

Notarial Deed

Made on 31.3.2014 (the thirty-first of March two thousand and fourteen) by me, JUDr. Jiří Kotrlík, a notary in Prague, with my registered address at Praha 10, Moldavská 136/9, in my notarial office, at the request of the parties present: -----

1. Ing. Libor Dupal, born 23.5.1955, of Praha 6 – Dejvice, Zelená 1997/23A, birth registration No. 550523/1897 -----

2. Ing. Libor Novák, born 7.12.1951, of Praha 4 – Modřany, Pertoldova 3380/39, birth registration No. 511207/096 -----

who have declared that they intend to establish an institute, they agree for their birth registration numbers to be used and they have full legal capacity, who have proven their personal identities by way of valid official cards and who have, by means of this notarial deed, entered into this deed as agreed between them, namely -----

Foundation Deed of a Registered Institute

Article 1.

Foundation, Establishment and Registered Address of the Registered Institute

1.1 **Ing. Libor Dupal**, birth registration No. 550523/1897, of Zelená 23A, 160 00 Praha 6, and **Ing. Libor Novák**, birth registration No. 511207/096, of Pertoldova 3380/39, 143 00 Praha – Modřany, as private individuals are the founders of the registered institute (hereinafter the “Founder”).

1.2 The General Meeting of Sdružení českých spotřebitelů, o.s., with its registered address at Praha 4, Budějovická 73, Post Code 140 00, ID: 00409871, registered by the Ministry of Interior of the Czech Republic under file number VSP/1-1649/90 on 5.2.1990, which was established pursuant to Act No. 83/1990 Coll., On the Association of Citizens, whose legal form changed to an association pursuant to Section 3045 of Act No. 89/2012 Coll., the Civil Code (hereinafter the “Act”), as at 1.1.2014, has adopted, in accordance with Article 8 of the Articles of Association of Sdružení českých spotřebitelů, o.s., a decision to change its legal form pursuant to Section 174 et seq and Section 3045(1) of the Act, whereby the association is to be converted into an institute or, as the case may be, a registered institute.

1.3 By way of executing this Foundation Deed, the Founder brings the legal form of Sdružení českých spotřebitelů into conformity with the Act.

1.4. Amendments to the instruments of incorporation shall be decided by the Founder during the existence of the institute.

1.5. Should decision-making of the Founder in the format as referred to in Article 1.1 not be possible, his rights with respect to the institute shall be acquired in full by the second person of the Founder referred to in Article 1.1. Should the above not be possible, his rights shall be acquired in full by the Board of Trustees; however, in such a case, a prior consent of the court shall be required for a decision of the Board of Trustees to change the purpose of the institute or to dissolve the institute.

1.6. The name of the institute shall be **Sdružení českých spotřebitelů, z.ú.**, to be abbreviated as SČS (hereinafter the “Institute”). The English version of the name shall be: (The) Czech Consumer Association.

1.7. Registered address of the Institute: **Praha 10 – Strašnice, Pod Altánem 99/103, Post Code: 100 00.**

1.8. The decision to convert the association into an institute pursuant to Section 174 et seq of the Act shall come into force on the date of entry hereof in the public register. The date of **1.7.2014** (the first of July two thousand and fourteen) has been determined as the date of legal transformation.

1.9. The Institute shall assume the entire history, assets, rights and obligations of a private and public nature as follows from the conversion of the association into the institute.

Article 2.

Purpose of the Institute – Objects

2.1. The Institute is a legal entity established for the purpose of pursuing charitable activities and providing directly related services using its personnel and assets.

2.2. In particular, the Institute shall provide the following charitable activities for the benefit of the public and the society, while the mission of the Institute shall be the protection of consumer interests, the development and cultivation of a clean business and competitive environment tolerant of consumer interests, etc.,

2.2.1. in the area of consumer protection with a comprehensive focus on the products and services markets, including:

- education and training services,

- health services, health protection, medical care, and healthcare,
 - support or protection of particularly vulnerable consumers, such as children, senior citizens or people with physical or mental disabilities,
 - consumer protection with regard to the environment,
 - support for the development and cultivation of the market and market relations;
- etc.

2.2.2. in the public interest to an indeterminate number of recipients on the same terms for all interested parties,

2.2.3. in areas which are society-driven and which are non-profit-making.

2.3. The Institute shall carry on such activities in a manner which shall make the results thereof equally accessible to everybody on predetermined terms.

2.4. In particular, it is the objective of the Institute to defend legitimate consumer interests and rights while using a range of bilateral and multilateral communication and other tools, platforms and fora,

2.4.2 to gather and make available information concerning the market, product range development, commercial network and conditions for the operation of business activities on the EU and Czech domestic markets as well as on the global market,

2.4.3. to exert continued influence over the authorities and organisations which ensure the functioning of the internal market in order to improve the conditions which affect the internal or, as the case may be, the global market and consumer welfare,

2.4.4. to receive complaints, suggestions and reports from citizens, to contribute to the solution thereof or to facilitate assistance,

2.4.5. to introduce production and business organisations, the relevant government authorities and other interested parties to the results of its own activities and to raise suggestions and demands for the improvement of activities, for example, in the area of law and its enforcement, the infrastructure, ethical principles and procedures, etc.,

2.4.6. to exert influence over regulatory authorities, market surveillance authorities and other similar authorities in order to ensure due law enforcement with respect to the quality and safety of products and services,

2.4.7. to inform consumers, through media outlets and its own means of information, about the results of its activities and its own or third-party findings, etc.; for this purpose, to release printed materials and publications as well as other information by electronic means, etc.,

2.4.8. to hold and organise educational events and projects, lectures, training activities and courses aimed at consumers, service providers and manufacturers, representatives of professional organisations, regional and local government authorities, etc.,

2.4.9. to engage in local, European and international activities which are related to the infrastructure and consumer protection law and in other structures with respect to technical standardisation, metrology, testing, quality, market surveillance, etc., which have an impact on the development of consumer protection.

2.5. As far as the activities of the Institute are concerned, a consumer is, within the meaning of the definitions in the applicable EU internal market legislation, in principle every natural person or legal entity which is the end user of a product or a service and which receives a product or a service for non-business purposes. Services shall mean the entire range of services, including, without limitation, services of general interest, healthcare (medical) services, etc.

2.6. As part of its consultancy activities, the Institute shall not provide any legal services the provision of which is subject to Act No. 85/1996 Coll., On the Legal Profession.

2.7. The Institute may carry out secondary activities, by itself or through a business enterprise, as long as such activities are not to the detriment of the quality, scope and availability of the services provided as part of the Institute's core activities. Any profit may be used by the Institute only to support the activities for which it has been established and to cover its own administrative costs.

2.8. The Institute shall not act as an expert on the interpretation of legal standards or shall not provide binding interpretations of legal standards. The Institute shall not be liable for any damage caused by the provision of information or harmful advice for a fee within the meaning of Section 2950 of the Act.

Article 3.

Bodies of the Institute and Internal Organisation of the Institute

3.1 The internal bodies of the Institute shall be its Director, the Board of Trustees and the Comptroller.

3.2 The internal organisation of the Institute shall be determined by its Director. Should the circumstances so require, i.e. should it be expedient, the internal organisation of the Institute and the details of its activities shall be governed by the Institute's By-laws which shall be discussed and approved by the Board of Trustees on the basis of the Director's proposal. In such a case, the Institute shall publish the By-laws by depositing the same in the Collection of Deeds.

3.3 As for the organisational structure in the regions in order to ensure country-wide activities of the Institute, the Institute shall develop (regional) contact points of the Institute.

3.4 As for staffing resources to ensure the activities of the Institute, it shall be the responsibility of the Director to create appropriate executive and administrative functions, such as the positions of project directors, regional directors, project managers, etc.

3.5 In order to ensure specific and fast collaboration between the Institute and consumers to obtain feedback on various issues, to carry out consumer surveys, etc., a "club" of friends or sympathizers of the Institute may be established and developed. The "club" shall not be a legal entity and the Director shall be responsible for its establishment and development.

Article 4.

Director

4.1 The Director shall be the statutory body of the Institute, acting independently on behalf of the Institute and signing any documents by attaching his/her handwritten signature to the written or printed name of the Institute and to his/her own name, surname and title.

4.1 The Director shall be appointed and removed by the Board of Trustees.

4.3 The Director of the Institute may only be a natural person of good repute with full legal capacity. A person shall be considered to be of good repute provided that such a person has not been lawfully convicted of an intentional crime.

4.4 By accepting the position of the Director, the Director agrees to discharge his/her office with necessary loyalty and with required knowledge and diligence (he/she shall act with due care). A person shall be deemed to act without due care if such a person accepts the position of the Director although he/she is not able to act with due care while he/she must have become aware of the same upon the acceptance of the position or during the discharge of his/her office and has not drawn appropriate conclusions for himself/herself.

4.5 The Director may not be a member of the Board of Trustees or the Comptroller; however, he/she may attend the meetings of the Board of Trustees with an advisory vote.

4.6 With respect to the employees of the Institute, the Director shall be the head of the organisation. He/she shall manage the Institute's employees, either by himself or through other managing personnel to be appointed by the Director in accordance with the Institute's internal regulations to be issued by the Director as required or, as the case may be, in accordance with the Institute's By-laws if issued pursuant to Article 3.2.

4.7 The Director shall manage the activities of the Institute unless such activities are reserved for the Board of Trustees by law or by the Foundation Deed. In addition, the Director:

4.7.1 shall be responsible for the provision of the Institute's charitable activities and, on the basis of this Foundation Deed, he/she shall decide on the commencement of operations of a business enterprise or other secondary activities of the Institute, their objects, the operations of the business enterprise and the execution of secondary activities; for this purpose, he/she shall enter into any and all commercial contracts on behalf of the Institute;

4.7.2 shall establish his/her advisory bodies and appoint or, as the case may be, remove their members from among the Institute's personnel or external experts involved in the relevant areas; committees and working groups for the implementation of specific projects into which he/she may appoint other natural persons or legal entities;

4.7.3 shall prepare the contents of the agenda of the Board of Trustees meetings; submit draft policies and strategies of the Institute and draft annual reports on the activities and financial management of the Institute to the Board of Trustees;

4.7.4 shall be entitled to delegate his/her rights and obligations entrusted by the law or the Foundation Deed to other staff members of the Institute in accordance with the Institute's issued internal regulations save for those rights and obligations which fall within the exclusive powers of the Director by operation of the law.

4.8 Should the Board of Trustees remove the Director or should the Director resign, die or otherwise become incapable of discharging his office, the Chairman of the Board of Trustees shall delegate the exercise of the function of the Director to a person who shall remain in this position until the appointment of a new Director by the Board of Trustees.

4.9 The person entrusted with the performance of the functions of the Director shall have the same powers and obligations as a duly appointment Director of the Institute for the duration of such entrustment. The same person may be appointed the Director repeatedly.

4.10 The Director shall be accountable to the Board of Trustees for the due exercise of the rights and obligations entrusted by the law and the Foundation Deed.

4.11 The Director shall be obliged to ensure that the consent of the Management Board to legal acts pursuant to Article 5.15 shall be provided in writing.

Article 5.

Board of Trustees

- 5.1 The Board of Trustees shall have at least 3 members.
- 5.2 The first members of the Board of Trustees shall be appointed by the Founder; their number may exceed the specified minimum number.
- 5.3 Subsequently, the members of the Board of Trustees shall be elected and removed by the Board of Trustees itself. The Board of Trustees shall be entitled to decide to extend the number of its members in accordance with the law. The Board of Trustees shall be entitled to decide to accept an honorary member with an advisory vote.
- 5.4 This Foundation Deed sets out a 6-year term of office of members of the Board of Trustees. A person elected as a member of the Board of Trustees may be elected by the Board of Trustees repeatedly for no more than two consecutive terms of office.
- 5.5 By accepting the position of a member of the Board of Trustees, such a member agrees to discharge his/her office with necessary loyalty and with required knowledge and diligence (he/she shall act with due care). A person shall be deemed to act without due care if such a person accepts the position of a member of the Board of Trustees although he/she is not able to act with due care while he/she must have become aware of the same upon the acceptance of the position or during the discharge of his/her office and has not drawn appropriate conclusions for himself/herself.
- 5.6 A member of the Board of Trustees may be employed on the basis of a proposal of the Director and following the Founder's approval.
- 5.7 The first members of the Board of Trustees have been appointed by the Founder as follows:
- i. Pavla **Dušková**, born 6.2.1968, of Volyně, Předslavice 43, Post Code 387 01.
 - ii. Blahoslav **Husák**, born 7.10.1950, of Teplice, Bukovice 34, Post Code 415 01.
 - iii. Petr **Krejcar**, born 11.3.1971, of Dvůr Králové nad Labem, K. Světlé 2139, Post Code 544 01.
 - iv. Ing. Libor **Novák**, born 7.12.1951, of Praha 4, Pertoldova 3380, Post Code 143 00.
 - v. Ing. Ladislav **Polák**, born 28.11.1939, of Praha 9, Machovická 1687, Post Code 190 16.

- vi. Ing. Milan **Pražák**, born 11.10.1950, of Praha 6, Na Zástřelu 766/44, Post code 160 00.
- vi. Dipl. tech. Stanislav Švancar, born 13.3.1927, of Praha 10, Novorossijská 4, Post Code 100 00.

5.8 The Board of Trustees shall elect and remove the Director, supervise the discharge of his/her office and decide on legal acts of the Institute with respect to the Director; the Chairman of the Board of Trustees shall express the will of the Institute during such legal acts.

5.9 The Board of Trustees shall elect and remove its Chairman from among its members. The Chairman shall convene and chair the meetings of the Board of Trustees. The Board of Trustees may agree to elect a deputy chairman who shall replace the Chairman in the event of a long absence or temporary inability to discharge his/her office.

The Board of Trustees shall be entitled to decide to appoint an honorary member to serve as an honorary chairman with an advisory vote.

5.10 Membership in the Board of Trustees shall terminate as a result of:

- a) expiry of the term of office,
- b) death,
- c) resignation,
- d) removal by the Founder or the Board of Trustees.

5.11 The Founder or the Board of Trustees shall remove a member of the Board of Trustees in the event that:

- a) he/she has committed a serious or repeated breach of a binding legal regulation or the Foundation Deed of the Institute. Serious breaches of obligations shall include unauthorised absence at a meeting of the Board of Trustees. The removal of a member shall be made in writing and shall be sent by registered mail with proof of delivery;
- b) he/she damages the Institute's reputation; or
- c) he/she no longer meets the conditions for the exercise of membership in the Board of Trustees in accordance with the law;

within one month of the day when the reason for such removal became known to them, however, no later than six months after the day when such a reason arose.

5.12 In the event of the death or resignation of a member of the Board of Trustees, the Founder shall immediately delegate the discharge of the office of a member of the Board of Trustees to a person who shall remain in this position until the appointment of a new member of the Board of Trustees. The person entrusted with the discharge of the office of a member of the Board of Trustees shall have the same powers and obligations as a duly appointed member of the Management Board for the duration of such entrustment.

5.13 The Board of Trustees shall approve the budget, the ordinary and extraordinary financial statement and the annual report of the Institute.

5.14 The Board of Trustees shall grant its prior consent to legal acts by the Director on behalf of the Institute whereby the Institute:

- a) acquires or disposes of the ownership right to immovable property,
- b) encumbers its immovable property,
- c) acquires or disposes of copyright or industrial right, or
- d) establishes another legal entity or participates in such an entity through a contribution.

5.15 The Board of Trustees shall also grant its prior consent to legal acts whereby the Institute acquires or disposes of the ownership right to movable property the value of which exceeds the value of a minor contract pursuant to the law which governs public procurement.

5.16 The Board of Trustees shall meet at least twice a year. As a rule, a meeting of the Board of Trustees shall be convened by e-mail or, as the case may be, an invitation may be delivered by post. An invitation shall be delivered to a member of the Board of Trustees no less than 10 days prior to the date of the Board of Trustees meeting. The Board of Trustees shall make a written record of the results of its deliberations to be signed by its Chairman or deputy chairman.

5.17 The Chairman shall always be obliged to convene a meeting of the Board of Trustees at the request of at least two members of the Board of Trustees or at the request of the Institute's Founder.

5.18 The meeting of the Board of Trustees shall have a quorum if more than a half of its members are present provided that the Chairman or the deputy chairman (if elected) is present. The Board of Trustees shall decide by the absolute majority of the members present while in the event of equality of votes, the Chairman shall have the casting vote.

5.19 Deliberations of the Board of Trustees shall not be public unless decided otherwise by the Chairman. The Founder shall be entitled to attend the Board of Trustees meetings with an advisory vote. Should the Founder ask for the floor, such request must be granted.

Article 6.

Financial Auditor (Comptroller)

6.1 The position of the Financial Auditor shall be established. The office of the Comptroller may be discharged by a natural person or a private entity the objects of which permit the exercise of audit activities as well as the discharge of such an office for an indefinite period of time.

6.2 By accepting the position of the Comptroller, the Comptroller agrees to discharge his/her office with necessary loyalty and with required knowledge and diligence (he/she shall act with due care). A person shall be deemed to act without due care if such a person accepts the position of the Comptroller although he/she is not able to act with due care while he/she must have become aware of the same upon the acceptance of the position or during the discharge of his/her office and has not drawn appropriate conclusions for himself/herself.

6.3 The Comptroller may not be a member of the Institute's Board of Trustees or may not be employed by the Institute, and must be a person of good repute with respect to the Institute's objects.

6.4 The term of office of the Comptroller shall be five years. The Comptroller may be elected repeatedly.

6.5 The first Comptroller shall be appointed and removed by the Founder, subsequently, the Comptroller shall be elected and removed by the Board of Trustees.

6.6 The first Comptroller as appointed by the Founder shall be:

Zdeněk Zejda, born 3.12.1956, of Praha 8, Chvaterubská 365/26, Post Code 181 00.

6.7 The Board of Trustees shall remove a Comptroller who:

- has committed a serious or repeated breach of the Foundation Deed or the By-laws,
- has committed a breach of a binding legal regulation in a manner which clearly damages the Institute's reputation or who no longer meets the conditions for the discharge of the office of the Comptroller,

within one month of the day when the reason for such removal became known to it, however, no later than six months after the day when such a reason arose.

6.8 The responsibilities of the Comptroller shall include:

- a) to review the annual financial statement and the annual report of the Institute;
- b) at least once per year, to report on his/her auditing activities to the Board of Trustees and the Director;
- c) to make sure that the Institute's activities are carried out in accordance with all binding legal regulations and the Foundation Deed.

6.9 The Comptroller shall be entitled:

- a) to review the accounting books and other documents and to check the details contained therein;
- b) to convene an extraordinary meeting of the Board of Trustees if the interests of the Institute so require;
- c) to attend the meetings of the Board of Trustees; should he/she ask for the floor, his/her request must be granted.

Article 7.

Annual Report

7.1 Apart from the details set out by other binding legal regulations which govern accounting, the Annual Report of the Institute shall include other relevant information about the Institute's activities and financial management, including the amounts (fees) provided to the members of the Institute's bodies and any changes to the instruments of incorporation or changes in the membership of the Institute's bodies.

7.2 The Institute shall publish its annual report no later than six months following the end of the accounting period by depositing the annual report in the Collection of Deeds. Everyone may review the By-laws in the public register and make extracts, duplicates or copies. The Institute shall publish its annual report on its website.

Article 8.

Financial Management of the Institute

8.1 The Institute shall manage, in accordance with the relevant legal regulations, any revenues from the services provided and from secondary activities as well as from gifts, subsidies and grants received.

8.2 The Institute shall keep separate accounts of its costs and revenues related to its core activities and to the operation of its business enterprise or other secondary activities and to the administration of the Institute.

8.3 The financial statement of the Institute shall be audited by an auditor if the net turnover of the Institute exceeds ten million Czech Crowns. In such cases, the auditor shall also audit the annual report of the Institute.

8.4 Any profits of the Institute may not be used for the benefit of the Founder, members of the Institute's bodies or their employees. Such profits must be used for the provision of the services referred to in Article 2. In addition, any profits must be treated in accordance with accounting regulations.

8.5 Members of the Institute's bodies may be granted remuneration for the discharge of their office; the Director shall be entitled to a usual fee and the positions of the members of other bodies shall be deemed honorary. The amount of the Director's remuneration and the manner of its determination shall be specified by the Board of Trustees.

Article 9.

Dissolution

9.1 In the event of the dissolution of the Institute by decision of the Board of Trustees, the liquidation balance of the Institute shall be transferred to another charitable society or civic association or an association of legal entities as specified by the Board of Trustees in the decision to dissolve the Institute.

9.2 If, in the long run, the Institute fails to fulfil its purpose, it shall be dissolved by the court on the application of a person who demonstrates a legal interest.

Article 10.

Final Provisions

- 10.1 Any legal relations not provided for in the Foundation Deed shall be governed by the relevant provisions of the Act as well as the provisions of other generally binding legal regulations.
- 10.2 Any amendments to this Foundation Deed may only be made in writing.

This Notarial Deed was made to reflect the above, it was personally read by the parties and approved thereby as the expression of their own free and serious will. -----

Dupal m.p.

Novák m.p.

L.S.

JUDr. Jiří Kotrlík, m.p.

I certify that this duplicate original made for the Founder of the Institute is a verbatim copy of the original as filed in my collection of notarial deeds. JUDr. Jiří Kotrlík, notary in Prague, on 31.3.2014.-

(round stamp)

(signature)

(stamp)