

ORDINANCE No. 48 of 20.03.2013 on the requirements to the remuneration

Promulgated – SG No. 32/02.04.2013 amended and supplemented SG No. 41/21.05.2019; amended SG No. 66/20.08.2019 amended and supplemented SG No. 61/10.07.2020; amended SG No. 60/20.07.2021, amended and supplemented SG No. 64/03.08.2021

Adopted by Decision No. 140-H of 20.03.2013 of the Financial Supervision Commission

Section I

General provisions

Art. 1. (Amended – SG No. 41/2019; amended and supplemented, SG No. 61/2020) (1) (Amended - SG No. 41/2019; amended SG No. 61/2020) The ordinance defines the principles and requirements for the policy and practice for determining and paying remuneration in insurers, reinsurers, supplementary social insurance undertakings, which have received a license to operate in accordance with the Insurance Code and the Social Insurance Code.

(2) (new - SG No. 61/2020) The ordinance defines the principles and requirements for the policy and practice for determining and paying remuneration in management undertakings that have received a license to operate in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

(3) (Previous para. 2, amended - SG No. 61/2020) The ordinance defines the principles and requirements for the policy and practice for determining and paying remuneration to members of the management and control bodies of public undertakings.

(4) (new - SG No. 61/2020) Public undertakings that are credit institutions, investment firms, insurers, reinsurers, supplementary social insurance undertakings and management undertakings, in addition to the sectoral requirements regarding the policy and practice for determining and paying the remuneration of the members of their management and control bodies apply the requirements of section III accordingly. The first sentence does not apply in the event of a conflict between the sectoral requirements and the requirements of Section III.

Section II

Remuneration policy in insurers, reinsurers, supplementary social insurance undertakings, management undertakings (Title amended - SG No. 61 /2020)

Art. 2. (Amended and supplemented - SG No. 41/2019; amended SG No. 61/2020; amended SG No. 60/2021; amended and supplemented, SG No. 64/2021) (1) The persons under Art. 1, para. 1 adopt and implement a policy that covers all forms of remuneration, such as salaries and other financial and/or material incentives, including benefits related to voluntary pension and/or health insurance, for the following categories of personnel:

1. employees in managerial positions;
2. employees whose activity is related to taking risks;
- 3 the responsible actuary and the actuaries;
4. employees performing control functions;
5. (amended - SG No. 41/2019; amended SG No. 61/2020; amended SG No. 60/2021) all other employees whose remuneration is commensurate with the remuneration of employees under items 1 and 2 and whose activities have an impact on the risk profile of an entity under Art. 1, para. 1, and in the case of supplementary social insurance undertakings - also on the

risk profile of the funds managed by them.

(2) (new - SG No. 41/2019) The remuneration policies of supplementary social insurance undertakings also cover:

1. the persons who perform the functions under Art. 123e, para. 7, items 1 and 3 of the Social Insurance Code;

2. the employees whose professional activities have a significant impact on the risk profile of the undertakings and the funds managed by them.

(3) (new - SG No. 64/2021) Employees performing control functions in the insurer, respectively in the reinsurer, within the meaning of para. 1, item 4, are the persons who manage the functions under Art. 78, para. 1, items 1 - 3 of the Insurance Code, and the employees in the units that perform these functions. The remuneration policy of the insurer, respectively the reinsurer, determines the positions of the employees that may have a significant impact on the risk profile of the undertaking under para. 1, item 5, or contains a methodology for their determination.

(4) (Previous para. 2 - SG No. 41/2019; previous para. 3, SG No. 64/2021) The remuneration policy is developed by the management or control bodies in cooperation with the internal control service and, where appropriate, with experts in the field of human resources who possess the necessary qualifications and functional independence in order to ensure an objective assessment on the appropriateness of the remuneration policy, including the implications for risk and risk management.

Art. 3. (Amended and supplemented - SG No. 41/2019; amended and supplemented, SG No. 61 /2020) (1) (Amended - SG No. 41/2019; amended SG No. 61/2020) The supervisory board or the board of directors, respectively the control board, of the entity under Art. 1, para. 1 adopts the remuneration policy and is responsible for its implementation and periodic review.

(2) The implementation of the remuneration policy is subject to periodic and independent internal review at least once a year by or with the participation of the specialized internal control service.

(3) (Amended - SG No. 41/2019; amended SG No. 61/2020) The remuneration policy shall be clear and documented and available to the persons under Art. 2, para. 1 and 2 to which it refers.

(4) (new - SG No. 41/2019) Insurers and reinsurers ensure that all their employees are familiar with the remuneration policy.

Art. 4. (Amended and supplemented - SG No. 41/2019; amended and supplemented, SG No. 64/2021) (1) The remuneration policy shall:

1. promote prudent and effective risk management and not encourage taking risk above the acceptable level;

2. be consistent with the undertaking's business strategy (activity programs, rules and policies), goals, values and long-term interests;

3. provide for measures to avoid conflict of interests;

4. (amended - SG No. 41/2019) be consistent with the principles and good practices for protecting the interests of users of insurance services, clients of management undertakings and investors in collective investment schemes, respectively.

(2) (new - SG No. 41/2019) The remuneration policy of supplementary social insurance undertakings shall meet the requirements under para. 1, items 1 - 3 and shall correspond to

the results of the activity, financial stability and risk profiles of the undertaking and the funds managed by it and with the long-term interests of the insured persons and pensioners.

(3) (new - SG issue 64/2021) The remuneration policy of insurers and reinsurers shall meet the requirements under para. 1, items 1 - 4, and within the meaning of item 1, the “acceptable level” is determined according to the risk management policies and the risk-taking limits provided in them, including in relations with service providers. The remuneration policy cannot jeopardize the ability of the insurer, respectively the reinsurer, to maintain the required own funds.

(4) (new - SG No. 64/2021) The insurer, respectively the reinsurer, guarantees that the measures to avoid conflict of interests under para. 1, item 3 cover at least:

1. the persons who develop the remuneration policy, who approve or revise it, as well as who prepare, conclude or revise agreements regarding remuneration;
2. the persons who conclude or write insurance or reinsurance contracts, which may significantly affect the risk profile of the insurer or reinsurer;
3. asset managers.

(5) (Previous para. 2 - SG No. 41/2019; previous para. 3, SG No. 64/2021) The remuneration policy is updated according to changes in the market and the financial situation of the entity under Art. 1, para. 1.

Art. 4a. (New - SG No. 64/2021) (1) The insurer, respectively the reinsurer, which is a participating undertaking, the insurance holding undertaking or the mixed-activity financial holding undertaking, shall adopt a remuneration policy for the entire group, and the policy shall reflect the complexity and structure of the group with the aim of uniform and consistent application across the group in line with the group's risk management strategies. The policy applies to all individuals at group level and to each individual entity.

(2) The insurer, respectively the reinsurer, which is a participating undertaking, the insurance holding or the mixed-activity financial holding, shall ensure that:

1. there is interconnected of the remuneration policies in the group and their compliance with the legal and regulatory requirements in relation to the undertakings that are part of it, and they are implemented correctly;
2. all undertakings of the group comply with the legal and regulatory requirements regarding remuneration;
3. conditions have been created for the management of significant risks at the group level, related to the implementation of the remuneration policy in the group.

Art. 5. (Amended - SG No. 41/2019; amended SG No. 61/2020) (1) The entities under Art. 1, para. 1 may pay both fixed and variable remuneration, with the remuneration policy specifying the appropriate ratio between fixed and variable remuneration depending on the staff category and a maximum upper limit of variable remuneration for each staff category.

(2) (Amended - SG No. 61/2020) The fixed remuneration shall represent a sufficiently large proportion of the total amount of remuneration so as to allow the application of a flexible policy on the variable remuneration, including the possibility of not being paid, in cases where any of the following circumstances exist:

1. criteria and indicators defined in advance in the remuneration policy have not been met;
2. there is a significant deterioration of the financial status of the entity under Art. 1, para. 1, especially in cases where the termination of the activity can be expected as a result;

3. extraordinary circumstances have occurred, leading to a significant risk for the financial stability or other long-term interests of the entity under Art. 1, para. 1.

(3) (Amended - SG No. 41/2019) When, within one year, a person under Art. 2, para. 1 and 2 is paid a variable remuneration in the amount of more than a third of the gross annual remuneration, no less than 40% of the variable remuneration is deferred for a period of minimum duration of three years depending on the economic cycle, the nature of the activity of the entity under Art.1, para. 1 and the resulting risks, as well as from the position of the respective employee.

(4) (Amended - SG No. 41/2019) The remuneration policy provides that persons under Art. 2, para. 1 and 2 shall return in whole or in part a granted variable remuneration paid on the basis of data which subsequently proved to be incorrect or misleading. The contracts of the persons under Art. 2, para. 1 and 2 shall include clauses to ensure the return of variable remuneration.

(5) The provision of deferred variable remuneration is carried out proportionally or through a gradual increase during the period of deferral. The deferred portion of the consideration may consist of shares, options, cash or other funds. The criteria for evaluating the future results to which the deferred part is tied shall allow its amount to be adjusted according to current and future risks.

(6) Benefits related to early termination of a contract shall reflect the results achieved over time by the relevant persons and be determined so as not to reward failure.

Art. 6. (Amended - SG No. 41/2019; amended SG No. 61/2020; amended SG No. 60/2021; supplemented SG No. 64/2021) (1) (Amended - SG No. 41/2019; amended SG No. 61/2020; amended SG No. 60/2021) The variable remuneration is tied to performance through a combination of the employee's evaluations, the relevant structural unit and the entity under Art. 1, para. 1, and for supplementary social insurance undertakings - and the funds managed by them.

(2) (Supplemented - SG No. 64/2021) The employee's performance evaluation is based on financial and non-financial indicators, and in the case of an employee of an insurer, respectively of a reinsurer - on compliance with risk management rules and the regulations and internal acts of the insurer, respectively to the reinsurer.

(3) The evaluations under para. 1 cover a period of several years, so that the process is based on the long-term performance of the activity and the payment of the variable remuneration is distributed over a period taking into account the economic cycle and the risks taken by the entity under Art. 1, para. 1.

(4) The performance evaluations used in the formation of the variable remunerations and their distribution shall take into account all current and future risks, the cost of capital and the necessary liquidity.

Art. 7. (1) The head and employees of the specialized internal control service and other employees performing control functions:

1. have appropriate powers and are independent of the structural units over which they exercise control;

2. receive their remuneration according to the degree of achievement of the objectives related to these functions, regardless of the results of the controlled structural units.

(2) The responsible actuary and the actuaries shall receive remuneration in a manner consistent with their role and contribution, and not depending on the results of the relevant supplementary social insurance undertaking, insurer or reinsurer.

(3) Compliance with the remuneration policy in relation to the persons under para. 1 and 2 is directly monitored by the remuneration committee, and when there isn't one - by the supervisory board, the independent members of the board of directors or the control board.

Art. 8. (Amended - SG No. 41/2019) (1) (Amended - SG No. 41/2019) Any entity under Art. 1, para. 1 creates a procedure for notifying employees under Art. 2, para. 1 and 2 regarding the remuneration policy in the part that applies to them. Where necessary, clauses are included in the contracts of these employees to ensure the implementation of the remuneration policy.

(2) (Amended - SG No. 41/2019) The evaluation criteria and procedures and changes to them are drawn up in writing and brought to the knowledge of the relevant persons under Art. 2, para. 1 and 2 upon taking up the relevant position and upon any subsequent change.

Art. 9. (Amended - SG No. 41/2019; amended SG No. 61/2020) (1) (Amended - SG No. 41/2019; amended SG No. 61/2020) The entities under Art. 1, para. 1 disclose information about the remuneration policy and any subsequent change in it in a clear and accessible manner, not disclosing the information that constitutes a secret protected by law.

(2) Disclosure of information under para. 1 may be in the form of an independent statement, periodic disclosure in the annual financial statements or in another appropriate form.

(3) Information regarding:

1. the decision-making process used to determine the remuneration policy, including, if applicable, information regarding the composition and term of the remuneration committee, the name of the external consultant whose services were used to determine the remuneration policy, and the role of relevant stakeholders;

2. the relationship between pay and performance;

3. the criteria used to measure performance and account for risk;

4. the performance criteria on which the right to receive shares, options and variable elements of remuneration is based;

5. the main parameters and justification of the scheme for possible annual cash bonuses and other benefits other than cash.

Art. 10. (Amended - SG No. 61/2020) Management undertakings that have received a license to carry out activities in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investments Act shall apply Art. 2, para. 3, Art. 3, para. 3, Art. 4, para. 1, item 4, Art. 5, para. 1 - 5, Art. 6, para. 4, Art. 7, para. 3 and Art. 8 - 10.

Section III

Policy on the remuneration of members of the management and control bodies of public undertakings

Art. 11. (Amended and supplemented - SG No. 61/2020) (1) (Amended and supplemented, - SG No. 61/2020) The public undertaking adopts and implements a policy on the remuneration of the members of the undertaking's management and control bodies according to Art. 116c, para. 1 of the Public Offering of Securities Act (POSA). The public undertaking pays remuneration only in accordance with the remuneration policy adopted by the general meeting.

(2) The remuneration policy is developed by the supervisory board, respectively by the board of directors of the public undertaking with the assistance of the remuneration committee, when one is established.

(3) (Amended - SG No. 61/2020) Proposals for adopting a remuneration policy, for amendments and/or additions to it or for its revision are included as an independent item in the agenda of the general meeting of the public undertaking, announced in the invitation under Art. 115, para. 2 of the POSA, and are adopted by the general meeting of shareholders.

(4) (new - SG No. 61/2020) The public undertaking revises the remuneration policy at least once every 4 years, as well as when significant amendments and/or additions to it are necessary or this is necessary to achieve the objectives under para. 8.

(5) (new - SG No. 61/2020) Until the adoption of a remuneration policy or when the general meeting does not adopt the proposed policy, the public undertaking shall pay remuneration to the members of its management and control bodies in accordance with its existing practice. In these cases, the management board of the public undertaking is obliged to present a policy, or a revised policy, for adoption at the next general meeting.

(6) (new - SG No. 61/2020) When there is an adopted remuneration policy and the general meeting does not accept the proposed amendments and/or additions to it, respectively the proposed new policy, the public undertaking continues to pay remuneration to the members of its management and control bodies in accordance with the adopted policy. In these cases, the management board of the public undertaking is obliged to present revised amendments and/or additions to it, respectively a revised new policy, for adoption at the next general meeting.

(7) (Previous para. 4, amended - SG No. 61/2020) The public undertaking is obliged to disclose its remuneration policy and any subsequent change to it, without disclosing sensitive commercial information or other information constituting a secret protected by law. The adopted remuneration policy, with the date of adoption and date of its entry into force and the results of the voting at the general meeting, is published immediately on the undertaking's website and is available free of charge at least as long as it is in force.

(8) (new - SG No. 61/2020) The remuneration policy should:

1. contribute to the fulfillment of business goals and be consistent with the long-term interests and stability of the undertaking;

2. contain information on how the undertaking will achieve the goals under item 1;

3. be clear and comprehensible, describe the components of fixed and variable remuneration, including all bonuses and all other benefits in any form that may be provided to the members of the management and control bodies of the undertaking, and to indicate their relative share.

(9) (new - SG No. 61/2020) The remuneration policy describes how the remuneration and working conditions of the undertaking's employees are taken into account when developing the remuneration policy for the members of the undertaking's management and control bodies.

(10) (new - SG No. 61/2020) The remuneration policy shall include information on the terms for deferring the payment of the variable remuneration, including the conditions under which the undertaking may request the return of paid variable remuneration.

(11) (new - SG No. 61/2020) When share-based remuneration is envisaged, the remuneration policy shall contain a description of the manner in which the share-based remuneration contributes to the achievement of the objectives under para. 8, the period for acquiring the rights and, when applicable, the conditions for keeping the shares after their acquisition.

(12) (new - SG No. 61/2020) The remuneration policy shall include a description of the decision-making process used to define, review and implement it, including measures to

prevent or manage conflicts of interest and, where applicable, the role of the remuneration committee or of other committees in the undertaking. In the case of amendments and/or additions to the remuneration policy, a description and explanation of the significant changes and the manner in which the results of the voting at the general meeting, the opinions of shareholders and the minutes of the general meetings at which it was considered and voted on were taken into account are included in its remuneration policy.

(13) (new - SG No. 61/2020) The remuneration policy may specify exceptional circumstances in which the undertaking may temporarily opt not to apply part of the policy. The exceptional circumstances under the first sentence are circumstances in which choosing not to apply part of the policy is necessary and related to the long-term interests and sustainability of the public undertaking or its viability. In the case of the first sentence, the remuneration policy provides under which procedural conditions and which of its components may temporarily not be applied.

Art. 12. (Amended and supplemented - SG No. 61/2020) (1) (Supplemented - SG No. 61/2020) The public undertaking shall disclose to its shareholders the manner in which it implements the remuneration policy in a policy implementation report, which is a separate document to the annual financial statement on the undertaking's activities.

(2) (Supplemented - SG No. 61/2020) The report under para. 1 contains a program of implementation of the remuneration policy for the next financial year or for a longer period, an overview of the manner in which the remuneration policy has been implemented during the year, including all benefits in any form that have been granted or payable to current and former members of the management or control body, with an emphasis on the significant changes adopted in it, compared to the previous financial year.

(3) (new - SG No. 61/2020) Any shareholder or their representative participating in the regular general meeting may make suggestions on the report under para. 1. In case suggestions are made, the undertaking indicates in the next report under para. 1 how the recommendations have been taken into account.

(4) (Previous para. 3, amended - SG No. 61/2020) After holding the general meeting at which the annual financial statement was approved, the public undertaking publishes the report under para. 1 on its website, which is available free of charge for a period of 10 years. The public undertaking may decide to make the report available to the public after the period under the first sentence, provided that the personal data of the members of the management and control bodies of the undertaking are deleted.

(5) (new - SG No. 61/2020) After the expiration of the term under para. 4, sentence one, the personal data of the members of the management and control bodies of the undertaking contained in the report under para. 1, cannot be disclosed, unless a longer term is provided by law.

(6) (new - SG No. 61/2020) The public undertaking does not include in the report under para. 1 special categories of personal data of the members of the management and control bodies of the undertaking within the meaning of Art. 9, paragraph 1 of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ, L 119/1 of May 4, 2016) or personal data regarding the marital status of these persons. The undertaking processes the personal data of the persons included in the report under para. 1, with the aim of increasing corporate transparency regarding their remuneration and with a view to increasing the accountability of these persons and the supervision of their remuneration by

the shareholders.

Art. 13. (Amended and supplemented - SG No. 61/2020) The report under Art. 12, para. 1 shall contain at least:

1. information about the decision-making process used to determine the remuneration policy, including, if applicable, information regarding the term and composition of the remuneration committee, the names of the external consultants whose services were used to determine the remuneration policy;
2. information on the relative weight of the variable and fixed remuneration of the members of the management and control bodies;
3. information about the performance criteria based on which options on shares, shares of the undertaking or other type of variable remuneration are granted and an explanation of how the criteria under Art. 14, para. 2 and 3 contribute to the long-term interests of the undertaking;
4. explanation of the applied methods for assessing whether the performance criteria have been met;
5. explanation regarding the dependence between pay and performance;
6. the main payments and justification of the annual bonus payment scheme and/or all other non-monetary additional benefits;
7. (amended - SG No. 61/2020) a description of the main features of the supplementary voluntary pension insurance scheme and information on the contributions paid and/or payable by the undertaking in favor of the relevant member of the management or control body for the relevant financial year, when applicable;
8. information on the periods of deferral of the payment of variable remuneration;
9. information on the policy for compensation upon termination of contracts;
10. information on the period during which the shares cannot be transferred and the stock options cannot be exercised, in the case of variable remuneration based on shares;
11. information on the policy for keeping a certain number of shares until the end of the mandate of the members of the management and control bodies after the expiration of the period under item 10;
12. information about the contracts of the members of the management and control bodies, including the term of each contract, the term of the notice of termination and details about the benefits and/or other payments due in the event of early termination;
13. the full amount of the remuneration and other material incentives of the members of the management and control bodies for the respective financial year;
14. information on the remuneration of any person who was a member of a management or control body in a public undertaking for a certain period during the respective financial year:
 - a) the full amount of the paid and/or accrued remuneration of the person for the respective financial year;
 - b) the remuneration and other tangible and intangible incentives received by the person from undertakings of the same group;
 - c) remuneration received by the person in the form of distribution of profit and/or bonuses and the grounds for their provision;
 - d) all additional payments for services provided by the person outside of their usual

functions, when such payments are permissible according to their contract;

e) the compensation paid and/or accrued in connection with the termination of their functions during the last financial year;

f) general assessment of all non-monetary benefits, equated to remuneration, other than those specified in letters "a" - "e";

g) information on all loans granted, social welfare payments and guarantees by the undertaking or by its subsidiaries or other undertakings that are subject to consolidation in its annual financial statement, including data on the remaining unpaid part and interest;

15. information regarding shares and/or share options and/or other share-based incentive schemes:

a) number of offered options on shares or granted shares by the undertaking during the relevant financial year and the conditions under which they were offered, respectively granted;

b) number of exercised options on shares during the relevant financial year and for each of them, number of shares and the option exercise price or the value of the interest under the share-based incentive scheme at the end of the financial year;

c) number of unexercised options on shares at the end of the financial year, including data on their price and date of exercise and essential conditions for exercising the rights;

d) any changes to the terms and conditions of existing share options granted during the financial year.

16. (new - SG No. 61/2020) annual change in the remuneration, the results of the undertaking and the average amount of remuneration on a full-time basis of the employees of the undertaking who are not directors, during at least the previous five financial years, presented together in a way that allows juxtaposition;

17. (new - SG No. 61/2020) information on exercising the option to demand the return of the variable remuneration;

18. (new - SG No. 61/2020) information on all deviations from the procedure for implementing the remuneration policy in connection with exceptional circumstances under Art. 11, para. 13, including an explanation of the nature of the exceptional circumstances and an indication of the specific components that have not been implemented.

Art. 14. (1) The public undertaking may pay the members of the management and control bodies both fixed and variable remuneration.

(2) The payment of variable remuneration is carried out in accordance with objective and measurable criteria for achieved results, previously determined by the undertaking in the remuneration policy.

(3) The performance-related criteria should promote the stability of the undertaking in the long term and include non-financial indicators that are important for the long-term activity of the undertaking, such as compliance with the applicable rules and procedures.

(4) The fixed remuneration shall represent a sufficiently large proportion of the total amount of remuneration so as to allow the application of a flexible policy by the undertaking for the variable remuneration, including the possibility of not being paid if the performance criteria are not met, well as when there is significant deterioration of the undertaking's financial position.

Art. 15. (1) In order to achieve stable financial results, the payment of not less than 40% of the variable remuneration is deferred for a period of time specified in the remuneration policy, but not shorter than 3 years. The undertaking shall determine the payment of what part of the variable remuneration to defer depending on the relative weight of the variable remuneration compared to the fixed one.

(2) The payment of the deferred part of the variable remuneration is carried out proportionally or through a gradual increase during the deferral period. The undertaking has the right to adjust its amount according to the actually achieved results, of which it should notify the affected person in a timely manner.

Art. 16. (Amended and supplemented - SG No. 61/2020) (1) The contract with a member of the management board, respectively with an executive member of the board of directors, of a public undertaking shall include provisions that allow the undertaking to demand the return of variable remuneration granted on the basis of data, which subsequently proved to be false. The decision to return the variable remuneration is made by the general meeting of shareholders, which determines the conditions and term for return, if they are not specified in the contract.

(2) (Amended and supplemented - SG No. 61/2020) The Remuneration Policy governs the conditions and the maximum amount of any benefits upon termination of the contract with a member of the management or control body, in connection with the early termination of the contract, payments related to the notice period or provided for in the clause prohibiting the performance of a competitive activity, as well as the main characteristics of the supplementary voluntary pension insurance scheme, when applicable.

(3) The total amount of benefits under para. 2 should not exceed the amount of the annual permanent remuneration paid to the person for 2 years.

(4) The remuneration policy should explicitly provide that benefits under para. 2 are not due if the termination of the contract is due to unsatisfactory results and/or culpable behavior of the member of the management board, respectively the executive director.

Art. 17. (1) When public undertakings provide variable remuneration in the form of shares, the shares shall vest to the members of the management and control body over no earlier than three years after the date of decision on their provision. Stock options and all other rights to acquire shares or to receive remuneration based on changes in share prices are not exercisable for at least three years after they are granted.

(2) The transfer of shares and the right to exercise options on shares or other types of rights to acquire shares or to receive remuneration depending on changes in share prices shall depend on predetermined and measurable performance criteria.

(3) The remuneration of the members of the supervisory board, respectively the members of the board of directors who are not executive members, cannot include stock options.

Art. 18. (Amended and supplemented - SG No. 61/2020) (1) The decision to grant the members of the management and control bodies remuneration in the form of shares of the undertaking, options on shares or other rights to acquire shares or remuneration based on changes in the price of the shares of the undertaking, shall be approved in advance by the general meeting of shareholders. The approval of the general meeting shall be for the specific scheme for granting share-based remuneration that the undertaking will provide to the members of the management and control bodies without the need for approval for the remuneration of each member of the management or control body.

(2) Approval under para. 1 is required for the following:

1. (amended - SG No. 61/2020) grant of rewards based on undertaking shares, including stock options;
2. the determination of the maximum number of shares subject to such rewards and the procedure for their provision;
3. the period in which the options can be exercised;
4. the conditions for any subsequent change in the option exercise price, if such a change is possible and permissible;
5. other long-term forms of incentives that are acceptable to the members of the management and control bodies and are not applied under similar conditions to the other employees of the undertaking.

6. (new - SG No. 61/2020) the period for acquiring the rights and, when applicable, the conditions for keeping the shares after their acquisition.

(3) The general meeting of shareholders shall determine the period in which the members of the management and control bodies of the undertaking can be granted share-based remuneration.

(4) Any significant change in the terms and conditions of the share-based remuneration scheme shall be approved in advance by a decision of the undertaking's general meeting of shareholders, which is provided with information about all the conditions of the proposed change, including the effect thereof.

(5) A public undertaking without prior approval from the general meeting of shareholders may not grant the members of the management and control bodies an option to subscribe shares at a price lower than the market price of the shares on the date the price is determined, or at an average price for a certain number of days preceding the date on which the price to exercise the option is determined, if the granting of such options is permissible by law or under the articles of association of the undertaking.

(6) Paragraphs 1 - 4 do not apply in relation to remuneration schemes approved by the general meeting of shareholders, in which the employees of the undertaking or the employees of its subsidiary participate under similar conditions.

Art. 19. (1) The materials for the general meeting of shareholders in connection with the decision under Art. 18, para. 1 shall contain:

1. a full description of the scheme for providing remuneration based on shares of the undertaking and the names of the persons who will participate in it, as well as its application within the framework of the remuneration policy;
2. the manner in which the undertaking will secure the shares it undertakes to provide to the members of the management and control bodies, explicitly indicating whether the undertaking will buy them, whether it will own them, or whether it will issue new shares;
3. a review of the undertaking's costs of granting share-based remuneration.

(2) The decision of the general meeting of shareholders under Art. 18, para. 1 shall contain a full description of the undertaking's share-based remuneration scheme.

Art. 20. (1) The public undertaking may establish a remuneration committee, whose members are elected by the general meeting of shareholders from among the members of the undertaking's supervisory board, respectively the board of directors, if they are not executive members.

(2) The remuneration committee consists of at least three persons, and at least half of the members of the remuneration committee shall be independent within the meaning of Art. 116a, para. 2 of the Public Offering of Securities Act.

(3) At least one member of the remuneration committee shall have knowledge and experience in the field of remuneration policy.

Art. 21. (Amended - SG No. 61/2020) (1) (Amended - SG No. 61/2020) The Remuneration Committee, when there is one, shall:

1. prepare and propose to the supervisory board, respectively the board of directors, for approval:

a) the remuneration policy of the members of the management board, respectively of the executive directors of the board of directors, which should cover all forms of benefits, including fixed remuneration, schemes for remuneration and payments regarding the termination of their contracts;

b) the individual remuneration of the members of the management board, respectively of the executive directors of the board of directors, in accordance with the remuneration policy of the undertaking and the performance evaluation of the executive director;

2. make suggestions to the management board, respectively to the executive directors from the board of directors, when determining the remuneration of employees in other management positions in the administration of the public undertaking;

3. monitor the level and structure of the remuneration of employees in other management positions in the administration of the public undertaking based on information provided by the management board, respectively by the executive directors of the board of directors.

(2) In performing its functions, the remuneration committee may use the services of a consultant in order to obtain information on market standards for remuneration systems.

(3) When the public undertaking does not establish a remuneration committee, the authority that develops the remuneration policy applies para. 1 and 2 and Art. 22.

Art. 22. (Amended - SG No. 61/2020) (1) (Amended - SG No. 61/2020) The Remuneration Committee, when established, shall review at least annually the remuneration policy of the members of the management board, respectively the executive directors of the board of directors, including the policy regarding share-based remuneration and its application.

(2) The Remuneration Committee shall exercise its functions independently and in good faith.

(3) In order to ensure the receipt of objective consultations, the remuneration committee may use the services of a consultant who is not engaged in providing consultations to the human resources department or the members of the management board, respectively to the executive directors of the undertaking's board of directors. The consultant's remuneration cannot exceed 70 percent of the remuneration of a member of the management board, respectively of an executive member of the undertaking's board of directors.

(4) In carrying out its functions, the remuneration committee should ensure that the remuneration of each member of the management board, respectively of each executive member of the board of directors, is fairly determined in relation to the remuneration of the other members of the management board, respectively executive directors of the board of directors and other employees in managerial positions in the administration of the public undertaking.

(5) The Remuneration Committee is accountable for the exercise of its functions to the general meeting of shareholders and for this purpose its members should be allowed to attend the meeting after a decision of the general meeting.

Section IV

Administrative penal provision

Art. 23. (Amended - SG No. 41/2019; amended SG No. 61/2020) (1) (Amended - SG No. 41/2019) Insurers, reinsurers, their employees and the persons who manage and/or represent them, who commit or permit a violation of this ordinance, are punished according to Art. 644 of the Insurance Code.

(2) (Amended - SG No. 41/2019) Supplementary social insurance undertakings, their employees and the persons who manage and/or represent them, who commit or permit a violation of this ordinance, are punished according to Art. 351 of the Social Insurance Code.

(3) (Amended - SG No. 41/2019; amended SG No. 61/2020) The management undertaking or their employees and the persons who manage and/or represent them, who commit or permit a violation of this ordinance, are punished according to Art. 273 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

(4) Public undertakings and the persons who manage and/or represent them, who commit or permit a violation of this ordinance, are punished according to Art. 221 of the Public Offering of Securities Act.

(5) Violations of the provisions of the ordinance are established by acts drawn up by officials authorized by the relevant departmental Deputy Chairperson of the FSC.

(6) Penal decrees are issued by the relevant Deputy Chairperson of the FSC or by an official authorized by him.

(7) The detection of violations, the issuance, appeal and execution of the penal decrees are carried out according to the Administrative Violations and Penalties Act.

Supplementary provisions

§ 1. (Amended - SG No. 61/2020) Pursuant to this ordinance:

1. (Amended - SG No. 61/2020) "**Employees in managerial positions**" are the members of the management board, the supervisory board, the board of directors and the control board, as well as the other management positions in the administration, which are related to the implementation of the subject of activity of the entities under Article 1, paragraphs 1-3.

2. "**Variable remuneration**" is an element of total remuneration in the form of bonuses, bonuses, retirement benefits and other material incentives that are given based on performance evaluation criteria.

§ 2. (Sup. - SG No. 41/2019; amended SG No. 61/2020) The ordinance introduces:

1. Commission Recommendation 2009/384/EC of 30 April 2009 on remuneration policies in the financial services sector and EC Recommendation 2009/385/EC of April 30, 2009, supplementing Recommendation 2004/913/EC;

2. Recommendation 2005/162/EC regarding the regime for the remuneration of directors of undertakings whose securities are admitted to trading on a regulated market;

3. requirements of Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ, L 354/37 of 23 December 2016) ;

4. requirements of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC with regard to the promotion of long-term commitment of shareholders (OJ, L 132/1 of 20 May 2017).

Transitional and final provisions

§ 3. The Ordinance repeals Ordinance No. 43 of 2011 on requirements for remuneration in insurers, reinsurers and health insurance undertakings (SG No. 61/2011)

§ 4. The entities under Art. 1 shall bring their activities in line with this ordinance within six months of its entry into force.

§ 5. (Amended - SG No. 66/2019; supplemented SG No. 64 / 2021) The Ordinance is issued on the basis of Art. 77, para. 5 and in connection with Art. 265, para. 1 of the Insurance Code, Art. 123o, para. 2 of the Social Insurance Code, Art. 33 and Art. 108, para. 10 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act, Art. 116c, para. 1 of the Public Offering of Securities Act and was adopted by Decision No. 140-H of March 20, 2013 of the Financial Supervision Commission.

For the Chairperson: Angel Dzhalezov

Provisions to the Ordinance amending and supplementing Ordinance No. 46 of 2012 on the order and manner of payment of compensation from the Investor Compensation Fund (SG No. 66 / 20.08.2019)

§ 9. In § 5 of the transitional and final provisions of Ordinance No. 48 of 2013 on requirements for remuneration (promulgated, SG No. 32/2013; amended and supplemented, issue 41 / 2019) the words "Art. 57, para. 4 of the Insurance Code, Art. 123o, para. 2 of the Social Insurance Code, Art. 33 and Art. 108, para. 2 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act" are replaced by "Art. 77, para. 5 of the Insurance Code, Art. 123o, para. 2 of the Social Insurance Code, Art. 33 and Art. 108, para. 10 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act."

Transitional and final provisions to Ordinance to amend and supplement Ordinance No. 48 of 2013 on the remuneration requirements (SG No. 61/10.07.2020)

§ 20. The entities under Art. 1 bring their remuneration policies in line with the requirements of this ordinance by September 30, 2020.

§ 21. The public undertakings under Art. 1, para. 3 and 4 prepare the remuneration policy implementation reports to their annual financial statements for 2020 in accordance with the requirements of this ordinance.

Transitional and final provisions to ORDINANCE No. 70

from 29.06.2021 for the requirements to the payment funds (SG No. 60/20.07.2021)

§ 7. In Ordinance No. 48 of 20.03.2013 on the requirements for remuneration (promulgated, SG No. 32/2013; amended and supplemented, SG No. 41/2019; amended SG No. 66/2019; amended and supplemented, SG No. 61/2020) the following amendments are made:

1. In Art. 2, para. 1, item 5 the words "supplementary social insurance funds" are replaced by "funds".

2. In Art. 6, para. 1 the words "supplementary social insurance funds" are replaced by "funds".

Transitional and final provisions to ORDINANCE No. 71 of 22.07.2021 on the

requirements for the governance system of insurers and reinsurers (SG No. 64/03.08.2021)

§ 8. In Ordinance No. 48 of 20.03.2013 on the requirements for remuneration (promulgated, SG No. 32 /2013; amended and supplemented, SG No. 41 and 41 /2019 and issue 61 / 2020) the following amendments and additions are made:

1. In Art. 2:

a) a new paragraph 3 is created:

“(3) Employees performing control functions in the insurer, respectively in the reinsurer, within the meaning of para. 1, item 4, are the persons who manage the functions under Art. 78, para. 1, items 1 - 3 of the Insurance Code, and the employees in the units that perform these functions. The remuneration policy of the insurer, respectively the reinsurer, determines the positions of the employees that may have a significant impact on the risk profile of the undertaking under para. 1, item 5, or contains a methodology for their determination;

b) the previous para. 3 becomes para. 4.

2. In Art. 4:

a) a new paragraph 3 is created:

“(3) The remuneration policy of insurers and reinsurers shall meet the requirements under para. 1, items 1 - 4, and within the meaning of item 1, the “acceptable level” is determined according to the risk management policies and the risk-taking limits provided for in them, including in relations with service providers. The remuneration policy cannot jeopardize the ability of the insurer, respectively the reinsurer, to maintain the required own funds.;

b) the previous para. 3 becomes para; 5.

a) a paragraph 4 is created:

“(4) The insurer, respectively the reinsurer, guarantees that the measures to avoid conflict of interests under para. 1, item 3 cover at least:

1. the persons who develop the remuneration policy, who approve or revise it, as well as who prepare, conclude or revise agreements regarding remuneration;
2. the persons who conclude or write insurance or reinsurance contracts, which may significantly affect the risk profile of the insurer or reinsurer;
3. asset managers.”

3. Art. 4a is created:

Article 4a. (1) The insurer, respectively the reinsurer, which is a participating undertaking, the insurance holding or the mixed-activity financial holding, shall adopt a remuneration policy for the entire group, and the policy shall reflect the complexity and structure of the group with the aim of uniform and consistent application across the group in line with the group's risk management strategies. The policy applies to all individuals at group level and to each individual entity.

(2) The insurer, respectively the reinsurer, which is a participating undertaking, the insurance holding or the mixed-activity financial holding, shall ensure that:

1. there is interconnected of the remuneration policies in the group and their compliance with the legal and regulatory requirements in relation to the undertakings that are part of it, and they are implemented correctly;

2. all undertakings of the group comply with the legal and regulatory requirements regarding remuneration;
3. conditions have been created for the management of significant risks at the group level, related to the implementation of the remuneration policy in the group.
4. In Art. 6, para. 2, after the words “non-financial indicators”, a comma is placed and the following is added: “and in the case of an employee of an insurer, respectively of a reinsurer - on compliance with risk management rules and the ordinance and internal acts of the insurer, respectively to the reinsurer”
5. In § 5 of the transitional and final provisions after the words "Art. 77, para. 5" is added "and in connection with Art. 265, para. 1".