

“BANJALUČKA PIVARA” AD
B A N J A L U K A
- Management Board
No: 02-49/2011.
Date: 01 Apr 2011

On the basis of Article 41, paragraph 2 of the Articles of Association of Banjalučka Pivara AD Banja Luka, Management Board of AD Banjalučka Pivara Banja Luka has, on its XVII session held on April 1 of 2011 adopted the following

CODE OF CONDUCT AND MANAGEMENT Of Joint Stock Company Banjalučka Pivara Banja Luka

I Introductory provisions

1.1. The Code of Conduct and Management of Joint Stock Company Banjalučka Pivara Banja Luka (hereinafter: the Code) sets out in detail mechanisms of work of the Company boards and protection of interest in mutual relations between different stakeholders at Joint Stock Company Banjalučka Pivara Banja Luka (hereinafter: the Company).

1.2. Stakeholders at Joint Stock Company Banjalučka Pivara are existing and potential shareholders, creditors, employees, Management Board, Executive Board, Managing Director, Audit Board and Internal Auditor and public authorities.

1.3. This Code is established on the basis of the Law on Business Companies, Standard of Management of Joint Stock Companies brought by the Securities Commission of Republika Srpska, as well as Principles of Corporate Governance adopted by the Organization for Economic Cooperation and Development (OECD), ensuring bases for efficient application of principles for management of the Company and particularly containing rules of behavior, which are related to the following:

- **The Company Boards**
 - Shareholder Assembly
 - Management Board
 - Executive Board
 - Managing Director
 - Audit Board
 - Internal Auditor
- **The rights of shareholders and key ownership functions**
- **The role of the stakeholders**
- **The disclosure and transparency of information**

II THE COMPANY BOARDS

2.1. General provisions

2.1.1. The Company will ensure independent management of the Company as well as adherence to all the laws and other regulations and take into account interests of all the stakeholder for Company's operations, in accordance with the business risk the Company is exposed to.

2.1.2. No member of the Management or Executive Board must favor personal interests before the interest of the Company in their decision-making nor may they personally use in their decisions business opportunities intended for the Company.

2.1.3. In performance of their duties, members of the Management and Executive Board must not demand nor accept from third parties payments or any other types of benefits for themselves or any other person, nor can they give to third parties illegal preferences on the basis of which those parties may gain benefit.

2.1.4. The Company should establish within the Company an internal control and risk management system.

2.1.5. The Company must not sanction or threaten to sack an employee, who is also a shareholder, because of their dealings in exercising of their shareholders' rights.

2.2. SHAREHOLDER ASSEMBLY

2.2.1. The Shareholder Assembly is the highest Company board, at which shareholders exercise their rights in the best interest of the Company.

2.2.2. The Management Board convenes annual and extraordinary Shareholder Assembly in accordance with the Law.

2.2.3. The Management Board convenes annual Shareholder Assembly within 90 days from the date of submission of financial report to the competent body for each business year in accordance with the accounting regulations and six months upon completion of a business year.

2.2.4. The Company publishes announcement notice to the Shareholder Assembly session on the Company's website and on the website of Banja Luka Stock Market, without interruptions, with concurrent publication of the announcement in one of the daily papers distributed on the territory of Republika Srpska, not later than 30 and not more than 60 days prior to holding the annual Assembly and not less than 15 and not more than 30 days prior to holding an extraordinary Assembly.

2.2.5. With an announcement of the Shareholder Assembly referred to in the previous paragraph, the Company publishes the time and place of holding it, draft agenda, proposals of all resolutions, financial statements with an Independent Auditor's report, report of the Management Board on business operations of the Company, text of any proposal for changes of the Articles of Association. Notification about extraordinary Assembly contains description of reasons for convening it.

2.2.6. Managing Director and/or members of the Management Board are mandatorily present at the Shareholder Assembly, participating in its work, and an Independent Auditor participates at the annual Shareholder Assembly. Managing Director will provide presence of the Executive Board members at the Shareholder Assembly.

2.2.7. Rule Book on Work of the Assembly also defines all other issues: preparation and convening of sessions, organization of work and way of exercising voting and other shareholders' rights at the Company.

2.3. MANAGEMENT BOARD

2.3.1. Members of the Management Board are elected by the Shareholder Assembly upon proposal of the Management Board, shareholders or three-member Appointment Commission, which is appointed by the Management Board.

2.3.2. Appointment Commission proposes members of the Management Board and recommends candidates for membership in the Management Board.

2.3.3. Competence of work of the Management Board is determined by the Law and Articles of Association of the Company.

2.3.4. Each issue under the competence of the Management Board may be decided on by the Shareholder Assembly, on the basis of Resolution of the Management Board.

2.3.5. The Management Board works in session and holds at least 4 ordinary sessions at an annual level, out of which one is held not later than 60 days prior to the annual Shareholder Assembly.

2.3.6. A written convening notice for the Management Board session is sent to all the Board members not later than 10 days prior to the date of holding the session, unless if the session is urgently convened. Presence of a Management Board member at a session, for which they have not duly received convening notice, removes the lack of procedure for convening the session, unless this member is present at the session of the Board to give objection to the lack thereof.

2.3.7. Management Board sessions may be held via conference call or by usage of other audio and visual communication equipment, if none of its members has expressed their being against it in a written form. Any decision of the Management Board may be brought without a session, if none of the Management Board members expresses their disagreement, related to adopted resolution or undertaken activity, in a written form.

2.3.8. Mandate of the Management Board members lasts for 3 years, with a possibility of reelection. Vacant position at the Management Board is filled by co-opting at the first next session of the Board, however, if the number of the Management Board members decreases below half the number set out by the Articles of Association, and if the Management Board does not fill the vacant positions (by co-opting) the remaining members of the Board should convene the Shareholder Assembly to fill in the vacant position.

2.3.9. Management Board President is elected by the Management Board amongst its members. Management Board President convenes and chairs over the Board sessions and is responsible for running and keeping the minutes of its sessions.

2.3.10. The Management Board also appoints Deputy President of the Board, who performs all the duties of the President, in the case of his/her absence or temporary inability to perform their duties.

2.3.11. Members of the Management Board, in addition to Managing Director, represent the Company in a manner set out by the Articles of Association and are registered at the court Registry.

2.3.12. The Rule Book on Work of the Management Board regulates in detail preparation, convening and organization of work of this Board.

2.3.13. The Management Board, together with Managing Director and the Executive Board, makes Management of the Company. Management of the Company is competent for independent managing of the Company and ensuring of all the legal and other regulations, as well as to take into account all interests of the stakeholders in operations of the Company, in accordance with business risk that the Company is exposed to.

2.3.14. Management Board protects the rights of shareholders, providing respect of all the contracts, laws and by-laws, as well as standards of management of joint stock companies.

2.3.15. Members of the Management Board may be involved in other activities in the domain of Management in other companies, only with approval of the Company's Management Board.

2.3.16. Each member of the Management is obliged to inform the Management Board of the Company about change in its portfolio of Company shares, not later than 24 hours from the date when the transaction was concluded. The Company will make this information public.

2.3.17. Management Board President will inform Audit Board President, without delay, on issues and facts significant for evaluation of the business situation of the Company, as well as about possible consequences that might affect management of the Company.

2.3.18. Management will prepare business strategy of the Company and ensure its implementation.

2.3.19. Management will provide terms for implementation of internal control and risk management system.

2.3.20. In addition to regular submission of annual financial reports, consolidated financial reports and Independent Auditor's report, Management should, within reasonable period of time, provide the Audit Board with regular, timely, reliable and detailed information about events that may have significant influence on Company's corporate business operations and/or financial situation of the Company. In the case such information are incomplete, members of the Audit Board may request additional information.

2.3.21. Management will not sanction or threaten to sack employee who is also a shareholder, as a consequence of his/her actions in exercising their shareholder's rights.

2.4. EXECUTIVE BOARD

2.4.1. Management Board elects members of the Executive Board who are also Executive Directors.

2.4.2. Executive Board performs decisions of the Management Board and the scope of work of this Board includes all the issues related to management of business and current operations of the Company.

2.4.3. Special capacities, authorizations, duties and titles for members of the Executive Board are set out by decision of the Management Board, as special procedures for convening and holding the Executive Board sessions and decision-making.

2.5. MANAGING DIRECTOR

2.5.1. Managing Director represents the Company and is registered at the court registry as a person authorized to represent the Company.

2.5.2. Managing Director has the rights, obligations and responsibilities set out by the Law, Articles of Association and other general acts of the Company, particularly performing the following duties:

- Organizes and manages the process of work and runs business operations of the Company,
- Performs and takes care about execution of resolutions of the Shareholder Assembly, Management Board and Audit Board,
- Convenes sessions of the Executive Board, presides over the sessions and organizes work of the Executive Board,
- Adopts Rule Book on Internal Organization and Systematization of positions at the Company,
- Decides on purchasing and sale of fixed assets and concludes of other affairs in the name and on behalf of the Company, with the value of each transaction not exceeding the amount of KM 1,000,000,
- Decides on the rights resulting from labor relations in accordance with the Law,
- Approves business trips in country and abroad,
- Takes care about inventory of the Company assets,
- Brings individual acts,
- Approves bonuses and other incentives to individual employees on the basis of achieved results in terms of the scope, quality and financial effects,
- Participates, together with Management Board President, in preparation and convening of the Management Board session,
- Reports to the Management Board on his work,
- Performs other duties which are not, pursuant to the Law, Articles of Association and other general acts, in exclusive competence of the other Company bodies.

2.5.3. Managing Director's mandate lasts for 3 years with a possibility of reelection.

2.6. AUDIT BOARD

2.6.1. Duties of supervision at the Company is done by the Audit Board and Internal Auditor.

2.6.2. Audit Board consists of three members elected by the Shareholder Assembly.

2.6.3. Audit Board performs the following duties:

- Adopts a work plan of Internal Auditor,
- Considers reports of Internal Auditor and gives recommendations about auditing reports,
- Reports to the Management Board about realization of recommendations in line with audit reports,
- Reports to the Shareholder Assembly about accounting, reports and financial operations of the Company,
- Gives its opinion on proposal of resolution on distribution of profit adopted to be adopted by the Shareholder Assembly,
- Reports on conformity of business operations of the Company with legal and other regulatory requirements,
- Proposes election of an Independent Auditor to the Assembly.

2.6.4. Members of the Audit Board should have appropriate expert and moral characteristics which ensure impartiality in work, such as: independence from the Management Board, ability of objective judgment, comprehensive understanding of purpose and responsibility of the Audit Board, availability of sufficient time to be dedicated to the Board duties, broad professional knowledge, acquaintance with the Company's activities, sufficient knowledge in the field of finance, as well as accounting and auditing standards.

2.6.5. Audit Board should meet at least two times per year and it should report on its activities to the Shareholder Assembly. Members of the Audit Board should perform supervisory function out of sessions in a way to request data, information and reports on accounting and financial operations from the Management. In addition to that, Audit Board President maintains regular contact with the Management about issues related to implementation of business strategy, business development and risk management of the Company.

2.6.6. Audit Board cooperates with Independent Auditor and ensures continuous exchange of opinion and information necessary for the work of the Board.

2.7. INTERNAL AUDITOR

2.7.1. In order to establish mechanisms for protection of shareholders' rights and Company's assets, the Company should institute and ensure functioning of adequate and efficient internal control system.

2.7.2. Internal control duties at the Company are performed by an Internal Auditor, as a physical person.

2.7.3. Internal Auditor is directly responsible to the Company's Assembly and has to be independent and impartial in its work.

2.7.4. The main task of Internal Auditor is to call attention to risks that might have possible influence on business performances and successful fulfillment of corporate plans. Work of Internal Auditor includes inspection of procedures established for efficient corporate activities, as well as detection and reduction of financial and other risks with prevention of illegal behavior, aiming for facilitation of optimal corporate activities of the Company and successful risk management.

2.7.5. In performance of his/her duties, Internal Auditor performs the following:

- Controls and reports to the Audit Board on validity and completeness of financial reports,
- Controls and reports to the Audit Board on validity and completeness of reporting to the Company's shareholders on financial and other information,
- Controls and reports to the Audit Board on contracts concluded between the Company and members of the Company's Management Board, as well as with connected entities in the sense of the Law on Business Companies,
- Controls conformity of the organization and acting of the Company with this Code of Conduct,
- Controls procedure of resolving complaints of the Company's shareholders, members of the Company's boards.

2.7.6. In performance of his/her duties, Internal Auditor may review all the Company's documents, check their validity and data that are in them, request reports and explanations from the Management Board and employees and check the state of the Company's assets.

III RIGHTS OF THE SHAREHOLDERS AND KEY OWNERSHIP FUNCTIONS

3.1. The rights of shareholders

3.1.1. A shareholder of the Company has the following rights:

- Right of access to acts and other documents and information of the Company,
- Right to participation in the work of the Assembly and right to vote at the Company's Shareholder Assembly, according to the principle that one share always entitles the right to one vote,
- Right to payment of dividend, after payment of dividend to all issued privileged shares in the full amount,
- Right to participation in distribution of liquidation surplus upon liquidation of the Company, and after payment of the creditors and shareholders of any of the privileged shares,
- Right of preferential purchase of shares from new emissions and convertible bonds,
- Right of disposal to shares of all types in accordance with the Law.

3.1.2. Each privileged share from IV emission is a privileged participatory-cumulative share issued to the registered owner, it does not entitle the right to vote except in the cases set out by the Law on Business Companies and these Articles of Association, as well as in accordance with the Law on Business Companies and Resolution on IV emission of shares of 27th July 2006, it provides the following rights:

- Right to annual priority dividend in the amount of 3% of the nominal value of the shares, which is due for payment on each 30th June each year,
- Right to payment of dividend which pertains to ordinary shares, in the same amount as shareholders of ordinary shares,
- Right to accumulation of the unpaid priority dividends and priority in payment of these dividends in comparison to the dividends of the holders of ordinary shares,
- Right to vote at a special Shareholder Assembly on issues requesting group voting of shareholders owners of privileged shares of IV emission, as a class of shares, in accordance with the Law on Business Companies,
- Right to vote with shareholders having ordinary shares if:
 - Such a privileged share is converted into an ordinary share (when they can have a number of votes equal to the number of votes of ordinary shares they can be converted into),
 - Dividends to privileged shares that were purchased and the payment of which had been requested, but not paid, until their payment.
- Right to conversion to ordinary shares, at any time, on the basis of Resolution of the Shareholder Assembly, which is adopted by a simple majority of the shareholders present on the basis of a written proposal of the owner of IV emission shares or with their consent. In the case of conversion to ordinary shares, each privileged share is converted into an ordinary share of the same nominal value, as well as IV emission shares, which are being converted (ratio 1:1). All the rights of the owners of privileged shares, occurred until the date of conversion, whether due or not (such as, for example, right to accumulation of priority dividend that have not been paid) will be maintained after conversion.
- Right to conversion to the second class privileged shares, at any time, on the basis of Resolution of the Shareholder Assembly, which is adopted by a simple majority of the

shareholders present on the basis of a written proposal of the owner of IV emission shares or with their consent. In the case of conversion of shares for the second class of privileged shares, each privileged share of IV emission of shares is converted into one share of the second class of privileged shares of the same nominal value as IV emission shares which are being converted (ratio 1:1). All the rights of the owners of privileged shares, occurred until the date of conversion, whether due or not (such as, for example, right to accumulation of priority dividend that have not been paid) will be maintained after conversion.

- Right to sale of those shares to the Company, at any time, on the basis of Resolution of the Shareholder Assembly, which is adopted by a simple majority of the shareholders present on the basis of a written proposal of the owners of IV emission shares or with their consent, at a market value of those privileged shares or, if it does not exist, at a value to be determined by the Management Board, in accordance with the Law on Business Companies or according to an authorized evaluator, elected by the Shareholder Assembly, Management Board or disagreeing shareholders, in accordance with the Law on Business Companies.
- Right to preference in the payment of liquidation or bankruptcy mass, proportional to the nominal value of IV emission shares with the total amount of the basic capital of the Company.
- Right to access and participation in discussions at the Shareholder Assembly.
- Right to access to the Company's acts, other documents and information in the ownership of the Company, in the same way as the shareholders of ordinary shares.
- Right to preferential purchase of shares from new emissions of shares of the same class in accordance with the Resolution of the Shareholder Assembly.
- All other rights set out by the Law, general acts of the Company and Resolution on IV Emission of Shares of 27th July 2006.

3.2. Right of the shareholders to management of the Company

3.2.1. Shareholders exercise the right to management of the Company by participating in the work of the Assembly, proportionally to their participation in the share capital, as of the date of bringing Resolution on convening the Assembly.

3.2.2. Each shareholder is entitled to participate in the work of the Shareholder Assembly, express their opinion and propose solutions for each item on the agenda, as well as to ask questions relating to the agenda to Managing Director and/or members of the Management Board and other participants in the work of the Assembly, in relation to the agenda.

3.2.3. Shareholders having not less than 10% of the shares with voting rights may request convening of an extraordinary Shareholder Assembly, by submitting a written request with a draft agenda to the Company's Management Board. Management Board is obliged to bring a resolution on acceptance or rejection to convene an extraordinary Shareholder Assembly within 10 days from the date of receiving the request, as well as to inform, within 7 days, each of the shareholders, who requested convening of the extraordinary Assembly.

3.2.4. The Company invites shareholders having not less than 10% of shares with voting rights with a special convening notice to the Shareholder Assembly.

3.2.5. Convening notice to the Shareholder Assembly, proposals of Resolutions and other materials, which the shareholders will vote on, will be published on the website of the Company and Banja Luka Stock Market.

3.2.6. If the Shareholder Assembly decides on changes of the Articles of Association, convening notice for the Shareholder Assembly should contain the part of the text of the Articles of Association being changed.

3.2.7. Management Board is obliged, within 8 days, from the date of publication of the convening notice for the Shareholder Assembly, to inform persons representing the shareholders (proxy holders or shareholders' associations) about convening the Shareholder Assembly, who exercised voting rights for the shareholders at the last session of the Shareholder Assembly, as well as the shareholders who have placed a prior request for it. Management Board is considered to have fulfilled this obligation of notification as of the date of sending a registered mail or electronic mail about it.

3.2.8. Within 8 days following the date of the convening notice for the Shareholder Assembly, shareholder holding or representing at least one tenth of the share capital may request in writing from the Management Board to include a certain issue in the agenda for the Shareholder Assembly session, elaborating on the reasons for doing so. The Management Board should inform the proposing shareholders, in a written form, about acceptance or rejection of proposal for amendment or proposal regarding an existing item on the agenda.

3.2.9. Majority of votes of the shareholders present at the very Shareholder Assembly session is required to amend the agenda, with the exception of issues requiring adoption of resolutions.

3.2.10. Shareholder may not vote at the Assembly on the following decisions: on that shareholder's release from liabilities and responsibilities; recognition of shareholder's privileges on account of the joint stock company; definition of Company's claims regarding that shareholder; initiation or waiving the dispute against that shareholder and in other events when that shareholder has interest contrary to the interest of the Company (clause on the conflict of interest) and in other cases set out by the Law and Articles of Association.

3.2.11. Minutes of the Shareholder Assembly sessions will be kept, with an obligation to contain: location and date of the Shareholder Assembly, agenda, name and last name of a Minute-Taker, President and members of the Voting Commission, quorum, results of voting "for", "against" and "abstained" from voting for each resolution, statement of the manner of voting, summary of discussion, as well as the list of adopted resolutions at the Shareholder Assembly. The list of participants and evidence on proper convening the session make integral parts of the Minutes.

3.2.12. Minutes of the Assembly, in addition to the notary, are also kept by a person appointed by the Shareholder Assembly President. Minutes are to be prepared not later than 15 days prior to the date of holding the Shareholder Assembly session.

3.2.13. Shareholders have the right of insight into the Shareholder Assembly Minutes.

3.2.14. Shareholder shall exercise the right to vote in person or by appointing a proxy. Personal voting entails participation in the Shareholder Assembly work or voting in a written form.

3.2.15. In the event of shareholder's desire to vote by absentee vote (in written), the Company's Management is obliged to suitably enable such voting for the shareholder (by accepting the delivery of voting ballot by mail and by electronic absentee voting).

3.2.16. Shareholder may issue power of attorney for representation. The power of attorney may be granted to the corporately eligible and mature physical or legal entity.

3.2.17. Power of attorney is issued in a written form, and must be verified at a relevant body or an authorized person at the Company. One copy of the power of attorney has to be submitted to the Company.

3.2.18. Power of attorney may be granted for one or several Shareholder Assembly sessions, for a limited period of time or until revoked.

3.2.19. Power of attorney for representation at the Shareholder Assembly should particularly contain the following data:

- Particulars on the shareholder (the owner of shares) and proxy (full name and last name, personal identification number and address of residence),
- Data on number, type and class of shares for which the proxy is issued,
- Limitations of authorization,
- Duration of the proxy,
- Proxy may also contain instructions for voting.

3.2.20. Association of shareholders may represent shareholders at the Shareholder Assembly on the basis of a written contract by which shareholder is transferring his/her exercise of all or particular voting rights deriving from his/her shares, or on the basis of appropriately notarized power of attorney.

3.2.21. Persons representing shareholders shall inform the shareholders about their proposals regarding exercise of voting rights as per each individual item on the agenda. Should shareholders fail to give the instructions for exercising of voting rights to their agents, agents shall exercise voting rights taking into account the best interest of shareholder.

3.2.22. In the event of voting rights being exercised through a proxy holder, the proxy holder may not be Company's Director, member of the Management or Executive Board, Audit Board or Internal Auditor, whereas in the case of voting in a written form, shareholder authorizes Shareholder Assembly President to act on his/her behalf and to read shareholder's decision for each item on the agenda. Shareholder Assembly President may delegate this authorization to the Voting Commission.

3.2.23. The Company should provide an opportunity to check whether or not the proxy holder voted on each point of the agenda in accordance with the contents of the power of attorney authorizing the proxy holder to vote.

3.3. Right of shareholders to obtain relevant information

3.3.1. The Company is obliged to provide to the shareholders timely and regular relevant information on the Company, as follows:

- Information on rules and procedures of voting at the Shareholder Assembly session. The Company should provide compliance with this principle by making the Articles of Association and Rule Book on the Work of Assembly available to each shareholder.
- Information on each agenda item that should be voted on at the Shareholder Assembly. Sufficient information would entail: accuracy, comprehensiveness, timeliness and undemanding availability of information on the basis of which shareholders should form their view.
- Information on existence of shares without voting rights or with limited voting rights, in which case these information will be publicly disclosed by the Company.
- Opportunity to review in advance all proposed draft resolutions on acceptance of extraordinary business activities that would significantly change the status of the company's property or

liabilities. In that sense, particularly disclosed should be information on: sales of Company's property, status change, planned capitalization and reductions in general share capital, changes in product ranges, and information on changes in the management structure.

- Information related to financial reports of the Company, with Opinion of Independent Auditor, prior to holding regular Shareholder Assembly.
- All information regarding conflict of interest for all individuals nominated for election in the Company's management or Audit Board, or individuals who are participants in transactions with the Company, particularly if this conflict of interest is in relation to Resolutions, which shareholders should vote on.
- Information on the ownership structure of the Company should be public and daily available to shareholders and potential investors.
- Information related to convening the Shareholder Assembly and adopted Resolutions, after holding the Shareholder Assembly, in accordance with the Stock Market rules.
- Information on holding Management Board session and adopted resolutions, in accordance with the Stock Market rules.

3.4. Right to share in profits of the joint stock company

3.4.1. Shareholder is entitled to a share in the Company's undistributed profit allocated by the Shareholder Assembly for distribution, in shares or in currency, proportional to the nominal value of shares.

3.4.2. Resolution of the Shareholder Assembly on distribution of undistributed profit for dividends must mandatorily contain: list of shareholders who are entitled to receive dividends (cut-off date), method for payment of dividends, amounts of dividends in relation to the nominal value of shares and deadline for dividend payment (in case that payment is made in cash).

3.4.3. When resolution is adopted to pay our dividends in cash, the Shareholder Assembly should establish and publicly disclose clear procedures and deadlines for effective payment to shareholders. Deadline should be reasonably short – not longer than 30 days and the same procedure is applied to everyone.

3.5. The equitable treatment of shareholders

3.5.1. The Company ensures equitable treatment of all the shareholders in the following manner:

- Shareholders with shares of the same type and class, of equal nominal value, are equal in their rights,
- Changes in voting rights are subject to voting at the Shareholder Assembly,
- In the event of new issues of shares, existing shareholders should be granted pre-emptive rights,
- Prior to purchasing shares from the new issue, investors should be beforehand informed about all the rights, in compliance with the prospectus that is mandatorily prepared by the Company.
- Trading in shares that is based on internal information and activities with the aim of misusing the official capacity at the Company is forbidden,
- Shareholders should be simultaneously notified about all the effects deriving from business transactions or questions having influence on Company's activities and operations,
- Conversion of shares in the course of the Company's status changes must be performed in the manner that is not jeopardizing shareholders' rights, whereas those rights could not be defined outside determined conversion-relation held by legal predecessors and legal successors.

IV THE ROLE OF STAKEHOLDERS – INTERESTS IN COMPANY MANAGEMENT

4.1. The role of stakeholders

4.1.1. The Company should ensure respect and utilization of legally established rights of all the Company's stakeholders.

4.1.2. The Company should ensure active cooperation with all the stakeholders, with the aim to create welfare, new jobs and maintenance of financial stability of the Company.

4.1.3. The Company is entitled to receive a damage reimbursement, should stakeholders, on any grounds, inflict the damage to Company's functioning.

4.1.4. The Company may not participate in legal activities that entail granting of advance payment, credit or loan, i.e. ensuring advance payment, credit or loan by the Company for the purpose of acquiring Company's shares.

4.1.5. In dealings with other Company's shareholders, the Company should execute its responsibilities precisely and reasonably, which will ensure long-term prosperity of the Company and its shareholders.

4.1.6. When adopting resolutions on certain issues, the Company should take into consideration interests of all its stakeholders, in particular those of its employees.

4.2. Relations with other stakeholders

4.2.1. The Company will encourage active cooperation between the Company and other stakeholders of the Company, in order to create well-being, new jobs and sustainability of financially healthy Companies.

4.2.2. In dealings with other Company's stakeholders (employees, creditors, clients, suppliers), the Company exercises its rights according to fair principles of market economy and fulfills its responsibilities in a responsible manner, ensuring long-term prosperity of the company and its shareholders.

4.2.3. If other stakeholders participate in the managerial processes, they should have regular and timely access to relevant, precise and reliable information.

4.2.4. Other stakeholders, including individual employees and their representative bodies, should have opportunity to freely express their views to the Management Board, Managing Director and Executive Board, without fear of their rights being jeopardized.

V DISCLOSURE AND TRANSPARENCY OF INFORMATION

5.1.1. The Company should provide timely disclosure and transparency of information on all material issues concerning the Company, including its financial situation, corporate operations, ownership and management.

5.1.2. Public disclosure of the Company's financial and other information should enable assessment of issuer's value from the aspect of legal status, financial position, business opportunities and rights attached to securities. Reports must contain comprehensive comments and business analysis prepared by the Company's Management.

5.1.3. Information on material issues is such information, possession of which may have influence on making business decision by its holder.

5.1.4. The Company should also ensure disclosure of information on non-material issues, such as: development plans and their influence on economic and social status of employees, progress and fluctuations in profits, occupational protection and safety with measures for improvement of working conditions, company's goals and objectives, major owners, members of Management Board, Executive Board, Audit Board and Internal Auditor and their reimbursements, reasons for possible resignation or termination of contracts, information on Independent Auditor, distribution of profit, status changes, changes of the Company's legal form and incorporation, Company's management policy, transactions of related parties, foreseeable material risk factors and mechanisms for risk management (unless in domain of business secret), material issues concerning employees and other company's stakeholders, management structure and policy, rights granted to the management to buy Company's shares at prices more favorable than market prices (as variable components of payment for their work), published takeover bid, changes in Company's share portfolio belonging to individual members of Management and Executive Board.

5.1.5. Financial information must be disclosed on the basis of report prepared by authorized auditor, not later than 15 days after the date of their adoption by the Shareholder Assembly.

5.1.6. In the event of various public rumors concerning Company's business operations, the Company is required to issue a public announcement/statement confirming or denying such rumors. Resolution on release of such an announcement/statement is brought by the Company's Executive Board.

5.1.7. Jurisdictions of the Company's distinct boards concerning collection, analysis, preparation and disclosure of relevant information should be clearly defined.

5.1.8. All relevant information on significant events, major transactions and relevant material information concerning Company's business operations should be fully and timely disclosed, so as to be available to all the shareholders.

5.1.9. Subject to specifically detailed disclosure of information are all transactions with related parties, in particular those with related legal entities, in form of consolidated financial reports that are prepared in accordance with accounting standards.

5.1.10. Disclosure includes changes in the ownership structure, particularly in cases when acquirer gains over 10, 25, 50 and 75%.

5.1.11. Shareholders must be informed of detailed transactions entered into by members of the Management Board and Executive Board directly or indirectly with the Company or their organizational parts.

5.1.12. Various links and arrangements that enable particular shareholders to obtain the extent of control disproportionate to their share capital should be disclosed.

5.1.13. information that are disclosed in cases of public offering to Company's share must be such to enable investors to attain fair assessment of the legal status, financial position, business opportunities and share prices.

5.1.14. The Company and Company's employees are responsible to create and respect procedures for safeguarding information that are significant for preservation of market position from the competition.

5.1.15. Information should be prepared and disclosed in accordance with accounting standards and standards governing disclosure of financial and other information.

5.1.16. Methods of information disclosure should provide shareholders with fair, timely and favorable (low-price) access to relevant information.

5.1.17. For disclosure of above-mentioned information, the Company should use its website and website of Banja Luka Stock Market that facilitate provision of equitable conditions for investors trading in securities.

5.1.18. The Company should not issue information to third parties, if information contain any of information from public announcements prior to their public disclosure, excluding individuals authorized by the Government, individuals acting as Company's advisors, with the emphasis on their obligation not to breach the principle of confidentiality of information.

5.1.19. The Company disclosing any type of information abroad is obliged to disclose such information in domestic market as well.

5.1.20. In its financial reports, the Company should include the statement on compliance with this Code in annual reporting, explaining in details compliance with principles and standards of management of joint stock companies, as well as explain and list all reasons for possible deviations from principles and standards set by this Code of Conduct.

5.1.21. Disclosure includes the list of enterprises in which the Company holds ownership share over 10% with statement of enterprises' names and seats of the Company as well as ownership percentage.

5.1.22. The Company will disclose all information about conflict of interest for all individuals proposed for appointment into the Company boards or who are participants in transactions with the Company.

5.1.23. When it comes to resolutions on takeover of extraordinary activities that would significantly change the state of property or obligations of the Company, shareholders will be provided to previously consider proposals of such resolutions.

5.1.24. The Company will establish and disclose its corporate calendar.

5.1.25. The Company will disclose data on elected Independent Auditor and his/her reimbursement.

5.1.26. The Company will publish contracts containing reimbursements to members of the Management and Executive Board.

VI FINAL CLAUSES

6.1.1. All issues not defined by this Code of Conduct will be dealt with directly in accordance with the Law on Business Companies, Corporate Governance Standards for joint stock companies adopted by the Securities Commission, Articles of Association and other general acts of the Company.

6.1.2. Management Board informs the Company's Shareholder Assembly of this Code of Conduct in such a way that the text of this Code is presented to the Shareholder Assembly and it is also published on the website of the Company.

6.1.3. The Code of Conduct and Management of joint stock company Banjalučka Pivara Banja Luka becomes effective on the eight date from the date of its publication on the notice boards of the Company.

Management Board
President