



**ON .....**

**Telefónica O2 Czech Republic, a.s.**

**and**

**member of the Audit Committee**

**Agreement on the Performance**

**of the Office of a Member of the Audit Committee**

*A Telefónica company*



## CONTENTS:

1. Obligations of the Member of the Audit Committee .....	3
2. Company obligations.....	4
3. Final provisions .....	5



**THIS AGREEMENT ON THE PERFORMANCE OF THE OFFICE OF A MEMBER OF THE AUDIT COMMITTEE IS ENTERED INTO BY AND BETWEEN THE FOLLOWING PARTIES:**

1. **Telefónica O2 Czech Republic, a.s.**, having its registered office at Za Brumlovkou 266/2, Praha 4, post code (PSČ): 140 22, Identification No. (IČ): 60193336, recorded in the Commercial Register of the Municipal Court in Prague, Section B, Enclosure 2322 (hereinafter referred to as the **“Company”**)

and

2. *Mr./Ms. ....*, date of birth: *.....*, permanently residing at *.....* (hereinafter referred to as the **“Member of the Audit Committee”**)

**WHEREAS:**

(A) The Member of the Audit Committee is or, as the case may be, will be as of the effective date hereof a member of the Audit Committee of the Company;

(B) The Company and the Member of the Audit Committee wish to regulate their mutual rights and obligations relating to the performance of the office of the member of the Audit Committee of the Company, as well as certain mutual rights and obligations following the termination of performance of the office of the member of the Audit Committee of the Company, on a contractual basis.

**NOW, THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:**

**1. Obligations of the Member of the Audit Committee**

1.1. By this Agreement, the Member of the Audit Committee undertakes to carry out the obligations of a member of the Audit Committee arising for him by virtue of law and the Company Articles of Association with a due care and diligence.

1.2. The Member of the Audit Committee undertakes to comply with the ban on competitive conduct to the extent set out in Section 196 of the Commercial Code and in the Company Articles of Association. He undertakes to pay a contractual penalty of CZK 100,000 per each case for any breach of this obligation. The contractual penalty shall become payable within one week of the day on which the Member of the Audit Committee has been requested by the Company in writing to make the payment thereof. Other obligations of the Member of the Audit Committee in the event of a breach of the ban on competitive conduct shall not be affected by the obligation to pay a contractual penalty under this article 1.2.

1.3. Within six months after termination of the performance of the office in the Audit Committee of the Company, the Member of the Audit Committee undertakes not to

(a) perform any office of statutory, supervisory or any other body or a member in such a body in any legal entity which is engaged in the provision of telecommunications services on the territory of the Czech Republic or advisory activities or provision of consultations in matters involving

*A Telefónica company*

3



provision of telecommunications services on the territory of the Czech Republic (such activities carried out on the territory of the Czech Republic hereinafter “**competition activities**”),

- (b) be employed by any entity carrying out competition activities (unless his labour activity is not related to the territory of the Czech Republic, whether directly or indirectly),
- (c) carry out business activities as an individual in the area of competition activities or
- (d) in any manner carry out competition activities or to participate in carrying out such competition activities, whether directly or indirectly.

Should a Member of the Audit Committee discharge an office or a position provided for in para (a) to (d), or perform activities set out therein, exclusively within the scope of his/her legal relation to the Company or to an entity belonging to the same holding as the Company, the breach of obligations of Member of the Audit Committee shall not apply.

- 1.4. In the event of any breach of the non-competition obligation set out in article 1.3., the Member of the Audit Committee shall return to the Company the accepted monetary compensation specified in article 2.3. and pay to the Company a contractual penalty of CZK 100,000. The contractual penalty shall become payable within one week of the day on which the Member of the Audit Committee has been requested in writing to make the payment thereof. Other obligations of the Member of the Audit Committee, if any, in the event of a breach of the non-competition obligation pursuant to article 1.3. shall not be affected by the obligation to pay a contractual penalty under this article 1.4.

## 2. Company obligations

- 2.1. The Company undertakes to pay to the Member of the Audit Committee remuneration for the performance of the office in accordance with the Company Articles of Association and decisions of the Company bodies, unless such cases are involved where the provision of such remuneration is not permitted by law.
- 2.2. The Company undertakes to refund to the Member of the Audit Committee costs necessarily and purposefully incurred by him for performing the office, and to provide him with fulfilment to which he is entitled in compliance with internal regulations approved by a decision of the general meeting, unless the provision of such fulfilment is not permitted by law.
- 2.3. As a consideration for the assumption of the non-competition obligation pursuant to article 1.3., the Company undertakes to provide the Member of the Audit Committee with monetary compensation in the amount equalling sextuple average Lump-sum Amount under the Rules for Remuneration to Members of the Supervisory Board of the Company falling on a member of the Company Supervisory Board for a month preceding the one, in which the Member of the Audit Committee terminated his/her office in the Audit Committee of the Company; when calculating the average Lump-sum Amount, the fact that some of the Supervisory Board members did not claim their remuneration shall not be taken in account. Such Company fulfilment for the assumption of the non-



competition obligation pursuant to article 1.3. shall become payable within one month following the termination of the performance of the office, either in cash or via bank transfer to the account specified by the Member of the Audit Committee to the Company no later than one week following the day on which the performance of the office has terminated.

**3. Final provisions**

- 3.1. Unless otherwise set out herein, the rights and obligations of the Member of Audit Committee arising during the performance of the office shall be governed by the provisions of legal regulations of the Company Articles of Association and decisions of the company General Meeting.
- 3.2. This Agreement has been signed in two counterparts; one is designated for the Member of the Audit Committee, and one for the Company.
- 3.3. This Agreement replaces earlier arrangements of the parties on the subject matter hereof, unless the character of such previous arrangements indicates otherwise.
- 3.4. This Agreement becomes effective when approved by the General Meeting of the Company or in the moment of commencement of performance of the office of the Member of the Audit Committee; this Agreement becomes effective in that of the above-mentioned moments which occurs later.

In Prague on .....

**Telefónica O2 Czech Republic, a.s.  
Board of Directors**

\_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

**Member of the Audit Committee**

\_\_\_\_\_

Member