



National Code for Corporate Management

March 2021

Table of Contents

PREAMBLE	3
CONCEPTS.....	4
Chapter One	5
CORPORATE GUIDES.....	5
<i>One-tier system</i>	5
Board of Directors	5
2. Election and dismissal of members of the Board of Directors	6
3. Structure and competence	6
4. Remuneration	7
5. Conflict of interest	8
6. Committees.....	8
<i>Two-tier system</i>	8
Board of Directors	9
7. Functions and duties.....	9
8. Structure and competence	9
9. Remuneration	10
10. Conflict of interest	11
Supervisory Board	11
11. Functions and duties.....	11
12. Appointment and dismissal of the members of the Management Board.....	12
13. Structure and competence	12
14. Remuneration of the members of the Supervisory Board	13
15. Conflict of interest	13
16. Committees.....	13
Chapter Two	14
AUDIT AND INTERNAL CONTROL.....	14
Chapter Three.....	14
PROTECTION OF SHAREHOLDERS' RIGHTS	14
Chapter Four.....	16
DISCLOSURE OF FINANCIAL AND NON-FINANCIAL INFORMATION.....	16
Chapter Five.....	18
STAKEHOLDERS. SUSTAINABLE DEVELOPMENT	18
INSTITUTIONAL INVESTORS, FINANCIAL MARKETS	20
INSTRUMENTS AND OTHER INTERMEDIARIES	20
CONCLUSION	21

PREAMBLE

Corporate governance is part of modern business practice. It is established in countries with developed market economies and in countries with emerging markets. It is closely linked to the efficient functioning of capital markets. Modern corporate governance contributes to the sustainable development of national economies and the world economy.

Bulgarian companies have been complying for years the principles and norms of corporate governance established by the Commerce Act and the Public Offering of Securities Act. Public companies have successfully implemented corporate governance programs. The development of the capital market, the requirements of investors and the experience gained raised the issue of drafting a National Corporate Governance Code (Code). Given Bulgaria's EU membership and in the context of the EC policy and the Action Plan for Improving Company Law and Corporate Governance, the elaboration and implementation of national codes by Member States are an important condition for the effective free movement of goods, services, capital and people.

The Code is a standard of good practice and a means of communication between businesses from different countries.

The Corporate Governance Code complies with the regulatory framework without repeating it. He recommends how Bulgarian companies should apply good practices and principles of corporate governance, including in the field of sustainable development. The rules and norms of the Code are standards for the management and supervision of public companies, which have proven their effectiveness over the years. At the heart of the Code is the understanding of corporate governance as a balanced interaction between shareholders, company managements and stakeholders. Good corporate governance means loyal and accountable corporate leadership, transparency and independence, as well as company responsibility to stakeholders and society.

The proposed rules for shareholder protection, transparency, the work of corporate managements and compliance with stakeholders are addressed to public companies in Bulgaria. The Code is also recommended for companies planning to acquire public status. As a national code, it is also recommended for companies with predominantly state and municipal participation. The Code should be applied on the basis of a 'comply or explain' principle. This means that companies comply with the Code and, in the event of a deviation, their guides should clarify the reasons for this. Information on the application of the Code companies will publish in their annual reports and on their web pages.

CONCEPTS

Code of Ethics – a collection of moral and ethical norms, principles and standards of conduct.

Executive management – The executive management consists of the executive members of the Board of Directors, respectively - of the Management Board and the procurators of the company. These are the people entrusted with the direct management and representation of the company.

Corporate managements – Corporate managements are the bodies of a company that carry out its management and representation, on the one hand, and control, on the other hand. Under a one-tier management system, the managerial, representative and supervisory functions are performed by a Board of Directors. In a two-tier management system, the management and representative functions are performed by the Management Board and the supervisory functions - by the Supervisory Board.

Statutes – Statutes are the statutes and all internal acts that establish the specific rules, procedures and criteria for the functioning and management of the company.

Conflict of interest - A potential conflict of interest exists when the company intends to carry out a transaction with a legal entity in which a member of the corporate management or persons associated with it have a financial interest or are members of the management or supervisory body of the counterparty.

Sustainable development – It is based on a holistic approach, bringing together economic, social and environmental considerations that reinforce and balance each other.

Chapter One

CORPORATE GUIDES

One-tier system

Board of Directors

1. Functions and duties

1.1. The Board of Directors directs and controls independently and responsibly the activity of the company in accordance with the established vision, goals, strategies of the company and the interests of the shareholders.

1.2. The Board of Directors monitors the results of the company's activities and, if necessary, initiates changes in the management of the activity.

1.3. The Board of Directors treats all shareholders equally, acts in their interest and with the care of a good trader.

1.4. The members of the Board of Directors are guided in their activities by the generally accepted principles of integrity and managerial and professional competence. The Board of Directors adopts and observes a Code of Ethics.

The Board of Directors, in the exercise of its functions, strives to achieve the Sustainable Development Goals.

1.5. The Board of Directors shall ensure and supervise the establishment and operation of a risk management system, including internal control and internal audit.

1.6. The Board of Directors shall promote the implementation and ensure compliance by subsidiaries with the principles of sustainable development adopted at group level, where applicable.

1.7. The Board of Directors ensures and controls the integrated functioning of the accounting and financial reporting systems.

1.8. The Board of Directors shall give guidance, approve and control the implementation of the business plan of the company, the transactions of a substantial nature, as well as other activities established in its statutes.

1.9. The Board of Directors shall report on its activities to the General Meeting of Shareholders, including by submitting a report on the implementation of an adopted remuneration policy.

2. Election and dismissal of members of the Board of Directors

2.1. The General Meeting of Shareholders elects and dismisses the members of the Board of Directors in accordance with the law and the statutes of the company, as well as in accordance with the principles of continuity and sustainability of the work of the Board of Directors.

2.2. When proposing new members of the Board of Directors, the principles of matching the competence of the candidates with the nature of the company's business shall be observed.

2.3. Management contracts concluded with the members of the Board of Directors shall specify their duties and tasks, the criteria for the amount of their remuneration, their obligations of loyalty to the company and the grounds for dismissal.

3. Structure and competence

3.1. The number of members and the structure of the Board of Directors shall be determined in the statutes of the company.

3.2. The composition of the Board of Directors elected by the General Meeting must be structured in such a way as to ensure the professionalism, impartiality, and independence of its decisions in relation to the management of the company.

3.3. The Board of Directors shall ensure a proper division of tasks and duties among its members. The main function of independent directors is to control the actions of the executive management and to participate effectively in the work of the company in accordance with the interests and rights of shareholders. It is advisable that the Chairman of the Board of Directors be an independent director.

3.4. The competences, rights, and obligations of the members of the Board of Directors shall follow the requirements of the law, the statutes, and the standards of good professional and management practice.

3.5. The members of the Board of Directors must have the appropriate knowledge and experience required by their position. After their election, the new members of the Board of Directors should be acquainted with the main legal and financial issues related to the company's activities. Improving the qualifications of the members of the Board of Directors should be their permanent commitment.

3.6. The members of the Board of Directors must have the necessary time to perform their tasks and duties. It is advisable for the company's statutes to determine the number of companies in which the members of the Board of Directors may hold managerial positions.

3.7. The election of the members of the Board of Directors of the company shall take place through a transparent procedure which provides, inter alia, timely, and sufficient information on the personal and professional qualities of the candidates for membership. The number of consecutive mandates of the members of the Board of Directors should ensure the effective operation of the company and compliance with legal requirements. It is advisable to limit the number of consecutive terms of office of non-attached members.

4. Remuneration

4.1. The Board of Directors, with the assistance of the remuneration committee, where established, shall develop a clear and specific remuneration policy for the members of the Board of Directors, which shall be adopted by the GMS. The policy sets out the principles for the formation of the amount and structure of remuneration. It should comply with regulatory requirements in terms of structure and content.

4.2. In accordance with legal requirements and appropriate corporate governance practice, the amount and structure of remuneration should take into account:

4.2.1. The obligations and contributions of each member of the Board of Directors in the activity and results of the company;

4.2.2. The possibility of selecting and retaining qualified and loyal members of the Board of Directors;

4.2.3. The need to match the interests of the members of the Board of Directors and the long-term interests of the company.

4.3. It is advisable that the remuneration of the executive members of the Board of Directors consists of a permanent and variable component.

4.3.1. The structure and type of variable remuneration should be specifically defined or determinable and should be linked to clear and specific criteria and indicators regarding the company's performance and/or the achievement of objectives set in advance by the Board of Directors.

4.3.2. The Company may grant shares, share options, and other appropriate financial instruments as variable remuneration to the executive members of the Board of Directors.

4.4. The remuneration of non-executive members of the Board of Directors should not include stock options.

4.5. The General Meeting of Shareholders of the Company may vote to the members of the Board of Directors additional remuneration in the form of tantiems depending on the realized financial results of the company.

4.6. The disclosure of information about the remuneration of the members of the Board of Directors is in accordance with the legal norms and the statutes of the company.

4.6.1. Shareholders should have easy access to the adopted company policy for determining the remuneration of board members and the report on its implementation.

5. Conflict of interest

5.1. Members of the Board of Directors should avoid and avoid any real or potential conflict of interest.

5.2. The procedures for avoiding and revealing conflicts of interest should be regulated in the company's statutes.

5.3. The members of the Board of Directors must immediately disclose conflicts of interest and provide shareholders with access to information about transactions between the company and its subsidiaries, on the one hand, and members of the Board of Directors or related parties, on the other.

5.4 The Board of Directors shall establish a system to avoid conflicts of interest in transactions with interested or related parties and disclosure of information when such occurs.

6. Committees

6.1. It is advisable the work of the Board of Directors to be supported by committees, and the Board of Directors determines the need for their creation according to the specifics of the company.

6.2. In accordance with the requirements of the current legislation and on the basis of the criteria defined by it, the Board of Directors proposes to the general meeting of shareholders of the company to elect an audit committee consisting of the legal requirements and the specific needs of the company.

6.3. Committees should be established on the basis of a written structure, scope of tasks, functioning and reporting procedures.

Two-tier system

The Supervisory Board and the Management Board shall act jointly for the benefit of the shareholders and shall comply with the persons concerned.

Board of Directors

7. Functions and duties

7.1. Manages the Company in accordance with the established vision, objectives, and strategies of the Company and the interests of the shareholders.

7.2. Monitors the results of the company's activities and, if necessary, initiates changes in the management of the business.

7.3. Treats all shareholders equally, acts in their interest and with the care of a good trader.

7.4. The members of the Management Board shall be guided in their activities by the generally accepted principles of integrity and managerial and professional competence. The Board of Directors adopts and observes a Code of Ethics.

7.5. The Governing Council, in the exercise of its functions, strives to achieve the Sustainable Development Goals.

7.6. Ensures and controls the establishment and functioning of a risk management system, including internal control and internal audit, by promptly informing the Supervisory Committee in a proper manner of its actions.

7.7. The Management Board shall promote the implementation and monitor compliance by subsidiaries with the principles of sustainable development adopted at group level, where applicable.

7.8. Builds, in accordance with the guidelines given by the Supervisory Board, the financial and information system of the company and ensures its reliable functioning.

7.9. Coordinates its actions with the Supervisory Board with regard to the business plan of the company, transactions of a substantial nature and all other operations and activities established in the company's statutes.

7.10. Informs and reports on its activities to the Supervisory Board. For this purpose, it shall provide the information required in the relevant time limits and format.

8. Structure and competence

8.1. The structure and number of members of the Management Board must ensure the effective operation of the company.

8.2. In the case of proposals for the election of new members of the Management Board, the principles of compliance of the competence of the candidates with the nature of the company's activity shall be observed.

8.3. The management assignment contracts concluded with the members of the Management Board shall specify their duties and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the company and the grounds for dismissal.

8.3. The competences, rights and obligations of the members of the Management Board shall follow the requirements of the law, the statutes and the standards of good professional and management practice.

9. Remuneration

9.1. In accordance with the legal requirements and good corporate governance practice, the amount and structure of the remuneration of the members of the Management Board shall take into account:

9.1.1. The obligations and contributions of each member of the Management Board to the activities and results of the company;

9.1.2. The possibility for the selection and retention of qualified and loyal managers;

9.1.3. The need to match the interests of the members of the Management Board and the long-term interests of the company.

9.2. It is advisable that the remuneration of the executive members of the Management Board consists of a permanent and variable component.

9.2.1. The structure and type of variable remuneration should be specifically defined or determinable and should be linked to clear and specific criteria and indicators regarding the company's performance and/or to the achievement of objectives set in advance by the Supervisory Board.

9.2.2. The Company may grant shares, share options, and other appropriate financial instruments as variable remuneration to the executive members of the Management Board.

9.3. The disclosure of information about the remuneration of the members of the Management Board is in accordance with the legal norms and the statutes of the company. Shareholders should have easy access to the adopted company policy for determining the remuneration and timetables of board members, as well as to information on the annual remuneration and additional incentives received by them.

10. Conflict of interest

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

10.2. The procedures for avoiding and revealing conflicts of interest should be regulated in the company's statutes.

10.3. The members of the Management Board must immediately disclose conflicts of interest and provide shareholders with access to information about transactions between the company and its subsidiaries on the one hand and members of the Management Board or related parties on the other.

10.4 The Management Board and the Supervisory Board shall ensure that all related party transactions are approved and conducted in a manner that ensures the reliable management of conflicts of interest and protects the interests of the Company and its shareholders.

10.5. Any conflict of interest should be disclosed to the Supervisory Board. The members of the Management Board should inform the Supervisory Board as to whether, directly, indirectly or on behalf of third parties, they have a material interest in any transactions or matters which have a direct impact on the company.

Supervisory Board

11. Functions and duties

11.1. The Supervisory Board appoints, gives guidance and controls the Management Board of the company according to the division of functions within the two-tier structure.

11.2. The Supervisory Board shall provide guidance to the Management Board in determining the vision, objectives and strategy of the company and the interests of the shareholders and shall supervise their implementation.

11.3. The Supervisory Board shall provide guidance to the Management Board in establishing a risk management system, including internal control and internal audit, the financial and information system and shall control their functioning.

11.4. The Supervisory Board shall control the observance of the laws and rules laid down in the statutes and other internal acts of the company.

11.5. The Supervisory Board shall carry out its activities in an effective exchange of information with the Management Board.

11.6. It is advisable for the Supervisory Board to evaluate the activities of the Management Board and the work of each of its members at least once a year.

11.7. The Supervisory Board shall treat all shareholders equally, shall act in their interest and with the care of a good trader.

11.8. In the performance of their duties, the members of the Supervisory Board must have access to the necessary information about the company's activities.

12. Appointment and dismissal of the members of the Management Board

12.1. The Supervisory Board appoints and dismisses the members of the Management Board in accordance with the legal requirements, the company's statutes, the principles of continuity and sustainability of the work of the Management Board and the standards of good corporate governance practice.

13. Structure and competence

13.1. The composition of the Supervisory Board shall guarantee the independence and impartiality of the decisions and actions of its members.

13.2. The number of members of the Supervisory Board, including the number of independent members and the distribution of tasks between them, shall be governed by the company's statutes.

13.3. The independent member shall act in the best interests of the company and the shareholders impartially and unbound. It is advisable to limit the number of consecutive terms of office of non-attached members.

13.4. The members of the Supervisory Board must have the appropriate knowledge and experience required by their position. At least one of them should have financial competence.

13.5. After their election, the new members of the Supervisory Board should be acquainted with the main legal and financial issues related to the company's activities. The training of the members of the Supervisory Board should be their permanent commitment.

13.6. The members of the Supervisory Board must have the necessary time to carry out their tasks and duties. It is advisable for the company's statutes to determine the number of companies in which the members of the Supervisory Board may hold managerial positions.

13.8. It is advisable that the procedures for the election of new members take into account the requirements for continuity and sustainability of the functioning of the Supervisory Board.

14. Remuneration of the members of the Supervisory Board

14.1. The Supervisory Board, with the assistance of the remuneration committee, where such is established, shall develop a clear and specific remuneration policy for the members of the Management Board and the National Assembly, which shall be approved by the GMS. The policy sets out the principles for the formation of the amount and structure of remuneration. It should comply with regulatory requirements in terms of structure and content.

14.2. It is advisable that the remuneration of the members of the Supervisory Board corresponds to their activities and obligations and is not bound to the results of the company.

14.3. The remuneration of the independent members is only basic without variable remuneration and reflects their participation in meetings as well as the performance of their tasks to control the actions of the executive management and to participate effectively in the work of the company.

14.4. The variable remuneration of the members of the Supervisory Board should not include share options.

14.5. The disclosure of information about the remuneration of the members of the Supervisory Board is in accordance with the legal norms and the statutes of the company. Shareholders should have easy access to remuneration information.

15. Conflict of interest

15.1. The members of the Supervisory Board should avoid and avoid any real or potential conflict of interest.

15.2. The procedures for avoiding and revealing conflicts of interest should be regulated in the company's statutes.

15.3. The members of the Supervisory Board must immediately disclose conflicts of interest and provide shareholders with access to information about transactions between the company and its subsidiaries on the one hand and members of the Supervisory Board or related parties on the other.

16. Committees

16.1. It is advisable the work of the Supervisory Board to be supported by committees, and the Supervisory Board determines the need for their creation according to the specifics of the company.

16.2. In accordance with the requirements of the current legislation and on the basis of the criteria defined by it, the Supervisory Board approves the proposal of the Management Board

to the general meeting of the shareholders of the company for the election of an audit committee consisting of the legal requirements and the specific needs of the company.

16.3. Committees should be set up on the basis of a written structure, scope of tasks, functioning and reporting procedures.

Chapter Two

AUDIT AND INTERNAL CONTROL

17. Corporate managements propose to the General Assembly the election of an auditor on the basis of a written recommendation from the audit committee.

18. Corporate management, with the assistance of the audit committee, shall ensure compliance with the law applicable to the independent financial audit.

19. It is desirable to apply a rotational principle to proposals and the selection of an external auditor.

20. The audit committee provides oversight of internal audit activities and monitors the overall relationship with the external auditor, including approving non-audit-related services provided by the company's auditor.

21. It is advisable to establish an internal control system, which includes identifying the risks associated with the company's activities and supporting their effective management. It should also ensure the effective functioning of reporting and disclosure systems.

Chapter Three

PROTECTION OF SHAREHOLDERS' RIGHTS

22. Corporate managements ensure equal treatment of all shareholders, including minority and foreign shareholders, and are obliged to protect their rights as well as facilitate their exercise within the limits permissible by current legislation and in accordance with the provisions of the company's statutes. Corporate managements ensure that all shareholders are informed about their rights, the financial results of the company and corporate events through the disclosure system and the company's website.

23. General Meeting of Shareholders

- 23.1. All shareholders should be informed of the rules under which general meetings of shareholders are convened and held, including voting procedures. Corporate managements should provide sufficient and timely information on the date and place of the general meeting, as well as full information on the issues to be considered and resolved at the meeting.
- 23.2. It is recommended that corporate managements maintain a database of contacts of their shareholders holding 5% or more of the company's capital, allowing sending direct messages to them or to a person designated by them. .
- 23.3. Corporate managements, during the general meeting, ensure the right of all shareholders to express their opinion as well as to ask questions.

23.3.1. Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the company personally or through representatives, and when the company's statutes provide for such a possibility – also by correspondence and/or electronically.

23.3.2. Corporate managements exercise effective control by creating the necessary organization for voting by correspondence or authorized persons in accordance with the instructions of shareholders or in the ways permitted by law.

23.3.3. The corporate managements shall draw up rules for the organization and conduct of the regular and extraordinary General Meetings of the shareholders of the company, which guarantee equal treatment of all shareholders and the right of each of the shareholders to express their opinion on the items on the agenda of the General Meeting.

23.3.4. Corporate managements organize the procedures and procedures for holding the General Meeting of Shareholders in a way that does not make voting difficult or more expensive.

23.3.5. Corporate managements take action to encourage the participation of shareholders in the General Meeting of Shareholders, incl. by providing the possibility of remote presence through technical means (incl. Internet) in cases where this is possible and necessary.

- 23.4. It is recommended that all members of the corporate management attend the general meetings of the shareholders of the company.

23.5. Materials of the General Meeting of Shareholders

23.5.1. The texts in the written materials related to the agenda of the General Meeting should be specific and clear without misleading the shareholders. All proposals regarding major corporate events are presented as separate items

on the agenda of the General Meeting, including the proposal for profit distribution.

23.5.2. The Company maintains on its website a special section on the rights of shareholders and their participation in the General Meeting of Shareholders.

23.5.3. The corporate managements assist the shareholders entitled under the current legislation to include additional issues and to propose solutions on issues already on the agenda of the General Meeting.

23.6. Corporate managements guarantee the right of shareholders to be informed about the decisions taken 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 within a class give equal rights to shareholders of the same class.

24.3. Corporate managements shall ensure that sufficient information is provided to investors about the rights attaching to all shares of each class prior to acquisition.

25. Consultations between shareholders on fundamental shareholder rights

25.1. Within the limits permitted by the legislation in force and in accordance with the provisions of the company's statutes, corporate management may not prevent shareholders, including institutional ones, from consulting each other on issues relating to their fundamental shareholder rights in a way that prevents abuse.

26. Transactions of shareholders with control rights and transactions of abuse

26.1. Corporate managements do not allow the implementation of transactions with shareholders with control rights that violate the rights and / or legitimate interests of other shareholders, including under the conditions of negotiation with themselves.

Chapter Four

DISCLOSURE OF FINANCIAL AND NON-FINANCIAL INFORMATION

27. Corporate managements approve the disclosure policy in accordance with legal requirements and statutes.

28. In accordance with the adopted policy under item 1, corporate managements shall establish and maintain a system for disclosure of financial and non-financial information.

29. The system for disclosure of financial and non-financial information must ensure equal treatment of the addressees of the information (shareholders, stakeholders, investment community) and not allow abuse of inside information.

30. Corporate management must ensure that the system for disclosing financial and non-financial information provides complete, timely, truthful and understandable information that enables objective and informed decisions and assessments.

31. Corporate managements promptly disclose the company's capital structure and agreements that lead to the exercise of control under its disclosure rules and current legislation.

32. Within the limits of the legislation in force and in accordance with the provisions, the company's statutes shall ensure that the rules and procedures under which the acquisition of corporate control and extraordinary transactions such as mergers and disposals of substantial parts of the assets are carried out are clearly and timely disclosed.

33. Corporate managements approve and control the observance of internal rules for the preparation of annual and interim reports and the procedure for disclosure of information.

34. Corporate managements shall adopt internal rules ensuring the timely disclosure of any material periodic and incidental information about the company, its management, its corporate management, its operating activities, its shareholder structure.

35. Where applicable, corporate governance shall adopt rules that ensure annual disclosure of non-financial information in accordance with national law and applicable European law. In this regard, corporate managements should include in their annual reports information on how and to what extent the company's activities can qualify as environmentally sustainable, such as: how much of its turnover is due to products and services that are related to economic activities that qualify as environmentally sustainable; how much of its capital expenditure, where applicable, and how much of its operating costs relates to assets or processes related to economic activities that qualify as environmentally sustainable. Where corporate management prepares a separate non-financial reporting report, that information must be included in the report.

36. It is recommended, as part of the information disclosure system, the development and maintenance of a website of the company with approved content, scope and periodicity of the information disclosed through it. It is recommended that the information disclosed through the Company's website includes at least:

- basic, identifying the company commercial and corporate information;
- up-to-date information on the shareholder structure, where applicable;

- the statutes of the company and the adopted policies related to the activity and functioning of the company;
- information on the structure and composition of the management and supervisory bodies of the company, as well as basic information on their members, including information on committees;
- financial statements for the last 10 years;
- the materials for the forthcoming general meetings of the shareholders of the company, as well as additional ones received by law. Information about the decisions taken by the general meetings of the shareholders for at least the last five years, incl. information on dividends distributed by the company for that period;
- information on auditors;
- information about upcoming events;
- information on shares and other financial instruments issued;
- important information related to the company's activities;
- information on the rights of shareholders, including sufficient information on the right of shareholders to request the inclusion of issues and to propose solutions on issues already included in the agenda of the General Meeting under Article 223a of the Commerce Act;
- contact information of the company's Investor Relations Director.

35.1. It is recommended that companies maintain an English-language version of the corporate website with similar content.

36. The Company should disclose corporate governance information from time to time. Disclosure of corporate governance information is in accordance with the "comply or explain" principle. The principle requires that in the event of non-compliance with some of the recommendations of the Code, an explanation be provided.

37. Corporate governance ensures the disclosure of any material periodic and incidental information about the company through channels that provide equal and timely access to relevant information by consumers.

Chapter Five

STAKEHOLDERS. SUSTAINABLE DEVELOPMENT

38. Corporate leadership ensures effective interaction with stakeholders. This category includes certain groups of persons on whom the company directly influences and who in turn may influence its activities, including suppliers, customers, employees, creditors, public pressure groups, etc. The company identifies who are the stakeholders with respect to its activities based on their degree and spheres of influence, role and attitude to its sustainable development.

39. In their policy towards stakeholders, corporate managements comply with legal requirements. Corporate managements ensure respect for the rights of stakeholders established by law or by mutual agreements with the company. Good corporate governance practice requires consideration of stakeholders in accordance with the principles of transparency, accountability and business ethics.

40. Corporate managements ensure that all stakeholders are adequately informed about their statutory rights.

41. It is advisable that in accordance with this policy, corporate managements should also develop specific rules for taking into account the interests of stakeholders, which rules should ensure and their involvement in solving certain issues requiring their position. Those rules should ensure a balance between the development of the company and the economic, social and environmental development of the environment in which it operates.

42. Corporate managements maintain effective stakeholder relationships. It is recommended that periodically, in accordance with the legal norms and good international practice for disclosure of non-financial information, the company informs about economic, social and environmental issues concerning stakeholders, such as: fight against corruption; work with employees, suppliers and customers; the social responsibility of the company; environmental protection.

43. Corporate management shall ensure the right to timely and regular access to relevant, sufficient and reliable information about the company when stakeholders are involved in the corporate governance process.

44. Sustainable development is the achievement of a balance between social and environmental principles, such as socially justified and environmentally sound economic development. It aims to meet the needs of the present generation without jeopardising the ability of future generations to meet their own needs.

45. Corporate leadership should be committed to establishing specific actions and policies in relation to the sustainable development of the company, including the disclosure of climate-related information and social aspects of their activities.

Chapter Six

INSTITUTIONAL INVESTORS, FINANCIAL MARKETS INSTRUMENTS AND OTHER INTERMEDIARIES

46. Corporate managements ensure effective interaction of the company with its shareholders – institutional investors, as well as with the regulated markets of financial instruments on which financial instruments issued by the company are admitted to trading and with investment intermediaries with which they have contractual relations in relation to these regulated markets.

47. Corporate governance should use the services of investment firms whose recommendations or actions are based on market information and principles. The same applies accordingly to operators of markets on which financial instruments issued by the company are traded.

48.

Firms should encourage the engagement of their investment firms and institutional investors in the definition of corporate governance policies and practices.

49. Institutional investors acting in a fiduciary capacity should disclose their corporate governance policies as well as their voting policies at general meetings of the companies in which they have invested, including the procedures they apply to enhance the engagement of ultimate owners in deciding on the use of voting rights at the general meeting of shareholders.

50. Institutional investors acting as a fiduciary should disclose information on the actual exercise of their voting rights on their investments. Disclosure should be made in accordance with current legislation.

51. Institutional investors should allocate appropriate human and financial resources to their effective participation in corporate governance policy.

52. Custodians holding financial instruments for the account of clients shall exercise voting rights in accordance with guidance given by the ultimate owners of the instruments. Unless specifically instructed, trustees should not exercise voting rights on their financial instruments.

53. Institutional investors should be in constant dialogue with companies, in whose financial instruments they have invested or intend to invest. In such dialogues, companies should respect the requirement of equal treatment of all shareholders and should not provide information that would put institutional investors in a privileged position vis-à-vis other shareholders.

54. Institutional investors acting as a fiduciary should disclose how they manage the avoidance of conflicts of interest and how the existence of conflicts of interest would affect the realisation of their fundamental rights as shareholders in the companies in which they invest.

55. Companies should require disclosure and mitigation of conflicts of interest and their disclosure by proxy advisors, analysts, brokers, rating agencies and others who provide analysis or advice. The requirement applies provided that such conflicts of interest may jeopardise the integrity and objectivity of their analysis or advice or may serve to make a decision on the part of investors.

56. Companies admitted to trading in a jurisdiction other than that in which they are incorporated should clearly disclose the corporate governance rules applicable to them.

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

58. Regulated markets in financial instruments, multilateral trading facilities, and other markets should make use of price collection, determination and disclosure mechanisms that sufficiently enable market-based investors to investigate and value their investments in corporate financial instruments. The same information should be provided for the issuer.

CONCLUSION

This Code was established in October 2007 and approved by the National Corporate Governance Commission, subsequently amended in February 2012, April 2016 and February 2021.