

MONBAT Plc

CORPORATE GOVERNANCE PROGRAMME

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I. REASONS FOR ACCEPTING THE GOOD CORPORATE GOVERNANCE PRINCIPLES

The relations, created between investors of the company and the managers, in connection with the management and the activities of 'Monbat' PLC, and also the measures taken for the protection of the shareholders' and stakeholders' rights and increasing the range of their information are the basis of the corporate governance of the company. Many of the issues related to the concept of corporate governance have an ethical rather than juridical nature, which requires their more close involvement in the whole activity of the Company. Acting in accordance with the good corporate governance principles, the Management board of 'Monbat' PLC will guarantee the observance of the interests of the shareholders, and increase in their prosperity

The corporate governance program defines the policy and the principles that the Management board of Monbat PLC will keep, in order to ensure that the shareholders can exercise their rights to their fullest, to improve the process of disclosure of information and help the management in organizing the activities of the company.

The Management Board believes that the effective execution of the principles and the on-time control over the results will contribute for the future improvement in the performance of the company in front of the investors and also for the realization of the long-term goals of 'Monbat' PLC. Also, establishing honest and transparent relationship between the involved parties, is a crucial moment and the members of the Management Board believe that they can do more and work actively to create a new style and method of management, to more completely assist in achieving the company's goals, growth and profits.

We have elaborated, and will regularly update this Corporate Governance Program in accordance with the approved international standards for corporate governance, with the intention to create a working mechanism, consistent with the specifics of the Company's activities, namely: the specifics of the industrial sector where the company works and the circumstance that the free float is almost 25% of the company's capital, which requires a more careful approach, paying more attention to all shareholders, noting the characteristics and moods in the relations and work, for the mutual benefit to all parties.

The Management Board of 'Monbat' PLC will report the implementation of the program twice per year, and if needed will update it, in the attempt to ensure that all shareholders will be facilitated to participate effectively in the work of the general meeting, to guarantee protection of their rights and also to ensure timely disclosures of information and transparency in the activities of the company. The prepared reports on the implementation of the Program will include at least description of the problems encountered during the execution of the program and the solutions for their solving. The reports will be publicly announced and published on the web-site of the company

This Corporate Governance Program has been elaborated in full compliance with all provisions of the company's Articles of Association, the applicable acting law and the Corporate Governance Code. It includes provisions, related to undertaking concrete measures for enforcing the good corporate governance principles. The Program will be presented to the Financial Supervision Commission and "BSE – Sofia" JSC, published on the web site of the company and will also be kept available in the Company.

II. COMPLY OR EXPLAIN PRINCIPLE

In the reports on the implementation of the Program, the Management Board of the company, has to disclose information on the extent to which the Company has agreed to comply with the principles of behavior, included in the Corporate Governance Code of 'BSE – Sofia' JSC or to give an explanation on the reasons for which any of the principles is not compliant to 'Monbat' PLC and how the problematic situations will be solved. The most important in this process is the assessment of the Management Board for the relevance of any of the principles to the activities of the company.

III. OBJECTIVES OF THE PROGRAM

1. Implementation and application of the good corporate governance principles in the Company;
2. Facilitating the decision process of the Management and Supervisory Boards, about the long and short term development of the Company, based on mutual benefits, common interests and pursuit of the goals of the company;
3. Helping the communication and increase of the range of disclosed information to the shareholders of the company, the financial media and analyzers;
4. Improvement of the processes, related to disclosure of information on the part of the Company;
5. Increase the trust of the shareholders, investors and all other stakeholders, interested in the management of the company and its development;
7. Respecting highly moral principles, with the goal to reach the world standards for good corporate governance and create a new style of governance in the Bulgarian companies.

IV. GOOD CORPORATE GOVERNANCE PRINCIPLES

The corporate governance frame of 'Monbat' PLC is intended to:

1. Protect the rights of the shareholders.
2. Ensure equal treatment of all shareholders, irrespective of the number of shares they own.
3. Admit the rights of the stakeholders and encourage the cooperation between the company and the stakeholders in order to increase the prosperity, to open work positions and to ensure steady development of the company
4. Guarantee on-time and accurate disclosure of information on all issues, concerning the company, including the financial situation, the results of the activity, the ownership and management of the company

5. Help the strategic management of the company, the control over the activities of the management bodies and the reports these bodies present to the company and the shareholders.

V. APPLYING THE GOOD CORPORATE GOVERNANCE PRINCIPLES

The company shall be obliged to ensure protection of the rights of each shareholder through:

1. Providing more secure methods for registration of property

The securities issue of the Company was registered on 29.12.2006 on the Official market, segment “B” of ‘BSE-Sofia’ JSC, providing the possibility of free transfer of shares from the capital of ‘Monbat’ PLC. This way the currently owned shares can be traded and potential investors can acquire shares of the company. According to the bulletin of ‘BSE-Sofia’ JSC, the shares of ‘Monbat’ PLC are being traded since 03.01.2007. While the company is in the public register, kept by the Financial Supervision Commission /FSC/ and its shares are registered for trading on the ‘BSE-Sofia’ JSC, all shareholders can freely buy and sell shares of ‘Monbat’ PLC.

According to the contract with the Central Depository JSC, all changes in the ownership of the stock are being recorded in the Book of the shareholders of ‘Monbat’ PLC. All acquisitions and transfers of shares are confirmed through the records in the Book of Shareholders kept by the Central Depository. Based on the records, kept in the book, depository receipts can be issued. Depository receipts are not equities. Owning a depository receipts by shareholders of the company makes the trading with company shares easier. With reference to this, the company will undertake all necessary measures for all shareholders to receive their depository receipts and thus - to facilitate the future trading with ‘Monbat’ PLC shares.

The company will pay the annual tax for keeping the register in ‘Central Depository’ JSC and, in the event of lack of a depository receipt upon a capital increase, will also develop mechanisms to provide certifying documents. In case that the depository receipt has been stolen or lost, the management will assist the shareholders as directing them to an investment intermediary – registration agent for issuance of a duplicate.

2. CREATION OF FACILIATIONS FOR THE SHAREHOLDERS TO PARTICIPATE EFFECTIVELY IN THE WORK OF THE GENERAL MEETINGS

- The processes and procedures for holding of general meeting of the shareholders allow equal treatment of all shareholders;
- The management of the meeting makes the voting process understandable and easy, as the suggestions for decisions are published in the materials for the meeting;
- Shareholders are timely informed about the rules, including the voting procedure, related to the general meetings - in the invitation for the general meeting the persons/entities with the right to vote are always pointed out. In the General Meeting sessions the procedures for taking decisions are always explained – quorum for holding a meeting, needed majority for accepting decisions.

- Shareholders receive full and on time information about the date, the place, the agenda and the issues to be discussed on those meetings – the materials for the general meeting are easily accessible at the FSC, BSE and in the company immediately after publishing the invitations for the General Meeting. The invitation for the general meeting is published in the ‘Investor Relations - News’ section on the web site of the company.
- Shareholders have the right to include new issues in the agenda of the General meetings after the General meeting has been announced, under the procedure of article 223a from the Commercial Act; to include other issues in the agenda of the General Meeting after the invitation for its holding has been promulgated. Not later than 15 days before the General Meeting is held, the shareholders present in the Commercial Register a list of issues to be included in the agenda, the suggestions for decisions and the written materials, connected with them. Not later than the next work day after the decision of the court for including additional issues in the agenda of the General Meeting, the shareholders have to present the list of issues, the suggestions for decisions and written materials in the registered office and the address of management of the company and also to the Financial Supervision Commission.
- Member of the Supervisory and Management Boards have to make all possible efforts to attend to the General Meeting of shareholders.

3. Procedures and rules for convening and holding General Meetings of Shareholders – Regular and Extraordinary

Types of General Meetings

The General Meeting of shareholders of ‘Monbat’ PLC consists of all shareholders, holding shares with voting rights.

The General Meetings of shareholders are convened by the Management Board, the Supervisory Board or a shareholder/shareholders with more than 5% from the shares with voting rights. The regular meeting is held annually, until the end of June. The regular annual general meeting is held after the annual financial report, the report for the activities and the suggestions for distributing of the profit made by the Management board of the company have been checked and approved by the Supervisory Board.

- In case of necessity for important decisions for the company to be acceptedq such as transformations, capital increase, bonds issuing, disposal with assets, which requires approval of the General Meeting of shareholders, an extraordinary meeting of shareholders is to be convened. The Management Board shall be obliged to convene a special meeting in case of a generated loss, exceeding 10% of the nominal capital value. Prior to execution of any transformation of the company or sale of a considerable part of the assets, a General meeting is to be held for these deals to be discussed and voted. The shareholders will be informed about all conditions on the transformation or disposition with considerable part of the company’s assets through the materials for the General meeting, easily accessible at FSC, BSE, and the Central Depository and at the company’s registered address as well as in the ‘Investor Relations - News’ section on the web site of the company.

Convocation of the General Meeting

The invitation for convocation of the General Meeting is to be promulgated in the State Gazette and published in one central daily newspaper at least 30 days prior to the date of the meeting. In the invitation must be stated the company and its registered office; the place, date and hour of the meeting; the type of general meeting; information about the formalities to be fulfilled for the shareholders to participate and vote; the agenda and particular suggestions for decisions. No individual invitations will be sent to the shareholders, due to their great number - over 1200 and the respective expenses for the company.

All suggestions related to main corporate events are presented as separate issues in the agenda of the General Meeting. The suggestion for distribution of the profit is a separate issue.

All materials concerning the upcoming General Meeting must be sent to FSC and 'BSE – Sofia' JSC 45 days prior to the date of the General meeting. All materials related to the General Meeting will be available 45 days prior to the date of the General Meeting at the registered address of the company and on the web site - section 'Investor relations'. All written material related to the agenda must be precise and clear, presented in a way that will not mislead the shareholders

When the agenda of the General Meeting includes election of new members of the Supervisory Board, the materials will include information about the name, address and professional qualifications of every person nominated for a member. This rule shall also be applied when the issue is included in the agenda under the procedure of article 223a of the Commercial Act.

Voting Right

The right to vote in the General Meeting can be executed personally or through a representative on the part of all people who had acquired their shares and were included in the book of shareholders kept by the 'Central Depository' not later than 14 days prior to the date of the General Meeting of shareholders. The representative must dispose with an explicit, notary signed proxy, in compliance with the requirements under Art.116 of the Public Offering of Securities Act. The Investor Relations Director will provide, if asked by a shareholder, a sample proxy. According to the notifications for disclosure of share participations, the Management Board will have to observe the cases when a shareholder or a group of shareholders have more than $\frac{1}{2}$ or $\frac{2}{3}$ of the shares of 'Monbat' PLC and have not addressed a tender offer to the rest of the shareholders within the time limit provided by law. Also a list of shareholders that have not paid the full issue value of the shares they own will be kept. In those two cases the shareholders do not have the right to vote in the General Meeting. Their names will be given to the Mandate commission that registers the shareholders for the General Meeting, so that they and their representatives will not be allowed to participate in the meeting and their votes will not be counted in terms of any taken decision which would be null and void and would not have the respective legal consequences.

Session. Quorum

All shareholders have the right to participate in the General Meeting of shareholders, to express their opinion and make suggestions on the issues included in the agenda.

For the session of the General Meeting is prepared a list of all shareholders, presented personally or by proxy, and the number of the owned or represented shares. The shareholders and representatives must confirm their presence with a signature. The list is then attested by the Chairman and the Secretary of the General Meeting

The General Meeting of shareholders is presided over by a Chairman, elected with a simple majority of the votes. Every session of the General Meeting elects a secretary and a counter/s who may not be shareholders.

The General meeting of shareholders can take decisions if at least ½ of the capital of the company is present on the session.

If there is no quorum, a new meeting is to be appointed at least 14 days after the first date and the second meeting is legal, irrespective of the capital presented. The date for the new meeting is stated in the invitation for the first meeting.

A protocol is kept in a special book, for each session of The General Meeting, in which are stated the place and time of the meeting; the names of the Chairman, the Secretary and the counters of votes; the presence of members of the Supervisory and Management Boards and also the presence of persons/entities which are not shareholders; all suggestions made concerning the issues in the agenda; the voting that took place and the results from them; all objections.

The protocol is signed by the Chairman, the Secretary and the counter of votes and a list is added, containing all shareholders (or representatives) presented at the meeting with the number of shares they own and all documents concerning the holding of the meeting are enclosed.

Upon a request on the part of any shareholder or a member of any of the boards, a notary may attend the general meeting to compile a certifying protocol under Art. 488a from the Civil Procedure Code. A copy of the certifying protocol is enclosed to the protocol from the General Meeting.

The protocol with all attachments is to be submitted by the Investor Relations Director to all shareholders, requested to examine them. In a 3-day period after the date of the General Meeting of shareholders, the company sends the protocol from the meeting to the Financial Supervision Commission and BSE – Sofia JSC.

The protocols and all attachments are kept by the company at least 5 years and if requested, they are submitted by the Investor Relations Director to all shareholders.

Decisions

The General Meeting of shareholders may not take any decisions on issues which had not been announced according to the acting procedures of the Commercial Act, unless all shareholders are presented or represented at the meeting and no objections are raised on these issues to be discussed.

Voting at the General Meeting of shareholders is open and every shareholder has votes, equal to the number of shares he/she owns.

A shareholder or his/her representative can not vote for presenting claims against him/her and for undertaking actions for his/her liability to the company to be effected.

The decisions of the General meeting of shareholders are taken with a simple majority of the presented shares, unless the active legislation requires a bigger majority for certain decisions to be taken.

The decisions for adoption of amendments and supplements in the Articles of Association of the Company, increase or decrease of the capital, transformation or liquidation of the company are taken with 2/3 of the presented at the General Meeting votes.

The decisions of the General Meeting of shareholders take effect immediately, unless their action has been postponed.

The decisions concerning amendment and supplements in the Articles of Association and liquidation of the company take effect after they have been entered in the Commercial Register.

The increase or decrease of capital, transformation of the company, election or relieving members of the Supervisory Board from duty and appointment of liquidators come take effect as of the date they have been entered in the Commercial Register.

Right of Information

The members of the Supervisory and Management Boards must answer correctly, fully and on the essence of all questions asked by the shareholders at the General Meeting, regarding the financial state and trade activities of the company, unless the answer will reveal inside information.

All shareholders of the company may ask such questions, irrespective of whether the questions are related to the agenda of the General meeting.

Procedure on Representing of Shareholders in the General Meeting

The right to vote in the General Meeting can be exercised personally or by proxy. The representative of a shareholder must dispose with a written, explicit, notary certified power of attorney/proxy, consistent with the requirements of Art. 116 of the Public Offering of Securities Act. The Investor Relations Director will present, if asked by shareholders, a sample power of attorney/proxy. The sample can also be found in the "Investor Relations" section of the company's website.

When the agenda includes electing or relieving members of the Supervisory board, the power of attorney must state the full names of the nominated people and the way of voting for each of them.

In case that the way of voting for different issues in the agenda is not stated in the power of attorney, the document should state an explicit indication that the representative can decide whether to vote and in what way.

It shall be explicitly said in the power of attorney whether the authorization also includes issues, which have been included in the agenda under the conditions of Art. 231, para.1 from the Commercial Act. If the authorization includes the issues, additionally included in the agenda, it

must explicitly state that in these cases the representative has the right of his/her own judgment on whether and how to vote.

Re-authorization with rights, as well as an authorization violating imperative provisions of law shall be null and void.

4. Policy of the company on representation of shareholders, based on Art. 116,para. 4 from the Public Offering of Securities Act

The offer for representation of a shareholder or a group of shareholders with more than 5% of the votes in the General Meeting of the company must be published in one central daily newspaper or send to every shareholder it concerns. The suggestion must hold at least:

1. The agenda with the issues offered for discussion at the General Meeting and the suggested decisions
2. The invitation for giving instructions from the shareholders regarding the way to vote on each issue from the agenda.
3. A statement on the way the representative intends to vote on each issue, in the event that the shareholder does not give any instructions.

The representative has to vote at the General Meeting of the company in accordance with the instructions given by the shareholders in the power of attorney, and if no such instructions were given – in accordance with the statement they have given on the way the representative would vote on each issue, included in the agenda, in the event that the shareholder, accepted the statement does not give any instructions. In the following cases the representative may deviate from the instructions of the shareholders or from his statement:

1. Circumstances unknown at the moment of sending the offer or at the moment of signing the proxy by the shareholders have emerged;
2. The representative had not been able to request new instructions in advance and/or make a new statement or had not received the new instructions from the shareholders on time;
3. The deviation is necessary in order to keep the shareholder's best interest.

Every person who has been authorized to represent one or more shareholders on a certain General Meeting, has to present the original of the power of attorney/proxy on which the representation will be based at the address of management of the company, not later than 12:00 o'clock of the last work day preceding the date of the General Meeting.

If more than 1 power of attorney/proxy is presented from the same shareholder, the proxy with the later issuing date shall be the valid one.

If there is no written withdrawal of the powers given by the power of attorney/proxy before the beginning of the General Meeting, the proxy shall be considered valid.

If the shareholder participates personally in the General Meeting, the power of attorney/proxy, signed by him/her for this General Meeting shall still be valid, unless the shareholder states otherwise. Regarding the issues, included in the agenda on which the shareholder votes personally, the respective authorization of the representative shall not be valid.

The management of the General Meeting must make sure that the procedure of Art. 116 para. 4 from the Public Offering of Securities Act, concerning the protection of rights of the minority shareholders is observed, not limited with its actions and legally held procedures on representation of shareholders.

1. Distributing of Profit

A possibility will be granted for participation in the distribution of the company's profit, in the event that the General Meeting of the shareholders takes a particular decision for distribution of dividends. The right of dividends is the right to receive a part of the net profit, made by the company in performing its activities. To convert the general right of dividend, provided by law to a particular right to receive dividends, the financial year must have ended, the annual financial report and annual balance must have been accepted and a particular decision of the General Meeting of shareholders must be taken for distribution of the profits. In the event that all these preconditions are fulfilled, the shareholders receive an executable right to receive dividends.

In case that the General Meeting of shareholders takes a decision for distribution of dividends, each shareholder has the right to receive his dividend within a 5-year period after the decision was taken. The rights of dividend belongs to the persons/entities that have acquired their shares and were entered in the book of shareholders 14 days after the day of the General Meeting of shareholders, on which the annual financial report was approved and the decision for distribution of the profit was taken. Within the period, stated by law, following the acceptance of the decision for distribution of dividends, the Management Board of the company will take the necessary measures to initiate the procedure for distribution of dividends to the shareholders, by signing a respective contract with 'Central Depository' JSC and distributing the dividends in accordance with the procedure developed by 'Central Depository' JSC and also by undertaking a contract with a bank to pay the dividends. The General Meeting of shareholders has to fix the period and the way for the dividends to be paid, and the Management Board must respectively inform the shareholders through the public register of FSC, the bulletin of the regulated market on which the company's shares are traded, a publication in a central daily newspaper and on the web site of the company in the 'Investor Relations' - 'News section'.

Shareholders that have not received their dividends within the fixed time limit have the opportunity to receive them not later than 5 years after the date of the General Meeting that made the decision at the address of management of the company after presenting a personal identification document or in case of representation – a notary certified power of attorney/proxy in addition.

The Management Board of the company declares to inform the shareholders, under the procedure, stated by law, in case that a suggestion is made for increase of the company's capital through transforming a part of the profit into capital. In this case the capital of the company will be increased by proportionate distribution of new shares to all present shareholders. Within 7 days after the entry of the capital increase in the Commercial Register, the company will take the necessary measures to register the emission in the Financial Supervision Commission's register and Central Depository's register and also to announce this circumstance on the regulated market

on which the shares of the company are traded. After receiving the certifying documents, effective mechanisms will be elaborated for receiving the new depositary receipts from the shareholders of the company, including, if necessary, a contract with a bank or and investment intermediary with a developed branch network will be signed.

2. Conducting a policy towards helping the shareholders with exercising their rights

All shareholder has the right to:

- be informed for convocation of a General Meeting of shareholders under the procedure, provided by law;
- to have access to all materials related to a convened General meeting of shareholders and receive these materials free of charge;
- to receive his share of the company's profit, in case that the General Meeting takes a decision for distribution of dividends;
- to be elected as a member of the Management and Supervisory Boards of the company;
- to participate in the General Meeting of shareholders by giving opinions, making suggestions and asking questions on the items, included in the agenda and also to exercise his right to vote;
- to receive correct, comprehensive and on the essence answers by the members of the Management and Supervisory Boards of all questions asked at the General Meeting, concerning the financial state and trade activities of the company, unless the answer will reveal inside information;
- to be acquainted with the protocols and the attachments from other sessions of General Meeting;
- to request a notary's presence at the General Meeting to prepare a certifying protocol, according to the provision of Art. 488a from the Civil Procedure Code;
- to present a claim to revoke a decision of the General Meeting of shareholders according to the provision of Art. 74 of the Commercial Act, when the decision contradicts imperative provisions of law or the provisions of the company's Articles of Association;
- to receive liquidation share in the cases provided by law.

Shareholders, holding, for more than three months, shares representing at least 5 percent of the Company's capital can:

- request convocation of the General Meeting of shareholders from the respective district court, as the district court at the registered office of the company is to convene a General Meeting or to empower the shareholders or their representative to convene a General Meeting;
- to include additional items in the agenda of the General Meeting after the promulgation of the invitation. Not later than 15 days prior to the date of the General Meeting the shareholders present in the Commerce Register a list of issues to be included in the agenda,

suggestions for decisions and written materials, related to them. Not later than the next working day after the decision of the court on whether to include additional issues in the agenda of the General Meeting, the shareholders present the list of issues, decisions and written materials at the registered office of the company and at the Financial Supervision Commission.

- to request an auditor to be appointed by the court of law.

The Management Board conducts a policy towards protection of the shareholders' rights and the Investor Relations Director provides assistance to the shareholders in exercising them.

The Management Board guarantees, through registration of the emission of the company's shares, that every potential investor can acquire an unlimited number of shares from the regulated market of securities through the trade system of 'Bulgarian Stock Exchange – Sofia' JSC, complying with all rules for not using internal information when trading with shares of the company.

The company's shares are freely transferable and any disposition with them is made with no limitations on the stock exchange. With reference to this, the Management Board of the company can not use any means to prevent the company from hostile takeovers on the stock exchange.

2. Policy of the company on dealing with stakeholders and interested parties

The company creates rules for deals with interested parties and stakeholders and those rules have to be accepted by the Supervisory Board. When deciding if a party is a stakeholder or an interested party, the definition given by the Public Offering of Securities Act is used.

Interested Parties

Interested parties, within the meaning of Art. 114 paragraph 5 from the Public Offering of Securities Act, are the members of the Management Board and the Supervisory Board of the public company, the managerial agent thereof, as well as any persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meetings of the company or controlling the said company, where the said persons or any persons connected therewith:

1. are a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of the said persons; or
2. hold, directly or indirectly, at least 25 per cent of the votes in the General Meeting of, or control, any legal person which is a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of any such legal person;
3. are members of management body or supervisory bodies or managerial agents of any legal person referred to in Item 2.

Transactions, effected in violation of Art. 114 paragraphs 1 to 9 of the Public Offering of Securities Act shall be void.

Related Parties

According to paragraph 1 item 12 of the Supplementary Provisions of the Public Offering of Securities Act "Related Parties" shall comprehend:

- a) any two persons, of whom one controls the other person or a subsidiary thereof;
- b) any number of persons whereof the activity is controlled by a third party;
- c) any number of persons who jointly control a third party;
- d) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

Control

Control" shall be in effect where a person:

- a) holds, inter alia through a subsidiary or by virtue of an agreement entered into with another person, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person; or
- b) (supplemented, SG No. 39/2005) may designate, whether directly or indirectly, more than one-half of the members of the management body or the supervisory body of a legal person; or
- c) may in any other way exert decisive influence on decision making in connection with the business of a legal person.

Rules for transactions with stakeholders and interested parties

Considering the requirements and restrictions under articles 114 and 114a from the Public Offering of Securities Act, the Management Board checks in advance and approves every transaction made by the company and/or its subsidiaries that would have considerable influence over the activities of the company and specifically on its profitability, the value of its assets and liabilities or its financial position.

The Supervisory Board of the company pays special attention to the transactions in which one or more of the managers have a personal interest or interest related to third parties.

When investing in other companies, a protocol must be prepared with well-founded and motivated decisions for these actions. The members of the Management and Supervisory Boards of the company will have to reveal the presence of any considerable interest in deals or questions that concern the company, in case that shares or assets of the company are sold. Some details concerning the financial interest and any profit expected of the deal will be announced in written form before the concrete decisions and actions are taken.

The CEO and any other member of the Management and Supervisory Boards is required not to undertake any actions related to its participation in the discussions and not to vote when he/she has a personal interest, direct or indirect, in the issue.

Member of the Management or Supervisory Boards will not try to influence in any way the decision of the boards on that transaction. The fairness of the transactions, the interest of the management, the eventual benefit of the shareholders will be considered in accordance certain criteria and an well-founded opinion will be given about how significant the transaction is for completing the goals of the company and how it will affect the future activities of the company.

Without being expressly empowered by the General Meeting, the persons managing and representing Monbat PLC shall not effect transactions as a result of which:

- the company acquires, transfers, receives or surrenders for use or furnishes as security in any form whatsoever any fixed assets to a value exceeding 2 per cent of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared, where interested parties participate in the transactions;
- the company incurs obligations to a single person or to a stakeholder to an aggregate value exceeding one third of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared or, where the said obligations are incurred to interested parties or in favour of interested parties, to an aggregate value exceeding the value of 2 per cent of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared;
- the receivables of the company from a single person or from a stakeholder exceed the value of one third of the lower of the value of the assets according to the balance sheet of the said company as last audited or when the debtors of the company are interested parties – 10 per cent of 2 per cent of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared.

Any transactions of Monbat PLC wherein interested parties participate, other than such covered under article 114 paragraph 1 of the Public Offering of Securities Act, shall be subject to advance endorsement by the Management Board.

Any transactions, which separately fall below the thresholds set under article 114 paragraph 1 of the Public Offering of Securities Act but in aggregate lead to a change of property exceeding the said thresholds, shall be treated as a single whole if effected within a period of three calendar years and in favour of a single person or of stakeholders, or if a single person or stakeholder are parties to the transactions, as the case may be. In such cases, the act or the transaction whereby the thresholds under article 114 paragraph 1 of the Public Offering of Securities Act are exceeded shall be subject to endorsement by the Shareholders' General Meeting.

The Management Board shall present to the General Meeting a motivated report on the expediency and terms and conditions of the transactions covered under Article 114 paragraph 1 of the Public Offering of Securities Act. The said report shall be a part of the materials provided to shareholders upon convocation of the General Meeting. In the cases of acquisition or disposition of fixed assets referred to in Article 114 paragraph 1 of the Public Offering of Securities Act the General Meeting of the company shall pass a resolution by a majority of three quarters in value of the capital shares represented and, in the rest of the cases, by a simple majority. Upon passage of a resolution under Article 114, the interested parties shall not exercise the voting power thereof. The

members of the management body who or which are interested parties shall not take part in the making of decisions under Article 114 paragraph 2.

The transactions referred to in Item 1 of Article 114 paragraph 1 and in Article 114 paragraph 2 of the Public Offering of Securities Act, wherein interested parties participate, may be effected solely at market value. Valuation shall be prepared by the management body or, in the cases of Littera (b) of Item 1 of Article 114 paragraph 1, by appropriately qualified and experienced independent experts designated by the said management body.

VI. CONSIDERING THE RIGHTS, INTERESTS AND THE ROLE OF THE STAKEHOLDERS

The company assumes that stakeholders are all parties that are not shareholders and have interest in the economic prosperity of the company – bond owners, workers and employees, clients, suppliers, distributors, creditors and the society as a whole.

Workers and Employees

The Management Board realizes its responsibility to the people employed in the company and conducts a social policy towards them – each month they receive food vouchers as a bonus to their payment. Also all employees can use preferences when resting at the company's rest base at Burzia , Montana region.

Society

The Management Board of the company realizes its responsibilities to the society and tries to fulfill them by stimulating employment of young people in a region with a high unemployment rate, keeping the environment and participating in social events.

По отношение на дистрибуторите на вътрешния пазар **Distributors on the local market**

The company has developed a distribution network, with distributors based in the big regional centers. Warehouses have been built up in seven major cities and by that the distributors can rely on an on-time delivery of the products they need. Also, since the distributors are the professionals making the contact with the consumers and offering them the product made by the company, we try to be loyal, to disclose public information to them and keep them informed about the company's problems. Twice a year meetings with the distributors are held and these meetings help the general prosperity of the company, the increase of sales and the good performance of the company on the local market. On these meetings the distributors are introduced to the production cycle, any new products, new technological equipment. Demonstrations and test are made for them. This way the company shows the distributors the company policy concerning the future of Monbat, the production strategy and the price forming. During these meeting the distributors share

with the management of the company any troubles they have when selling the production and ask any questions they might have.

Suppliers

Any liabilities towards suppliers of the company will be duly performed on time and the company management intends to solve any arguments through contracts and agreement, avoiding expensive court trials.

Creditor banks

Often in the course of its regular activities the company needs additional financing from banks. The company follows and intends to further follow a propriety policy when communicating with creditor banks, by complying with the conditions agreed in the contracts.

The Management Board encourages the cooperation between the company and any the stakeholders with the view to increasing the prosperity of all parties and ensuring the stable development of the company.

All necessary information on the company's activities, actual data on the financial condition of the company and any other information will be presented to the stakeholders to help them make informed investment decisions.

VII. ROLE OF THE MANAGEMENT AND SUPERVISORY BOARDS FOR ENFORCING THE GOOD CORPORATE GOVERNANCE PRINCIPLES

Monbat PLC has a two-tier management system with a Management and a Supervisory Board.

The two-tier management system presents the best model for enforcing the good corporate governance principles, since the management and the control functions of the company are separated and exercised from different bodies. The decision-making process is shared between two structures, thus providing the opportunity to reduce mistakes and omissions. Efforts are being made to further improve the coordination and communication between the boards of the company.

The clear differentiation between the powers, functions and responsibilities of the Supervisory and Management Boards provides the opportunity for a more efficient management of Monbat PLC

The members of the Supervisory and Management Boards accept modern tendencies of good corporate governance, a mark for which is the strong commitment between the issues, related to the structure of the boards and the effect of the manager-shareholder relations functioning.

Because of the shareholders' structure of Monbat Plc, namely –a single shareholder, Prista Oil JSC is a major shareholder with a high concentration of voting rights, it is accepted hat the managers of the company act purposefully towards the prosperity of the company and the interest of all shareholders.

The Management Board and the Supervisory Board shall work in close cooperation to the benefit of the company and increase of its prosperity. Good corporate governance requires an open discussion between the Management Board and Supervisory Board as well as among the members of the boards. Comprehensive observance of confidentiality shall be of prime importance for such relations.

Providing sufficient information to the Supervisory Board shall be joint responsibility of the Management Board and Supervisory Board. The Management Board shall inform the Supervisory Board on a regular basis, without delay and comprehensively, for all events concerning planning and business development of the company, its risk situation and risk management.

The Supervisory Board shall specify the type, range and regularity of the information to be submitted by the Management Board. As a rule, the Management Board shall submit information to the Supervisory Board in writing, as well as in electronic form.

Documents on the agenda of a Shareholders' General Meeting shall be sent/submitted to the Supervisory Board as early as possible before convocation of the meeting.

The Chairmen of the Management and Supervisory boards will make sure that the meetings are held regularly and will try to create the necessary conditions for all members to participate actively in the meetings of the boards. All necessary written materials will be presented a week before the meeting to all members of the boards. The vote of each member of the boards of Monbat PLC on each item on the agenda and his motives will be stated in protocols and these protocols will be kept in the protocol book of the Management board and the protocol book of the Supervisory board.

Members of the boards of Monbat PLC shall present the required by the Public Offering of Securities Act declarations to the Financial Supervision Commission /FSC/, the Bulgarian Stock Exchange – Sofia JSC and to the company itself in case they participate as members of supervisory or management bodies of other companies and shall also provide information related to any legal entities in which they hold, directly or indirectly, at least 25 per cent of the capital or which they control, and any present or future transactions for which they may be considered as an interested parties. These conditions must be declared within 7 days after their occurrence.

1. Responsibilities and Liabilities of the Supervisory Board

The Supervisory Board consists of 3 members. The requirement of the Public Offering of Securities Act that 1/3 of the members are independent parties will be kept by undertaking the necessary actions for changing the structure of the Supervisory Board at the first General Meeting of Shareholders after the acceptance of this Governance Program.

- The Supervisory Board of the company shall be responsible for compliance of the legal and mandatory aspects of the company's activities with the legal base and the best corporate governance practices.

- The Supervisory Board shall represent the company in its relations with the Management board and while executing its duties will take into consideration the universally accepted principles of good supervision.
- The Supervisory Board shall supervise the work of the Management Board in accordance to all legal requirements, analyzing the economical utility and social responsibilities.
- The Supervisory Board shall control the Management Board as guaranteeing that all actions taken by the Management Board are to the benefit of the shareholders and contribute for applying the good corporate governance principles of the company.
- The Supervisory Board shall control all significant changes in the goals of the company and the strategic orientation in the activities and the investment plans of Monbat PLC.
- The Supervisory Board of Monbat PLC adopts its working rules and elects a Chairman and Deputy Chairman. The Chairman of the Supervisory Board can convene the Supervisory Board meetings and at any time request from the Management Board information or a report on issues concerning the company with respect to the shareholders' interest.
- The Supervisory Board of Monbat PLC shall, if necessary, undertake the necessary measures to support the execution of its duties by consulting experts.
- In compliance with the requirements of the Public Offering of Securities Act and the Articles of Association of the company, the Supervisory Board can, if necessary, re-examine and change the structure of the Management Board, the allocation of duties, powers and the payment of each member of the Management Board.
- The Supervisory Board shall make an assessment of the overall performance of the company, paying special attention to the information received from the Management Board and shall periodically make a comparison between the achieved and the planned results and analyses on the reasons for that.
- Accepts rules concerning the age limitations of the members of the Management Board.
- The Supervisory Board shall observe and control the process of information disclosure related to the company.
- The Supervisory Board shall accept rules concerning the maximum number of companies where the members of the company's boards can participate as members of the management and supervisory bodies, considered as acceptable in the context of the requirement for effective implementation of any board member's duties.
- The Supervisory Board shall specify distinction criteria for participation in other commercial companies, based on the occupied position and the necessary time to perform the respective duties for this position.

1. Policy on the Regularity of the Supervisory Board's Meetings

According to the provisions of the Articles of Association of the company the Supervisory Board holds meetings once per every 3 weeks to discuss the condition and the development of the company.

2. Responsibilities and Obligations of the Management board

- The Management Board adopts and enforces rules about its work and shall be obliged to present at any time periodical and any other information to the Supervisory board in order to help the Supervisory board to take adequate actions and decisions.
- The Management Board's activities are under the control of the Supervisory Board and the Management Board must prepare quarterly reports for its activities and present them to the Supervisory board.
- The Management board shall adopt and suggest for approval by the General Meeting of shareholders the annual financial report, the balance, the report on the activity and any projects for decisions, included in the competence of the Management and Supervisory boards, while observing the principles of authenticity, correctness and fullness of the disclosed information.
- The Management Board must without delay inform the Chairman of the Supervisory Board on essential issues and events concerning the company, having considerable influence over its activities which are possible to reflect over the value of the investment of the shareholders.
- The members of the Management Board of the company shall be obligated to act for the common prosperity and interest of the company and its shareholders, irrespective of the person/entity suggested them for this position, by acting consistently and reasonably according to the Articles of Association of the company, the Public Offering of Securities Act and the rules for the work of the Management Board.
- By regular holding of meetings and after coordinating with the Supervisory Board, the Management board shall define the main tendencies in the development of the company, determine and plan the future activities, priorities, responsibilities and particular position of each member of the team by deciding respective steps for their achievement, supervise their execution and report to the Supervisory Board.
- Accepts the management structure, approves the rules for the organization of the inside economic account, salaries and other inside rules for the company.
- By the end of each quarter, the Management Board prepares an evaluation of the organizational adequacy, the administrative and accountant structures of the company and its subsidiaries of strategic importance and reports to the Supervisory Board.
- By the end of each quarter the Management Board shall analyze the activities and perspectives of the company and present the analysis to the Supervisory Board.
- The Management Board shall be responsible for any damage caused by the company or by members of the Board and shall be obliged not to disclose or use for their personal gain or for the gain of third parties confidential or inside information for the company.
- The Management Board must ensure that the information concerning important corporative events connected with the activities and the state of the company is disclosed regularly and timely to the shareholders and the investor community.

- The Management Board must ensure that the access to public information is easy and on time so that the shareholders can have all the information when exercising their rights and the investors can take an informed decision whether to invest.
- The Management Board must observe the law requirements related to the range, methods, deadlines and accepted principles for disclosure.
- The Management Board shall be responsible for providing benefit to all shareholders and the members of the Board must perform their duties with due care, in a way which is in the interest of all shareholders of the company.
- The Management Board must comply with the accepted corporate governance principles of the economic group where the company participates.
- In the event that the decisions of the Management Board might have different effects on different groups of shareholders, the Management Board must treat all shareholders equally.
- In the event of tender offering, the members of the Management Board shall not take any actions different from the usual activities of the company in order to prevent the tender offering from succeeding unless they have been authorized from the General Meeting of shareholders or the Supervisory Board. Upon taking a decision in this situation, the Management Board must act in the best interest of the company.
- The Management Board must ensure observance and compliance with the active law and take into consideration the interest of all parties that have interests connected with the activities and progress of the company, by guaranteeing their legal rights, access to the information they need, and adequate compensation in the event of violation of their interests, ensured by contract or law.
- The Management Board must conduct efficient risk management in order to minimize the influence of the risks which are specific for the company or the industrial sector.
- The Management Board must hold meetings at least once in every two months.

2. Requirements for the Members of the Management Board and the Supervisory Board

General Requirements

Any person, who at the time of election is under an effective sentence for offences against property, economic offences or offences against the financial system, the tax system or the social insurance system, committed in the Republic of Bulgaria or abroad, shall be ineligible to the management bodies and supervisory bodies of the public company unless rehabilitated. The candidate for elective office shall prove the non-existence of the circumstances covered by means of a conviction status certificate.

Procedures for electing members for the management bodies

The company must use formalized and transparent procedures for electing the members of the Supervisory and Management Boards which provide sufficient and timely information on the personal and professional qualities of the candidates for the positions.

Election of a Management Board

Members of the Management Board of 'Monbat' PLC must be elected by the Supervisory Board and the Supervisory Board may change or relieve members from their duties at any time.

The candidates for members of the Management Board of 'Monbat' PLC are expected to have the following additional qualities: management and organizational experience and suitable higher education. The candidates for members of the Management Board provide the following information to the Supervisory Board:

- detailed professional biography;
- information on their participation in commercial companies as general partners, holding more than 25 per cent of the capital of other companies and also for participation in the management of other companies or co-operations as procurators, managers or members of any boards and must explicitly state if those co-operations or companies are competitors of 'Monbat' PLC;
- conviction status certificate;

Preliminary judgment of the candidates is made by a Nomination Committee which is formed ad hoc by the Chairman of the Supervisory Board.

The Nomination Committee consists of the independent member/s of the Supervisory Board and up to two members of the Management Board. The Nomination Committee decides the availability or lack of criteria and prepares a statement to be immediately presented to all members of the Supervisory Board. Within 7 working days from the date of the statement of the Nomination Committee, the Chairman shall convene a meeting of the Supervisory Board to discuss the nominations and take a decision for election of a member of the Management Board. In the event that the Supervisory Board fails to comply with the statement of the Nomination Committee, the Board shall prepare a motivated report to describe the reasons for the election or rejection of the nomination, respectively. The decisions for election of members of the Management Board are taken with a majority of the present members of the Supervisory Board.

The protocol from the meeting of the Supervisory Board is presented to the Management Board immediately in order to undertake respective actions to enter the new member of the Board in the commercial register and inform the Financial Supervision Commission and BSE- Sofia JSC. The detailed biography of the new member of the Management Board shall be published on the web site of the company.

Election of Supervisory Board

The Supervisory Board is elected by the General Meeting of shareholders. The company shall suggest for members of the Supervisory Board only persons that comply with the requirements of the Public Offering of Securities Act, that have proven their professionalism, qualities and experience. These persons will also be suggested to the general Meeting of shareholders upon provision of conviction status certificates and declaration under Art. 116a from the Public Offering of Securities Act.

Each member of the Supervisory Board, prior to taking the position, must consider if he/she shall be able to spare the necessary time to adequately fulfill his/her duties. The member must also take into consideration his/her obligations to any other company where he/she is a member of the Management or Supervisory Boards.

Criteria for Deciding the Independence of the Supervisory Board Members – according to the law

The independent member of the Board may not be:

a/ an employee of the public company;

b/ a shareholder holding, directly or through related parties, at least 25 per cent of the votes in the General Meeting, or a person related to the company;

c/ a person who has sustained business relations with the public company;

d/ a member of a management body or supervisory body, a procurator or an employee of any commercial company or any other legal entity referred to in Items “a” and “b”;

e/ a person connected with another member of a management body or supervisory body of the public company.

Any person, who has been elected to management bodies and supervisory bodies, shall be obliged to notify immediately the management body of the public company in the event of occurrence of any circumstances that may change the fact of independence after the date of election thereof. In such a case, the said persons shall cease to perform the functions thereof and shall not receive compensation.

The candidate for elective positions shall prove the non-existence of the circumstances under a/ b/ c/ d/ by a declaration.

Rules for specifying the remunerations and tantiemes of members of the Management and Supervisory Boards, and the total remuneration received by them throughout the year, in relation to the position they occupy

The remunerations and tantiemes of the members of the management and supervisory bodies must be such as to attract motivated people with professional qualities that would ensure the successful management of the company.

The remunerations and tantiemes of the members of the Management board of the company shall be such as to engage the interest and efforts of the members in order to ensure the profit of the shareholders in the long term aspect.

Upon specifying the remuneration, the workload and the **degree of participation** in the activities of the company of each member of the management shall be taken into consideration.

The remunerations and tantiemes of the members of the Supervisory Board must be approved by the General Meeting of shareholders, and those of the Management Board are approved by the Supervisory Board and stated in the management contracts of the members. The remunerations and tantiemes must be bound with clear and concrete criteria.

The remunerations and tantiemes of the members of the Management Board may be bound to a great extent with the economic results of the company and/or with achievement of the goals defined by the Supervisory Board in advance.

The remunerations and/or tantiemes of the members of the Supervisory Board are not or are less bound to the economic results of the company than the remunerations and/or tantiemes of the members of the Management Board.

Rules and Limitations Related to the Value of the Gifts which may be received by members of the Supervisory and Management boards

Членовете на УС и НС могат да получават подаръци, чийто размер не надвишава 100 лева. В случай, че размерът на подаръка надвишава горепосочения размер е необходимо изрично решение на съответния съвет, взето с единодушие от присъстващите на заседанието членове.

Members of the Management and Supervisory Boards may receive gifts with value not exceeding BGN 100. In the event that the value of the gift exceeds this sum, an explicit unanimous decision is necessary to be taken by the respective board.

VIII. INDEPENDENT AUDIT AND CONTROL

1. Measures, insuring the effective completion of work by the auditors

The Measures for insuring the effective completion of the work by the auditors are aimed at providing a guarantee for the proper accomplishment of the auditors' activities, assigned by the company, in the process of performing all necessary procedures, defined by the International Auditing Standards, on which the independent auditor's opinion is given on the financial reports and financial condition of "Monbat" PLC; on the reported financial result from the company's activities; the cash flows statement of the company; the equity of the company and any changes in it.

The independent auditor's opinion is given regarding the financial reports of "Monbat" PLC in terms of their compliance with the applicable accounting standards or any other national

accounting base for preparation of financial reports as the independent auditor's opinion is to be prepared and stated in accordance to the International Auditing Standards.

The Management Board must observe if all measures, decided by the company are kept by the employees and any other parties, engaged under explicitly defined contract relations, with the current financial and accounting servicing of "Monbat" PLC.

The Management Board of Monbat Plc shall be obliged:

- To conclude contracts for auditing of the financial statements of Monbat Plc, in accordance with Art.9, para.1 from the IFA Act, where particular engagements of the company to be specified.
- To request guarantees on the part of the registered auditor/ audit company proving that he/it does not fall under the restrictions for independent financial audit performance, in accordance with Art.28 from the IFA Act;
- To request performance of the independent financial audit within the range, specified by law through examining: the compliance with the accounting principles; the succession upon applying the announced accounting policy; the methodological validity of the current reporting on the comprehensive and reliable of the assets, liabilities and activities of the company, limited to achieving the purposes of audit; the effectiveness of the internal control, limited to achieving the purposes of audit; the process of preparation of the annual reports; the reliability and necessary for the users information, stated in the financial statements; the compliance between the information in the financial statement, the management report and any other information subject to disclosure together with the audited statement;
- To request the financial audit to be carried out in compliance with all obligations on the part of the registered auditor/auditing company, stated by law and in particular compliance with the principles for: independence, professional competence, confidentiality, honesty and objectivity; accomplishment of the undertaken auditing engagement, unless objective circumstances prevent the completion; submission of information to the Management Board of Monbat Plc on substantial violations of legal, constitutive and other internal acts, norms and procedures, as well as on any other information to his/its knowledge based on the accomplishment of the independent audit; notifying Monbat Plc, within his/its competence, of actions or omissions, to his/its knowledge based on the accomplishment of the independent audit, which may harm the company; clarifying Monbat Plc the meaning of certain information, obtained during the accomplishment of the auditing engagement; submission of documents to prove the accomplishment of the auditing engagement regarding the stated opinion; compliance with the International Audit Standards and the Code of Ethics and Professionalism, adopted by the Certified Expert-Accountants Institute.
- To submit to the registered auditor/auditing company the annual financial statement, prepared by the Management Board, ready for the audit report to be issued; the management report and any other information the Management Board is supposed to enclose to the audited statement; a confirmation letter, signed by the management Board in accordance with

the requirements of the International Audit Standards within suitable time, which makes possible the statement to be audited not later than March 15th of the next calendar year.

- To timely submit the whole information requested by the auditor/auditing company which is necessary for the verification and certification of the statement, including all written check - ups, signed by the respective persons.

- In case of necessity, to provide assistance to the registered auditor/auditing company by experts – employees of the company or parties under explicit contracts for provision of current financial-accounting services to Monbat Plc, to provide support during the accomplishment of the verification.

- To provide all necessary conditions for the verification and certification to be done on the part of the registered auditor/auditing company, including the possibility to observe the process of

2. Criteria for deciding independence of the registered auditor/auditing company

The Management Board shall suggest for election to the General Assembly a registered auditor/auditing company to accomplish the independent financial statement of Monbat Plc in the event that:

- they are not related parties to Monbat Plc;
- they are not directly or indirectly bounded with Monbat Plc;
- they do not take part in any deals with Monbat Plc which ===== its/their independence as an auditor or lead to a conflict of interests, except for the contractual relations for the independent financial audit;
- they do not provide accounting services related to the current reporting and the preparation of the financial statements of Monbat Plc, when participating in taking management decisions related to these, as well as services, regarding valuation of assets for the financial statement of Monbat Plc;
- they do not have any financial interest in the company's activities, expressed in holding shares or other securities, issued by Monbat Plc;
- they do not take part in carrying out the main activity of Monbat Plc;
- they do not participate in the Management of Monbat Plc;
- they are not spouses or relatives in the direct line without limitations and in the collateral line – up to the second degree, inclusive with members of the management of Monbat Plc;
- they are not a party under a legal proceeding with Monbat Plc;

Prior to preparation of the suggestion for election of an auditor on the part of the Management Board, the members of the Supervisory Board shall request a statement from the auditor /as far as applicable/, whether there exist any business, financial, personal or other relations and interactions between the auditors and/or the management of the auditing company and the members of the Management Board of the company, which may affect their independence in reference to the auditing of the financial reports of the company. The statement must also

include historical information regarding former relations between the company and the registered auditor/auditing company, including consultation services provided to the company.

Detailed information about the candidates for auditors, their professional qualification and the independence statement of the Management Board of the company shall be provided to the shareholders of the company within the terms, specified by law for publishing the materials related to the agenda of the General meeting of shareholders, in the event that an item – election of a registered auditor of the company is included in the agenda. The information stated above shall also be published on the internet page of the company.

Auditors shall act independently from the shareholders.

The Management Board of the company may suggest to the General meeting of shareholders periodical changes of the auditor in the event that any doubts occur on the part of Management body regarding the absence of an external and objective opinion regarding the way of preparation and submission of the financial statements.

IX. DISCLOSURE OF INFORMATION AND TRANSPARENCY

1. Ensuring more effective communications and equal treatment of the shareholders

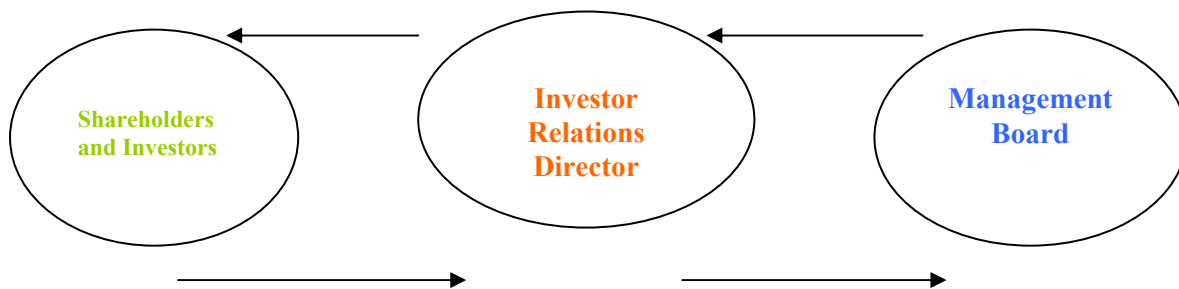
The organization of work of the Management and Supervisory Boards, the sessions of the General meeting of shareholders allow equal treatment of all shareholders, notwithstanding the number of shares they own. The Investor Relations Director communicates with the respective care and exactness both with the majority shareholder and the individual shareholders holding a small number of shares.

The company will establish an effective communication practice, related to all investors as they will be admitted to the company's factories to examine the production cycle and the products.

The management of the company realizes that the company's presentation in different specialized economic issues has positive influence over the company's image – extends the range of shareholders and customers and makes the company's products popular. For this reason it is of great importance for the company's management that the information submitted to financial journalists is accurate, correct and reliable. In 2007 the Investor Relations Director, as a mediator between the company's management and the investors, is intended to elaborate an overall strategy for communication with financial issues and other mass medias, to maintain direct contacts with them, to announce important for the investors information on the company's present results and future plans, strictly observing the information disclosure principles and considering which information is trade secret and which is to be publicly announced. Only information which has already been submitted to the Financial Supervision Commission and the regulated market will be disclosed as no abuse of inside information will be allowed.

2. The Investor Relations Director's Role

The Investor Relations Director has an important role in the information disclosure process. This is the mediator between the Management Board and present shareholders and future investors in Monbat Plc's shares.



With reference to this, the members of the Management Board declare that they will provide the necessary public information related to the company and will co-operate with the Investor Relations Director in his/her work.

With a view to achieving complete information disclosure and transparency, the Management Board imposes the following duties to the Investor Relations Director:

- To maintain effective relations between the Management body of the company and its shareholders and all persons, interested in investing in company's securities as providing information on the present financial and economic results of the company as well as any other information, they are entitled to by law in their capacity of shareholders and investors. This means that any moment within the working day the Director is intended to be at the shareholders' and investors' disposal, to maintain a database on the economic and financial results of the company, to prepare check ups on the company's securities price, to provide the accounting documents of the company, as far as these documents are not trade secret, to inform shareholders and investors on corporate events which are public information; upon request, to submit to the shareholders and investors regular and ad hoc public information. The IR Director shall be obliged to keep a register for all requests and the provided information, as stated above, and describe the reasons for which any information has not been given to shareholder/s and/or investor/s upon request on their part.

- To submit, within the terms set by law, the materials related to a General Meeting of Shareholders to all shareholders who had requested to be acquainted with them. This means that 45 days prior to the date of the General Meeting of Shareholders the Investor Relations Director is supposed to dispose with all materials related to the Meeting, the suggested decisions, the decision of the respective body authorized to convene the General Meeting, in order to be able to provide them to the shareholders. The IR Director shall be obliged to keep a register for the materials sent to the shareholders.

- To keep and maintain accurate and complete minutes of the meetings of the company's Management Board.
- To send all necessary reports and announcements of the company to the Financial Supervision Commission, the regulated market where the securities of the company are traded and the Central Depository. This group of duties shall generally include the following:
 - a) Within 90 days as of the end of the financial year the company shall be obliged to submit an annual financial report with the form and contents, responding to the requirements of the Public Offering of Securities Act;
 - b) Within 30 days after the end of each quarter the company shall be obliged to submit quarterly financial reports and other information under Regulation No2 of FSC, with the form and contents, responding to the requirements of the Public Offering of Securities Act and the respective implementing regulations;
 - c) To inform the Financial Supervision Commission and the regulated market about any amendments in the Articles of Association, changes in the Management and Supervisory Boards, instituting of bankruptcy proceedings, reorganization of the company, any amendments in the trading activity which affect or might affect, directly or indirectly, the price of the securities issued by the company.

The Investor Relations Director shall be obliged:

To stimulate beneficial and good relations between the company, its shareholders and potential investors, financial journalists, capital market analysts and stakeholders.

To provide assistance to the company related to observance of the regulations and particular obligations under the Public Offering of Securities Act and the other acts regulating public companies' activities.

To annually provide a report on his/her activity, the initiatives undertaken by him/her during the year and the respective results and make suggestions on improvement of the coordination and contacts with shareholders, investors and mass medias for the forthcoming year.

To respect the investors' rights and interests and guarantee provision of reliable, timely and qualitative information about the company and direct his/her attention entirely to them as their necessities specify the trend and the purpose of his/her work.

To respect the financial mass medias which inform the public on the company's development as providing them with reliable public information.

To give the financial analysts the possibility to receive public information on the company's activity.

To be loyal to the company and observe the provisions of his contract.

To respect the laws of the Republic of Bulgaria and its institutions, to be an example with his/her personal behavior and =====.

To perform his/her activities in compliance with the interests of the investors, the company and the society as a whole.

To be professional and competent in his/her activity.

Not to tolerate any manifestation of bureaucracy, corruption and illegal acts, derogatory to both his/her and the company's reputation.

1. Requirements to the Investor Relations Director

The Investor Relations Director is expected to fulfill the following criteria;

- To have a suitable education – higher juridical or economic
- To have the necessary qualification and experience
- To have at least a 2-year working experience as an Investor Relations Director
- To be loyal, communicative and creative
- To be fluent in at least one of the following languages – English, German or French.

This Corporate Governance Program was approved by the Management Board of Monbat Plc on a meeting and shall become effective as of the date of coming into effect of the Corporate Governance Code of BSE – Sofia JSC.