



# NOTICE OF GENERAL MEETING

The Board of Directors of ČEZ, a. s., a joint-stock company with its registered office at Praha 4, Duhová 2/1444, postcode 140 53, company ID: 45274649, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 1581, hereby **convenes an Annual Ordinary General Meeting, which will be held on June 29, 2020, from 10:00 a.m. at the Prague Congress Center, 5. května street no. 65, Prague 4.**

## Introductory information on the effects of the COVID-19 epidemic:

At the time of publication of this notice, it is not possible to predict with certainty which specific measures of public administration related to the COVID-19 epidemic and its development will be effective on the planned date of the General Meeting. However, in view of the current state of relevant measures of public authorities and also taking into account the development of the situation in connection with the COVID-19 epidemic, the Board of Directors has prepared some measures related to the General Meeting, which are described below in this notice. These measures are considered by the Board of Directors to be minimal, taking into account the current experience with the COVID-19 epidemic and the interests of shareholders, while their essence lies in the effort to make the General Meeting as efficient and fast as possible and thus reduce the presence of the participants at the venue to the necessary time. The Company's Board of Directors also closely monitors the situation and, in order to ensure the safety of shareholders and all persons ensuring the General Meeting, will, during the organization of the General Meeting, follow the instructions, recommendations and restrictions issued by the relevant public authorities, which will be effective at the time. **Current information and instructions for shareholders related to the General Meeting will therefore be continuously published on the Company's website [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section.**

## **Agenda of the Annual General Meeting:**

1. Board of Directors Report on the Company's Business Operations and Assets for 2019, Summary Report pursuant to Section 118(9) of the Capital Market Undertakings Act and Conclusions of the Related Parties Report for 2019
2. Supervisory Board Report
3. Audit Committee Report on the Results of Its Activities
4. Approval of the Financial Statements of ČEZ, a. s. and Consolidated Financial Statements of CEZ Group for 2019
5. Decision on the Distribution of Profit of ČEZ, a. s.
6. Decision on the Appointment of an Auditor to Perform the Statutory Audit for the Accounting Period of the Calendar Year of 2020
7. Decision on Donations Budget
8. Decision to Amend the Company's Articles of Association
9. Approval of the Transfer of a Part of the Mělník Power Plant as a Contribution to the Registered Capital of Energotrans, a.s.
10. Approval of the Remuneration Policy of ČEZ, a. s.
11. Information on the Preparation of a New Nuclear Plant at Dukovany
12. Removal and Election of Supervisory Board Members
13. Removal and Election of Audit Committee Members

## Record Date for Attendance at the General Meeting and Explanation of Its Significance

The record date for attending the General Meeting is June 22, 2020 (the “Record Date”). The significance of the Record Date is that the right to attend the General Meeting and to exercise the rights of a shareholder, including voting, is vested in each person recorded as a shareholder in the statutory register of investment instruments (Central Securities Depository) on the Record Date, unless it is proven that the record does not correspond to facts as of the Record Date. The extract from the register is to be obtained by the Company.

## Attendance at the General Meeting

### 1. Registration and Representation of Shareholders at the General Meeting

Registration of the shareholders will start at the General Meeting’s venue at 8:30 a.m. on the day the General Meeting is held. Shareholders attend a General Meeting in person or by proxy. Personal data of individuals that may attend the General Meeting as shareholders or their proxies will be processed in connection with the General Meeting; details are provided on the Company’s website at [www.cez.cz](http://www.cez.cz) under the “Investors” link, in the subsection concerning the 2020 General Meeting in the “General Meetings” section.

A power of attorney must be in writing and must indicate whether it was granted for representation at one or several General Meetings. A shareholder may grant a power of attorney by completing a form that the Company will make available in hard copy at the Company’s registered office and in electronic form on the Company’s website from May 28, 2020. For more details, refer to Section 2.e of this Notice.

A shareholder may also notify the Company of the granting or revocation of a power of attorney electronically at [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz). Such a notification must be signed with an advanced electronic signature based on a qualified certificate for electronic signature or a qualified electronic signature pursuant to Act No. 297/2016 Coll., on trust services for electronic transactions, as amended. Shareholders may also send a notification according to the first sentence of this paragraph to the Company’s data box at: [yqkcds6](mailto:yqkcds6). A notification of the granting of a power of attorney must also contain, in particular: the name, date of birth and address of residence of the principal and the attorney, if they are individuals; the business name, identification number, and registered office of the principal and the attorney, if they are legal entities; whether the power of attorney is granted to the proxy for representation at the Company’s Annual Ordinary General Meeting held on June 29, 2020, or at several General Meetings; whether the attorney may grant a substitute power of attorney and the date of granting the power of attorney. A notification of the revocation of a power of attorney must contain, in addition to the identification of the principal and the attorney as above, a detailed specification of the revoked power of attorney (in particular, a sufficiently specific description of the scope of authorization granted and the granting date of the power of attorney) and the effective date of the revocation of the power of attorney. If a notification of the granting or revocation of a power of attorney does not allow the Company to assess the compliance of the power of attorney or its revocation with legal requirements or unambiguous identification of the signatory (in particular, if it is not signed with an advanced electronic signature based on a qualified certificate for electronic signature or a qualified electronic signature pursuant to Act No. 297/2016 Coll., on trust services for electronic transactions, as amended, in e-mail communication), the Company is entitled, but not obliged, to request additional information to prove the shareholder’s representation or its revocation. If a shareholder’s notification of the granting of a power of attorney to represent the shareholder at the General Meeting meets all specified requirements, the Company will not request that the power of attorney be handed over during shareholder registration.

A shareholder may also be represented at the General Meeting or for the exercise of other rights attached to shares by a person registered in a register of investment instruments or a register of book-entry securities as an administrator and/or as a person authorized to exercise rights attached to a share. The authority of such an administrator or person to represent the shareholder at the General Meeting is evidenced by an extract from such statutory register, which is to be obtained by the Company. This is without prejudice to the obligations of a shareholder, proxy, or attorney during registration at the General Meeting pursuant to the following paragraph.

If an attorney or an administrator represents more than three shareholders under powers of attorney at the General Meeting, we recommend contacting the Company at [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz) sufficiently in advance regarding the specification of a procedure for presenting such powers of attorney to the Company and the specification of the number of ballot sets that will be required by the attorney (with respect to possibly

different instructions for voting by the shareholders represented by them) in order to ensure seamless shareholder registration on the date of the General Meeting.

A shareholder, who is an individual, proves his/her identity on registration by presenting his/her identity card. A member of the statutory body of a shareholder that is a legal entity proves his/her identity on registration by presenting his/her identity card and submits an original or an authenticated copy of an extract from the commercial register or other document certifying the existence of the legal entity and the manner in which the statutory body acts on behalf of the legal entity. In addition, a shareholder's attorney (other than an administrator and/or person authorized to exercise rights attached to a share registered in a register of investment instruments or a register of book-entry securities) is required to submit a written power of attorney with an officially certified signature of the principal unless the Company was duly notified of the authorization in advance in electronic form in accordance with the rules indicated above. A proxy whose right to represent a shareholder is based on a fact other than authorization is required to present documents attesting such right.

Documents authenticated by foreign authorities by virtue of which a shareholder or their representative proves their identity are to be superlegalized or provided with a stamp of apostille (certification), unless an agreement on legal assistance exists between the Czech Republic and the country where the document was authenticated. If the aforementioned documents or authentication certificates are executed in a foreign language, they must also bear a certified translation into Czech.

## **2. Rights of Shareholders Associated with Attendance at the General Meeting and the Manner of Exercising Such Rights**

Shareholders may exercise their rights at the General Meeting, that is to vote, request and receive (at the Meeting, before the Meeting and after the Meeting, if statutory conditions are met) explanations about matters relating to the Company or entities controlled by the Company if such an explanation is necessary for assessing the matters on the General Meeting agenda or for exercising shareholder rights at the General Meeting, and submit proposals and counterproposals under the conditions imposed by the law or the Articles of Association, unless the impossibility of the shareholder's submission of proposal or counterproposal arises from the nature of the matter in question, and to file protests. Shareholders may exercise such rights in person or by proxy. Shareholders bear their own expenses for attending and participating in the General Meeting.

After careful consideration of the currently positive development of the situation associated with the COVID-19 epidemic, the Board of Directors stated that holding an on-site General Meeting is possible under the given situation and under certain conditions. However, although the current conditions allow the General Meeting to take place, some measures need to be taken which are in the interests of the health and safety of both shareholders and all persons ensuring the General Meeting and which will of course lead to some differences from General Meetings held in the past years. The common objective of these changes should also be to streamline the course of the General Meeting.

Thus, it is primarily a response to the ongoing COVID-19 epidemic, as the Company's Board of Directors assumes that it is still desirable to strive to keep the stay of a larger amount of people in one place as short as possible and subject to pre-set rules. However, the Board of Directors also responds to the experience of several previous General Meetings, the proceedings of which were significantly longer than expected, and to complaints from some shareholders who, as a result of this circumstance, were unable to exercise their rights in a reasonably foreseeable time. Although some of these measures may place increased demands on individual participants (including the Company itself), their introduction will not limit the scope and possibility of exercising shareholder rights at the General Meeting.

The measures are as follows:

- health and hygiene measures in the form and scope according to the current situation and currently valid recommendations or measures taken by public authorities (e.g. distance between shareholders, masks, disinfectants – masks and disinfectants will be provided by the Company on site in a sufficient number);
- the estimated time of the General Meeting is determined at 10 hours from the beginning of the General Meeting, whereas this does not include the time when (i) the Board of Directors (or another elected body)

submits (presents) proposals for the adoption of resolutions of the General Meeting, including their rationale, or reports or other communications addressed to the General Meeting, (ii) a break is announced in order to prepare responses to requests for explanations, and (iii) the General Meeting's proceedings are suspended due to a fact preventing its continuation;

- if during the General Meeting it becomes clear that it is not possible to discuss all matters included on the agenda of the General Meeting without significantly exceeding the expected time of the meeting according to the previous paragraph, the Board of Directors shall submit to the General Meeting a proposal for procedural voting by which the General Meeting will be able to decide to suspend the General Meeting and postpone unresolved matters to the nearest possible date (with the determination of the day and time when the General Meeting continues) with the preference to continue the following day;
- the Company invites shareholders, or shareholders' proxies, as the case may be, to deliver their requests for explanation or proposals and counterproposals, in accordance with the provisions of Article 13 (3) of the Articles of Association in writing, either on the day and place of the General Meeting through the information center or especially in case of large requests (see next paragraph) in advance, following the procedure described below;
- the Company invites shareholders, or their proxies, as the case may be, to deliver any large requests for explanations (in excess of 10 requests for explanations or clearly exceeding 4 standard pages of text), whether submitted by shareholders individually or by a proxy of several shareholders, to the Company at least two working days before the General Meeting, by one of the following means:  
(i) via the Company's data box, (ii) via e-mail to [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz), (iii) in person to the registry at the Company's registered office at Praha 4, Duhová 2/1444, postcode 140 53 or (iv) via postal or other delivery services to the same address;
- shareholders may submit requests for explanations, proposals and counterproposals or protests also in the form of a verbal statement at the General Meeting, in which case they are obligated to formulate their speech in such a way that it is concise and comprehensible; verbal statements of the shareholders will be limited to five minutes in accordance with Article 13 (3) of the Articles of Association, in particular, shareholders will not be allowed to read written requests for explanations during the verbal statements, whereas such written requests must be submitted as referred to in the previous paragraphs;
- the Company notifies shareholders that given the current situation the verbal presentations of reports and proposals submitted by the Company's bodies may be reduced, e.g. limited to brief summaries and texts of drafts of approved resolutions; the Company therefore invites shareholders to acquaint themselves in advance with all documents and proposals published by the Company under this notice, its annexes or on the Company's website;
- the Board of Directors points out that in justified cases the members of the individual bodies of the Company may participate at the General Meeting via technical means – videoconferencing, etc.

The Company will provide the shareholder with an explanation unless no response need to be given under the law. Explanations may be provided as a summary response to multiple questions with similar contents. The Company will provide to the shareholder explanation on matters relating to the current General Meeting directly at that General Meeting. If that is not possible due to the complexity of the explanation, the Company will provide the explanation to the shareholder within 15 days following the date of the General Meeting.

#### **a. Number of Shares and Voting Rights**

The Company's registered capital is CZK 53,798,975,900 (in words: fifty-three billion seven hundred ninety-eight million nine hundred seventy-five thousand nine hundred Czech crowns) and is divided into 537,989,759 shares (in words: five hundred thirty-seven million nine hundred eighty-nine thousand seven hundred fifty-nine shares), each with a nominal value of CZK 100 (in words: one hundred Czech crowns). One vote is attached to each Company share with a nominal value of CZK 100; the total number of votes attached to Company shares thus amounts to 537,989,759 (in words: five hundred thirty-seven million nine hundred eighty-nine thousand seven hundred fifty-nine). All the shares of the Company are issued as book-entry bearer securities and have been admitted to trading on a European regulated market. Shareholders are not required to exercise the voting rights attached to all their shares in the same manner.

## **b. Attendance and Voting at the General Meeting**

Attending shareholders are registered in an attendance list, specifying the business name or the name and the registered office of the legal entity or the name and the place of residence of the individual that is a shareholder, and/or a proxy of the same, the number and nominal value of shares entitling the shareholder to vote or, as the case may be, information that such a share does not entitle its holder to vote.

Voting at the General Meeting takes place after the General Meeting has been informed of all shareholder proposals and counterproposals duly and timely submitted for the item on the General Meeting agenda that is to be voted on; firstly, the Board of Directors' proposal is voted on; secondly, the Supervisory Board's proposal is voted on; thirdly, proposals and counterproposals submitted by shareholders are voted on in the order of submission. Once a submitted proposal is approved, no other proposals or counterproposals contradicting the approved proposal are voted on. Debate and/or voting on other matters proceed in compliance with the Articles of Association and the Business Corporations Act.

Voting is executed by ballot according to instructions given by the chairperson of the General Meeting. In their ballot, each shareholder makes their choice for a proposed resolution that is voted on by crossing through "FOR" or "AGAINST" and signing the ballot. If a shareholder wishes to abstain from voting, they do not submit their ballot. Unsigned ballots are invalid. Ballots that do not allow identifying the shareholder's will are also invalid. If a shareholder submits an invalid ballot or a ballot other than the one that should have been used for voting on the given item, the shareholder is deemed to abstain from voting.

The General Meeting decides by a simple majority of votes of attending shareholders, unless the law or the Company's Articles of Association require a different majority.

## **c. Right to Submit Proposals and Counterproposals**

A shareholder may submit proposals and counterproposals on matters included in the General Meeting agenda, unless the impossibility to submit a proposal or counterproposal by the shareholder arises from the nature of the matter in question. If a shareholder wishes to submit a proposal or counterproposal to the matters on the General Meeting agenda, such proposal or counterproposal must be delivered to the Company in writing no later than 10 days before the General Meeting is held (i.e. no later than on Friday, June 19, 2020 by one of the following means: (i) via the Company's data box, (ii) via e-mail to [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz), (iii) in person to the registry at the Company's registered office at Praha 4, Duhová 2/1444, postcode 140 53, whereas on the last day of the period for delivery the registry will accept such filings until 3:00 p.m., or (iv) by mail or other delivery services to the same address); this does not apply to proposals to elect or remove particular individuals to/from the Company's governance bodies. The Board of Directors will, in the manner prescribed for convening the General Meeting, communicate the text of the shareholder's counterproposal to the shareholders, together with its position, in compliance with the law and the Articles of Association. The foregoing does not apply if the communication were to take place less than 2 days before the General Meeting is held or if the expenses incurred were in gross disproportion to the significance and content of the counterproposal or if the text of the counterproposal contains more than 100 words. If the counterproposal contains more than 100 words, the Board of Directors will communicate the substance of the counterproposal together with its position to shareholders and publish the counterproposal on the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section.

## **d. Right to Request That a Particular Matter Be Included in the General Meeting Agenda**

If so requested by a Company shareholder or shareholders holding shares whose total nominal value is at least 1% of the Company's registered capital, the Board of Directors will include a matter requested by them in the General Meeting agenda provided that each such matter is supplied with a draft resolution or a rationale for inclusion. If such a request is delivered after the notice of the General Meeting is published, the law requires that the Board of Directors publishes the addition to the agenda no later than 5 days prior to the Record Date for attendance at the General Meeting in the manner that the law and the Articles of Association prescribe for convening a General Meeting.

The Board of Directors may comply with its publication obligation no later than on Wednesday, June 17, 2020. Therefore, a request to include a particular matter in the General Meeting agenda must be delivered to the Company in sufficient time to allow review by the Board of Directors as well as publication of the addition

to the General Meeting agenda in the Commercial Bulletin, pursuant to the last sentence of Article 9(4) of the Company's Articles of Association. Pursuant to the terms and conditions of the Commercial Bulletin, the Company must place an order for any text to be published at least two business days before the date of publication, i.e. in this case no later than June 15, 2020. Consequently, a request to include a particular matter in the General Meeting agenda must be delivered to the Company in sufficient time before June 15, 2020, depending on its contents, nature, and complexity, to allow adequate review by the Board of Directors. The Board of Directors is obliged to review any proposed matter, in particular, to make sure that the proposed matter, in respect of its contents, is in compliance with the law and that the General Meeting has the powers to decide on the proposed matter.

#### **e. Manner and Place for Obtaining Documents**

From no later than May 28, 2020, to the date of the General Meeting (inclusive), shareholders may:

- Inspect free of charge the annual financial statements of ČEZ, a. s., consolidated financial statements of CEZ Group for 2019, the Related Parties Report for 2019, the proposed amendment of the Company's Articles of Association, and other documents relating to the General Meeting agenda, unless the law implies otherwise, the General Meeting draft resolutions, including shareholders' relevant proposals and counterproposals, the rationales thereof, or, as the case may be, comments of the Board of Directors on individual items on the agenda, in the Company's registered office at Duhová 2/1444, Praha 4, postcode 140 53, as well as in the Company building at Duhová 1/425, Praha 4, postcode 140 00, on business days from 8:00 a.m. to 4:00 p.m.;
- Obtain a printed form of a power of attorney to represent a shareholder at the General Meeting in the Company's registered office at Duhová 2/1444, Praha 4, postcode 140 53, as well as in the Company building at Duhová 1/425, Praha 4, postcode 140 00, on business days from 8:00 a.m. to 4:00 p.m., or, as the case may be, request in person at the addresses given above or in writing at the Company's registered office that a printed copy of the form be sent to them at their own expense and at their own risk;
- Download the following documents in electronic form from the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section:
  - Form of a power of attorney, or have the form sent electronically at the e-mail address: [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz);
  - Documents regarding the General Meeting agenda, unless the law implies otherwise, including the full version of the annual financial statements of ČEZ, a. s., and consolidated financial statements of CEZ Group for 2019, the Related Parties Report for 2019 and the proposed amendment of the Company's Articles of Association;
  - General Meeting draft resolutions, including shareholders' relevant proposals and counterproposals, the rationales for the General Meeting draft resolutions, or, as the case may be, comments of the Board of Directors on individual items on the General Meeting agenda;
- Familiarize themselves with the notice of the Annual General Meeting in the Company's registered office at Duhová 2/1444, Praha 4, postcode 140 53, or in the Company building at Duhová 1/425, Praha 4, postcode 140 00, on business days from 8:00 a.m. to 4:00 p.m., as well as on the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section, in the Commercial Bulletin, and/or in other sources of information.

The e-mail address [valna.hromada@cez.cz](mailto:valna.hromada@cez.cz) is reserved solely for the purposes listed herein.

Information for shareholders will also be provided at the General Meeting venue's the date of the General Meeting as follows:

- Documents regarding the General Meeting agenda, unless the law implies otherwise, including the CEZ Group 2019 Annual Report (the "Annual Report") and the Company's Articles of Association will be available in electronic form via several PC stations;
- The Annual Report and the Company's Articles of Association will also be available for review in a printed form and in a limited number of pieces in the information center of the General Meeting;

- Procedural information related to the course of the General Meeting will be provided to shareholders through the information center.

The Company has complied with its publication obligation in relation to the documents regarding the General Meeting agenda, in particular, electronically via the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section (see also the third bullet above of this Section). The Company advises the shareholders that they arrange in advance access to such published documents for the duration of the General Meeting, if they consider it necessary for the exercise of their shareholder rights, by own print or, as the case may be, on their own electronic equipment (tablets, mobile phones, laptops, etc.).

## **General Meeting draft resolutions and the rationales thereof or comments of the Board of Directors on the individual items on the General Meeting agenda:**

### **Item 1: Board of Directors Report on the Company's Business Operations and Assets for 2019, Summary Report pursuant to Section 118(9) of the Capital Market Undertakings Act and Conclusions of the Related Parties Report for 2019**

#### **Board of Directors' comment:**

The Board of Directors Report on the Company's Business Operations and Assets for 2019, the Summary Report pursuant to Section 118(9) of the Capital Market Undertakings Act, and Conclusions of the Related Parties Report are presented to the General Meeting in compliance with the law and the Company's Articles of Association. This agenda item is not voted on.

### **Item 2: Supervisory Board Report**

#### **Board of Directors' comment:**

The Supervisory Board Report is presented to the General Meeting in compliance with the law and the Company's Articles of Association. The Supervisory Board Report includes comments on the Company's annual financial statements and consolidated financial statements and on the proposal for the distribution of the Company's profit pursuant to Section 447(3) of the Business Corporations Act and Article 18(5)(c) of the Company's Articles of Association and on the Related Parties Report pursuant to Section 83(1) of the Business Corporations Act and Article 18(5)(c) of the Company's Articles of Association. This agenda item is not voted on.

### **Item 3: Audit Committee Report on the Results of Its Activities**

#### **Board of Directors' comment:**

The Audit Committee Report on the results of its activities is presented to the General Meeting in compliance with the Company's Articles of Association. This agenda item is not voted on.

### **Item 4: Approval of the Financial Statements of ČEZ, a. s. and Consolidated Financial Statements of CEZ Group for 2019**

#### **Draft resolution (1):**

**The General Meeting of ČEZ, a. s.**, approves the financial statements of ČEZ, a. s. prepared as of December 31, 2019.

#### **Draft resolution (2):**

**The General Meeting of ČEZ, a. s.**, approves the consolidated financial statements of CEZ Group prepared as of December 31, 2019.

#### **Rationale:**

The Board of Directors is presenting the financial statements of ČEZ, a. s., and consolidated financial

statements of CEZ Group as of December 31, 2019, to the General Meeting for approval pursuant to applicable legal provisions and the Company's Articles of Association.

Pursuant to Section 19a and Section 23a of the Accounting Act, the financial statements of ČEZ, a. s., and consolidated financial statements of CEZ Group as of December 31, 2019, were compiled in accordance with International Financial Reporting Standards. Both sets of compiled statements comprise, respectively, the following financial statements or consolidated financial statements: a balance sheet, a statement of income, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes to the financial statements or notes to the consolidated financial statements. In accordance with applicable provisions of the Accounting Act, the financial statements and consolidated financial statements were audited by an independent auditor. The audit was performed by Ernst & Young Audit, s.r.o. According to the independent auditor's opinion of March 16, 2020, the financial statements give a true and fair view of the financial position of ČEZ, a. s., as at December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union. According to the independent auditor's opinion of March 16, 2020, the consolidated financial statements give a true and fair view of CEZ Group's consolidated financial position as at December 31, 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The full financial statements and consolidated financial statements are part of the annual report, which is available to shareholders at the shareholders' meeting and on the Company's website. Values from the financial statements and consolidated financial statements, that is, the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, and statement of cash flows, are also included in material for this item on the agenda of the General Meeting of ČEZ, a. s., published on the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section.

Both sets of financial statements were debated by the Board of Directors of ČEZ, a. s., audited by the independent auditor giving the opinions cited above, and reviewed by the Company's Supervisory Board, concluding that it recommends the General Meeting to approve them. Based on the independent auditor's reports, the Board of Directors is thus proposing that the General Meeting approve the financial statements of ČEZ, a. s., as of December 31, 2019, and the consolidated financial statements of CEZ Group as of December 31, 2019.

#### **Item 5: Decision on the Distribution of Profit of ČEZ, a. s.**

##### **Draft resolution:**

**The General Meeting of ČEZ, a. s.**, approves the distribution of the Company's 2019 profit amounting to CZK 17,393,230,007.24 and a portion of retained earnings amounting to CZK 898,421,798.76 as follows:

- Share in profit to be distributed to shareholders (the "dividend") .....CZK 18,291,651,806.00

The dividend is CZK 34 per share before tax.

The record date for entitlement to the dividend is July 3, 2020. Entities that will be shareholders of the Company as at the record date for entitlement to the dividend will be entitled to the dividend.

The above-mentioned amount of the dividend is calculated from the total number of Company shares issued. The dividend allocated to treasury shares held by the Company as at the record date for entitlement to the dividend will not be paid. The amount corresponding to the dividend on treasury shares held by the Company as at the record date for entitlement to the dividend will be transferred to the retained earnings account.

The dividend is payable on August 3, 2020. The dividend will be paid through Česká spořitelna, a.s., company reg. No. 45244782, having its registered office at Olbrachtova 1929/62, Praha 4, postcode 140 00, in the manner presented to this General Meeting and published on the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section. The dividend will be paid until July 31, 2024.



**Rationale:**

Pursuant to the applicable provisions of law and the Company's Articles of Association, decisions on the distribution of profit are within the powers of the General Meeting. The proposal for the distribution of the profit of ČEZ, a. s., as presented by the Board of Directors to the General Meeting for approval is in compliance with the applicable provisions of law and the Company's Articles of Association and with the Company's current dividend policy. The Company's current dividend policy provides for a share in profit to be distributed to shareholders (dividend) amounting to 80%–100% of consolidated net income adjusted for extraordinary effects unrelated to ordinary financial performance and value creation in a given period. The 2019 adjusted consolidated net income was CZK 18,856 million. The dividend proposed by the Board of Directors represents 97% of adjusted consolidated net income.

The Board of Directors proposal for the distribution of the profit of ČEZ, a. s., reflects the current strategy and accounts for the current outlook for and stability of estimated cash flows with the aim of maintaining CEZ Group's medium-term financial stability.

The Supervisory Board reviewed the Board of Directors' presented proposal for the distribution of the profit of ČEZ, a. s., recommending that the General Meeting approve it.

**Item 6: Decision on the Appointment of an Auditor to Perform the Statutory Audit for the Accounting Period of the Calendar Year of 2020****Draft resolution:**

**The General Meeting of ČEZ, a. s.**, appoints Ernst & Young Audit, s.r.o., company reg. No. 26704153, having its registered office at Na Florenci 2116/15, Nové Město, 110 00 Praha 1, as the auditor to perform the statutory audit for the accounting period of the calendar year of 2020.

**Rationale:**

Act No. 93/2009 Sb., on auditors, as amended, requires an accounting entity that is a legal person and that is required to have its financial statements or consolidated financial statements audited to have the auditor appointed by its supreme governing body; for ČEZ, a. s., this is the Company's General Meeting.

In compliance with the provision of Section 43 of the Auditors Act as well as in compliance with Article 18(5)(i) of the Company's Articles of Association, an auditor is to be proposed to the General Meeting by the Supervisory Board, taking account of the Audit Committee's recommendation. At its meeting held on December 11, 2019, the Audit Committee recommended that the General Meeting be proposed audit firm Ernst & Young Audit, s.r.o., to perform the statutory audit for 2020.

Ernst & Young Audit, s.r.o., is a member of Ernst & Young, a leading global firm that provides audit services and covers all geographical areas where CEZ Group has business operations.

In accordance with the Audit Committee's recommendation, the Supervisory Board is presenting to the General Meeting a proposal for appointing Ernst & Young Audit, s.r.o., as the auditor to perform the statutory audit.

**Item 7: Decision on Donations Budget****Draft resolution (1):**

**The General Meeting of ČEZ, a. s.**, approves a 2021 donations budget of CZK 110 million.

**Draft resolution (2):**

**The General Meeting of ČEZ, a. s.**, approves increasing the 2020 donations budget by CZK 30 million as compared to the resolution passed by the General Meeting on June 27, 2019, that is, to a total of CZK 140 million.

**Draft resolution (3):**

**The General Meeting of ČEZ, a. s.**, approves the making of a nonmonetary donation with a total value of CZK 50,752,450 in 2020.

**Rationale:**

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

**Donations Strategy for 2021**

CEZ Group cares about being perceived as a good partner in the regions where it operates, especially in the neighborhood of its generating facilities. It wants to be a natural part of and contribute its part toward the improvement of everyday local life. It has long been contributing to infrastructure improvement and community life development and supporting projects in the field of education, culture, sports, healthcare, environmental protection, etc. through corporate donations according to its motto "We Help Where We Operate."

Through continued donation activities with impact on infrastructure development and community life promotion, it significantly helps build one of the strategic pillars of sustainable development—Being a Good Partner.

The ČEZ Foundation, as one of the earliest corporate foundations, has been helping throughout Czechia for 18 years. For municipalities, hospitals, schools and nursery schools, as well as not-for-profit organizations and other entities, the ČEZ Foundation has been a vital partner in their operations and development. Every year it makes several calls for grant applications to respond to society's current needs and make people's lives better. A total of 1,049 projects with a total value of CZK 170.4 million were supported through the ČEZ Foundation in 2019. Information about all supported projects is published in ČEZ Foundation annual reports every year.

The EPP—Move to Help mobile app has found favor with more than 450,000 users during the past 5 years. It is the users who have control over where the ČEZ Foundation's support will be directed. The Foundation provided financial support of CZK 25 million to 341 projects in 2019.

CEZ Group employees are also greatly engaged in donations. They contributed a record-breaking amount of CZK 3.165 million in their traditional collection campaign named "Granting Wishes, Thinking about Others" in 2019. The ČEZ Foundation doubled the amount and provided the aid to 103 people who faced a difficult situation in their lives due to severe illness or injury.

The 2019 Annual Report of ČEZ, a. s., includes a link to [www.cez.cz/dary](http://www.cez.cz/dary) on page 135. The Web page shows a list of all beneficiaries of donations made by the Company in 2019, including donation purposes. The list does not show the amounts of donations. This is to prevent the discrimination of beneficiaries that apply for donations or subsidies from other donors and institutions.

**Proposed terms for financial donations in 2021:**

- The total amount of funds that the Company can use to give donations in 2021 will be CZK 110 million.
- We estimate that approximately CZK 50 million of that amount will be transferred to the ČEZ Foundation's account in 2021 in connection with projects undertaken through the ČEZ Foundation.
- In the context of the operation, construction, and renovation of ČEZ generating facilities and distribution grids, we estimate that donations of approximately CZK 60 million will be given to selected entities directly by ČEZ, a. s., rather than through the ČEZ Foundation, in order to maintain positive relations with the affected regions.

**Amendment of terms for financial donations in 2020:**

The General Meeting of ČEZ, a. s., approved a budget of CZK 110 million that the Company may use to provide donations in 2020 on June 27, 2019.

The ČEZ Foundation speedily responded to the situation relating to the Covid-19 pandemic. It made a call for grant applications under a Covid-19 Emergency Assistance program on March 26, 2020. The grant program generated much interest among local authorities, not-for-profit organizations, and volunteer fire departments, and 651 projects were supported with a total of CZK 30.7 million within two weeks. The support went most often to purchasing protective equipment, disinfectants, or material for mask making.

Therefore, we are proposing that the 2020 donations budget be increased by CZK 30 million, which is to be transferred to the ČEZ Foundation.

### Proposed terms for financial donations in 2020:

- The total amount of funds that the Company can use to give donations in 2020 will be CZK 140 million.

### Proposed terms for nonmonetary donations in 2020:

Concerning nonmonetary donations, we are presenting the General Meeting with one specific project for its approval. It is the making of a nonmonetary donation to the municipality of Týn nad Vltavou, consisting in the gratuitous transfer of a group of purpose-built buildings of the Blanice housing compound in the cadastral district of Týn nad Vltavou (the “**Blanice compound**”), including its movable assets and residual plots of land.

The group of purpose-built buildings, the Blanice housing compound, served to provide back-office and support services for the construction of the Temelín Nuclear Power Plant. Its utilization decreased over time after the construction was completed; recently, it has only been used for accommodation of seasonal workers and its operation is unprofitable on the whole. An expert work group analyzed options for adapting the facilities to the needs of ČEZ, a. s., or other commercial use, concluding that such a project would be uneconomical and recommending that the Blanice compound be transferred to a third party.

The current net book value of the Blanice compound is CZK 41.2 million.

An expert valuation appraised the open market value of the Blanice compound at CZK 50.2 million, the value of its movable assets at CZK 161,450, and the value of residual plots of land at CZK 391,000.

However, getting a bid at a comparable level in an auction sale is unlikely due to the condition, nature, and location of the facilities. The potential transfer was duly discussed with the municipal council of Týn nad Vltavou, which passed resolution No. 107/2020 recommending the municipal assembly to enter into a donation agreement with ČEZ, a. s. ČEZ, a. s., has long been supporting municipalities in the emergency planning zone of the Temelín Nuclear Power Plant and considers the donation of the Blanice housing compound to be a helpful and mutually beneficial step.

## Item 8: Decision to Amend the Company’s Articles of Association

### Draft resolution (1):

With effect from the day following the day when this General Meeting ends, the General Meeting of ČEZ, a. s., decided to amend the Company’s Articles of Association as follows:

In Article 1 (1) of the Articles of Association, the following words are added at the end of the Section: “(hereinafter as the “Company”).”.

The current wording of Article 2 of the Articles of Association is replaced by the following wording:

*“1. The scope of the company’s business is as follows:*

- a) power generation;*
- b) power trading;*
- c) thermal energy generation;*
- d) thermal energy distribution;*
- e) gas trading;*
- f) production, business and services not stated in annexes 1 to 3 of the Trade Licensing Act;*
- g) production, installation and repairs of electrical machinery and devices, electronic and telecommunication equipment;*
- h) electrical equipment installation, repairs, reviews, and testing;*
- i) pressure equipment and gas vessels installation, repairs, reviews, and testing;*
- j) hazardous waste management business;*
- k) machining;*

- l) *plumbing, heating;*
  - m) *insulation installations;*
  - n) *catering;*
  - o) *production of hazardous chemicals and hazardous chemical mixtures and sale of chemicals and chemical mixtures classified as very toxic and toxic;*
  - p) *psychological advisory services and diagnostics;*
  - q) *services in the area of occupational health and safety and health;*
  - r) *technical-organizational activities in the area of fire protection;*
  - s) *acting as accountants, bookkeeping, tax recordkeeping;*
  - t) *provision of technical services to protect property and individuals;*
  - u) *security of property and individuals;*
  - v) *lifting equipment installation, repairs, reviews, and testing;*
  - w) *locksmithing, toolmaking;*
  - x) *registry keeping;*
  - y) *construction, alteration and removal of buildings;*
  - z) *production and processing of fuels and lubricants and distribution of fuels;*
  - aa) *road motor transport – passenger transport operated by vehicles designed to carry not more than 9 persons including the driver; and*
  - bb) *property, flat and non-residential premises rental.*
2. *Another scope of business of the company is the management of its own assets.”*

In Article 8 (1) of the Articles of Association, letters t) and u) are added after letter s) as follows:

- “t) approval of remuneration policy and remuneration report under the Capital Market Undertakings Act;*
- u) approval of a material transaction pursuant to Section 121s et seq. of the Capital Market Undertakings Act;”*

and the current letter t) becomes letter v).

The current wording of Article 12 (1) to (3) of the Articles of Association is replaced by the following wording:

- “1. The general meeting elects its chairman, minutes clerk, minutes verifying clerk, and a scrutinizer or scrutinizers. If the minutes clerk, minutes verifying clerk, and a scrutinizer are not elected they will be appointed by the party which convened the general meeting. The general meeting may decide that one and the same person will be the chairman of the general meeting and minutes verifying clerk at the same time or, if applicable, that the chairman of the general meeting will be in charge of counting the votes unless it jeopardizes the due course of the general meeting. If the general meeting is convened on the basis of a court decision at the request of the shareholders referred to in Section 365 of the Business Corporations Act and the court also appoints the chairman of the general meeting, the person designated by the court is the chairman of such general meeting.*
- 2. Before the chairman of the general meeting is elected, the general meeting is chaired by the party which convened the general meeting or person appointed by it. The same applies if the chairman of the general meeting is not elected or otherwise appointed. The rights and duties of the chairman of the general meeting shall similarly apply to another person who presides over the general meeting.*
- 3. In accordance with the law, the company or persons appointed to perform tasks relating to the organization and arrangement of the general meeting may bar persons whose presence might pose a risk to a dignified and undisturbed course of the general meeting, including persons whose clothing, contamination or conduct*

*may interfere with the course of the general meeting or manifestly violate the principles of decency, or armed persons.”*

The current Sec. 4 shall be deleted and Sec. 5 to 13 shall be renumbered as Sec. 4 to 12.

The current wording of Article 13 of the Articles of Association is replaced by the following wording:

*“1. Shareholder rights at the general meeting. Under the conditions laid down in these Articles of Association, shareholders may exercise the rights conferred upon them by law, namely the rights to:*

- a) vote;*
- b) request and obtain an explanation of matters relating to the company or persons controlled by the company, if such explanation is necessary for the assessment of the content of matters included on the agenda of the general meeting or for the exercise of shareholder rights therein;*
- c) submit proposals and counterproposals, unless the law provides otherwise or the impossibility of filing a proposal or counterproposal by the shareholder is due to the nature of the matter; and*
- d) submit protests.*

*The company is obligated to treat all shareholders in the exercise of these rights under the same conditions and to enable all shareholders to exercise these rights in accordance with these Articles of Association.*

*2. Exercise of shareholder rights. Each shareholder is obligated to:*

- a) not abuse their rights in their exercise, namely to exercise these rights only in accordance with their purpose and in a manner that does not harm other shareholders or the company or otherwise unduly interfere with their rights or legally protected interests;*
- b) act honestly in exercising their rights, responsibly and in a manner that will respect the purpose of the general meeting (factual discussion of matters included in its agenda) and its proper and peaceful conduct;*
- c) follow the instructions of the chairman of the general meeting issued in accordance with the law and these Articles of Association;*
- d) respect the rules and limitations imposed by law and these Articles of Association; and*
- e) indicate clearly, concisely and comprehensibly in each written submission and during each oral address what rights are exercised and what is the content of the submission or address.*

*3. Duration of the general meeting. As a general rule, each session of the general meeting shall not exceed 10 hours after its commencement, whereas:*

- a) this maximum duration does not include the time when (i) the board of directors (or other elected body) submits drafts for the adoption of resolutions of the general meeting, including their rationale, or reports or other communications addressed to the general meeting, (ii) a break is declared in order to prepare responses to requests for explanation, and (iii) the general meeting is suspended due to a fact preventing the continuation of its regular course;*
- b) this maximum duration shall include the time at which a technical break is declared, provided that it does not exceed 10 minutes in individual cases, in total not more than one hour;*
- c) if during the general meeting it becomes clear that it is not possible to discuss all matters on the agenda without exceeding this maximum duration, the board of directors is entitled (even repeatedly or after exceeding this maximum duration) to propose to the general meeting any of the following procedural decisions:
  - (i) suspension of the discussion and the transfer of the outstanding matters to another specified date, time and place, whereas this date shall not be later than the fifth working day following the day on which the general meeting commenced; or*
  - (ii) transfer of unresolved matters to the next general meeting pursuant to Section 409 of the Business Corporations Act;**

the board of directors is obligated to submit a proposal for any of the above mentioned decisions whenever it receives an appropriate initiative from the chairman of the general meeting. If the general meeting fails to adopt any of the above decisions, the general meeting shall continue to be held beyond this maximum duration.

4. Discussion of individual items on the agenda: For each item on the agenda of the general meeting at which a draft resolution of the general meeting is to be submitted, the procedure shall be as follows:
  - a) First, the board of directors or a person authorized by the board of directors shall inform the general meeting of all draft resolutions submitted by elected bodies, including any rationale;
  - b) Then the board of directors or a person authorized by the board of directors shall acquaint the general meeting (or arrange for its acquaintance) with all duly and timely submitted proposals and counterproposals of shareholders;
  - c) requests for explanations shall subsequently be discussed in accordance with the procedure set out in Sections 5 to 13 of this Article; and
  - d) finally, a vote shall be taken on the individual proposals in accordance with the procedure set out in Section 15 of this Article.

If an item on the agenda of the general meeting is discussed where a draft resolution is not to be submitted, the competent elected body (the person authorized by it) shall acquaint the general meeting of its report or other communication addressed to the general meeting instead of the procedure pursuant to Section 4 a) and b) of this Article. Requests for explanations related to this item shall be dealt with under the related item on the agenda of the general meeting determined by the board of directors in the notice; if no such related item is determined, any requests for explanation shall be discussed directly under the relevant item.

5. Discussion of requests for explanation. Discussion of requests for explanation means providing a response to a request for explanation by a shareholder submitted in accordance with the law and these Articles of Association. Requests for explanations shall be discussed separately for each relevant item on the agenda of the general meeting, or in the case of several items on the agenda, jointly based on the procedure under Section 4 of this Article, last sentence, and in two rounds.
6. Submission of requests for explanation. As a rule, requests for explanations are submitted in the form of written submissions by the shareholder. The shareholder is obligated to submit written submissions containing the request for explanation either before the general meeting commences by sending it to the company's address stated in the notice or at the general meeting through the information center. A shareholder is not entitled to read a written submission containing a request for explanation during their oral address.
7. Extensive submissions. If a shareholder intends to make an extensive submission containing requests for explanation, they are obligated to deliver it to the specified company's address in writing at least two working days before the date on which the general meeting commences, whereas an extensive submissions of one shareholder is considered to be (assessed separately for each item on the agenda at which requests for explanations are to be discussed): (i) submissions containing more than 10 requests for explanation, or (ii) submissions that clearly exceed 4 standard pages of text. This is without prejudice to the right of the shareholder to send written submissions containing a request for explanation, which are not extensive submissions, to the specified company's address before the general meeting commences.
8. Particulars of written requests for explanation. If the written submission containing the request for explanation is not submitted on a form prepared by the organizers of the general meeting, such submission shall expressly state that it contains a request for explanation and to which item on the agenda it applies, whereas if the request for explanation contains more than one item on the agenda, requests for explanation shall be grouped together for an individual item. Such submission shall further bear the legible name and surname (name or business name) of the shareholder and, where applicable, their representative, and be signed.
9. Oral requests for explanation. A shareholder is further entitled to submit a request for explanation as part of their oral address, during the first or second round of the request for explanation, provided that they apply for the relevant round in time and observe other rules set out for each round. Application is performed through the information center.

10. First round of discussion of requests for explanation. The following applies to the first round of discussion of requests for explanation:

- a) *in this round, the following will be answered:*
  - (i) *requests for explanation contained in extensive submissions received within the time limit referred to in Section 7 of this Article;*
  - (ii) *requests for explanation that are not extensive submissions and were contained in written submissions delivered or filed before the general meeting commenced or until discussion of the first item on the agenda of the general meeting commences where the requests for explanation are to be discussed, but no later than one hour after the general meeting commences; and*
  - (iii) *requests for explanation given during oral addresses under the conditions set out in this Section;*
- b) *each shareholder may speak only once, with a limited time of 10 minutes, unless otherwise specified below;*
- c) *each shareholder may submit a maximum of 5 requests for explanation in their address; in addition, they shall be entitled to add an oral rationale or explanation to their requests for explanation submitted in their written submissions;*
- d) *a shareholder wishing to present their address in the first round (for any item on the agenda) shall apply at the latest by the beginning of the discussion on the first item on the agenda of the general meeting where the requests for explanation are to be discussed, but no later than one hour after the general meeting commences;*
- e) *shareholders shall be invited to deliver their address consecutively by the order of application;*
- f) *after the address of all applied shareholders, explanations shall be provided on all requests for explanation mentioned under letter a); and*
- g) *the chairman of the general meeting (with the approval of the board of directors) may decide at the beginning of the first round (of the given item on the agenda) that the time limit according to letter b) of this Section shall be reduced to 5 minutes if (i) more than 15 shareholders have applied to give their address in the first round (of the given item on the agenda), or (ii) more than 100 shareholders apply to give their address for the first round of all items on the agenda of the general meeting (if one shareholder applies for more first rounds, each application is counted separately for these purposes); if condition (ii) is met, the time limit pursuant to letter b) of this Section shall be reduced to the same extent for all first rounds of the remaining items on the agenda of the general meeting, unless otherwise specified by the chairman of the general meeting (with the consent of the board of directors), no later than at the beginning of the respective first round.*

11. Second round of discussion of requests for explanation. The following applies to the second round of discussion of requests for explanation:

- a) *in this round, the following will be answered:*
  - (i) *requests for explanation contained in written submissions submitted after the expiry of the deadline for submission to the first round, provided that they are submitted on a form prepared by the organizers of the general meeting and do not clearly exceed 4 standard pages of text (per shareholder and agenda item); and*
  - (ii) *requests for explanation given during oral addresses under the conditions set out in this Section;*
- b) *the number of addresses by one shareholder is not limited, but the total duration of all their addresses may not exceed 10 minutes;*
- c) *a shareholder wishing to deliver an address in the course of this round is entitled to apply at any time until the end of this round, unless otherwise specified below;*
- d) *shareholders shall be invited to deliver their address consecutively by the order of application;*
- e) *the board of directors or a person authorized by the board of directors shall provide an explanation based on the requests for explanation submitted either after the request for explanation has been submitted as part of the oral address of the shareholder or subsequently following the submission of more requests for explanation;*

- f) the chairman of the general meeting is obligated to give the floor to the board of directors for explanation whenever they request so, but must not do so during a shareholder's address; such explanation by the board of directors shall be followed by other shareholder addresses by the order of application;
- g) the chairman of the general meeting (with the approval of the board of directors) may, taking into account the maximum duration of the general meeting pursuant to Section 3, determine the time after which the shareholders will no longer be able to apply for their addresses;
- h) the second round shall be completed by providing explanations to all requests for explanation, provided that no more shareholders are applied for their addresses; the chairman of the general meeting is entitled, upon a reasoned request of a shareholder or a group of shareholders, after considering these reasons and taking into account the maximum duration of the general meeting pursuant to Section 3, to decide after discussing with the board of directors, that before the voting commences, shareholders may still deliver their addresses and submit brief requests for explanation for a certain period of time (usually no longer than 30 minutes).
12. Providing explanations. Explanations may be provided in the form of a consolidated response to multiple requests for explanation of similar content. The board of directors shall provide an explanation of matters concerning the general meeting directly at the general meeting. If impossible given the complexity of the explanation, the company will provide the explanation to the shareholder within 15 days following the date the general meeting is held. An explanation is deemed as provided to the shareholder even if the information was published on the company's website no later than the day preceding the day of the general meeting and is available to the shareholders at the place of the general meeting. The chairman of the general meeting may, in agreement with the board of directors, allow the provision of explanations also within the preceding item of the agenda to the request for explanation if it relates to this item.
13. Representatives of multiple shareholders. A representative (including a member of a statutory body) of multiple shareholders shall be considered as a single shareholder for the purposes of the restrictions set out in Sections 5 to 11. However, if the representative represents at least one shareholder and is themselves a shareholder, the time limit referred to in Section 10 (b) and the limit referred to in Section 10 (c) shall apply separately to an address delivered in the first round of discussing requests for explanation in their own name and to an address delivered in this round on behalf of the represented shareholder(s).
14. Chairman of the general meeting. The chairman of the general meeting:
- a) is obligated to ensure that the general meeting is acquainted with all submissions made duly and timely by the shareholders;
- b) shall ensure dignified and undisturbed course of the general meeting;
- c) is in exceptional cases entitled (after discussion with the board of directors) to relieve a specific shareholder from the time limit or to allow time or other limitations to be exceeded if necessary for serious reasons beyond the control of the shareholder concerned;
- d) is entitled to direct shareholder addresses, forbid them to speak or enter into their address (for example, in the case of manifestly repetitive inquiries or to specify the content of a shareholder's address).
15. Voting. At the time of voting, first the proposal of the board of directors is voted on, followed by the proposal of the supervisory board and then on proposals and counterproposals of shareholders in the order in which they were submitted; this shall not apply if, pursuant to Section 367 or 369 of the Business Corporations Act, the item has been placed on the agenda of the general meeting at the request of the shareholders mentioned in Section 365 of the Business Corporations Act when the proposal of shareholders is first voted on. Once a submitted proposal is approved, no other proposals or counterproposals opposing the approved proposals are voted on.
16. Proposals and counterproposals of shareholders. If a shareholder intends to make a proposal or counterproposal to matters of the agenda of the general meeting, they are obligated to deliver it to the company in writing at the latest ten days prior to the general meeting; this shall not apply in the case of proposals and counterproposals for the election or removal of specific persons to/from the company body, or related proposals and counterproposals concerning such persons (e.g. a proposal for approval of a service contract). Proposals and counterproposals received after this deadline will not be discussed at the general meeting; this is without prejudice to Section 362 of the Business Corporations Act.



17. Voting method. Voting takes place by means of ballots according to instructions given by the chairman of the general meeting. In the ballot, each shareholder makes its choice for a proposed resolution that is voted on by crossing "FOR" or "AGAINST" and signs the ballot. If a shareholder wishes to abstain from voting, he/she/it does not submit the ballot.
18. Invalidity and loss of ballots. Unsigned ballots are invalid. Ballots that do not allow identifying the shareholder's choice are also invalid. If a shareholder submits an invalid ballot or a ballot other than the one that should have been used for voting on the given item, the shareholder is deemed to abstain from voting. Should a mistake occur when filling in the ballot papers by crossing the incorrect value, a scrutinizer must be asked for assistance. Such scrutinizer transforms the cross to an asterisk and, by his/her legible signature placed under the shareholder's (representative's) signature, he/she confirms such adjustment. Should a ballot be lost, attendance takers or a scrutinizer will be asked to issue a duplicate. A record stating that a duplicate was issued is required.
19. Voting evaluation. The scrutinizer(s) ensure that ballots are collected in the ballot box and that votes are counted immediately after voting. As soon as it is determined that the number of votes required for a decision on the proposed matter have been achieved, the chairman of the general meeting is to be notified by the scrutinizers of such preliminary voting result. The counting of the remaining votes of shareholders continues and shareholders shall be informed of the final results of voting on the individual items on the agenda no later than at the end of the general meeting.
20. Protests against a resolution of the general meeting. Shareholders, directors, and supervisory board members may lodge a protest concerning a general meeting resolution and request that it be included in the minutes of the general meeting. Shareholders cannot claim a general meeting's resolution invalid unless a protest has been filed against the general meeting's resolution (this does not apply if the filed protest has not been registered owing to a mistake of the minutes clerk or the chairman of the general meeting or if the proposing party does not attend the general meeting or, if applicable, the grounds for invalidity of the general meeting's resolution cannot be ascertained at the general meeting). The protest must clearly and comprehensibly describe the circumstances which the protesting party perceives to be the grounds for the invalidity of the general meeting's resolution. The contents of the protest must be included in the minutes from the general meeting only if the protesting party so requests."

The current wording of Article 14 (7) letter c) point c.8 of the Articles of Association is replaced by the following wording:

*"c.8 summary explanatory report pursuant to Section 118 (9) of the Capital Market Undertakings Act, remuneration policy and remuneration report pursuant to the Capital Market Undertakings Act;"*

In Article 14 (7) letter c) of the Articles of Association, point c.9 is added after point c.8 as follows:

*"c.9 proposal for approval of a material transaction pursuant to Section 121s et seq. of the Capital Market Undertakings Act;"*

and the current point c.9 becomes point c.10.

The current wording of Article 14 (8) letter g) the Articles of Association is replaced by the following wording:

*"g) founding legal act at the establishment of another legal entity, acquiring ownership interest of the company in another legal entity, as well as on winding up of another legal entity, if the company as a partner or member is to make the decision on winding up of another legal entity, or transfer of the company's ownership interest in another legal entity;"*

The current wording of Article 14 (8) letter i) of the Articles of Association is replaced by the following wording:

*"i) matters outlined in Section 9 through 11 of this Article, whereas the matters specified in Section 11 of this Article may only be discussed by the board of directors according to their nature."*

The current wording of Article 14 (9) of the Articles of Association is replaced by the following:

*“9. The board of directors is obligated to obtain prior consent from the supervisory board to the implementation of any of the board of directors’ decisions on the following:*

- a) acquisitions, alienation, encumbrance, leases, usufructuary leases or free use of movables and immovables (except for stock according to Czech accounting regulations and securities for liquidity management), which will be or already are part of the company’s assets, if their book value exceeds CZK 500,000,000 (in words: five hundred million Czech crowns);*
  - b) implementation of the company’s capital expenditure projects or granting of the company’s consent to the implementation of a capital expenditure project of a person controlled by the company if the value of the company’s or controlled person’s capital expenditure project exceeds CZK 500,000,000 (in words: five hundred million Czech crowns);*
  - c) on disposition with property stakes in another legal entity, with its registered office in the Czech Republic or abroad in the following cases:*
    - c.1 acquisition of a stake in another legal entity for the company by founding a person directly controlled by the company as well as by increasing the registered capital of a person directly controlled by the company through assuming an obligation to invest in excess of CZK 500,000,000 (in words: five hundred million Czech crowns), or by transfer from a third party (a person controlled by the company is not deemed to be a third party for these purposes) or by any other manner where the sum of the value of the acquired stake and the net debt attributable to it (“Enterprise Value”) exceeds in each individual case CZK 500,000,000 (in words: five hundred million Czech crowns) or where, due to such action, the company’s share in the registered capital of that other legal entity exceeds one third or one half or two thirds of such entity’s registered capital; this does not apply if a person directly controlled by the company is established with registered capital not exceeding CZK 10,000,000;*
    - c.2 abolishment or encumbrance of the company’s stake in another legal entity or reduction of the registered capital of another legal entity in the event that the equity of the stake in such person that is subject to such disposition exceeds in every individual case CZK 500,000,000 (in words: five hundred million Czech crowns), or alienation of the company’s stake if the sum of the value of the alienated stake and the net debt attributable to it (“Enterprise Value”) exceeds in each individual case CZK 500,000,000 (in words: five hundred million Czech crowns), or where, due to such action, the company’s share in the registered capital of such other legal entity is reduced below one third or one half or two thirds; this does not apply if shareholdings in the other legal entity are transferred to or encumbered to the benefit of a person controlled by the company or if the abolishment of the company’s stake in another legal entity results from a merger of such legal entity with the company or with a person controlled by the company;*
    - c.3 granting of the company’s approval to the acquisition of a stake in another legal entity by a person controlled by the company if the sum of the value of the acquired stake and the net debt attributable to it (“Enterprise Value”) exceeds CZK 500,000,000 (in words: five hundred million Czech crowns).*
- For the purposes of this item (c), the „Enterprise Value” of a shareholding is deemed to be its market value (the market value of the stake) plus the net debt attributable to it (short-term and long-term interest-bearing liabilities minus cash and cash equivalents).*
- d) provision of a monetary or non-monetary surcharge for the creation of equity outside the registered capital of a person directly controlled by the company, if the amount or value of the surcharge exceeds CZK 500,000,000 (in words: five hundred million Czech crowns), and/or granting the company’s consent to provide a monetary or non-monetary surcharge by a person controlled by the company (the „surcharge provider”) to create equity outside the registered capital of a person indirectly controlled by the company, if the amount or value of the surcharge exceeds CZK 500,000,000 (in words: five hundred million Czech crowns);*
  - e) transfer and encumbrance of the company’s own shares;*
  - f) composition of supervisory boards of legal entities wherein the company holds a stake in such legal entity’s registered capital in each individual case exceeding CZK 500,000,000 (in words: five hundred*

million Czech crowns). The supervisory board may reserve by resolution the right of prior consent even with regard to legal entities wherein the stake in such legal entity's registered capital does not exceed CZK 500,000,000 (in words: five hundred million Czech crowns);

- g) draft agreement with the auditor selected by the general meeting to perform the statutory audit;
- h) alienation of real estate if the market or appraised price thereof exceeds CZK 100,000,000 (in words: one hundred million Czech crowns);
- i) provision of borrowings (loans) to third parties or providing security for third-party liabilities exceeding CZK 200,000,000 (in words: two hundred million Czech crowns) in each individual case, with a controlled person not being deemed to be a third party;
- j) acceptance of a long-term loan from third parties for a period exceeding 1 year, or of other similar financial operation, save for security operations, in excess of CZK 500,000,000 (in words: five hundred million Czech crowns), with a controlled person not being considered to be a third party;
- k) bond issue, except for a bond issue subject to approval by the general meeting within the meaning of Section 421(2)(d) of the Business Corporations Act;
- l) provision of options to the company shares where the law makes it possible for the board to decide thereon;
- m) transformation of the company, if the law stipulates that the board of directors has the power to make such decisions;
- n) conclusion of a contract whereunder the company is to acquire or dispose of assets if the value thereof exceeds, in one accounting period, one third of the company's equity as shown in the most recent approved consolidated financial statements;
- o) enabling the conduct of due diligence (legal, economic, technical, or, as the case may be, environmental audits) of the company, or its organizational unit;
- p) conclusion of management contracts with the head managers of the company divisions unless they are directors, and appointment to the office of the chief executive officer;
- q) stipulation and evaluation of the performance of specific tasks of head managers of the company divisions unless they are directors;
- r) submission of tender documentation to tenderers for public contracts pursuant to the Public Procurement Act, if the expected value of the contract is higher than one third of the equity arising from the last consolidated financial statements;
- s) other cases stipulated by law."

In Article 14 (10) of the Articles of Association, the period at the end of letter i) is replaced by a semi-colon and letter j) is added as follows:

"j) remuneration policy and remuneration report under the Capital Market Undertakings Act."

In Article 14 (11) of the Articles of Association, letter h) is added after letter g) as follows:

"h) provision of a monetary or non-monetary surcharge to create equity outside the registered capital of a person directly controlled by the company, and/or granting the company's consent to provide a monetary or non-monetary surcharge by the surcharge provider to create equity outside the registered capital of a person indirectly controlled by the company, in all other cases not covered by Section 9 (d);"

and the current letter h) to l) become letters i) to m).

In Article 14 (12) of the Articles of Association, number "15" is replaced by number "30".

In Article 18 (5) of the Articles of Association, the period at the end of letter i) is replaced by a semi-colon and letter j) is added as follows:

*“j) establish an internal procedure enabling the regular assessment of whether the conditions under Section 121v(1) of the Capital Market Undertakings Act are met.”*

The current wording of Article 22 (3) of the Articles of Association is replaced by the following wording:

*“3. If the audit committee receives an additional auditor report pursuant to the applicable provisions of the Auditors Act, it shall debate it and upon request pass it to the board of directors and the supervisory board without undue delay.”*

#### **Draft resolution (2):**

**The General Meeting of ČEZ, a. s.**, decided to amend the Company's Articles of Association so that, with effect from January 1, 2021, the current wording of Articles 1 to 33 of the Articles of Association is replaced by the new wording of Articles 1 to 33 of the Articles of Association, as presented to the General Meeting by the Board of Directors.

#### **Rationale:**

The Board of Directors submits a proposal to amend the Articles of Association of the Company in accordance with Section 421 (2) letter a) of the Business Corporations Act and Article 8 (1) letter a) of the Articles of Association.

The purpose of the proposed amendment to the Articles of Association is: (i) to adapt the content of the Articles of Association to the requirements of the relevant legal regulations, namely the amendment to the Business Corporations Act effective from January 1, 2021, and the already effective amendment to Act 256/2004 Coll., on Capital Market Undertakings; (ii) the modification of the General Meeting's Rules of Procedure aimed at streamlining the General Meeting, including stipulating its timeframe and formal rules for dealing with requests for explanation; and (iii) implementation of changes resulting from the practice, and concerning in particular (a) powers of the Board of Directors and Supervisory Board of the Company, (b) modification of the Company's business activities in relation to the current scope of the Company's trade and other authorizations, and (c) some terminological modifications and clarifications. Furthermore, it is proposed to add to the Company's Articles of Association the possibility of deciding in exceptional situations outside the General Meeting through the so-called per rollam decisions, after current experience with the impossibility or significant difficulty of holding attendance General Meetings of joint-stock companies with an extensive shareholder structure in connection with the COVID-19 epidemic in the Czech Republic and with regard to the fact that repetition of this or similar situations cannot be completely ruled out in the future.

The effectiveness of amendments to the Articles of Association is proposed from the day following the day when this General Meeting ends, with the exception of amendments to the Articles of Association following the amendment to the Business Corporations Act and amendments enabling per rollam decisions, the effectiveness of which is proposed starting from January 1, 2021. The reason for the deferred effectiveness is the fact that the relevant amendment to the Business Corporations Act will also enter into force on January 1, 2021 and the fact that Act No. 191/2020 Coll. will apply for 2020 in relation to the per rollam decisions.

The proposed amendments to the Articles of Association, the effectiveness of which is proposed from the day following the day when this General Meeting ends, are set out directly in the draft resolution (1); the proposed new full wording of the Articles of Association, the effectiveness of which is proposed from January 1, 2021, and which is decided on in the draft resolution (2), is attached to the notice of the General Meeting. In addition, the Board of Directors has prepared a working document outlining all amendments to the current wording of the Articles of Association, distinguishing their effectiveness, i.e. whether they are approved in the course of the draft resolution (1) or the draft resolution (2) of this item on the agenda of the General Meeting. This document is published on the Company's website at [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 shareholders' meeting in the "General Meetings". In this context, the Board of Directors points out that this working document is not intended to be used for voting and is intended only to improve shareholder orientation and information.

## Item 9: Approval of the Transfer of a Part of the Mělník Power Plant as a Contribution to the Registered Capital of Energotrans, a.s.

### Draft resolution:

**The General Meeting of ČEZ, a. s.** approves, in compliance with the provision of Section 421(2)(m) of Act No. 90/2012 Sb., on commercial companies and cooperatives (Business Corporations Act), and the provision of Article 8(1)(j) of the Articles of Association of ČEZ, a. s., the contribution of the part of the enterprise of ČEZ, a. s. represented by the “Mělník Power Plant” organizational unit to Energotrans, a.s., having its registered office at Duhová 1444/2, Michle, 140 00 Praha 4, ID No. 471 15 726, in the form of an increase of its registered capital.

### Rationale:

Of all generating units of ČEZ, Mělník Power Plant is nearest to Prague. It is located approximately thirteen kilometers before the confluence of the Elbe and the Vltava. Originally, it consisted of three technological units, MPP I, MPP II, and MPP III, constructed gradually in the late 1950s and 1980s as a complex of steam turbine power plants burning lignite brought by trains from the north Bohemian and west Bohemian coal mines. At present, the installed capacity of the Mělník PP generating units is: Mělník PP I – 4 x 60 MW, Mělník PP II – 2 x 110 MW and Mělník PP III – 1 x 500 MW.

The Mělník Power Plant I has the installed capacity of 240 MW. Its construction started in 1956 and it was commissioned in 1960. Since 1993, its operator is Energotrans, a.s., which has been a subsidiary in 100% ownership of ČEZ since 2012.

In the 1980s, reconstruction of the power plant to include a heat plant was commenced. Four of the original six units were fundamentally rebuilt and two were permanently shut down. At the same time, construction of a heat supply pipe to supply heat to the Prague heating system started. Supply of heat to the City of Prague started in 1995. Since 2003, heat has been supplied to Neratovice as well.

The four original units of the Mělník Power Plant II were commissioned in November 1971. Within the framework of this program for dampening of ČEZ resources, it was decided to operate only two units after the new environmental legislation came into force (from January 1, 1999). The two units were comprehensively reconstructed and environmentally upgraded in 1994—1996. Since 2000, the Mělník Power Plant II has supplied heat to the regional heat supply pipe to Mělník and the nearby communities of Horní Počaply and Dolní Beřkovice. A hot-water pipeline connecting Mělník Power Plants I and II has been built. The Mělník Power Plant II thus operates as a backup resource for heat supplies to the City of Prague and Neratovice.

The future of the Mělník Power Plant in the context of ČEZ's power generation portfolio has been the subject of much debate for some time. In July 2020 (after the expiry of the Transitional National Plan), new environmental limits complying with the requirements of the EU Directive 2010/75/EU (the IED Directive) will come into force, followed by the limits according to the Commission Implementing Decision (EU) 2017/1442 – BREF/BAT in August 2021.

Resources not complying with IED environmental limits will be operable only in a transitional regime for a limited period of 5 years and with a limit on operating hours.

Gradual shutting down of power plants in consequence of the requirements of IED/BAT legislation is expected for those CEZ Group generating facilities, for which an economic evaluation has shown that their environmental upgrade and renovation would not be effective from the economic viewpoint. The Mělník Power Plants II and III also belong to the facilities that will not comply with the BAT environmental limits. ČEZ has applied for an exemption from the emission limits related to BAT, for selected substances and for a limited period for the heat supply backup regime.

ČEZ has prepared an optimized operating plan for the units of the Mělník Power Plant for the transitional regime, so that the units can be available as a backup facility, if needed, for the maximum period of 5 years, i.e. until mid-2025. After that date, all units without an environmental upgrade will be shut down for good.

Energotrans, a subsidiary that operates the renovated and environmentally upgraded units of the Mělník Power Plant I, is however obliged—based on a long-term contract—to supply heat to the City of Prague at least until 2037.

For its operation, the Mělník Power Plant I absolutely needs the common infrastructure and technology of the entire location. These needs include water management, railroad siding, access roads, etc. All common infrastructure is owned by ČEZ.

Energotrans will absolutely need the common infrastructure even after a full shut down of the units of the Mělník Power Plants II and III where ČEZ will have no reason to operate the infrastructure any more as the generation of electricity from coal-based facilities will cease.

A spin-off of the Mělník Power Plant organizational unit, i.e. of the Mělník PP II and III units in Energotrans, a subsidiary in 100% ownership, will optimize the phasing out of the condensation generation from coal-fired facilities of ČEZ and create conditions for a long-term safe supply of heat for the City of Prague, as it will provide Energotrans with a backup heat generating facility for the transitional period of 5 years (the Mělník PP II units) that will no longer be operable in the power plant regime, and most importantly the common infrastructure providing certainty of continuing operation after 2025.

Consolidation of the location will bring other synergies, for instance streamlining of legal and administration relationships in the location, easier operating planning, etc.

Based on prior legal and tax analysis, contribution of a part of the enterprise to the registered capital of Energotrans, a.s., a subsidiary in 100% ownership, has been chosen for spinning off the Mělník Power Plant. Pursuant to Section 421(2)(m) of the Business Corporations Act, the decision on spinning off the Mělník Power Plant by contribution of a part of the enterprise is subject to the approval of the General Meeting of ČEZ, a. s.

The proposed draft agreement on the contribution of a part of the enterprise and the respective opinion of an expert have been published on the Company's website [www.cez.cz](http://www.cez.cz) under the "Investors" link, in the subsection concerning the 2020 General Meeting in the "General Meetings" section. The draft agreement and the related expert's opinion have also been available for review at the Company's registered office and will also be available for shareholders' review on the day of and in the place of the General Meeting.

#### **Item 10: Approval of the Remuneration Policy of ČEZ, a. s.**

##### **Draft resolution:**

**The General Meeting of ČEZ, a. s.**, approves the Remuneration Policy of ČEZ, a. s., as presented to the General Meeting by the Company's Board of Directors.

##### **Rationale:**

In compliance with the provisions of Section 121k(1) of Act No. 256/2004 Coll., on capital market undertakings, as amended (hereinafter the "Act on Capital Market Undertakings"), the General Meeting of a company that issues shares pursuant to Section 118(1)(a) of the Act on Capital Market Undertakings has exclusive authority to approve the company's remuneration policy. Remuneration policy pursuant to the quoted provision of the Act is presented to the General Meeting by the Board of Directors.

In this regard, the Board of Directors presents the Remuneration Policy of ČEZ, a. s., for approval by this General Meeting.

The presented wording of the Remuneration Policy complies with all material requirements by the Act on Capital Market Undertakings and is based on the current conditions and principles of remuneration of members of the Company's Board of Directors and the Supervisory Board.

After being approved by the General Meeting, the Remuneration Policy of ČEZ, a. s., will be published on the Company's website where it will be accessible for the entire term of its application.

#### **Item 11: Information on the Preparation of a New Nuclear Plant at Dukovany**

##### **Board of Directors' comment:**

The topic of the preparation of a new nuclear power plant at Dukovany, project rate of return, and project arrangements became widely debated by the expert and investor public and Company shareholders as

well as in the media. In this context, the Board of Directors deems it appropriate to provide shareholders with basic information concerning the current status of the project and preparation of arrangements for it having the form of agreements between the state, ČEZ, and Elektrárna Dukovany II and ensuring return on the project. However, the purpose of including this item on the General Meeting's agenda is not to take any General Meeting decision in respect of the project. As such, this item is of a purely informative nature and will not include voting on any draft resolution.

### **Item 12: Removal and Election of Supervisory Board Members**

#### **Board of Directors' comment:**

This item will be discussed depending on proposals possibly submitted by shareholders. Service contracts will be concluded with newly elected members of the Supervisory Board using the template wording approved by the Company's General Meeting on June 3, 2016.

The Board of Directors would also like to point out that this item on the General Meeting's agenda anticipates potentially voting on two relatively independent sets of issues, namely the removal of current members of the Supervisory Board and the election of new members. The two sets will be debated separately, meaning that if proposals are submitted on this item, any proposals to remove members of the Supervisory Board will be voted on first (in the order specified by the Company's Articles of Association) and only then will any proposals for the election of new members of the Supervisory Board be voted on in the appropriate order. It is therefore needed that shareholders submit any proposals to elect or remove members of the Supervisory Board separately.

The foregoing procedure will ensure, among other things, that it is clear in advance how many vacancies on the Supervisory Board, arisen after the potential removal of existing members, can be filled by electing new members.

### **Item 13: Removal and Election of Audit Committee Members**

#### **Board of Directors' comment:**

This item will be discussed depending on proposals possibly submitted by shareholders. Service contracts will be concluded with newly elected members of the Audit Committee using the template wording approved by the Company's General Meeting on June 3, 2016.

The Board of Directors would also like to point out that this item on the General Meeting's agenda anticipates potentially voting on two relatively independent sets of issues, namely the removal of current members of the Audit Committee and the election of new members. The two sets will be debated separately, meaning that if proposals are submitted on this item, any proposals to remove members of the Audit Committee will be voted on first (in the order specified by the Company's Articles of Association) and only then will any proposals for the election of new members of the Audit Committee be voted on in the appropriate order. It is therefore needed that shareholders submit any proposals to elect or remove members of the Audit Committee separately.

The foregoing procedure will ensure, among other things, that it is clear in advance how many vacancies on the Audit Committee, arisen after the potential removal of existing members, can be filled by electing new members.

#### **Annexes:**

1. Draft of updated wording of the Company's Articles of Association presented by the Board of Directors to the General Meeting of the Company for approval on 29. 6. 2020 – see draft resolution (2) to item 8 of the notice of General Meeting
2. Remuneration Policy ČEZ, a. s., presented by the Board of Directors to the General Meeting of the Company for approval on 29. 6. 2020

**Board of Directors of ČEZ, a. s.**