

**REMUNERATION POLICY
FOR THE MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARD OF
INDUSTRIAL HOLDING BULGARIA PLC**

I. GENERAL PROVISIONS

Art. 1. (1) INDUSTRIAL HOLDING BULGARIA PLC approves and applies remuneration policy for the members of the Supervisory and Management Boards of the company in consideration of their duties and obligations to exercise control and manage the company's operations, as also in view of the reliable and effective management of any risks and avoidance of any conflicts of interests.

(2) The remuneration policy aims at establishing clear and objective criteria and requirements when determining the remuneration of the members of the Supervisory and Management Boards of INDUSTRIAL HOLDING BULGARIA PLC with the view to attract and retain highly qualified and loyal Board members and to motivate them to work in the interests of the company and its shareholders.

Art. 2. (1) The remuneration policy, as well as any amendment and supplementation thereto, is elaborated by the Supervisory Board of INDUSTRIAL HOLDING BULGARIA PLC and approved by the General Meeting of Shareholders of INDUSTRIAL HOLDING BULGARIA PLC, by adding a separate item to the agenda of the meeting announced by the notice under Art. 115, par. 2 of the Public Offering of Securities Act.

(2) INDUSTRIAL HOLDING BULGARIA PLC applies the remuneration policy for the members of the Supervisory and Management Boards in compliance with the regulations applicable to public companies and in view of the goals, long-term interests and future development strategy of the company, having due regard to the recommendations of the National Corporate Management Code.

(3) The company discloses to its shareholders the way, in which it implements the remuneration policy, in a report that is a separate document to the annual financial statements of INDUSTRIAL HOLDING BULGARIA PLC, published on its website.

(4) The report under par. 3 contains a program for the implementation of the remuneration policy for the next financial year or for a longer period; a review of the way, in which the remuneration policy has been applied throughout the year, and attention is given to all its significant amendments, if any such amendments have been made compared to the previous financial year.

(5) The report under par. 3 should follow the format laid down in Art.13, items 1-15 of Ordinance 48 of 2013 regarding the Requirements for Remuneration, issued by the Financial Supervisions Commission.

Art. 3. The Supervisory Board of the company periodically reviews the main principles of the remuneration policy and bears the liability for its implementation in order to ensure that the principles laid down therein will be duly complied with.

II. MAIN PRINCIPLES, CRITERIA AND INDICATORS

Art. 4. (1) Upon determining the remuneration of the members of the Supervisory and Management Boards of the company, the following main principles shall apply:

- Correspondence between the remuneration set and the achievement of the company's business goals and development strategy, including protecting the interests of INDUSTRIAL HOLDING BULGARIA PLC;
- Ensuring remuneration guaranteeing that Board members possessing qualities necessary for the successful management and development of the company will be attracted, retained and motivated.
- Non-discrimination, lack of conflicts of interests and equal treatment of the members of the Supervisory and Management Boards of the company when determining and agreeing the remuneration.
- Reporting the obligations, commitment and contribution of each member of the Management Board to the operations and performance of the company.
- Ensuring reliable and effective risk management and not promoting the practice of taking excessive risks.
- Ensuring that the Supervisory Board, being the body that develops the remuneration policy, will exercise their functions conscientiously and impartially.

Art. 5. (1) INDUSTRIAL HOLDING BULGARIA PLC pays to the members of the Supervisory and Management Boards of the company only fixed remuneration that is set by the General Meeting of Shareholders on a proposal from the Supervisory Board.

(2) On a proposal from the Management Board, the Supervisory Board may determine additional remuneration to be paid to the Executive Directors of the company.

Art. 6. (1) The Management Board of the company may apply this policy to other members of the management staff of the company as well, in so far the achievement of the company's goals and performance pursuant to Art. 6, par. 1 depend on their activity.

(2) The goals with reference to Art. 6, par. 1 are laid down in the company's business and development plan for the next calendar year, which is approved by the Supervisory and Management Boards.

Art. 7. (1) The remuneration and relationships between the company and the members of the Supervisory Board are arranged by means of a contract that is concluded in writing on behalf of the company through a person authorized by the General Meeting of Shareholders.

(2) The remuneration and relationships between the company and the members of the Management Board, including the Executive Directors, are arranged by means of management contracts that are concluded in writing on behalf of the company through the Chairperson of the Supervisory Board of the company or another member authorized by him/her.

(3) The Management Board of the company sets the remuneration of the members of the Audit Committee.

III. CONDITIONS AND INDEMNITY UPON TERMINATION OF THE CONTRACT WITH A MEMBER OF THE MANAGEMENT AND SUPERVISORY BOARDS

Art. 8. Upon termination of the contract with a member of the Supervisory and Management Boards, the company owes no indemnity, whatever the cause of the termination.

IV. REMUNERATION COMMITTEE

Art. 9. INDUSTRIAL HOLDING BULGARIA PLC will not establish a Remuneration Committee in view of its internal organisation.

V. DISCLOSURE

Art. 10. (1) The remuneration policy, approved by the General Meeting of Shareholders, and the report are published on the website of INDUSTRIAL HOLDING BULGARIA PLC at: www.bulgariaholding.com.

(2) INDUSTRIAL HOLDING BULGARIA PLC discloses its remuneration policy and any subsequent amendments thereto in a clear and accessible way, except for any commercially sensitive information or other information constituting business secrets.

(3) Information about remuneration and any other incentive payments made to Board members over the year shall be disclosed in the Annual Management Report on the Activity of INDUSTRIAL HOLDING BULGARIA PLC, which is subject to approval by the General Meeting of Shareholders.

VI. ADDITIONAL PROVISIONS

§ 1. This Policy has been approved in compliance with Ordinance 48 of 2013 regarding the Requirements for Remuneration, issued by the Financial Supervisions Commission.

§ 2. This Policy has been developed in accordance with the provisions of the Public Offering of Securities Act regarding remuneration of members of management and control bodies of public companies.

§ 3. In case of changes to legislation, which repeal and amend provisions of this Remuneration policy, the Supervisory Board shall pass a decision on its amendment or supplementation. Until the date of any such decision, the provisions of the policy shall be interpreted in accordance with the laws of the Republic of Bulgaria, the company's Articles of Association, and the generally accepted good corporate governance principles and practices.

§ 4. This Remuneration policy was approved at a meeting of the Supervisory Board of INDUSTRIAL HOLDING BULGARIA PLC by virtue of Minutes dated 15 August 2013, and was approved by the General Meeting of Shareholders of the company held on 30 September 2013.