



CODE OF ETHICS

INDUSTRIAL HOLDING BULGARIA AND ITS SUBSIDIARIES

Industrial Holding Bulgaria operates by investing in companies and businesses that manage and develop long-term, by contributing to sustainable economic development. IHB works with employees, local communities and society as a whole to achieve a better environment and quality of life.

IHB policy is based on compliance with legislation, best practice in corporate governance and socially responsible behavior, the European norms for safe and healthy working conditions, opportunities for professional development and growth, establishment of good corporate culture, and sense of empathy and loyalty to the company.

IHB activities are subject to the principles of ethics, humanity, honesty, respect for people and nature, customer care and maintaining good relationships with shareholders, employees, partners - customers and suppliers of IHB and its subsidiaries, the local community and society as a whole.

This Code of Ethics reflects these principles and serves as guidance for compliance with ethical business conduct for all managers and employees in the IHB Group.

1. Activities based on integrity and compliance with legislation

Managers and employees must ensure that the activities of IHB and the companies in the group are to be carried out in compliance with laws and regulations, including internal regulations and policies that apply to its business. Managers and employees IHB operate professionally, fairly, with dignity and integrity and avoid conflict of interest.

2. Employees

2.1 Employment Standards

IHB companies do not use child or forced labor, and overtime is paid accordingly. The requirements and best practices for the work to rest ratio are observed, and the effective and regular use of annual leave is encouraged throughout the year.



2.2 Non-discrimination

Discrimination in the workplace based on the grounds of gender, ethnic origin, religion or political orientation is not allowed. Equal rights and opportunities are provided for job and career development solely on the merit of qualifications, personal qualities and performance.

2.3 Professional Development

IHB is aware that people need to improve themselves in order to be prepared for the rapid pace of development and change today. On one hand, the improvement is needed by the organization in order to be responsive and able to meet the challenges of the competition, and on the other hand to satisfy every man's need for development and qualification. IHB encourages learning in various forms - courses, seminars, attendance at Bulgarian and international conferences, internal company meetings, presentations, and more.

2.4 Working Conditions

IHB promotes safe and healthy working conditions in its companies. All companies are audited regarding working conditions in accordance with Bulgarian legislation, and each year measurement on workplaces and risk assessment is made. Prescriptions are made, if necessary, and faults are removed promptly.

3. Partners

All managers in IHB and its subsidiaries are committed to be honest and be loyal business partners and maintain traditionally good relationships with suppliers and customers, by following agreements and strictly fulfilling obligations.

4. Safe Products

IHB subsidiaries try to maintain a high standard of safety, security, quality and delivery of products and services provided.

They implement a system of quality management ISO 9001 and other standards depending on the specifics of the business and which are certified by the licensed international companies.

The process of quality management in the IHB companies is seen as a system of several components:

- Creating and ensuring conditions for the production of products and services with required quality;



- Management of supply of raw materials;
- After-sales service and maintenance;
- Indicators of quality.

5. Environment

IHB management monitors the environmental impact of the businesses in the group, by ensuring compliance with environmental regulations, standards and requirements for environmental protection. The subsidiaries measure and report on their environmental impacts annually in their business plans and provide for measures in case of negative impact.

6. Corporate Governance

The Corporate Governance in IHB is based on the following principles:

- Protection of rights of shareholders;
- Disclosure and transparency;
- Ensurance of good governance of the company by the management bodies.

IHB has accepted the principles of the National Corporate Governance Code and operates in accordance with its provisions.

The compliance with the Code is based on the principle "comply or explain" and regarding information is presented as part of the IHB Annual financial statements.

7. Public Involvement

IHB and its subsidiaries try to maintain good relationships with the state and municipal authorities to help develop a favourable business climate in the country. The public involvement of IHB and the subsidiaries is encouraged, as well as the involvement of the managers and employees in public organizations at home and abroad, which objectives and activities are beneficial to the society.

Support, including financial support to institutions and organizations caring for people in lower income and disadvantaged groups is encouraged.

8. Avoiding Corruption, Bribery and Conflict of interest

IHB does not tolerate any form of corruption or bribery.



Nevertheless, situations may arise which are not considered to be corruption or bribery, but may cause to compromise the decisions of employees, customers and business partners. That is why rules to help avoid similar situations must be followed. Gifts and donations from business partners are accepted to a certain extent if they are in accordance with normal business practice, but they could be considered a conflict of interest and compromise the reputation of IHB and its subsidiaries. Accepting gifts and benefits is generally prohibited if it affects IHB interests and compromises the professional independence of employees.

The acceptance of gifts is permitted if the value of the gift does not exceed €50. Gifts exceeding that amount cannot be denied in the line of interests of the business relationship but must to be donated to charitable organizations.

Additional employment or professional consulting activities must be coordinated in advance with the IHB and must not interfere with IHB interests or its subsidiaries.

9. Compliance with the Code

All managers and employees in the IHB Group must comply with the Code. Every CEO of a company within the IHB Group must ensure that all employees in the company become familiar with the Code of Ethics.

In case of doubt about the understanding and application of a provision of the Code and to report of violations of the Code, employees should refer to the Department of Internal Audit in IHB.

This Code was adopted at a meeting of the Management and Supervisory Board of IHB held on 19.12.2011, updated and supplemented at a meeting of the Management and Supervisory Board of IHB held on 25.11.2016.