

CODE FOR CORPORATE GOVERNANCE
EBIOSS ENERGY AD

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CHAPTER I. PREAMBLE

The present Code of Corporate governance of EBIOSS ENERGY AD (hereinafter referred to as the "Company") aims to:

- 1/ improve the corporate governance practices;
- 2/ provide clearer guidance for financial and non-financial disclosure of information to the investors and to the market;
- 3/ raise higher standards in terms of protection of minority shareholders;
- 4/ contribute for sustainable development and growth of the Company's business; and
- 5/ clarify the respective roles of Company's managers and directors.

This Code of Corporate governance (hereinafter referred to as "the Code") is prepared in compliance with the effective Bulgarian commercial legislation, the Bulgarian National Code for Corporate Governance and the relevant regulations and standards applicable for the companies admitted for trading on the Spanish Alternative Stock Market (MERCADO ALTERNATIVO BURSATIL – MAB). The core corporate principles and values of EBIOSS ENERGY AD are implemented in this Code, based on the understanding that 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 its investors.

The Code is adopted and implemented according to the rules applicable for the Company, being listed on the Spanish Alternative Stock Market (MERCADO ALTERNATIVO BURSATIL – MAB). This Code is obligatory for all the corporate governance bodies and officials in the Company and EBIOSS ENERGY AD should comply with the Code. In case where compliance is not met, the Company's corporate boards must explain and disclose the reasons for non-compliance. The Company shall post information on timely and regular manner about the implementation and compliance with the Code on its web site and shall include compliance chapter it in its annual financial and business reports.



CHAPTER II. DEFINITIONS

- **Corporate code of conduct** – a set of moral and ethical norms, principles and standards of conduct which are applicable for EBIOSS ENERGY AD and its corporate bodies and management staff.
- **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, based on the rules of the applicable legislation, manage and represent the Company, from one hand and, on the other hand, oversee its operations.
- **Corporate governance structure** - comprises the governing, representative and controlling functions, which are carried out by the Board of Directors of EBIOSS ENERGY AD, based on the rules of the applicable legislation and the Company's founding corporate statutes.
- **By-laws** – comprise the Articles of Associations of EBIOSS ENERGY AD, as well as and any internal instruments, legal acts or binding documents, which establish specific rules, procedures and criteria for the functioning and management of the Company.
- **Applicable law** - means (A) all laws, regulations, codes, statutes and other rules of general applicability having the force of law and (B) all orders, permits, licenses, concessions, judgments, injunctions, decrees and any action of any public authority, in each case ([A] and [B]) to the extent applicable to or directly or indirectly affecting the business affairs of the Company and/or its property.



CHAPTER III. CORPORATE BOARDS

1. Board of Directors

1. Functions and Tasks

1.1. The Board of Directors must govern the Company in a responsible and independent manner and set the vision, goals and strategies of the Company in the best interests of all shareholders and other investors.

1.2. The Board of Directors should determine the strategic direction of the Company and monitor its implementation.

1.3. The Board of Directors should establish the corporate risk management policy as well as control and ensure the proper functioning of the Company's internal audit and risk management systems.

1.4. The Board of Directors must ensure the compliance of the Company with legal, normative and contractual obligations.

1.5. The Board of Directors should be responsible for the elaboration and the proper functioning of the financial and information systems of the Company.

1.6. The Board of Directors must provide directions, approve and control the implementation of the Company's business plan; extraordinary material transactions; and all other operations and actions required by the Company's by-laws.

1.7. The Board of Directors should define the Company's disclosure policy and establish guidelines for the relationships with investors; it supervises and is responsible for the timely provision to the shareholders of any information which they are entitled to receive in compliance with the requirements of the Applicable law and the Company's by-laws.

1.8. During their mandate, the members of the Board of Directors should act in a professional and diligent manner and conduct themselves according to the commonly accepted principles of integrity and diligence.

1.9. The Board of Directors should adopt and follow a professional ethical code of conduct.

1.10. 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 Shareholders Meeting must elect and dismiss members of the Board of Directors in compliance with the relevant legal procedures and pre-requisites set forth in the Applicable law and the in the Company's by-laws, while respecting the principles of continuity and ensuring the stability of the Board of Directors' work.



2.2. The responsibilities, tasks, duty of care and duty of loyalty of Board members to the Company as well as the criteria and their level of remuneration should be stipulated by written management 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's by-laws.

3.2. The composition of the Board of Directors elected by the General Shareholder Meeting 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 that 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.

3.4. The required skills, rights and responsibilities of the members of the Board of Directors must comply with the Applicable 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 their task and the Company's activities and performance. Continued professional training of members of the Board of Directors should be encouraged.

3.6. The members of the Board of Directors should dispose of sufficient time to carry out their tasks and duties.

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 mandate of the members of the Board of Directors should provide for the Company's efficient functioning and must be in compliance with legal requirements.

4. Remuneration

4.1. The Board of Directors should develop clearly defined and specific remuneration policy with regard to the non-executive members of the Board. The amount of and criteria for the remuneration of non-executive members of the Board has to be approved by the General Shareholder Meeting. The amount of and criteria for the remuneration of the executive members has to be approved by the Board of Directors.



4.2. The amount and criteria for the remuneration should, in accordance with the Applicable law and good corporate governance practices, follow criteria such as:

- 4.2.1. Responsibilities and contribution of the 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. The remuneration of non-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 with 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 a fixed compensation, as variable incentives the Company can offer to the executive Board member also shares, options on shares, and other appropriate financial instruments.

4.4. The remuneration of independent directors should be their basic salary only and depends on their individual participation in meetings, their performance level in regard with their assigned tasks, their ability to oversee and control the operations of executive management and their effective contribution to the Company's performance.

4.5. The General Meeting of Shareholders may vote to confer to the members of the Board of Directors additional remunerations as bonuses depending on the financial performance and standing of the Company.

4.6. The remuneration of the members of the Board of Directors must be disclosed in accordance with the Applicable law and the Company's by-laws.

5. Conflict of Interests

5.1. The members of the Board of Directors should prevent any real or potential conflict of interests.

5.2. The procedures for preventing and disclosing conflicts of interests should be provided for 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. Each conflict of interests involving the Company should be disclosed to the Board of Directors.

5.5. A potential conflict of interests exists when the Company intends to realize a transaction that involves:

(a) a party related to or with financial interest linked to a member of the Board;

(b) board member, shareholder or investor in the Company.

6. Committees

6.1. The work of the Board of Directors should be assisted by committees. The Board of Directors should determine the need for setting up committees in accordance with the specific operations of the company and/or in compliance with the Applicable law or with the Company's by-laws.

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, mandates and reporting procedures of the respective committee.



CHAPTER IV. AUDIT AND INTERNAL CONTROL

1. Corporate boards, assisted by the Audit committee and in accordance with the established professional standards and requirements, present in writing at the General Shareholder Meeting a motivated proposal for the selection of an external auditor.
2. The principle of rotation should be applied in selecting and appointing an external auditor.
3. The Company should develop and implement an internal control system which should also ensure the early identification of any material risks the Company may face and to effectively manage those risks.
4. The internal control system should ensure also the effective functioning of the reporting and disclosure of information systems.



CHAPTER V. PROTECTION OF SHAREHOLDERS' RIGHTS

1. Protection of Shareholders' Rights

Corporate boards should ensure the equitable treatment of all shareholders, including minority and foreign shareholders, and should be responsible for the protection of their rights.

1.1. General Shareholder Meeting

1.1.1. All shareholders must be able to participate in the General Shareholder Meeting and to express their opinion.

1.1.2. Shareholders who have the right to vote should have the opportunity to exercise their voting rights through the use of a proxy at the General Shareholder Meeting.

1.1.3. Corporate boards should exercise effective oversight and ensure that necessary arrangements are made for the voting by authorized representatives (proxies) in accordance with the instructions of the shareholders and in accordance with the Applicable law.

1.1.4. Corporate boards, as well as the Company's by-laws, must establish rules for the organisation and conduct of regular and extraordinary General Shareholder Meetings. These rules must guarantee the equitable treatment of all shareholders and the right of each shareholder to express his/her opinion about the items on the agenda of the General Shareholder Meeting.

1.1.5. Corporate boards, as well as the Company's by-laws, should establish the rules and procedures for the conduct of the General Shareholder Meeting in a manner which does not make voting procedure unnecessarily difficult or expensive.

1.1.6. Corporate boards should take action to encourage the participation of all shareholders at the General Meeting, including those who cannot make it physically by allowing the use of information technology (including Internet) whenever possible and necessary, and in accordance with item 1.1.2 of Chapter V of the present Code.

2. Written materials for the General Shareholder Meeting

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

2.2. Corporate boards should ensure that some shareholders, based on the rules of the Applicable law, can place additional items on the agenda of the General Shareholder Meeting.

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



CHAPTER VI. DISCLOSURE OF INFORMATION

1. Corporate boards must establish the Company's information disclosure policy in compliance with legal requirements and the Company's by-laws.

2. In accordance with established policies under item 1, Corporate boards shall oversee the implantation and ensure proper support for an effective system for disclosure of information.

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

4. Corporate boards should guarantee that the system for information disclosure provide for comprehensive, timely, true and understandable information to allow for objective and well-informed decision-making and assessments.

5. Corporate boards should establish and oversee the implementation of internal rules for the production of mid-term and annual reports and should oversee the proper disclosure of the information in a way that guarantees compliance with item 3 of this chapter.

6. As a part of a well functioning system for the disclosure of information, the Company should set up and maintain a company website. This website should be operated in accordance with approved policies on the content, scope and regularity of information disclosure. The official information posted on the website should include at minimum:

- Basic commercial and corporate information, as well as up-to-date information about the joint-stock structure of the Company;
- Company's adopted policies pertaining to the operations and functioning 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 at least the previous 3 years;
- materials for upcoming General Shareholders Meeting as well as any additional materials which have been submitted in compliance with the law.
- information about the resolutions of the General Shareholder Meetings 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 and business strategy;
- 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 relevant provisions of the Applicable law;
- contact details of the Company's chief high management officials.



7. The Company should also maintain in English and/or other language version(s) of its corporate website with identical content.

8. The Company should regularly disclose information about its corporate governance. The disclosure of corporate governance information should be effected in compliance with the principle of diligence and completeness.



CHAPTER VII. CORPORATE GOVERNANCE AND STAKEHOLDERS

1. Corporate governance should ensure effective interaction with the Company's stakeholders. In this category fall certain interested parties and groups of individuals who are directly influenced by the Company and who are in a position to influence the Company, including for example: suppliers, employees, creditors, civil society groups, and others. The Company should identify the 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 Company's sustainable development.

2. In their stakeholder policy, corporate boards must comply with existing laws. A good corporate governance practices requires taking into consideration the interests of stakeholders in accordance with the principles of transparency, accountability and business ethics.

3. Corporate boards should establish specific rules for addressing the interests of stakeholders. These rules should ensure appropriate stakeholder engagement when decisions requiring their input are made. Furthermore, these rules should ensure the balance between the development of the Company and the development of the economic, social and ecological environment in which the Company operates.

4. Corporate boards shall maintain effective relations with the stakeholders. The Company should, from time to time and in compliance with the legal provisions and the good international practices for disclosure of information of non-financial nature, disclose information about economic, social and environmental issues of concern to stakeholders.



VIII. CONCLUSION

This Code has been approved by the Ordinary Annual General Shareholders Meeting of EBIOSS ENERGY AD, which took place in Sofia, Bulgaria on 16th of June 2016 and is enclosed to the Minutes of the General meeting as Attachment No 4 thereto.

Signed by the Chairman and the Secretary of the General Meeting of EBIOSS ENERGY AD, which was held in Sofia, Bulgaria on the date: 16.06.2016, as follows:

1.

Chairman

2.

Secretary – vote teller