CORPORATE GOVERNANCE CODE

Ljubljana, 5 February 2007

The Corporate Governance Code for Joint Stock Companies was jointly phrased and adopted by the Ljubljana Stock Exchange, Inc., Ljubljana, the Association of Supervisory Board Members of Slovenia, and the Managers' Association of Slovenia on 18 March 2004, agreeing on adopting its amendments on 14 December 2005 and 5 February 2007. This is an English translation of the Code; only the Slovene version is binding.

PREAMBLE

The Corporate Governance Code (herein called "the Code") was jointly adopted by the Ljubljana Stock Exchange, the Association of Supervisory Board Members of Slovenia and the Managers' Association of Slovenia. The Code incorporates the Slovene legislation, the directives and recommendations of the European Union, principles of business ethics, internal bylaws of the three institutions and internationally recommended best practices of responsible and good governance.

The purpose of the Code is to define in more detail the governance and management principles of public joint-stock companies, whose shares are listed on the Slovene regulated market. The recommended practices can also be applied by other companies, so as to contribute to a transparent and intelligible governance system in Slovenia, which will promote the confidence of domestic and foreign investors, of employees and the general public in the Slovene corporate governance system.

The statement on corporate governance has become a requisite element of the business report in the companies' annual report and is based on the "comply or explain" principle. This principle allows companies to deviate from the Code's recommendations and thus enables them to develop their own business practices. It is nevertheless expected that public joint-stock companies, especially those listed on the official market, will largely abide by the Code's recommendations.

The Code's provisions not being binding, the companies are nonetheless obliged to disclose which provisions they do not abide by and why:

1. Due to the comprehensive changes of company law in 2006 in Slovenia, the Code still contains a summary of the provisions of the relevant legislation with direct bearing on the corporate governance system in public joint-stock companies. Such provisions of the Code are expressed by means of an appropriate form of "must" (shall, is obliged to, shall not, etc); public joint-stock companies are therefore required to observe them and may not deviate from them.

   Insofar as non-public companies draw up their corporate governance statement on the basis of this Code, they will abide by, it should be noted, appropriately tailored and thus lower standards. Any deviation on their part, therefore, from those provisions of the Code that are binding for public joint-stock companies, will not be a manifestation of poor corporate governance practice in itself. Irrespective of the said, in their corporate governance statements, non-public companies will have to explain their potential non-compliance with such provisions.

2. The Code's provisions containing the word "should" have the nature of recommendations for public joint-stock companies and are not legally binding. As they represent the basis of a good governance system, companies shall disclose any deviations from such provisions once a year in a statement on corporate governance, to inform the investors of any deviations from such provisions and give appropriate reasons for them. Any deviations from these provisions shall also be explained by non-public companies that decide to base their corporate governance statement on this Code. Again, some deviations on their part will be explicable by appealing to the matter of higher standards, which primarily apply to public joint-stock companies.

3. Excluded from both of the above rules are the Code's optional recommendations, where disclosure of non-compliance is not required for neither public nor non-public companies and which are expressed with the words "it is recommended that / it can be done thus". Such provisions surge "above high standards" of corporate governance and can often only be met by public joint-stock companies from the prime market.

Joint-stock companies that wish to present their corporate governance practices in detail are recommended to draw up a comprehensive governance report. Such a report should contain a separate corporate governance statement.

The signatories of the Code – the Ljubljana Stock Exchange, the Managers' Association of Slovenia and the Association of Supervisory Board Members of Slovenia – will regularly review the effectiveness and adequacy of the Code in the light of the legal and actual environment of public joint-stock companies' business operations, and amend and supplement it, if necessary.

Upon the first review of the Code, in December 2005, the signatories invited all capital market participants, regulators, professional associations, investors and other players on the Slovene capital markets to sign a statement of support of the provisions of the Code and thus contribute to the improvement of the corporate governance culture in Slovenia.

In 2006, the Slovenian Institute of Auditors, the Stock Exchange Members' Association, the Slovenian Employers' Association, the All-Slovenian Association of Minor Shareholders, and the Chamber of Commerce and Industry of Slovenia have signed statements of accession to the Code and thus expressed their support of the provisions of the Code as well as committed to strive to implement them and promote the Code in their respective areas of business.

The implementation of the Corporate Governance Code for Joint-Stock Companies has also won the support of the Bank of Slovenia.

This is an English translation of the Code; only the Slovene version is binding.

Definition of terms used in this Code

Code: a collection of best practice recommendations in relation with corporate governance, including mandatory legal provisions and optional recommended practices for public joint-stock companies. Its purpose is to encourage the setting up of a good governance system and create conditions for long-term sustainable development of joint-stock companies. At the same time it should prompt shareholders and important stakeholders (employees, creditors, contracting partners, the company's wider environment, etc) to actively cooperate and exercise their rights in a responsible manner.

Public company: a company whose securities (shares or bonds) are listed on the regulated market in compliance with the law.

Public joint-stock company: a joint-stock company whose shares are listed on the regulated market in compliance with the law.

Associated persons: legally independent persons who are related to each other, either in terms of governance, capital or in some other manner, so that these relations make them cooperate in setting up their business policy and act in concert to reach common business goals, or so that one person can direct or materially influence the other person(s) in deciding on the matters of finance and business operations, or so that one person's business operations business results materially influencing another person's business operations or business results. Associated persons are persons whose connections are similar to those of immediate family members, so that one person or persons who are deemed associated collectively, directly or indirectly participate in another person; so that the same person or persons who are deemed associated participate in both persons; so that they form a group of companies, pursuant to the company law; as members of management or supervisory bodies or procurators or employees, on the basis of an employment contract to which the tariff part of the collective wage agreement does not apply, with the company in which they perform this function or in which they are employed, and immediate family members of this person.

Controlling: is the relation between a controlled and a controlling undertaking, or a similar relation between any natural and legal persons.

Management or supervisory bodies: are the management board, the board of directors and the supervisory board.

Company's management: bodies or persons authorised by law or bylaws of a company to run its business; in a public joint-stock company, the company's management consists of the management board (in the two-tier management system) or the board of directors (in the one-tier management system), which delegate the executive director(s) to run the company's regular duties and represent the public joint-stock company.

Indirect holding: an indirect holder of shares, partnership shares or other rights, which ensure participation in governance or in capital, is a person, for whose account another person as indirect holder acquired the shares, partnership shares or other rights, ensuring participation in governance. A person is the indirect holder of shares, partnership shares or other rights, which ensure participation in governance, or of other securities, whose direct holder is another person, controlled by this person.

Qualifying holding: is a direct or indirect holding in the company's capital, shares or other rights of a legal person, on the basis of which the holder acquires either a minimum of 10 % of the voting rights or a minimum of 10 % of the respective legal person's capital, or a proportion of the voting rights or the legal person's capital which is less than 10 % but nevertheless makes it possible to exercise a significant influence over the management of the legal person in which that holding subsists.

Major holding thresholds: the proportion of voting rights in a particular public joint-stock company held by a single shareholder, representing 5, 10, 15, 20, 25, 30, 50 and 75 per cent of all the voting rights in the respective public company. In determining major holdings, all the company's shares with voting rights attached to them are considered, including own shares and shares whose exercise of voting rights is restricted by law or the company's articles of association and pursuant to the law.

Minority shareholders: the lowest percentage of shareholders, stipulated by law or a company's articles of association, entitled to the so-called minority rights (convening a general meeting of shareholders at the initiative of the shareholders representing 5 % of the company's share capital, and the request for the expansion of the agenda of the meeting; voting on shareholders' election proposals prior to the proposals of the supervisory board or the board of directors, if so requested by the shareholders representing 10 % of the company's share capital; removal of a supervisory board member or a member of the board of directors through court proceedings, if so requested by the shareholders representing 10 % of the company's share capital).

Substantial shareholder: a person whose shares indirectly or directly represent 5 % of more of the share capital of a joint-stock company, or 5 % or more of the voting rights in a joint-stock company.

Institutional investor: is a legal person, whose main activity is investing assets to maintain the assets value and generate returns on such investments (insurance companies, pension funds, fund management companies etc.)

Pre-emptive right: is the right giving existing shareholders the first opportunity to buy shares of a new issue (before it is offered to a third party), in proportion to their current holding in the share capital in the event of increase in the company's share capital. Pre-emptive right to shares of a new issue is one of the property rights carried by a share, which ensures its holders to maintain the existing proportionate holding interest or equity investment, thus making possible that, upon the increase in share capital, internal relations among shareholders in principle cannot be changed.

Counterproposal: enables a shareholder to submit to the company a well-grounded counterproposal to the resolution, proposed within the agenda of the company's general meeting of shareholders. A counterproposal cannot include a proposal for deciding on an additional item to be put on the agenda. Shareholders may present counterproposals also after a 7 days period from the convocation of the meeting and at the meeting itself, whereby the 7 days period after the published convocation is meant to bind the company's management to notify all other shareholders of the counterproposal's content.

Independence: absence of influence on a person's impartial, professional, objective, honest and complete assessment in carrying out his/her duties or in decision making, within the function he/she is performing. Persons are deemed dependent if they have a business relationship, are personally or in some other way closely connected with the company or its management.

Conflict of interest: a conflict of interest exists when a person's impartial and objective performance of duties or decision-making, within the function he/she is performing, is jeopardised because personal business interests are involved, or the family's interests, his emotions, political or national (favourable or unfavourable) disposition or any other related interests with other natural or legal persons. A conflict of interest is an impediment to voting and the person disclosing it shall explain it.

Inside information: inside information is any accurate information referring indirectly or directly to one or more issuers of financial instruments (shares, bonds,...) or to one or more financial instruments, that has not yet been made available to the public or has not yet been released and if publicly known, would be likely to have a material impact on the price of these financial instruments or price of the related derivative financial instruments.

Transparency: is the level of information disclosure about a securities issuer, which enables the receivers of such information (investors) to correctly assess the financial position, business operation, risks and the

management of the issuer's company, and on such basis take an informed investment decision. It is one of the main components of the corporate governance system, the key elements being: quality of disclosure, frequency of delivery of information, availability. A high quality disclosure shall have the following features: comprehensiveness or completeness, reliability, importance, timeliness, comparability.

Public disclosure: means that data or information is adequately disclosed, verbally at the general meeting of shareholders or in written statements, included in the shareholder information material, in the company's annual report, on its web site, through publications in newspapers or through electronic means of communication or another prescribed manner in accordance with law.

Committees: the supervisory board or the board of directors may establish special committees, which may be set up for the duration of the supervisory board's or the board of directors' term of office or are set up upon the occurrence of extraordinary events, to effectively resolve the complex issues.

Expanded/core management: company's expanded/core management as defined by a company's internal bylaws.

RELATIONSHIP BETWEEN THE CORPORATION, SHAREHOLDERS AND OTHER STAKEHOLDERS

1.1. Company goals

1.1.1. The key goal of a joint-stock company engaged in a gainful activity is to maximise the company's value. This and other goals, pursued by the company in performing its activity, should be stated in the company's articles of association.

1.2. Equal treatment of shareholders and protection of their rights.

1.2.1. Company's shares should be issued by applying the principle of "one share, one vote".

Companies shall not issue shares which, although of equal nominal amounts or equal values, would carry different numbers of votes.

1.2.2. In the event of shares with limited or no voting rights, companies should publicly disclose their type and volume and rights carried by these shares.

1.2.3. When a company's shares are traded on the regulated market, the statutory limitation of the voting right stipulating that the number of votes held by an individual in relation to the number of shares cannot exceed a specified number or percentage shall not be allowed.

1.2.4. Companies shall treat equally all shareholders who hold shares of the same class, internal and external, minority and substantial shareholders, the state as a shareholder, and domestic and foreign shareholders.

1.2.5. In the event of an increase or decrease in a company's share capital and in the event of acquisition or disposal of the company's own shares, the company should, by applying the principle of equal treatment of shareholders, observe the provisions on the shareholders' pre-emptive right, in proportion to their current holding in the company's capital.

1.2.6. Companies should encourage all shareholders to actively and responsibly exercise their rights and warn them of the manners of exercising their right which could damage the company or other company's shareholders. Companies should encourage a greater representation of shareholders at the general meeting also indirectly, through financial and other organisations and by proxy (organised collection of proxies, publication of information on proxies).

1.2.7. Companies should encourage substantial shareholders, institutional investors and the state, to publicly reveal the company’s investment policy, e.g. its voting policy, the level of activity of corporate governance and the manner of the latter, the mechanisms and frequency of communicating with the management or supervisory bodies.

1.3. General meeting of shareholders

1.3.1. Shareholders exercise their rights at the general meeting of shareholders, where they exercise their voting rights. Companies should provide for timely and correct information on the convening of the meeting and encourage active exercise of the shareholders' voting rights.

1.3.2. If attendance at the general meeting and exercising of voting rights depend on a prior notification of the shareholders' attendance, companies are recommended to enable shareholders to do so by mail or by use of information technology.

1.3.3. Each shareholder has the right to attend the general meeting and there present their opinions on the items on the agenda, as well as ask appropriate questions and provide suggestions.

At the general meeting, the company's management shall provide the shareholders with reliable data on company matters relevant for an estimate of the items on the agenda, unless otherwise stipulated by law. The right to be informed shall also apply to legal and business relations of the company with associated companies. The company's management should prepare in advance for the questions of shareholders and should ensure the requisite support of the general meeting.

1.3.4. The general meeting decides on those matters provided for by law or the articles of association. A general meeting decision shall be adopted in the manner and by a majority stipulated by law or the articles of association.

The general meeting decides predominantly on:

- the corporate restructuring of the company,
- measures directed at increasing and decreasing the share capital,
- amendments to the articles of association,
- distribution of accumulated profits,
- adoption of the annual report,
- adopting management or supervisory bodies discharges,
- the appointment and recalling of members of the supervisory board or the board of directors,
- the validity of the agreement on the transfer of at least 25 % of the company's assets, whereby the transfer is not related to corporate restructuring,
- the authorisation to purchase own shares,
- the appointment of an auditor,
- the withdrawal of shares from the regulated securities market,
- the squeeze-out of minority shareholders,
- matters defined by the law on takeovers,
- the winding up of the company.

1.3.5. The company's management shall convene a general meeting and publish its agenda at least once a year. The company's management shall also convene a general meeting if this be in the company's best interest, or upon a request of the shareholders, if so provided for by law, who together represent 5% of the company's share capital or another percentage, if so stipulated by the company's articles of association, whereby the total stake cannot be set at more than 10% of share capital.

1.3.6. In accordance with the law, minority shareholders have the right to convene a general meeting and expand the agenda.

1.3.7. The company's management should ensure the company to, upon convening the general meeting, use such information technology as to allow for information to be disseminated uniformly to all shareholders and for their rights to be exercised effectively. When releasing data and materials from paragraphs 2 to 4 of this subsection and publishing them on the company's official website, the company's management should abide by the rules of uniform information dissemination.

When publishing the convening for the general meeting, the company's management should also provide the company's official website address.

The company's management should publish the reports and materials stipulated by law on the company's official website, together with the convening of the general meeting, the agenda, proposals

for resolutions to be adopted and their substantiations. If the general meeting is to decide on amendments to the articles of association, the company's management shall publish the text of the proposed amendments and substantiate them, on the company's official website.

The company's management should also publicly disclose, on the company's official website, the total number of shares and voting rights, along with the number of shares and voting rights for a particular class of shares, according to the situation at the time of the convening of the general meeting.

Once the general meeting has been convened, the data and materials from paragraphs 2 to 4 of this subsection should be available at the company's business address.

1.3.8. The management or supervisory bodies – or, in the case of electing supervisory board members, members of the board of directors and auditors, the supervisory board and the board of directors only – shall include into the published agenda proposals for resolutions to be adopted, with substantiations, for each item on the general meeting agenda, unless otherwise stipulated by law.

The proposals for resolutions to be adopted should be formulated clearly and unambiguously and should enable the shareholders to assess their respective effects on their rights.

It is recommended that at the general meeting, the management and supervisory bodies pronounce themselves towards the proposals for resolutions to be adopted, as proposed by the shareholders.

1.3.9. Should a shareholder ask for them, the company should provide the data and materials from paragraphs 2 to 4 of subsection 1.3.7. of this Code, in hard copy or electronic form.

1.3.10. If the general meeting is to elect members of the supervisory board or the board of directors, as proposed by the supervisory board or the board of directors, the substantiation of such proposals for resolutions to be adopted should include – along with the data required by law (name and surname, education, appropriate work experience and current employment) – at least the information on the proposed nominee's membership in other management or supervisory bodies and any potential conflicts of interests. The management should also express their view on whether the proposed nominee is independent in relation to the company (whether he is economically, personally or in any other way closely linked to the company or its management).

It is recommended that this information be made public and available to the proposed nominee for a member of a management or supervisory body from the time when the general meeting has been convened, in the manner described in subsections 1.3.7. and 1.3.9. of this Code.

1.3.11. If an organised collection of proxies for voting at the general meeting is carried out prior to the meeting, a proxy may only be used at a single general meeting. The proxy statement should be unambiguous and clearly phrased and should include at least the following:

- summons to the shareholder to give his proxy holder precise instructions for exercising the voting right;
- statement of proposals on which the proxy holder will vote and how he will vote, unless otherwise instructed by the shareholder;
- statement of a potential conflict of interests;
- statement of caution, saying that the shareholder may revoke the proxy and attend the general meeting in person, whereby he shall observe any potential provisions of the company's articles of association referring to the duty of notification of attendance prior to the meeting.

1.3.12. Should a company organise the collection of proxies for voting at the general meeting, or should the members of its management or supervisory bodies or persons employed by the company collect

proxies, this information should be made public on the company's website. The publication should include the list of proxies, their contact information (the address for mailing the proxy), and the date by which the proxy statement, drawn up in accordance with subsection 1.3.11. of this Code, should be submitted.

When the collection of proxies is paid by the company, it is recommended that the invitation for granting proxies be addressed to all shareholders.

1.3.13. Should a person or financial institution that has undertaken an organised collection of proxies notify the company thereof in a timely manner, it is recommended that the company publish this information on its official website, along with a list of such persons or financial institutions.

1.3.14. The president of the general meeting shall, pursuant to the law, ensure the rights of minority shareholders are respected, and shall enable the shareholders to discuss the items on the agenda.

1.3.15. In cases of a suspension of rights pursuant to the law on takeovers, the president of the general meeting shall comply with the management board's proposal and take it into account.

1.3.16. It is recommended that companies use information technology also while conducting the general meeting.

1.3.17. It is recommended that the general meeting be attended by a majority of the members of the management or supervisory bodies.

1.3.18. The general meeting should elect members of the supervisory board and members of the board of directors individually.

1.3.19. The general meeting should adopt resolutions on adopting management or supervisory bodies discharges separately for each body.

A member of a management or supervisory body should not vote on adopting the discharge of the body he is a member of.

1.3.20. The company's management shall, as soon as possible, publish the resolutions adopted at the general meeting and the information on any challenging or void actions announced at the meeting.

In its public announcement, a company's management should also include:

- the total number of shares and voting rights represented at the general meeting, and the number of represented shares and voting rights from individual classes;
- the results of voting on each proposal, including at least the number of shares related to the vote, the number of votes cast, and the "in favour" and "against" votes, given in percents;
- a clear identification of the five largest shareholders present or represented at the meeting, along with their respective numbers of shares held and the number of their voting rights; voting rights should also be given as a percentage of all the voting rights in the company and of the voting rights in the respective class of shares;
- notice on the distribution of accumulated profits, as well as data on the dividend amount, the record date when those entitled to dividend payments are to be identified, and the payable date;
- when the adopted resolutions refer to the issue of new serial securities, a detailed account of the rights and obligations arising from such securities.

The company's management shall immediately publicly disclose any price sensitive information that was revealed at the general meeting.

1.3.21. The company's management shall publish the contents of the announcement from the previous subsection on the company's official website, in line with the rules of uniform information dissemination.

Along with the contents of the announcement from the previous subsection, the company's management should also furnish the company's website with the questions of shareholders asked at the general meeting and their received answers.

1.4. Relationship between the company and other stakeholders

1.4.1. In relations with other stakeholders (employees, creditors, customers, suppliers, the natural and business environment and the state) a company should exercise its rights responsibly and fulfil undertaken obligations in the manner that is compatible with the company's goals and that serves its long-term interests.

1.4.2. For the duration of the relationship with representatives of individual shareholder groups, a company should provide for appropriate communication and mutual observance of confidentiality as well as for the maintenance of codes of good business practice.

It is recommended that a company notify all stakeholders of those manners of exercising their rights that could damage the company or other stakeholders.

1.4.3. When deciding on a matter, a company should study and consider the legitimate interests of all stakeholders, in particular the employees. Unless considered a business secret or inside information, the company should immediately communicate to its shareholders any decisions having a direct impact on a given stakeholder group.

2. MANAGEMENT BOARD

2.1. Duties and responsibilities

2.1.1. The management board shall manage a company independently and at its own responsibility. It shall act in line with the company's goals and in the company's best interests. The running of a company's business cannot be delegated from the management board to any other company's body.

2.1.2 The management board shall ensure that all contractual obligations of the company, legal and executive regulations and generally accepted principles are observed, and make every effort to ensure that the associated companies observe them as well.

2.1.3. The management board should develop the company's strategy together with the supervisory board and should make sure it is being implemented.

2.1.4. The management board shall provide for appropriate risk management and risk controlling in the company.

2.1.5. Members of the management board shall act with due care and diligence and observe the company's business secrets.

2.1.6. Members of the management board shall be jointly and severally liable for any damage resulting from the violation of their duties, unless they provide evidence that they performed their duties honestly and scrupulously.

2.2. Composition

2.2.1 It is recommended that the management board be composed of several members and that one of them be appointed president of the management board. The allocation of areas of responsibility and duties among the members of the management board and the method of their cooperation should be stipulated by a company's bylaws (articles of association, rules of procedure of the management board).

2.2.2. At the beginning of their term of office, the members of the management board should, in addition to the requirements stipulated by law, meet additional requirements related to the position of a management board member. These requirements should be stipulated by the company's articles of association or a supervisory board's resolution.

2.2.3. In addition to meeting the requirements stipulated by law, the company's articles of association or other bylaws, the president of the management board should have good management and organisational skills and have the reputation of being a good businessman in the wider company's environment.

2.2.4. Each management board member should thoroughly, accurately and promptly inform the president of all major events and developments of individual transactions in the areas of he is responsible for.

2.3. Remuneration, compensations and other benefits, and the ownership of company shares

2.3.1. The remuneration, compensation and other benefits of management board members shall be determined by the supervisory board.

2.3.2. The policy of determining the level of remuneration, compensations and other benefits of the management board members should be specified in advance and should observe the following criteria:

- duties of individual members,
- performance of individual members,
- size of the company and its financial position,
- pretentiousness of managing the company, with a view to its business and organisational complexity,
- the company's performance,
- implementation of strategic and annual plans,
- remuneration of management board members in associated companies,
- recommendations for remunerations, adopted by relevant professional organisations.

2.3.3. Remuneration of management board members should be composed of a fixed and a variable component. The variable component should contain interim or annual remuneration reflecting an individual's performance, the implementation of set plans and the corporate performance. In addition, the variable component, i.e. incentive payments should be a long-term encouragement for achieving higher productivity. A management board member's performance should be assessed by the supervisory board, who should also determine the amount of the variable payment component, in line with the criteria in the contract.

2.3.4. Share options or comparable financial instruments may serve as the variable component of earnings, which should improve productivity and loyalty to the company. Relevant criteria should be specified in advance by applying comparative parameters, such as the performance of a stock index or the achievement of a pre-projected growth in the price of the company's share. Performance criteria and other conditions from the share option scheme should not be changed retroactively

Compensation and cash remuneration for not exercising an option shall not be allowed.

2.3.5. A management board member who acquires shares on the basis of a share option scheme or a share scheme should not be entitled to selling such shares for at least 2 years after the end of the term of office during which such shares were acquired.

A management board member may dispose of such shares during the new term only should he acquire new shares prior to having disposed of those acquired in the previous term of office.

2.3.6. Details from the share option scheme or a comparable remuneration system should be disclosed to shareholders and the public in such a manner as to make it clear what benefits the beneficiaries are entitled to.

2.3.7. The proposed share option scheme and other forms of management board members' earnings that are related to the company's shares, and other forms of individual or collective schedules of remuneration on the basis of profit sharing or company's shares, should be prepared by the supervisory board, who should notify of it the general meeting of shareholders. Management board members may participate in profits only if this is in line with the company's articles of association and the resolution of the company's general meeting of shareholders.

2.3.8. The total remuneration, compensations and other benefits of management board members should be annually disclosed in the Notes to the Financial Statements and should be given in net and gross amounts for each management board member. Remuneration should be broken down as follows:

- fixed component of earnings,
- variable component of earnings (long-term and short-term incentives for achieving higher productivity and performance-related earnings, excluding profit sharing),

- profit sharing,
- share options,
- other earnings of management board members (severance pay, additional insurance premiums, benefits).

If a management board member's remuneration consists also of the company's shares, the earnings should be broken down into money and company's shares.

It is recommended that the disclosure of management board members' remuneration include a description of the policy of earnings (the ratio between the variable and fixed payment components; a detailed account of performance measures, used to establish the variable payment component; an estimate of the value of non-cash benefits; details regarding the severance pay; competition clause), as adopted and exercised by the supervisory board.

2.3.9. A management board member and associated persons are bound by law to inform the company and authoritative institutions of any acquisitions or disposals of shares of voting rights in the company in which they work, or in an associated company. The company shall disclose such information pursuant to the law.

Irrespective of the said, a management board member and associated persons (legal and natural) shall, however, not purchase shares of the company if they are, or should be, aware of price sensitive information that could have a bearing on the value of the company's shares, in the event of such information not being available to all the company's shareholders.

2.4. Conflict of interest

2.4.1. The management board members shall be loyal to their company in all areas of their activity. In decision-making they shall not put their own interests before those of the company or take advantage of the company's business opportunities for personal gain.

2.4.2. A management board member shall immediately disclose the existence of any potential conflict of interest to the supervisory board and notify of it the other management board members.

2.4.3. During his term of office, a management board member shall observe the competition clause and not perform any gainful activity in the company's area of activity without the consent of the supervisory board, neither shall he conclude transactions for his own or for the account of a third-party.

2.4.4. All legal transactions between the company and a management board member, as well as transactions between the company and persons or companies related to the member, in which he is personally involved, shall be concluded by observing the code of good practices and be publicly disclosed.

2.4.5. Members of the management board shall not demand or accept from third parties any remuneration in connection with their work, or enjoy other benefits for themselves of for a third party, or provide to third parties illegal benefits.

2.4.6. Members of the management board shall not be members of supervisory boards or boards of directors in more than three (3) joint-stock companies at the same time.

Members of the management board should predominantly consider the complexity of their post, the size of the company in which they are members of the management board, and how much time they have to commit to the post.

2.4.7. A management board member should accept memberships in supervisory boards or boards of directors in companies that are not associated to his company only after having informed of it the president of the supervisory board of the company in which he is a management board member.

In its annual report, a company should disclose the memberships of its management board members in management or supervisory bodies of non-associated companies.

3. SUPERVISORY BOARD

3.1. Duties and responsibilities

3.1.1. The duties of the supervisory board are to appoint and supervise the management board and provide advice in running the company's business and preparing its strategy, by acting independently of the management board and in line with the company's goals.

3.1.2. In performing his duties, a supervisory board member should not depend on the opinions or instructions of those who elected, nominated or appointed them, but should assume full personal responsibility for performing his duties. All supervisory board members should have equal rights and duties, independently of the body that elected, nominated or appointed them.

3.1.3. A supervisory board member should endeavour, under all circumstances, to ensure independent analyses, decision-making and actions.

3.1.4. Throughout the duration of their term of office, supervisory board members should act according to the highest standards of integrity and competence.

Throughout the duration of their term of office and after it expires, they shall adhere to the business confidentiality principle. They shall treat all decisions adopted by the supervisory board, all proposed resolutions and papers of the supervisory board as business secrets until the company makes them available to the public.

3.1.5. The supervisory board draws up and adopts its rules of procedure and makes them available to all shareholders and the workers' council under the same conditions.

3.1.6. The supervisory board should meet regularly, while it shall meet at least once per each quarter. The board's decisions should be taken at meetings. The supervisory board should evaluate the performance of the management board and its members once a year, when deciding on their reward.

3.1.7. The supervisory board should meet without the presence of the management board members when deciding on the appointment of the president of the management board, on the management board's reward and when evaluating its own performance.

3.1.8. The president of the supervisory board co-ordinates the work of the board and conducts the meetings. Voting in the supervisory board should be open within the board, while information on the votes of individual members should not be revealed to the public. A supervisory board member should clearly express his disagreement, which should also be recorded in the minutes, if he feels that a supervisory board decision could jeopardise the company's goals or could incur damage to the company.

3.1.9. The supervisory board should use information technology for distributing materials and convening meetings. All supervisory board members should be invited to meetings in the same manner. If it is deemed fit, due to the size of the board or geographical distance of the members' locations, it is recommended that the supervisory board use information technology also for holding its meetings and voting on proposed resolutions. At least once a year the supervisory board should meet in person.

3.1.10. The president of the supervisory board should encourage the members to hold an effective and active position. If a member fails to attend the board's meetings or is not active in performing his duties, this should be evident from a written report to the general meeting of shareholders. Once a year the supervisory board will evaluate their performance. The evaluation of the supervisory board's performance should include evaluations of the board's composition, organisation and operations as a

group, along with the evaluations of the competence and efficiency of each individual member as well as separate supervisory board committees. This procedure should assist the board in determining the measures to be taken for improving its effectiveness (composition, education, dynamics and attendance at meetings, acquisition of information and preparation for meetings, etc).

3.1.11. The supervisory board should report to the shareholders on its work by written reports presented at the general meeting of shareholders. The board's report should provide a precise and authentic account of its activities during the year. The board should make a thorough presentation of its supervision of the management board's work and the company's business operations, its cooperation with the management board and the external auditor, while it should also state its opinion on the auditor's report. Separately, the supervisory board shall state in the report to the general meeting how it has reviewed the company's annual report, if it is approving it and whether it has any comments on it. In the report on its past work, the supervisory board should provide appropriate data on its internal organisation, on the composition of the board as regards the independence of its members, and a statement on the extent to which self-evaluation generated change.

3.1.12. The company should publicly release the supervisory board's report.

3.2. Appointment and recall of the management board

3.2.1. The supervisory board is competent to appoint and recall management board members, whereby it endeavours to ensure the continuity of their work by carefully and timely selecting their successors. The management board should cooperate in this. The president of the management board should propose the successors to the current management board and notify of it the supervisory board at least one year before the end of the term of office.

3.2.2. It is recommended that the supervisory board delegate the responsibility for leading the process of selecting the nominees for new management board members to a special committee. In selecting the nominees, the supervisory board or the committee should consider special criteria, determined in advance, which the nominees should meet in order to be nominated. It is recommended that the president of the management board, by authority conferred by the supervisory board, propose nominees for the other members of the management board.

3.2.3. The supervisory board is obliged to provide for appropriate service contracts with management board members. The contract should determine the duties and competencies of a management board member, the remuneration system and the criteria for the variable part of remuneration, his duties relating to loyalty to the company, and the methods for his recall and severance pay. A member's being recalled for other economic and business reasons should not automatically signal a recall due to culpable liability. Grounds of culpable liability resulting in recalling a member of the board should be enumerated in the management board member’s contract. In the event of being recalled on the grounds of culpable liability, a management board member shall not be entitled to severance pay.

3.3. Composition

3.3.1. The supervisory board shall be composed in compliance with the companies act and the co-determination act. To ensure the supervisory board's independence and its effective supervision of the management board, the majority of supervisory board members should be independent. For supervisory board members to be independent, this means that they are not influenced in their impartial, professional, objective, fair and comprehensive assessment while carrying out their duties and in their decision-making. A supervisory board member is deemed dependent if he has a business relationship

with the company, is personally or in any other way closely associated with the company or its management board.

3.3.2. A supervisory board member's economic dependence on the company is permissible only if such a member was elected to the board as a representative of the company's employees. If the number of employee-elected representatives in the supervisory board does not ensure a majority of independent members, the employees should appoint as their representatives on the board external experts who are not employed in the company, who are not in a business relationship with the company and are not in any other way dependent on it.

3.3.3. Every supervisory board member shall ensure to have sufficient time available to undertake his duties. Throughout his term of office, a supervisory board member should refresh and update his knowledge in the fields important for high quality and effective carrying out of his duties. Education and training of members of supervisory boards should be encouraged, organised and financed by the company, in line with the assessed needs of the company and the supervisory board.

3.3.4. At least one member of the supervisory board should be an expert in the field of finance or accounting.

3.3.5. The supervisory board or its special committee should carefully chose the nominees for new supervisory board members and propose them for election at the general meeting of shareholders. The nominees' consent to their candidature should be obtained beforehand.

3.3.6. In collecting the nominations, the supervisory board or its special committee should consider special criteria, determined in advance.

It is recommended that in selecting the nominees, the following is considered:

- comprehensive business knowledge and appropriate expertise for effective performance of the function (whereby the company's specific features should be taken into account, such as the industry in which the company operates, international activities etc.),
- potential conflicts of interest as specified in chapter 3.5 of this Code,
- business ethics and personal integrity,
- appropriate documents and evidence of relevant knowledge, evidencing that a nominee is qualified for officiating on supervisory boards,
- sufficient time available.

It is recommended that knowledge, experience and qualifications of individual members are well balanced.

It is recommended that the above criteria be taken into account when specifying the special conditions supervisory board members are to meet, as stipulated by the company's articles of association.

3.3.7 A nominee displaying an evident conflict of interest evident from the outset, which could materially influence his decision-making and activities, should not be proposed for supervisory board membership.

3.3.8. Prior to the general meeting at which shareholders are to elect supervisory board members, the supervisory board should, pursuant to subsection 1.3.10. of this Code, properly introduce the nominees to the shareholders and disclose any potential conflicts of interest.

3.3.9. To ensure the continuity of their work and facilitate the exchange of experience between the members of the supervisory board, it is recommended that elections or re-elections of supervisory board members are not held simultaneously for all members, and that they are not elected for the same term of office.

3.3.10. The number of employee-elected representatives in the supervisory board should be determined in the articles of association. The procedure for their election or recall should be regulated by a general bylaw, while in selecting the nominees the required professional qualifications should also be considered. It is recommended that employee-elected representatives in the supervisory board not be appointed from among the expanded management team, or else this should be publicly disclosed. If there are no appropriate nominees from among the company's employees, the workers' council should propose independent nominees from outside the company.

3.3.11. It is recommended that persons who have been members of the company's management board or members of the management of associated companies within the last three years not be appointed president of the supervisory board.

3.4. Remunerations, compensation and other benefits, and ownership of company's shares

3.4.1. For work the supervisory board members should be entitled to:

- remuneration for performing the function,
- remuneration for officiating on the supervisory board committees,
- attendance fees, and
- reimbursement of expenses.

Supervisory board members should not be remunerated with share options or comparable financial instruments. It is not recommended that the major part of their remuneration be directly related to the company's performance.

3.4.2. The amount and method of determining individual remunerations, compensation and other benefits of supervisory board members are determined by a resolution of the general meeting or by the company's articles of association. In determining the amount of a remuneration, the following criteria should be considered:

- extent of duties and responsibility of supervisory board members,
- expertise and activity of supervisory board members,
- size of the company and the complexity of its business operations,
- the company's general economic environment.

It is recommended that in determining the appropriate remuneration method, the criteria for the remuneration of supervisory board members as adopted and determined by the appropriate professional organisation are also considered.

3.4.3. The total remunerations, compensation and other benefits of supervisory board members should be disclosed in the Notes to the Financial Statements. It is recommended that remuneration amounts be disclosed for each supervisory board member separately. They should be broken down as specified in the section 3.4.1. of this Code and include profit sharing and the share option plan, if it exists, and all other earnings and benefits that the supervisory board members received from the company.

3.4.4. A supervisory board member who is also a member of the management in an associated company should not receive any special remuneration for performing his duties as a supervisory board member, only the reimbursement of expenses.

3.4.5. A supervisory board member is bound by law to inform the company and authoritative bodies on any acquisitions or disposals of shares or voting rights. The company shall disclose such information pursuant to the law.

3.4.6. Supervisory board members' liability insurance should protect the interests of the company, not the supervisory board members.

3.4.7. If supervisory board members take out liability insurance, they cover the insurance costs themselves. The company should take out liability insurance only for that part of damages which could exceed the assets of supervisory board members and for which the company would not be indemnified without insurance.

3.5. Conflicts of interest of supervisory board members

3.5.1. A supervisory board member's activity and decision-making should primarily observe the company's goals, so that any other personal interests or interests of third parties, the management board, shareholders, the general public or the state, should be subordinated to them.

3.5.2. Supervisory board members shall not perform any managerial or executive or advisory duties for competing companies and should not be substantial shareholders or partners in such companies.

3.5.3. Supervisory board members shall protect the company's business secrets and shall not take advantage of the company's business opportunities for personal gain or the gain of third parties.

3.5.4. A supervisory board member should take all the necessary precautionary measures to avoid conflicts of interest which could influence his judgement. A conflict of interest exists when a board member's impartial and objective performance of duties or decision-making is jeopardised because personal economic interests are involved, or the family's interests, emotions, political or national (favourable or unfavourable) disposition or any other related interests with other natural or legal persons.

A supervisory board member has a conflict of interest if he:

- has, or has had, within the past three years, an important business relationship with the company or its associated company;
- is a member of the expanded management team of an associated company;
- cooperated in drafting a proposal of the company's annual report;
- is a company's substantial shareholder;
- is economically, personally or in some other way closely associated with a substantial shareholder or its management board;
- is a major supplier of goods or services (including advisory or auditing services);
- has received, within the last three years, or currently receives major additional remuneration from the company or an associated company, excluding the remuneration received as a supervisory board member;
- has been, within the last three years, a partner or employee of a current or former external auditor of the company or associated company;
- has been on the supervisory board for over 12 years;
- is an immediate family member of another member of the supervisory board or of the management board.

3.5.5. The company should state its detailed criteria for assessing the existence of conflicts of interest and the measures to be taken to avoid them in the rules of procedure of the supervisory board, its articles of association or in a company's special corporate governance code. It is recommended that at least the following measures are provided for:

- a supervisory board member explains his conflict of interests and abstain from voting;

- in well-grounded cases the president of the supervisory board may, prior to voting, demand from the board members to declare whether they have any conflicts of interest related to the subject-matter of voting;
- if a supervisory board member abstained from casting his vote due to a conflict of interest, this should be recorded in the minutes of the supervisory board meeting, along with any respective explanations or statements provided by supervisory board members.

The existence of a material conflict of interest, or the existence of an evident conflict of interest that is not of a temporary nature, should serve, in relation to a supervisory board member, as the grounds for the termination of his term of office.

3.5.6. A supervisory board member should inform the board of any conflicts of interest, which arise or could arise in performing or with reference to the performance of his function. In addition, each supervisory board member should inform the board of any memberships in the supervisory boards of other companies.

3.5.7. In its report the supervisory board should, at least once a year, inform the general meeting of shareholders of any existing conflicts of interest and of the measures taken in this respect. The existence of a material conflict of interest or a conflict of interest, which is not of a temporary nature, should, in relation to a supervisory board member, be ground for termination of his term of office.

3.5.8. Any agreements and contracts on consultancy and other services entered into between a supervisory board member and the company, along with associated companies, shall require the supervisory board's approval.

3.5.9. The provisions on conflict of interest and independence of supervisory board members apply to all members, irrespective of who nominated, elected or appointed them.

3.6. Formation of supervisory board committees

3.6.1. It is recommended that the supervisory board form special supervisory board committees for drafting proposals of resolutions and for supervising their execution, with the aim of improving the effectiveness of the board's work and resolving more demanding issues. Should due to the size, complexity of or risk associated with the business operations this not be appropriate, the duties of individual committees shall be taken over by the supervisory board as a whole.

3.6.2. The supervisory board committees may not take independent decisions on issues that are within the competence of the supervisory board.

3.6.3. The supervisory board committee shall be composed in compliance with the companies act and the co-determination act.

The committee shall consist of the president and a minimum of two (2) members. The president of the committee shall be appointed by the supervisory board from amongst their number. In setting up a committee, the supervisory board should determine its planned mandate, as well as its competence and powers. In doing this, it should consider the special features of the company, the number of supervisory board members and their expertise.

3.6.4. The president of the committee should not be the president of the supervisory board. The committee should regularly report to the supervisory board on its work.

3.6.5. In performing their function, all committee members shall observe exclusively the company's goals. The rules on conflicts of interest applicable to supervisory board members, stipulated in chapter 3.5 of this Code, also apply to external members of committees, i.e. members who are not at the same time supervisory board members.

3.6.6. The company should ensure that the committees have sufficient resources and appropriate powers for carrying out their duties, which include the right to obtain (especially from persons in charge of the company) all the necessary information and the right to seek independent professional advice on matters within their competence.

3.7. Audit committee

3.7.1. It is recommended that the supervisory board set up an audit committee. Its main responsibilities are:

- overseeing the integrity of financial information provided by the company;
- overseeing the functioning of the risk management system, internal auditing and the system of internal controls;
- assessing the composition of the annual report, together with drawing up a proposal for the supervisory board;
- calling the external auditors' attention to important and problematic areas of business operations;
- cooperating in the selection of an independent external auditor and preparing the agreement between the auditor and the company,
- monitoring the independence, impartiality and effectiveness of the external auditor,
- overseeing the nature and scope of non-audit services; and
- other responsibilities, provided for by the articles of association or a supervisory board resolution.

3.7.2. The audit committee members should have appropriate professional skills and personal characteristics to be able to perform their duties properly and independently, especially:

- independence from the management board,
- available time for working on the committee,
- broad professional knowledge,
- knowledge of the company's areas of business,
- knowledge of finances, accounting and auditing.

At least one member of the audit committee should be an independent accounting or financial expert.

3.7.3. The president of the audit committee should not be a former member of the management board of the company at least five (5) years after expiration of his term of office. The majority of the other committee members should not be composed of former members of the company's management board whose terms of office have expired less than five (5) years before.

3.7.4. The audit committee should cooperate with the external and internal auditors also without the presence of the management board and ensure an on-going and effective exchange of opinions.

3.8. Nomination committee

3.8.1. It is recommended that the supervisory board set up a nomination committee, which should have predominantly the following responsibilities:

- assisting the supervisory board and preparing proposals relating to the criteria for management board appointments and nominees for management board appointments, whereby it shall ensure that the balance between skills, experience and expertise meets the requirements, prepare the description of duties and determine the qualifications required for individual appointments;
- assessing the size, composition and activity of the management board at regular intervals;
- assisting in the evaluation of the management board's performance and stating the grounds for recalling individual members of the management board, when they occur;
- preparing draft of the proposed list of nominees for new members of the supervisory board to be presented at the general meeting of shareholders.

3.8.2. Members of the nomination committee should have appropriate professional skills and personal characteristics to ensure the quality and independence of their work, in particular:

- independence from the management board,
- knowledge of personnel recruiting and remuneration systems,
- sufficient time available for working on the committee,
- extensive expertise and knowledge of company law,
- knowledge of all business areas of the company and the group.

At least one member of the nomination committee should be a company law expert and one an expert in management.

3.8.3. The president of the nomination committee should not be a former member of the company's management board.

3.9. Remuneration committee

3.9.1. It is recommended that the supervisory board set up a remuneration committee, which should have predominantly the following responsibilities:

- providing assistance to the supervisory board and preparing proposals relating to the policy on remuneration, compensation and other benefits for management board members;
- monitoring the existing goals and criteria for the evaluation of management board members and appraising the performance of individual management board members at regular intervals;
- advising the supervisory board on the adequacy of draft service contracts between management board members and the company;
- monitoring the disclosure of information about the earnings of individual management board members;
- cooperating in the preparation of the company's policy on remuneration with options.

3.9.2. Members of the remuneration committee should have appropriate professional skills and personal characteristics to ensure the quality and independence of their work, in particular:

- independence from the management board,
- knowledge of the payment and compensation systems and other benefits for the management board members,
- sufficient time available for working on the committee,
- extensive expertise and knowledge of company law,
- knowledge of all business areas of the company and the group.

The remuneration committee should be composed of at least one company law expert and one expert in management.

4. COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

4.1. The management board and the supervisory board cooperate closely in the company's best interests. The articles of association or the rules of procedure should determine in detail the division of responsibilities between the management board and the supervisory board and the method of their cooperation.

4.2. In adopting the company's most important decisions, which could have a material impact on the company's business, financial or legal status, the management board and the supervisory board should endeavour to act by mutual agreement.

4.3. The articles of association should determine the type of transactions for which the management board is required to obtain the supervisory board's approval, whereby such restrictions should not be an obstacle to the management board's work. If necessary, such an approval may be stipulated by a supervisory board's resolution.

4.4. The management and supervisory boards are jointly responsible for providing timely and comprehensive information to the supervisory board. The management board shall inform the supervisory board of all significant issues referring to the company's business operations, its strategy, risk management etc, in a regular, timely and comprehensive manner. The management board's reports shall be delivered to the supervisory board at least quarterly. The management board is also obliged to draw the supervisory board's attention to any deviations from projected targets. The supervisory board is entitled and obliged to demand from the management board additional explanations and reports on any ambiguities related to the business operations of the company or its subsidiaries.

4.5. The president of the supervisory board should have regular contacts with the president of the management board and consult him about the company's strategy, business development and risk management. The president of the management board shall immediately notify the president of the supervisory board of significant events, which are of key importance for assessing the company's position and any consequences that could arise and affect the running of the company. The president of the supervisory board should notify the board of significant events and, if necessary, convene an extraordinary meeting.

4.6. The president of the supervisory board consults the president of the management board also about the training of supervisory board members and instituting of new members.

4.7. The supervisory board should detail the content and terms to be observed by the management board in their regular and ad hoc reporting. The management board should provide their notices in writing (additional electronic versions are possible, provided that the documents are protected against the viewing of unauthorised persons). The documentation required for the supervisory board members and members of respective committees to adopt decisions should be available to them on time.

4.8. The management board shall regularly report to the supervisory board also on all important risk factors and risk monitoring mechanisms. In particular the supervisory board shall be informed of risks deriving from the company's activity, geographical area, dependence on raw materials, as well as of financial risks, off-balance-sheet risks and strategy risks.

4.9 Compliance with corporate governance principles

Members of the management and supervisory boards should respect the corporate governance principles and ensure their enforcement in the company both individually, as well as boards as a whole, as bodies of a joint-stock company.

4.10. Actions related to takeovers

4.10.1. In deciding on a takeover bid and throughout the takeover procedure, the management board and the supervisory board of the target company shall act in the interests of the company and the shareholders. In doing so, the management board and the supervisory board should consistently observe the principle of equal treatment of shareholders before, during and after the time limit of the takeover bid has expired, and provide for uniform information dissemination on the course of the takeover procedure to all shareholders.

The target company's management shall also inform their employees of the takeover procedure, pursuant to the law.

4.10.2. It is recommended that the target company's management, in the event of an announced takeover intent, publicly disclose any potential agreements or negotiations entered into with the offeror, or issue a statement that such agreements or negotiations have not been under way until the announcement of the takeover intent, at the same time as notify the Agency.

4.10.3. It is recommended that, before the time allowed for acceptance of the bid has run out, the target company's management either disclose all the dealings in securities, which were performed by members of its management and corporate governance bodies themselves or by their close relatives, or by legal persons in which these persons have a majority holding or a majority share of voting rights, with any such dealings being performed within the 12 months prior to the period allowed for the acceptance of the takeover bid commencing, or issue a statement saying that neither have they or any aforementioned persons performed any such dealings.

4.10.4. The target company's management shall, under the law, publicly announce their opinion on the takeover bid. Pursuant to the law, their opinion on the takeover bid shall, along with other information, disclose:

- the content of any potential agreement with the offeror regarding the takeover bid;
- the content of any potential agreement with the offeror regarding the manner of exercising the voting rights from the securities already held by the offeror, or a statement that no such agreement exists;
- whether the members of the target company's management, who are holders of the securities subject to the takeover bid, intend to accept it.

4.10.5. After the takeover intent was announced and until the decision on the outcome of the takeover bid has been published, the target company's management shall not perform any activities that could jeopardise the success of the takeover bid, unless shareholders decide to apply the principle of reciprocity, as provided for by the law on takeovers.

5. BOARD OF DIRECTORS

5.1. Duties and responsibilities

5.1.1. The board of directors shall manage a company, appoint the executive director, oversee how the company's business is run, form the company's strategy as well as be the company's representative.

5.1.2. Each member of the board of directors should endeavour, under all circumstances, to ensure that independent analysis, decision-making and actions are carried out. From the moment of taking their posts, members of the board of directors should exhibit due care and diligence.

5.1.3. The board of directors in a public joint stock company shall be composed in compliance with the companies act and the co-determination act. The competencies of members of the board of directors, as stipulated by the law and the company's articles of association, shall be governed by the provisions from subsections 2 to 4 of this Code, applied as appropriate.

5.2. Executive director

5.2.1. The board of directors in a public joint stock company shall appoint at least one executive director from among their number, while it shall not appoint more than half of the board as executives. The board of directors may delegate the executive director(s) to run the company's regular activities, to report entries and refer documents to the court registry, to run the company's books and draw up the annual report. The executive director can also act as a representative of the company.

5.2.2. The president of the board of directors cannot at the same time act as a company's executive director.

5.2.3. In performing their duties, executive directors shall abide by the restrictions imposed by the general meeting, the board of directors, the articles of association and the board of directors' rules of procedure.

5.2.4. The chief executive officer shall regularly report to the president of the board of directors on the work of executive directors. The chief executive officer shall also report to the president of the board of directors, in a timely and comprehensive manner, on all significant matters related to the company's business and its strategy, and on any significant risk factors.

5.3. Non-executive members of the board of directors

5.3.1. Members of the board of directors that are not appointed executive directors shall be non-executive directors, who perform a supervisory role.

5.3.2. Non-executive directors should not perform executive duties, but should supervise business operations. They should not depend on the opinions or instructions of those who elected, nominated or appointed them, but should assume full personal responsibility for performing their tasks.

5.4. Audit committee

5.4.1. The board of directors in a public joint stock company shall set up an audit committee, to be composed in compliance with the law and have at least three members. The president of the committee shall be appointed from among the non-executive members of the board of directors. At least one member of the

audit committee should be an independent accounting or financial expert, with at least one member being a workers' representative.

5.4.2. The responsibilities of the audit committee shall be those laid down in subsection 3.7.1. of this Code.

6. ASSOCIATED COMPANIES

6.1. The management of the controlling undertaking is responsible for strategic management of the entire group of companies. It shall supervise the business operations of all controlled undertakings and take care of its investments in the controlled undertakings and of the long-term successful performance of the group as a whole.

6.2. The management of the controlling undertaking shall ensure that the responsible persons in the controlled undertakings are informed of the strategy and principles of corporate governance and that they comply with these documents as appropriate.

6.3. The controlling undertaking's management shall provide for adequately qualified members of controlled undertakings' bodies through relevant company law mechanisms.

6.4. The supervisory board or the board of directors of the controlling undertaking exercises supervision over the operation of the entire group through the reports of the controlling undertaking's management. The supervisory board or the board of directors of the controlling undertaking may, at any time, request from the controlling undertaking's management a report on the operations of a controlled undertaking, but cannot request reports directly from the management or employees of a controlled undertaking.

6.5. Relations within a group of companies shall be regulated in a transparent manner. Agreements on controlling interests, participation in profits and other agreements that have the nature of entrepreneurial agreements, shall be concluded and registered in the prescribed manner. Management boards of controlled undertakings are obliged to prepare transparent reports on controlled relationships and strictly observe legal regulations. The report on a controlled relationship shall present the actual position and give a true view of all business transactions, concluded due to the influence of the controlling undertaking and their economic impact or potential damage.

6.6. Members of management and supervisory bodies are jointly and severally liable for any damage incurred to the company on account of their violation of legal regulations, unless they can prove that they acted prudently and in accordance with law.

7. AUDIT AND THE SYSTEM OF INTERNAL CONTROL

7.1. External auditors

7.1.1. Auditing shall be conducted in line with professional and ethical principles and generally accepted standards on auditing.

7.1.2. The supervisory board or the board of directors shall propose an independent auditor, who will conduct the audit independently, impartially and in line with accepted standards on auditing. It is recommended that the proposed auditor not come from an auditing firm that already provides advisory services to the company, or from an auditing firm whose services to the company represent 30% or more of its total revenues.

7.1.3. Before appointing an auditor at the general meeting (at the proposal of the supervisory board or the board of directors), shareholders shall be informed of any other services that the auditor provides or has provided to the company in professional areas related to auditing. Shareholders shall be made aware also of any other fact that could cause a conflict of interest in the proposed auditor.

7.1.4. The auditor should be present at the company's general meeting. When the joint stock company does not have a special audit committee, the auditor should be present at all meetings of the supervisory board where decisions are taken about the annual report, the internal control system and risk management.

7.1.5. The company should change the auditing firm or auditor-partner at least every five years.

7.2. Internal audit department and the system of internal control

7.2.1. To protect shareholders' interests and the company's assets, the company's management shall provide for the establishment and operation of an appropriate and effective system of internal control. The internal audit department shall be responsible for evaluating the operation and assessing any potential weaknesses of the system.

7.2.2. Persons responsible for internal control shall be directly accountable to the company's management and impartial in their work.

7.2.3. The principal duty of persons responsible for internal control is to identify and limit the risks which could have a negative effect on achieving business goals. Their work includes reviewing operating business procedures and identifying and limiting financial and business risks, limiting profiteering to the detriment of the company, in order to improve its operating effectiveness and performance.

8. DISCLOSURE

8.1. Disclosure and reporting

8.1.1. Companies shall promptly report on their financial position and legal status and on their business operations by publishing:

- unaudited annual financial statements,
- summaries from the annual and semi-annual reports and other interim financial results,
- reviews of financial results of previous years,
- any variance from the business projections, and
- forecasts and plans for future business operations.

8.1.2. Companies shall, as soon as possible, provide for the disclosure of all material information about their business operations, the company, the company's ownership and governance, any changed terms of business and impact of events from the environment, which could affect their financial position and legal status.

8.1.3. The company should communicate with the public so as to avoid non-uniform information dissemination. Public announcements shall contain all the information required by a securities investor to evaluate the situation and assess the effect of the respective business event on the price of a security. Public announcements shall be phrased in a clear, intelligible and unambiguous manner.

8.2. Communicating in English

Companies should provide their public announcements also in English. The annual report should also be published in the English language.

8.3. Annual report and semi-annual report

8.3.1. Companies' annual and semi-annual reports shall be prepared in a clear and transparent manner. They shall give a true and honest survey of a company's assets and liabilities, its financial position and its profit or loss statement. The annual report shall also contain a company's development forecasts, indicate the significant risks and uncertainties to which the company is exposed, as well as the goals and measures of risk management. Its component part shall also be the corporate social responsibility report (responsibility to employees, consumers, local community and the natural environment).

8.3.2. In order to assure the comparability of financial statements, companies should prepare and publish annual and interim consolidated and unconsolidated financial statements in compliance with International Financial Reporting Standards (IFRS).

8.3.3. The annual report should include the company's management responsibility statement relating to the preparation of financial statements and explanatory notes thereof.

8.3.4. The annual report and the semi-annual report should be available to the shareholders at the company's registered office, as well as on the company's web site and the stock exchange information system SEOnet, free of charge.

8.4. Annual document

Once a year, the company should publish the annual document, containing a list of all the information pertaining to the company that was publicly announced, pursuant to the law, during the previous 12 months.

8.5. Disclosure of corporate governance

8.5.1. The company should form and publicly announce its statement on corporate governance, in which it should disclose its compliance with the provisions of the Corporate Governance Code for Joint Stock Companies. Such a statement shall include:

- statement of compliance with the provisions of the Code,
- disclosure of any potential derogation from the provisions, along with
- an explanation of such derogations,
- the period or day of the statement,
- the date of the Code or an amendment of the Code to which the statement applies; where this Code is publicly available in Slovene and English,
- the signatories of the statement (management and supervisory boards of the company).

8.5.2. The company should incorporate its statement on corporate governance also into its annual report and make it publicly available on its website.

8.5.3. Companies that wish to give a more detailed account of their corporate governance practices should issue a Report on corporate governance – separately from the appropriate "comply or explain" statement (that can be a part of the Report) in which the company discloses potential derogations from a provision of the Code and gives reasons for such derogations, and not in its stead.

8.6. Financial calendar

Companies should prepare a financial calendar of the company's expected significant announcements (general meetings, announcement of the record date for dividend payments, annual and interim reports, etc) in the forthcoming financial year. The financial calendar should be published and publicly available on the company's web site.

8.7. The company's ownership structure, cross-holdings and takeover

8.7.1. Companies should promptly disclose any changes in ownership structure, especially indirect or direct acquisitions or disposals of major holdings of voting rights held by a single shareholder, which stand for 5, 10, 15, 20, 25, 30, 50 and 75 % of the total voting rights in the respective public company.

8.7.2. At least once a year, companies should publicly announce any cross-holdings with other companies (a major holding of voting rights in another company that has a major holding of voting rights in the first company).

8.7.3. In the event of a takeover bid, the bidder and the target company whose securities are subject to the takeover bid should, as soon as possible, inform the public of the intended takeover and on all the procedures related to the takeover bid.

8.7.4. Companies should disclose any acquisition or disposal of the issuer's own shares promptly or at the moment when the acquired or alienated shares reach 1 % of the issuer's share capital at the latest, and upon each subsequent exceeded whole percent.

8.8. Shares of the company's voting rights held by members of management or supervisory bodies

Companies should, as soon as possible, publicly announce any changes in the shares of voting rights held by individual members of the management or supervisory bodies of the company, or by a related person.

8.9. Amendments to the articles of association and increases or decreases in the company's share capital, corporate restructuring of the company

8.9.1. In the event of a proposed resolution of the general meeting on amendments to the articles of association (increase or decrease in capital, change in the nominal amount of shares, change in the type of share) or change in the company's status (division, merger, transfer of assets, change in legal organisational form), the company should publish a clear information about the consequences of the resolution for the existing shareholders and investors and the reasons for the proposed resolution. In addition, it should ensure a transparent course of procedure related to the proposed changes by promptly informing all shareholders equally and disclosing all significant events.

8.9.2. In the event of a proposed resolution on an increase in share capital and exclusion (in part or in full) of the pre-emptive right of existing shareholders to subscribe to the newly issued shares, the company should publish a written report on the reasons for the complete or partial exclusion of pre-emptive rights, and explain the consequences of the adopted resolution for the existing shareholders.

8.10. Admission to the regulated market and withdrawal from the regulated market

In the event of a proposed resolution from the company's management or the general meeting on listing company's shares on the regulated market, or in case of a resolution of the general meeting on the withdrawal of shares from the regulated market, the company should publish a clear information about the consequences of the proposal or resolution for the existing shareholders and the reasons for the proposed resolution. The company should disclose the expected course of activities related to the listing on the regulated market or withdrawal from the regulated market.

8.11. Risk factors

Companies shall regularly disclose the material risk factors and the risk management mechanisms applied.

8.12. Rumours and the press

8.12.1. In the event of misleading rumours and articles in the press, related to a company or its business operations, the company should publish its own press release and affirm and state the grounds or deny the statement from other sources.

8.12.2. Companies shall promptly and accurately inform the public of all material decisions which are or will be necessarily adopted due to fundamental changes occurring in the company.

8.13. Place of publication of public announcements

8.13.1. Companies shall determine the place of publishing their announcements in their articles of association, and notify the public of it or of any relevant changes to it. Companies may publish announcements in a daily newspaper, which is distributed throughout the territory of the Republic of Slovenia, or in electronic form through the stock exchange information system SEOnet, unless otherwise provided by special regulations.

8.13.2. Companies shall ensure that all relevant information is also available on their official web sites, for at least seven days, but only after having provided for the respective public announcement in a daily newspaper and in electronic form through the stock exchange information system SEOnet.

8.14. Public announcements outside the country

Companies which, due to the admission of their securities to a regulated market outside the Republic of Slovenia, are obliged to publish information about their business activities outside the Republic of Slovenia shall ensure that the same information be published simultaneously in the Republic of Slovenia as well.

8.15. Data confidentiality

8.15.1. Members of the management and supervisory bodies are liable, for the term of their office and after it has expired, to consistently abide by their duty to protect confidentiality and business secrets. Aside from this, the company's management is responsible for ensuring that both the said principles are respected also by the company's employees. The company's management should adopt a special rulebook on the protection of business secrets and inside information, stipulating the labelling and protection of such information and sanctions for potential violations.

8.15.2. Companies shall allow for trading in securities on the basis of inside information (abuse of inside information). Companies shall not deliver price sensitive information before it is made public to third parties, except for government authorities on the basis of their jurisdiction and the persons, who act as their advisers or persons, with whom they are negotiating or co-operating in carrying out a business transaction. These persons shall be cautioned that the information has not yet been published and has the nature of inside information.

8.15.3. Members of companies' bodies, related persons and employees who have access to inside information, shall observe the regulations which prevent the abuse of inside information, and regulations which govern trading in a company shares or in the shares of related companies. Companies shall set up a documented and monitored access to such information.

8.15.4. Companies shall draw up and promptly update a list of persons with access to inside information. The list shall include the legal persons which employ the natural person or in which this person is a substantial shareholder. Companies shall inform the natural and legal persons of having entered them on or removed them from the list of persons with access to inside information.

8.15.5. Companies should evaluate the need for a provision in their internal bylaw, which would specify the rules on limitation of trading and on disclosure of trading in company shares and shares of associated companies. It is recommended that the companies specify in the bylaw a complete list of persons to whom limitation of trading applies, and the time period of limitation of trading, related to disclosure of information.

8.16. Company' communication strategy

The company's management is responsible for preparing and implementing the company's communication strategy. The strategy should include:

- identification of stakeholders, and of the communication strategy and co-operation with individual shareholders (creditors, suppliers, buyers, the media, analysts, state authorities, local community, employees);
- selection of persons responsible for communicating with investors or the public (the recommended persons to handle the organisation of internal procedures are management board members or executive directors, financial directors or persons in charge of investor relations);
- clearly defined flow and internal supervision of price-sensitive information within the company, from its origin to its public announcement, and the provision of the protection of business secrets,
- identification of the contents and procedures of public relations (e.g.: prompt disclosure of information through public announcements, publications, press conferences, the company' web sites, delivery of materials, open-door day).

8.17. Company's web sites

8.17.1. Companies should strive to create the company's official website as transparent as possible. The website should contain all the essential information on the company and its business operations. The website should also provide the consolidated version of the company's articles of association.

8.17.2. Companies should post on their websites the name and contact information of the persons in charge of investor relations, especially if the information on the website is not available in English in the same scope as in Slovene.

9. ADOPTION OF THE CODE AND ENTRY INTO FORCE

9.1. Adoption of the Code

This Code was adopted by the Association of Supervisory Board Members of Slovenia, the Managers' Association of Slovenia and the Ljubljana Stock Exchange Inc., Ljubljana.

9.2. Amendments and supplements to the Code

Amendments and supplements to this Code shall be prepared and adopted annually in accordance with the Memorandum of Cooperation between the three signatories of the Code.

9.3. Entry into force of the Code

This Code shall enter into force on the day it is signed by representatives of all three institutions that prepared it.

This Code shall be published in the newsletters and on the websites of its three signatories.

Ljubljana, 5 February 2007

Ljubljana Stock Exchange, Inc., Ljubljana	Association of Supervisory Board Members	Managers' Association of Slovenia
Marko Simoneti, PhD	Branko Pavlin, MSc	Franjo Bobinac, MSc