



ANTICORRUPTION POLICY



Approved by
the Board of Directors of
"Russkaya Zemlya" LLC (RZ Agro Group)

Minutes
dated May 15th 2013

ANTICORRUPTION POLICY

RZ Agro Group

Moscow, 2013

1. PURPOSE OF THE DOCUMENT

- 1.1. This Anticorruption Policy (hereafter the “Policy”) is a fundamental internal document of RZ Agro Group¹ determining the key principles and requirements aimed at preventing corruption and at compliance with the applicable anticorruption laws by RZ Agro Group, its subsidiaries and affiliates (hereinafter the “S/As”), members of their governance bodies, employees, and other persons that may act on behalf of the Company.
- 1.2. The Policy was developed in line with the laws of the Russian Federation, constitutional documents, the Ethics Code and other internal documents of RZ Agro Group, taking into account the requirements of the UK Bribery Act (2010).

2. GOALS OF THE POLICY

- 2.1. The Policy reflects the commitment of RZ Agro Group and its management to high ethical standards of carrying-on business in an open and honest way aimed at improving corporate culture, compliance with the best practices in corporate governance and maintaining the business reputation of RZ Agro Group at an appropriate level.
- 2.2. RZ Agro Group sets the following goals for itself:
 - To minimize the risk of involvement of RZ Agro Group, employees of RZ Agro Group, irrespective of their position (hereinafter jointly the “Employees”) in corruption activities.
 - To form a uniform understanding of the RZ Agro Group policy of non-acceptance of any forms of corruption with shareholders, the investment community, counterparties, the Employees, the S/As, their governance bodies’ members, employees, and other persons.
 - To collate and to explain the main requirements of the anticorruption laws of the Russian Federation and the United Kingdom that may be applicable to RZ Agro Group and Employees.
 - To establish an obligation for the Employees of RZ Agro Group to know and to comply with the principles and the requirements of this Policy, the key provisions of the applicable anticorruption laws, and the adequate procedures for the prevention of corruption.

3. SCOPE OF APPLICATION AND RESPONSIBILITIES

- 3.1. All Employees of RZ Agro Group must be guided by this Policy and rigorously comply with its principles and requirements.
- 3.2. Managing bodies of Russkaya Zemlya LLC shall be responsible for the organization of all measures aimed at the implementation of the principles and requirements of this Policy, including appointment of persons responsible for the development of anticorruption procedures, their implementation and control.

¹ RZ Agro Group is comprised of Russkaya Zemlya LLC, its subsidiaries and affiliated companies.

- 3.3. The principles and requirements of this Policy shall be applicable to the counterparties and representatives of RZ Agro Group, to the S/As, members of their governance bodies and their employees, and other persons when the respective responsibilities are incorporated in contracts with them, in their bylaws, or follow directly from the law.

4. APPLICABLE ANTICORRUPTION LAWS

- 4.1 **Russian anticorruption laws:** RZ Agro Group and all Employees must abide by the provisions of the Russian anticorruption laws, which are set out in, amongst others, the Criminal Code of the Russian Federation, the Administrative Offences Code of the Russian Federation, the Federal Law “On counteracting corruption” and other legislation, the key requirements of which prohibit giving bribes, receiving bribes, participation in commercial bribery and being an intermediary to a bribe.
- 4.2. **UK anticorruption laws:** RZ Agro Group and all Employees must abide by the provisions of the UK Bribery Act 2010, whose core provisions are as follows:
- 4.1.1. **prohibition of offering a bribe**, i.e. (i) an offer or (ii) a promise to offer any financial or other benefit/advantage with the intention to induce any person to improper performance of his or her responsibilities;
- 4.1.2. **prohibition of accepting a bribe**, i.e. (i) receiving or (ii) a consent to receive any financial or other benefit/advantage for improper performance of one's job responsibilities;
- 4.1.3. **prohibition of bribing foreign public officials**, i.e. (i) an offer or (ii) a promise to offer (directly or through a third party) financial or other benefit/advantage to a foreign public official with the intention to influence the person in his or her capacity as a public official to obtain/retain business or obtain a competitive or other advantage for a commercial organization;
- 4.1.4. **prohibition of failure to prevent bribery**, i.e. lack of adequate procedures within a commercial organization, which are aimed at preventing persons associated with the organization from offering or receiving bribes with the intention to obtain or retain business or obtain commercial or competitive advantages.
- 4.3. In Russia, the United Kingdom and other countries globally, “acts of corruption” normally imply offering or taking a bribe, being an intermediary in offering or taking a bribe, abusing office or power, commercial bribery, facilitation payments, illegal usage of one’s position for obtaining benefits in the form of cash, valuables, other property, services, any type of rights for oneself or for other persons, or other persons illegally granting a benefit or a right to this person.
- 4.4. In view of the above, it is strictly forbidden for any Employee of RZ Agro Group to directly or indirectly, personally or via a third party, participate in acts of corruption, to offer, give, promise, request or receive bribes, facilitation payments (as defined below) in any form, including cash, valuables, services or other benefit to any persons or from any persons or organizations including commercial organizations, governmental bodies or local authorities, state officials, private companies or their representatives.
- 4.5. RZ Agro Group and its Employees must observe the anticorruption laws of Russia and the United Kingdom, as well as the principles and requirements of this Policy, in any country of the world.

5. KEY PRINCIPLES

5.1. Top-level commitment

Managing bodies of RZ Agro Group should form an ethical standard of non-acceptance of any forms of corruption at all levels, making their own behavior an example to others.

RZ Agro Group shall adopt the principle of non-acceptance of corruption in any form (the ‘zero tolerance’ principle) in the course of its day-to-day activities and while implementing strategic projects, including in the course of interacting with the shareholders, investors, counterparties, representatives of governmental bodies and local authorities, political parties, its Employees, S/As, members of their governance bodies, their employees, and other persons.

5.2. Risk assessment

RZ Agro Group shall identify and, from time to time, update the corruption risk indicators typical of its operation and of the potentially vulnerable business processes.

5.3. Proportionate procedures

RZ Agro Group shall develop and implement adequate procedures to prevent corruption that reasonably address the risks identified, and ensure compliance with these procedures.

5.4. Due Diligence

RZ Agro Group shall take reasonable efforts to minimize the risk of business relations with counterparties that may be involved in corruption activities. For this purpose, RZ Agro Group shall evaluate the counterparty’s tolerance to bribery, including checking if they have their own anticorruption policies and procedures, their willingness to comply with the requirements of this Policy and to include anticorruption clauses into contracts, and to mutually facilitate ethical business and prevention of corruption.

5.5. Communication (including training)

RZ Agro Group shall place this policy on the corporate Internet site for public access, it shall openly declare its non-acceptance of corruption, welcome and encourage compliance with the principles and requirements of this Policy by all counterparties, Employees, S/As, members of their governance bodies, their employees and other persons, and it shall support improving the level of anticorruption culture by means of informing and training.

5.6. Monitoring and review

RZ Agro Group shall monitor the compliance with the implemented adequate anticorruption procedures, and shall ensure compliance with the procedures and make efforts to improve them.

6. GIFTS AND BUSINESS ENTERTAINMENT EXPENSES

- 6.1. Gifts and business entertainment expenses, including business hospitality, which Employees may offer to other persons or organizations on behalf of RZ Agro Group or which Employees may receive from other persons and organizations in relation to their work in RZ Agro Group, must meet all of the five criteria below:
- they should be directly related to the legitimate business goals of RZ Agro Group, e.g. to the presentation or completion of business projects, successful fulfillment of contracts, or to commonly celebrated holidays, such as Christmas and New Year, International Women's Day, memorable dates, anniversaries;
 - they should be reasonably substantiated, adequate in value, and not be luxury items;
 - they should be no covert reward for a service, action, omission, connivance, patronage, granting of rights, making a decision on a transaction, agreement, license, permission etc. and no attempt to influence the receiver for some other unlawful or unethical purpose;
 - they should not create any reputational risk for RZ Agro Group, its Employees or other persons in the event the information on the gifts or the business entertainment expenses is disclosed;
 - they should not contradict the principles and requirements of this Policy, the Ethics Code, other bylaws of RZ Agro Group or provisions of applicable laws.
- 6.2. No gifts on behalf of RZ Agro Group, its Employees or representatives to any third parties shall be allowed in monetary funds (either cash or money transfer), in any currency.

7. PARTICIPATION IN CHARITABLE ACTIVITIES AND SPONSORSHIP

- 7.1. RZ Agro Group shall not finance charitable or sponsorship projects for the purposes of obtaining commercial advantages for specific projects of RZ Agro Group or its S/As.

8. PARTICIPATION IN POLITICAL ACTIVITIES

- 8.1. RZ Agro Group shall not finance political parties, organizations or movements for the purposes of obtaining commercial advantages for specific projects of RZ Agro Group or its S/As.

9. RELATIONS WITH PUBLIC OFFICIALS

- 9.1. RZ Agro Group shall refrain from covering any expenses of public officials and their close relatives (or in their interests) with the intention of obtaining commercial advantages for specific projects of RZ Agro Group or its S/As, including travel, accommodation, meals, entertainment, PR-campaigns etc., and from granting to them other benefits on account of RZ Agro Group.

10. RELATIONS WITH EMPLOYEES

- 10.1. RZ Agro Group shall demand that its Employees observe this Policy, and shall inform them on the key principles, requirements and sanctions for failure to observe them.
- 10.2. To foster a due level of anticorruption culture, new Employees shall attend an introductory training on the provisions of this Policy and on documents related to it. RZ Agro Group shall also, from time to time, hold information seminars for its current Employees, in the form of either face-to-face sessions or distance training.
- 10.3. The Employees' compliance with the principles and requirements of this Policy shall be taken into account when considering promotions, and when imposing disciplinary sanctions.

11. SUBSIDIARIES, JOINT VENTURES AND COUNTERPARTIES

- 11.1. RZ Agro Group, within its competence, shall initiate implementation of anticorruption policies similar to this one at the S/As, and make reasonable efforts for the fundamental principles and requirements of this Policy to be observed at joint ventures, companies and alliances where RZ Agro Group has an interest, and by its counterparties.
- 11.2. If RZ Agro Group has an interest in a joint venture, a company or an alliance, it shall
 - analyze the information on the reputation of potential partners and shareholders and on their tolerance to corruption;
 - inform them of the principles and requirements of this Policy;
 - insist on the approval of a similar anticorruption policy at the joint venture, company or alliance.

12. PAYMENTS VIA INTERMEDIARIES OR IN FAVOR OF THIRD PARTIES

- 12.1. It shall be prohibited for RZ Agro Group and its Employees to engage and use intermediaries, partners, agents, joint ventures and other persons to perform any actions that contradict the principles and requirements of this Policy or provisions of the applicable anticorruption law.
- 12.2. RZ Agro Group shall make sure that it has procedures in place to perform due diligence of intermediaries, partners, agents, joint ventures and other persons to prevent and/or identify the above offenses for the purposes of minimizing and mitigating the risks of RZ Agro Group being involved in corruption activities.

13. BOOK AND RECORD KEEPING

- 13.1. All financial transactions shall be accurately, correctly and with an appropriate amount of detail reflected in the accounting records of RZ Agro Group, they shall be documented and available for review.
- 13.2. RZ Agro Group has appointed Employees that shall bear personal responsibility for preparing and submitting full and reliable accounting reports within the timelines set out in the applicable laws.

- 13.3. Misstatement or falsification of the RZ Agro Group accounting records shall be strictly forbidden and deemed fraud.

14. WHISTLEBLOWING PROCEDURES

- 14.1. Should any Employee or any other person have doubts about the lawfulness and ethics of their actions, as well as the actions, omissions or offers made by other Employees, counterparties or other persons that interact with RZ Agro Group, - they can report this to the 'hot line' of RZ Agro Group as provided under the Whistleblowing Program (the information on the latter is available on the Company's Internet site) and/or to their immediate superior and/or the Corporate Governance and Ethics Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) which, as necessary, shall make recommendations and provide explanations on the situation.

15. NO PUNISHMENT OR SANCTIONS

- 15.1. RZ Agro Group hereby declares that no Employee shall be punished (including by way of termination of employment, demotion, or withdrawal of bonus) if they report an alleged act of corruption, or if they refuse to offer or to accept a bribe, commit an act of commercial bribery or act as an intermediary in bribery, even if such a refusal resulted, among other matters, in RZ Agro Group or its S/A's loss of profit or failure to obtain commercial and competitive advantages.

16. AUDIT AND CONTROL

- 16.1. RZ Agro Group shall regularly conduct internal and independent audits of the financial and economic activities of RZ Agro Group, control the completeness and accuracy of reflecting data in its accounts and comply with the provisions of applicable laws and the RZ Agro Group bylaws, including the principles and requirements set out in this Policy.
- 16.2. Within the framework of internal control procedures, RZ Agro Group shall check the execution of the key business processes, including spot checks of the legitimacy of payments made, their economic feasibility, appropriateness of expenses, and it shall review the existence and completeness of supporting primary documents and whether the payments and expenses meet the requirements of this Policy.

17. REPORTING

- 17.1. The Corporate Governance and Ethics Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) shall, from time to time, review management reports on the results of their efforts to ensure the RZ Agro Group and its Employees' compliance with the principles and requirements of this Policy and the provisions of the applicable anticorruption law/s.

18. AMENDMENTS

- 18.1. In the event it is found that some of the provisions of this Policy or related business processes are not effective enough, or in the event the requirements of applicable laws of the Russian Federation, the United Kingdom or other countries change, - RZ Agro Group shall arrange for the development and implementation of an action plan to update this Policy and/or the business processes.

19. RESPONSIBILITY FOR NON-FULFILLMENT (UNDUE FULFILLMENT) OF THIS POLICY

- 19.1. Members of managing bodies and employees of all structural units, irrespective of their positions, shall bear personal responsibility for compliance with the principles and requirements of this Policy, and for actions (omissions) of their reports that violate these principles and requirements.
- 19.2. Since RZ Agro Group may be subject to sanctions due to the involvement of its Employees, counterparties, S/As and other persons in corruption activities, it shall initiate in-house investigations on each reasonably suspected or ascertained fact or corruption, to the extent it is allowed by applicable laws.
- 19.3. Persons who do not comply with the requirements of this Policy may face disciplinary, administrative, civil or criminal sanctions upon the initiative of RZ Agro Group, law enforcement agencies and other bodies within the procedures and on the grounds stipulated in the laws of the Russian Federation, constitutional documents of RZ Agro Group, its bylaws or employment contracts or, in relevant cases and provided there are sufficient grounds, pursuant to the provisions of the UK Bribery Act or other similar foreign statutory acts.

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