

Approved by the Board of Directors of  
EuroChem Group AG,  
resolution dated 18 September 2018

**ANTI-CORRUPTION POLICY**

**EUROCHEM GROUP AG**

**English Version**

**Zug September 2018**

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## **I. INTRODUCTION**

EuroChem Group AG (the “**Company**”) and each of its subsidiaries (the Company, each its subsidiaries and each joint venture in which the Company has, directly or indirectly, an interest of 50% or greater, shall be jointly referred to as the “**Group**” and individually as a “**Member of the Group**”) conducts its business operations in a manner that ensures adherence to all applicable statutory requirements, which it obliges to comply by law or otherwise, and to the standards, policies and rules, which it agrees to comply with by its own decision.

This Anti-Corruption Policy (the “**Policy**”) is an integral part of the Company’s Code of Conduct of EuroChem Group AG, Section 7. The Policy defines in details the core principle Anti-corruption policy and rules which shall be respected by all Employees of the Company in order to prevent bribery and corruption.

This Policy is also intended to provide a level of awareness about the U.S. Foreign Corrupt Practices Act (“**FCPA**”) and the U.K. Bribery Act 2010 (“**UKBA**”), Swiss Criminal Code and Swiss Federal Law against Unfair Competition (“**Swiss FLUC**”), Russian Criminal Code and Anti-corruption Charter of the Russian business (“**ACC**”) and other applicable anti-bribery or anti-corruption laws and regulations.

Although this Policy focuses primarily on compliance with the FCPA and UKBA as well as Swiss FLUC and ACC, it is necessary to remain equally attentive to compliance with all applicable anti-corruption laws, including the federal, state and local laws of each country in which the Group operates. The FCPA, UKBA, Swiss FLUC, ACC and applicable local criminal codes or anti-corruption laws and regulations will be referred to collectively as “**Applicable Anti-Corruption Laws**” in this Policy.

Employees who interact directly or indirectly with government officials on behalf of the Company or a Member of the Group shall contact General Counsel and Chief Compliance Officer with questions related to compliance with Applicable Anti-Corruption Laws. Employees also shall consult with personnel responsible for government relations to ensure that they are acting in accordance with Company policy and guidelines regarding government relations.

A violation of any Applicable Anti-Corruption Law can lead to severe civil and criminal penalties, including imprisonment, as well as monetarily financial losses and damage to Company’s reputation.

Entities in which the Company has, directly or indirectly, a less than 50% ownership is encouraged to apply this Policy rules.

## **II. PURPOSE**

The purpose of this Policy is to inform of the Employees on anti-corruption laws and regulations as well as measures to be taken to prevent violations of Applicable Anti-Corruption Laws

### **1. DEFINITIONS**

- 1.1 “**Applicable Anti-Corruption Laws**” means the laws and regulations described in the Introduction and listed in Annex 1 to the Policy as amended from time to time and published at the Group’s corporate website.
- 1.2 “**Bribe**” means a receipt or acceptance of any improper promise, Gift, payments, advantages or benefits, for oneself or as a benefit for someone else, for a corrupt purpose during commercial activity, employment or assignment, and the “**Bribery**” shall mean granting, promising, accepting or offering improper or corrupt promises, Gifts, payments, advantages or benefits (including kickbacks, other corrupt payments or efforts).

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- 1.3 **“Employee”**, **“Employees”** means officers, directors and employees of the Company or any Member of the Group.
- 1.4 **“Corruption”** means abuse of entrusted power for private gain. This implies not only improper financial gain but also improper non-financial advantages (business opportunities; favorable contracts; stock options; cash, cash equivalents (e.g., gift cards, gift checks) or loans; payments for improper gifts, meals, travel and entertainment; favors, including offers of employment or internships for an official or an official’s relative; sponsorships; promises to pay/give; donations to a charity affiliated with or sponsored by a Government official; political contributions).
- 1.5 **“Facilitation payments”** mean the improper payments made to Government officials, civil servants and other public figures to expedite or facilitate non-discretionary actions or services, such as obtaining an ordinary license or business permit, processing government papers such as visas, providing police protection, providing telephone, power or water service, or loading or unloading of cargo.
- 1.6 **“Gift”** means anything promised, offered, accepted or given, regardless of its value, including, but not limited to the provision of hospitality and entertainment expenses.
- 1.7 **“Political Contributions”** means any Gift, subscription, loan, advance, or deposit of money, securities or anything of value, as well as promises, agreements or contracts, compensations made for any political purpose, including to a candidate for any office or a political party or its affiliated organization.
- 1.8 **“Government official”** includes but is not limited to any employee, agent, or another individual acting on behalf of the state or the government (federal or local), including departments or agencies of a state or the government, political parties, candidates for office in any country, or businesses that are wholly or partially state-owned and any employees of such businesses; heads of state, ministers, and other political appointees; civil servants; other full or part-time employees of government; private citizens acting in an official capacity; state, municipal or another security personnel (military, police, intelligence); judges and legislators; officers and employees of state owned or controlled enterprises (for example, a state-owned petroleum company or airline); and employees of other public institutions (including universities, laboratories, hospitals, and the like).
- 1.9 **“Compliance Policy”** means Compliance Policy of EuroChem Group AG.
- 1.10 **“Corporate Security”** means the department or a person nominated in the Company or in the Member of the Group to provide the support in security matters to the Company’s or such Member’s of the Group activity.
- 1.11 **“Compliance Department”** means the Chief Compliance Officer and Employees of the Company or a Member of the Group reporting to Chief Compliance Officer on compliance matters.
- 1.12 **“Legal Function”** means the department or a person nominated in the Company or in a Member of the Group to provide legal support to the Company’s or such Member’s of the Group activity.
- 1.13 **“Whistleblowing system”** means a special communications channel set up to enable the reporting or alerting of a Concern, in accordance with the Whistleblowing Policy of EuroChem Group AG.

## 2. APPLICABILITY

This Policy applies to all Employees of the Company and the Member of the Group.

In some countries, more stringent applicable anti-corruption laws, regulations or industry codes supersede the principles set out in this Policy.

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In case the local legislation provides the less stringent principles, the principles of this Policy shall supersede.

The Policy shall be brought to the attention of all Employees. All new Employees shall be informed on the Policy at the time of entering into the employment, labour or similar agreement with the Company or a Member of the Group. By signing the employment, labour or similar agreement (or specific amendments thereof) the Employee confirms that he or she has read, understood and undertake to comply with the Policy.

### **3. PROHIBITION OF BRIBERY**

The Company prohibits any action or activity stipulated in the Applicable Anti-Corruption Laws as prohibited activity and further requests each Member of the Group and each Employee to refrain from giving, promising, offering, accepting or authorizing any Bribe to or from any Government official, regardless of value, made in violation of the applicable Anti-Corruption Laws for a corrupt purpose in order to obtain or secure improper advantage or benefits. In essence, these laws prohibit the giving or accepting of anything of value to influence a Government official's actions as well as any other business activities. Prohibited actions include, but are not limited to, those designed to:

- Induce the recipient to award a contract, license or permit to the Company or a Member of the Group;
- Obtain advantageous tax or customs treatment; or
- Circumvent or obtain non-enforcement of laws or regulations applicable to the Company or a Member of the Group.

The prohibition on Bribery applies to giving, promising, offering, accepting or authorizing any Bribe, even if the benefit is for someone other than the party making the payment.

In fact, even common business practices or social activities, such as the provision of Gifts or hospitality, can constitute a Bribe in some circumstances, if or when provided in violation of the applicable Anti-Corruption Laws. Therefore, making or accepting the Gifts for a corrupt purpose is strictly prohibited (please also see Limited Exceptions at section 7 of the Policy). For no reason a Member of the Group or an Employee shall give or accept any Gifts being in form of cash of any currency, cash equivalent vouchers or securities.

The **UKBA and Swiss legislation** also specifically prohibits the offering or acceptance of corrupt payments and other advantages between private (non-government) persons and entities. Such conduct constitutes commercial Bribery, often called "kickbacks", therefore, any commercial Bribery or "kickbacks" in whatever form are prohibited under this Policy.

### **4. PROHIBITION OF FACILITATING PAYMENTS AND CONTRIBUTIONS**

Facilitating payments as well as Political Contributions are strictly prohibited under this Policy.

### **5. THIRD PARTIES**

Applicable Anti-Corruption Laws prohibit any corrupt payments, including payments made or received through third parties.

Under the FCPA, it is unlawful to make a payment of anything of value to any person, knowing that all or any portion of the payment will be offered, given, or promised to a Government official or any other person for a corrupt purpose.

For no reason the Company or a Member of the Group shall enter into any relationship with a third party in case there is any concern regarding the third party's background, qualifications and reputation resulting in the Company or a Member of the Group violation any Applicable Anti-Corruption Laws.

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Prior the entering into the relations with a third party reasonable due diligence and check is required to be performed in accordance with the Company's rules.

### **6. EXCEPTIONS**

#### ***Gifts, Hospitality and Entertainment***

It is allowed to make or accept corporate or business Gifts, hospitality or entertainment in the course of doing business with total value of such item not exceeding 500 CHF or equivalent, provided that no business decisions are influenced by that.

In making or accepting the Gifts, hospitality or entertainment, Employee shall follow the below requirements:

- Gifts, hospitality, and entertainment measures must be modest, reasonable and infrequent so far as any recipient is concerned.
- Gifts, hospitality, and entertainment must never be promised, offered, or provided with the intent of causing the recipient to do something favoring the Company or a Member of the Group, to reward such behavior, or to refrain from doing something disadvantaging the Company or a Member of the Group. Before making or accepting a Gift or provision of hospitality or entertainment, Employee shall reasonably consider whether the reputation of the Company or a Member of the Group, or the recipient is likely to be damaged if information of such Gift, hospitality or entertainment would be disclosed publicly. If this would embarrass either the Company, a Member of the Group or the recipient, the Employee shall not proceed.

In case of any concern or uncertainty, Employee may consult with his or her direct supervisor, Legal Function or Compliance department.

#### ***Donations and Sponsorship***

Requests for grants or donations must be handled with special caution, in particular those from requesters who are able to affect the operations of the Company or a Member of the Group or may benefit personally if the request is granted. For instance, grants or donations must not be given to obtain a marketing authorization or any other approval, or to directly increase the sales of Group products in return.

Donations or sponsoring must not be used (or perceived to be used) to receive an improper commercial advantage in return. At the same time, sponsoring must never reward (or be perceived to reward) an improper commercial advantage.

Any grants, donation and sponsoring must be approved by the Company's CEO (on the matters related to the Company) or by management of the Member of the Group (on the matters related to such Member of the Group) in accordance with the corporate approval procedure.

Without exception, all charitable donations made on behalf of the Company or a Member of the Group must be approved by the Company's CEO. The person or entity seeking to make the donation shall provide documentation indicating that the charity is legitimate, the donation will be used for proper charitable purposes, and the donation will not directly or indirectly be used for personal benefit by a person associated with the charity.

Grants, donations, and sponsoring may not be provided to individuals in violation of this Policy. The Policy prohibits any Employee from making grants, donations or contributions on behalf of the Company or a Member of the Group without prior approval as prescribed above.

## **7. REPORTING**

If Employee receives any offer or request to make a Bribe or a Facilitating payment, he or she shall promptly notify direct supervisor, Corporate Security or Compliance department about such offer or request.

If Employee earns any information about a suspected violation of this Policy or Applicable Anti-Corruption Laws, the Policy requires the Employee to make such information available for Corporate Security or Compliance department for certain prevention measures to be taken to avoid any wrongdoing or to mitigate any consequences.

## **8. NON-COMPLIANCE**

In case any Employee knowingly or intentionally breaches any Applicable Anti-Corruption Laws, the management of the relevant Member of the Group, after consultation with the General Counsel, Compliance Officer or Head of Corporate Security, shall (i) immediately terminate the employment of such Employee, such termination be perfected in accordance with applicable labor or corporate rules or regulations, (ii) if required by applicable law, report the breach to the authorities.

In case any Employee intentionally breaches the provision of this Policy, the management of the relevant Member of the Group, upon consultation with the General Counsel, Compliance Officer or the Head of Corporate Security, shall have a right, at its sole discretion (i) to terminate the employment of such breaching Employee or (ii) to impose on such breaching Employee any disciplinary liability measures, to the extent permitted by applicable labor or corporate laws or regulations.

## **9. TRAINING**

The Company and the other Members of the Group shall provide training on the applicability of the Policy to Employees on a regular basis, but at least once in a twelve-month period.

The General Counsel and Compliance Officer in consultation with Head of Corporate Security shall determine the content of the training and the relevant Employees who will be required to complete the training.

The General Counsel and Compliance Officer shall ensure that the relevant Employees complete the training.

The management of the Company and each Member of the Group are responsible for implementation and incorporating of this Policy into the employee training and education program and relevant HR policies and standards.

## **10. POLICY GOVERNANCE**

This Policy shall be reviewed by the General Counsel and Compliance Officer together with Head of Corporate Security on a regular basis, but at least annually in order to ensure that the Policy is up to date and reflects all changes to the Applicable Anti-Corruption Laws. General Counsel and Compliance Officer together with Head of Corporate Security shall regularly review and update the Annex 1 with list of the Applicable Anti-Corruption and publish the updated version at Group website.

## **Annex 1**

(May be amended from time to time by General Counsel and Compliance Officer together with Head of Corporate Security)

Swiss anti-corruption provisions are contained in the **Criminal Code (“Strafgesetzbuch”)** and the **Swiss Federal Law against Unfair Competition**.

The **Corruption of Foreign Public Officials Act (“CFPOA”, Canada)** is the Canadian legislation implementing its obligations under the UN Convention against Corruption. The CFPOA applies to persons and companies and makes it a criminal offence for persons or companies to bribe foreign public officials to obtain or retain a business advantage. CFPOA features three offences: bribing a foreign public official, laundering property and proceeds, and possession of property and proceeds.

The **Foreign Corrupt Practices Act (“FCPA”, USA)** is U.S. law that prohibits promising, offering or making corrupt payments to Foreign Officials and certain other parties for the purpose of obtaining or retaining business or otherwise gaining an unfair advantage. The FCPA also includes accounting provisions that require public companies to keep accurate financial books and records and to maintain internal controls that minimize the possibility of improper payments being made and allow for the detection of improper payments should they occur despite the Company’s Policy and Procedures.

The **Bribery Act 2010 (“Bribery Act”, United Kingdom)** The Bribery Act accomplishes three objectives: (1) The Bribery Act creates a new bribery offence imposing strict liability on organizations whose employees or representatives engage in bribery in the UK or abroad; (2) The Bribery Act comprehensively redefines the criminal elements of bribery, including a new general offence that covers domestic and foreign bribery, and a separate, stand-alone offence of bribery of a foreign public official that introduces standards similar in scope to the OECD Anti-Bribery Convention and the U.S. Foreign Corrupt Practices Act; and (3) The Bribery Act broadens the jurisdictional reach of the UK anti-bribery laws, to cover bribery worldwide by individuals who are UK nationals or are ordinarily resident in the UK, and organizations that conduct some portion of their business in the UK.

The **Anti-corruption Charter of the Russian business (“ACC”, Russia)**. The essence of the document is in the implementation of anti-corruption programs and practices that affect not only the situation within companies, but also relationships with business partners and the government. The Charter covers the rejection of preferences and procurement on the basis of public tenders, risk assessment, due diligence, financial and commercial controls, direct and indirect employment (including recruitment), assistance to law enforcement agencies, and other measures.

The **2008 Russian Anti-Corruption Law** sets out the general principles for fighting corruption. It provides a legal definition of ‘corruption’, which comprises active and passive bribery (including commercial bribery), misuse of public authority and other abuses of rights by an individual aimed at gaining monetary or other benefits contrary to state or public interests. This Law provides a general framework while leaving particular sanctions for corrupt activities to other pieces of legislation referred to above.

Bribery and money laundering offences are punishable under the **Criminal Code of Russian Federation**. In Russia only individuals can be criminally liable – legal entities cannot be. Both receiving and giving a bribe are punishable. The law provides for severe criminal sanctions (imprisonment, etc.) for individuals found guilty of these crimes. Bribery within Russia is punishable irrespective of the nationality of the individuals involved.

In addition to criminal liability, the **Civil Code of Russian Federation of 1996** prohibits gifts exceeding 3,000 roubles being made to state officials and gifts between legal entities, and imposes civil law sanctions for violation of the above prohibitions.



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The **Administrative Code of Russian Federation** also provides for administrative liability (fines, injunctions, etc.) for certain misdemeanors (e.g., failure to comply with certain anti-money laundering legislative requirements).

The **United Nations Convention against Corruption (“UNCAC”, United Nations)** is the most comprehensive anti-corruption convention, entering into force in December 2005. It covers a wide-range of corruption offences, including domestic and foreign bribery, embezzlement, trading in influence and money laundering.

The **French anti-corruption law addressing transparency, anti-corruption and economic modernization (“Sapin II” law, France)** stipulates that companies must establish an anti-corruption program to identify and mitigate corruption risks. The Sapin II law criminalizes influence peddling and, thus, makes any legal or natural person criminally liable for offering a donation, gift or reward, with the intent to induce a foreign public official to abuse his/her position or influence to obtain an undue advantage.

German anti-corruption provisions are contained in the **Law on Fighting Corruption, the Criminal Code (“Strafgesetzbuch”) and the Administrative Offences Act (“Ordnungswidrigkeitengesetz”)**. The Criminal Code’s provisions apply to persons, while companies face civil responsibility under the Administrative Offences Act. Corruption offenses committed abroad can be enforced in Germany.

The **Brazil’s Clean Company Act 2014 (Law No. 12,846)** holds companies responsible for the corrupt acts of their employees and introduces strict liability for those offences, meaning a company can be liable without a finding of fault. The Act provides strict civil and administrative penalties but no criminal penalties for companies. However, the Criminal Code establishes domestic criminal offences.

The **OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“OECD Convention”)** addresses bribery of foreign public officials. Its aim is to create a level playing field between OECD countries by subjecting countries to the same criminal standards. Before the OECD Convention, the US was the only OECD country that prohibited its companies from bribing foreign officials. The OECD Convention does not address private (business-to-business) bribery.

The **Inter-American Convention against Corruption (“IACAC”)** aims to promote and strengthen the mechanisms to combat corruption, and to promote, facilitate and regulate cooperation to ensure the effectiveness of the measures to combat corruption in the performance of public functions. The IACAC establishes a number of anti-corruption measures, including criminalization, cooperation, assets recovery, monitoring.

The **African Union (AU) Convention on Preventing and Combating Corruption (“AU CPCC”)** addresses corruption in the public and private sectors. It represents a consensus on what African countries should do in the areas of prevention, criminalization, international cooperation and asset recovery. Its provisions criminalize domestic and foreign bribery, diversion of property by public officials, trading in influence, illicit enrichment, money laundering and concealment of property

The **China’s Anti-Unfair Competition Law of the PRC** and the **Criminal Law of the PRC**. China has long-held a tradition of gift giving, known as *Guan Xi*, in all types of business transactions. The country has embarked on an aggressive anti-corruption campaign, and strong enforcement is likely to continue in the coming years.