damage compensation that the company has towards a member of the board of directors,
- e) The board of directors to submit a complaint for the payment of the issue price of shares against shareholders who are in delay with its payment, or to enforce procedure according to Article 9 paragraph 8 of these Articles of Association,
- f) The court to name a specialist for investigating a report on relations between the controlled person and connected persons according to Article 66a paragraph 12 of the Commercial Code if there are important reasons for doing so. This applies even if the conditions in Article 66a paragraph 13 of the Commercial Code are not met,
- g) The court to withdraw the liquidator named by the General Meeting and to replace him with someone else.”

15. Misuse of a majority of votes, just as of a minority of votes, in the company is prohibited.

16. Any shareholder who obtains either by himself or together with other persons acting in concordance a deciding share of voting rights in the company is obliged within 30 days of the day following the day in which the shareholder obtained or exceeded this share, to make an offer to take over company shares from all owners. This obligation terminates if during the same time period the shareholder has decreased or decreases his share of voting rights under the amount that founded his obligation according to this paragraph by transferring shares to another person and, therefore, stop exercising a deciding influence on the company by himself or by means of other persons. Termination of obligation is conditional in the above case upon decision of the Czech National Bank on the basis of a written request by the shareholder. The deciding share on voting rights in the company is a voting share in the company exceeding at least 30% of all votes attached to the participating securities issued by the company. Detailed rules and exceptions in fulfilling this obligation are determined by the Act No. 104/2008 Coll., on take-over bids and on amendments to some other acts (Take-over Bid Act), as amended (hereinafter the “Take-over Bid Act”); in specific cases the Czech National Bank decides at the request of the shareholder.

17. A shareholder who reaches or exceeds a share of all company voting rights of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50% or 75%, or lowers his share in all voting rights under these borderlines is obliged, within four working days after finding out about this actuality or being able to find out about this actuality, to present a notification to the company and to the Czech National Bank. The notification may be performed also in the English language. Details concerning the notification of the voting rights are laid down in the Act No. 256/2004 Coll., on performance of business on capital markets, as amended (herein after the “Capital Markets Business Act”).

18. The shareholder is obliged, without unnecessary delay, to report any possible changes in such information about his person, which are administered in legally determined records of

book-registered securities. The company is not liable for any consequences from ignoring this obligation.

### **III. Company organisation**

#### Article 11

#### **Company authorities**

The bodies of the company are:

- A. General Meeting
- B. Board of Directors
- C. Supervisory Board
- D. Audit Committee

2. The General Meeting is made up of shareholders. Members of other company authorities may be Czech or foreign physical persons capable of the proper fulfilment of tasks entrusted to them on the basis of their specialist knowledge and experiences, fulfilling requirements according to legal regulations.

#### **A. General Meeting**

#### Article 12

#### **Standing and competence of the General Meeting**

1. The General Meeting is the highest authority of the company.
2. The General Meeting is responsible for the following:
  - a) Deciding on changes to the Articles of Association, unless this concerns any change as a result of an increase in base capital by the board of directors according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association, or any change that occurred on the basis of other legal actualities;
  - b) Deciding on an increase in base capital and on authorising the board of directors to decide on an increase in base capital according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association, deciding on the possibility of including monetary receivables towards the company against debt for paying the issue price;
  - c) Deciding on issue of debentures pursuant to Article 160 of the Commercial Code;
  - d) Deciding on a decrease in base capital;
  - e) Deciding on a merger, transfer of assets to one shareholder or division, or possibly on a change in the legal form of the company;
  - f) Decision on dissolving the company with liquidation, appointment and discharge of liquidator, including setting the level of his remuneration, approval of proposal for division of liquidation value;
  - g) Approval of non-monetary deposit or determination of company authority that will decide on approving the value of non-monetary deposit during authorisation by the board of

- directors on deciding on an increase in base capital according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association;
- h) Deciding on exclusion or restriction of priority right to obtain exchangeable or priority debentures or subscription of new shares of the company for the purpose of increasing base capital for company shareholders;
  - i) Decision on issuing equity warrants for enforcement of priority right to obtain exchangeable and priority debentures, on subscription of shares during enforcement of rights from priority debentures or on subscription of shares during an increase in the base capital of the company;
  - j) Decision on change in form or type of shares and on change to rights linked with a certain type of shares, decision on division or fusion of shares, decision on issue of preliminary list for replacing shares;
  - k) Decision on quotation of subscriber securities of the company according to special legal regulation and on their withdrawal from trading on the official market;
  - l) Decision on acquisition of own shares of the company, where such decision is required by the Commercial Code;
  - m) Decision on the establishment and liquidation of any fund created from profits and on the rules on using such funds;
  - n) Election and discharge of members of the supervisory board, with the exception of the members of the supervisory board elected and discharged by employees pursuant to Article 200 of the Commercial Code, and decision on confirmation of their election according to Article 381 paragraph 6 of the Commercial Code;
  - o) appointing and recalling of members of the Audit Committee;
  - p) deciding on remuneration of members of the Board of Directors, the Supervisory Board and the Audit Committee, approving of agreement on performance of position of member of the Supervisory Board and the Audit Committee, approving of the rules regulating provision of non-entitlement profits to members of the Supervisory Board and the Audit Committee;
  - q) deciding on the auditor for auditing financial statements of the company and consolidated financial statements of the company, as well as, for verifying other documents, if such verification is required by applicable law;
  - r) Granting of prior agreement with entering into a contract on credit or loan between the company and a member of the board of directors, the supervisory board, head of procuration or another person who is authorised to enter into such a contract in the name of the company, or by people close to them. Alternatively, granting of a contract the content of which is the securing of liabilities of these people or free transfer of property from the company to these people;
  - s) Granting of prior agreement with entering into a contract on credit or loan with a person other than the persons stated in Article p) or on securing of liability of such a person, if persons stated in Article p) are authorised to enter into such a contract in the name of this other person. This does not apply if it concerns the provision of a loan or credit by a controlling person to a controlled person or securing of liabilities of the controlled person by the controlling person;
  - t) Granting of prior agreement with entering into a contract on free transfer of property to a shareholder;
  - u) Approval of annual report on business activity of the company and the state of its property;

- v) Approval of an ordinary or extraordinary financial statement and consolidated financial statement and in cases determined by law also interlocutory financial statement, decision on division of profit including any possible share for employees in the division of profit, decision on settlement of loss and determination of bonuses;
- w) Approvals of agreements set forth in Article 67a of the Commercial Code;
- x) Decision on determining the deciding day for the origin of right to dividend payment;
- y) Approval of a contract on control, contract on transfer of profit and contract on silent partnership, as well as changes to them;
- z) Granting of agreement with entering into a contract, based on which the company is to acquire or alienate property, if such granting of agreement is required pursuant to Article 193 paragraph 2 of the Commercial Code;
- za) Decision on other issues that the Commercial Code or these Articles of Association include in the competence of the General Meeting.

3. The General Meeting cannot reserve itself decisions on matters that are not entrusted to it by the law or by these Articles of Association. The operations of the General Meeting for deciding on or treating company property does not affect the operations of the supervisory board according to Article 193 paragraph 2 of the Commercial Code.

4. Costs connected to the conduct of the General Meeting are borne by the company; shareholders do not have any claim to compensation for costs connected with taking part in the General Meeting.

### Article 13

#### **Taking part in the General Meeting**

1. Every shareholder can take part in the General Meeting personally or by means of a representative. A shareholder is not obligated to perform voting rights attached to all of his shares in the same way. The same rule applies also on a representative of the shareholder.

2. The power of attorney for representing on the General Meeting must be in writing and must include whether it has been granted for representing on one or more General Meetings to be held within a specified time period. It is deemed that a person registered in the records of investment securities or in the records of book-entered securities as a trustee or as a person authorized to perform the rights attached to the shares, is authorized to perform on behalf of a shareholder all rights attached to the shares registered on a particular account, including the right to vote at the General Meeting. The power of attorney form shall be available to shareholders of the company from a moment of publication of the invitation to the General Meeting in the registered office of the company and on the official web pages of the company. Every shareholder has a right to notify the company by electronic means of a granted power of attorney for his representing on the General Meeting, as well as, of recalling of a power of attorney by the principal. The notification may be performed by delivery of an e-mail message by the shareholder to the e-mail address [valna.hromada@unipetrol.cz](mailto:valna.hromada@unipetrol.cz) or [general.meeting@unipetrol.cz](mailto:general.meeting@unipetrol.cz) with the attachment of the readable electronic copy (scan or photo picture via digital camera) of (a) a written power of attorney of the shareholder signed by the shareholder and saved in pdf, jpg or xps form, or (b) a written recall of a power of attorney signed by the shareholder and saved in pdf, jpg or xps form.

In case that the e-mail message or its attachment containing the power of attorney or its recall is not readable, the company shall request the shareholder to deliver a flawless written power of attorney or its recall again by electronic means provided that such request shall be sent by the company to the e-mail address of the shareholder, from which the defected e-mail message with the defected attachment has been sent. In case that the written power of attorney or its recall is not readable, such power of attorney or its recall shall be disregarded. Details on notification of granting of the power of attorney or its recall by the shareholder through electronic means shall be contained in the invitation to the General Meeting in accordance with Section 120a of the Capital Markets Business Act. The obligation of the shareholder or his representative to identify himself on the General Meeting by lodging of documents pursuant to Article 13 paragraph 4 of these Articles of Association (except for the power of attorney) shall not be affected by the notification on granting of the power of attorney through electronic means.

3. The representative of the shareholder is obligated to notify to the shareholder in sufficient advance before the holding of the General Meeting any matters, which might be relevant for assessment of the shareholder, whether there is a risk of a conflict of interest between the representative and the shareholder. Members of bodies of the company may accept to act upon the power of attorney of the shareholder as the representative of the shareholder only if they publish information pursuant to first sentence hereof together with the invitation to the General Meeting

4. Shareholder - physical persons stated in paragraph 1 of this Article prove their identities at the General Meeting by a valid identity document. The shareholder – legal person acting at the General Meeting by its statutory authority or its member(s) is further obliged to prove themselves by an officially verified excerpt from the business register no older than three months from the date of the General Meeting taking place. The shareholder representative is obliged to prove his identity by written power of attorney in which the extent of the representatives authority is shown unless the granting of the power of attorney was notified to the company via electronic means pursuant to paragraph 2 of this Article. In the case of power of attorney granted by the shareholder to a corporate entity, the representative is further obliged to submit the officially verified excerpt from the business register, or, if applicable, a written power of attorney proving the authorization to act on behalf of this corporate entity. The affected persons are obliged to hand over powers of attorney and excerpts from the business register mentioned in this paragraph 4 of this Article to the company. The authorization of the persons registered in the records of investment securities or in the records of book-entered securities as the trustee or as a person authorized to exercise rights attached to shares kept at the respective account, which authorization follows from Section 184 (4) of the Commercial Code, shall be testified by the excerpt from the records of book-entered securities which shall be arranged for purposes of the occurrence of the General Meeting by the Company.

5. Members of the board of directors and members of the supervisory board will take part in the General Meeting. The auditor of the financial statement is also authorised to take part in the part of the dealings of the General Meeting that discuss such a financial statement. Other persons can only take part in the General Meeting with its consent; the General Meeting is not accessible to the public.

6. Shareholders that are present, or possibly their representatives that are present, are recorded into the list of people attending. This list contains the name or title and head office of the corporate entity or the name and place of residence of the physical person who is a shareholder or shareholder's representative. It also contains the nominal value of shares that authorise them to vote, or possibly information on the fact that the shares held do not authorise them to vote. If the company refuses to make a record of a certain person into the list of those present, it is obliged to state this actuality in the list of those present, inclusive of giving a reason for the refusal. People stated in paragraph 5 of this Article are also recorded into the list of those present. The accuracy of the list of those present is confirmed by the signatures of the chairman of the board of directors and the registrar elected in accordance with Article 15 paragraph 1 of these Articles of Association.

7. The deciding date for attendance at the General Meeting is always the 7<sup>th</sup> calendar day preceding the date of the General Meeting

#### Article 14

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

1. The General Meeting of the company takes place at least once a year at the latest within six months of the last day of the financial period. It will be convened by the board of directors or by its member if the board of directors, without undue delay, does not approve its convening and the legal regulation sets a duty to convene the General Meeting or if the board of directors has not, for a long period of time, a quorum for adopting its decisions, unless the commercial code provides adversely.

2. The board of directors convenes the General Meeting without unnecessary delay upon discovering that the total losses of the company based on whatever financial statement have reached such a level that when settling them from disposable company resources the unsettled losses would reach half of base capital. The same occurs if the above can be expected with consideration to all circumstances, or if the board of directors discovers that the company has gone bankrupt, and proposes to the General Meeting the dissolution of the company or the adoption of other measures, unless determined otherwise by special legislation.

3. At the request of a shareholder or shareholders according to Article 10 paragraph 14 section a) of these Articles of Association and subject to assumptions set forth in the cited provision of Articles of Association, the board of directors is to convene an extraordinary General Meeting. Such an extraordinary General Meeting is to take place within 50 days from the day when it received the request to convene it; the period shown in paragraph 5 of this Article is shortened to 21 days. The board of directors is not authorized to change the proposed order of business; it may only be supplemented with the consent of the persons who requested the convening of the extraordinary General Meeting..

4. Based on the decision of the board of directors, the General Meeting is also convened in other cases; if it is in the interests of the company then the General Meeting is convened by the supervisory board, which proposes the necessary measures to the General Meeting.

5. The General Meeting is convened by notification on the General Meeting in the Obchodní věstník (Business Gazette), on the webpages of the company, and on internet portal [www.patria.cz](http://www.patria.cz), which must be published at least thirty days prior to it taking place. If the shareholder sets up for the benefit of the company right of lien for at least one share in the company as collateral for settlement of costs for sending notification on the General Meeting taking place, and if he asks for the notification on the General Meeting taking place to be sent to the address shown on the request, the company is obliged to send his notification costs to the address stated.

6. The invitation to the General Meeting must at least contain the name and head office of the company, along with the date, time and place where the General Meeting is to take place, indication of whether an ordinary, extraordinary or alternative General Meeting is being convened, agenda of the General Meeting, the deciding day for participation at the General Meeting and explanation of its importance, notification on rights of owner of shares relating to the participation of the shareholder at the General Meeting, description how to attend the General Meeting (also via representative) and how to perform a voting on it and other appurtenances determined by law.

7. The place, date and time of the General Meeting taking place must be determined in a way that they restrict the possibility of shareholders taking part in the General Meeting as little as possible.

8. The General Meeting can be cancelled or the date of it taking place can be changed to a later time. Cancellation of the General Meeting or a change in the date of it taking place must be announced in the manner determined in paragraph 5 of this Article. This must be done at the latest one week prior to the announced date of it taking place, otherwise the company is obliged to pay sensibly spent costs to shareholders who came along according to the prior announcement. The extraordinary General Meeting convened pursuant to provision of Article 14 paragraph 3 of these Articles of Association can be recalled or a date of its occurrence can be moved to later day only if such changes are requested by shareholder(s) within a meaning of Article 10 paragraph 14 letter a) of these Articles of Association. When setting a new date for the General Meeting to take place, the period according to paragraph 5, or possibly paragraph 3, of this Article, must be adhered to.

9. If the board of directors convenes the General Meeting, the convening and the proposed order of business must be notified to the supervisory board. The board of directors is obliged to supplement the program of business according to the requirements of the supervisory board, which must be submitted in such a way that the period for convening a General Meeting is adhered to according to paragraph 5 of this Article. In the case of convening a General Meeting by the supervisory board, the convening and the proposed order of business must be notified to the board of directors. The supervisory board is obliged to supplement the program of business according to the requirements of the board of directors, which must be submitted in such a way that the period for convening a General Meeting is adhered to according to paragraph 5 of this Article. Simultaneously with announcing the General Meeting is to take place, however at the latest within the period according to paragraph 5 of this Article, the convenor will submit to the other authority the same written materials for individual points for the order of business of the General Meeting proposed by it.

10. The General Meeting is organisationally secured by the board of directors. If the more than one half of the members of the board of directors is missing, then the General Meeting is organizationally secured by the body of the company that convened the General Meeting.

#### Article 15

#### **Dealings and decision-making of the General Meeting**

1. The General Meeting votes on its chairman, a registrar, two verifiers of the record, and persons authorised with the counting of votes, and approves the Code of Conduct, which the dealings of the General Meeting comply with. On a proposal by the board of directors, or of the supervisory board if the convenor of the General Meeting is the supervisory board, these officials are elected by voting implemented with the help of ballot papers. To be elected, they must have a majority of over half of the votes of present shareholders.

2. A member of the board of directors authorised by the board of directors commences the dealings of the General Meeting and runs the election of the chairman of the General Meeting. Alternatively, in the case of the supervisory board convening the General Meeting, then this is done by a supervisory board member authorised by the supervisory board; hereinafter the dealings of the General Meeting are run by its chairman.

3. The General Meeting is capable of constituting a quorum if shareholders are present who have shares with a nominal value representing more than half of the base capital of the company.

4. When assessing the capacity of the General Meeting to make a decision and during voting at the General Meeting shares or interim certificates that are not connected to the voting rights are not taken into consideration. The same applies if voting rights that they are connected with cannot be executed. The ban on performance of voting rights stated below in sections b) to f) relates to shareholders who deal with a shareholder who cannot exercise voting rights, in concordance. A shareholder cannot exercise voting rights

- a) Connected to an interim certificate, if he is delayed with payment of the issue price of unpaid shares or part thereof,
- b) If the General Meeting decides on his non-monetary deposit,
- c) If the General Meeting decides on the following:
  - Whether to him or to a person with whom he acts in concordance, there should be given an advantage or their fulfilment of obligation should be excused,
  - Whether he should be discharged from the function of member of the authority due to breach of obligation in performing his function,
- d) If he is in delay with a satisfaction of his take-over offer duty within a meaning of the Take-over Bid Act provided that he cannot exercise voting rights for a period of such delay; the voting right cannot be exercised also by a person cooperating with such shareholder,
- e) If he is in delay with a satisfaction of his notification duty concerning his share of the company voting rights,
- f) In other cases if so determined by law.

5. If the General Meeting after the expiry of one hour since the determined start of its dealings did not constitute a quorum, the board of directors is to convene an alternative General Meeting by new notification published within fifteen days of the day when the prior General Meeting was convened. This is to be done using the method determined in Article 14 paragraph 5 of these Articles of Association. The period stated there is to be shortened to fifteen days. An alternative General Meeting must take place at the latest within six weeks from the day when the previous General Meeting should have taken place. An alternative General Meeting must have an unchanged order of business and is capable of constituting a quorum without consideration to the number of shareholders present or the level of nominal value of their shares.”

6. The General Meeting can only decide on an actuality that was not stated in the announced order of business if all shareholders are present and unanimously agree with the discussion of such a matter.

7. The voting rights of shareholders conforms to the nominal value of their shares, whilst each CZK 100 (in words one hundred Czech crowns) of nominal value of the shares represents one vote.

8. The General Meeting decides by the majority of votes of present shareholders, unless the Commercial Code or another legal regulations requires a different majority.

9. A qualified majority of two thirds of votes of present shareholders is needed for the General Meeting to decide on the following:

- a) Changes to the Articles of Association, unless there is a change in the Articles of Association as a result of an increase in base capital by the board of directors or a change that occurred on the basis of other legal actualities,
- b) An increase in base capital or authorisation by the board of directors according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association, or on the possibility of counting monetary receivables towards the company against the debt for payment of issue price,
- c) A decrease in base capital,
- d) Issue of debentures according to Article 160 of the Commercial Code,
- e) Dissolution of company with liquidation and proposal of dividing the liquidation value,
- f) Confirmation of election of supervisory board members according to Article 381 paragraph 6 of the Commercial Code,
- g) Approval of agreement within a meaning of Article 12 paragraph 2 letter w) of these Articles of Association.

10. A qualified majority of three-quarters of votes of present shareholders is needed for a decision of the General Meeting to do the following:

- a) On exclusion or restriction of priority right to obtain exchangeable and priority debentures or subscription of new company shares for increasing base capital according to Article 204a of the Commercial Code,
- b) Increase base capital by non-monetary deposits,
- c) Approve a contract on control or approve a contract on transfer of profit, as well as changes to them,
- d) Mergers, divisions, and changes to the legal form of the company.

11. As well as a qualified, or possibly a simple majority of votes of present shareholders, a qualified majority of three-quarters of votes of present shareholders having the given shares for deciding at the General Meeting is also necessary for the following:

- a) On a change in type or form of shares,
- b) On a change in the rights connected with a certain type of shares,
- c) On elimination from trading on the Czech or foreign stock-exchange market.

12. The agreement of all shareholders whose shares are to be fused is required for the decision of the General Meeting to fuse shares.

13. A notarial record must be provided for decisions according to paragraphs 9 to 12 of this Article (with the exception of decisions according to paragraph 9 section f) of this Article), as well as for decisions on the transfer of assets to one shareholder.

14. Voting takes place by the chairman of the General Meeting giving notice firstly on the proposal of the convenor of the General Meeting. If this proposal is not accepted, counterproposals are voted on in the order in which they were presented. The result of voting is found out and announced by persons authorised with the counting of votes to the chairman of the General Meeting and the registrar.

15. Voting takes place using ballot papers, unless decided on otherwise by the General Meeting.

16. A record is made on the process of dealings of the General Meeting. This record contains the name and head office of the company, the place and time of the General Meeting taking place, the name of the chairman of the General Meeting, the registrar, verifiers of the record, and persons authorised with the counting of votes. It also contains a description of points being discussed, and the decision of the General Meeting with a statement of the results of voting. Along with this, it contains the content of objections by shareholders and members of the board of directors, or of the supervisory board relating to the decision of the General Meeting, if the person raising the objection asks for this. Added to the record are proposals and declarations, submitted at the General Meeting for discussion and a list of those present at the General Meeting. The record is to be signed by the registrar, by the chairman of the General Meeting and by verifiers of the record. The record from the dealings of the General Meeting must be drawn up within thirty days of the day of the General Meeting taking place. Appurtenances, method of drawing up and verifying the record, as well as the issue of copies of it, and archiving all comply with Articles 188 and 189 of the Commercial Code.

## **B. Board of directors**

### Article 16

#### **Standing and competence of the board of directors**

1. The board of directors is the statutory authority of the company, which runs the operations of the company and acts in its name.

2. The board of directors decides on all company matters, unless they are reserved by the Commercial Code or by these Articles of Association for the competence of the General Meeting or the supervisory board.

3. These Articles of Association, decisions of the General Meeting or of the supervisory board can restrict the right of the board of directors to act in the name of the company, however such restrictions do not apply towards third parties.

4. The board of directors is responsible particularly for the following:

- a) To ensure the business management of the company;
- b) To secure full administration of accounting and other company records;
- c) To convene a General Meeting;
- d) To secure the processing of and to submit to the supervisory board for examination and to the General Meeting for approval an ordinary, extraordinary, consolidated, or possibly also an interlocutory financial statement including a proposal on the division of profit or settlement of loss;
- e) To submit to the General Meeting once a year a report on the business activities of the company and on the state of its property;
- f) To perform resolutions of the General Meeting;
- g) To present matters that according to these Articles of Association are within the competence of the supervisory board to the supervisory board for discussion or for approval;
- h) To decide in accordance with Article 28 paragraph 7 of these Articles of Association and authorisation by the General Meeting on an increase in the company's base capital;
- i) To decide within the scope of rules approved by the General Meeting on drawing on funds of the company made up from profit, without prejudice to Article 27 of these Articles of Association;
- j) To grant and remove procuration;
- k) To administer a list of owners of interim certificates;
- l) To decide on refusing to give information requested by a shareholder at the General Meeting under conditions determined in Article 180 paragraph 4 of the Commercial Code;
- m) To name and discharge head employees of the company, without prejudice to Article 16 (4) n) of these Articles of Association;
- n) Taking into account an opinion issued by the supervisory board, to appoint and recall Chief Executive Officer of the Company.

5. The following acts are subject to the prior consent of the supervisory board:

- a) To encumber, alienate or lease the Company's assets if the accounting value of the respective assets under one contract or other interrelated contracts exceeds CZK 200.000.000;
- b) To issue debentures except for those to which the consent of the General Meeting is necessary for their issue;
- c) granting of a loan or other financial indebtedness by the company to the third party or a receipt of the loan or other financial indebtedness by the company from the third party, which exceed in each particular case the amount of CZK 300,000,000;

- d) To perform investments with financial expenses for one contract or other interrelated contracts exceeding CZK 300.000.000;
- e) To provide any indemnification, guarantee or other security for any third party obligations, except for any indemnification, guarantee or other security for any obligations of the subsidiaries of the Company not exceeding CZK 150.000.000;
- f) To decide on the sponsoring and donations exceeding CZK 1.000.000;
- g) To set up and dissolve a foreign branch;
- h) To conclude agreements establishing business companies and cooperatives, agreements creating interest groups, and on capital investment in business companies or cooperatives, on acquisition, encumbrance and alienation of participations in other business companies or cooperatives, without limitation to having their base office in the Czech republic;
- i) To exercise voting rights at general assemblies of directly controlled subsidiaries of the company, i.e. those in which company directly holds at least 50% of the share capital and which, based on the latest available ordinary unconsolidated or, if created, consolidated financial statements, achieved at least the turnover exceeding CZK 15.000.000, in respect of the following matters (the “directly controlled companies”):
  - deciding on election and appointment of statutory and controlling bodies or members of statutory and controlling bodies of directly controlled companies and recall of statutory and controlling bodies or members of statutory and controlling bodies of directly controlled companies; it does not apply in case of deciding on election or appointment of statutory and controlling bodies or members of statutory and controlling bodies of directly controlled companies and on recalling of statutory and controlling bodies or members of statutory and controlling bodies of directly controlled companies, where the company is a shareholder or a member with the shareholding interest exceeding 50% on the registered capital of such directly controlled company and where the company has entered with other shareholders or members of such directly controlled company into a shareholders’ or any other similar agreement provided that the proposal for election, appointment or recalling of statutory and controlling bodies or members of statutory and controlling bodies of such directly controlled company was submitted by other shareholder or member of such directly controlled company in accordance with the respective shareholders’ or any other similar agreement; in case of immediate need to recall the statutory body or a member of the statutory body of the directly controlled company, a standpoint of the Supervisory Board to the decision of the Board of Directors on such recalling may be provided consequently,
  - merger of the directly controlled company with another company and restructuring of the directly controlled company,
  - changes to the Articles of Association or memorandum of association of the directly controlled company,
  - distribution of the annual net profit acquired on the basis of ordinary unconsolidated financial statements of the directly controlled company;
  - winding-up of the directly controlled company,
  - sale of the business of the directly controlled company (or its part) to a third party and lease and/or pledge of the business of the directly controlled company (or its part) to a third party, and
  - change of the legal form of the directly controlled company;

- j) Determination of strategy and long-term business plan for the company, as well as, annual and medium-term business plans for the company, including resources and means for ensuring and mechanisms for controlling of their fulfillment;
- k) Approving and amending the rules of the Board of Directors;
- l) Documents submitted by the Board of Directors to the General Meeting;
- m) Proposals of the Board of Directors for increasing base capital by the Board of Directors according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association;
- n) Proposals of the manager agreements of the Chief Executive Officer or the members of the Board of Directors that are in the labor law relationship to the company including determination of their consensual salaries;
- o) Use of the contingency fund pursuant to Article 27 paragraph 5 of these Articles of Association.

6. When performing its activities, the board of directors complies with legal regulations, these Articles of Association and the Code of Conduct of the board of directors. The board of directors complies with the principles and instructions approved by the General Meeting as long as they are in accordance with legal regulations and these Articles of Association.

#### Article 17

#### **Composition, establishment and term of office of the board of directors**

1. The board of directors of the company has seven members who are voted for and discharged by the supervisory board.
2. The term of office of members of the board of directors is three years long. Members of the board may be re-elected.
3. Members of the board of directors can withdraw from their function as member of the board of directors; they are however obliged to notify the supervisory board of this in writing. The performance of their function ends on the day when the supervisory board discussed the withdrawal or should have discussed the withdrawal. The supervisory board is obliged to discuss withdrawal at the earliest meeting after it has found out about the withdrawal from function. If a member of the board who is withdrawing from the function notifies of his withdrawal at a meeting of the supervisory board, the performance of the function ends when two months have expired after such a notification. This occurs unless the supervisory board approves another moment of expiry of the function of the member of the board of directors who is withdrawing at his request.
4. If a member of the board of directors dies, withdraws from his function, is discharged or finishes his term of office in some other way, the supervisory board has to choose a new member of the board within three months of the day when the given actuality happened.
5. The board of directors votes from among its members for a chairman and two vice-chairmen of the board of directors, who represent, each individually, the chairman of the board of directors to a full extent in performing his competence.

## Article 18

### **Liability and ban on competition**

1. Members of the board of directors are obliged to perform their competence with due professional care and to maintain secrecy on confidential information and actualities, the exposure of which to third parties could cause harm to the company.
2. Members of the board of directors who caused damage to the company by breaching legal obligations when performing activities within the competence of the board of directors, are liable for such damage jointly and inseparably. Any contract between the company and a member of the board of directors or stipulation of the Articles of Association excluding or limiting the damage liability of a member of the board are not valid.
3. Everyone, who by their influence on the company deliberately forces a person who is a member of the board of directors to act in a way that damages the company or shareholders vouches for the fulfilment of obligation to compensate for damage that arose in connection with such action.
4. Members of the board of directors who are liable to the company for damage vouch for company liabilities jointly and inseparably if the liable member of the board of directors did not settle the damage and creditors cannot reach satisfaction of their receivable from company property due to its financial insolvency or for the reason that the company stopped payments. The extent of surety is limited by the extent of obligation of members of the board for damage compensation. Surety of a member of the board of directors expires as soon as he compensates for the damage caused.
5. Members of the board of directors are only liable for damage caused to the company by fulfilment of instructions of the General Meeting if the instruction from the General Meeting is in conflict with legal regulations.
6. Liability of members of the board of directors in special cases is determined by the Commercial Code and by other legal regulations.
7. A member of the board of directors must not
  - a) Operate in an identical or similar field of business of the company, or enter business relationships with the company,
  - b) Arrange or procure trades of the company for other persons,
  - c) Take part in the business of another company as a partner with unlimited liability or as a controlling person of another person with an identical or similar subject of business,
  - d) Perform the function as a statutory authority or member of a statutory authority or other authority of another corporate entity with an identical or similar subject of business, unless it regards a concern.
8. If a member of the board of directors breaches the stipulation in paragraph 7 of this Article, the company is authorised to require of this member to do the following:
  - a) Give up profit from a trade during which he breached the competition ban,

- b) Transfer the corresponding rights to the company,
- c) Compensate for damage.

9. The rights stated in paragraph 8 sections a) and b) of this Article expire if they are not enforced at the responsible member of the board of directors within three months from the day when the company found out about this actuality. This must be done at the latest after the expiry of one year from their origin; the right to damage compensation is not affected by this.

10. The member of the Board of Directors is obliged to ask the Supervisory Board for its prior consent to the performance of a position of statutory body or other body or a member of statutory body or other body of another entity. The member of the Board of Directors may consent to his appointment into the position of the statutory body or other body or a member of the statutory body or other body of another entity and may perform the position of the statutory body or other body or a member of the statutory body or other body of another entity only after he/she receives a prior consent of the Supervisory Board to the appointment to and the performance of the such position. For the avoidance of doubt, the provision of clause 7 letter d) of this article is not affected hereby. The member of the Board of Directors is obliged to abstain from voting on the matters in which is threatening or existing conflict of interest on his part and without undue delay inform on such conflict of interest other members of the Board of Directors of the company. The right of the member of the Board of Directors with respect of which is threatening or pending the conflict of interest to participate in the discussion on the matters within the meaning of the preceding sentence is not affected hereby.

#### Article 19

##### **Meeting and decision making of the board of directors**

1. The board of directors makes decisions at its meetings, unless these Articles of Association determines otherwise.
2. The board of directors meets at least once every two weeks.
3. The meetings of the Board of Directors shall be called via a written invitation by its Chairman, eventually by the Vice-chairman in case of the absence of the Chairman. If no Chairman and the Vice-chairman is elected or if neither the Chairman nor the Vice-chairman exercises or can exercise his/her office, the meetings are convened by the oldest member (from perspective of his/her age) of the Board of Directors. The written form of the invitation is preserved also in case of sending of such invitation by facsimile or e-mail.
4. As per request of any member of the Board of Directors or a written request of the Supervisory Board, the meeting of the Board of Directors must be convened at latest within two weeks from the delivery of such request provided that the meeting of the Board of Directors must take place at latest within three weeks from the date of delivery of such request; the request must be justified and must specify the proposed agenda of the meeting. The written form of the request is also preserved in case of sending of such request by facsimile or e-mail.

5. If all elected or appointed members of the Board of Directors so agree, the meeting of the Board of Directors may take place without a written invitation. The agreement on holding of the meeting of the Board of Directors without the written invitation and its agenda must be recorded in the minutes from the meeting of the Board of Directors. Article 19 (9) of these Articles of Association shall not be affected hereby.

6. The meetings of the Board of Directors shall be chaired by its Chairman, eventually in case of absence of the Chairman by the Vice-chairman or any other member of the Board of Directors authorized by the Chairman of the Board of Directors. If neither Chairman nor the Vice-chairman is elected or if neither the Chairman nor the Vice-chairman exercise or can exercise his/her office, the meetings of the Board of Directors shall be chaired by the oldest member of the Board of Directors (from perspective of his/her age) until the moment of election of the Chairman or the Vice-chairman of the Board of Directors or until the moment when the Chairman or the Vice-chairman commences or can commence the performance of his/her office.

7. The board of directors can invite members of the supervisory board, company employees or other persons to its meetings according to its wishes. Invitations for company employees are binding.

8. Members of the Board of Directors must attend the meetings personally, no proxy representation is allowed. On a request of the Supervisory Board, the meetings of the Board of Directors may be attended by a member or members of the Supervisory Board.

9. The Board of Directors has a quorum when the majority of all members of the Board of Directors are present at the meeting provided that Article 19 (12) is not affected hereby. Adoption of a decision of the Board of Directors shall require the majority of votes of all, and not only attending, members, unless the applicable law or the Articles of Association require a qualified majority of votes.

10. The meeting of the Board of Directors shall be recorded in the minutes, which shall be signed by the Chairman of the Board of Directors and the minutes-taker determined by the Board of Directors. The minutes of the meeting of the Board of Directors shall include, in particular, the course of the meeting, individual resolutions submitted for voting on the meeting, as well as, the results of the voting. The minutes of the meeting of the Board of Directors must also specify names of all individual members of the Board of Directors, who voted against individual resolutions of the Board of Directors or who abstained from voting on such individual resolutions of the Board of Directors. Unless proved otherwise, the non-specified members of the Board of Directors shall be deemed to have voted for adoption of the respective resolution.

11. If all elected or appointed members of the Board of Directors agree so, the meetings of the Board of Directors may take place via communication means, i.e., via videoconference or teleconference.

(a) A consent of the member of the Board of Directors to holding of the particular meeting of the Board of Directors via communication means may be provided any time before the holding of the respective meeting in writing, at latest, however, at the very beginning of the respective meeting in the oral form. The consent of the member of the Board of

Directors provided on the meeting of the Board of Directors shall be recorded in the minutes from the meeting. The consent of the member of the Board of Directors provided prior to the meeting in the written form shall be attached to the minutes from the meeting.

- (b) Members of the Board of Directors attending the meeting via communication means are deemed to be present at the meeting. In case of interruption of connection in the course of the meeting the respective member of the Board of Directors affected by such interruption shall be deemed to be non-present from the moment of interruption of connection until the moment of eventual re-connection to the meeting via communication means. The occurrence of the interruption of connection must be recorded in the minutes of the meeting.
- (c) The meetings of the Board of Directors held via communication means may be attended only by members of the Board of Directors and persons invited to such meeting of the Board of Directors. Persons attending the meeting of the Board of Directors via communication means must be mutually audible.
- (d) On the meeting of the Board of Directors held via communication means, any voting shall be performed in the way that the Chairman asks step by step all individual members of the Board of Directors on their voting on a particular resolution. At the meeting of the Board of Directors held via telecommunication means a secret voting on any of the proposed resolutions may not be performed. The meeting of the Board of Directors held via communication means must be recorded in the audio or video form, if technically possible.

12. The Board of Directors may adopt a decision outside the meeting through the written voting in the form of a written letter or a letter delivered via e-mail or facsimile (hereinafter the „per rollam voting“).

- (a) A decision outside the meeting via per rollam voting may be adopted in case that all elected or appointed members of the Board of Directors agree to such manner of voting at latest at the very beginning of the per rollam voting.
- (b) The members of the Board of Directors must be informed at latest at the very beginning of the per rollam voting on the wording of the proposed resolution, which shall be adopted by the per rollam voting, and on the manner of the per rollam voting.
- (c) Adoption of the resolution of the Board of Directors through the per rollam voting requires approval of the absolute majority of all members of the Board of Directors, unless the Articles of Association or applicable law require a qualified majority for adoption of such resolution.
- (d) The minutes on the per rollam voting must be attached to the minutes of the earliest following meeting of the Board of Directors of the company.

13. Costs connected with meetings and with other activities of the board of directors are borne by the company. Members of the board of directors are due compensation for costs connected with the performance of their functions.

14. Rules of conduct for the board of directors are determined in detail by the Code of Conduct of the board of directors.

### **C. Supervisory board**

#### Article 20

#### **Standing and competence of the supervisory board**

1. The supervisory board is the controlling authority of the company. It monitors the performance of competence of the board of directors, and the implementation of the company's business activities.

2. Members of the supervisory board are authorised to look at all documents and records relating to company activities. They check whether accounting records are administered correctly in accordance with the facts and whether the company's business activities are implemented in accordance with legal regulations, the Articles of Association and instructions of the General Meeting. The supervisory board has the right to ask for information from the company auditor for its controlling function, and to continuously work together with him.

3. The supervisory board is responsible for the following:

- a) During its monitoring functions to control the performance of competence of the board of directors, particularly the fulfilment of tasks assigned to the board of directors by the General Meeting, adherence to the company Articles of Association and to legal regulations regarding company activities, business activities of the company, the state of its property, its receivables and liabilities, and the administration and conclusiveness of accounting. It is also responsible for submitting to the General Meeting the results, conclusions and recommendations from monitoring;
- b) To examine ordinary, extraordinary, consolidated and also any possible interlocutory financial statements and any proposal on division of profit or settlement of loss, and to give the General Meeting a report on such examinations;
- c) To discuss all proposals by the board of directors submitted to the General Meeting, and to give any relevant statements regarding these matters to the General Meeting;
- d) To convene a General Meeting if it is in the interests of the company, and at the General Meeting to propose necessary measures;
- e) To ask the board of directors to supplement the program of the General Meeting;
- f) To elect and discharge members of the board of directors, to confirm the election of members of the board of directors according to Article 381 paragraph 6 of the Commercial Code;
- g) To represent the company by means of its determined member in disputes against members of the board of directors in court proceedings and proceedings involving other authorities;

- h) To set the scope, content and time for submission by the Board of Directors of the company their annual and long-term financial plans and plans of the strategic development of the company;
- i) To perform other activities within the competence that is entrusted to it by the Commercial Code and by these Articles of Association.

4. The supervisory board shall give its prior consent to the decisions of the board of directors according to Article 16 paragraph 5 of these Articles of Association.

5. Upon the request of the board of directors, the supervisory board shall provide the board of directors with its prior opinion in respect to the decisions according to Article 16 paragraph 4 letter n) of these Articles of Association. As per request of the member of the Board of Directors, the Supervisory Board grants its prior consent pursuant to Section 18 (10) of this Articles of Association.

6. Any member of the supervisory board is authorised to put forward a proposal for the election or discharge of members of the board of directors. Elections or discharging of members of the board of directors are carried out by secret voting at a meeting of the supervisory board; agreements to vote beyond a meeting are not allowed in such a case.

7. The supervisory board complies with the principles and instructions approved by the General Meeting, as long as they are in accordance with legal regulations and with these Articles of Association.

#### Article 21

#### **Composition, establishment and term of office of the supervisory board**

1. The supervisory board has nine members, who are elected and discharged by the General Meeting. If on the first day of the accounting period during which the General Meeting that elects members of the supervisory board takes place, the company has more than fifty employees in employment for a working period exceeding half of the weekly working period determined by special legislation, six members of the supervisory board out of nine are elected and discharged by the General Meeting, and three members of the supervisory board are elected by company employees.

2. Only employees who are employed by the company have the right to elect members of the supervisory board. Only physical persons who at the time of election are in the employment of the company or are representatives or members of employee representatives can be elected, according to special legislation. The election of supervisory board members elected by company employees is organised by the board of directors on the basis of an electoral code prepared and approved after discussion with company employees who fulfil the conditions in the first sentence of this paragraph.

3. The supervisory board members have a term of office of three years. Re-election as a supervisory board member is allowed.

4. Members of the supervisory board can withdraw from their functions as supervisory board members; however they are obliged to notify the supervisory board of this in writing. The performance of their function ends on the day when the supervisory board discussed the withdrawal or should have discussed the withdrawal. The supervisory board is obliged to discuss withdrawal at its earliest meeting after it found out about such a withdrawal from function. If a supervisory board member notifies of his withdrawal at a meeting of the supervisory board, the performance of his function ends with the expiry of two months after such a notification, unless the supervisory board approves another moment for expiry of his functioning at the request of the member of the supervisory board who is withdrawing from his function.

5. If the number of members of the supervisory board elected by the General Meeting has not dropped under a half, the supervisory board can name replacement members by the next meeting of the General Meeting; otherwise new members of the supervisory board must be elected within three months from the day when the existing members of the supervisory board ended the performance of their functions.

6. The supervisory board elects from among its members a chairman and two vice-chairmen, who represent, each individually, the chairman of the supervisory board to his full extent in the performance of his competence.

7. The member of the Supervisory Board is obliged to abstain from voting on the matters in case of which there is threatening of pending conflict of interest on his part and is obliged to notify on such conflict of interest the other members of the Supervisory Board of the company. The right of the member of the Supervisory Board in case of which there is threatening or pending conflict of interest to participate in discussion on the matters within the meaning of the preceding sentence is not affected hereby.

## Article 22

### **Meeting and decision making of the supervisory board**

1. The supervisory board makes decisions at its meetings, unless these Articles of Association specify otherwise.

2. The supervisory board meets when necessary, however, not less frequently than at least once every three months.

3. The meetings of the Supervisory Board shall be called via a written invitation by its Chairman, eventually by the Vice-chairman in case of the absence of the Chairman. If no Chairman and the Vice-chairman is elected or if neither the Chairman nor the Vice-chairman exercises or can exercise his/her office, the meetings are convened by the oldest member (from perspective of his/her age) of the Supervisory Board. The written form of the invitation is preserved also in case of sending of such invitation by facsimile or e-mail.

4. On a request of any member of the Supervisory Board or a written request of the Board of Directors the meeting of the Supervisory Board must be convened at latest within two weeks from the delivery of such request provided that the meeting of the Supervisory Board must take

place at latest within three weeks from the date of delivery of such request; the request must be justified and must specify the proposed agenda of the meeting. The written form of the request is also preserved in case of sending of such request by facsimile or e-mail.

5. If all elected or appointed members of the Supervisory Board so agree, the meeting of the Supervisory Board may take place without a written invitation. The agreement on holding the meeting of the Supervisory Board without the written invitation and its agenda must be recorded in the minutes from the meeting of the Supervisory Board. Article 22 (10) of these Articles of Association shall not be affected hereby.

6. Supervisory board meetings usually take place at the head office of the company, unless the supervisory board rules otherwise.

7. The meetings of the Supervisory Board shall be chaired by its Chairman, eventually in case of absence of the Chairman by the Vice-chairman or any other member of the Supervisory Board authorized by the Chairman of the Supervisory Board. If neither Chairman nor the Vice-chairman of the Supervisory Board is elected or if neither the Chairman nor the Vice-chairman exercises or can exercise his/her office, the meetings of the Supervisory Board shall be chaired by the oldest member of the Supervisory Board (from perspective of his/her age) until the moment of election of the Chairman or the Vice-chairman of the Supervisory Board or until the moment when the Chairman or the Vice-chairman commences or can commence the performance of his/her office.

8. The supervisory board can invite members of the board of directors, company employees or other persons to a meeting if it wishes to do so. For company employees such an invitation is binding.

9. Members of the Supervisory Board must attend the meetings personally, no proxy representation is allowed.

10. The Supervisory Board has a quorum when the majority of all members of the Supervisory Board are present at the meeting provided that Article 22 (13) is not affected hereby. Adoption of a decision of the Supervisory Board shall require the majority of votes of all, and not only attending, members of the Supervisory Board, unless the applicable law or the Articles of Association require a qualified majority of votes.

11. The meeting of the Supervisory Board shall be recorded in the minutes, which shall be signed by the Chairman of the Supervisory Board and the minutes-taker determined by the Supervisory Board, eventually by other members of the Supervisory Board if required by the Rules of procedure of the Supervisory Board. The minutes of the meeting of the Supervisory Board shall include, in particular, the course of the meeting, individual resolutions submitted for voting on the meeting, as well as, the results of the voting. The minutes of the meeting of the Supervisory Board must also specify a name of all individual members of the Supervisory Board, who voted against individual resolutions of the Supervisory Board or who abstained from voting on such individual resolutions of the Supervisory Board. Unless proved otherwise, non-specified members of the Supervisory Board in the minutes shall be deemed to have voted for adoption of the respective resolution.

12. If all elected or appointed members of the Supervisory Board agree so, the meetings of the Supervisory Board may take place via communication means, i.e., via videoconference or teleconference.

- (a) A consent of the member of the Supervisory Board to holding of the particular meeting of the Supervisory Board via communication means may be provided by such member any time before the holding of the respective meeting in writing, at latest, however, at the very beginning of the respective meeting in the oral form. The consent of the member of the Supervisory Board provided on the meeting of the Supervisory Board shall be recorded in the minutes from the meeting. The consent of the member of the Supervisory Board provided prior to the meeting in the written form shall be attached to the minutes from the meeting.
- (b) Members of the Supervisory Board attending the meeting via communication means are deemed to be present at the meeting. In case of interruption of connection in the course of the meeting, the respective member of the Supervisory Board affected by such interruption shall be deemed to be non-present from the moment of interruption of connection until the moment of eventual re-connection to the meeting via communication means. The occurrence of the interruption of connection must be recorded in the minutes from the meeting.
- (c) The meetings of the Supervisory Board held via communication means may be attended only by members of the Supervisory Board and persons invited to such meeting of the Supervisory Board. Persons attending the meeting of the Supervisory Board via communication means must be mutually audible.
- (d) On the meeting of the Supervisory Board held via communication means, any voting shall be performed in the way that the Chairman asks step by step all individual members of the Supervisory Board on their voting on a particular resolution. At the meeting of the Board of Directors held via telecommunication means a secret voting on any of the proposed resolutions may not be performed. The meeting of the Supervisory Board held via communication means must be recorded in the audio or video form, if technically possible.

13. The Supervisory Board may adopt a decision outside the meeting through the written voting in the form of a written letter or a letter delivered via e-mail or facsimile (hereinafter the „per rollam voting“).

- (a) A decision outside the meeting via per rollam voting may be adopted in case that all elected or appointed members of the Supervisory Board agree to such manner of voting at latest at the very beginning of the per rollam voting.
- (b) The members of the Supervisory Board must be informed at latest at the very beginning of the per rollam voting on the wording of the proposed resolution, which shall be adopted by the per rollam voting, and on the manner of the per rollam voting.

- (c) Adoption of the resolution of the Supervisory Board through the per rollam voting requires approval of the absolute majority of all members of the Supervisory Board, unless the Articles of Association or applicable law require a qualified majority for adoption of such resolution.
- (d) The minutes on the per rollam voting must be attached to the minutes of the earliest following meeting of the Supervisory Board of the company.

14. Costs connected with meetings and with other functions of the supervisory board are borne by the company. Members of the supervisory board are due compensation for costs connected with the performance of their function.

15. The rules of dealings and performance of control activities are determined in detail in the Code of Conduct of the supervisory board, which is approved by the supervisory board.

#### Article 23

#### **Supervisory board Committees**

Based on its decision, the supervisory board may create the committees of the supervisory board for the support of the strategic targets of the company via providing positions and recommendations to the supervisory board. The committees of the supervisory board shall be composed exclusively of the members of the supervisory board. In its decision on formation of the respective committee of the supervisory board, the supervisory board shall decide on its composition and powers while respecting the powers of other bodies of the company. The details regarding the meetings of the supervisory board committees and their powers shall be specified in the rules of procedure of committees of the supervisory board which shall be approved by the supervisory board.

#### Article 24

#### **Liability and competition ban**

1. Members of the supervisory board are obliged to perform their competence with due professional care and to maintain secrecy regarding confidential information and actualities, which if divulged to third parties could cause harm to the company.

2. If prior agreement from the supervisory board is needed for certain dealings of the board of directors, and if the supervisory board does not agree to such dealings or if the supervisory board uses its right to prohibit the board of directors from carrying out certain action in the name of the company, members of the supervisory board of the company are liable for damage in the cases and to the extent determined in Article 201 paragraph 4 of the Commercial Code.

3. Article 18 paragraph 2 relates to members of the supervisory board. Paragraphs 4 to 9 of these Articles of Association also relate similarly.

## **D. Audit Committee**

### Article 24a

#### **Position and powers of the Audit Committee**

1. The Audit Committee is a body of the company, which performs, without prejudice to the liability of members of the Board of Directors and the Supervisory Board of the company, the following particular activities:

- (a) monitoring of procedures for setting up of financial statements and consolidated financial statements,
- (b) evaluating of the effectiveness of the internal control of the company, the internal audit and the risk management system of the company, if applicable,
- (c) monitoring of procedures of obligatory auditing of financial statements and consolidated financial statements,
- (d) evaluating of independence of a statutory auditor and an auditor company and, in particular, additional services of the company,
- (e) recommending an auditor for auditing of financial statements of the company and consolidated financial statements of the company.

2. The auditor of the company shall keep the Audit Committee informed of important matters arising from obligatory audit through its reports, in particular, on material deficiencies in the internal control with regard to the procedure of preparation of financial statements or consolidated financial statements of the company.

3. The members of the Audit Committee shall be obligated to perform their activities with a due managerial care and keep confidential all information and matters whose disclosure to third parties might cause a damage to the company. The confidentiality duty shall survive even after the termination of the performance of the position of a member of the Audit Committee.

4. The members of the Audit Committee shall attend the General Meeting of the company and shall inform the General Meeting about results of its activities.

### Article 24b

#### **Number of members of the Audit Committee and the term of office**

1. The Audit Committee shall have 4 members, which are appointed and recalled by the General Meeting of the company from members of the Supervisory Board or third persons. Members of the Audit Committee shall not be members of the Board of Directors or proxies of the company. At least 1 member of the Audit Committee shall be independent of the company and shall have a practical experience in the duration of at least three years in the area of accounting and obligatory audit.

2. The Audit Committee elects from its members its chairman and vice-chairman, who represents the chairman of the Audit Committee with regard to performance of his powers.

3. The term of office of members of the Audit Committee shall be 3 years. Re-election as a member of the Audit Committee is permitted.

4. A member of the Audit Committee may resign from his position of the member of the Audit Committee. The resignation from the position of the member of the Audit Committee must be notified in writing to the Audit Committee. The performance of the position of the member of the Audit Committee shall terminate on a day, when the Audit Committee reviewed or should have reviewed such resignation from the position of the member of the Audit Committee. The Audit Committee shall be obligated to review the resignation at its closest meeting after learning of such resignation of the member of the Audit Committee. If the member of the Audit Committee notifies his resignation at the meeting of the Audit Committee, the performance of his position of the member of the Audit Committee shall terminate after expiration of two months following such notification, unless the Audit Committee shall approve, upon a request of the resigning member, another moment of the termination of his position of the member of the Audit Committee.

5. The Supervisory Board of the company may appoint substitute members of the Audit Committee until the next holding of the General Meeting of the company, if the number of members of the Audit Committee elected by the General Meeting did not fall below its half amount. For the avoidance of doubt, the position of a member of the Audit Committee independent of the company may be substituted only by a substitute member of the Audit Committee who is independent of the company.

6. The position of the member of the Audit Committee shall terminate by election of a new member of the Audit Committee at the General Meeting of the company, however, at latest by expiration of three month period from the termination of his term of office (with the exceptions of the termination of the office specified in article 24b (4) and (5) of these Articles of Association).

7. The member of the Audit Committee shall be obligated to refrain from voting on matters, with respect to which such member has or is likely to have a conflict of interest, and to inform without undue delay other members of the Audit Committee of such conflict of interest. The right of the member of the Audit Committee, who has or is likely to have a conflict of interest, to attend the hearing of the particular matter shall not be affected hereby.

#### Article 24c

#### **Meeting and deciding of the Audit Committee**

1. The Audit Committee shall adopt its decisions at its meetings. The Audit Committee shall meet, in principle, once per three months.

2. The meetings of the Audit Committee shall be governed by the Rules of procedure approved by the Audit Committee. The meetings of the Audit Committee shall be called via a written invitation by its Chairman, who shall chair the meeting. In case of the absence of the Chairman, the meetings shall be convened by the Vice-chairman and if no Chairman and the Vice-

chairman is elected or if neither the Chairman nor the Vice-chairman exercises or can exercise his/her office, the meetings are convened by the oldest member (from perspective of his/her age) of the Audit Committee until the moment of election of the Chairman or the Vice-chairman of the Audit Committee or until the moment when the Chairman or the Vice-chairman commences or can commence the performance of his/her office. The written form of the invitation is preserved also in case of sending of such invitation by facsimile or e-mail.

3. The meeting of the Audit Committee shall take place, in principle, at the registered office of the company, unless the Audit Committee decides otherwise. The Audit Committee may invite to its meeting also members of the Board of Directors, employees of the company or any other persons.

4. The Audit Committee adopts its decision by a majority of votes of all its members. The Audit Committee may validly adopt its decision, if the meeting is attended by majority of its members. Each member of the Audit Committee has one vote. In case of the equal votes the vote of the chairman shall prevail.

5. The Audit Committee may together with consent of all its appointed members decide that the meetings of the Audit Committee shall regularly take place via communication means, i.e., via videoconference or teleconference.

- (a) Members of the Audit Committee attending the meeting via communication means are deemed to be present at the meeting. In case of interruption of connection in the course of the meeting, the respective member of the Audit Committee affected by such interruption shall be deemed to be non-present from the moment of interruption of connection until the moment of eventual re-connection to the meeting via communication means. The occurrence of the interruption of connection must be recorded in the minutes from the meeting.
- (b) The meetings of the Audit Committee held via communication means may be attended only by members of the Audit Committee and persons invited to such meeting of the Audit Committee. Persons attending the meeting of the Audit Committee via communication means must be mutually audible.
- (c) On the meeting of the Audit Committee held via communication means, any voting shall be performed in the way that the Chairman asks step by step all individual members of the Audit Committee on their voting on a particular resolution. The meeting of the Audit Committee held via communication means must be recorded in the audio or video form, if technically possible.
- (d) Provision of article 24c (4) of these Articles of Association shall apply also in case of meetings of the Audit Committee via communication means.

6. The Audit Committee may adopt a decision outside the meeting through the written voting in the form of a written letter or a letter delivered via e-mail or facsimile (hereinafter the „per rollam voting“).

- (a) A decision outside the meeting via per rollam voting may be adopted in case that all appointed members of the Audit Committee agree to such manner of voting at latest at the very beginning of the per rollam voting.
- (b) The members of the Audit Committee must be informed at latest at the very beginning of the per rollam voting on the wording of the proposed resolution, which shall be adopted by the per rollam voting, and on the manner of the per rollam voting.
- (c) Adoption of the resolution of the Audit Committee through the per rollam voting requires approval of the absolute majority of all members of the Audit Committee.
- (d) The minutes on the per rollam voting must be attached to the minutes of the earliest following meeting of the Audit Committee of the company.

7. The costs connected with meetings and other activities of the Audit Committee shall be borne by the company.

8. A minutes of the meeting shall be taken on the course of the meeting of the Audit Committee and adopted resolutions, which shall be signed by the chairman of the Audit Committee. Each member of the Audit Committee is authorized to request a record of his standpoint in the minutes of the meeting

#### **IV. Company economics**

##### Article 25

##### **Financial statement**

1. The company administers accounting in a prescribed method and in accordance with legal regulations. The board of directors is responsible for the proper administration of accounting. The board of directors ensures verification of ordinary, extraordinary, consolidated, and any possible interlocutory financial statements by an auditor.

2. The company creates a framework of information specified by legal regulations, and provides details on its activities to authorities determined by these regulations.

3. If discussion and approval of a financial statement is in the order of business of a General Meeting, the board of directors will publicise the main details of the financial statement at least thirty days before the General Meeting is to take place. It will do so by the method stated in Article 14 paragraph 5 of these Articles of Association, stating the period in which and place where the financial statement is to be available for viewing by company shareholders. The company is obliged to publicise the details from the financial statement, as well as the annual statement in the way and to the extent determined by legal regulations.

4. The financial statement must be drawn up in a manner corresponding to legal regulations and principles of proper accounting in a way that it provides full information on the property and financial situation in which the company finds itself, and on the level of achieved profit or loss.

5. The company processes an annual statement to the extent determined by legal regulations, a part of which is an ordinary financial statement and a report on the business activities of the company, and the state of its property.

#### Article 26

#### **Division of profit, or possibly settlement of loss, and creation of funds**

1. After the obligatory amount of profit has been allocated into the contingency fund, profit can be used in accordance with the decision of the General Meeting. It can be used namely for division among shareholders, for an increase in base capital from the company's own resources, or for other (voluntary) allocations to the contingency fund. Other purposes that it can be used for are allocations into other funds of the company made up of profit, for determining the share of profit for members of the board of directors and of the supervisory board, and for determining the share of profit for company employees. It can also be used for other purposes permitted by law, and possibly for the settlement of loss or for transfer to the account of undivided profit. The previous sentences apply commensurately for decision of the General Meeting on the method of dividing undivided profit from the previous period.

2. The company obligatorily sets up and uses the contingency fund according to these Articles of Association.

3. The company can set up other effectual funds made up of profit whilst respecting valid regulations for setting them up and doing business with them, and whilst respecting the rules determined by the General Meeting.

4. Company loss originated during management can be covered in accordance with a decision by the General Meeting on using unallocated profit from earlier periods, from share premium, or from other capital funds. It can also be covered in accordance with a decision by the General Meeting on using other funds created out of profit, from the contingency fund, from a decrease in base capital, or possibly from settlement of loss as a result of future business activity.

#### Article 27

#### **Contingency fund**

1. The contingency fund was created when the company was established at a level of CZK 500,000 (in words five hundred thousand Czech crowns). This was done by a contribution from a single founder above issue price of shares, and is supplemented annually by five percent of net profit, to a maximum however of twenty percent of base capital (obligatory part of the contingency fund). The obligatory part of the contingency fund can only be used for the settlement of company losses.

2. The total amount of the contingency fund, including the obligatory part of the contingency fund, must not exceed one third of the company's base capital recorded in the business register on the first day of the given accounting period.
3. The part of the contingency fund that is not supplemented obligatorily according to Article 1 of this Article, can be supplemented in accordance with the decision of the General Meeting from the company's own resources. This can be done particularly by other allocations from profit determined to be divided, from the difference between the issue price and the nominal value of shares, and from other capital funds, as well as from undivided profit from previous periods.
4. The contingency fund can be supplemented by a decrease in base capital under conditions stated in Article 216a of the Commercial Code.
5. The board of directors decides on using the contingency fund. It does not include the obligatory part of the contingency fund on using which decides the General Meeting.
6. The share of the company's net profit can only be determined after supplementing the obligatory part of the contingency fund in accordance with these Articles of Association.
7. The company sets up further contingency funds in cases determined by law; the use of these funds is possible only for purposes determined there. The level of these contingency funds is not counted in the maximum amount according to paragraph 2 of this Article. When creating these contingency funds the company uses its own resources in the following order: undivided profit, funds from profit, and capital funds.

## Article 28

### **Increase in base capital**

1. The General Meeting decides on any increase in base capital of the company, with the exception of the case when the decision on an increase in base capital is according to paragraph 7 of this Article within the competence of the board of directors. The effects of an increase in base capital, as well as of a change in the Articles of Association as a result of a decision on increasing base capital, take place on the day that the increase in base capital is recorded in the business register.
2. In the notification on convening a General Meeting that is to decide on an increase in base capital, appurtenances contained in Article 14 paragraph 6 of these Articles of Association must be stated. Those appurtenances in Article 202 paragraph 2, or possibly paragraphs 3 and 4 of the Commercial Code, must also be stated.
3. If an increase in base capital of the company is to be carried out by the subscription of new shares, the General Meeting in accordance with Article 203 and Article 204 of the Commercial Code determines the method and conditions for their subscription, as well as payment. The subscription of new shares may not start before the resolution of the General Meeting on increasing base capital, in accordance with Article 203 paragraph 4 of the Commercial Code, is

recorded into the business register. This applies unless a proposal has been put forward on recording this resolution into the business register and the subscription of shares is tied to a subsequent condition, which is legal validity of deciding on refusal of a proposal to record the General Meeting's decision on an increase in base capital into the business register. The subscription of shares is ineffective if the proposal for recording the increase in base capital into the business register is refused. Article 204a of the Commercial Code applies for the enforcement of priority right for existing shareholders for subscription if new subscribed shares are paid off by monetary deposits.

4. When increasing base capital from the company's own resources, the General Meeting decides on the method of increase either by issuing new shares and their free division among shareholders according to the share of existing base capital of shares subscribed by them, or by increasing the nominal value of existing shares. The conditions and procedure for this method of increasing base capital are determined in Article 208 and Article 209 of the Commercial Code.

5. The General Meeting can decide on a conditional increase in base capital (Article 207 of the Commercial Code), along with a decision on issuing exchangeable or priority debentures according to Article 160 of the Commercial Code.

6. The General Meeting may decide on a combined increase in base capital under conditions determined in Article 209a of the Commercial Code.

7. The General Meeting can make a resolution to authorise the board of directors, under conditions determined by the Commercial Code and by these Articles of Association, to decide on increasing base capital by the subscription of new shares, which are to be paid off by monetary or non-monetary deposits, or from the company's own resources, with the exception of undivided profit, up to a level of one-third of the company's base capital at the time of the General Meeting deciding on authorisation of the board of directors. Base capital can be increased repeatedly by decision of the board of directors. The board of directors is authorised to decide on an increase in base capital by subscription of shares if the issue price of shares is paid off by non-monetary deposit implemented on the basis of a decision on privatisation according to Act No. 92/1991 Coll., on conditions of transfer of government property to other persons, as amended, and in other cases under the conditions that the resolution of the General Meeting on authorising the board of directors determines the method of increasing base capital, the type of deposit that can be used to pay off the issue price of shares, if the board of directors is authorised with an increase in base capital by share subscription, and the maximum extent of increase in base capital for the given method of increase. If the board of directors is authorised to decide on an increase in base capital by non-monetary deposits, the authorisation on increasing base capital must also contain a determination on which company authority decides on the valuation of the non-monetary deposit on the basis of an expert judgement. Proposals on deciding to increase base capital must be discussed with the supervisory board of the company, and the General Meeting must be informed of the adopted decision at its earliest meeting.

Article 29  
**Decrease in base capital**

1. The General Meeting decides on any decrease in the company's base capital. The effects of decreasing base capital, as well as a change to the Articles of Association as a result of a decision to decrease base capital and the decrease in base capital occur on the day when the decrease in base capital is recorded into the business register.
2. In the notification on convening a General Meeting that is to decide on a decrease in base capital, the appurtenances contained in Article 14 paragraph 6 of these Articles of Association must be stated, as well as the same appurtenances stated in Article 211 paragraph 1 of the Commercial Code.
3. Any decrease in base capital must not worsen the recoverability of creditor receivables. The right of creditors during a decrease in base capital are determined by Article 215, Article 216, and Article 216a paragraph 4 of the Commercial Code.
4. The board of directors is obliged within thirty days of acceptance of the resolution of the General Meeting on a decrease in base capital to present a proposal on recording this resolution into the business register.
5. The General Meeting decides on the procedure and method of decreasing base capital in accordance with Article 213 and subsequent of the Commercial Code.

Article 30  
**Dissolution and end of company**

1. Decisions on dissolution of the company with liquidation or on merger, transfer of assets to one shareholder or on its division are within the competence of the General Meeting.
2. When dissolving the company with liquidation, the General Meeting will decide on the proposal by the liquidator on division of the liquidation value. The liquidation value meanwhile will be divided amongst shareholders in proportions corresponding to the nominal value of their shares.
3. The General Meeting can cancel its decision on dissolving the company and putting it into liquidation until the time when the liquidation value starts to be divided. On the day of this decision coming into effect the function of the liquidator finishes, and the liquidator is obliged to hand over all records on the process of liquidation to the board of directors of the company.
4. The company becomes dissolved on the day that it is deleted from the business register.

## **V. Final stipulations**

### **Article 31 Notification**

1. The duty to publish facts specified by applicable is satisfied by their publication via internet pages of the Company. If the respective legal regulation or this Articles of Association set a duty to publish facts specified by legal regulation or this Articles of Association in the Business Gazette or via other means determined by applicable law or the Articles of Association, such facts will be published in the Business Gazette and via other means determined by applicable law or the Articles of Association..
2. Documents determined for shareholders having interim certificates are sent by the company to their addresses stated in the register of interim certificate owners. These shareholders are obliged to without delay notify the company of all changes to details contained in this register.
3. Documents determined for other persons are sent to their addresses indicated to the company.

### **Article 32 Procedure for changing the Articles of Association**

1. The General Meeting decides on changes to the Articles of Association, unless this concerns any change to the Articles of Association as a result of an increase in base capital by the board of directors according to Article 210 of the Commercial Code and Article 28 paragraph 7 of these Articles of Association. The same applies if this concerns a change that occurred on the basis of other legal actualities.
2. If a change in the company Articles of Association is on the order of business of the General Meeting, the announcement on the General Meeting taking place must at least characterise the essence of the proposed changes. Also, the proposal of changes to the Articles of Association must be available for shareholders to view at the head office of the company within a period seth forth for convening of the general Meeting. The shareholder also has the right to request to be sent a copy of the proposed Articles of Association at his own expense and risk; shareholders must be warned of these rights in the notification on the General Meeting taking place.
3. If a shareholder intends to enforce a counterproposal to a proposal for changes to the Articles of Association at a General Meeting, he is obliged to deliver the written wording of his proposal or counterproposal to the company. He must do so at least five working days prior to the day when the General Meeting is to take place. The board of directors is obliged to publicise his counterproposal with its standpoint, if possible, at least three days prior to the announcement of the date when the General Meeting is to take place.
4. A notarial record must be made on the decision to change the Articles of Association, and the approved text of the change to the Articles of Association is part of such a notarial record.

5. If the General Meeting accepts a decision that results in a change in the content of the Articles of Association, such a decision replaces the decision on a change to the Articles of Association. If it does not arise from the decision of the General Meeting whether, or possibly in what manner the Articles of Association is changed, the board of directors decides on a change in the Articles of Association in accordance with the decision of the General Meeting.

6. If a change occurs in the content of the Articles of Association on the basis of whatever legal actuality, the board of directors is obliged to draw up a full wording of the Articles of Association without unnecessary delay after any member of the board of directors finds out about such a change.

### Article 33

#### **Amendment to Articles of Association**

1. Changes to the Articles of Association become legitimate and come into effect at the instant when the General Meeting decides on them, unless it arises from the decision of the General Meeting on a change to the Articles of Association or from the law that the changes are to come into effect later.

2. These Articles of Association were adopted on 27.12.1994 and are valid in the wording of amendments approved by the General Meeting on 20.12.1995, 27.6.1996, 24.3.1997, 27.3.1997, 15.7.1997, 29.5.1998, 29.1.1999, 19.8.1999, 29.6.2001, 17.1.2003, 13.4.2006, 26.6.2008, 10.12.2009, 18.6.2010 and 30.6.2011.

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Piotr Chelminski  
Chairman of the Board of Directors

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Mariusz Kędra  
Member of the Board of Directors