



**REPORT  
of  
the BOARD OF DIRECTORS  
of BILLBOARD AD**

**ON THE APPLICATION OF THE REMUNERATION POLICY FOR THE COMPANY'S MEMBERS OF THE BOARD OF DIRECTORS, DRAWN UP IN COMPLIANCE WITH THE REQUIREMENTS OF ORDINANCE NO48 OF THE FINANCIAL SUPERVISION COMMISSION AS OF 20 MARCH 2013 ON THE REQUIREMENTS FOR THE REMUNERATIONS, ADOPTED BY A RESOLUTION OF THE GENERAL ASSEMBLY OF THE SHAREHOLDERS, HELD ON 24.06.2013 AND AMENDED BY A RESOLUTION OF THE GENERAL ASSEMBLY OF THE SHAREHOLDERS, HELD ON 27.06.2014**

*This report was prepared by the Board of Directors of BILLBOARD AD in accordance with the provision of art. 12, par. 1 of ORDINANCE №48 of the Financial Supervision Commission from 20 March 2013 on the Requirements for the Remunerations and constitutes a separate document to the company's annual financial statements as at 31.12.2014. The report contains a review of the manner in which the Remuneration Policy was being implemented during the year and information on the application of the Remuneration Policy for the next financial year is also attached herewith.*

## **1. Information about the decision-making process in elaborating the Remuneration policy, including, if applicable, information about the term and members of the Remuneration Committee, the name of the external consultants, whose services have been used in elaborating the Remuneration policy**

The Remuneration policy for the members of the Board of Directors of BILLBOARD AD, as well as any amendments and supplements thereto, shall be elaborated by the Board of Directors and approved by the General Assembly of Shareholders.

The current Policy was developed by the Company's Board of Directors pursuant to the procedure for adoption of decisions by the corporate board set out in the Company's Articles of Association and Rules of Procedure of the Board of Directors of BILLBOARD AD. Pursuant to the regulatory requirements, the Policy was adopted by the Annual General Assembly of Shareholders of BILLBOARD AD, held on 24.06.2013, and amended by the Annual General Assembly, held on 27.06.2014. When developing the Remuneration policy for the members of the Board of Directors of BILLBOARD AD all legal requirements and recommendations of the National Corporate Governance Code were taken into consideration.

Under the current Remuneration policy for the members of the Board of Directors of BILLBOARD AD, the company has not set up a remuneration committee. When developing the Remuneration policy, the Board of Directors of BILLBOARD AD has not used external consultants.

The Remuneration policy for the members of the Board of Directors of BILLBOARD AD aims to establish objective criteria when setting the corporate board's remuneration of the company with a view to attract and retain qualified and loyal members of the board and motivate them to work for the benefit of the company and the shareholders and avoid potential and actual conflicts of interest.

During the reporting year BILLBOARD AD has applied the Remuneration policy for the members of the Board of Directors in compliance with the regulatory requirements for public companies, the objectives, long-term interests and strategy for the future development of the company, as well as its financial and economic standing in the context of the national and European economic environment, while taking into account the recommendations of the National Corporate Governance Code.

BILLBOARD AD has announced the Remuneration policy for the members of the Board of Directors via its publication on the corporate website of the company.

## **2. Information about the relative weight of the variable and fixed components of the remuneration of the members of management and controlling bodies**

Pursuant to the current Remuneration policy for the members of the Board of Directors of BILLBOARD AD, during the reporting financial year the Company has paid to the members of the Board of Directors only permanent remuneration, the amount of which accounted:

1.1. The obligations, workload, commitment and involvement of the members in the company's management, as well as the contribution of each member of the Board of Directors in the operations and results of the company;

1.2. The possibility to select and retain qualified and loyal members of the Board of Directors;

1.3. The conformity of the interests of the Board members and the long-term interests of the company.

The Policy takes the minimum salary established for the country as a basis for setting the monthly remuneration of the members of the Board of Directors of BILLBOARD AD. During the reporting year, all members of the Board of Directors of BILLBOARD AD received only permanent remunerations as their particular amount was approved by the General Assembly of Shareholders. The General Assembly of Shareholders, held on

27.06.2014 set the following remunerations for the members of the Board of Directors of BILLBOARD AD:

- Gross monthly remuneration for the executive member and the chairperson of the Board of Directors of BILLBOARD AD in the amount of 7 minimum salaries, established for the country,
- Gross monthly remuneration for the independent members of the Board of Directors of BILLBOARD AD in the amount of 5 minimum salaries, established for the country.

### **3. Information about the criteria for achieved targets, based on which stock options, stocks of the Company or other types of variable payment are provided and an explanation how the criteria under art. 14, par. 2 and 3 contribute to the long-term interests of the Company**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide an option for granting stock options, company shares or other types of variable remuneration to the members of the corporate Board and therefore no performance criteria have been set on the basis of which variable remuneration may be granted. The provisions of item 6 and item 7 of § II of the Remuneration Policy provide the following principal options that have not been implemented during the reporting year:

Item 6) After a reassessment of the financial and economic standing of the company and the establishment of objective and measurable performance criteria, fixed in amendments and supplements to this Remuneration Policy, BILLBOARD AD could provide as additional remuneration of the members of the Board of Directors shares, stock options and other appropriate financial instruments.

Item 7) The performance criteria under the preceding paragraph shall foster the stability of the company in the long term and shall include non-financial indicators that are important for the long-term business of the company, such as compliance with applicable rules and procedures.

### **4. Clarifications regarding the applied methods for assessment whether the criteria for reaching of results have been completed**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide an option for granting stock options, company shares or other types of variable remuneration to the members of the corporate Board and therefore no performance criteria have been set on the basis of which variable remuneration may be granted.

### **5. Clarification regarding the correlation between the remuneration and the achieved results**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide any correlation between the remuneration, received by the members of the corporate board and the achieved results.

### **6. Base remunerations and justification of the annual scheme for bonus payments and/or all other non-monetary additional remunerations**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide any option for payment of bonuses and/or other non-monetary additional remunerations to the members of the company's corporate board.

## **7. Description of the main characteristics of the scheme for additional voluntary retirement insurance and information about the paid and/or due contributions by the Company in favor of the Director for the respective financial year, when applicable**

In terms of members of the Board of Directors of BILLBOARD AD there is no commitment on the part of the company in respect of additional voluntary pension insurance for board members and the company does not have liabilities for payment of contributions in favour of the directors for the reporting fiscal year.

## **8. Information regarding the deferment period for payment of variable remunerations**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide any option for payment of variable remunerations and therefore no deferment periods for payment of such remunerations have been set. All members of the Board of Directors receive only permanent remunerations.

## **9. Information about the compensation policy upon contract termination**

In compliance with the requirement under art. 16, para. 2 of Ordinance No 48, chapter III of the current Remuneration policy for the members of the Board of Directors of BILLBOARD AD provides the following conditions and compensations in case of contract termination only with the executive director of the company:

1. In case of contract termination with the Executive Members of the Board of Directors of BILLBOARD AD due to expiration and non-renewal of the mandate for which he was elected, the company shall not owe any compensation.

2. In case of contract termination with the Executive Members of the Board of Directors of BILLBOARD AD prior to the expiration of the mandate for which he was elected through no fault of his, the company shall owe a compensation which cannot exceed 2 gross monthly remunerations of his.

3. The maximum amount of compensation due upon early contract termination with the executive member of the Board of Directors of BILLBOARD AD may not exceed 3 gross monthly salaries of his.

4. In case of failure to comply with the notice period for the early contract termination with the executive member of the Board of Directors of BILLBOARD AD, the compensation due by the company may not exceed 3 gross monthly salaries of his.

5. Upon early contract termination with the executive member of the Board of Directors of BILLBOARD AD due to failure to comply with the clause prohibiting conduct of competitive operations, the compensation due may not exceed 3 gross monthly salaries of his.

6. The total compensations under p. 1-5 shall not exceed the amount of paid annual permanent remunerations of the person for two years.

7. Compensation under p. 1-6 shall not be due if the contract is terminated due to unsatisfactory results and/or through the fault of the Executive Director.

During the reporting year has not been terminated a contract with executive member of the Board of Directors.

## **10. Information about the period, during which the stocks cannot be transferred and the options on stocks cannot be exercised, concerning variable remuneration, based on stocks**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide any option for payment of variable remunerations to the members of the corporate board.

### **11. Information about the policy for retaining a definite number of shares until the end of the term of the members of the management and controlling bodies after expiration of the period under item 10**

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide any option for payment of variable remunerations to the members of the corporate board.

### **12. Information about the contracts of the members of the management and controlling bodies, including the term of each contract, the notification period for termination and details regarding the compensations and/or other due payments in the event of early termination**

The Contract with Stefan Vassilev Genchev was entered into prior to acquiring a public status by BILLBOARD AD - in 2003 for a period of validity until the termination of his powers are filed with the Commercial Register without a fixed period of notice for termination.

Details on the provided compensations and/or other payments due in the event of early termination are presented under item 9 of this report.

The Contract with Kalin Vassilev Genchev was entered into prior to acquiring a public status by BILLBOARD AD - in 2003 for a period of validity until the termination of his powers are filed with the Commercial Register without a fixed period of notice for termination.

The Contract with Rumens Sabev Radev was entered into prior to acquiring a public status by BILLBOARD AD - in 2007 for a period of validity until the termination of his powers are filed with the Commercial Register without a fixed period of notice for termination.

The Contract with Desislav Grozev Tomov – independent member of the Board of Directors was entered into in 12.2012 for a period of validity until the termination of his powers are filed with the Commercial Register without a fixed period of notice for termination.

The Contract with Borislav Hristov Borisov – independent member of the Board of Directors was entered into in 07.2014 for a period of validity until the termination of his powers are filed with the Commercial Register without a fixed period of notice for termination.

### **13. Full amount of the remuneration and other incentives of the members of the management and controlling bodies for the respective financial year**

For 2014 the following remunerations have been calculated for the members of the company's Board of Directors:

<b>Full name</b>	<b>Position</b>	<b>Gross in BGN '000</b>
Kalin Vassilev Genchev	Chairperson of the Board of Directors	28 560
Stefan Vassilev Genchev	Executive Director	28560
Rumen Subev Radev	Vice Chairperson of the Board of Directors	2040
Desislav Grozev Tomov	independent member of the Board of Directors	12240
Borislav Hristov Borisov	independent member of the Board of Directors	10200

For 2014 the members of the Board of Directors have not received other material incentives.

**14. Information about the remuneration of each person, who has been a member of a management or controlling body of a public company for a certain period in the respective financial year:**

**a) full amount of the paid and/or accrued remuneration of the person for the respective financial year**

For 2014 the following remunerations have been calculated for the members of the company's Board of Directors:

<b>Full name</b>	<b>Position</b>	<b>Gross in BGN '000</b>
Kalin Vassilev Genchev	Chairperson of the Board of Directors	28 560
Stefan Vassilev Genchev	Executive Director	28560
Rumen Subev Radev	Vice Chairperson of the Board of Directors	2040
Desislav Grozev Tomov	independent member of the Board of Directors	12240
Borislav Hristov Borisov	independent member of the Board of Directors	10200

In 2014 members of the company's Board of Directors have not received non-monetary benefits. The company does not have deferred or contingent liabilities arising during the year, even if the remuneration is due at a later stage.

As of 31.12.2014 BILLBOARD Plc and the subsidiaries from the group do not owe amounts for payment of pensions or retirement benefits.

**b) remuneration and other material and non-material incentives received by the person from companies belonging to the same group**

In 2014 Stefan Vassilev Genchev occupied the position of a member of the Board of Directors of DEDRAX AD and in that capacity he was calculated a total gross annual monetary remuneration for 2014 in the amount of BGN 24 000. Stefan Vassilev Genchev has not participated in other companies in the group and has not received other material and non-material incentives from companies in the same group.

In 2014 Kalin Vassilev Genchev occupied the position of a managing director of Motion Arts Ltd. and Instor Media Ltd. as well as member of the Board of Directors of DEDRAX AD and in that capacity he was calculated a total gross annual monetary remuneration for 2014 in the amount of BGN 84 000. Kalin Vassilev Genchev has not participated in other companies in the group and has not received other material and non-material incentives from companies in the same group.

In 2014 until he was released as a member of the Board of Directors of BILLBOARD AD Rumen Sabev Radev has not participated in other companies in the group and has not received other material and non-material incentives from companies in the same group.

In 2014 Desislav Grozev Tomov has not participated in other companies in the group and has not received other material and non-material incentives from companies in the same group.

In 2014 as from the date of filing him as a new independent member of the Board of Directors of BILLBOARD AD Borislav Hristov Borisov has not participated in other companies in the group and has not received other material and non-material incentives from companies in the same group.

**c) remuneration received by the person in the form of distribution of profit and/or bonuses and the reasons for their payment**

In 2014 no member of the Board of Directors of BILLBOARD AD has received remuneration from the company in the form of profit and/or other bonuses distribution from BILLBOARD AD.

**d) any additional payments for services provided by the person beyond his usual functions when such payments are permitted under contract concluded with him**

Stefan Vassilev Genchev - Executive member of the Board of Directors, except for the management contract with BILLBOARD AD has also a labor contract under which he has received total gross annual monetary remuneration in the amount of BGN 119 394.

Kalin Vassilev Genchev – Chairperson of the Board of Directors, except for the management contract with BILLBOARD AD has also a labor contract under which he has received total gross annual monetary remuneration in the amount of BGN 118 096.

The other members of the Board of Directors BILLBOARD AD does not provide services to BILLBOARD AD beyond their usual functions of the members of the Board of directors for which the company owes additional payments.

**e) paid and/or accrued compensation on the occasion of termination of duties during the past financial year**

2014 has not been paid and/or accrued compensations on the occasion of termination of the functions of the Board of Directors of BILLBOARD AD.

**f) overall assessment of all non-cash benefits, treated as remuneration, except for those pointed out under letters "a" - "e"**

In 2014 no member of the Board of Directors of BILLBOARD AD has received non-cash benefits treated as remuneration than those specified under letters "a" - "e".

**g) information on all loans granted, payments of welfare costs and guarantees on the part of the company or its subsidiaries or other companies subject to consolidation in the annual financial statements, including data on the remaining outstanding part and the interest**

In 2014, in respect of no one of the members of the Board of Directors of BILLBOARD AD have been granted loans, paid welfare costs and guarantees on the part of the company or its subsidiaries or other companies subject to consolidation in its annual financial statements.

**15. Information about stocks and/or stock options and/or other incentive schemes based on stocks:**

- a) Number of stock options offered or shares granted by the company during the respective financial year and the conditions under which have been offered and respectively granted;
- b) Number of stock options exercised during the respective financial year and for each of them, number of shares and exercise price of the option or value of the interest under the stimulating scheme based on shares by the end of the financial year;
- c) number of unexercised stock options at the end of the financial year, including data on their price and date of exercise and the essential conditions for the exercise of rights;
- d) any changes in the terms and conditions of existing stock options adopted during the financial year.

The current Remuneration policy for the members of the Board of Directors of BILLBOARD AD does not provide an option for granting stock options, company shares or other types of incentive schemes based on stock for members of the corporate board.

**Information on the application of the Remuneration Policy of the members of the Board of Directors of BILLBOARD AD for the next financial year**

By the date of this report the Board of Directors of BILLBOARD AD has not recognized the need to amend the Remuneration Policy for the members of the corporate board, adopted and approved by the General Assembly of Shareholders.

The General Assembly of Shareholders, held on 27.06.2014 set the following remunerations for the members of the Board of Directors of BILLBOARD AD:

- Gross monthly remuneration for the executive member and the chairperson of the Board of Directors of BILLBOARD AD in the amount of 7 minimum salaries, established for the country,
- Gross monthly remuneration for the independent members of the Board of Directors of BILLBOARD AD in the amount of 5 minimum salaries, established for the country.

BILLBOARD Plc will continue the payment of the set remunerations to the members of the Board of Directors until a new resolution is adopted by the general assembly of the shareholders.

Date of signing and  
approval for issuance:  
16.03.2015 r.

For BILLBOARD AD: .....  
Stefan Genchev  
/Executive member of the Board of Directors/