

**Articles of association  
of the *societas europaea*  
COLT CZ Group SE  
(the "Company")  
PROPOSED CHANGES**

## **1. Business name and registered office**

- 1.1 The business name of the Company is: Colt CZ Group SE.
- 1.2 The Company's registered office is in Prague, Czech Republic.
- 1.3 The Company has been formed for an indefinite period of time.
- 1.4 The legal form of the Company is that of a *Societas Europaea* (SE) within the meaning of Article 2 (3) and Art. 35 et seq. of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE), in the wording of Council Regulation (EC) No. 885/2004 of 26 April 2004 (the "**Council Regulation**"), and in accordance with Council Directive 2001/86/EC of 8 October 2001, supplementing the Statute for a European company with regard to the involvement of employees (the "**Council Directive**"), pursuant to Act No. 627/2004 Coll., on the *Societas Europaea*, as amended (the "**SE Act**"), and within the meaning of Sec. 1 of the Act No. 90/2012 Coll., on companies and cooperatives, as amended (the "**Corporations Act**").

## **2. Scope of business of the company**

- 2.1 The scope of business of the Company includes:
  - (a) Manufacturing, trade and services other than those listed in Annex 1 through 3 of the Trade Licensing Act, with the following areas of activity:
    - Intermediation of trade and services;
    - Wholesale and retail; and
    - Advisory and consultation services, expert analyses and reports,
  - (b) Accounting consulting, bookkeeping, tax accounting.
- 2.2 The scope of activities of the Company includes:
  - (a) Management of its own assets.

### **3. Registered capital**

- 3.1 The registered capital of the Company is CZK 3,446,720,20 (three million four hundred forty-six thousand seven hundred twenty and 20/100 Czech crowns), i.e. EUR 138,617.34 (one hundred thirty eight thousand six hundred seventeen euros thirty-four cents) applying a conversion rate of CZK 24.865 (twenty-four 865/1000 Czech crowns) as of 27 September 2012.
- 3.2 Any increase in or decrease of the registered capital is subject to a decision of the General Meeting or the Board of Directors in accordance with the provisions of the Corporations Act and these Articles of Association.

### **4. Shares**

- 4.1 The registered capital of the Company is divided into 34,467,202 (thirty-four million four hundred sixty-seven thousand two hundred two) common registered shares in book-entry form with a par value of CZK 0.10 (1/10 Czech crown), i.e. EUR 0.00402 (402/100000 euro) each. All Company shares have been accepted for trading at the European regulated market. The Company may issue interim certificates.
- 4.2 Each share is associated with 1 (one) vote at the General Meeting. The shares are associated with rights and obligations set out in these Articles of Association and in the relevant laws and regulations. The total number of votes in the Company is 34,467,202 (thirty-four million four hundred sixty-seven thousand two hundred two).
- 4.3 The list of shareholders of the Company is replaced with the statutory record of book-entry securities. The Company keeps its own list of shareholders on the basis of the book-entry securities record, which contains, among other information, the shareholders' e-mail addresses; shareholders are required to announce their e-mail addresses and any changes thereto to the Company.

### **5. Rights of shareholders**

- 5.1 All domestic and foreign legal entities and individuals are eligible to become shareholders of the Company.
- 5.2 A shareholder is entitled to a share in the profits of the Company (dividend) and in other equity funds approved by the General Meeting for distribution among shareholders based on the Company's financial results as set out in its annual or extraordinary financial statements approved by the General Meeting, the distribution of which was determined by the Board of Directors subject to the terms set out in law.

- 5.3 The ability of the Company to declare a dividend is subject to limits imposed by Czech law, in particular:
- (a) The amount to be distributed as a dividend to shareholders must not exceed the amount of sum of net profit of the last completed financial year, profits or losses of previous years and other funds that the Company may use upon its own discretion, less contributions made to reserve and other established funds in accordance with the law and the Articles of Association;
  - (b) The Company may not distribute profit or other equity funds if, as at the date of the last financial statements, equity as shown in the annual or extraordinary financial statements, or equity after the distribution would fall below the amount of the subscribed registered capital increased with the funds which, in accordance with the law and the Articles of Association, cannot be distributed;
  - (c) If R&D costs are recorded in assets in the balance sheet, the Company may not distribute profit or other equity funds unless the amount to be distributed pursuant to Section 34(2) of the Corporations Act is at least equal to the part of R&D costs not written off. Pursuant to Section 34(2) of the Corporations Act, the amount to be distributed is decreased by the amount of R&D costs not written off;
  - (d) The Company may not pay out the share in the profits or other equity funds if it would result into its insolvency in accordance with the law. This also applies to the advance payment of the share in the profits.
- 5.4 A shareholder's share in the profits and other equity funds of the Company shall be determined in proportion to the nominal value of shares in the Company owned by the shareholder to the registered capital of the Company. A share in the profits and other equity funds may be paid in cash or in-kind. The share in the profits and other equity funds is payable within 3 months from the day on which the General Meeting approved its distribution unless the law, Articles of Association or the General Meeting specify otherwise. A right to a share in the profits or other equity funds is individually transferable commencing on the day on which the General Meeting passed the resolution on the distribution of the share in the profits or other equity funds. The share in the profits or other equity funds is not refundable, unless the person to whom the share in the profits or other equity funds was paid out knew or should have known that the payment of dividend was made in breach of the conditions for dividends payments pursuant to the Corporations Act.
- 5.5 The right to a share in the profits or other equity funds that was not paid out as a result of provisions of Section 40(3) of the Corporations Act by the end of the accounting

period becomes extinct. The Company will transfer the undistributed profit to retained profits and other equity funds to their original account.

- 5.6 Each share in the Company carries one vote which is further indivisible. When voting at the General Meeting, a shareholder or his/her representative are not required to exercise the voting rights attached to all shares in the same manner.
- 5.7 Company shareholder or shareholders holding shares with the aggregate nominal value of at least 5% of the registered capital of the Company (the “**qualified shareholders**”), may:
- (a) Request that the Board of Directors convene the General Meeting to address matters that they propose, provided that each proposed item is supplemented with a draft resolution or justification;
  - (b) Request that the Board of Directors include the matter that they demand in the agenda of the General Meeting, provided that each such matter also contains a draft resolution or justification;
  - (c) Request that the Supervisory Board review the exercise of powers of the Board of Directors in the matters specified in the proposal;
  - (d) Subject to such terms and in such cases as set out in the Corporations Act, on behalf of the Company, seek compensation against a member of the Board of Directors or a member of the Supervisory Board or compliance with their obligation (if any) arising from an agreement on the settlement of damages suffered by the Company in violation of the obligation to act with due care, or the repayment of an issue price from a shareholder who is in default on its repayment, and act on behalf of the Company in such proceeding;
  - (e) Request that a court appoint an expert to review a report on relations for serious reasons;
  - (f) Seek compensation, on behalf of the Company, for damages against an influential person, if such damages are detrimental to the Company.
- 5.8 A shareholder may not seek the return of their contributions that they made in the Company in order to acquire or increase their share in the Company during the term of existence of the Company or after it is wound up. If the company is wound up and liquidated, a shareholder shall be entitled to their respective share in the Company’s liquidation quota.

## **6. Internal structure and bodies of the company**

6.1 The Company has established a dual internal structure consisting of the Board of Directors and Supervisory Board. The bodies of the Company are:

- (a) General Meeting;
- (b) Board of Directors;
- (c) Supervisory Board; and
- (d) Audit Committee.

## **7. General meeting; position and powers**

7.1 The General Meeting is the supreme body of the Company. If the company has a sole shareholder, the general meeting is not held and its powers are exercised by a sole shareholder.

7.2 The powers of the General Meeting include matters entrusted to it by law or by these Articles of Association.

7.3 The powers of the General Meeting include, among other things:

- (a) Decisions on amendments to the Articles of Association, unless attributable to an increase in the registered capital by the empowered Board of Directors or unless the amendment is attributable to other legal facts;
- (b) Decisions on changes of the registered capital amount and authorizations of the Board of Directors to increase the registered capital;
- (c) Decisions on the possibility of setting off a monetary receivable toward the Company against the receivable for repayment of the issue price;
- (d) Decisions on increases in the registered capital by means of in-kind contributions;
- (e) Decisions on the issuance of convertible bonds or bonds carrying the right to subscribe for shares within the meaning set forth in Sec. 286 of the Corporations Act;
- (f) Decisions on the exclusion or limitation of a pre-emptive right to acquire convertible bonds or bonds carrying the right to subscribe for shares within the meaning set forth in Sec. 286 of the Corporations Act or on the exclusion or limitation of a pre-emptive right of a shareholder when increasing the registered capital by means of the subscription of new shares;
- (g) Decisions on changes in the type or form of shares, rights attached to shares, and decisions on the combination or split off of shares;

- (h) Decisions on the acquisition of treasury shares by the Company, where a decision of the General Meeting is required by law;
- (i) Appointing and recalling the members of the Supervisory Board, decisions on their compensation and on distribution of royalties to them within the meaning of Sec. 61 of the Corporations Act; approval of the agreements on performance of the office of a member of the Supervisory Board;
- (j) Appointing and recalling the members of the Audit Committee, decisions on their compensation and on distribution of royalties to them within the meaning of Sec. 61 of the Corporations Act; approval of the agreements on performance of the office of a member of the Audit Committee,
- (k) Approval of the annual, extraordinary and consolidated financial statements, and, where required by law, approval of the interim financial statements;
- (l) Decisions on the distribution of profits or other own funds or on the coverage of losses;
- (m) Decisions on the filing of applications for the admission of equity-linked securities of the Company for trading on a European regulated market or for the de-listing of such securities from trading on a European regulated market;
- (n) Decisions on the winding up and liquidation of the Company;
- (o) Appointment or recall of a liquidator (including the compensation to be paid to the liquidator);
- (p) Decisions on the approval of the liquidator's final report and proposal on the use of the liquidation balance;
- (q) Approval of the transfer, usufructuary lease or pledge of a business establishment or a part of its assets entailing a major change in the true scope of business or activities of the Company;
- (r) Decisions on a merger, de-merger, transfer of assets to a sole shareholder, changes in the legal form, relocation of the registered office abroad or other transformation of the Company;
- (s) Approval of a silent partnership agreement and other agreements establishing the right to a share in the Company's profits or other equity funds, including the approval of its amendments and termination;
- (t) Approval of the rules of procedure and the voting rules of the General Meeting as well as other organizational measures linked to dealings at the General Meeting;
- (u) Approval of the rules of procedure for the Audit Committee;
- (v) Granting of consent to the acquisition or disposal of assets where required by generally binding regulation;

- (w) Creation of a reserve fund and/or other funds, including the manner in which they are created or supplemented (in particular, other capital reserves), or their cancellation;
  - (x) Discussing measures proposed by the Board of Directors pursuant to Sec. 403 of the Corporations Act;
  - (y) Discussing the results of the supervisory work performed by the Supervisory Board as per Sec. 83 (1) and Sec. 449 of the Corporations Act;
  - (z) Appointing and recalling the auditor of the Company; and
  - (aa) Other resolutions entrusted to the General Meeting by the respective laws.
- 7.4 The General Meeting is not entitled to reserve the right to decide on matters not entrusted to it by the law or by these Articles of Association.

## **8. Convening the general meeting**

- 8.1 The General Meeting shall be convened on an ad hoc basis, in each case at least once per fiscal year, no later than 6 (six) months from the last date of the preceding fiscal year. The General Meeting shall also be convened upon the request of a qualified shareholder subject to requirements set out in these Articles of Association and the Corporations Act.
- 8.2 The General Meeting shall be convened by the Board of Directors or by an individual member of the Board of Directors, if the Board of Directors fails to convene the General Meeting without undue delay even though the law prescribes that it be convened or if the Board of Directors lacks the ability (quorum) to pass resolutions for an extended period of time.
- 8.3 If the Company has not appointed the Board of Directors or, if its appointed Board of Directors does not meet its obligations on a long-term basis and none of its members has convened the General Meeting, the General Meeting shall be convened by the Supervisory Board; the Supervisory Board may also convene the General Meeting if the interests of the Company so require. In doing so, the Supervisory Board shall also propose the necessary measures. If the Supervisory Board does not convene the General Meeting, it may be convened by any member of the Supervisory Board.
- 8.4 The convener will publish a notice of the General Meeting on the Company's website <http://www.coltczgroup.com> and in the Commercial Bulletin at least 30 (thirty) days before the date of the General Meeting. Delivery of the notice to individual shareholders at their respective addresses pursuant to Section 406(1) of the

~~Companies~~ Corporations Act is substituted by the publication of the notice in the Commercial Bulletin. The notice of the General Meeting shall contain at least:

- (a) Business name and registered office of the Company,
- (b) Venue, date, and time of the General Meeting,
- (c) Reference as to whether the General Meeting is the annual General Meeting or an adjourned General Meeting,
- (d) Agenda for the General Meeting, along with the identification of persons who have been nominated as candidates for membership in the Company's bodies,
- (e) The record date for participation in the General Meeting, along with an explanation of its significance for the ability to cast votes at the General Meeting,
- (f) Draft resolution(s) to be passed by the General Meeting, along with the reasoning,
- (g) Deadline for delivery of shareholders' position on the agenda of the General Meeting (not to be shorter than 15 days) if correspondence voting has been permitted,
- (h) If the General Meeting is to approve the financial statements of the Company, information that the complete financial statements and other related documents are made public on the Company's website for a period beginning 30 (thirty) days prior to the scheduled date of the General Meeting and ending 30 (thirty) days thereafter,
- (i) Information that the voting at the General Meeting may take place using technological means, and the conditions for verifying the identity of the person entitled to exercise the right to vote using technological means, and specification of the shares carrying the right to vote being so exercised,
- (j) Other requisites per these Articles of Association or applicable law.

8.5 If the agenda of the General Meeting includes an amendment to the Articles of Association, the Company shall make it possible for each shareholder to inspect the proposed changes, free of charge, at the Company's registered office and on its website <http://www.coltczgroup.com>, within the time period stipulated in the invitation notice. The Company shall advise the shareholders of this right in the notice of the General Meeting.

8.6 Upon request by one or several qualified shareholders of the Company, the Board of Directors shall put the matter brought forward by such shareholder(s) on the agenda of the General Meeting, subject to the conditions set out in Sec. 369 of the Corporations Act.

8.7 Request pursuant to Article 8.6 must be delivered to the Company no later than 10 days prior to the record date for participation in the General Meeting.



- 8.8 If the request pursuant to Article 8.6 was delivered after publishing and sending the invitation to the General Meeting, the Board of Directors will publish the amended agenda of the General Meeting no later than 5 (~~in words: five~~) days prior to the record date for participation in the General Meeting in a manner specified by the Corporations Act and these Articles of Association for convening a General Meeting.
- 8.9 If qualified shareholders ask the Board of Directors to convene the General Meeting, the general Meeting shall be convened within 50 (fifty) days following the date of delivery of the convocation request to the Board of Directors. A notice of convocation of the General Meeting shall be published on later than 21 (twenty-one) days prior to the scheduled date of the General Meeting. If the Board of Directors fails to convene the General Meeting by such deadline, qualified shareholders may seek legal regress in order to become authorized to convene the General Meeting and to perform all acts on behalf of the Company in relation thereto.
- 8.10 The General Meeting may resolve to move any items on the agenda of the General Meeting to the next General Meeting or not to discuss the same. This shall not apply if the General Meeting is held upon the request of a qualified shareholder, unless such shareholder agrees therewith.
- 8.11 Matters not included in the proposed agenda of the General Meeting may only be heard and decided in the presence, and with the consent, of all shareholders of the Company.
- 8.12 If all shareholders of the Company agree, the General Meeting may be held even without complying with the formal requirements for its convocation set out in the Corporations Act and these Articles of Association.
- 8.13 The General Meeting may be cancelled or postponed. The Company shall notify shareholders of such cancellation or postponement in the manner set out in the Corporations Act and in the Articles of Association for convening the General Meeting at least 1 (one) week before the originally announced date of the General Meeting; otherwise it shall compensate the shareholders who reported to the General Meeting according to the original notice, for the costs reasonably incurred by them in connection with such attendance. If the General Meeting is convened upon the request of qualified shareholders, its cancellation or postponement is only possible if these shareholders agree.

## **9. Participation in the general meeting**

- 9.1 Shareholders are authorized to participate and vote at the General Meeting. Shareholders may participate in the General Meeting if they are registered in the statutory record of book-entry securities as an owner of shares in the Company as of the record date for the General Meeting, i.e. the 7th (seventh) calendar day prior to the date on which the General Meeting is scheduled. The Board of Directors of the Company shall apply for an extract from the statutory record of book-entry securities as of that record date. Shareholders must promptly report any changes to their particulars which form part of the statutory record of book-entry securities. Shareholders must also report any change in their e-mail address without unnecessary delay. The Company bears no responsibility for the consequences which may arise from shareholders' failure to observe this duty. Shareholders may not be present at the General Meeting in company with any other person designated by them with the exception of persons assisting a shareholder that is a person with a handicap pursuant to applicable legal regulations.
- 9.2 Shareholders may participate in the General Meeting in person or through an authorized representative acting based upon a power of attorney. The power of attorney must be in writing with an officially verified signature of the respective shareholder and must specify the number of shares to which it relates and the aggregate nominal value of such shares; it must further specify whether it is granted for representation at one particular General Meeting or at several General Meetings. Shareholders may be represented at the General Meeting solely by one representative. Shareholders may grant such power of attorney using a form which the Company makes available in paper form at the Company's registered office and in electronic form on the Company's website no later than on the day on which the invitation to the General Meeting is published. The shareholder may also notify the Company of the fact that they granted or revoked power of attorney in electronic form, via notice to the e-mail address specified in the invitation to the General Meeting. When being entered into the attendance list at the General Meeting, shareholder's representative must present and hand over the original of the power of attorney granted by the shareholder. If shares are in joint ownership, the joint owners are co-shareholders and their shares shall only be administered by the administrator of joint property (shares) in relation to the Company. Rules regarding the representation of shareholders based upon a power of attorney shall apply mutatis mutandis to the representation by the administrator of joint property.

- 9.3 At the General Meeting or when exercising other rights associated with their shares, shareholders may also be represented by a person who is entered in the securities register as a trustee/custodian or a person authorized to exercise rights associated with shares. The authority of such trustee/custodian (or other person) to represent the shareholder at the General Meeting shall be demonstrated by an extract from the securities register, to be procured by the Company. If the shareholder within the meaning of the first sentence of this paragraph wishes to attend the General Meeting in person, or to be represented in a manner other than described above, such shareholder must, during the taking of attendance, present an extract from the respective securities register which shows that they were indeed a shareholder of the Company as of the record date; alternatively, they may deliver such extract to the Company electronically to the e-mail address specified in the invitation to the General Meeting, provided that they do so no later than 2 (two) business days before the date on which the General Meeting is scheduled.
- 9.4 Shareholders and their authorized representatives must identify themselves at the General Meeting with an official identification card/passport and, in case of a representative, a power of attorney with the certified signature of the respective shareholder. Members of the statutory body (executive body) of a legal entity who is a shareholder of the Company shall also present a current (not older than 3 (three) months) extract from the relevant public register or other document showing that they are entitled to act on behalf of such legal entity. Persons who are entered in the securities register as a trustee/custodian or a person authorized to exercise rights associated with shares do not need to present a power of attorney. Representatives whose right to represent a shareholder is based on a fact/document other than power of attorney must prove the existence of such other fact or present the relevant document.
- 9.5 A shareholder or their representative may also electronically submit documents required for their attendance and exercise of shareholders' rights at the General Meeting to Company e-mail address included in the invitation to the General Meeting starting from the date of publication of the invitation. The Company may notify a shareholder or their representative (if any) by e-mail at the e-mail address provided by the shareholder or their representative together with the documents or kept in the Company's records if it considers that the conditions for their attendance and voting at the General Meeting have been met. This Article 9.5 is without prejudice to Article 9.4.

- 9.6 In the event shareholders or their representative participate and vote on the General Meeting through technical means, pursuant to these Articles of Association, shareholders or their representatives are required to send the documents specified in Article 9 of these Articles of Association electronically, including the copy of the identity card / passport to the e-mail address specified in the invitation to the General Meeting, no later than on the sixth day prior to the date of the General Meeting. The Company will specify in an e-mail sent to the shareholder's e-mail address recorded by the Company or to his/her representative's e-mail address sent by this representative along with the documents, whether the conditions for their attendance and voting at the General Meeting through technical means have been met. Prior to the date of the General Meeting, shareholders or their representative are required to send the originals of the above documents to the Company's address and a copy of their identity cards / passports.
- 9.7 If shareholders or their representatives present documents certified by foreign authorities, such documents must be furnished with an apostille or a clause of legalisation, unless the Czech Republic has entered into an agreement on international judicial assistance with the country in which the documents were certified.
- 9.8 All documents concerning the attendance, voting at or other exercise of shareholders' rights or acting at the General Meeting shall be presented in Czech or English. If the documents (or certification clauses) are in a different language, they must be accompanied with a certified translation into Czech.
- 9.9 The shareholders attending the General Meeting who identified themselves in accordance with these Articles of Association shall be entered in the attendance list, which states the name and address of residence or the registered seat of the shareholder (or their representative), the number and aggregate nominal value of the shares based upon which they have a right to cast votes (or, as the case may be, a note that their shares do not entitle them to vote). If a shareholder participates in the General Meeting through technical means, the information will be stated in the attendance list. If the Company refuses to enter a person into the attendance list, such fact along with the reason for such refusal shall be stated in the attendance list. The powers of attorney of shareholders' representatives as well as other documents proving the fact that the shareholder is represented by a representative, trustee or another third person at the General Meeting shall be attached to the attendance list. The attendance list shall be completed and the authenticity of the documents presented by the persons in attendance shall be confirmed by the persons who convened the General Meeting (or,

as the case may be, another person appointed by them), by way of their signature on the attendance list.

- 9.10 Voting and participation on the General Meeting through technical means is permitted via direct two-way remote transmission enabling audio-video two-way communication between the General Meeting and the shareholder in real time (e.g. a video conference via Microsoft Teams, Skype, etc.) under the condition that this possibility is permitted in the invitation to the General Meeting, with regard to e.g. technically, the impossibility to verify certain decision of the General Meeting by a notary pursuant to legal regulations. Shareholders or their representatives who intend to participate in the General Meeting through technical means are required to notify the Company either in writing to the Company's address or electronically via e-mail sent to the Company's e-mail address specified in the invitation to the General Meeting no later than six days prior to the date of the General Meeting. This does not deprive the shareholder of his/her right to attend the General Meeting in person. Detailed conditions for voting and participation in the General Meeting through technical means and the conditions for verifying the identity of the shareholders voting through technical means and identifying the shares carrying such voting right shall be determined by the Board of Directors of the Company, and the information on these conditions shall be included in the invitation to the General Meeting.
- 9.11 Members of the Board of Directors, the Supervisory Board and one member of the Audit Committee always attend the General Meeting.
- 9.12 Upon prior invitation by the Board of Directors of the Company, a third person may participate in the General Meeting.

## **10. Proceedings of the general meeting and decision-making at the general meeting**

- 10.1 As its first order of business, the General Meeting shall elect its chairperson, minutes keeper, a witness to confirm the accuracy of the minutes, and one or several persons in charge of counting the votes (scrutineer). Until the chairperson has been elected, the General Meeting shall be chaired by the person who convened the General Meeting (or another person appointed by them). The same applies if no chairperson of the General Meeting was elected. If no minutes keeper, witness of the accuracy of the minutes, or scrutineer is elected, the person who convened the General Meeting will appoint someone to fulfil these duties. The General Meeting may decide that the chairperson of the General Meeting may be the same person who certifies the

accuracy of the minutes. The General Meeting may decide that the chairperson of the General Meeting may also count the votes, provided that this does not jeopardize the due and proper course of proceedings. Rules concerning the technicalities of proceedings and of casting votes, as well as other details, may be set out in rules of procedure (if the General Meeting adopts such rules).

- 10.2 The course of the General Meeting shall be recorded in minutes which must be published on the Company's website within 15 (fifteen) days after the General Meeting, or be sent to the shareholder's address upon the shareholder's request and at his/her expense and must contain the following information:
- (a) Business name and registered office of the Company;
  - (b) Place and time of the General Meeting;
  - (c) Names of the chairperson of the General Meeting, minutes keeper, witness(es) verifying the minutes and scrutineer(s);
  - (d) Description of how the individual items on the agenda were discussed;
  - (e) Resolutions of the General Meeting, including voting results; and
  - (f) Contents of objections of a shareholder, member of the Board of Directors or member of the Supervisory Board to a resolution of the General Meeting.

The minutes of the General Meeting shall also contain proposals and statements presented for discussion at the General Meeting and the attendance list.

- 10.3 The General Meeting has a quorum if attended by shareholders who as of the respective record date held shares with a nominal value in excess of 50 (fifty) percent of the Company's registered capital. In determining whether the General Meeting has a quorum and in determining the outcome of votes held at the General Meeting, shares or interim certificates with which no voting rights are associated (or only such voting rights which cannot be exercised in the given case) shall be disregarded.
- 10.4 If the General Meeting cannot reach a quorum within 1 (one) hour from the moment in which the General Meeting was proposed to begin (according to the invitation to the General Meeting), or loses the quorum during the meeting, i.e. if the General Meeting cannot reach a quorum within 1 (one) hour after the chairperson of the General Meeting declares that the General Meeting has lost the quorum, and if still needed, the Board of Directors shall promptly convene a substitute General Meeting, to be held within 6 (six) weeks from the date of the original General Meeting. The invitation must be sent to the shareholders within 15 (fifteen) days from the date of the original General Meeting. The substitute General Meeting must have the same agenda, and in the event the General Meeting loses its quorum during the meeting, the agenda of the substitute General Meeting will contain the items on the agenda of the original General Meeting

that have not been discussed. The substitute General Meeting will have a quorum irrespective of the number of shareholders in attendance. The invitation to the substitute General Meeting must draw attention to this fact.

- 10.5 The General Meeting decides with a simple majority of the votes of the shareholders in attendance, unless the law or these Articles of Association require a different majority.
- 10.6 The person who convened the General Meeting shall decide whether the shareholders will vote at the General Meeting using an electronic voting system, ballot cards, or another suitable method. Votes are always first held on the proposal by the person who convened the General Meeting; if their proposal finds no approval, votes will be held on other proposals and counterproposals on the given item on the agenda, in the same order in which they were brought. As soon as a proposal or counterproposal has been approved, no further vote shall be held on other counterproposals regarding the same item on the agenda. Prior to the vote, the General Meeting must be made familiar with all proposals and counterproposals brought with respect to the given item on the agenda, in accordance with these Articles of Association and with the law.
- 10.7 The chairperson of the General Meeting shall see to it that votes are held in such fashion to ensure that they can be properly recorded in the minutes of the General Meeting. In particular, the chairperson shall ensure as needed that the persons who cast votes state on whose behalf they are voting (by giving the business name, designation, or name of the shareholder), and with what number of shares. If the law requires that the relevant decision by the General Meeting be authenticated by an official document, the chairperson must conduct the proceedings of the General Meeting to allow for the authentication by an official document (in the fashion prescribed by law).

## **11. Decisions outside the meeting of the general meeting (*per rollam*)**

- 11.1 Decisions outside the meeting of the General Meeting (*per rollam*) are permitted; the person authorised to convene a General Meeting will notify, in the manner in which the General Meeting is convened pursuant to these Articles of Association, a draft decision to all shareholders containing:
- (a) wording of the draft decision and its reasoning;
  - (b) period of at least 20 days for the delivery of the shareholder's opinion, which begins running upon the notification of the draft to the shareholders;
  - (c) supporting documents necessary for the acceptance of the decision;
  - (d) record date.

- 11.2 The record date for the decision-making of the General Meeting outside its meetings (per rollam) is the seventh day prior to the date on which the draft resolutions were notified to all shareholders in the manner for convening the General Meeting under these Articles of Association, i.e. the date of publication of the draft resolutions on the Company's website <http://www.coltczgroup.com>, and the date of publication in the Commercial Bulletin, whichever occurs later. The person authorized to convene the General Meeting shall ensure that, at least 15 (fifteen) days prior to the date of notification of the draft resolutions to be passed by the General Meeting outside a meeting (per rollam), a notification of the intention to pass resolutions of the General Meeting outside a meeting (per rollam) will be published on the Company's website, stating in particular information about the manner in which shareholders are able to review the draft resolutions, the relevant documents underlying such draft resolutions, and the rules for voting.
- 11.3 Company's shareholders may comment on the draft decision in writing with a shareholder's authenticated signature within the stipulated period after the notification of the draft decision to the given shareholder. If the shareholder fails to deliver the original of his/her consent to the draft resolution to the person authorised to convene the General Meeting within the stipulated period, he/she is deemed to agree with the draft.
- 11.4 In the event the shareholder is an individual, he/she will be identified on the basis of an extract from the securities register as at the date of sending the draft decision; the shareholder does not need to attach other documents when sending his/her opinion. In the event the shareholder is a legal entity, a member of the governing body of such legal entity must attach an up-to-date (not older than 3 (three) months) extract from the relevant public register or another document supporting the member's right to act on behalf of the entity to the opinion. The representative of the shareholder must also attach the original or an authenticated copy of a written power of attorney with an authenticated signature of the shareholder to the opinion. The person entered in the securities register as a trustee or a person authorised to exercise rights connected to the share does not have to present a power of attorney. The representative whose right to represent a shareholder arises from a fact/document other than a power of attorney, is required to present this fact or relevant document along with the opinion.
- 11.5 Supporting documents used by a shareholder and authenticated by foreign authorities must be apostilled or legalised unless the Czech Republic has signed a legal assistance agreement with the country in which the document was authenticated. All documents must be presented either in Czech or English. If the documents (or authenticating



clauses) are made in another language, the documents must be presented along with a certified translation into Czech.

- 11.6 If the Corporations Act requires the decision of the General Meeting to be authenticated as a public document, the draft decision *per rollam* must be made in the form of a public document. In that case, a copy of the public document on the draft decision is sent to the shareholders. The shareholder's opinion also contains the content of the decision proposed by the General Meeting that the opinion concerns and must bear an authenticated signature. Provisions of Section 382(1) second sentence, Section 416(2), Section 432(1) second sentence and Section 432(2) second sentence apply by analogy. The decisive majority is calculated from the total number of votes of all shareholders.
- 11.7 The outcome of the decision-making including its approval will be promptly announced to all shareholders by the person authorised to convene the meeting, in a manner of convening a General Meeting as laid down in the Corporations Act and these Articles of Association.

## **12. Proposals; counterproposals; requests for explanations**

- 12.1 Shareholders have a right to submit their own proposals and counterproposals with respect to matters on the agenda of the General Meeting. The chairperson of the General Meeting (or, until such chairperson has been elected, the person who convened the General Meeting or another person appointed by them) must ensure at the General Meeting that all shareholders are acquainted with all proposals and counterproposals submitted by any of them.
- 12.2 The Board of Directors shall familiarize all shareholders of the wording of the shareholder's counterproposal, along with its position, in the manner prescribed for convening the General Meeting set out in Article 8 of these Articles of Association.
- 12.3 Shareholders may submit proposals also with respect to matters on the agenda of the General Meeting even before the invitation to the General Meeting has been published. The Board of Directors shall publish any such proposal which reaches the Company no later than 7 (seven) days before the publication of the invitation, along with its position, together with the invitation to the General Meeting. Proposals which are delivered after this deadline shall be handled following the procedure set out in Article 12.2 of these Articles of Association.
- 12.4 Shareholders have a right to demand and receive at the General Meeting explanations from the Company regarding matters of concern to the Company or to entities

controlled by the Company, to the extent that such explanations are necessary in order to be able to assess the substance of matters on the agenda of the General Meeting or to exercise shareholders' rights at the General Meeting. Upon publication of the invitation to the General Meeting, shareholders are entitled to submit requests for explanation in writing.

- 12.5 As to matters concerning an on-going General Meeting, the Company will provide explanations at that General Meeting. If this proves infeasible due to the complexity of the matter, the Company shall provide explanation to shareholders within 15 (fifteen) days, and shall do so even if the explanation is no longer needed for assessing the course of the General Meeting or for exercising shareholders' rights there.
- 12.6 Requests for explanations shall be brought in appropriate form. The chairperson of the General Meeting (or, until such chairperson has been elected, the person who convened the General Meeting or another person appointed by them) may ask shareholders to submit their requests for explanations in a specific form, particularly in writing, and following a specific procedure. Written requests for explanations and protests shall be furnished, below their content which must be legible, with the (likewise legible) first and last name (or designation) of the shareholder and the signature of the shareholder (or their authorized representative). If a shareholder makes an oral request for explanations, they must phrase it such that the request is brief and intelligible. Shareholders who take the floor to present their request for explanations are bound by a time limit of 5 (five) minutes.
- 12.7 The information given as a part of the explanations must be specific, and must provide a sufficient and true picture of the facts enquired. Explanations may be given in the form of a summarizing answer to more than one question of a similar nature. The shareholders are deemed to have received the requested information if the information was posted on the Company's website no later than on the day preceding the date of the General Meeting, and has been made available to shareholders at the venue of the General Meeting.
- 12.8 Explanations may be fully or partly denied or withheld if:
- (a) giving such explanations could cause harm to the Company or to entities controlled by the Company;
  - (b) if they concern insider or classified information within the meaning of special law;
  - (c) if the information sought is in the public domain.
- 12.9 It is upon the Board of Directors to assess whether the conditions for withholding explanations are met and to communicate the reason to the enquiring shareholder. The shareholder may demand that the Supervisory Board determine that the conditions for

withholding explanations were not met and that the Board of Directors must provide the explanations. The Supervisory Board shall decide on such a request by the shareholder during the General Meeting or, if this is impossible, within 5 (five) business days from the day on which the General Meeting convened. If the Supervisory Board does not agree that the explanations should be provided or if it does not take position within the statutory time period, or if it refuses or fails to provide information within the set period pursuant to Section 358(1) of the Corporations Act, then the court shall, upon a motion by the shareholder, rule whether the Company is obliged to disclose the information which was sought. This is without prejudice to the statutory rules on the protection of information.

### **13. The board of directors and its powers**

- 13.1 The Board of Directors is the executive body of the Company.
- 13.2 The Board of Directors is in charge of the business management of the Company and acts on its behalf. The Board of Directors follows the principles and instructions approved by the General Meeting if such principles and instructions comply with applicable laws and the Articles of Association. However, where such principles or instructions are inappropriate, the members of the Board of Directors must notify the General Meeting accordingly. Nevertheless, nobody may give instructions to the Board of Directors concerning the business management of the Company; this shall not be prejudicial to the procedure under Section 51(2) of the Corporations Act.
- 13.3 The scope of competencies of the Board of Directors comprises all matters unless assigned to a different body of the Company pursuant to law or these Articles of Association.
- 13.4 The scope of competencies of the Board of Directors comprises in particular the following:
  - (a) Carrying out the business management of the Company and attending to its operational matters;
  - (b) Ensuring the proper bookkeeping and keeping of business books and other corporate documents according to law;
  - (c) Presenting the General Meeting with the annual, extraordinary, or consolidated (or, as the case may be, interim) financial statements and with the proposal for the distribution of profit or other equity funds or the settlement of loss, each to be approved by the General Meeting;

- (d) Presenting the General Meeting with the annual report, including the management report on the Company's business operations, earning position, and assets;
- (e) Convening the General Meeting and submitting matters which come within the purview of the General Meeting to the latter so that the General Meeting may discuss and approve them;
- (f) Decisions on the appropriation of disposable funds of the Company (unless they are earmarked for purposes which must be decided upon by the General Meeting);
- (g) Increasing the registered capital of the Company in accordance with the Articles of Association;
- (h) Granting a power to act *per procuram*;
- (i) Informing the Supervisory Board on changes to the organizational structure of the Company and the legal entities controlled by the Company (“**Subsidiaries**”);
- (j) Informing the Supervisory Board on the payment of an additional equity contribution outside the share capital of a Subsidiary or on the acceptance or provision of a loan or credit, including lease, factoring or similar arrangements and debts, or on any other financial transaction with a similar effect in an amount exceeding CZK 100,000,000 (one hundred million Czech crowns) by a Subsidiary;
- (k) Informing the Supervisory Board on amendments to the articles of association of Subsidiaries and on their financial results; and
- ~~(l)~~ (l) Reporting at least once every 3 (three) months to the Supervisory Board as to the Company's business operations, strategy, economic results, risk events and internal control system and their expected development.

13.5 The Board of Directors may set up committees and sub-committees as its advisory bodies. Members of the committees and sub-committees of the Board of Directors are appointed and recalled by the Board of Directors. The scope, powers, composition, and the acting and decision-making method of the particular committee or sub-committee of the Board of Directors shall be set out in the rules of procedure of each committee approved by the Board of Directors.

13.6 The Board of Directors shall obtain the prior consent of the Supervisory Board to any of the following decisions (or to subsequent legal acts in pursuance of such decisions):

- (a) approval of an individual and/or consolidated business (financial) plan of the Company,
- (b) decision to acquire or increase an equity participation (interest) of the Company or of a Subsidiary in other legal entities or on the payment of an additional equity contribution by the Company or a Subsidiary outside the share capital of another legal entity, or to dispose of any equity participation (interest) ~~of the Company~~ in

the Subsidiaries if the value of such transaction in any particular case exceeds CZK 100,000,000 (in words: one hundred million Czech crowns) in the relevant financial year,

- (c) approval of taking or providing a loan or credit, including lease, factoring or other similar arrangements and debts, or undertaking any other financial operation with similar effects, in an amount in excess of CZK 1,000,000,000 (in words: one billion Czech crowns), [whether by the Company or by a Subsidiary](#).
- (d) approval of collateral for a debt under paragraph (c) above in the form of suretyship, guarantee or similar security, including aval or a promise of indemnity for the benefit of third parties, accession to debt or assumption of debt or assets of third parties by the Company or a Subsidiary, or any other act of the Company or a Subsidiary with similar effects (except as between controlling and controlled persons or between controlled persons).

13.7 The Board of Directors shall obtain the prior opinion of the Supervisory Board on any of the following matters:

- (a) approval of a medium-term consolidated business (financial) plan of the Company,
- (b) approval of the concept of the Company's business operations and any changes thereto (mission, vision, key areas, strategic goals),
- (c) motions presented by the Board of Directors to the General Meeting for decision, including underlying materials,

[\(d\) decisions to transform or wind up a Subsidiary,](#)

[\(e\) decisions to transfer, lease or pledge the business of a Subsidiary or such portion of its assets that would entail a material change in the actual scope of business or activities of that Subsidiary,](#)

~~(d)~~[\(f\)](#) adoption of compliance policies governing the rules of conduct within the Company, prevention of fraudulent conduct, prevention of criminal liability of legal entities, corrective measures, measures for improvement in the field of compliance, risk management, and the internal control system of the Company and the Subsidiaries,

[\(g\)](#) decisions to engage in activities in the field of corporate social responsibility (CSR), sponsorship, donations and philanthropy in view of the business of the Company and the Subsidiaries, unless approved as part of the Company's annual financial plan.

## 14. Composition of the board of directors; appointment of members and their term of office

14.1 The Board of Directors has ~~57~~ (seven, five) members. Both legal entities and natural persons are eligible to serve on the Board of Directors. The members of the Board of Directors are appointed and recalled by the Supervisory Board. The Board of Directors elects and recalls its chairperson and two deputy chairpersons from amongst its members.

14.2 The term of office of the individual members of the Board of Directors is 5 (five) years. A member of the Board of Directors may be re-elected.

~~14.3 Five members of the Board of Directors shall be responsible for a specific field (the "Executive Board Members") whereas two members of the Board of Directors shall have no specific competencies and generally oversee and review the manner in which the Company's affairs are being administered (the "Non-executive Board Members").~~

~~14.4 The Executive Board Members must duly administer the Company's affairs, especially in the fields assigned to them, but also in those fields which were not assigned to any particular Executive Board Member. The Executive Board Members must keep the Board of Directors abreast of the way in which the Company's affairs are being administered. The Board of Directors shall decide what fields of expertise will be assigned to which individual Executive Board Member. This is without prejudice to the decision-making rules on the level of the Board of Directors set out in Article 16.2 of these Articles of Association.~~

~~14.5~~ 14.3 Members of the Board of Directors may resign from their office. However, they must not do so at a time at which this is inconvenient for the Company. The members of the Board of Directors who step down must notify the Supervisory Board of the Company in writing of their resignation. In such a case, they cease to hold office upon the lapse of 1 (one) month from the delivery of the resignation letter, subject to the approval of a different termination date by the Supervisory Board upon the request of the resigning member.

~~14.6~~ 14.4 As long as the number of members does not fall below one half, the Board of Directors may elect substitute members of the Board of Directors until the next meeting of the Supervisory Board.

~~14.7~~ 14.5 The Board of Directors' members must exercise their duties in person. However, this does not prevent a Board of Directors member from authorizing in the individual case another board member to vote on occasions on which they are prevented from doing so themselves.

## **15. Convening board of directors meetings**

- 15.1 The Board of Directors usually convenes once every calendar month, usually at the registered seat of the Company. Ordinary Board of Directors meetings are convened by the chairperson or a deputy chairperson of the Board of Directors or, in their absence, by any member of the Board of Directors, by way of a written invitation stating the venue, date, time and agenda of the meeting. All documents necessary for the Board of Directors meeting must be sent along with the invitation. The invitation must be delivered to the members of the Board of Directors and to the members of the Supervisory Board at least 3 (three) business days in advance. The meeting of the Board of Directors may be cancelled or postponed by the chairperson or a deputy chairperson of the Board of Directors. Based on a decision of the Supervisory Board, a member of the Supervisory Board appointed by the Supervisory Board will be allowed to attend the Board of Directors meeting.
- 15.2 If all members of the Board of Directors agree, a meeting may be convened without observance of the requirement set out in Article 16.1 to deliver the invitation at least 3 (three) business days in advance. However, the invitation still must include the venue, date, time and agenda and the members of the Board of Directors must confirm receipt thereof. This does not apply if the Board of Directors is obliged under the law to hear a given matter within a given time period and the above state rules may not be complied with; in such a case, the Board of Directors meeting may be convened by any member in an appropriate manner.
- 15.3 If in the pressing interest of the Company, the chairperson of the Board of Directors may also convene an extraordinary meeting of the Board of Directors, by way of a written invitation delivered to all members of the Board of Directors and to all members of the Supervisory Board at least 3 (three) business days in advance. If in the pressing interest of the Company, and if the matter cannot be delayed, the chairperson of the Board of Directors may convene an extraordinary meeting of the Board of Directors, by way of a written invitation delivered to all members of the Board of Directors and to all members of the Supervisory Board without observance of the requirement to deliver the invitation at least 3 (three) business days in advance.
- 15.4 Also, the Board of Directors shall convene for an extraordinary meeting upon written request by any member of the Board of Directors or by the chairperson of the Supervisory Board, within 5 (five) business days from the delivery of such request to the chairperson of the Board of Directors. This request must include a brief justification and propose the agenda of the meeting. Such extraordinary meeting of the Board of

Directors may be attended by any member of the Supervisory Board. The chairperson of the Board of Directors shall convene such extraordinary meeting of the Board of Directors by a written invitation delivered to all members of the Board of Directors and to all members of the Supervisory Board at least 3 (three) business days in advance.

**16. Proceedings of the board of directors; decision-making by the board of directors**

- 16.1 The Board of Directors adopts decisions at its meetings. Board of Directors meetings are chaired by the chairperson of the Board of Directors. In their absence, Board of Directors meetings are chaired by the authorized member of the Board of Directors. The Board of Directors has a quorum if more than half of its members are present at the meeting. Presence at a meeting utilizing means of communication technology (i.e. via teleconference or videoconference) is also permissible. A Board of Directors member attending a meeting utilizing means of communication technology is deemed to be present at the meeting of the Board of Directors.
- 16.2 Decisions in any matters heard at Board of Directors meetings require an absolute majority of all members of the Board of Directors. Each member shall have 1 (one) vote. In the event of a deadlock, the chairperson of the Board of Directors shall have the decisive vote. Votes on individual proposals and counterproposals brought before the Board of Directors are held by a show of hands.
- 16.3 Board of Directors meetings and the resolutions passed there shall be recorded in minutes, which must be numbered in the agreed manner and signed by the chairperson and the record-keeper, providing that if the chairperson or the record-keeper attends the meeting of the Board of Directors using technical means, the minutes need not be signed on one deed by the chairperson and the record-keeper. The minutes of a meeting of the Board of Directors must state the date of the meeting, the ordinal number of the minutes, the names of the participating members of the Board of Directors (and, as the case may be, of the Supervisory Board), the specific content of the resolutions that were adopted, and the results of votes held (by name). An annex to the minutes will be the attendance list, providing that if a member of the Board of Directors or a member of the Supervisory Board attends the meeting of the Board of Directors using technical means, the attendance list need not be signed on one deed by all the present members of the Board of Directors or of the Supervisory Board. Copies of these minutes shall be circulated among all members of the Board of



Directors and all members of the Supervisory Board. More details concerning meetings of the Board of Directors are stipulated in the rules of procedure.

- 16.4 If all members of the Board of Directors agree, the Board of Directors may, based on a proposal by the chairperson of the Board of Directors, adopt decisions also in writing outside a meeting of the Board of Directors (*per rollam* voting). The proposed resolution must be circulated among all members of the Board of Directors and all members of the Supervisory Board. Further conditions of voting outside a meeting of the Board of Directors shall be set out by the Board of Directors by means of its decision.
- 16.5 If the Board of Directors has no quorum within the meaning of Article 17.1 of these Articles of Association, then the chairperson of the Board of Directors (or, in their absence, any of the members) may convene another meeting of the Board of Directors, which is to take place within 7 (seven) days from the previous meeting with the same agenda.

## **17. Acting and signing on behalf of the company**

- 17.1 Two members of the Board of Directors jointly act on behalf of the Company, at least one of which must be the chairperson or deputy chairperson of the Board of Directors. They sign on behalf of the Company by appending their signature, along with the designation of the office which they hold at the Company, to the written or printed Company's name.

## **18. Board of directors members' duties**

- 18.1 Members of the Board of Directors shall perform their office with due managerial care, i.e., with the necessary loyalty and required knowledge and care, while pursuing the best interests of the Company. Members of the Board of Directors shall keep confidential all confidential information and facts whose disclosure to a third party could be detrimental to the Company, including after they are no longer in office.
- 18.2 Members of the Board of Directors are subject to a non-competition clause pursuant to the relevant provisions of the Corporations Act. They may not:
- (a) do business in the same line of business as the Company, even if for the benefit of third parties, or procure business of the Company for someone else;
  - (b) participate in the business of another company as an unlimited partner or as the controlling person of another person with the same (or a similar) scope of business;
- and

(c) be member of the executive body of another legal entity with the same (or a similar) scope of business or a person in a similar position (unless within the same group of companies).

- 18.3 If a body authorised to appoint a member of the Board of Directors is expressly advised by the member of the Board of Directors of any of the circumstances under Article 19.2 or if the fact occurs later and is notified by the member of the Board of Directors in writing, the member of the Board of Directors will be deemed not to be subject to any ban on the activity concerned, unless the body authorised to appoint the member of the Board of Directors expresses disapproval of the activity under Article 19.2 within one month of the date on which it is notified of the fact.
- 18.4 Members of the Board of Directors are liable towards the Company, on such terms and within such scope as set out by the law, for the harm which they cause by breaching the obligations associated with their corporate office. If harm is thus caused by several members of the Board of Directors at once, they are jointly and severally liable vis-a-vis the Company.

## **19. The supervisory board and its competencies**

- 19.1 The Supervisory Board is the control body of the Company and supervises how the Board of Directors exercises its powers and how the Company pursues its business. No person may give directions to the Supervisory Board regarding its statutory duty to control the exercise of powers of the Board of Directors.
- 19.2 The scope of competencies of the Supervisory Board comprises all matters with which it has been entrusted by the law or by these Articles of Association.
- 19.3 The Supervisory Board shall observe the principles approved by the General Meeting, unless these principles contravene the law or these Articles of Association. A violation of these principles, however, has no effect vis-a-vis third parties.
- 19.4 The Supervisory Board may access and view all documents and records concerning the Company's activities, and inspect whether its accounting records are maintained properly in accordance with the facts, and whether the Company pursues its business and its other activities in accordance with the law and with these Articles of Association.
- 19.5 The Supervisory Board reviews the annual, extraordinary, and consolidated and, where applicable, interim, financial statements as well as the proposal for the distribution of profit or other equity funds or for the settlement of loss, and presents its opinion to the General Meeting.

- 19.6 The Supervisory Board elects and recalls the members of the Board of Directors, decides on the remuneration of the members of the Board of Directors and on performances to be rendered to the members of the Board of Directors within the meaning of Sec. 61 of the Corporations Act, and approves the manager agreements of members of the Board of Directors.
- 19.7 The Supervisory Board may set up committees and sub-committees as its advisory bodies (e.g. a compensation committee, a regulatory and ethics committee, a nomination committee or a committee for the assessment of strategic investments). The Supervisory Board shall issue rules of procedure of each committee approved by the Supervisory Board.
- 19.8 The Supervisory Board gives its prior consent to the Board of Directors to act upon the latter's decisions (i.e. to undertake the legal acts in pursuance of such decisions) referred to in Article 13.6. of these Articles of Association.
- 19.9 The Supervisory Board gives its opinion to the Board of Directors on the matters referred to in Article 13.7. of these Articles of Association.

~~19.10 Regarding matters requiring the Supervisory Board's prior consent or opinion under these Articles of Association or applicable law, the Supervisory Board shall provide its statement within 20 (twenty) days of the date the request was delivered to the chairperson of the Supervisory Board. Failing to provide its statement to the Board of Directors within the period of 20 (twenty) days aforesaid, the Supervisory Board shall be deemed to have granted its prior consent or affirmative opinion.~~

## **20. Composition of the supervisory board; appointment of members and their term of office**

- 20.1 The Supervisory Board has ~~3~~5 (~~three~~five) members. The members of the Supervisory Board are appointed and recalled by the General Meeting. The Supervisory Board elects and recalls its chairperson and two vice-chairpersons from amongst its members.
- 20.2 The term of office of members of the Supervisory Board is 5 (five) years. A member of the Board of Directors may be re-elected.
- 20.3 Members of the Supervisory Board may not at the same time be a member of the Board of Directors or an authorized clerk (proctor) of the Company.
- 20.4 Members of the Supervisory Board may resign from their office. However, they must not do so at a time at which this is inconvenient for the Company. The resigning member of the Supervisory Board shall announce their resignation to the Supervisory Board and to the Board of Directors. The office shall terminate upon the expiry of 3

(three) months following the delivery of their notice of resignation to the Supervisory Board, unless the Supervisory Board approves a different time for the termination of the member's office at the request of the resigning member.

- 20.5 The General Meeting may elect up to ~~3~~5 (in words: ~~three~~in words: five) alternate members of the Supervisory Board, specifying their order. If a Supervisory Board member's office terminates, an alternate member of the Supervisory Board will become a member of the Supervisory Board in his/her place in accordance with the specified order, and his/her term of office will expire no later than 5 (in words: five) years after his/her election as an alternate member of the Supervisory Board. The General Meeting may also change the order of the already elected alternate members of the Supervisory Board. If no alternates have been elected by the General Meeting, the Supervisory Board, whose number of members has not dropped to less than one half, may appoint alternate members until the next General Meeting.

## **21. Convening supervisory board meetings**

- 21.1 The Supervisory Board shall convene on an ad hoc basis, but at least twice per calendar year.
- 21.2 Ordinary Supervisory Board meetings are convened by the chairperson of the Supervisory Board, by way of a written invitation stating the venue, date, and hour and the agenda of the meeting. The invitation must be delivered to the members of the Supervisory Board no later than 7 (seven) days prior to the proposed date. Subject to the unanimous consent of all members of the Supervisory Board, or if in the pressing interest of the Company, and if the matter cannot be delayed, the meeting of the Supervisory Board may be convened without observance of this requirement that the invitation be delivered 7 (seven) days in advance. However, even in such a case, the invitation must comprise the above-mentioned information and the members of the Supervisory Board must confirm receipt thereof. The provisions in the foregoing sentences of this paragraph do not apply if the Supervisory Board is obliged under the law to hear a given matter within a time period which makes it impossible to comply with the said conditions; in such a case, the Supervisory Board meeting may be convened by any member in any adequate manner.

**22. Proceedings of the supervisory board; decision-making by the supervisory board**

- 22.1 The Supervisory Board adopts decisions at its meetings. Supervisory Board meetings are chaired by the chairperson of the Supervisory Board. The Supervisory Board has a quorum if more than half of its members are present at the meeting. Presence at a meeting utilizing means of communication technology (i.e. via teleconference or videoconference) is also permissible. A Supervisory Board member attending a meeting utilizing means of communication technology is deemed to be present at the meeting of the Supervisory Board.
- 22.2 Decisions in any matters heard at Supervisory Board meetings require an absolute majority of all members of the Supervisory Board. Each member shall have 1 (one) vote. In the event of a deadlock, the chairperson of the Supervisory Board shall have the decisive vote. Votes on individual proposals and counterproposals brought before the Supervisory Board are held by a show of hands.
- 22.3 Supervisory Board meetings and the resolutions passed there shall be recorded in minutes, which must be signed by the chairperson and the record-keeper, providing that if the chairperson or the record-keeper attends the meeting of the Supervisory Board using technical means, the minutes need not be signed on one deed by the chairperson and the record-keeper. The minutes of a meeting of the Supervisory Board must state the date of the meeting, the ordinal number of the minutes, the names of the participating members of the Supervisory Board, the specific content of the resolutions that were adopted, and the results of votes held (by name). An annex to the minutes will be the attendance list, providing that if a member of the Supervisory Board attends the meeting of the Supervisory Board using technical means, the attendance list need not be signed on one deed by all the present members of the Supervisory Board. Copies of these minutes shall always be circulated among all members of the Supervisory Board. More details concerning meetings of the Supervisory Board are stipulated in the rules of procedure.
- 22.4 If all members of the Supervisory Board agree, the Supervisory Board may, based on a proposal by the chairperson of the Supervisory Board, adopt decisions also in writing outside a meeting of the Supervisory Board (*per rollam* voting). The proposed resolution must be circulated among all members of the Supervisory Board. Further conditions of voting outside a meeting of the Supervisory Board shall be set out by the Supervisory Board by means of its decision.

22.5 If the Supervisory Board has no quorum within the meaning of Article 23.1 of these Articles of Association, then the chairperson of the Supervisory Board may convene another meeting of the Supervisory Board, which is to take place within 7 (seven) days from the previous meeting with the same agenda. In such a case, the invitation must be delivered to the members of the Supervisory Board at least 3 (three) days before the meeting is to take place.

## **23. Supervisory board members' duties**

23.1 Members of the Supervisory Board shall perform their office with due managerial care, i.e., with the necessary loyalty and required knowledge and care, while pursuing the best interests of the Company. Members of the Supervisory Board shall keep confidential all confidential information and facts whose disclosure to a third party could be detrimental to the Company, including after they are no longer in office.

23.2 Members of the Supervisory Board are subject to a non-competition clause pursuant to the relevant provisions of the Corporations Act. They may not:

- (a) do business in the same line of business as the Company, even if for the benefit of third parties, or procure business of the Company for someone else;
- (b) participate in the business of another company as an unlimited partner or as the controlling person of another person with the same (or a similar) scope of business; and
- (c) be member of the executive body of another legal entity with the same (or a similar) scope of business or a person in a similar position (unless within the same group of companies).

23.3 If a body authorised to appoint a member of the Board of Directors is expressly advised by the member of the Supervisory Board of any of the circumstances under Article 24.2 or if the fact occurs later and is notified by the member of the Supervisory Board in writing, the member of the Supervisory Board will be deemed not to be subject to any ban on the activity concerned, unless the body authorised to appoint the member of the Supervisory Board expresses disapproval of the activity under Article 24.2 within one month of the date on which the Company is notified of the fact.

## **24. The audit committee and its competencies**

24.1 The following activities in particular belong within the scope of competencies of the Audit Committee (whereas this has no bearing on liability on the part of members of the Board of Directors or of the Supervisory Board):

- (a) Monitoring the process whereby the financial statements and the consolidated financial statements are being compiled, and submission of recommendations to the Board of Directors and to the Supervisory Board aimed at ensuring the integrity of accounting and financial reporting systems;
- (b) Monitoring the effectiveness of internal controlling and risk management;
- (c) Monitoring the effectiveness of internal auditing and its functional independence;
- (d) A recommendation to the Supervisory Board, properly substantiated, of the auditor who should be commissioned with the mandatory audit;
- (e) Monitoring the process of the mandatory audit;
- (f) Reviewing the impartiality of the auditor who is tasked with the mandatory audit; and the provision on non-auditing services to the Company by the same auditor;
- (g) Discussing with the auditor such risks as may jeopardize its impartiality, and the protective measures taken by the auditor with the objective to mitigate said risks;
- (h) Taking positions on the cancellation of (or withdrawal from) the agreement on the mandatory audit;
- (i) Informing the Supervisory Board of the outcome of the mandatory audit, and of its findings obtained from monitoring the process of the mandatory audit;
- (j) Informing the Supervisory Board of the manner in which the mandatory audit contributed to ensuring the integrity of accounting and financial reporting systems;
- (k) Approving the provision of other (non-auditing) services;
- (l) Exercising other powers and competencies as per Sec. 44a et seq. of Act No. 93/2009 Coll., on auditors, as amended (the "**Auditors Act**"), or as per directly applicable provisions of EU law.

24.2 The Audit Committee shall on an on-going basis hear reports on material facts arising from the mandatory audit, i.e., in particular, material shortcomings (if any) of internal controlling with respect to the procedure for compiling the (annual) financial statements or the consolidated financial statements.

24.3 In the event that the Audit Committee receives a supplementary auditor's report within the meaning of the relevant provisions of the Auditors Act, it shall hear this report and promptly refer it to the Board of Directors and to the Supervisory Board.

24.4 The Audit Committee may access and view all documents and records concerning the Company's activities, to the extent necessary for the proper discharge of its duties.

24.5 Once annually, the Audit Committee shall compile a report in which it assesses its own work and submit it to the Council for Public Audit Oversight.

- 24.6 Audit Committee members are obliged to exercise their duties and competencies with due care, and to maintain secrecy with respect to confidential information and facts the disclosure of which to third parties may cause harm to the Company. They will be thus bound by a duty to secrecy even after they are no longer in office.
- 24.7 The Audit Committee members shall attend the General Meeting of the Company, and must inform the General Meeting of the outcome of the committee's work.

## **25. Composition of the audit committee; appointment of members and their term of office**

- 25.1 The Audit Committee has 3 (three) members. The members of the Audit Committee are elected and recalled by the General Meeting from amongst the members of the Supervisory Board or from amongst third parties. The Audit Committee elects a chairperson and deputy chairperson from amongst its members, whereas the chairperson must be independent within the meaning of the relevant provisions of the Auditors Act.
- 25.2 The majority of Audit Committee members must be independent and must be professionally qualified within the meaning of the relevant provisions of the Auditors Act. The independence and professional qualification of proposed members of the Audit Committee is evaluated by the Supervisory Board, which submits a report containing results of its evaluation to the General Meeting before the election of members of the Audit Committee together with a duly signed affidavit of proposed members of the Audit Committee of their independence and professional qualification. If such affidavit is not signed by a proposed member of the Audit Committee, he/she shall not be deemed independent and/or professionally qualified.
- 25.3 At least one independent member of the Audit Committee must be (or must in the past have been) a statutory auditor or a person whose professional skills and previous accounting experience ensure the proper discharge of their duties as an Audit Committee member, also taking into account the line of business of the Company.
- 25.4 The term of office of each Audit Committee member is 5 (five) years. A member of the Audit Committee may be re-elected.
- 25.5 The General Meeting may elect up to 3 (~~in words: three~~) alternate members of the Audit Committee, specifying their order. If an Audit Committee member's office terminates, an alternate member of the Audit Committee will become a member of the Audit Committee in his/her place in accordance with the specified order, and his/her term of office will expire no later than 5 (~~in words: five~~) years after his/her



election as an alternate member of the Audit Committee (unless otherwise provided by the Act on Auditors). The General Meeting may also change the order of the already elected alternate members of the Audit Committee. If no alternates have been elected by the General Meeting, the Audit Committee, whose number of members has not dropped to less than one half, may appoint alternate members until the next General Meeting.

- 25.6 Members of the Audit Committee may not at the same time be members of the Board of Directors or authorized clerks ([in Czech: prokuristé](#)). Only natural persons may be members of the Audit Committee.
- 25.7 Members of the Audit Committee may resign from their office, by way of a written resignation letter delivered to the Audit Committee. However, they must not do so at a time at which this is inconvenient for the Company.
- 25.8 The office of such Audit Committee member shall terminate 1 (one) month following the delivery of their notice of resignation, unless the Audit Committee approves a different time for the termination of the member's office proposed by the resigning member.

## **26. Proceedings of the audit committee; decision-making by the audit committee**

- 26.1 The Audit Committee adopts decisions at its meetings. The Audit Committee has a quorum if more than half of its members is present.
- 26.2 The Audit Committee decides with an absolute majority of votes of all its members. Each member shall have 1 (one) vote. In the event of a deadlock, the chairperson of the Audit Committee shall have the decisive vote.
- 26.3 Proceedings of the Audit Committee shall be governed by the rules of procedure for the Audit Committee which stipulate, in particular, the manner in which meetings are to be called, measures against failure to act, required contents of invitations, terms of delivery, material to be included, the participation of other persons in meetings, the proper course of meetings, the mandatory contents of minutes, and other such details. The Audit Committee shall adopt (or amend) these rules of procedure with a two-third majority of votes of all its members.
- 26.4 Upon the consent of all Audit Committee members, the Audit Committee may, based on a proposal by the chairperson of the Audit Committee, adopt decisions also in writing outside a meeting of the Audit Committee (*per rollam* voting). The proposed resolution must be circulated among all members of the Audit Committee. Further

conditions of voting outside a meeting of the Audit Committee shall be set out by the Audit Committee by means of its decision.

- 26.5 As a rule, attendance of Audit Committee meetings is a personal duty of its members; however, this does not prevent an Audit Committee member from authorizing in the individual case another member to vote on occasions on which they are prevented from doing so themselves. In justified cases, Audit Committee members may also participate in meetings in another form, including voting (e.g. by using means of technology allowing for the transmission of the voice and/or the image of the person casting their vote – phone, conference call, videoconference). The thus participating person is deemed to be in attendance of the meeting. The rules of procedure for the Audit Committee may stipulate additional details.
- 26.6 The Audit Committee may at its discretion invite the members of other bodies of the Company, or employees of the Company, or other persons to its meetings. If the invitee is an employee or a member of another body of the Company, then attendance is mandatory for them.
- 26.7 The Audit Committee shall convene on an ad hoc basis. The rules of procedure for the Audit Committee may prescribe a certain frequency of meetings.

## **27. Accounting**

- 27.1 The Board of Directors of the Company is in charge of ensuring proper bookkeeping and business books and other corporate documents according to law are properly kept. The financial statements of the Company will be compiled in accordance with the recognized accounting standards and the law, and must be prepared, certified by and auditor and published within the time period prescribed by the law.
- 27.2 The Board of Directors shall submit the annual financial statements, extraordinary, consolidated financial statement along with the proposal for the distribution of profit or other equity funds (or, as the case may be, the settlement of loss) generated by the Company, for review to the Supervisory Board, for certification, if required by law, to the auditor, and for approval to the General Meeting.
- 27.3 The Company must publish financial data from its audited and certified financial statements, in the manner prescribed by law.

## **28. Distribution of profit and settlement of loss**

- 28.1 Company profits may be used in accordance with a decision of the General Meeting particularly for distribution among shareholders, for increases in the registered capital

out of the Company's own funds, for voluntary contributions to the reserve or other funds of the Company (if set up), for the fixing profit shares of members of the Board of Directors and members of the Supervisory Board, for the fixing of profit shares of Company employees, as well as for other statutory purposes, or, as the case may be, also for loss coverage or for the transfer to retained earnings. General Meeting decisions concerning the method of distribution of retained earnings from previous years shall be subject to the previous sentence *mutatis mutandis*.

- 28.2 General meeting decides on the use of profit based on a proposal prepared by the Board of Directors, which is subject to review by the Supervisory Board.
- 28.3 Shareholders have a right to a share in that portion of the profit of the Company which the General Meeting approved for distribution among the shareholders. The profit share is determined by the ratio of the nominal value of the shares held by the shareholder to the registered capital.
- 28.4 Unless otherwise specified by the General Meeting in accordance with legal regulations, the record date for claiming the right to a profit share or share in other own resources is the fourth working day following the day of the General Meeting that decided on the distribution of profit or other own resources.
- 28.5 Profit may also be distributed among persons who are not shareholders of the Company, i.e., in particular, members of the Company's bodies and employees of the Company or of affiliates of the Company.
- 28.6 Unless stipulated otherwise by the General Meeting, the profit share is due for payment within 3 (three) months from the day on which the General Meeting passed the decision to distribute profit of the Company, and shall be paid by way of cashless transfer into the shareholder's account. Shares in profit are deemed paid as of the moment at which they are charged against the bank account of the Company.
- 28.7 The General Meeting may decide to cover loss of the Company from its reserves, unless these are earmarked by law for other purposes, or on the settlement of loss by way of a capital reduction; alternatively, the General Meeting may decide to post loss to the account of accumulated losses from previous years.

## **29. Acquisition of own shares**

- 29.1 The Company may acquire own shares, subject to the conditions set forth by the relevant laws.

### **30. Increase of registered capital**

- 30.1 An increase of the registered capital, or, as the case may be, an authorization of the Board of Directors to decide on an increase in the registered capital, is subject to a decision of the General Meeting of the Company. This decision by the General Meeting must be in the form of a public deed.
- 30.2 The following manners of an increase in the registered capital are permissible:
- (a) a conditional increase of the registered capital;
  - (b) an increase of the registered capital by way of authorization of the Board of Directors;
  - (c) any increase of the registered capital by any of the other methods not prohibited by the Corporations Act, i.e., in particular, by the methods set out in Sec. 474 through Sec. 515 and Sec. 546 through Sec. 548 of the Corporations Act.
- 30.3 A conditional increase of the registered capital within the meaning of Sec. 505 (2) of the Corporations Act is not permissible.
- 30.4 Each shareholder has a pre-emptive right to the subscription of a portion of new shares of the Company being subscribed for in order to increase the registered capital in proportion to their share, provided that their issue price is to be repaid in cash. In its resolution, the General Meeting may restrict or exclude the pre-emptive right in compliance with the provisions of the Corporations Act.

### **31. Decrease of registered capital**

- 31.1 Decrease of the registered capital is subject to a decision of the General Meeting.
- 31.2 The registered capital must not fall below the minimum amount set out in the law. Reducing the registered capital must not weaken the recoverability and enforceability of creditors' receivables.
- 31.3 Any decrease of the registered capital shall be governed by the relevant provisions of the Corporations Act.
- 31.4 Decrease of the registered capital of the Company via retirement of shares by drawing lots is not permitted.

### **32. Convertible and priority bonds**

- 32.1 Based on a decision by the General Meeting, the Company may issue convertible bonds which carry the right to have them converted into shares in the Company or priority bonds which carry the priority right to a subscription of shares of the Company; along with the decision on the issue of convertible or priority bonds, the General Meeting

shall also pass a resolution on the conditional increase of the registered capital within the meaning of Sec. 505 of the Corporations Act.

- 32.2 The resolution by the General Meeting on the issue of convertible or priority bonds requires the approval of at least two third of votes of shareholders in attendance, and must include the mandatory content required under Sec. 287 et seq. of the Corporations Act.

### **33. Dissolution and liquidation of the company**

- 33.1 The decision to dissolve the Company lies with the General Meeting.
- 33.2 The dissolution and expiry of the Company is governed, in particular, by Sec. 168 et seq. of Act No. 89/2012 Coll., the Civil Code, as amended, and by Sec. 549 et seq. of the Corporations Act, and by other generally binding legal provisions.

### **34. Employee involvement**

- 34.1 The involvement of employees of the Company is governed by the relevant provisions of the Council Regulation, the Council Directive, and the SE Act.
- 34.2 Within the scope set out by law, the employees of the Company have a right to information and a right to consultation. They exercise this right through a representative body of employees (in Czech: výbor zaměstnanců) (the “**Representative Body**”) or in another way as may have been set forth in an agreement within the meaning of Sec. 54 (2) of the SE Act stipulating the manner and scope of employee involvement at the Company.
- 34.3 The number of members of the Representative Body and the manner in which they are elected, and the powers which the Representative Body holds vis-a-vis the Board of Directors or the Supervisory Board of the Company, shall be set out in the Articles of Association of the Company based on the outcome of negotiations on employee involvement. Sec. 56 through 62 of the SE Act shall apply only to the extent that this is anticipated by the agreement within the meaning of Sec. 54 (2) of the SE Act stipulating the manner and scope of employee involvement at the Company, or by the SE Act.
- 34.4 The members of the Representative Body (if such body has been established in the Company) who are to be elected or appointed from among the Company's employees in the Czech Republic, shall be appointed by employees' representatives at the general assembly. If the Company (or its Subsidiary or establishment) does not already have employees' representatives, then the employees may elect a representative for themselves who shall attend the general assembly on their behalf. The votes at the

general assembly shall be distributed pro rata to the number of employees represented by each representative. The provisions of this paragraph apply even if the Company's seat (registered office) is not located on the territory of the Czech Republic.

## **35. Composition of the representative body**

- 35.1 The Representative Body is composed of employees of the Company who were elected or appointed from amongst their ranks by representatives of the Company's employees or, as the case may be, by all of the Company's employees. The term of office of the Representative Body shall be 5 (five) years.
- 35.2 The number of seats on the Representative Body shall be determined as follows: for each (if only commenced) 10 (ten) percent of employees, if these are employed in the same EU member state, calculated based upon the total number of employees of the Company in all EU member states, the Representative Body shall have 1 (one) seat. The total number of members of the Representative Body correspond to the total number of seats as determined by the first sentence.
- 35.3 If, during the term of office of the Representative Body, the number of employees of the Company in any EU member state increases to such a level that they would be entitled to additional seats under Article 35.235.235.2 of these Articles of Association, then the necessary number of new seats shall be determined for the employees' representatives from that EU member state. These new seats on the Representative Body shall be filled such that newly elected or appointed member of the Representative Body shall represent primarily those employees who increased the number of employees of the Company in the given EU member state. The term of office of these additionally elected or appointed members of the Representative Body shall end at the same time as the term of office of the Representative Body.
- 35.4 If, during the term of office of the Representative Body, the number of employees of the Company in any EU member state drops to such a level that they would be entitled to fewer seats under Article 35.235.2 of these Articles of Association, then a mandate of a corresponding number of those members of the Representative Body who represent employees from that EU member state shall expire. The drawing of lots shall be used to decide whose mandate among the elected or appointed members of the Representative Body of employees in the given EU member states shall expire.
- 35.5 The Representative Body shall promptly notify the Board of Directors of the Company of its composition, and of any changes thereto.

35.6 Members of the Representative Body who will represent employees of the Company from other EU member states (i.e., states other than the Czech Republic) shall be elected or appointed in the manner prescribed by the laws of that other EU member state or, as applicable, the customary practice in that other state.

## **36. Proceedings of the representative body**

36.1 At its constitutive meeting, the Representative Body shall adopt its own rules of procedure.

36.2 Where the size of the Representative Body so warrants, the Representative Body shall create a selected committee (of employees) and elect its members from its midst. The selected committee must not have more than 3 (three) members. The members of the selected committee shall coordinate the activities of the Representative Body and act on behalf of the Representative Body in accordance with its resolutions.

## **37. Competencies of the representative body**

37.1 The scope of competencies of the Representative Body shall be strictly limited to matters which concern the Company as a whole, its subsidiaries or establishments on the territory of another EU member state, or which exceed the decision-making powers of executive bodies in one EU member state.

37.2 Within 4 (four) years from being established, the Representative Body shall decide whether to reopen negotiations on employee involvement with the goal to attain an agreement stipulating the manner and scope of employee involvement at the Company, or whether Sec. 56 through 62 of the SE Act shall continue to apply.

37.3 If the Representative Body decides to open negotiations on employee involvement, Sec. 51, Sec. 52, and Sec. 53 (1) of the SE Act shall apply, mutatis mutandis, whereas the negotiations shall take place between the Representative Body and the relevant bodies of the Company. If no agreement stipulating the manner and scope of employee involvement at the Company is reached within the time period set out in Sec. 53 (1) of the SE Act, then the involvement of employees shall be governed by the current arrangement as set out in these Articles of Association.

37.4 Members of the Representative Body are entitled to paid leave from work for as long as is necessary to receive training for their work on the Representative Body, barring serious operational obstacles.

37.5 The bodies of the Company must ensure that the Representative Body may at any time meet for a closed session without the attendance of, in particular, members of the

bodies of the Company. When engaging with the bodies of the Company, the Representative Body may call upon the assistance of expert advisors. However, irrespective of the number of invited expert advisors, the Company will reimburse the expenses associated with the participation of only one expert advisor for the given area of expertise.

- 37.6 The Company is obliged to ensure that the Representative Body and its members have sufficient financial, material, and organizational resources to properly discharge their duties and exercise their powers. Members of the Representative Body are entitled to reimbursement of reasonable expenses incurred in connection with their performance of office; however, they are not entitled to any compensation for the performance of their office on the Representative Body. As a part of budgeting, the Company shall in advance set aside an adequate amount of funds to cover necessary expenses, in particular, towards the administrative aspects of meetings of the Representative Body, translations and interpretation, fees of expert advisors, travel expenses, accommodation and meals.

## **38. Right to information**

- 38.1 In regular intervals, and at least once per year, the Board of Directors of the Company must present the Representative Body with a report on the development of the Company's business operations and its future perspectives.
- 38.2 The Board of Directors of the Company must promptly provide the Representative Body with the proposed agenda of each individual meeting of the Board of Directors and of the Supervisory Board of the Company, and with copies of all documents presented to the General Meeting of the Company.
- 38.3 The Board of Directors of the Company must promptly inform the Representative Body of any non-standard circumstances which could have material adverse impact on the interests of the employees of the Company, in particular, the relocation or closure of operating premises or establishments, or mass redundancies.
- 38.4 The Representative Body shall on an on-going basis communicate to the employees' representatives or, as the case may be, to the employees directly, the information which it receives in its official capacity from the Board of Directors of the Company, as well as the outcome of negotiations in which it participated. This is without prejudice to Sec. 55 (5) of the SE Act.



## **39. Right to consultation**

- 39.1 The Board of Directors of the Company must within a reasonable timeframe discuss the regular report referenced in Sec. 64 (1) of the SE Act with the Representative Body, in particular regarding the structure of the Company, its economic performance and financial standing, the likely development of its business operations, manufacturing, and sales, the situation and likely development in respect of employment and investments, material changes concerning the organization, the introduction of new working methods or manufacturing processes, the relocation of production, mergers, organizational changes, or the shutdown of operating premises, establishments, or important parts thereof, and mass redundancies.
- 39.2 If the circumstances anticipated by Sec. 61 (3) of the SE Act occur, the Board of Directors of the Company must promptly accommodate the request of the Representative Body or, in urgent cases, the selected committee to convene a joint meeting for the purpose of providing information on, and consulting and discussing, matters which may have material adverse impact on the interests of the Company's employees.
- 39.3 If the Board of Directors of the Company decides to act in conflict with the position taken by the Representative Body or by the selected committee communicated at the joint meeting as per Article 39.2 of these Articles of Association, it must, before taking the contentious decision, accommodate a new request by the Representative Body or the selected committee for another joint meeting aimed at achieving consensus.
- 39.4 If, in the cases mentioned in Article 39.238.2 and Article 39.3 of these Articles of Association, the selected committee acts on behalf of the Representative Body, the members of the Representative Body representing employees who are directly affected by the measure in question shall also have a right to participate in the joint negotiations. These members of the Representative Body have a right to attend all closed meetings of the selected committee in such matters.

## **40. Right to participation through influence on the composition of the company's bodies**

- 40.1 Subject to fulfilment of the conditions set out by law and in the Articles of Association, the employees of the Company are entitled to influence the composition of the Company's bodies, in the manner and to the extent set out in the Articles of Association of the Company, based on the outcome of the negotiations on employee involvement.

Sec. 64 of the SE Act shall only apply if so stipulated by the agreement stipulating the manner and scope of employee involvement at the Company or by the SE Act.

40.2 In the event that the Articles of Association come into conflict with the agreement stipulating the manner and scope of employee involvement at the Company, the Board of Directors must act promptly and resolve on an amendment to the Articles of Association.

## **41. Amendment of the articles of association**

41.1 Any change of these Articles of Association requires a decision by the General Meeting, to be adopted by at least two thirds of the votes of shareholders in attendance, and must be recorded in the form of a public deed. Proposals for amendments to the Articles of Association shall be prepared to reflect the mandatory provisions of the law.

41.2 If the General Meeting decides on a change of provisions of the Articles of Association listed in Sec. 416 (2) of the Corporations Act, this change becomes effective as of the day on which it is entered in the Commercial Register. All other changes become effective as of adoption by the General Meeting, subject to a later effective date set in the decision of the General Meeting or pursuant to the law.

41.3 If the Articles of Association are changed as a result of external legal circumstances, the Board of Directors must promptly arrange for the preparation of a new version of the Articles of Association.

41.4 In case of a change of the class or type of share, the rights vested in the given class or type of share become effective as of the effectiveness of the relevant change to the Articles of Association, irrespective of when the shares are replaced, subject to overriding provisions of law.

## **42. Submission to corporations act**

42.1 The Company has submitted to the Corporations Act in its entirety, as per Sec. 777 (5) of the Corporations Act.