



## **Corporate Governance Code**

## **Table of Contents**

<b>PREAMBLE</b> .....	4
<b>PART I. THE BOARD OF DIRECTORS AND ITS MEMBERS</b> .....	4
1. COMPOSITION OF THE BOARD OF DIRECTORS (BoD) .....	4
1.1 BoD mission.....	4
1.2 Number of BoD members.....	5
1.3 Role of BoD members.....	5
1.4 Role of independent non-executive BoD members.....	5
1.5 Electing criteria.....	5
1.6 Specific electing criteria for independent non-executive BoD members.....	5
1.7 Nomination Committee.....	7
1.8 Nomination Committee’s duties.....	7
1.9 Composition of Nomination Committee.....	7
2. BOARD COMMITTEES .....	7
<b>PART II. OPERATIONAL RISK MANAGEMENT</b> .....	8
1. RISK MANAGEMENT (OPTIONAL NOT ACTIVATED ).....	8
1.1 Operational Risk Management Committee.....	8
1.2 Operational Risk Management Committee responsibilities.....	8
<b>PART III. INTERNAL AUDIT FUNCTION</b> .....	8
1. INTRODUCTION .....	8
1.1 Internal Audit service.....	8
1.2 Internal Auditor’s independence.....	8
1.3 Appointment exemptions.....	8
1.4 Notifications.....	8
1.5 Internal Audit service mission.....	9
1.6 Internal Audit service operation.....	9
1.7 Compliance.....	9

1.8 Information access.....	9
1.9 Confidentiality.....	9
1.10 Extent of responsibility.....	9
2. PRINCIPLES OF THE INTERNAL AUDIT, QUALIFICATIONS AND RESPONSIBILITIES OF THE AUDITOR (s).....	9
2.1 Organizational independence of Internal Audit.....	9
2.2 Internal Auditor access to books and records.....	9
3. AUDIT COMMITTEE .....	10
3.1 Audit Committee and its principles.....	10
<b>PART IV. INVESTOR RELATIONS .....</b>	<b>11</b>
1. General .....	11
2. Disclosure of Information (price sensitive and non-price sensitive information).....	12
3. Liabilities of the company to the Capital Market Commission of Milan .....	12
<b>PART V. REMUNERATIONS .....</b>	<b>12</b>
1. LEVEL AND STRUCTURE OF REMUNERATIONS.....	12
1.1 General.....	12
1.2 Remuneration disclosures.....	13
<b>PART VI. PROCEDURES FOR RELATED PARTY TRANSACTIONS.....</b>	<b>13</b>
<b>ANNEX I .....</b>	<b>14</b>

## **PREAMBLE**

This Corporate Governance Code (the “**Code**”) aims at providing a clear description of Neurosoft SA ( the Company) internal system of corporate governance, seeking to up hold its compliant operation on a long-term basis for the benefit of customers, shareholders and other investors, employees, directors and all other stakeholders (Principal stakeholders are the stockholders, management and the Board of Directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, and the community at large). The Code sets the processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.

By adopting the Code, the Company and its BoD members wish to align themselves fully with the philosophy of these practices and to clearly state in to how this philosophy is transported into everyday practice. Through its efforts to ensure full transparency, the Company may, by means of its annual corporate governance report, disclose any cases of non-compliance with the Code and explain the reasons for such non-compliance and elaborate on possible improvements. Finally, the Code give guidelines on the internal functions of the company and its BoD but it does not affect the delegations of powers, under the applicable law and the Articles of Association, of its representative bodies in transactions with third parties.

The Code is based on international best practices as set out in the various relevant European Codes and recommendations of the European Commission, which do not substitute regulatory and/or legal requirements (especially Company Law 2190/1920, Law 3016/2002 and Law 3693/2008), but serve as a supplement thereto.

### **Specifically:**

The Code regulates the relationship between stockholders, directors and management as set forth in the corporate charter, bylaws, corporate governance guidelines, and applicable rules and regulations. In addition, Business Conduct Guidelines regulates all directors, executives, officers and employees. The Company’s Bylaws govern and rule the internal management of the Company and cover topics such as how directors are elected, how meetings of stockholders are conducted and what officers the organization has and a description of their duties. The Code gives the guidelines on the Directors’ remuneration and the Company’s compliance policies, good practice, internal control and program and offer information about transactions involving related persons and investors relations.

The BoD reviews the Company’s Corporate Governance procedures at regular intervals and adopts any changes deemed necessary and appropriate.

## **PART I. THE BOARD OF DIRECTORS AND ITS MEMBERS**

### **1. COMPOSITION OF THE BOARD OF DIRECTORS (BoD)**

**1.1 *BoD mission:*** The BoD is responsible for setting strategies, overseeing management and adequately controlling the Company, with the ultimate scope of

upholding the general corporate interest in accordance with the applicable legislation.

- 1.2 Number of BoD members:** Under the provisions of the Company's Articles of Association, company's BoD is composed of five (5) to seven (7) members. A minimum number of non-executive BoD members of at least three (3) is provided, among whom two (2) members should be independent.
- 1.3 Role of BoD members:** The executive BoD members are involved in the Company's daily management and operation, while the non-executive BoD members supervise the proper operation of the Company and the implementation of the decided policies by the management with respect to all corporate issues.
- 1.4 Role of independent non-executive BoD members:** Furthermore, the independent non-executive BoD members (INEDs) objectively participate in the Company's strategy formulation, monitor the Company's management and safeguard the accuracy of the information provided to the Company's shareholders.
- 1.5 Electing criteria:** The election of the BoD members by the General Meeting of the Company's shareholders is based on criteria related to their knowledge of the industry in respect, general professional experience, educational background and integrity. To this end, corporate matters are evaluated and governed by the BoD members, who by inference are professionals with an impartial overview and the ability to express objectively their opinion.
- 1.6 Specific electing criteria for independent non-executive BoD members:** The independent non-executive BoD members are considered as significant part of the BoD composition since they have no material conflict of interest with the company and they are not closely related to the company's management and key shareholders. Specifically, during their service, the independent non-executive BoD members are not allowed to possess, directly or indirectly, more than 0.5% of the share capital of the company or have any other close or dependent relation with the Company.

In determining the independence of board members, including those proposed for nomination, the BoD should consider that a relation of dependence exists when a board member:

- is (as stipulated in Law 3016/2002) or has been an employee, senior executive or chairman of the board of the company or its subsidiaries within the last three years;
- receives or has received during the 12 months prior to appointment any compensation from the Company other than the board membership fees approved by the general meeting of shareholders;
- has (as stipulated in Law 3016/2002) or has had within the past year a material business relationship with the company or its subsidiaries, particularly as a significant client, supplier or consultant of the company, or as a partner, shareholder, board member or senior executive of an entity that has such a relationship with the company or its subsidiaries;

- has been the external auditor of the company or its subsidiaries or has been a partner or employee of a firm that provides external auditing services to the company or its subsidiaries within the last three years;
- has (as stipulated in Law 3016/2002) a second degree kinship with or is the spouse of a non-independent board member, senior executive, adviser, or significant shareholder of the company or its subsidiaries;
- controls directly or indirectly through related parties, more than 10% of the voting rights of the company or represents a significant shareholder of the company or its subsidiaries;
- has served on the board for more than 12 years from the date of his/her first election.

A corporate governance statement included in the annual report should provide information on the board's composition and include the names of the chairman, the vice-chairman, the chief executive, as well as the heads and members of all board committees. In addition, the statement shall name the non-executive members the board considers to be independent. The corporate governance statement should disclose the term of appointment of each board member and contain their brief biographies.

The Board is vested with the power to perform all necessary or useful acts in order to attain the Company's objectives, with the exception of acts specifically reserved by law or the Articles of Association to the shareholders' meeting or other management bodies.

Specifically, the Board is responsible for:

- defining the general policy orientations of the Company
- taking decisions on the main strategic, financial and operational matters of the Company
- supervising the executive management of the Company
- taking all measures necessary to guarantee the quality, reliability, integrity and timely publication of the Company's financial statements and other financial or non-financial information pertinent to the Company
- monitoring and reviewing the effective operation of the Audit Committee and the Nomination and Remuneration Committee
- adopting an internal control and risk management framework established by the executive management
- monitoring the quality of the services provided by the external auditor(s) and the internal audit, taking into account the assessment made by the Audit Committee
- approving the remuneration report; and
- all other issues conferred to the Board by the Greek Companies Code.

Moreover, it has delegated the day-to-day management of the Company to the Managing Director (CEO).

**1.7 *Nomination Committee:*** A Nomination Committee is responsible with respect to the recommendation of nominees for the BoD members' nominations. The Nomination Committee identifies and recommends to the company's BoD candidates with the best qualifications for the specific role and ensures the transparency and efficiency of the procedure concerning the election of the BoD members.

**1.8 *Nomination Committee's duties:*** In order to guarantee the effectiveness of its recommendations, the Nomination Committee undertakes the following duties:

- It sets out the criteria taken into consideration and the procedures to be followed for the proper selection and appointment of the BoD members.
- It monitors from time to time the number of members and the nature of composition of the BoD and suggests any required alterations to the BoD for evaluation.
- It assesses the balance of the present qualifications, knowledge and experience of the BoD members and under this assessment reports on the role and skills necessary for the filling of any vacant BoD position or related replacement.
- It leads the process for the candidate identification and selection.
- It addresses its proposals to the BoD with regard to the nomination of new members.

**1.9 *Composition of Nomination Committee:*** The Nomination Committee consists of at least three (3) members and with maximum ten (10), while the majority is composed by non-executive BoD members. The chairman of the Committee is always a non-executive BoD member.

## **2. BOARD COMMITTEES**

**2.1** The BoD of the company has established three(3) board committees for safeguarding the efficient and transparent governance of the Company, namely a Remuneration Committee, an Audit Committee and a Nomination Committee (above already described).

**2.2** The **Remuneration Committee** is comprised by the chairman of the BoD and an independent non-executive member.

**2.3** The **Audit Committee** is composed of two independent non-executive members and one independent member.

**2.4** The **Nomination Committee** ensures the efficiency and transparency of the process for the selection of the BoD members. The structure and the role of the Nomination Committee is analyzed in Part I clause 3 herein.

## PART II. OPERATIONAL RISK MANAGEMENT

### 1. RISK MANAGEMENT (OPTIONAL NOT ACTIVATED )

**1.1 *Operational Risk Management Committee:*** For the purpose of identification and management of significant business risks, the Company's BoD maintains an operational risk management control system which is effected by itself, the management and the Company's other personnel, designed to identify potential events that may affect the Company and its operation and assess the risk with the purpose of providing reasonable assurance regarding the achievement of Company's objectives. Hence, the BoD has appointed a two members operational risk management committee which reviews regularly the effectiveness of the risk management control system.

**1.2 *Operational Risk Management Committee responsibilities:*** The Operational Risk Management Committee is responsible for Company's objective setting, event identification, risk assessment, risk response, activities control and monitoring. The committee closely cooperates with senior executives of the Company who deal with the strategic planning and manage the key functions in order to face such risk.

The BoD and the committee as well should maintain a sound system of internal control to safeguard the Company's assets, and ensure that significant risks are identified and adequately managed. The BoD should regularly review the corporate strategy, the main risks to the business, and the effectiveness of the system of internal control in managing these risks. The review should cover all material controls, including financial, operational and compliance controls, as well as the risk management systems. The BoD, through its audit committee should also develop a direct and ongoing relationship with and receive regular reports from the Company's auditors in respect of the effective functioning of the internal control system.

## PART III. INTERNAL AUDIT FUNCTION

### 1. INTRODUCTION

**1.1 *Internal Audit service:*** The BoD has also established the Internal Audit, as an independent authority in order to ensure the proper operation of the company pursuant with the business goals, policy and procedures.

**1.2 *Internal Auditor's independence:*** The Internal Auditor is not controlled by or held liable before any other department of the Company and is only supervised by the BoD and the Audit Committee. The Internal Audit service managerially reports to the Chief Executive Officer.

**1.3 *Appointment exemptions:*** Members of the BoD, managers or their relatives are exempted from being appointed as Internal Auditors.



- 1.4 Notifications:** The Company notifies of any changes in the composition or the organizational operation of the Internal Audit within ten (10) working days following such a change.
- 1.5 Internal Audit service mission:** The Internal Audit service examines and evaluates the adequacy and effectiveness of the structure of the internal audit systems as well as systems' effectiveness in achieving the company's set objectives.
- 1.6 Internal Audit service operation:** The key operation of the Internal Audit is to confirm to the shareholders the main objectives of the company have been fulfilled. Independency, objectivity and confidentiality are safeguarded as they constitute the main elements for the successful provision of his services.
- 1.7 Compliance:** It is also in full compliance with the International Standards for the Professional Practice of Internal Auditing, as well as with the policies and the procedures of the company.
- 1.8 Information access:** The Internal Audit has full access to all the files and data, employees, places and activities of the company, information necessary for the implementation of the audit.
- 1.9 Confidentiality:** The Internal Audit is fully liable for preserving the confidentiality of such information. The BoD members cooperate and provide information to the Internal Auditor, easing his task by all means.
- 1.10 Extent of responsibility:** The Internal Audit diffuses the responsibility of the audited functions as the quality of the decisions may not be checked, but the decision making, the decisions' execution and its effects are monitored by the Internal Audit, while the responsibility remains to the company's management.

## **2. PRINCIPLES OF THE INTERNAL AUDIT, QUALIFICATIONS AND RESPONSIBILITIES OF THE AUDITOR (s)**

### **2.1 Organizational independence of Internal Audit**

- 2.1.1 The organizational independence of the Internal Audit is preserved by reassuring that the Head a) is appointed by the BoD. The BoD approves the articles of Association under which the Internal Audit operates b) reports operationally to the BoD and c) reports administratively to the Chief Executive officer of the company.
- 2.1.2 Specifically the BoD approves all the decisions regarding the appointment or the firing of the Head of Internal Audit, approves the Internal Audit Charter Operation and approves the annual compensation of the Head of Internal Audit.
- 2.1.3 Within the framework of functional reference the BoD receives notifications from the Internal Audit on the results of internal Audit functions.

### **2.2 Internal Auditor access to books and records**

- 2.1.4 The Internal Auditor is granted with full access to all files and data, employees, places and activities of the company, information necessary for the implementation of the audits performed.
- 2.1.5 The Internal Audit is fully liable for preserving the confidentiality of such information. The BoD members cooperate and provide information to the Internal Auditor, easing his task by all means. Access restriction to internal auditor(s) with respect to the aforementioned information may constitute limitation of the Internal audit operational framework and relevant remedy actions have to be taken in order to impede this limitation.

### **3. AUDIT COMMITTEE**

#### **3.1 Audit Committee and its principles**

- 3.1.1 The Audit Committee's responsibility is to assist the internal auditor and the company's BoD in ensuring that the Company has a sufficient internal control system encompassing all of its operations.
- 3.1.2 In addition, the Audit Committee ensures that the monitoring of the Company's internal audits and accounting and asset management has been organized in an appropriate and compliant manner.
- 3.1.3 Apart from the above, the Audit Committee monitors the operations and internal control of the Company and ensures that they have been arranged in a manner required by the applicable legislation, regulations and a good management and administration system.

The main responsibilities of the audit committee are the following:

- a. As regards internal control and reporting systems, the audit committee
- monitors the financial reporting process and the integrity of the financial statements of the Company. In addition, the audit committee monitors any formal announcements relating to the Company's financial performance, and review significant financial reporting judgments contained in them;
  - reviews the Company's internal financial controls and monitors the effectiveness of the company's internal control and risk management systems, unless expressly addressed by the board itself or another committee of the board. For this purpose, the audit committee should review the Company's internal control and risk management on a periodic basis, in order to ensure that main risks are properly identified, managed and disclosed;
  - reviews conflicts of interests in transactions of the Company with related parties and submit relevant reports to the board;
  - reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible illegalities or improprieties in matters of financial
  - reports on other matters relating to the normal business of the Company. The audit committee should ensure that procedures are in place for the effective

and independent investigation of such matters, and for appropriate follow-up action.

- b. As regards the oversight of the external audit, the audit committee:
- makes recommendations, via the board, to the general meeting, in relation to the appointment, re-appointment and removal of the external auditor and approves the remuneration and terms of engagement of the external auditor;
  - reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Greek professional and regulatory requirements;
  - reviews and monitors the provision of additional services to the Company by external auditors. For this purpose, the audit committee develops and implements a policy on the engagement of the external auditor to supply non-audit services, and should oversee the implementation of the policy.

The committee should meet at least four times per year to fulfill its responsibilities effectively. At least twice per year, the audit committee should meet the company's external auditor without the presence of members of the executive management.

## **PART IV. INVESTOR RELATIONS**

### **1. General**

The Company has established an Investor Relations Department which undertakes the direct and equal provision of information to all shareholders and offer services with respect of exercising their rights. In particular, it notifies the shareholders on their obligations and it provides routine updating of the Company's affairs, as indicated in the regulations of AIM Italia, where the Company is listed, such as:

- payment of dividends, new share issuance transactions, registration, resignation and conversion period for the exercise of the rights or changes in the initial time frame (e.g. extension of time for exercising the right).
- information provision about the ordinary and extraordinary general meetings and decisions.
- acquisition and disposal of treasury shares or possible cancellation of any of these.
- keeping and updating of the company's share register by contacting the AIM stock market in Milan.

## **2. Disclosure of Information (price sensitive and non-price sensitive information)**

Company's Investor Relations Officer is responsible for monitoring the obligations of the Company towards the capital market and the stock exchange of Milan. In particular, the Company's competent release office is responsible for:

- the company's compliance with disclosure requirements as set out by the capital market commission of Milan.
- the Company's contact with the competent authorities of the Stock Exchange and the Capital Market Commission of Milan. The Company's obligations with respect to information provision to the relevant aforementioned bodies are monitored by the corporate announcements department.

## **3. Liabilities of the company to the Capital Market Commission of Milan**

The AIM Italia rules for listed companies are followed by the Company.

# **PART V. REMUNERATIONS**

## **1. LEVEL AND STRUCTURE OF REMUNERATIONS**

### **1.1 General**

**Remuneration Committee:** The BoD has established a Remuneration Committee consisting exclusively of non-executive and independent members of the BoD under the chairman's supervision. The Remuneration Committee consists of at least three (3) BoD members and its head is an independent non-executive BoD member.

**Remuneration Committee's mission:** The Remuneration Committee oversees the remuneration packages of the BoD members, particularly the executive directors and the senior managers. It ensures remuneration arrangements focus executives on achieving long-term business objectives.

**Remuneration Committee's duties:** The duties of the Remuneration Committee are the following:

- It proposes to the BoD the adequate remuneration for each executive member, including bonus and incentive-based remuneration related to the distribution of shares.
- It examines and submits proposals to the BoD with respect to the overall size of the annual variable (i.e. excluding salary) compensations paid in the business.

## **1.2 Remuneration disclosures**

The report which analyzes the remuneration of the BoD is included in the corporate governance statement for each corporate use and includes:

- Policy and principles adopted by the Company with regard to the remuneration development of executive BoD members.
- The adopted evaluation method concerning the BoD members' performance and the calculation process for the remuneration's variable in relation to executives, including quantitative and qualitative criteria which are taken into account.
- The main elements of the executives' employment contracts, including the duration of the contract.
- The total remuneration paid to each BoD member during the year for their services in the Company and its affiliates, as salary, bonus, eventual severance payments, as well as a description of the type and amount of any other benefits granted.

## **PART VI. PROCEDURES FOR RELATED PARTY TRANSACTIONS**

This Part has been approved by the Company's General Meeting of Shareholders on 21<sup>st</sup> June 2012, it has been drafted as an Independent Document which is available on the Company's website as "Related Parties' Procedures" and constitutes an integral part of this Code.

This procedure (the "Procedure") governs the related parties transactions made by the Company or, under the limits disclosed in this part, by companies controlled by it or controlling the Company.

This procedure will apply from June 22<sup>nd</sup>, 2012 and thereafter until amended by a related resolution of the Shareholders General Meeting.

The managing bodies report to the BoD, at least quarterly, on the execution of the Related Party Transactions.

## ANNEX I

### Instructions for preparing corporate governance statement

The Company for each corporate use:

1. Includes a special section of the annual management report, corporate governance statement, which contains, in conjunction with the provisions of Law 3873/2010:
  - Notification of the voluntary compliance of the Company with this Code.
2. Includes the corporate governance statement in conjunction with Law 3873/2010 and the Code:
  - Brief description of how the company's BoD operates and information on:
    - i. the number of BoD meetings and the attendance record of each member in these meetings;
    - ii. the number of Board committees' meetings and the attendance record of each member in these meetings;
    - iii. a short description of the composition, terms of reference and main issues discussed by each board committee;
    - iv. a description of the conduct which concerns the performance evaluation of the BoD and its committees has been realized.
  - Information on BoD members, such as the following:
    - i. the indication of the chairman, the vice-chairman (if appointed), the chief executive as well as the chairmen and members of BoD committees;
    - ii. the indication of the non-executive BoD members that the BoD considers as independent and, where necessary, the logic supporting this view;
    - iii. brief CVs of each member of the BoD;
    - iv. the service of the BoD members (including the termination date)
    - v. reference to external professional commitments of BoD members (including professional obligations as non-executive directors in other companies and non-profit organizations)
  - Information on risk management and internal audit:
    - i. description of the main elements of risk management and internal audit;

ii. statement of the BoD in relation to the conduction of an annual review of the corporate strategy, key business risks and audit control systems;

iii. if the statutory auditor or audit firm provide non-audit services to the company, evaluation of the impact that may this factor have on the objectivity and effectiveness of the statutory audit, taking into account the provisions of Greek Law 3693/2008.

- Information on the remuneration of BoD members. Towards this end, this information is incorporated in the corporate governance statement, in accordance with Annex I and the rules of the present Code.