

APPROVED
by the Decision of the Board of Directors
of OJSC PhosAgro dated April 15, 2014

POLICY
ON INTERACTIONS WITH GOVERNMENT AUTHORITIES
AND STATE REPRESENTATIVES
of Open Joint Stock Company PhosAgro

Moscow, 2014

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1. GENERAL PROVISIONS

- 1.1. The Policy on Interactions with Government Authorities and their Representatives (hereinafter, the "Policy") sets out the principles, areas, objectives, and tasks according to which OJSC PhosAgro (hereinafter, the "Company") interacts with government authorities (hereinafter, "GA") and their representatives.
- 1.2. This Policy is aimed at achieving the following goals:
 - Identification of the principle approaches and key areas of interaction between the Company's employees and GAs and their representatives;
 - Assurance of transparency of interactions with GAs and conformity of this process with the rules of ethical business conduct;
 - Improvement of the management system's effectiveness in interactions with GAs and their representatives;
 - Improvement and protection of the Company's business reputation as an honest and open partner.
- 1.3. The employees of the Company and other persons who interact with GAs on behalf of and/or by order of the Company shall adhere to the requirements of this Policy in the course of such interactions.
- 1.4. The Company, within its competence, encourages its subsidiaries to implement their own policies for interactions with government authorities and their representatives similar to this Policy.

2. TERMS AND DEFINITIONS

Official shall mean a person who, either by appointment or as a result of an election, performs the functions of a representative of the government, or who temporarily or permanently occupies a position in state institutions, enterprises, organizations, parties, and formations related to the performance of organizational and management obligations, or who performs such obligations under a special authority.

Compliance Controller shall mean a responsible employee of the Company who, by the order of the Chief Executive Officer of the Company, is responsible for implementing the anti-corruption procedures adopted by the Company in accordance with the requirements of the applicable anti-corruption legislation and internal regulatory documents of the Company.

Counterparty shall mean any Russian or foreign individual, with the exception of the employees of the Company, or a legal entity (including its branch and/or representative office) with which the organization enters into contractual relationships.

Conflict of Interest shall mean a situation or circumstances in which:

- a) a personal interest (direct or indirect) of an employee of the Company influences or may influence the proper discharge of his/her official duties, including calling into question the objectivity of his/her decisions;

and/or

- b) a conflict arises or may arise between the personal interest of an employee of the Company and the rights and legitimate interests of the Company, which, in turn, may result in harm to the rights and legitimate interests, property and/or business reputation of the Company.

Corruption and Corrupt Practices shall mean:

- a) offering, promising, giving, and receiving illegal benefits, tangible and intangible, in any form, including in the form, whether directly or through intermediaries, of bribes and commercial bribery;

and/or

- b) mediating in the implementation of a corrupt practice;

and/or

- c) abuse of an official position, abuse of authority, and other unlawful use by an individual of his/her official position against the legitimate interests of the Company, including for the purpose of obtaining an unlawful gain, tangible and intangible, for himself/herself or third parties, or unlawful granting of such benefits to a person specified by other individuals.

Organization shall mean a legal entity, regardless of the form of ownership, form of incorporation, and industry affiliation.

Government Authorities shall mean for the purposes of this Policy:

- a) the President of the Russian Federation;
- b) federal executive authorities;
- c) federal legislative authorities;
- d) executive authorities of the constituent entities of the Russian Federation;
- e) legislative authorities of the constituent entities of the Russian Federation;
- f) representative bodies of local authorities;
- g) executive administrative bodies of local authorities;
- h) federal courts, constitutional (statutory) courts, and magistrate courts of the constituent entities of the Russian Federation;¹
- i) the Central Bank of the Russian Federation and its branch offices in the constituent entities of the Russian Federation;
- j) the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Compulsory Health Insurance Fund, and their regional branch offices in the constituent entities of the Russian Federation;
- k) government (executive, legislative, judicial) authorities of foreign states at all governance levels, as defined under the domestic legislation of these states and as applicable in the relevant area of legal regulation of such states;
- l) international judicial bodies.

State Representative shall mean:

¹ According to the provisions of Article 4 of the Federal Constitutional Law No. 1-FKZ dated December 31, 1996 "On the Judicial System of the Russian Federation"

- a) a person who permanently, temporarily, or under special powers performs the functions of a representative of a state or municipal authority;
and/or
- b) a person who permanently, temporarily, or under special powers performs organizational and management, business and administrative functions in a state body, local government body, state or municipal institution or in the Armed Forces of the Russian Federation or other military formation of the Russian Federation;
and/or
- c) an official or an employee of a commercial organization that is fully or partially owned by the state or a municipality;
and/or
- d) a candidate/applicant for a state or municipal position, a position of state or municipal service, including a position in the government.

3. KEY PRINCIPLES

- 2.1. The Company sets out the following key principles for interactions with GAs and state representatives:
 - **Focus on the result:** interactions with GAs and state representatives are aimed at responding effectively to specific strategic and operational business tasks of the Company, as well as tasks of public importance upon the initiative of the state or the Company;
 - **Equality and partner relations:** for the purposes of mutually advantageous response to tasks of public importance, the Company strives to build its interactions with GAs on terms of public-private partnership;
 - **Lawfulness and ethics:** the Company interacts with GAs and state representatives within the limits established by the applicable legislation and in compliance with the provisions of the Code of Ethics, the Anti-corruption Policy, and other internal regulatory documents of the Company.

4. KEY AREAS OF INTERACTION

- 4.1. For maximum effectiveness of the interactions with GAs and state representatives, the Company distinguishes two areas of interaction and determines a number of the main tasks and instruments for their resolution within each of these areas.
- 4.2. The list of tasks within each area is not exhaustive. However, any other tasks related to interactions with GAs shall be in line with the principles approved by this Policy.

4.3. Strategic cooperation

- 4.3.1. The main tasks of the Company in this area are as follows:

- To ensure lawful participation of the Company's representatives in the strategic planning of the development of industry sectors in which the Company conducts its activities;
- To ensure lawful participation of the Company's representatives in the strategic planning of the development of the regions where the Company operates;
- To strengthen the Company's image as an expert in the issues related to its core activities;
- To interact with the state as part of innovative projects related to the Company's core activities in order to increase the level of industrial development of the Russian Federation.

4.3.2. The main tools ensuring timely and effective resolution of these tasks are:

- Meetings held with GAs and state representatives by the management and designated employees of the Company;
- Official correspondence with GAs and state representatives on behalf of and for the benefit of the Company;
- Expert and advisory participation in preparing decrees, orders, draft laws, and other regulatory acts of the federal executive and legislative authorities, executive and legislative authorities of the constituent entities of the Russian Federation, local authorities, including the Ministry of Industry and Trade of the Russian Federation, the Federal Anti-monopoly Service of the Russian Federation, and the Federal Tax Service of the Russian Federation on industry-specific matters affecting the Company's interests;
- Expert participation of the Company's representatives in meetings held by the committees and commissions of the Federal Assembly of the Russian Federation and legislative meetings of the regions of the Russian Federation, as well as the representative bodies of local authorities on issues falling within the Company's competence;
- Organization of activities related to the Company's business with the participation of GAs and state representatives (conferences, seminars, presentations, round tables, etc.);
- Participation of the Company's representatives in activities related to the Company's business, which are organized by GAs (conferences, seminars, presentations, round tables, etc.);
- Participation of the Company's representatives in parliamentary hearings.

4.4. Operational support of the Company's activities:

4.4.1. The main tasks of the Company in this area are as follows:

- To ensure the timely and effective response to the Company's operational tasks requiring involvement of GAs and/or state representatives;
- To coordinate the actions of the Company and its subsidiaries in interactions with GAs and state representatives to ensure a uniform approach to such interactions;
- To organize the collection and analysis of data required by the Company to perform its expert functions, including statistical and registration data;
- To organize monitoring of initiatives, law-making activity, projects, and programs of GAs for the timely and effective promotion and protection of the Company's interests.

4.4.2. The main tools ensuring timely and effective resolution of these tasks are:

- Meetings held by the Company's designated employees with GAs and state representatives on the issues pertaining to the Company's operating activities;
- Official correspondence by the Ministry of Industry and Trade of the Russian Federation, the Federal Anti-monopoly Service of the Russian Federation, the Federal Tax Service of the Russian Federation, and other GAs on the issues pertaining to the Company's operating activities;
 - Internal activities organized to support interactions with GAs and state representatives in order to respond to the operational tasks.

5. ETHICAL BUSINESS CONDUCT

- 5.1. In the course of interactions with GAs and state representatives, employees of the Company are prohibited, whether directly or through an intermediary, from:
- taking part in any corrupt practices;
 - making payments to simplify formalities, acting as intermediaries in the transfer of such payments on behalf of the Company and/or making payments to facilitate adoption of decisions in favor of the Company;
 - taking other actions that are in conflict with the provisions of the applicable anti-corruption legislation, the Anti-corruption Policy of the Company and/or other internal regulatory documents of the Company regulating the field of anti-corruption.
- 5.2. All hospitality costs incurred by the Company and its employees in the course of events with the participation of GAs and state representatives, as well as gift giving to GAs and state representatives shall comply with the current applicable Russian, foreign, and international legislation, as well as with the requirements of the Company's internal regulatory documents.

6. INTERACTIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

- 6.1. Interactions with industry-specific associations, non-governmental organizations, as well as participation in public and industry-specific initiatives are an important platform used by the Company to communicate its position and key messages to the investment community and other external audiences.
- 6.2. Participation of the Company and its employees in industry-specific associations and interactions with non-governmental organizations and research and development institutes are carried out for the purpose of effectively informing the investment community and other external audiences about the Company's activities and its development prospects, as well as promotion and protection of the interests of the Company and the industry it represents.
- 6.3. In order to achieve its objectives within the framework of interaction with non-governmental organizations, the Company, among other things:
- Develops agreed solutions to the issues reflecting its interests in the core areas of its activities;
 - Interacts with research and development institutes and other research organizations for the delivery of expert consultations to the Company on issues related to the implementation of the Company's core activities;

- Contributes to the development of public control and monitoring mechanisms;
- Organizes and participates in public hearings, discussions, and other opinion and experience sharing events held between the Company and non-governmental institutions and professional organizations;
- Organizes, prepares, and participates in joint social activities and activities in other areas of public importance with non-governmental organizations;
- Discusses together with the representatives of industry-specific associations and professional unions problems and trends affecting the Company's activities.

7. NOTIFICATION OF SHORTCOMINGS

Should the employees of OJSC PhosAgro, its subsidiaries and counterparties have any doubts as to the lawfulness or ethics of their actions, actions of other employees of the Company or other third parties bound by contractual obligations to the Company, which potentially violate the provisions of this Policy, they can report this to their immediate superior or to the Compliance Controller, or contact the PhosAgro Group hotline:

E-mail: help@phosagro.ru

Tel.: 8 (820) 259-32-32

8. LIABILITY FOR NON-EXECUTION / IMPROPER EXECUTION OF THIS POLICY

- 8.1. The provisions of this Policy apply to employees of the Company involved in interactions with GAs and state representatives.
- 8.2. Failure to comply with the provisions of this Policy may incur liability in accordance with the current legislation of the Russian Federation, internal regulatory documents, and other applicable legislation.

9. PROCEDURE FOR REVIEWING AND AMENDING THIS POLICY

- 9.1. This Policy shall become effective upon its approval by the Board of Directors of the Company.
- 9.2. If amendments are made to the internal regulatory documents of the Company and/or to Russian or other applicable legislation capable of affecting, directly or indirectly, the provisions of this Policy, due diligence shall be carried out to determine whether the provisions of this Policy comply with the amended legislation and, if necessary, appropriate changes shall be made.