

Evaluation Map/Corporate Management in Bulgaria Evaluation Form

Evaluation method for companies with one or two tier management system

Based on Methodology, developed by Christian Strenger

Notes regarding the methodology

Based on the National codex of corporate management in its Feb. 2012 edition.

Different criteria relate to the relevant paragraphs of the codex

The stage of execution of each article is determined and marked in column (1)

Weight of questions: The standard evaluation is marked in column (2)

Summarized results are marked as a sum of the different criteria by a total score in (3)

Where necessary, the source of information has to be marked in the "Source of information" column

The exclamation marks before each criteria disappear when the relevant field in column (1) is marked

The Map is developed in 2 variations, according to the type of management, whereby the company completes the one corresponding to its management system.

The Map has to be signed by a person authorized to represent the company.

Name of Issuer: Intercapital Property Development ADSITS

Date of completion 31.03.2015 r.

Choose type of management of the company:

[One-tier system](#)

[Two-tier system](#)

The Scorecard has been updated by the National Committee on corporate governance.

January 28, 2013

Evaluation Map/Corporate Management in Bulgaria Evaluation Form

Method for evaluation of one-tier management companies

Performance (1)			Standard rating (2)	Points (3) = (1) × (2) Standard rating
1	0.5	0		
yes	partial	no		

Source of Information
If the performance is not in full compliance, please set out the reasons

Criteria

I. Board of Directors

10%

I.1	Is the Chairman of the Board of Directors an independent member?	yes			15%	15.0%
I.2	Are there particular requirements for applicable knowledge and experience that the Board Members should possess, relevant to the position they occupy?	yes			20%	20.0%
I.3	Is there practice in place the new members of the Board of Directors to be acquainted with the general legal and financial matters, regarding the activities of the company?	yes			15%	15.0%
I.4	Is the training of the members of the Board of Directors encouraged?	yes			20%	20.0%
I.5	Is the number of companies in which the members of the Board of Directors can hold management positions regulated by the By-laws?			no	15%	0.0%
I.6	Does the number of consecutive mandates of the members of the Board of Directors provide for the effective functioning of the company and the compliance of the legal requirements?	yes			15%	15.0%
					100%	85%

II. Executive Management

10%

II.1	Do the management contracts, signed by the Board of Directors, identify their obligations and tasks, the criteria for the size of their remuneration, the loyalty obligations and the conditions for discharge?	yes			15%	15.0%
II.2	Does the remuneration of the executive management consist of basic pay and additional incentives?			no	20%	0.0%
II.3	Do the independent directors, members of the Board of Directors, receive only basic pay without additional stimuli?	yes			10%	10.0%
II.4	Does the remuneration of the independent directors, members of the Board of Directors reflect their participation in meetings, the performance of their task to control the activities of the executive management and their effective participation in the activities of the company?	yes			10%	10.0%

II.5	Are the additional incentives of the executive members of the Board of Directors specifically identified/identifiable?			no	15%	0.0%
II.6	Are the additional incentives of the executive members of the Board of Directors bound by clear and specific criteria and indicators regarding the company performance and/or the achievement of previously identified targets by the Board of Directors?			no	15%	0.0%
II.7	Do the shareholders have access to information regarding transactions between the company and the Board of Directors and its affiliates?	yes			15%	15.0%
					100%	50%

It is not provided for the executive members of the Board of Directors to receive additional incentives to their basic remuneration.

It is not provided for the executive members of the Board of Directors to receive additional incentives to their basic remuneration.

III. Cooperation between the executive management and the independent members of the board of directors **10%**

III.1	Has the board of directors approved a policy for disclosure of information and investor relations?	yes			15%	15.0%
III.2	Does the board of directors give directions, approve and control the execution of the: business plan of the company, transactions of significant character as well as other activities specified in its by-laws?	yes			15%	15.0%
III.3	Does the structure and distribution of tasks among the members of the Board of Directors guarantee the effective functioning of the company?	yes			15%	15.0%
III.4	Do the number and qualities of the independent directors in the Board of Directors correspond to the interests of all shareholders, including the minority?	yes			20%	20%
III.5	Are the procedures for avoiding and disclosing conflicts of interests regulated in the by-laws of the company?		да		15%	7.5%
III.6	Have the corporate managements approved do they observe a Code of Ethics?			no	20%	0.0%
					100%	73%

IV. Audit and internal control **20%**

IV.1	Does the company have in place a system for internal control which also identifies the risks, accompanying the activities of the company and would help for their effective management?		yes		25%	12.5%
IV.2	Does the internal control system guarantee the effective functioning of the systems for accountability and disclosure of information?	yes			25%	25.0%
IV.3	Is the corporate management assisted in its activities by an audit committee?	yes			25%	25.0%
IV.4	Is the principle of rotation applied when offering and choosing an external auditor?	yes			25%	25.0%
					100%	88%

V. Protection of Shareholder Rights **20%**

V.1	Are all shareholders, including minority and foreign ones, treated equally?	yes			15%	15.0%
V.2	Have the corporate managements developed rules for organizing and conducting regular and extraordinary General Meetings of the shareholders of the company which guarantee the equal treatment of all shareholders and the right of each shareholder to express their opinion regarding the articles of the agenda of the General Meeting?	yes			10%	10.0%

V.3	Do the corporate managements organise the procedures and order for conducting the General Meeting of the shareholders in a way which does not burden or increase the price of voting unnecessarily?	yes			10%	10.0%
V.4	Do the corporate managements take action to encourage the participation of shareholders in the General Meeting?	yes			10%	10.0%
V.5	Are all propositions regarding major corporate events (including profit allocation propositions) presented in the documentation as separate points of the agenda of the General Meeting?	да			10%	10.0%
V.6	Does the company have on its web page a special section regarding the rights of the shareholders and their participation in the General Meeting?			no	10%	0.0%
V.7	Is there a mechanism in place to assist shareholders, authorized by the court, for including additional questions in the agenda of the General Meeting?	yes			10%	10.0%
V.8	Are the shareholders informed about the results of the General Meeting via internet and in the appropriate timeframe?	yes			15%	15.0%
V.9	Are all members of the corporate managements present in the General Meeting of the shareholders.		yes		10%	5.0%
					100%	85%

VI. Disclosure of information

20%

VI.1	Does the system for disclosure of information guarantee equality of the recipients of the information (shareholders, interested parties, investment community) and does it exclude the abuse of internal information?	yes			10%	10.0%
VI.2	Does the disclosure of information system provide complete, timely true and understandable information, thus allowing the possibility for making objective and informed decisions and evaluations?	yes			15%	15.0%
VI.3	Have the corporate managements established and do they control the compliance of the internal rules for preparation of the yearly and intermediate reports and the order for disclosure of information, in a way which guarantees equality of the recipients of the information and excludes abuse of internal information?	yes			10%	10.0%
VI.4	Does the company support a current corporate internet page?	yes			15%	15.0%
VI.5	Does the company disclose on its corporate internet page the entire information specified in Chapter 4, art.28 of the Codex?	yes			15%	15.0%
VI.6	Does the company support an English language version of its corporate internet page with the specified content in Chapter 4, art.28 of the Codex?	yes			10%	10.0%

VI.7	Does the company inform periodically, according to the requirements of the law and good international practice for disclosure of information of non-financial nature, about economical, social and ecological matters, relevant to the interested parties (for example: anti-corruption; working with staff, suppliers and customers; social responsibility of the company; preservation of the environment?)		yes		10%	5.0%
VI.8	Is ease of access provided to the shareholders regarding the accepted company policy for determining the remuneration and bonuses of the members of the board as well as to information regarding the yearly remuneration and additional stimuli received by them?		yes		15%	7.5%
					100%	88%

VII. Corporate management - engagement (incl. interested parties) 10%

VII.1	Has the company identified who are the interested parties relating its activities based on their degree and scope of influence, role and attitude to its sustainable development?	yes			33%	33.3%
VII.2	Do the corporate managements provide effective interaction with the interested parties?	yes			33%	33.3%
VII.3	Has the company developed specific rules for accounting the interest of interested parties, which rules would ensure their involvement when making decisions on specific matters that require their position?		yes		33%	16.7%
					100%	83%

Evaluation Map/Corporate Management in Bulgaria Evaluation Form

Method for evaluation of two-tier management companies

Criteria

Performance (1)			Standard rating (2)	Points (3) = (1) × (2) Standard rating
1	0.5	0		
yes	partial	no		

I. Board of Directors

10%

!	I.1	Do the structure and task allocation among the Board Members guarantee the effective activity of the company?				10%	0.0%
!	I.2	Do the management contracts, signed by the Board of Directors, identify their obligations and tasks, the criteria for the size of their remuneration, the loyalty obligations and the conditions for discharge?				18%	0.0%
!	I.3	Does the remuneration of the Board Members consist of basic pay and additional incentives?				18%	0.0%
!	I.4	Are the additional incentives of the Board Members specifically identified/identifiable?				18%	0.0%
!	I.5	Are the additional incentives of the Board Members bound by clear and specific criteria and indicators regarding the company performance and/or the achievement of previously identified targets by the Supervisory Board?				18%	0.0%
!	I.6	Do the shareholders have access to information regarding transactions between the company and the Board Members and its affiliates?				18%	0.0%
						100%	0%

II. Supervisory Board

10%

!	II.1	Are the number of independent members and the distribution of tasks among them regulated by the by-laws?				10%	0.0%
!	II.2	Are there particular requirements for any applicable knowledge and experience for the members of the Supervisory Board, relating to the position they occupy?				10%	0.0%
!	II.3	Are there particular requirements for compliance of the principles of continuity and sustainability of the work of the Supervisory Board when choosing its members?				10%	0.0%
!	II.4	Does at least one Supervisory Board member have financial competence?				10%	0.0%
!	II.5	Is there practice in place the new members of the Supervisory Board to be acquainted with the general legal and financial matters, regarding the activities of the company?				10%	0.0%
!	II.6	Is the training of the members of the Supervisory Board encouraged?				10%	0.0%
!	II.7	Is the number of companies in which the members of the Supervisory Board can hold management positions regulated by the By-laws??				10%	0.0%
!	II.8	Do the independent members of the Supervisory Board receive only basic pay without additional incentives?				5%	0.0%
!	II.9	Does the remuneration of the independent members of the Supervisory Board reflect their participation in meetings, the performance of their task to control the activities of the management and their effective participation in the activities of the company?				5%	0.0%
!	II.10	Does the company follow the principle of non-compensation of the members of the Supervisory Board by shares or options?				10%	0.0%
!	II.11	Do the shareholders have access to information regarding transactions between the company and the members of the Supervisory Board and its affiliates?				10%	0.0%
						100%	0%

III. Cooperation between the Management and Supervisory Boards

10%

! III.1	Are there internal company rules, governing the regular, timely and complete exchange of information between the Management and Supervisory Boards??				20%	0.0%
! III.2	Have the corporate managements affirmed the company policy regarding the disclosure of information and investor relations?				20%	0.0%
! III.3	Have the procedures for avoiding and disclosing conflicts of interest been regulated in the By-laws of the company?				20%	0.0%
! III.4	Are there particular requirements for the principles of continuity and sustainability of work of the Management at the time of appointment and dismissal of its members?				20%	0.0%
! III.5	Have the corporate managements accepted and do they observe a Code of Ethics?				20%	0.0%
					100%	0%

IV. Audit and internal control

20%

! IV.1	Does the company have in place a system for internal control which also identifies the risks, accompanying the activities of the company and would help for their effective management?				25%	0.0%
! IV.2	Does the internal control system guarantee the effective functioning of the systems for accountability and disclosure of information?				25%	0.0%
! IV.3	Is the corporate management assisted in its activities by an audit committee?				25%	0.0%
! IV.4	Is the principle of rotation applied when offering and choosing an external auditor?				25%	0.0%
					100%	0%

V. Protection of Shareholder Rights

20%

! V.1	Are all shareholders, including minority and foreign ones, treated equally?				15%	0.0%
! V.2	Have the corporate managements developed rules for organizing and conducting regular and extraordinary General Meetings of the shareholders of the company which guarantee the equal treatment of all shareholders and the right of each shareholder to express their opinion regarding the articles of the agenda of the General Meeting?				10%	0.0%
! V.3	Do the corporate managements organise the procedures and order for conducting the General Meeting of the shareholders in a way which does not burden or increase the price of voting unnecessarily?				10%	0.0%
! V.4	Do the corporate managements take action to encourage the participation of shareholders in the General Meeting?				10%	0.0%
! V.5	Are all propositions regarding major corporate events (including profit allocation propositions) presented in the documentation as separate points of the agenda of the General Meeting?				10%	0.0%
! V.6	Does the company have on its web page a special section regarding the rights of the shareholders and their participation in the General Meeting?				10%	0.0%
! V.7	Is there a mechanism in place to assist shareholders, authorized by the court, for including additional questions in the agenda of the General Meeting?				10%	0.0%
! V.8	Are the shareholders informed about the results of the General Meeting via internet and in the appropriate timeframe?				15%	0.0%
! V.9	Are all members of the corporate managements present in the General Meeting of the shareholders.				10%	0.0%
					100%	0%

VI. Disclosure of information

20%

! VI.1	Does the system for disclosure of information guarantee equality of the recipients of the information (shareholders, interested parties, investment community) and does it exclude the abuse of internal information?				10%	0.0%
! VI.2	Does the disclosure of information system provide complete, timely true and understandable information, thus allowing the possibility for making objective and informed decisions and evaluations?				15%	0.0%

! VI.3	Have the corporate managements established and do they control the compliance of the internal rules for preparation of the yearly and intermediate reports and the order for disclosure of information, in a way which guarantees equality of the recipients of the information and excludes abuse of internal information?				10%	0.0%
! VI.4	Does the company support a current corporate internet page?				15%	0.0%
! VI.5	Does the company disclose on its corporate internet page the entire information specified in Chapter 4, art.28 of the Codex?				15%	0.0%
! VI.6	Does the company support an English language version of its corporate internet page with the specified content in Chapter 4, art.28 of the Codex?				10%	0.0%
! VI.7	Does the company inform periodically, according to the requirements of the law and good international practice for disclosure of information of non-financial nature, about economical, social and ecological matters, relevant to the interested parties (for example: anti-corruption; working with staff, suppliers and customers; social responsibility of the company; preservation of the environment)?				10%	0.0%
! VI.8	Is ease of access provided to the shareholders regarding the accepted company policy for determining the remuneration and bonuses of the members of the board as well as to information regarding the yearly remuneration and additional stimuli received by them?				15%	0.0%
					100%	0%

VII. Corporate management - engagement (incl. interested parties)

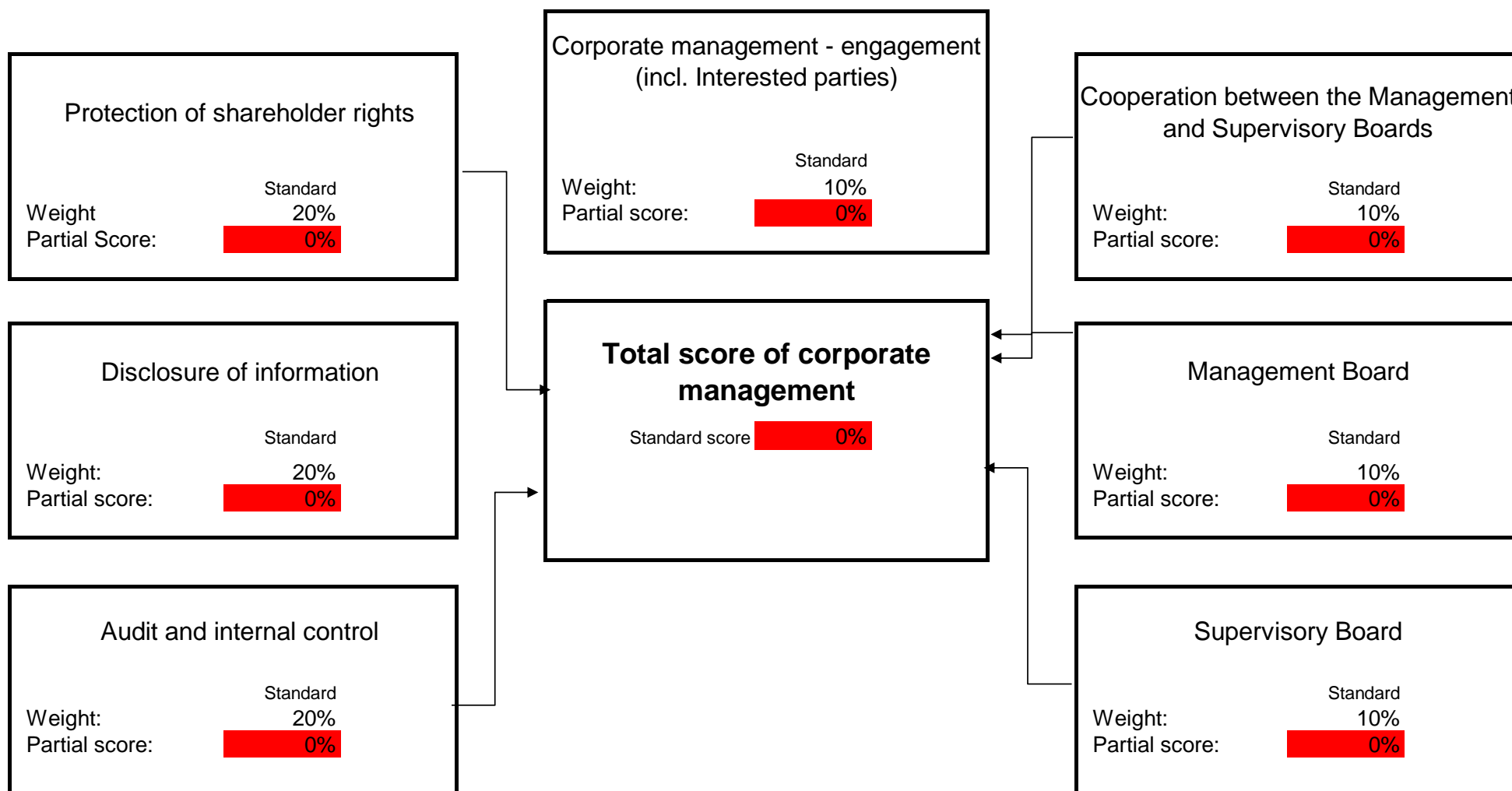
10%

! VII.1	Has the company identified who are the interested parties relating its activities based on their degree and scope of influence, role and attitude to its sustainable development?				33%	0.0%
! VII.2	Do the corporate managements provide effective interaction with the interested parties?				33%	0.0%
! VII.3	Has the company developed specific rules for accounting the interest of interested parties, which rules would ensure their involvement when making decisions on specific matters that require their position?				33%	0.0%
					100%	0%

Scorecard for Corporate Governance of Bulgaria[©]

Evaluation Map/Corporate Management in Bulgaria Evaluation Form

Summarized results about the two-tier management companies



Scorecard for Corporate Governance of Bulgaria ©

Summarized results about the one-tier management companies

