CODE OF ETHICS AND CORPORATE GOVERNANCE FOR PUBLIC ENTERPRISES

REPUBLIC OF KOSOVO

GOVERNMENT OF KOSOVO

Ministry of Economic Development

Public Enterprise Policy and Monitoring Unit

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This unofficial English translation is provided for convenience only. In case of discrepancies, the original Albanian version prevails.

Authors

Ramadan Sejdiu

Valon Hoxhaj

Oliver Campbell White

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DEFINITIONS

"AGM" means the Annual General Meeting of shareholders.

"Annual Accounts" means the financial statements which are published in the Annual Report of the Enterprise.

"Annual Report" means the report on the performance of the Enterprise and financial results of the previous calendar year which is presented to shareholders at the AGM and thereafter made public.

"Assets" means anything whose value is reflected in the balance sheet of the Enterprise, including land, buildings, plants, machinery, equipment, tools, instruments, inventories, copyrights, licences and non-financial assets such as confidential information, ideas, plans and strategies.

"Board" with capital "B" means the Board of Directors of this Enterprise; "board" with lower case "b" means the board of directors of any enterprise.

"Business Associates" means current or potential customers, suppliers, competitors, market partners, advisers, professional consultants, creditors of the Enterprise, lessors or lessees of Enterprise property, licensors or licensees.

"CE" means the Chief Executive of the Enterprise.

"Chairperson" with capital "C" means the person who chairs meetings of the Board of this Enterprise; "chairperson" with lower case "c" means the person chairing any other meeting.

"Code" means this Code of Ethics and Corporate Governance for Public Enterprises.

"Confidential Information" means information which, by its content and context, if confidentiality is breached, could benefit a competitor, customer or supplier or otherwise harm the Enterprise.

"Conflict of Interest" means a situation where the personal interests of an employee or director, directly or indirectly, interfere with the exercise of independent judgment and adversely affect or may adversely affect the interests of the Enterprise.

"Company" means a privately owned business incorporated as a limited liability company or joint-stock company.

"Corporate Governance" means the structures, policies, processes and practices by which the Enterprise is directed and controlled, in order to ensure that it pursues its defined objectives and uses resources only for that purpose, and to define relations between the state as owner, the Board, management, employees, customers, suppliers and other stakeholders.

"Director" with capital "D" means a member of the Board of this Enterprise; "director" with lower case "d" means a director of any enterprise.

"Employee" means any person who works for the Enterprise under the Labour Law, whether full-time or part-time, and is remunerated directly by the Enterprise, including officers.

"Enterprise" means this publicly owned enterprise [insert name of entity].

"Ethics" means standards of personal and corporate conduct based on moral and legal principles.

"Executive Management Team" means the CE together with senior managers heading the principal business functions.

"Family Members" means relatives of a director, officer or employee, in particular spouse, fiancé/fiancée, natural or adopted children, step-children, grandchildren, parents, grandparents, brothers, sisters, uncles, aunts, nephews, nieces and cousins.

"IT" means Information Technology.

"Management" means, collectively, the officers of the Enterprise and all persons designated as "manager" or having responsibility for specific functions.

"Officer" means a permanent official position as an employee in the Enterprise.

"POE" or "Publicly Owned Enterprise" means any enterprise owned by the Government of Kosovo.

"POE Unit" means the Public Enterprise Policy and Monitoring Unit in the Ministry of Economic Development.

"Related Party Transactions" means any transaction in which the POE acquires or transfers goods or services to or from a Related Party, including subsidiaries, significant shareholders, former controlling shareholders, former directors or senior managers, major business associates, entities in which the POE participates, close family members of such persons, and entities controlled or significantly influenced by any such persons.

ARTICLE 1. APPLICATION OF THIS CODE

1.1 The Enterprise is committed to conducting its business to the highest standards, in full compliance with applicable laws and regulations and in accordance with ethical business practices.

1.2 This Code applies to all employees, officers and directors. Any person who violates its provisions is subject to disciplinary action, up to and including termination of employment and ending of all cooperation.

1.3 Every employee has a responsibility to obey the law and to act honestly and ethically. This Code is a guide to frequent legal and ethical issues and reporting mechanisms, but it does not cover every possible situation and cannot replace the careful judgment of employees, officers and directors.

1.4 The fundamental principle is that operations must be carried out loyally in the interests of the shareholder (the state), employees, contracting parties and the general public. No employee or director may use any device, scheme or artifice to defraud the Enterprise, its customers or its suppliers.

1.5 Every employee and director must read this Code carefully, consider how it applies to their daily work and sign the acknowledgement page confirming that they have understood and agree with the Code.

1.6 The Code must be interpreted together with other internal policies regulating employee conduct. Employees must familiarise themselves with all such policies.

1.7 Particular attention should be paid to the definition of "business associate", which is used frequently in this Code.

1.8 Questions about this Code or its administration should be referred to the immediate supervisor or a member of the Board Audit Committee.

ARTICLE 2. PURPOSE OF THIS CODE

2.1 The ethical conduct required of employees, officers and directors is set out in Articles 3 to 12 of this Code (corporate records, confidentiality, communications, use of assets, conflicts of interest, bribery and corruption, business policies, human rights, social interests and other employment protocols).

2.2 Corporate governance matters are set out in Articles 13 to 29 (government ownership policies, objectives and principles of good governance, the Board, directors, Chairperson, Senior Independent Director, Corporate Secretary, Audit Committee, Finance Committee, Staff and Remuneration Committee, Research and Technology Committee, Board meetings, Chief Executive Officer, enterprise management, performance evaluation, reporting and remuneration).

2.3 Article 30 describes how this Code is implemented in practice, and Article 31 sets out typical business risk indicators.

ARTICLE 3. CORPORATE BOOKS AND RECORDS

Duties Requiring Attention

3.1 All enterprise documents must be accurate, completed on time, properly authorised and maintained, archived and destroyed in line with approved policies.

3.2 Financial activities and transactions must be recorded in line with the Enterprise's accounting policies, best accounting practice and applicable law.

3.3 No employee may intentionally create inaccurate or misleading records or accounts in any form, nor create undisclosed funds or assets.

3.4 Errors or misstatements must be reported immediately to management and to the Chief Financial Officer.

Internal and Disclosure Control

3.5 The Enterprise maintains internal controls and disclosure controls. All employees must comply with them, report suspected breaches or frauds and suggest improvements where appropriate.

3.6 Employees must cooperate fully with internal and external auditors and must not obstruct any audit or investigation.

ARTICLE 4. CONFIDENTIALITY

Information

4.1 Confidential information includes all non-public information designated as secret by the Board or which could be used by competitors or harm the Enterprise or its partners if disclosed.

4.2 Employees and directors may not appropriate for themselves, family members or third parties any corporate opportunity learned through their role in the Enterprise.

4.3 Confidential business and internal information entrusted by the Enterprise, clients or suppliers must not be disclosed except when authorised or required by law.

Information Technology System

4.4 The Enterprise may monitor and limit the use of IT services and may access, inspect and disclose electronic documents and messages created, stored, sent or received through its systems.

4.5 Users must respect the privacy of other users and must not seek unauthorised access to their information.

4.6 Users must follow IT security rules and take all reasonable measures to protect confidential information when using electronic systems.

ARTICLE 5. COMMUNICATIONS

Internal Notices and Business Correspondence

5.1 Internal notices may be issued only by authorised persons and only within their field of competence.

5.2 All correspondence with business associates must meet quality standards, use prescribed formats and be signed or sent only by authorised persons.

Contacts with Ministries, Regulators and POE Unit

5.3 The Enterprise cooperates with ministries and regulatory agencies following clear communication channels to avoid duplication and misunderstandings.

5.4 Board-related communications are channelled via the Enterprise Secretary; other regulatory communications via the CE.

5.5 Communications received by other staff must be forwarded promptly to the Secretary or CE as appropriate.

5.6 Communication with the POE Unit and shareholder follows the rules of the POE Law, via the Board and Audit Committee chairpersons for Board matters and via senior management for operational data.

Media, Development Agencies and NGOs

5.7 Only the Chairperson, CE and Media Officer (or persons authorised in writing) may speak to the media on Enterprise matters.

5.8 Any media enquiry received by other employees or directors must be referred immediately to the Media Officer.

5.9 Written media statements are prepared by the Public Relations function and approved by the CE.

5.10 Communication with development agencies and NGOs is managed and, where possible, led by the CE, who may delegate in writing.

ARTICLE 6. USE OF ENTERPRISE ASSETS

Use and Protection of Assets

6.1 Employees must use Enterprise assets carefully, efficiently and only for legitimate business purposes.

6.2 Assets include premises, equipment, records, customer information, brands, trade secrets and other intellectual property; these must be protected from loss, theft, misuse or damage.

6.3 Misuse of assets for personal gain or for the benefit of family members may lead to dismissal.

IT Systems

6.4 Limited personal use of IT systems is permitted provided it does not interfere with work or harm the Enterprise.

6.5 Only authorised software installed by the IT Department may be used.

6.6 Employees may not use IT systems for unlawful activities, offensive communications or to introduce destructive programs.

ARTICLE 7. CONFLICTS OF INTEREST

Conflicts of Interest

7.1 Decisions must be made solely in the interests of the Enterprise. Personal, family, financial, political or social interests must not influence or appear to influence judgement.

7.2 Employees and directors must avoid situations where they or family members have significant interests in competitors, suppliers or customers, or where family members are in supervisory relationships inside the Enterprise.

7.3 They must not direct business to enterprises in which they or family members have interests, nor accept outside employment or benefits that create conflicts.

7.4 All potential conflicts must be disclosed in writing to the CE or Board, who may seek interpretation from the Anti-Corruption Agency.

7.5 Employees and directors must complete annual declarations of interest and update them when circumstances change.

7.6 No action may be taken in a conflict situation until the Board has approved management of the conflict in writing.

ARTICLE 8. BRIBERY AND CORRUPTION

Bribery, Corruption and Reporting Irregularities

8.1 Charitable donations are allowed only in line with law, CSR policy and with prior Board approval; donations may never be used to influence business decisions and may not be made to political parties or candidates.

8.2 Any form of bribery, extortion, fraud or facilitation payment, whether offered or received directly or indirectly, is strictly prohibited and constitutes grounds for dismissal and possible criminal charges.

8.3 Gifts and hospitality may be accepted or offered only if modest, infrequent, transparent, not in cash and not linked to ongoing negotiations or decisions.

8.4 Employees must promptly report suspected violations of this Code, law or policy to the CE, Board Chair, Audit Committee Chair or, as a last resort, to the POE Unit. Good-faith whistle-blowers are protected against retaliation.

8.5 Substantiated violations lead to corrective actions, which may include disciplinary measures up to dismissal and referral to the competent authorities.

ARTICLE 9. BUSINESS POLICIES

Business Policies

9.1 The Enterprise commits to high-quality, safe and reliable services, fair trading, transparent and lawful procurement and compliance with regulator-approved tariffs.

9.2 It avoids misleading communications and unfair competitive practices, and only works with suppliers who comply with law and do not damage its reputation.

9.3 Contracts are to be honoured; if terms become impractical or contrary to the Enterprise's interests, they must be renegotiated or terminated in line with contract provisions.

9.4 The Enterprise enforces payment obligations equally for all customers and may suspend services for persistent non-payment.

9.5 All regulatory obligations, including reporting and safety standards, must be met or exceeded.

ARTICLE 10. HUMAN RIGHTS STANDARDS

Human Rights and Workplace Standards

10.1 Employment decisions must be free of discrimination based on race, ethnicity, religion, gender, national origin, marital status, age or disability.

10.2 Recruitment and promotion are based on merit, qualifications and performance, not political or personal influence.

10.3 HIV-positive employees are treated like any other employee with a medical condition, with respect for confidentiality and without discrimination.

10.4 The Enterprise prohibits harassment, including sexual harassment, and threats or acts of violence. Complaints must be investigated promptly and confidentially, and substantiated cases lead to disciplinary measures.

10.5 The Enterprise maintains a safe and healthy workplace and prohibits unauthorised weapons on its premises.

ARTICLE 11. SOCIAL INTERESTS

Social Interests

11.1 As a publicly owned enterprise, the Enterprise supports Government development objectives, environmental protection and community welfare.

11.2 New projects and policies must consider environmental impacts and aim to meet high standards for emissions, waste and resource use.

11.3 The Enterprise seeks constructive engagement with local communities, respects local traditions and uses social responsibility initiatives to strengthen mutual trust and its own reputation.

ARTICLE 12. OTHER EMPLOYMENT PROTOCOLS

Other Employment Protocols

12.1 Employees must wear and present Enterprise identification when required and safeguard access to premises.

12.2 Professional behaviour, appropriate appearance and respectful treatment of colleagues and customers are required at all times.

12.3 Complaints should follow internal grievance channels starting with the immediate supervisor and, if necessary, the HR Manager or CE.

12.4 The Enterprise operates a drug- and alcohol-free workplace and may take disciplinary action for violations.

12.5 The employment of relatives and outside employment are subject to restrictions and prior disclosure to avoid conflicts of interest.

ARTICLE 13. GOVERNMENT OWNERSHIP POLICIES

Government Ownership Policies

13.1 The Government, acting as owner, sets clear ownership policies for POEs, including: definition of overall objectives; separation of ownership and regulatory functions; professional and merit-based Board appointments; capital structure and dividend policy; performance monitoring; treatment of state subsidies; and potential private sector participation.

13.2 Ownership rights are exercised transparently and in line with applicable POE legislation.

ARTICLE 14. OBJECTIVES AND PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Objectives and Principles of Good Corporate Governance

14.1 The Enterprise adheres to principles of transparency, accountability, responsibility and fairness.

14.2 Board appointment processes, disclosure practices and legal compliance must align with recognised good-governance standards and Kosovo law.

ARTICLE 15. DUTIES, RESPONSIBILITIES AND AUTHORITY OF THE BOARD

Duties, Responsibilities and Authority of the Board

15.1 The roles of the Board and management are clearly separated. The Board sets strategic direction, approves major plans, budgets and policies and oversees management.

15.2 Supervisory duties include monitoring financial and operational performance, risk management, internal control and compliance, and ensuring the integrity of financial reporting.

15.3 The Board establishes committees (including Audit, Finance, Staff and Remuneration, and Research and Technology) with clear mandates.

15.4 Board members must act in good faith, with due care and in the best interests of the Enterprise and the state as owner.

ARTICLE 16. ROLE, DUTIES AND RESPONSIBILITIES OF DIRECTORS

Role, Duties and Responsibilities of Directors

16.1 Directors share collective responsibility for Board decisions and must dedicate sufficient time, prepare adequately and participate actively.

16.2 They must meet fit-and-proper and integrity criteria, comply with ethical standards, avoid conflicts of interest and maintain confidentiality.

16.3 Core competencies include strategic insight, financial literacy, risk awareness and understanding of the sector in which the Enterprise operates.

ARTICLE 17. CHAIRPERSON

Chairperson

17.1 The Chairperson leads the Board, ensures its effectiveness, sets agendas with the CE and Enterprise Secretary, facilitates open and constructive debate and ensures that directors receive accurate and timely information.

17.2 The Chairperson represents the Board in relations with the shareholder, key stakeholders and the CE.

ARTICLE 18. SENIOR INDEPENDENT DIRECTOR

Senior Independent Director

18.1 The Senior Independent Director (SID) acts as an additional contact point for directors and stakeholders where issues cannot be resolved through standard channels.

18.2 The SID may lead the evaluation of the Chairperson and support the maintenance of effective Board dynamics and independence.

ARTICLE 19. CORPORATE SECRETARY

Corporate Secretary

19.1 The Corporate Secretary advises the Board on governance matters, organises Board and committee meetings, keeps minutes and ensures that Board procedures comply with law and internal regulations.

19.2 The Secretary is responsible for secure custody of corporate records and for formal communications between the Board, shareholder and regulators as assigned.

ARTICLE 20. AUDIT COMMITTEE

Audit Committee

20.1 The Audit Committee is composed mainly of non-executive directors, at least one of whom has recent and relevant financial expertise.

20.2 Its functions include overseeing financial reporting, internal control, risk management, internal and external audit, and compliance with laws and regulations.

20.3 The Committee reviews audit plans and reports, monitors implementation of audit recommendations and evaluates the effectiveness of the audit process.

ARTICLE 21. FINANCE COMMITTEE

Finance Committee

21.1 The Finance Committee reviews financial strategies, capital structure, major investments, borrowings and liquidity management.

21.2 It assesses the annual budget and medium-term financial plans before submission to the Board and monitors financial performance against approved targets.

ARTICLE 22. STAFF AND REMUNERATION COMMITTEE

Staff and Remuneration Committee

22.1 This Committee recommends policies on staff matters, including recruitment of senior officers, succession planning and remuneration frameworks.

22.2 It proposes remuneration packages for the CE and other key officers consistent with performance, market conditions and public-sector guidelines.

ARTICLE 23. RESEARCH AND TECHNOLOGY COMMITTEE

Research and Technology Committee

23.1 Where relevant, this Committee oversees strategies for research, innovation, technology development and major technical projects.

23.2 It advises the Board on technological risks and opportunities affecting long-term performance.

ARTICLE 24. BOARD MEETINGS

Board Meetings

24.1 The Board meets regularly according to an agreed annual calendar and additionally as required.

24.2 Agendas are circulated in advance; minutes accurately record decisions and key discussions.

24.3 Quorum, voting procedures and documentation standards follow applicable law and the Enterprise's internal regulations.

ARTICLE 25. CHIEF EXECUTIVE OFFICER

Chief Executive Officer

25.1 The CE is selected and appointed through a transparent, merit-based process approved by the Board and in line with POE legislation.

25.2 The CE is responsible for day-to-day management, implementation of Board-approved strategies, plans and budgets, and for leading the Executive Management Team.

25.3 The CE has clearly defined authority limits and is accountable to the Board for performance and compliance.

ARTICLE 26. ENTERPRISE MANAGEMENT

Enterprise Management

26.1 The Executive Management Team supports the CE in managing operations, preparing business plans and annual budgets and implementing Board policies.

26.2 Recruitment and selection of officers follow merit-based, transparent procedures.

26.3 Officers owe fiduciary duties of loyalty and care to the Enterprise and must manage resources efficiently and prudently.

ARTICLE 27. PERFORMANCE EVALUATION

Performance Evaluation

27.1 Performance evaluation is conducted at multiple levels: Enterprise, Board, Board committees, individual directors, CE and senior officers.

27.2 The Board regularly reviews Enterprise performance against agreed targets and the POE Unit independently reviews POE performance against government objectives.

27.3 Board self-assessment and external evaluation, where appropriate, are used to improve Board effectiveness.

27.4 The CE and senior officers are evaluated against agreed objectives, with results feeding into development plans and remuneration decisions.

ARTICLE 28. REPORTING

Reporting

28.1 The Enterprise complies with all statutory reporting requirements and submits timely and accurate financial and non-financial reports to regulators, the shareholder and other stakeholders.

28.2 Internal reporting provides the Board with regular information on financial results, risks, major projects and compliance matters.

28.3 An annual report presents financial statements, operational results, governance disclosures and performance against objectives and is made publicly available.

28.4 An AGM is held in accordance with applicable law and POE regulations.

ARTICLE 29. REMUNERATION

Remuneration

29.1 Remuneration policies aim to attract and retain qualified Board members and staff while reflecting the public-sector context and affordability.

29.2 Non-executive directors receive fees approved in line with government rules and are not eligible for performance-based pay.

29.3 Officers and employees receive remuneration linked to responsibilities, market benchmarks and performance, within frameworks approved by the Board and, where required, the Government.

ARTICLE 30. IMPLEMENTATION OF THE CODE

Implementation of the Code

30.1 A compliance officer or function is designated to promote, monitor and report on implementation of this Code.

30.2 Suspected breaches must be reported and investigated; proven breaches lead to appropriate disciplinary or corrective action.

30.3 In certain circumstances defined by law, the Government may intervene in the governance of the Enterprise to protect the public interest.

30.4 The Board periodically reviews this Code and may recommend amendments to reflect legal or best-practice developments.

ARTICLE 31. TABLE A – RISK INDICATORS

Table A – Typical Business Risk Indicators

31.1 The following non-exhaustive categories of indicators are used to identify and monitor risks:

Ethical indicators – e.g. increase in complaints or whistle-blower reports, frequent conflict-of-interest situations, unusual gifts and hospitality.

Financial indicators – e.g. deterioration in liquidity ratios, growing arrears, unexplained variances from budget, significant write-offs.

Legal/compliance indicators – e.g. rising number of legal disputes, regulatory warnings or fines, delays in statutory reporting.

Market indicators – e.g. loss of major customers, increased competition, adverse changes in tariffs or demand patterns.

Natural and environmental indicators – e.g. exposure to natural disasters, pollution incidents, non-compliance with environmental standards.

Operational indicators – e.g. frequent system breakdowns, high outage or downtime rates, major project delays or cost overruns.

Human-resource indicators – e.g. high staff turnover, low morale, increased absenteeism, skill shortages.

Strategic and partner indicators – e.g. unclear strategy, failed alliances, supplier concentration, underperforming joint ventures.

31.2 Management develops detailed risk registers and mitigation actions based on these indicator categories and reports regularly to the Board and its committees.