

Summary of Provision

“On Anti-Corruption Policy of URALCHEM JSC”

Purpose of the document

The Provision “On Anti-Corruption Policy of URALCHEM JSC” (hereinafter - Provision) is developed in compliance with the Federal Law of 25.12.2008 No273-FZ “On Combating Corruption” for protection of rights and freedoms of citizens, provision of legitimacy, law enforcement and public safety and is the basic document of URALCHEM JSC, setting out the main principles and requirements aimed at combating corruption and observance of standards of applicable anti-corruption law by administration, employees and other persons who may act on behalf of URALCHEM JSC.

Anti-corruption measures of the Company are directed at:

- prevention corruption, including revealing and subsequent elimination of the causes of corruption (prevention of corruption);
- revealing, prevention, disruption, solution and investigation of corruption law infringement (combatting corruption);
- minimization and/or elimination of corruption law infringement consequences.

Tasks of Provision:

- to minimize the risk of involvement of the Company as represented by the administration and employees, regardless their position, into corruption activity;
- to generate a uniform concept of intolerance of corruption in any form and manifestations among the counterparties, employees and other persons.

ENACTED

By the order of Chief Executive Officer
of _____ No _____

Provision
“On Anti-Corruption Policy of URALCHEM JSC”

Revision 1



URALCHEM JSC
2018

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1. Glossary

1.1. Terms

Anti-corruption policy means URALCHEM JSC activity directed at creation of efficient anti-corruption system;

Chief Executive Officer means Chief Executive Officer of URALCHEM JSC;

Hotline means a specialized system of acceptance and processing of information, including that related to corruption events in the Group;

Uralchem Group (Group) means URALCHEM JSC, all URALCHEM JSC subsidiaries and administered companies as well as the companies directly and indirectly controlled by URALCHEM JSC. The term Group used in this Provision shall be used exceptionally for the purposes of defining the relations governed by this Provision, and cannot be considered within the meaning of the concept “Group” as construed and used in compliance with the law in force.

Conflict of interests means the situation where the employee’s personal interest (whether direct or indirect) affects or may affect proper execution of his or her job duties and where a contradiction between the employee’s personal interest and rights and legal interests of the Company arises or may arise and may result in the damage of property and/or business reputation of the Company. A Company employee’s personal interest means the employee’s interest related to a possibility of making profit in the form of money, valuables, other property or services of proprietary nature or any profits (benefits) for himself/herself and/or immediate relatives (parents, spouses, children, siblings, as well as spouse’s siblings, parents, children and children’s spouse), citizens or organizations, in proprietary, corporate and other close relations with the Company’s employee and/or his/her immediate relatives in the process of performance of his/her duties;

Corruption means abuse of official position, offering bribe, acceptance of bribe, abuse of power or authority, corrupt business practices or any other illegal use of official position by URALCHEM JSC employees in violation of legal interests of URALCHEM JSC, society and state for the purpose of making profit in the form of money, valuables, other property or services of proprietary nature or any property rights for himself/herself or third parties or illegal provision of such profit to URALCHEM JSC employees by the third parties;

Corruption law infringement means a deed having the signs of corruption, for which a regulatory legal act provides tort, disciplinary, administrative or criminal liability;

Corruptogenic factor means a phenomenon or multiple phenomena giving rise to corruption law infringement or providing distribution thereof;

Company means URALCHEM JSC, including all its subdivisions.

Prevention of corruption means URALCHEM JSC activity related to anti-corruption policy, directed at revealing, study, restriction or elimination of phenomena giving rise to corruption law infringement or providing distribution thereof;

Entertainment expenses means the Company’s expenses for official reception and/or serving of representatives of other organizations or private individuals participating in negotiations for the purpose of establishment and/or maintaining cooperation, as well as the participants who have arrived to the Company’s governing body meetings, regardless the place of conduct of the above-mentioned activities, expenses for official reception (breakfast, dinner or similar activity) for the above-mentioned persons as well as the Company’s officials participating in negotiations, transport provision of delivery of these persons to the venue of entertainment and/or governing body meetings and back, payment for non-staff interpreters’ services, provision of interpretation during the entertainment activities.

Employer means URALCHEM JSC which has entered into labor relations with an Employee;

Employee means a private individual, which has entered into labor relations with the Employer;

Security Service (SS) means an employee of the Economic Security Directorate of the Legal Department of URALCHEM JSC and/or another person authorized by the order of the Company and responsible for provision the Company's business processes security.

Legal Department (LD) means URALCHEM JSC legal administration.

2. Document information

2.1. Purpose

2.1.1. This Provision "On Anti-Corruption Policy of URALCHEM JSC" (hereinafter - Provision) is developed in compliance with the Federal Law of 25.12.2008 No273-FZ "On Combating Corruption" for protection of rights and freedoms of citizens, provision of legitimacy, law enforcement and public safety and is the basic document of URALCHEM JSC, setting out the key principles and requirements aimed at combating corruption and observance of standards of applicable anti-corruption law by administration, employees and other persons who may act on behalf of URALCHEM JSC.

2.1.2. Anti-corruption measures of the Company are directed at:

- prevention corruption, including revealing and subsequent elimination of the causes of corruption (prevention of corruption);
- revealing, prevention, disruption, solution and investigation of corruption law infringement (combatting corruption);
- minimization and/or elimination of corruption law infringement consequences.

2.1.3. Tasks of this Provision

- to minimize the risk of involvement of the Company as represented by its administration and employees, regardless their position, into corruption activity;
- to generate a uniform concept of intolerance of corruption in any form and manifestations among the counterparties, employees and other persons.
- to generate the principles of cooperation of the Company's employees with the third parties in the process of financial and economic activity of the Company in compliance with anti-corruption requirements and etic norms.

2.2. Scope of application

2.2.1. This provision shall be binding for all the employees of the Company.

2.3. Persons in charge of the document

2.3.1. Person in charge of the document: Head of Economic Security Directorate of the Legal Department.

2.3.2. Person in charge of development: Economic Security Directorate of the Legal Department.

2.4. Legal references

- Federal Law of 25.12.2008 No273-FZ "On Combating Corruption"
- Criminal Code of the Russian Federation of 13.06.1996 No63-FZ;
- Administrative Offences Code of the Russian Federation of 30.12.2001 No195-FZ;
- Guidelines of the Ministry of Labor and Social Protection of the Russian Federation of 08.11.2013 "On Development and Implementation of Anti-Corruption Measures by Organizations";

3. Corruption combatting principles

- 3.1. In the process of creation of anti-corruption measures, the Company shall rely on the following key principles:
- 3.2. The principle of compliance of the Company's work with the current legislation and generally accepted standards. The compliance of anti-corruption measures implemented by the Company with the Constitution of the Russian Federation, the legislation of the Russian Federation and other regulatory legal acts applicable to the Company.
- 3.3. The principle of personal example of the management. The key role of the Company's management in the generation of culture of intolerance of corruption and in the creation of intra-organizational system of preventing and combating corruption.
- 3.4. The principle of employees involvement. The awareness of the Company's employees of the provisions of anti-corruption legislation and their active participation in the generation and implementation of anti-corruption standards and procedures.
- 3.5. The principle of proportionality of anti-corruption procedures with the corruption risk. The development and implementation of a set of measures to reduce the probability of involvement of the Company, the Chief Executive Officer and employees in corruption activities shall be implemented in consideration of the corruption risks existing in the activities of the Company.
- 3.6. The principle of responsibility and inevitability of punishment. The inevitability of punishment for employees, regardless of their position, work experience and other conditions in the case of their committing corruption law infringement related to the performance of their work duties, as well as the Chief Executive Officer's personal responsibility for implementation of the intra-organizational anti-corruption policy.
- 3.7. Open business principle. Informing the counterparties, partners and the public about the Company's anti-corruption business standards.
- 3.8. The principle of continuous control and regular monitoring. Regular monitoring of the efficacy of the implemented anti-corruption standards and procedures, as well as control of implementation thereof.

4. Anti-corruption measures

4.1. Prohibition of obtaining illegal gratification

The employees of the Company, directly or indirectly, personally or through the third parties, are strictly prohibited to participate in corrupt activities, offer, give, promise, request and receive illegal gratification or make payments to facilitate administrative, bureaucratic and other formalities in any form, including in the form of cash, valuables, works, services or other benefits, to/from any persons or organizations, including commercial organizations, authorities and self-government bodies, governmental officials, private companies and their representatives.

4.2. Compulsory requirements to gifts and entertainment expenses

- 4.2.1. The gifts which may be provided to other persons and organizations by the employees on behalf of the Company, the gifts which may be obtained by the employees from other persons and organizations due to their activity in the Company as well as the entertainment expenses shall comply with the following criteria simultaneously:

- to be directly related to the legal purposes of the Company's activity or national holidays and applicable in compliance with financial condition of the Society;
- to be reasonable, proportional and not to be luxury items;
- to be purchased upon agreement with the Chief Executive Officer/Administrative Director;
- not to be a latent reward for a service, action, omission of action, connivance, protection, provision of rights, taking a particular decision about a deed, agreement, permission, etc., or an attempt to affect the beneficiary for any other illegal or unethical purpose;
- not to create a reputational risk for the Company, employees or any other persons in case of disclosure of information about gifts or entertainment expenses;
- comply with the principles and requirements of this Provision, other local acts, Company's executive documents and the norms of current legislation of the Russian Federation.

4.2.2. The Company's employees and representatives are not allowed to provide gifts on behalf of the Company to the third parties in the form of cash or non-cash, regardless the currency, as well as in the form of valuables, works, services or other tangible benefits.

4.3. Procedure of participation in charity events and sponsorship activity

4.3.1. The Company may take a decision about participation in charitable events and sponsorship according to the procedure established by the Charitable and Sponsorship Activity policy approved in the Group and enacted in the Company by the Order of 11.09.2017 No P-10/1002/0095.1-17, in consideration of the principles and requirements set out in this Provision.

4.4. Procedure of cooperation with governmental officials

4.4.1. The Company shall not make payment of any expenses (monetary remuneration, loans, services, payment of amusements, rest, transportation costs and other rewards) for governmental officials and their immediate relatives (or to their benefit), whether by itself or through its employees, for the purpose of obtaining and preserving property for the Company in its commercial or any other activity.

4.4.2. Cooperation with governmental officials on behalf of the Company shall be performed through the director of the Directorate of Communication with Governmental Agencies and subjects to his/her prior approval.

4.4.3. The provision of gifts to governmental officials shall not violate the requirements of this Provision and the legislation of the Russian Federation.

4.4.4. The employees of the Company shall be personally liable for the committed corruption law infringement in cooperation with the governmental officials pursuant to the current legislation.

4.5. Check of counterparties. Cooperation with intermediaries and other persons

4.5.1. The Company and employees are prohibited to engage or use intermediaries, partners, agents, joint venture companies or any other persons for any activities violating the principles and requirements of this Provision and the legislation of the Russian Federation.

4.5.2. The Company seeks to have business relations with the counterparties supporting the compliance with anti-corruption legislation and/or counterparties declaring intolerance of corruption.

4.5.3. The Company declares that it refuses to provide any form of stimulation to counterparties' employees, including by means of provision of cash, gifts, performance of works (services) on non-paid basis to their benefit and by other means, not mentioned here, making a

counterparty's employee dependent and aimed at provision of performance by this employee of any activities to the benefit of the Company.

4.5.4. The Company uses reasonable endeavors to minimize the risks arising in the process of cooperation with the counterparties which may be involved in corruption activity and take the following anti-corruption measures:

- the check for the anti-corruption procedures or policies of the counterparties;
- the refusal of entering into contractual relations with the counterparties, if their executive agencies and/or beneficiaries are reliably involved into corruption activity;
- inclusion of anti-corruption clauses into the agreements as follows:

“The Parties, within all contractual relations, arising from the date of signing the Agreement, shall comply with the legislation of the Russian Federation, provide, on their own part and on the part of their affiliated persons, workers, employees, the prohibition of actions qualified by the applicable law as giving and/or receiving a bribe, corrupt business practice as well as the actions directed/related to violation of the requirements of applicable law and international acts on combatting corruption, on counteraction the legitimization of proceeds of crime, including, but not limited to:

- prohibition to offer or provide, and agree to offer or provide any corruption payments (cash, securities, valuable gifts, other property or property rights, etc.) to any employees of the Party;
- prohibition to seek, accept or agree to accept any corruption payments from any employee of the Parties (cash, valuable gifts, other property or property rights, etc.);
 - prohibition to offer or provide any corruption payments (cash, securities, valuable gifts, other property or property rights, etc.) to any third parties, including, but not limited to, government and/or municipal employees, in order to obtain any priority in relations with state and/or municipal authorities due to the need to fulfill their obligations under the contracts made by the Parties.

In the event that a Party suspects that a violation of any of the provisions of this clause has occurred or may occur, the Party concerned shall immediately notify the other Party in writing.

In a written notice, the Party is obliged to refer to the facts or provide materials that reliably confirm or give reason to believe that a violation of any of the provisions of this clause has occurred or could occur, in the form of actions qualified by the applicable law as giving or receiving a bribe, corrupt business practice as well as the actions that violate the requirements of applicable law and international acts on counteraction the legitimization of proceeds of crime.

In cases provided for by the legislation of the Russian Federation, a Party shall have the right to unilaterally refuse to perform the Agreement if the other Party violates the requirements of applicable anti-corruption legislation.”

- other measures of mutual assistance to prevent corruption.

4.5.5. In compliance with the anti-corruption clause, URALCHEM JSC and its counterparties (partners) undertake to immediately notify each other in writing of any cases of violation of anti-corruption legislation.

4.5.6. The employees of the Company shall be solely responsible for corruption law infringement committed in interacting with counterparties and third parties in compliance with applicable law.

4.6. Informing and training the employees

- 4.6.1. The Company shall bring this Provision to the notice of all employees of the Company, welcome and encourage the compliance with the principles and requirements of this Provision by all counterparties, their employees and other persons.
- 4.6.2. The Company shall contribute to raising the level of anti-corruption culture by informing and regular advising the employees in order to maintain their awareness of the Company's anti-corruption policies and mastering the ways and methods of applying anti-corruption policies in practice.
- 4.6.3. Training and informing the employees:
- familiarization of employees, against signature, with regulatory documents regulating the issues of preventing and combating corruption in the Company;
 - conducting informational/training events on the issues of preventing and combating corruption;
 - arrangement of individual advising of employees on the application of (compliance with) the anti-corruption standards and procedures.

4.7. Internal control

- 4.7.1. The control of documenting the transactions of the Company business activity is related to the obligation to keep the Company's financial (accounting) statements, managerial and other documentation related to decision-making in the Company and is aimed at preventing and identifying the corresponding violations:
- making unofficial statements, use of forged documents, recording the non-existing expenses, the absence of primary accounting documents, correction of documents and statements, destruction of documents and reports prior to the established period, etc.
- 4.7.2. The check of economic substantiation of the transactions performed in terms of corruption risk may be carried out both in relation to ordinary business-processes of the company, including, but not limited to, procurement procedures, performing the contracts, acceptance of work, accounting of tangibles, and in relation to any other activity related to transfer and disposal of tangibles by the employees of the Company, such as: exchange of business gifts, entertainment expenses, charitable donations, reward to outsourced advisors and other fields. Special attention should be paid to the circumstances-indicators of illegal actions.
- 4.7.3. All financial transactions must be reflected in the Company's accounting correctly and with adequate detalization, documented and checkable.
- 4.7.4. Accounting must be reliable in compliance with the current internal regulations and requirements of the current legislation. Corruption and falsification of the Company's accounting are not permitted.

4.8. Confidentiality, waiver of sanctions and bonuses

- 4.8.1. The Company's employees shall be obliged:
- to refrain from committing of and/or participation in corruption law infringements to the benefit or on behalf of the Company;
 - to refrain from any behavior which may be interpreted by others as the readiness to commit or participate in committing corruption law infringements to the benefit or on behalf of the Company;

- to immediately inform the immediate supervisor, SS of the cases of induction of an employee of committing corruption law infringements;
- to immediately inform the immediate supervisor, SS of the information about the cases of committing corruption law infringements by other employees, Company's counterparties or any other persons which the employee came to know about;
- to inform the immediate supervisor, SS of a possible conflict of interests which such employee may suffer or has suffered.

4.8.2. The Company arranges safe, confidential and available means of informing the administration of the Company ("hotline"; personal notification of SS; by telephone or fax; by e-mail) about the facts of bribery on the part of the persons providing services to the benefit of a commercial organization or on its behalf. The suggestions on improvement of anti-corruption measures and control as well as requests from employees and the third persons may be sent to the Chief Executive Officer of the Company.

4.8.3. The Company declares that no employee will subject to sanctions (including dismissal, downgrading, denial of bonus payment), if he/she has informed about a presumed fact of corruption, refused to suggest bribe and accept an illegal gratification, conduct corrupt business practices, facilitate bribery.

4.8.4. The Company declares of readiness to provide confidentiality for the persons who have informed about the facts of corruption and encourage employees in the event of proven facts of corruption, abuse, conflicts of interests based on the information provided.

4.9. Anti-corruption cooperation with law enforcement agencies

4.9.1. Cooperation with law enforcement agencies is an important indicator of the Company's actual commitment to anti-corruption standards of conduct. Cooperation can be carried out in various forms:

- informing the law enforcement agencies about the cases of corruption law infringements that have become known in the Company/to the Company;
- rendering assistance to authorized representatives of control and supervising and law enforcement agencies during their inspections of the Company's activity regarding preventing and combating corruption;
- rendering assistance to authorized representatives of law enforcement agencies in carrying out the activities of disruption or investigation of corruption law infringements, including criminal intelligence operations;
- the inadmissibility of interference in the performance of official duties by officials of judicial or law enforcement agencies.

4.10. Hotline management

4.10.1. To improve the efficacy of anti-corruption activity, URALCHEM Group has provided a hotline. By calling to the "hotline", any employee, counterparty or other person can report about facts of corruption in the Company that he/she has become aware of in a form convenient to him/her. The order of functioning of the "hotline" is defined in the Regulations of the process of "Hotline Management" in URALCHEM Group.

4.11. Prevention and management of conflict of interests

4.11.1. Principles of work on management of conflict of interests:

- Mandatory disclosure of information about a real or prospective conflict of interests by an employee;

- Individual consideration and assessment of reputational risks for the Company in identifying each conflict of interests and its settlement;
- Confidentiality of the process of disclosing information about a conflict of interests and the process of its management;
- Observance of the balance of interests of the Company and the employee in management of conflicts of interests;
- Protection of the employee from prosecution due to communication of a conflict of interests, which was promptly disclosed by the employee and managed (prevented) by the Company.

4.11.2. In relation to disclosure and management of conflicts of interests employees must:

4.11.2.1. When making decisions on business issues and performing their work duties, be guided by the interests of the Company without taking into account their personal interests, the interests of their relatives and friends.

4.11.2.2. Avoid (where possible) situations and circumstances that may result in a conflict of interest.

4.11.2.3. Disclose any real or prospective conflict of interest.

4.11.2.4. Contribute to the resolution of a conflict of interests.

4.11.3. The Company undertakes to confidentially consider the provided information and resolve the conflicts of interests.

4.11.4. The information received should be carefully checked by an authorized SS officer in order to assess the seriousness of the risks for the Company and select the most appropriate form of management of the conflict of interests. Based on the results of the verification of the information received, it must be established whether or not the situation that has arisen (may arise) is a conflict of interests.

4.11.5. A situation which is not a conflict of interests does not need special means of management.

4.11.6. If there is a conflict of interests, the following means of management can be used:

- restricting the access of an employee to specific information that may affect the personal interests of the employee;
- voluntary refusal of an employee of the Company or his/her removal (permanent or temporary) from participation in the discussion and decision-making process on the issues that are or may be affected by the conflict of interests;
- revision and change of functional duties of the employee;
- temporary dismissal of the employee from the position if his/her personal interests conflict with functional duties;
- transfer of an employee to a position providing for the performance of functional duties not related to a conflict of interests;
- refusal of the employee from the benefits that caused the conflict of interests;
- dismissal of an employee at the initiative of the employee;
- dismissal of an employee at the initiative of the employer.

4.11.7. Choosing a specific method of management of a conflict of interests, it is important to consider the significance of the employee's personal interest and the probability that this personal interest will be implemented to the detriment of the Company's interests

4.11.8. If an employee commits an intentional act that has resulted in a conflict of interests, the employee may be subject to disciplinary measures provided for by the Labor Code of the Russian Federation.

5. Final provisions

- 5.1. The subdivision responsible for observance of the Company's anti-corruption policy, for prevention of corruption and other law infringements is the Economic Security Directorate of the Legal Department.
- 5.2. The control of implementation of this Provision is provided by the Chief Executive Officer.
- 5.3. This Provision is binding for all employees of the Company.
- 5.4. The principles and requirements of this Provision shall apply to counterparties and other persons in the cases where the corresponding obligations are set out in agreements with them or directly follow from the law.
- 5.5. The Employees of the Company, regardless of their position, are liable under the current legislation of the Russian Federation for compliance with the principles and requirements of this Provision, as well as for actions (omission to act) of persons subordinate to them that violate these principles and requirements.
- 5.6. The persons guilty of violating the requirements of this Provision may be brought to disciplinary, administrative, civil or criminal liability at the initiative of the Company, law enforcement agencies or other persons according to the procedure and on the grounds provided for by the legislation of the Russian Federation.
- 5.7. Due to the possible change over time of the corruption risks and other factors affecting the business activity, the Company monitors the implemented adequate anti-corruption measures, controls the compliance with them, and, if necessary, revises and improves them.
- 5.8. In case of any change of the norms of current legislation of the Russian Federation, local acts of URALCHEM Group, purposes and plans of the Company and/or URALCHEM Group, that require any amendment of this Provision as well as in case of any change of the procedure and processes, described in this Provision, this Provision subjects to revision.
- 5.9. To control the necessity of amendment of this Provision, the person in charge of creation and update of this Provision shall, at least once per the period provided as the revision periodicity (see "Document information"), revises this Provision and submits an offer to the Chief Executive Officer/Legal Director of the Company about the necessity or the absence of necessity to approve a new revision of this Provision.
- 5.10. This Provision shall come into effect upon its approval by the order of the Chief Executive Officer and be in effect until its cancellation or approval of a new revision of this Provision. This Provision automatically remains in force upon expiration of the term of the revision periodicity and remains valid until its cancellation/approval of a new revision.
- 5.11. Any amendments of this Provision shall be enacted by the order of the Chief Executive Officer or by cancellation of a current revision of this Provision and approval of a new revision of this Provision by the order of the Chief Executive Officer.

6. Control of revisions

Revision number	Date of approval	Position of a person in charge of development	Surname and initials of a person in charge of development	Brief description of amendments