

CODE OF ETHICS



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

Minutes
dated May 15th 2013

CODE OF ETHICS

RZ Agro Group

Moscow, 2013

ADDRESS OF THE GENERAL DIRECTOR

Dear colleagues,

Business ethics in relations with government authorities, business partners, shareholders and employees have always been on top of RZ Agro Group agenda.

Our business practice is based on the world principles of sustainable development and corporate social responsibility.

With the purpose of continued development, introduction and compliance with the best international and Russian standards in corporate governance, this Code sets forth the basic principles of collective and individual conduct which should be followed by RZ Agro Group and its employees in their daily business operations and when implementing projects in various countries of the world.

The Code of Ethics reflects the position taken by the management of RZ Agro Group with respect to fundamental values of corporate culture and social responsibility that are designed to ensure open, honest and ethical conduct of business.

In those cases when the Code of Ethics sets standards of conduct that are higher than those set forth in the applicable legislation or usual business practice, RZ Agro Group and its employees should adhere to the standards, rules, requirements and principles fixed in this Code of Ethics.

Compliance with ethical standards in business strengthens the reputation of RZ Agro Group today and ensures its sustainable development in the future. That is why abidance by the rules set out in the Code of Ethics should become top priority for all the employees.

S. Mac Farlane
General Director of Russkaya Zemlya LLC (RZ Agro Group)

1. THE AIMS OF THE CODE OF ETHICS

- 1.1. This Code of Ethics is a fundamental regulation of RZ Agro Group¹ that determines the key standards, rules, requirements and principles aimed at forming common ethical standards for the Company's business and the conduct of its employees.
- 1.2. The Code of Ethics is developed in accordance with the legislation of the Russian Federation, constitutional documents and other bylaws of RZ Agro Group, and takes into account the applicable laws and requirements of the UK stock market regulators, as well as the generally recognized principles of international law.

2. THE PURPOSES OF THE CODE OF ETHICS

- 2.1. The Code of Ethics reflects the commitment of RZ Agro Group and its management to high ethical standards of conducting open and fair business with the aim of improving corporate culture, following best practices of corporate governance and maintaining an adequate level of business reputation of RZ Agro Group.
- 2.2. RZ Agro Group sets the following goals:
 - Making sure that employees of RZ Agro Group, irrespective of their positions, (hereinafter - 'Employees') know and adhere to the principles and requirements of the Code of Ethics;
 - Establishing a common system of ethical values by defining the criteria of fair and ethical conduct of the Employees in their relations with the government agencies, business partners, shareholders and colleagues;
 - Maintaining and increasing the trust of the investment community towards RZ Agro Group by strengthening the reputation of an open, honest reliable business partner.

3. APPLICATION

- 3.1. All the Employees of RZ Agro Group should be guided by this Code of Ethics and should strictly abide by its principles and requirements in daily business operations and when implementing projects inside and outside the Russian Federation.
- 3.2. The Documents of RZ Agro Group, including those that govern the relationship with the government agencies, business partners, shareholders and Employees, are developed and approved on the basis of the principles and requirements of this Code of Ethics.
- 3.3. The specific provisions of the Code of Ethics and the procedures for its implementation are covered in more detail in the bylaws of RZ Agro Group, including policies, codes, regulations, provisions, job descriptions etc.
- 3.4. The provisions of this Code of Ethics are recommended for implementation and compliance in all the subsidiaries and affiliates of RZ Agro Group (hereinafter - S/As).

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

4. THE GOVERNING ETHICAL PRINCIPLES AND VALUES OF RZ AGRO GROUP

- 4.1. **Trust:** over the time of its existence RZ Agro Group has managed to attain the trust of contractors and of customers inside and outside the Russian Federation by building amicable ties with our shareholders, investors and Employees, which RZ Agro Group is determined to preserve, strengthen and develop.
- 4.2. **Transparency:** the transparent informational policy of RZ Agro Group does not only guarantee the right of all interested parties to receive reliable and relevant information about RZ Agro Group business, but it is also one of the most important elements of our corporate culture.
- 4.3. **Respect to people:** the HR policy of RZ Agro Group is aimed at ensuring equal opportunities for all the Employees irrespective of their nationality or religion, political views or personal convictions, sex, way of life or age.
- 4.4. **Integrity and impartiality:** RZ Agro Group takes management decisions on the basis of thoroughly checked information and selects its contractors, partners, and conducts business with them, on the basis of transparent and fair market conditions without any biased preferences or prejudice.
- 4.5. **Zero tolerance towards corruption and unfair competition:** RZ Agro Group does not participate in unethical, unlawful or unfair business activities and also takes efforts and measures aimed at ensuring that its business partners, contractors, Employees and S/As follow the same high ethical standards that are a distinguishing characteristic of our company.

5. FOCUS AREAS

- 5.1. The principles and requirements of the Code of Ethics cover all the operations and business processes of RZ Agro Group, including the following areas:
- Compliance with the applicable laws and requirements of regulators;
 - Respecting the lawful rights of all the shareholders and investors of RZ Agro Group and S/As;
 - Social responsibility;
 - Fair competition;
 - Preventing corruption;
 - Timely disclosure of reliable information;
 - Unacceptability of insider deals;
 - Relations with the government and its agencies;
 - Relations with Employees;
 - Settlement of conflicts of interest;
 - The use of RZ Agro Group assets;
 - Bookkeeping;
 - Control and audit;
 - Protection of confidential information;
 - Checking the credibility of contractors;
 - Adequacy of entertainment expenses and business gifts;
 - Organizing the operation of a whistleblowing system.

6. APPROACH TO IMPLEMENTING THE ETHICAL PRINCIPLES OF RZ AGRO GROUP

6.1. Compliance with the applicable laws and requirements of regulators

RZ Agro Group and its Employees shall strictly comply with the applicable standards of Russian, foreign and international laws, the requirements of the regulators, constitutional and internal documents of RZ Agro Group and be guided by the principles of fair and reasonable business practice and the provisions of this Code of Ethics.

If the Employees doubt the ethics or lawfulness of their actions they should apply for recommendations to the Ethics and Internal Control Committee of the Russkaya Zemlya LLC (RZ Agro Group) Board of Directors.

6.2. Respecting the lawful rights of all the shareholders and investors of RZ Agro Group and S/As

When taking decisions Employees of RZ Agro Group should equally take into account the rights and maintain the balance of interests of all the shareholders and investors of RZ Agro Group and S/As, the relations with which are based on trust and mutual respect.

The key principles of interaction with shareholders and investors include informational openness, transparency of operations and reliability of the financial statements of RZ Agro Group that ensure that all the shareholders and investors are granted equal opportunities, including protection of their rights and timely access to information.

6.3. Social responsibility

RZ Agro Group believes that corporate social responsibility is an important element of interaction of the government, business and society and considers social projects as the most important factor of stable development of countries and regions where the companies of the RZ Agro Group operate.

RZ Agro Group initiates and implements social projects by providing financial, organizational, intellectual and charitable support of social, cultural, educational, sports, wellness, environmental and other programs, so that they would promote positive changes in the lives of people, improve social climate, reduce stress and form new opportunities for development of the society.

6.4. Fair competition

RZ Agro Group builds its relationship with competitors following the principles of mutual respect; it abstains from unfair competition, unethical methods of obtaining competitive advantages and abusing professional powers by trying to settle potential disputes by good-faith negotiations and finding compromise solutions.

The Employees should avoid making statements that damage the business reputation of competitors and they should not unfairly criticize their actions, products or services.

6.5. Preventing corruption

RZ Agro Group strictly follows the principle of intolerance of corruption in any of its forms and manifestations (the principle of zero tolerance), including in the relationships with shareholders, contractors, representatives of government agencies, local governments, political parties, S/As and other parties when conducting daily business and implementing projects in various countries of the world.

The Anticorruption Policy of RZ Agro Group is based on six major principles:

- The management sets an example of ethical conduct;
- The risks of corruption are assessed on a regular basis;
- Anticorruption procedures are implemented, followed and improved;
- The credibility of contractors is checked;
- The Employees are provided with information and training;
- Monitoring and control procedures are conducted.

6.6. Unacceptability of insider deals

With the aim of minimizing the risk of insider deals RZ Agro Group conducts and regularly updates the list of persons that have access to material non-public (inside) information.

6.7. Relations with the government and its agencies

RZ Agro Group and its Employees do their best to build and support constructive, open and transparent relations with the government, its agencies and representatives in the format that rules out any conflict of interest and undue influence.

RZ Agro Group does not cover any expenses of government officials and their close relatives (or in their interests) with the purpose of obtaining commercial advantages in specific projects of RZ Agro Group and S/As, including expenses for transport, accommodation, entertainment, PR campaigns etc.

6.8. Relations with Employees

RZ Agro Group builds relations with its Employees on the basis of common goals, mutual respect, long-term cooperation, accommodation of mutual interests, good faith, neutrality, and takes on the following obligations to the Employees:

- to abide by the labor laws and the terms and conditions of employment contracts;
- to respect human rights and individual liberty;
- to maintain the atmosphere of amicability, mutual understanding and stability;
- to allow no discrimination or harassment;
- to provide a decent level of compensation and workplace safety;
- to create conditions for safe and productive work;
- to encourage success and achievements at work;
- to take objective human resources management decisions based on performance;
- to provide opportunities of professional and personal growth;
- to support initiatives aimed at improving business process efficiency;

- to develop and improve training and motivation systems;
- to take into account the opinion of employees and to arrange for feedback channels;
- to respond to proposals, ideas, requests and complaints;
- to provide information and resources based on the business needs principle;
- to prevent unauthorized disclosure of personal data;
- to respect cultural traditions of countries and regions where the Company operates.

The Employees of RZ Agro Group must abide by the following ethical principles and standards:

- to comply with the requirements of law and RZ Agro Group internal documents;
- to take care of the reputation of RZ Agro Group and to be guided by its interests;
- to refrain from unfair competition and business practices;
- to abide by the principle of zero tolerance of any forms of corruption;
- to set a personal example of ethical behavior;
- to demonstrate good faith and integrity in business and personal relations;
- to be respectful and polite with colleagues and counterparties of RZ Agro Group;
- not to derogate from the dignity of reports and colleagues;
- not to allow unjustified or unfair human resources management decisions;
- to cut short any actions that are doubtful from the legal and the ethical viewpoint;
- not to abuse one's office, confidential or inside information, tangible or intangible assets of RZ Agro Group to elicit personal benefit;
- to render assistance to colleagues when taking important decisions;
- not to furnish unreliable or unverified information;
- to take decisions only after the situation has been comprehensively examined in view of the social responsibility to the state and to the society;
- to timely respond to requests from the management, the colleagues and the counterparties;
- to take care of ongoing improvement of one's professional skills;
- to perform one's job duties as effectively as possible;
- to take into account the interests of all stakeholders in business relations;
- to share experience and information with colleagues and reports;
- to fulfill assignments from the management and requests from colleagues on time;
- to abstain from actions or omissions that cause a conflict of interest;
- to strive to achieve compromises and amicable settlements of disputes;
- to inform the management on property and reputational risks of the Company;
- to avoid decisions that bring about unjustified reduction of employment at the Company;
- to use one's own working time and the time of one's colleagues effectively.

6.9. Settlement of conflicts of interest

The Employees shall prevent situations wherein their financial interests or personal relations affect (or may affect) due performance of their job responsibilities due to the mismatch between the interests of RZ Agro Group and the personal interests of the Employees (the so-called "conflict of interest").

If any Employee becomes aware of a potential or an actual conflict of interest that he or she encounters, the Employee is obliged to immediately inform the Ethics and Internal Control Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) and:

- refrain from taking part in making decisions and acts related to the specific situation of the conflict of interest, in which the interests of the Employee contradict or may contradict with the interests of the Company; **or**
- obtain the consent of the Ethics and Internal Control Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) to participate in making decisions and take actions related to the specific situation of conflict of interest of the Employee, **or**
- Voluntarily resign the membership in governing bodies of the Company or employment relations with it.

Members of the governance bodies of RZ Agro Group are obliged, *inter alia*, to:

- inform at time the Corporate Secretary of Russkaya Zemlya LLC (RZ Agro Group) on their intention (or on the intention of their immediate relatives) to effect a transaction that falls within the definition of a related party transaction;
- inform the Ethics and Internal Control Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) on positions that they (or their immediate relatives) take or intend to take on the governance bodies of third party companies or organizations, and get a consent to take such positions before taking them;
- inform the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) on outside business and other interests that draw a notable part of their working time or attention away from performing their job responsibilities.

All Employees and their close relatives, *inter alia*, shall not:

- have personal interest in the operations of the Company's competitors;
- invest into companies competing with the Company;
- accept presents, services, rewards or personal benefits that influence taking management decisions relating to the operations of the Company.

6.10. Use of the **RZ Agro Group** assets

The Employees should treat RZ Agro Group assets with due care and provide for their efficient use for legitimate business purposes, prevent embezzlement, damage, misappropriation, negligence, use for illegal or unethical purposes, while minimizing the risk of potential losses and damage to the business reputation of RZ Agro Group.

RZ Agro Group assets include tangible assets, cash resources, intellectual property rights, know-hows, data on business processes, and written correspondence and data transferred or received via email or other communication systems of RZ Agro Group or contained in them.

6.11. **Bookkeeping**

RZ Agro Group makes sure that all financial transactions are accurately, correctly and with due level of detail reflected in its accounts, documented and available for audit, and misstatement or falsification of the accounts of RZ Agro Group is strictly forbidden and classified as fraud.

RZ Agro Group has appointed Employees that bear personal responsibility for preparing and submitting complete and reliable accounts within the timelines set in applicable laws.

6.12. Control and audit

RZ Agro Group regularly performs internal and external audit of its financial and operating activities, effects control over the completeness and accuracy of reflecting data in its accounts, and compliance with applicable laws and internal documents of RZ Agro Group , including the principles and the requirements set by this Code of Ethics.

Internal control procedures of RZ Agro Group shall include inspections of abidance by the key business processes, including random checks of legitimacy of the payments being made, their economic soundness, the feasibility of expenses, including in terms of them being supported with source accounting documents.

6.13. Protection of confidential information

The Employees that have access to confidential and/or material non-public (inside) information of RZ Agro Group should only use it to perform their job duties and may provide it to other Employees based on the principle of business needs only.

Employees should not disclose, comment in mass media or transfer such information (even after the termination of their relations of employment with RZ Agro Group) to any companies or persons (including relatives), except the cases when its disclosure, commenting or transfer has been authorized by the governance bodies or with internal documents of RZ Agro Group or is imperatively required by law.

6.14. Checking credibility of contractors

RZ Agro Group and the Employees should make reasonable effort and take measures to minimize the risks of business relations with counterparties that may be involved in corruption, for which purpose measures based on the "Know Your Counterparty" principle are taken, whereby RZ Agro Group:

- screens the counterparties in terms of whether they are prepared to abide by the ethical principles and requirements of RZ Agro Group, whether they have anticorruption procedures and/or policies, and whether they intend to render mutual support to do business ethically and to prevent corruption.
- monitors transactions with counterparties in terms of compliance with the ethical principles and requirements of RZ Agro Group;
- makes reasonable effort to include terms and conditions aimed at preventing bribery, corruption and legalization of unlawfully earned gains, into agreements that RZ Agro Group enters.

6.15. Adequacy of entertainment expenses and business gifts

Gifts and entertainment expenses, including business hospitality expenses, that the Employees may provide to other persons or organizations on behalf of RZ Agro Group, or which the Employees may receive from other persons and organizations in connection with their work at RZ Agro Group, should meet all of the below criteria:

- be directly related to the legitimate goals of RZ Agro Group, e.g. presentation or completion of business projects, successful fulfillment of contracts, or generally

recognized festive occasions, such as Christmas and the New Year, the International Women's Day, memorable dates, jubilees;

- be reasonable, commensurate and be no article of luxury;
- be no concealed reward for a service, action, omission, connivance, patronage, granting rights, taking a specific decision on a transaction, agreement, license, permission etc. and no attempt to influence the recipient with some other illegal or unethical purpose;
- create no reputational risks for RZ Agro Group, the Employees or other persons in the event the information on gifts or entertainment expenses is disclosed;
- be in no conflict with the principles and requirements of this Code of Ethics, other internal documents of RZ Agro Group and provisions of applicable laws.

No gifts in the form of money, either cash or non-cash, in any currency, are allowed on behalf of RZ Agro Group, its Employees or representatives.

6.16. Organizing the operation of a whistleblowing system

Should any of the Employees have doubts about the ethics or the legitimacy of their actions, as well as actions, omissions or suggestions of other Employees, counterparties or other persons that interact with RZ Agro Group, they can report on that (including leaving an anonymous message) via RZ Agro Group hot line within the framework of the whistleblowing program, including reporting:

- to the email address report@rz-agro.com
- to the Head of the Internal Control and Audit Function of Russkaya Zemlya LLC (RZ Agro Group)
- to the Ethics and Internal Control Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group).

No sanctions will be applied to any Employee if they have reported on actual or supposed instances of non-compliance with the Code of Ethics or other irregularities.

7. AMENDMENTS

In the event of changes in the requirements of Russian or foreign laws, provisions of international laws, interests of the shareholders of RZ Agro Group or its partners, creditors or investments, or if some of the provisions of this Code of Ethics are found to be insufficiently effective, the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group) shall have the right to make corresponding amendments to the Code of Ethics which, however, should not impair the high standards of business at RZ Agro Group.

8. RESPONSIBILITY FOR NON-FULFILLMENT (IMPROPER FULFILLMENT) OF THE CODE OF ETHICS

Independent of the position they occupy, the Employees bear personal responsibility for compliance with the principles and requirements of this Code of Ethics and for actions (omissions) of their reports that infringe on these principles and requirements.

Persons that have committed or allowed actions (omissions) that infringe upon the requirements of this Code of Ethics may be liable (depending on the circumstances and the nature of the infringement) to disciplinary, administrative, civil or criminal penalties with the

actions initiated by RZ Agro Group, law enforcement agencies or other person within the procedures and on the basis stipulated in the laws of the Russian Federation, constitutional documents of RZ Agro Group, company bylaws and employment contracts and, as applicable and given there are grounds for that, - in applicable provisions of foreign acts of law.

9. CONCLUSION

The Code of Ethics cannot be an exhaustive body of rules and does not imply recommendations on all the possible situations that the Employees may face while fulfilling their duties and running the business of RZ Agro Group.

If it is necessary to take a business decision in a situation that is not explicitly set out in this Code of Ethics, one should try to answer the following questions:

- Is this legal?
- Is this fair and faithful?
- Is this in line with the interests of RZ Agro Group?
- Does this meet ethical principles and values of RZ Agro Group?
- Should I act this way?
- Do I have the authority?
- Will I feel comfortable if the shareholders and the management learn about my actions or if such information will be published in mass media?

If your answer to any of the above questions is "no", you should immediately discuss the matter with your direct superior or apply to the Ethics and Internal Control Committee of the Board of Directors of Russkaya Zemlya LLC (RZ Agro Group).

* * * * *