



## POLICY

### ON TRANSACTIONS WITH INTERESTED AND CONNECTED PARTIES

The Board of Directors of Stara Planina Hold PLC examines in advance and approves the effecting of transactions by the company or its subsidiary enterprises which may significantly affect the financial positions of the holding.

Decisions concerning investments in other companies shall be accompanied by justified and reasoned opinions on and analysis of the expected effect.

The Board of Directors specifically emphasizes the transactions in which one or more of its members have own interest or interest of parties connected with them.

#### **PROCEDURES ON AVOIDANCE AND DISCLOSURE OF CONFLICT OF INTERESTS**

There is a potential conflict of interests when the company intends to perform a transaction with a legal entity in which a member of the Board of Directors or parties connected with it has a financial interest or they are members of a management or supervisory body of the contractor.

Interested party is any member of the Board of Directors, including of the parties - representatives of a legal entity; a shareholder who owns directly or indirectly at least 25 per cent of the votes in the company's general meeting or controls the company, as well as his/her connected parties.

in transactions performed by a subsidiary, an interested party is any member of the Board of Directors, including of the parties - representatives of a legal entity; a shareholder who owns directly or indirectly at least 25 per cent of the votes in the company's

general meeting, as well as his/her connected parties;

where they:

1) are a party, its representative or intermediary in the transaction or the transactions or actions are performed to their benefit, or

2) hold directly or indirectly at least 25 per cent of the votes in the company's general meeting or are controlling the legal entity which is a counterparty, its representative, intermediary in the transaction or a party to the benefit of which the transactions or actions are performed;

3) are members of managing or controlling bodies, representatives of legal entities, members of such bodies or procurators of a legal entity under items 1 and 2.

The members of the Board of Directors should avoid and preclude real or potential conflict of interests.

The members of the Board of Directors should immediately disclose conflicts of interests and provide the shareholders with access to information on transactions between the company and members of the Board of Directors or their connected parties.

If a member of the Board of Directors or a party connected with that member is interested in matter introduced for discussion, he shall notify the Chairperson in writing and shall not participate in the decision-making related to the respective resolution. That member of the Board of Directors shall not attempt to influence in any way the resolution on the transaction. The Board of Directors shall resolve by establishing specific criteria on the objective fairness of the transaction, the interest of the managers in it, the possible future benefit for the shareholders and shall

motivate the degree of significance of the deal for the company interests and achievement of its goals. The resolution shall state the material particulars of the transaction, including parties, subject and value, expected profit as well as the beneficiary of the deal.

Members of the Board of Directors, who manage and represent the company, without being expressly authorized for that by the General Meeting of Shareholders, shall not effect transactions as a result of which the company acquires, transfers, receives or provides for use, or as a security in any form, assets with a total amount exceeding 1/3 of the lower value of the assets as per the most recently audited or most recently prepared company balance when interested parties are involved in these transactions.

Members of the Board of Directors, who manage and represent the company, without being expressly authorized for that by the General Meeting of Shareholders, shall not effect transactions as a result of which there emerge liabilities of the company to a party or connected parties totaling more 1/3 of the lower value of the assets as per the most recently audited or most recently prepared company balance, and where the liabilities emerge to interested parties or to the benefit of interested parties – more than 2 per cent of the of the lower value of the assets as per the most recently audited or most recently prepared company accounting balance.

Members of the Board of Directors, who manage and represent the company, without being expressly authorized for that by the General Meeting of the Shareholders, shall not effect transactions as a result of which the company receivables from a party or connected parties exceed 1/3 of the lower value of the assets as per the most recently audited or most recently prepared company accounting balance, and when debtors to company are interested parties – more than 1 per cent of the lower value of the assets as per the most recently audited or most recently prepared company accounting balance.

Transactions of the holding involving interested parties, other than the abovementioned, shall be subject to preliminary approval by the Board of Directors.

Transactions which individually are below the limits set herein, but their total results in a property change which exceeds

the said limits, shall be considered as one integral whole if these transactions have been effected within a period of three calendar years and to the benefit of one and same party or connected parties. In such cases, subject to approval by the General Meeting of Shareholders shall be the action or transaction by which the set limits are being exceeded.

In order for the Board of Directors to be granted authorization by the General Meeting of Shareholders to effect a transaction under Art. 114, para 1 of the Public Offering of Securities Act, the former shall prepare a reasoned report on the expediency and terms and conditions of the transaction. The report shall be part of the materials provided to the shareholders upon convocation of the general meeting.

In cases involving acquisition or disposition of fixed assets, the general meeting shall adopt resolution by a majority of 3/4 of the represented capital, and in all other cases – by simple majority. In both cases, the interested parties shall not be entitled to exercise their voting right.

Exception to the abovementioned procedure shall be made in the cases of transactions effected in the carrying-out the usual commercial activity of the company, including when concluding bank credit agreements and provision of securities unless there are interested parties involved; where the holding credits a subsidiary company or where the subsidiary provides deposits to the holding under conditions which are not more disadvantageous than the ones on the country market; also in the cases where there is a joint venture contract.

In cases where the subsidiary company provides a deposit to the holding as per the abovementioned procedure, the holding shall be obliged to notify the Financial Supervision Commission for this in a 7-day period.

Disposition transactions involving interested parties and which exceed the limits herein, shall be effected only at the market price. In such cases, the assessment shall be performed by the Board of Directors and in specific cases – by independent experts with the necessary qualification and experience as appointed by the Board of Directors.

## **INFORMATION**

The members of the Board of Directors of Stara Planina Hold PLC shall be obliged to declare before the company information about the legal entities in which they own directly or indirectly at least 25 per cent of the votes in the general meeting or which are controlled by them; about the legal entities in whose management or control bodies they participate or the ones in which they are procurators; about current and future transactions which are known to them and with regard to which they consider that they may be recognized as interested parties.

The above information shall be provided by them to the Financial Supervision Commission and the Bulgarian Stock Exchange. They shall be obliged to provide or update the declaration within a 7-day period following the emergence of the respective particulars.

The Board of Directors shall monitor the company transactions for each of the last three years which have been effected to the benefit of one party or connected and interested parties which, taken individually, are not below the legally set limits, in order for these not to result, as a total, in a property change which exceeds the set limits.

Upon indications for the emergence of such circumstance, the Board of Directors shall undertake actions to convene special General Meeting of Shareholders in order to obtain preliminary approval by the General Meeting of Shareholders or other measures thereof for preventing possible breach of the legally set limits.

## **TRANSACTIONS WITH COMPANY SHARES**

The members of the Board of Directors and the persons closely connected with them notify in writing Stara Planina Hold Plc and the Financial Supervision Commission of the transactions entered into at their cost with shares issued by Stara Planina Hold Plc or other financial instruments related to such shares where within one calendar year the amount of such transactions exceeds EUR 5000. The transaction is notified within 3 working days following its conclusion.

Stara Planina Hold Plc makes the notification received public within the same period.

The members of the Board of Directors are not entitled to enter into transactions at their cost or at the cost of a third party, directly or indirectly, in respect of the shares of Stara Planina Hold Plc during the prohibition period of 30 calendar days prior to the publishing of the interim financial statement or the annual report on the company's activities.

## **PROSPECTUS**

When the holding publishes a prospect for the offered securities, it shall provide information about the shareholders with significant participation and data on the transactions with connected (interested) parties. This information shall be published also in the summary of the prospect for public offering of securities.

When the holding publishes prospect for the offered securities, it shall provide information on whether there is a dilution of the value of the shares, namely when there is or might have been significant difference between the price of the shares when offered publicly and the price which members of the Board of Directors or parties connected with them have paid for the shares of the issuer in the last 5 years or which they have the right to acquire and in such case there shall be provided a comparison information about the price at which the investors shall acquire securities at the public offering and the price at which the interested parties have acquired or shall acquire securities.

Members of the Board of Directors and the parties closely connected with them shall notify in writing the Financial Supervision Commission for transactions effected at their expense with shares issued by Stara Planina Hold PLC or other financial instruments related to these shares when for a period of one year the amount of these transactions exceeds BGN 5000 for a period of one calendar year. The notification shall be filed within a period of 5 business days following the conclusion of the transaction by which the specified limit is being exceeded.

Stara Planina Hold PLC shall disclose promptly and fully any information related to the action taken by the members of the Board of Directors with regard to the conclusion of transactions and/or disposition of shares which exceed the amount specified by the legislation and for which they have been authorized by the General Meeting of Shareholders, as well as information about the achieved results and other important information which does not represent internal

information, in a special section on the internet site of the company.

The present policy has been prepared using the legal definitions provided in the Public Offering of Securities Act, Law on Market Abuse with Financial Instruments and Ordinance No 2 of the Financial Supervision Commission.

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The Policy was adopted by the Board of Directors on 06.03.2007 and it were amended and supplemented on 15.02.2017.