

## CORPORATE GOVERNANCE

The Board has given consideration to the code provisions set out in the Quoted Companies Alliance Code (the "QCA Code") and in accordance with the AIM Rules. Accordingly the Directors have chosen to provide certain information which they believe will be helpful having regard to the scale and nature of the company's activities.

## INFORMATION SUMMARY

The Board is made up of three Directors, all of whom are Independent Non-Executive Directors. The Directors have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company.

The Advisers ensure that the Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made.

Due to the size of the Board, and the fact that the Directors are independent of the Adviser and all three Directors are independent of the Administrator and the Custodian, the Board has not set up separate audit, remuneration and nomination committees on the grounds that the Board as a whole considers these matters.

The Board meets on a regular basis at least two times each year and additional meetings are arranged as necessary.

The table below summarises the meetings held in 2017 and the attendance by each board member.

	Board meetings	Physical	Teleconferences
Number of meetings in 2017	5	2	3
Number attended by each member			
Dirk Van den Broeck	5	2	3
Markus Winkler*	1	1	
Mihai Radoi	5	2	3
Martin Derbyshire**	3	1	2

\* Markus Winkler resigned on 17<sup>th</sup> August 2017

\*\* Martin Derbyshire appointed on 12<sup>th</sup> October 2017

## SUMMARY OF STRATEGY

### Investment objective and strategy

The Company's principal activity is the holding and managing of investments in Romania, Serbia, Bulgaria and neighbouring countries (the "Target Region"). The Company generates returns for its Shareholders through two primary routes: achieving medium and long term capital appreciation (the Private Equity Programme), and making portfolio investments in listed equities and fixed income securities, issued primarily by Romanian and Bulgarian entities (the Trading Programme).

### **Private Equity Programme**

Under the Private Equity Programme, the Company takes significant or controlling stakes in companies operating primarily in the Target Region. The Company invests in investee companies where it believes its Advisers can add value by implementing operational and/or financial restructuring over a 3 to 5 year horizon. The Company only makes an investment under the Private Equity Programme if its Advisers believe there is a clear exit strategy available, such as trade sale, break up and subsequent disposal of different divisions or assets, or a flotation on a stock exchange.

### **Trading Programme**

Under the Trading Programme, the Company aims to generate short and medium term returns by investing such portion of its assets as determined by the Directors from time to time in listed equities and fixed income securities, including convertible and other mezzanine instruments, issued by entities in the Target Region. The Trading Programme differs from the Private Equity Programme in the key respect that the Company will typically not take significant or controlling stakes in investee companies and will typically hold investments for shorter periods of time than investments made under the Private Equity Programme.

### **Change of investment objective and policy of the Company**

Following the annual general meeting of the Company on 14 December 2012, the investment objective and policy of the Company was amended such that no new investments will be made, further investments into existing portfolio companies will be permitted in certain circumstances pending their realisation and, following each realisation, all proceeds will be returned to Shareholders after paying outstanding liabilities and setting aside a sufficient amount for working capital purposes.

## **DESCRIPTION OF ROLES**

Dirk Van den Broeck is the chairman of the Company. He is independent from Advisers and is not involved in the day to day running of the Company. His primary responsibilities are to ensure that the Company follows its strategy, the Board operates effectively and all board members apply the highest corporate governance standards to the Company by following the principles and guidance of the QCA Code.

Since all day to day management responsibilities are subcontracted to the Advisers and Administrator, the Company does not have a Chief Executive Officer as the roles are already effectively separated.

## **MATTERS RESERVED FOR THE BOARD**

### **Investment decisions**

The board is responsible for making all investment and divestment decisions under the Private Equity Programme.

### **Accounting records**

The Directors and the board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of the annual reports and financial statements.

### **Audit Responsibilities**

All audit committee responsibilities are performed by the Board, with specified terms of reference.

The principal terms of reference are to appoint auditors, to set their fees, to review the scope and results of the audit, to consider the independence of the auditors, to review the internal financial and non-financial controls, to approve the contents of the draft interim and annual reports to shareholders and to review the accounting policies. In addition, the Board reviews the quality of the services of all the service providers to the Company and reviews the Company's compliance with financial reporting and regulatory requirements.

The Company's internal financial controls and risk management systems have been reviewed with the Advisers. The audit programme and timetable are drawn-up and agreed with the Company's Auditors in advance of the financial year end. At this stage, matters for audit focus are discussed and agreed. The audit report is considered by the Board and discussed with the Auditors prior to approving and signing the Financial Statements.

### **Remuneration Responsibilities**

The Board has resolved that a remuneration committee is not appropriate for the Company as the Company contracts the advisory and administration activities with third parties and has no employees.

The contracting parties themselves are responsible for paying their employees. The Board policy is that the Directors' remuneration should be fair and reasonable in relation to the time commitment and responsibilities of the Directors. The Directors are not eligible for bonuses, pension benefits, share options or other benefits.

Each of the Directors has entered into a service agreement with the Company and either party can terminate the Agreement by giving to the other at least three months' notice.

### **Relationship with shareholders**

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with shareholders is through the Interim and Annual Report and Accounts which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by a monthly calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange, and monthly and quarterly reports issued by the Advisers which are distributed by e-mail with copies also available from the Adviser's office upon request and on the Company's website where the shareholders are able to access all the news and published information about the Company

### **Supervising and monitoring appointments of Key Advisers**

The board supervises and monitors the appointment of Advisers, Administrator, Custodian and Broker,

### **Website**

The information published on the Company's website is in accordance with the AIM Rule 26. The maintenance and integrity of the Company's website is the responsibility of the Directors.

### **NON-EXECUTIVE APPOINTMENT TERMS**

### **Terms and conditions of appointment of non-executive directors**

A non-executive director of the Company is appointed for an initial term of 12 months and thereafter expiring when the first of the following events occurs:

- if the non-executive director is not re-appointed or deemed to have been re-appointed a director by shareholders following his retirement at any time in accordance with the Company's Articles of Association;
- if the non-executive director is otherwise removed as a director or vacate office pursuant to law or the Company's Articles of Association;
- if the non-executive director resigns or does not offer himself for re-election by the shareholders, either for his own reasons or at the request of the Board; or
- either he or the Company terminate the appointment by giving the other three months' notice in writing.

In advance of each relevant occasion the then Chairman will informally consult with the other directors and advise him of the consensus view.

## **TERMS OF REFERENCE**

### **Audit and remuneration committees**

Covered under matters reserved for the board section

## **TERMS OF REFERENCE**

### **Nomination committee**

Due to the size of the Board, and the fact that the three Directors are independent of the Adviser, the Board has not set up separate nomination committees on the grounds that the Board as a whole considers these matters.

## **ROLE OF INTERNAL AND EXTERNAL ADVISORS**

When making investment decisions the board receives the advice of the Adviser and its other [Advisers](#).

## **PUBLISHED MATERIALS**

[Annual Reports](#)

[Notice of AGM](#)

## **RESULTS OF SHAREHOLDER VOTING**

[Results of AGM](#)