



# BOARD OF DIRECTORS' POSITION ON THE QUALIFIED SHAREHOLDER'S PROPOSAL CONCERNING ITEM 11 ON THE GENERAL MEETING AGENDA

The company received a proposal from a group of company shareholders in the position of a qualified shareholder, consisting of Ing. Michal Šnobl and J&T SECURITIES MANAGEMENT PLC, Tinsel Enterprises Limited and HAMAFIN RESOURCES LIMITED (hereinafter referred to as the **"Qualified Shareholder"**), on item 11 of the General Meeting agenda – Information on the Preparation of a New Nuclear Source in Dukovany.

The Qualified Shareholder bases their proposal (from the General Meeting competence's point of view) on Article 8(1)(p) of the company's Articles of Association, according to which decisions on the company's business policy and its amendments fall within the competence of the General Meeting, but it does not state how the Business Policy of CEZ Group and ČEZ, a. s. (as an official document of CEZ Group) is to be amended; i.e. it is not clear which provisions of this policy are to be deleted or amended.

Moreover, the content of the resolution proposed by the Qualified Shareholder does not even fall within the scope of the company's General Meeting. According to the valid Articles of Association or the Business Corporations Act, the General Meeting does not have the power to adopt declaratory resolutions by which the General Meeting "acknowledges" certain facts. Firstly, the proposed resolution is not considered as a permitted instruction on business management (permitted only in statutory cases), whereas it does not follow from the Business Corporations Act or the Articles of Association that the General Meeting is entitled to give any instructions on possible strategic matters (however, the company's decision to implement a specific investment project is not a strategic matter). Therefore, the General Meeting is not entitled to give instructions to the Board of Directors on which matter falling within its competence the Board of Directors is to submit to the General Meeting for future discussion. Resolution of the General Meeting on a matter, on which the General Meeting is not authorized to decide, is considered as not passed (i.e. such resolution shall not be taken into account at all).

## **Conclusion:**

**After acquainting itself with the Qualified Shareholder's proposal, the Board of Directors decided, on the basis of the above, that the proposal may not be voted on, as even in case the resolution proposed by the Qualified Shareholder in their proposal were approved, it would be considered as if it were not adopted.**