



National Corporate Governance Code

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Table of Contents

PREAMBLE 3

DEFINITIONS: 4

Chapter One
CORPORATE BOARDS 5

One-tier System 5

Board of Directors 5

Two-tier System 9

Management Board 9

Supervisory Board 11

Chapter Two
AUDIT AND INTERNAL CONTROL 15

Chapter Three
PROTECTION OF SHAREHOLDERS' RIGHTS 16

Chapter Four
INFORMATION DISCLOSURE 19

Chapter Five
STAKEHOLDERS 21

Chapter Six
**INSTITUTIONAL INVESTORS, MARKETS IN FINANCIAL
INSTRUMENTS AND OTHER INTERMEDIARIES** 22

CONCLUSION 24

PREAMBLE

Corporate governance is an essential part of modern business practice. It is standard practice in countries with a developed marked economy as well as in emerging markets. It is closely linked to the effective functioning of capital markets. Modern corporate governance practices contribute to global sustainable development and growth of national economies.

For a number of years Bulgarian companies have now been applying the principles and norms of corporate governance as set out in the Commerce Act and the Law on Public Offering of Securities. Many public companies have successfully developed and implemented their own corporate governance charter. The development of the capital market, investor requirements and the experience accumulated by the Bulgarian business community has increased the need for a **National Code for Corporate Governance (The Code)**. **Considering Bulgaria's membership in the EU and in the light of the European Commission's policy as well as the EU Action Plan for Modernization of Company Law and Enhancement of Corporate Governance**, the adoption and implementation of national codes by the Member States is an important condition for efficient free movement of goods, services, capital and people.

The Code is a standard for best practice and a support for communication among businesses from different countries.

The Code takes into consideration and complements the Bulgarian legislation without restating it. It guides Bulgarian companies on how to apply established best practices and principles of corporate governance. The rules and provisions of the Code constitute standard best practice that has proven effective over the years for the governance and oversight of public companies. For the purpose of this Code, corporate governance is understood as the relations between the boards, shareholders, and stakeholders of the company. **Good corporate governance requires corporate boards to be accountable, loyal, responsible, transparent and independent in order to act in the best interest of the company and society.**

The recommended rules regarding shareholder protection, transparency, the proper functioning of the corporate boards, and the involvement of the stakeholders **are to be applied by all Bulgarian public companies. The Code should also be implemented by those that are planning to become public.** Considering its national scope, the Code should also be adopted and applied by Bulgarian companies with predominant State and municipal ownership.

The Code is to be adopted and implemented according to the **“comply or explain” principle**. It means that companies should comply with the Code, yet if they do not, their corporate boards must explain and disclose the reasons for non-compliance. Companies should post information about the implementation and compliance with the Code on their web sites and include it in their annual reports.

DEFINITIONS:

Ethical code of conduct – a set of moral and ethical norms, principles and standards of conduct.

Executive management – Executive management comprises the executive members of the Board of Directors, of the Management Board and the authorized representatives of the company, respectively. These are the persons authorized to directly manage and represent the company.

Corporate boards – Corporate boards are the company bodies which, on the one hand, manage and represent the company, and, on the other hand, oversee its operations.

In the one-tier governance structure, the governing, representative and controlling functions are carried out by a Board of Directors.

In the two-tier system, the management and representative functions are carried out by a Management Board, and the oversight - by a Supervisory Board.

By-laws – By-laws comprise the Articles of Associations and any internal instruments which establish the specific rules, procedures and criteria for the functioning and management of the company.

Conflicts of interest – Potential conflicts of interests exist when the company intends to execute a deal with a legal entity, in which a member of the corporate board or related (interested) parties have financial interest or are members of Management or Supervisory board.

Chapter One

CORPORATE BOARDS

One-tier System

Board of Directors

1. Functions and Obligations

- 1.1. The Board of Directors must direct and control the company in a responsible and independent manner according to the vision, goals and strategies of the company and in the best interest of all shareholders.
- 1.2. The Board of Directors should monitor the performance of the company and initiate changes in the management of its activities, when necessary.
- 1.3. The Board of Directors should treat all shareholders equally, act in their best interest and in a diligent manner.
- 1.4. The members of the Board of Directors should base their actions on common principles of integrity and managerial and professional competence. The Board should adopt and follow an Ethics Code.
- 1.5. The Board of Directors should set up and control the establishment and proper functioning of corporate risk management system, including internal control and internal audit.
- 1.6. The Board of Directors must establish and control the integrated functioning of the financial and accounting systems of the company.
- 1.7. The Board of Directors must provide directions, approve and control the implementation of the company's business plan; material transactions; and all other operations and actions required by the company's by-laws.
- 1.8. The Board of Directors reports its activity to the General Meeting of Shareholders.

2. Election and Removal of Members of the Board of Directors

- 2.1. The General Meeting of Shareholders must elect and remove members of the Board of Directors in compliance with the law and the company's by-laws, while respecting the principles of continuity and sustainability of the Board of Directors' work.

- 2.2. Upon proposing new members of the Board of Directors, the principles of compliance of the candidates' competencies with the nature of the company's activities should be followed.
- 2.3. The responsibilities, tasks, duty of care and duty of loyalty of Board members to the company as well as the criteria and level of remuneration and the conditions for removal from the Board should be stipulated by contract.

3. Structure and Competence

- 3.1. The number of members and the structure of the Board of Directors should be determined by the company by-laws.
- 3.2. The composition of the Board of Directors elected by the General Meeting of Shareholders should ensure the professionalism, independence and impartiality of its resolutions related to the management of the company.
- 3.3. The Board of Directors should ensure the tasks and obligations of its members are properly distributed. The basic function of independent directors is to oversee and control the functions carried out by executive management and to contribute effectively to the company's performance in the best interest of all shareholders and in respect of their rights. The Chairman of the Board of Directors should be an independent director.
- 3.4. The required skills, rights and responsibilities of the members of the Board of Directors must comply with the law and the company's by-laws, and follow good professional standards and practice.
- 3.5. The members of the Board of Directors should have the knowledge and experience required for the position they take. After their election the new members of the Board of Directors have to be familiarized with the basic legal and financial issues related to the company's activities and performance. Continued professional training of members of the Board of Directors should be their constant priority.
- 3.6. The members of the Board of Directors should be able to devote sufficient time to carry out their tasks and duties. It is recommended that the company's by-laws should limit the number of management positions the members of the Board are allowed to hold.
- 3.7. The election of members of the Board of Directors must be done through a transparent procedure which should ensure timely and

complete information regarding the personal and professional qualities of the candidates. The number of consecutive terms of the members of the Board of Directors should provide for the company's efficient functioning and must be in compliance with legal requirements. It is recommended to limit the number of consecutive terms of independent Board members.

4. Remuneration

- 4.1. The Board of Directors should develop clearly defined and specific remuneration policy with regard to its members which should be subject to General Meeting of Shareholders' approval. The policy defines the principles of formation of remunerations' amount and structure.
- 4.2. The amount and criteria for the remuneration, in accordance with the law and good corporate governance practices, should follow criteria such as:
 - 4.2.1. Responsibilities and contribution of each member of the Board of Directors to the company's performance and results;
 - 4.2.2. The availability and ability to select and retain qualified and loyal members of the Board of Directors;
 - 4.2.3. The need to have the interests of the members of the Board of Directors aligned with the long-term interests of the company.
- 4.3. It is recommended that the remuneration of the executive members of the Board of Directors should consist of basic salary and variable incentives.
 - 4.3.1. The variable incentives should be specifically defined or definable and should be linked to clear and specific criteria and indicators with respect to the company's performance and/or the meeting of targets set by the Board of Directors.
 - 4.3.2. In addition to the fixed compensation, the Company can offer the executive Board member shares, options on shares, and other appropriate financial instruments as variable incentives.
- 4.4. The remuneration of independent directors should be their basic salary only and depends on their individual participation in meetings, their performance level with regard to their assigned tasks, ability to oversee

and control the executive management and their effective contribution to the company's operations.

- 4.5. The General Meeting of Shareholders may vote for additional remunerations for the members of the Board of Directors as bonuses depending on the financial performance of the company.
- 4.6. The remuneration of the members of the Board of Directors must be disclosed in accordance with the law and the company's by-laws.
 - 4.6.1. Shareholders should have easy access to the adopted company policy concerning the determination of remunerations and bonuses of the board members as well as to information about the annual remunerations and variable incentives received by such members.

5. Conflict of Interests

- 5.1. The members of the Board of Directors should avoid any real or potential conflict of interests.
- 5.2. The procedures for avoidance and disclosure of conflicts of interests should be stipulated in the company's by-laws.
- 5.3. The members of the Board of Directors should immediately disclose any conflicts of interests and provide shareholders with access to information about transactions concluded between the company and members of the board or any related party.
- 5.4. The Board of Directors must create a conflict of interest prevention system when transacting with related parties and must disclose such conflict immediately, should one occur.

6. Committees

- 6.1. It is recommended that the work of the Board of Directors should be assisted by committees. The Board of Directors should assess the necessity for setting up committees in accordance with the specific operations of the company.
- 6.2. Depending on the requirements of the existing legislation and based on the criteria defined therein, the Board of Directors proposes to the General Meeting of Shareholders of the company to elect an audit committee whose composition should comply with the legal requirements and the specific needs of the company.

- 6.3. The committees should be set up according to pre-established and adopted written terms of reference which should include the scope, tasks, modalities and reporting procedures of the committee.

Two-tier System

The Supervisory Board and the Management Board jointly act in the interest of all the company shareholders and take into consideration the interests of all stakeholders.

Management Board

7. Functions and Obligations

- 7.1. The Management Board should manage the company in accordance with the established company visions, goals and strategies in the best interest of all shareholders.
- 7.2. The Management Board should monitor the performance of the company and initiate changes in the management of its activities, when necessary.
- 7.3. The Management Board should treat all shareholders equally, act in their best interest and in a diligent manner.
- 7.4. The members of the Management Board should base their actions on common principles of integrity and managerial and professional competence. The Management Board should adopt and follow an Ethics Code.
- 7.5. The Management Board should set up and control the establishment and proper functioning of a corporate risk management system, including internal control and internal audit, while informing the Supervisory Board about its actions in a timely manner.
- 7.6. The Board of Directors must establish and control the integrated functioning of the financial and accounting systems of the company according to the directions set by the Supervisory Board.
- 7.7. The Management Board should coordinate with the Supervisory Board its work on the company's business plan, carrying out material transactions and implementing any other operations and actions required by the company's by-laws.

7.8. The Management Board must inform and report to the Supervisory Board on its actions. The Management Board should provide information in the format required by and within the deadlines set by the Supervisory Board.

8. Structure and Competence

8.1. The structure and the number of members on the Management Board should guarantee effective performance of the company.

8.2. Upon proposing new members of the Management Board, the principles of compliance of the candidates' competencies with the nature of the company's activities should be followed.

8.3. The responsibilities, tasks, duty of loyalty of members of the Management Board to the company, as well as the criteria and level of remuneration and the conditions for removal from the Board should be stipulated by contract.

8.4. The required skills, rights and responsibilities of the members of the Management Board must comply with the law and the company's by-laws, and follow good professional standards and practice.

9. Remuneration

9.1. The amount and criteria for the remuneration of the members of the Management Board, in accordance with the law and good corporate governance practices, should follow criteria such as:

9.1.1. The responsibilities and the contributions of each member of the Management Board to the company's performance and results;

9.1.2. The ability to attract, select and retain qualified and loyal managers;

9.1.3. The need to have the interests of the members of the Management Board aligned with the long-term interest of the company;

9.2. It is recommended that the remuneration of the members of the Management Board should consist of basic salary and variable incentives.

9.2.1. The variable incentives should be specifically defined or definable and should be linked to clear and specific criteria and indicators with respect to the company's performance and/or the meeting of targets set by the Supervisory Board.

9.2.2. In addition to the fixed compensation, the Company can offer to the Management Board members shares, options on shares and other appropriate financial instruments as variable incentives.

9.3. The remuneration of the members of the Management Board must be disclosed in accordance with the law and the company's by-laws. Shareholders should have easy access to the adopted company policy concerning the determination of remunerations and bonuses of the board members as well as to information about the annual remunerations and variable incentives received by such members.

10. Conflict of Interests

10.1. The members of the Management Board should avoid any real or potential conflict of interests.

10.2. The procedures for avoidance and disclosure of conflicts of interests should be stipulated in the company's by-laws.

10.3. The members of the Management Board should immediately disclose any conflicts of interests and provide shareholders with access to information about transactions concluded between the company and members of the board or any related party.

10.4. The Management and the Supervisory Boards guarantee that all related party transactions shall be approved and carried out in such a way, which ensures effective management of conflict of interest and protects the interest of the company and its shareholders.

10.5. Each conflict of interests should be disclosed to the Supervisory Board. The members of the Management Board should inform the Supervisory board on having any direct, indirect or third-party-related material interest in any transaction or event, which could directly influence the company.

Supervisory Board

11. Functions and Obligations

11.1. In accordance with the segregation of functions within the two-tier governance system, the Supervisory Board must appoint the Management Board of the company, provide it with strategic guidance, oversee and control its activities.

- 11.2. The Supervisory Board should provide guidance to the Management Board in defining the vision, goals and strategies of the company and the interests of its shareholders and should control their implementation.
- 11.3. The Supervisory Board should provide adequate guidance to the Management Board concerning the effective development and implementation of the company's risk management system, including internal control, internal audit and financial information systems and their proper functioning.
- 11.4. The Supervisory Board must ensure compliance of the company with the law and the rules set in the company by-laws.
- 11.5. In carrying out its tasks, the Supervisory Board should establish an effective information exchange system with the Management Board.
- 11.6. It is recommended that the Supervisory Board should evaluate the performance of the Management Board as a whole and the work of each of its individual members at least once per year.
- 11.7. The Supervisory Board should treat all shareholders equally, act in their best interest and in a diligent manner.
- 11.8. When performing their duties, the members of the Supervisory Board should have access to all the necessary information about the company's activities.

12. Appointment and Removal of Management Board Members

- 12.1. The Supervisory Board should appoint and remove the members of the Management Board in compliance with the legal requirements, company's by-laws and in accordance with the best corporate governance standards, while respecting the principles of continuity and sustainability of the Management Board's work.
- 12.2. The Supervisory Board remuneration policy should guarantee effective management of the company in the best interest of its shareholders.

13. Structure and Competence

- 13.1. The members of the Supervisory Board should carry out their tasks independently and impartially in the best interest of the company.

- 13.2. The number of members of the Supervisory Board, including the number of independent members and the proper segregation of tasks among them, should be stipulated in the company's by-laws.
- 13.3. The independent members of the Supervisory Board should be unbiased and independent and act in the best interest of the company and all its shareholders. It is recommended to limit the number of consecutive terms of independent Board members.
- 13.4. The members of the Supervisory Board should have appropriate knowledge and experience required to hold such positions. At least one of the members should have financial competences.
- 13.5. After their election, the new members of the Supervisory Board have to be familiarized with the basic legal and financial issues related to their task and the company's activities and. Continued professional training of members of the Supervisory Board should be their constant priority.
- 13.6. The members of the Supervisory Board should be able to devote sufficient time to carry out their tasks and duties. The company's by-laws should limit the number of board positions the members of the Supervisory Board are allowed to hold.
- 13.7. The procedures for selecting new Supervisory Board members should take into account the principles of continuity and ensure stability of the Supervisory Board's work.

14. Remuneration

- 14.1. The remuneration of the members of the Supervisory Board should be approved by the General Meeting of Shareholders.
- 14.2. It is recommended that the remuneration of the members of the Supervisory Board should be based on their responsibilities and contribution and should not relate to the company's results.
- 14.3. The remuneration of independent members should be their basic salary only and should depend on their individual participation in meetings, their performance level with regard to their assigned tasks to oversee and control the executive management and their effective contribution to the company's operations.
- 14.4. The members of the Supervisory Board should not be compensated for their activity with shares, options or other variable incentives.

- 14.5. The remuneration of the members of the Supervisory Board must be disclosed in accordance with the law and the company's by-laws. Shareholders should have easy access to information concerning the remuneration of Supervisory Board members.

15. Conflict of Interests

- 15.1. The members of the Supervisory Board should avoid any real or potential conflict of interests.
- 15.2. The procedures for avoidance and disclosure of conflicts of interests should be stipulated in the company's by-laws.
- 15.3. The members of the Supervisory Board should immediately disclose any conflicts of interest and provide shareholders with access to information about transactions concluded between the company and members of the board or any related party.

16. Committees

- 16.1. The work of the Supervisory Board should be assisted by committees. The Supervisory Board should assess the necessity for setting up committees in accordance with the specific operations of the company.
- 16.2. Depending on the requirements of the existing legislation and based on the criteria defined therein, the Supervisory Board approves the proposal the Management Board has made to the General Meeting of Shareholders of the company to elect an audit committee whose composition should comply with the legal requirements and the specific needs of the company.
- 16.3. The committees should be set up according to pre-established and adopted written terms of reference which should include the scope, tasks, modalities and reporting procedures of the committee.

Chapter Two

AUDIT AND INTERNAL CONTROL

17. Corporate boards, assisted by the audit committee and in accordance with the established professional standards and requirements, present in writing at the General Meeting of Shareholders a motivated proposal for selection of external auditor.
18. Corporate management should ensure compliance with applicable independent financial audit law.
19. The principle of rotation should be applied in selecting and appointing an external auditor.
20. The audit committee supervises the internal audit process and monitors the overall relations with the external auditor, including the nature of non-audit services, provided by the latter.
21. The company should develop and implement an internal control system which should also ensure early identification of any material risks the company might face and their effective management. Such system should also ensure effective functioning of the reporting and disclosure of information systems.

Chapter Three

PROTECTION OF SHAREHOLDERS' RIGHTS

22. Corporate management should ensure equal treatment of all shareholders, including minority and foreign shareholders, and should be responsible for the protection of their rights. Management should also facilitate exercising those rights within the legal limits and according to the company's by-laws. Corporate management should ensure that all shareholders are well informed about their rights.

23. General Meeting of Shareholders

23.1. All shareholders should be informed about the rules under which General meetings shall be convened and held, including voting procedures. Corporate management should provide sufficient and timely information concerning the date and venue of the General meeting, as well as detailed information on the issues to be discussed and decided on at the meeting.

23.2. During the General Meeting of Shareholders, corporate management should ensure that each shareholder is in possession of their right to express opinion and ask questions.

23.2.1. Shareholders who have the right to vote, should have the opportunity to exercise their voting rights directly or through the use of a proxy at the General Meeting of Shareholders and where company's by-laws stipulate that - via mail and/or electronic means.

23.2.2. Corporate management should exercise effective control and ensure that necessary arrangements are made to facilitate voting by authorised representatives (proxies) in accordance with the instructions of the shareholders and in compliance with the law.

23.2.3. Corporate management must establish rules for the organisation and conduct of regular and extraordinary General Meetings of Shareholders. These rules must guarantee equal treatment of all shareholders and the right of each shareholder to express their opinion about the items on the agenda of the Meeting.

23.2.4. Corporate management should establish the rules and procedures for conduct of the General Meeting of Shareholders in a manner

which does not make the voting procedure unnecessarily difficult or expensive.

23.2.5. Corporate management should take action to encourage participation of all shareholders at the General Meeting, including by allowing the use of technical means (including Internet) whenever possible and necessary.

23.3. It is recommended that all members of the corporate management should attend the General Meeting of Shareholders.

23.4. Written materials for the General Meeting of Shareholders

23.4.1. Documentation and reference materials related to the agenda of the General Meeting of Shareholders must be clear, accurate and to the point in order not to mislead the shareholders. All proposals concerning major corporate events should be presented as separate items on the agenda of the General Meeting of Shareholders, including the proposal for the distribution of dividends.

23.4.2. The company should maintain a special section on its website describing the rights of shareholders and the rules and procedures for their participation in the General Meeting of Shareholders.

23.4.3. Corporate management should aid shareholders, who have the right under law, in placing additional items on the agenda of the General Meeting and proposing additional decisions on items already on the agenda.

23.4.4. Corporate management must guarantee the right of all shareholders to be informed on a timely basis about the decisions that have been made at the General Meeting of Shareholders.

24. Equal treatment of shareholders of the same class

24.1. All shareholders of the same class should be treated equally.

24.2. All shares of the same class should give their owners equal rights.

24.3. Corporate management should guarantee enough information is given to the shareholders about the rights, provided by the shares they own.

25. Consultation between shareholders about main shareholder rights

- 25.1. Within the limits of the applicable law and according to the company's by-laws, the corporate management must not hinder shareholders, including institutional investors, to consult each other on matters, related to their main shareholder rights in a manner, which does not allow misuse.
26. Controlling rights shareholders' transactions and abusive transactions
 - 26.1. Corporate management must not allow transactions of shareholders with controlling rights, which violate the rights and/or legal interests of other shareholders, including when the controlling shareholder is negotiating with themselves.

Chapter Four

INFORMATION DISCLOSURE

27. Corporate management must establish the company's information disclosure policy in compliance with legal requirements and the company's by-laws.

28. In accordance with the established policies under item 27, the corporate management should create and support an information disclosure system.

29. The information disclosure system should guarantee equal access to information to shareholders, investors, and other stakeholders and should not allow for any abuse of inside information or insider trading.

30. Corporate management should guarantee that the information disclosure system provides comprehensive, timely, true and understandable information that allows for objective and well-informed decision-making and assessment.

31. Corporate management should promptly disclose information about the capital structure of the company and agreements that lead to effective control, according to the company's disclosure rules

32. Within the limits of the legislation and in accordance with the by-laws of the company, the corporate management ensures that the rules and procedures under which the acquisition of corporate control and extraordinary transactions such as mergers and sales of a substantial part of assets are clearly and timely disclosed

33. Corporate management should establish and oversee the implementation of internal rules for preparation of interim and annual reports and proper disclosure of information

34. Corporate management should adopt internal rules which provide timely disclosure of any significant periodic and ad-hoc information about the company, its management, its corporate boards, operational activity and shareholder structure

35. It is recommended that the company should set up and maintain a corporate website as a part of a well-functioning information disclosure system. The content, scope and frequency of information disclosure should be approved by the management. It is recommended that the official information posted on the website should include at minimum:

- basic commercial and corporate information identifying the company;
- up-to-date information about the shareholder structure;
- company's by-laws and adopted policies pertaining to the operations and functioning of the of the company;
- information about the structure and composition of the managing and supervisory bodies of the company as well as basic information about their members, including information about any committees;
- financial reports covering the last ten years;
- materials for upcoming General Shareholders Meeting as well as any additional materials which have been submitted in compliance with the law.
- information about resolutions of the General Meetings of Shareholders of the last 3 years as a minimum, including information about the dividends distributed by the company within that period;
- information about external auditors;
- information about up-coming corporate events;
- information about the shares issued and other financial instruments;
- any information that is material to the company's activities;
- information about shareholders' rights, including sufficient information on the shareholders' right to request the inclusion of matters and to propose resolutions on matters already included in the agenda of the General Meeting under the provisions of Art. 223 (a) of the Commercial Act;
- contact details of the company's Investor Relations Director.

35.1. It is recommended that the companies should also maintain an English version of their corporate website with identical content.

36. The company should regularly disclose information about its corporate governance. The disclosure of corporate governance information should be effected in line with the "comply or explain" principle. This principle requires companies to explain the reasons for not complying with individual provisions of the Code.

37. Corporate management provides disclosure of any material periodic and ad-hoc information about the company through channels that provide equal and timely access to relevant information by users.

Chapter Five

STAKEHOLDERS

38. Corporate management should ensure effective interaction with the company's stakeholders. This category includes certain interested parties and groups of individuals who are directly influenced by the company and who are in a position to influence the company themselves, including suppliers, employees, creditors, civil pressure groups and others. The company should identify stakeholders who are interested in its activities, based on their scale and sphere of influence and impact, as well as their role and relationship to the company's sustainable development.

39. In its stakeholder policy, corporate management must comply with existing laws. The management must guarantee respect for stakeholders' rights, established by law or by virtue of mutual agreement with the company. Good corporate governance practice requires taking into consideration the interests of stakeholders regarding transparency, accountability and business ethics.

40. Corporate management should grant stakeholders enough information about their legal rights.

41. It is recommended that corporate management should establish specific rules for addressing the interests of stakeholders. These rules should ensure appropriate stakeholder engagement when decisions requiring their input are made. These rules should ensure balance between company development and the economic, social and ecological improvement of the environment the company operates in.

42. Corporate management should maintain effective relations with the stakeholders. The company should periodically and in compliance with the legal provisions and good international practices for non-financial information disclosure, inform about economic, social and environmental issues of concern to stakeholders, for example anti-corruption policies; labour policies, policies regulating supplier and client relations; the company's corporate and social responsibility policies; environmental protection and nature preservation policies.

43. Corporate management guarantees the right of prompt and regular access of stakeholders to relevant, sufficient and reliable information about the company when stakeholders participate in the process of corporate governance.

Chapter Six

INSTITUTIONAL INVESTORS, MARKETS IN FINANCIAL INSTRUMENTS AND OTHER INTERMEDIARIES

44. Corporate management should provide effective interaction between the company and its shareholders - institutional investors as well as regulated markets in financial instruments and investment firms operating in these markets.

45. Corporate management should use the services of investment firms whose recommendations or actions are based on market information and principles. The same applies accordingly to market operators in markets where financial instruments issued by the company are listed.

46. Companies should encourage the engagement of their investment firms and institutional investors in determining the policies and practices of corporate governance.

47. Institutional investors acting in a fiduciary capacity should disclose their policies on corporate governance, as well as their policies for voting at General Meetings of Shareholders of companies which they had invested in, including the procedures they apply when making decisions about the use of voting rights.

48. Institutional investors acting in a fiduciary capacity should disclose information regarding the effective exercise of their voting rights on their investments. Disclosure should be made at least to their clients in relation to the instruments, owned by each client. If the institutional investor is an investment advisor to an investment company, the disclosure should be made to the regulated market.

49. Institutional investors should provide appropriate human and financial resources for their effective participation in the corporate governance policies.

50. Custodians holding financial instruments on behalf of clients exercise their voting rights in accordance with the guidelines set by the real owners of the instruments. Unless they receive specific instructions by the instruments' owner, the custodians should not exercise the voting rights on financial instruments they hold.

51. Institutional investors should be in constant dialogue with the companies whose financial instruments they hold or plan to acquire. While communicating with institutional investors, the companies should comply with the equal

treatment of shareholders rules and should not provide information, which would place institutional investors in a privileged position compared to other shareholders

52. Institutional investors acting in a fiduciary capacity should disclose how they manage and avoid conflicts of interest and how a conflict of interest would affect the exertion of their fundamental shareholder rights in the companies which they invest in.

53. Companies should require disclosure and limitation of conflicts of interest and their disclosure by authorized advisors, analysts, brokers, rating agencies and others who provide analysis or advice. This requirement applies if such conflicts of interest could jeopardise the integrity and objectivity of the analysis or advice or can be used by investors when making investment decisions.

54. Companies whose financial instruments are admitted to trading in a jurisdiction other than the one, which they are established in, should clearly disclose their applicable corporate governance rules.

55. In case of dual listings, market operators should disclose and document criteria and procedures for recognising the listing requirements of the main market.

56. Regulated markets in financial instruments, multilateral trading facilities and other markets should establish such mechanisms for collecting, identifying and disclosing prices, which would allow investors to examine and evaluate their investments in corporate financial instruments following market principles. The same information should be provided for the issuer as well.

CONCLUSION

This Code was developed and approved by the National Corporate Governance Committee (NCGC) in October 2007 and was subsequently amended in February 2012 and April 2016.