

Approved by the Board of Directors of  
EuroChem Group AG,  
minutes dated 14 June 2016

## **CONFLICT OF INTEREST POLICY**

### **EUROCHEM GROUP AG**

**Zug 2016**

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## I. INTRODUCTION

EuroChem Group AG (the “**Company**”) conducts its business ensuring its Employees (as defined below) act in the best interests for the Company, avoiding any activity which may interfere with their duties or responsibilities to the Company. The Employees ought to safeguard the Company’s legitimate interests, properly performing their professional, contractual or statutory duties or responsibilities.

This Conflict of Interest Policy (the “**Policy**”) is an integral part of the Company’s Code of Conduct being a clear expansion of Section 4 of the Code. The Policy defines in details the core principles and rules which shall be respected by all the Employees of the Company and its subsidiaries (the Company together with its subsidiaries, the “**Group**”) in order to prevent situations in which their personal interests could conflict with those of the Company or a member of the Group, respectively.

The Policy also determines all the necessary measures which have to be taken in order to identify the conditions which cause or may cause a Conflict of Interest (as defined below), as well as to prevent or minimize Conflicts of Interest and negative consequences resulting from it.

The Policy also outlines the restrictions or prohibitions and protective measures to be consistently followed by each Employee and each member of the Group.

***The scope and content of this Policy may be subject to further changes. This Policy contains general analysis of applicable norms or laws, and specific advice or clarifications may be required in connection to any particular situation.***

## 1. DEFINITIONS

- 1.1 **“Close Associate”** means any individual or entity having personal or business relationship of any kind with an Employee.
- 1.2 **“Conflict of Interest”** means any situation when personal interests of Employees compete with any interests of the Company, a member of the Group or the Group and can potentially influence the objective exercise of the Employees’ professional, contractual or statutory duties or responsibilities.
- 1.3 **“Contractor”** means any individual or entity having contractual relationships with a member of the Group for the reasons of purchasing the Group’s products or services, supplying goods or materials or providing any works or services of any kind to the Company or to a member of the Group, respectively, including consultancy or outsourced activity (with exception of any governmental or banking institutions).
- 1.4 **“Declaration”** means a written declaration in the form described in Annex 2.
- 1.5 **“Employee”, “Employees”** means the employees, officers and directors of the Company or a member of the Group.
- 1.6 **“Key Employee”, “Key Employees”** means certain Employees of the Company or a member of the Group as included into the “Management By Objectives Program” from time to time.
- 1.7 **“Legal and Compliance Officer”** means an Employee of the Company responsible for ensuring that the compliance policies (including the Policy) are consistently complied with throughout the Company or respective member of the Group. The name and position of the Legal and Compliance Officer will be communicated to Employees and members of the Group on a regular basis.
- 1.8 **“Relative”** means an individual who is closely connected to an Employee by blood or affinity, to include, for the avoidance of doubt, a spouse, any lineal descendant or ascendant (parents and children, grandparents and grandchildren), any brothers or sisters, including without limitation any individual who is closely connected to either of them by virtue of marriage, adoption or in-law relation.
- 1.9 **“Training”** means regular training (possibly done by the Company’s in-house lawyers or specialists of an internationally recognized law firm or consultancy with considerable experience) of all Employees on the applicability of the Policy.

## 2. PURPOSE

- 2.1 This Policy identifies, prevents, contains and manages any Conflicts of Interest that may arise in the course of the activity of the Group’s Employees and Contractors.
- 2.2 The Policy establishes the minimum expectations of the Group in regards to risk management and compliance with Conflict of Interest rules and sets out the approach of the Group towards:
  - guidance on how to comply with Conflict of Interests rules;
  - principles and measures as to how to mitigate the risks associated with, or arising from, any potential Conflict of Interest in the jurisdictions where the Group operates;
  - consequences of failing to comply with Conflict of Interest rules;
  - regular reporting on Conflict of Interest situations;
  - regular training of Employees with regard to Conflict of Interest.

## 3. APPLICABILITY

- 3.1 The Company shall apply and incorporate the Policy in all of its business practices.
- 3.2 The Company shall ensure that each member of the Group, to the extent permitted by applicable rules and laws, shall apply and incorporate in its business practices the standards or policies similar to the Policy.
- 3.3 All Employees shall comply with the Policy and shall consult in their business practices with the Policy.

## **II. COMPLIANCE**

### **4. GENERAL PRINCIPLES**

- 4.1 The Company maintains this Policy in order to indicate the situations leading to Conflict of Interest whereby all reasonable measures to be taken by the Company, a member of the Group or Employee in order to identify, prevent or manage relevant Conflicts of Interest.
- 4.2 The Company identifies the circumstances which give rise or may give rise to a Conflict of Interest that could entail a material risk of serious damage to its proper interests.
- 4.3 The Company specifies the procedures to be followed, and organizational measures to be adopted in order to manage individual conflicts on a case-by-case basis.
- 4.4 Employees are expected to recognize when they have, potentially have, or could be perceived as having, a Conflict of Interest (refer to Annex 1 of this Policy for details). They should consult their company's compliance officer or the Legal and Compliance Officer if in doubt about what circumstances might create a Conflict of Interest.
- 4.5 Employees shall report any actual or potential Conflict of Interest as soon as they become aware of it, as well as they shall refrain from any activity leading to Conflict of Interest.
- 4.6 Members of the Group, its Employees and Contractors, are regularly informed on the updates in the Policy and development in the applicable law, regulations and standards in relation to the Conflict of Interest.
- 4.7 In case of conflict between the above mentioned principles and any business requirements, the principles as set out by this Policy shall prevail.

### **5. OBLIGATIONS OF THE EMPLOYEES**

- 5.1 Employees shall not take part in, appear to take part in or exert influence on any decision which puts or may put their own interests in conflict with the interests of the Group.
- 5.2 Employees shall not use their position in the Group (i) to personally benefit themselves (other than to receive relevant remuneration or any other incentives as paid by his or her immediate employer company) or (ii) to benefit any their Relatives or Close Associates.
- 5.3 Employees shall avoid all other situations described in **Annex 1** "Conflict of Interest situations" hereto.
- 5.4 At the time of entering into the employment (or similar) agreement with a member of the Group the Employee shall disclose to his or her immediate employing company information about (i) the Employee's (as well as his or her Relatives') direct or indirect shareholdings or similar interests in any legal entity equal to or greater than 10% (ten percent) in a share capital of such entity, and (ii) the Employee's direct or indirect business or beneficiary interests he or she may have in (or with) any person or entity (including Close Associate). Disclosure shall be undertaken by submitting a Declaration by the Employee to his or her immediate employing company to form a part of the Employee's personal records to be kept by the relevant HR department.
- 5.5 At the time of entering into the employment (or similar) agreement with a member of the Group and at the beginning of every new calendar year of employment (but not later than 1 February) the Key Employee shall disclose to his or her immediate employing company information about (i) the Key Employee's (as well as his or her Relatives') direct or indirect shareholdings or similar interests in any legal entity equal to or greater than 10% (ten percent) in a share capital of such entity and (ii) the Key Employee's direct or indirect business or beneficiary interests he or she may have in (or with) any person or entity (including Close Associate). Disclosure shall be undertaken by submitting a Declaration by the Key Employee to its immediate employing company (or to his or her direct manager or supervisor, as the case may be) to form a part of the Key Employee's personal records to be kept by the relevant HR department.

### **6. RESPONSIBILITIES OF THE CONTRACTORS**

- 6.1 Contractors shall be informed on the Policy and its provisions and shall be under obligation under their contracts, as entered into with the Company or a member of the Group, to notify the Company or a member of the Group, respectively, on any possible Conflict of Interest with the Company or such member of the Group arising out from or in connection with their contracts.

- 6.2 As a matter of policy, Contractors shall undertake in their contracts, as entered into with the Company or a member of the Group, respectively, to perform their contractual obligations avoiding any Conflict of Interest situation as prescribed by this Policy.
- 6.3 In case Contractors intentionally breach the provisions of the present Policy, the Company or member of the Group, respectively, shall be entitled to terminate the contract with the breaching Contractor on the basis of such breach or take other reasonable measures to protect its legal rights and legitimate interests.

## **7. NON-COMPLIANCE**

- 7.1 Employees shall immediately (not later than on the next day of detection) report to his or her compliance officer or the Legal and Compliance Officer by any possible means of communication:
- any circumstances involving or which could lead to a Conflict of Interest;
  - any potential Conflict of Interest;
  - any detected Conflict of Interest of Employee, other Employees or Contractors.
- 7.2 Upon becoming aware about any Conflict of Interest or potential Conflict of Interest as reported by an Employee pursuant to Clause 7.1 above, the relevant compliance officer or the Legal and Compliance Officer shall fairly evaluate the Conflict of Interest situation reported by the Employee, including the risks to the business interests and reputation to a member of the Group or the Company. The compliance officer shall promptly inform the Legal and Compliance Officer about any Conflict of Interest situation reported by the Employee and any risks identified thereof.
- 7.3 In case the Legal and Compliance Officer, in his or her best judgment, comes to the conclusion that the risks of Conflict of Interest as reported by the Employee or the compliance officer are high and (or) material, he or she shall immediately escalate the risk identified and notify thereof to the Company's CEO or members of the Management Board.
- 7.4 The Legal and Compliance Officer shall identify and implement strategies and practices on a case-by-case basis to minimize the risks associated with the reported Conflict of Interest.
- 7.5 The Legal and Compliance Officer shall give a practical solution on managing Conflict of Interest, so that the risks to the Company or a member of the Group, respectively, are minimized and the Employee's interests are protected as much as possible.
- 7.6 The Legal and Compliance Officer shall communicate the decision and its reasoning to the Employee and monitor its implementation to ensure the Employee understands and complies with it.
- 7.7 In case any Employee knowingly or intentionally takes any action leading to Conflict of Interest situation in breach of this Policy, the management of the relevant member of the Group, after consultation with the Legal and Compliance Officer, shall immediately terminate the employment of such Employee, such termination be perfected in accordance with applicable labor or corporate laws or regulations.
- 7.8 In case any Employee intentionally fails to comply with the provisions of this Policy related to the disclosure or reporting requirements (as described in this Policy), the management of the relevant member of the Group, upon consultation with the Legal and Compliance Officer, shall have the 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.
- 7.9 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 (or similar) agreement with the Company or a member of the Group. By signing the employment (or similar) agreement (or any amendments thereof) the Employees confirm that they have read, understood and undertake to comply with the Policy.

## **8. COMPLIANCE REPORTING**

- 8.1 A member of the Group shall appoint a qualified individual within its organization (the "**compliance officer**") to identify and manage Conflicts of Interest in an integrated manner, in compliance with applicable laws and regulations and this Policy. Compliance officer or Legal and Compliance Officer shall be entitled to get the access to any Declaration as submitted by the Employee or the Key Employee.

## **9. TRAINING**

- 9.1. The Company and the other members of the Group shall provide Training and education sessions on the applicability of the Policy to all Employees on a regular basis, but at least once in a twelve-month period.
- 9.2. The management of the Company and members of the Group shall additionally be trained on their specific area of responsibility to evaluate and effectively address Conflicts of Interest.
- 9.3. The Legal and Compliance Officer shall determine the content of the Training.
- 9.4. The Legal and Compliance Officer shall ensure that the relevant Employees complete the Training, in accordance with Clause 10.1 hereto.

## **III. POLICY GOVERNANCE**

### **10. POLICY REVIEW**

- 10.1. This Policy shall be reviewed by the Legal and Compliance Officer on a regular basis, but at least semi-annually in order to ensure that the Policy is up to date and is in line with all the changes in the Group's operations and external factors impacting the Group's operations, or after the amendment of applicable law, regulations and standards which govern the management of Conflict of Interest situations and its monitoring procedure.
- 10.2. The proposed amendments may be provided from the members of the Group.

### **11. IMPLEMENTATION OF THE POLICY**

- 11.1. The Management Board shall be responsible for implementation and incorporating of this Policy into the employee training program and relevant HR policies and standards.

\* \* \*

## **ANNEX 1 CONFLICT OF INTEREST SITUATIONS**

- Employee is an officer, managing employee, consultant, or has any kind of paid or unpaid employment or engagement with a company (or any Close Associate) that is the Company's or a member of the Group's business partner, competitor, supplier, distributor or customer;
- Employee is an official or member of a government institution with directive or supervisory authority over the Company or any member of the Group;
- Employee owns any shareholding or similar interest (directly or indirectly) in any legal entity equal to or greater than 10% (ten percent) which enters into the related party transaction with, competes with or does business with the Company or any member of the Group;
- Employee conducts the Company's or a member of the Group's business with any entity in which he or she has a substantial interest or with which he or she has a substantial affiliation;
- Employee takes part in or provides support for activities in competition with the Company or any member of the Group;
- Employee takes advantage of his or her position or function at the Company or any member of the Group to influence the conditions of employment or is involved in any hiring or contractual decision involving his or her Relative or Close Associate;
- Employee or his or her Relatives or Close Associate receive improper personal benefits (i.e. benefits not provided under the company's policies) as a result of the Employee's position in the Company or any member of the Group;
- Employee trades in shares of the Company's or any Group members' customers or other business partners while in possession of important, non-public information;
- Employee directly or indirectly solicits or accepts fees, commissions, payments or material gifts of any nature (worth in excess of amounts prescribed in the Code of Conduct) or other favors or benefits from the Company's or any Group members' business partners or competitors.

*The list is not exhaustive and is updated on a regular basis.*

**ANNEX 2 DECLARATION**

\_\_\_\_\_  
(NAME of the addressee's unit)

**Attn.:** \_\_\_\_\_  
(The addressee's position)

**Disclosure form**

Name:	
Company:	
Unit:	
Position:	
Details of interest or asset:	<i>Name</i> <input type="text"/>
	<i>Tax Identification Number</i> <input type="text"/>
Recommendations (comments):	

*I declare that the above details of my private interests are correct to the best of my knowledge and I agree to advise my immediate manager or supervisor of any relevant changes in my personal circumstances.*

\_\_\_\_\_  
(The Drafter's Position)

(Personal signature)

\_\_\_\_\_  
(Name and initials)

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