

APPROVED
by Resolution of the Board of Directors
of OJSC PhosAgro
dd. 15 April 2014

GOVERNMENT RELATIONS POLICY
of Open Joint Stock Company PhosAgro

Moscow, 2014

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1. GENERAL PROVISIONS

- 1.1. This Government Relations Policy (the “Policy”) establishes the principles, areas, purpose and objectives of OJSC PhosAgro (the “Company”) interaction with public authorities (“Public Authorities”) and public officials.
- 1.2. This Policy aims to achieve the following objectives:
 - set fundamental approaches and key areas of the Company`s relations with public authorities and public officials;
 - ensure such relations transparency and ethical conduct of business;
 - enhance efficiency of government relations management procedures;
 - strengthen and protect the Company`s reputation as a transparent, trustworthy and reliable partner.
- 1.3. The Company`s personnel and other persons involved in government relations on behalf of and / or on instruction of the Company shall also adhere to this Policy.
- 1.4. To the extent permitted by law, the Company encourages introduction by its subsidiaries (the “Subsidiaries”) of their own Government Relations Policies similar to this Policy.

2. TERMS AND DEFINITIONS

Official shall mean a person appointed or elected to act as a public official, or either temporally or permanently holding any position related to executive or administrative functions, or acting under special powers in public authorities, agencies, enterprises, parties or organizations.

Compliance Controller shall mean an officer appointed by the CEO`s order to be in charge of implementation of anti-corruption procedures adopted by the Company in compliance with the relevant anti-corruption laws and internal regulations.

Counterparty shall mean any Russian or foreign individual, except for the Company`s personnel, or an entity (including an affiliate and/or representative office) with which the organization enters into contractual relationship.

Conflict of interests shall occur where:

- a) personal interest (direct or indirect) of any employee of the Company affects or may affect proper performance of his job duties, or may cast doubt on his decisions integrity;
and / or
- b) a conflict arises or may arise between personal interest of an employee of the Company and rights and legitimate interests of the Company, which, in turn, may have an adverse effect on the rights and legitimate interests, assets and (or) goodwill of the Company.

Corruption and corrupt practices shall mean:

- a) offering, promising, providing or obtaining illegal benefits, whether tangible or intangible, in any form, directly or through intermediaries, including bribery and other corrupt payments;

and / or

- b) facilitation of corrupt practices;

and / or

- c) abuse of office, powers, or any other misuse by an individual of his official position contrary to the Company's legitimate interests to obtain, among other things, illegal benefits, both tangible and intangible, for himself or third parties, or illegal provision of such benefits to the relevant person by other individuals.

Organization shall mean a legal entity, regardless of its ownership or incorporation form, or industry sector.

Public Authorities shall mean:

- a) the President of the Russian Federation;
- b) federal executive bodies;
- c) federal legislative bodies;
- d) executive authorities of constituent entities of the Russian Federation;
- e) legislative authorities of constituent entities of the Russian Federation;
- f) representative bodies of local authorities;
- g) executive and administrative bodies of local authorities;
- h) federal courts, constitutional courts and magistrates of constituent entities of the Russian Federation¹;
- i) the Central Bank of the Russian Federation and its administrative offices in the constituent entities of the Russian Federation;
- j) Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation, Federal Compulsory Medical Insurance Fund and local subdivisions thereof in constituent entities of the Russian Federation;
- k) public authorities of all levels (executive, legislative, judicial) of foreign states, as defined by domestic law of those states and as applied in the relevant legal framework of those states;
- l) international judicial bodies.

Public Official:

- a) a person performing the functions of a state or local authority official permanently, temporarily or by special authority;

and / or

- b) a person performing executive or administrative functions in a state or local authority body, in a state or local institution, or in the Armed Forces or other military unit of the Russian Federation permanently, temporarily or by special authority;

and / or

¹ According to article 4 of Federal Constitutional Law No. 1-FKZ 'On the Judiciary System of the Russian Federation' dd. 31 December 1996.

- c) an officer or employee of a commercial organization, wholly or partly owned by the state or municipal entity;
- and / or
- d) a candidate / applicant for any state or local office, any office in state or local agencies, including positions in the Government.

3. KEY PRINCIPLES

3.1. The Company has established the key principles of government relations:

- **Focus on result:** interaction with Public Officials and Public Authorities aims to address specific strategic and operational tasks of the Company, as well as socially important tasks initiated by the Government or the Company;
- **Equality and partnership:** to ensure mutually beneficial solutions to socially important tasks the Company seeks to interact with Public Authorities within the framework of public-private partnership;
- **Legitimacy and ethics:** the Company interacts with Public Officials and Public Authorities subject to restrictions determined by relevant legislation and in compliance with the Code of Ethics, Anti-Corruption Policy and other internal regulations of the Company.

4. KEY AREAS OF INTERACTION

- 4.1. To ensure most efficient interaction with Public Officials and Public Authorities, the Company outlines two areas of interaction and a number of basic objectives and tools to achieve them within each area.
- 4.2. List of objectives within each area is not exhaustive, however any additional objective of interaction with Public Officials and Public Authorities should be consistent with the principles approved by this Policy.

4.3. Strategic interaction

4.3.1. Key objectives of the Company within this area are to:

- Ensure legitimate involvement of the Company`s officers in strategic planning of developing industrial sectors where the Company operates;
- Ensure legitimate involvement of the Company`s officers in strategic planning of developing the regions where the Company has a presence;
- Strengthen the Company's image as an expert in issues related to its core business;
- Interact with the state through innovative projects related to the Company`s core business to enhance the level of industrial development of the Russian Federation.

4.3.2. Key instruments to ensure timely and efficient achievement of these objectives are:

- Meetings among management and responsible employees of the Company and Public Officials;

- Official correspondence with Public Officials on behalf of and in the interests of the Company;
- Expert advice in drafting resolutions, orders, draft laws and other regulations of federal executive and legislative bodies, executive and legislative bodies of constituent entities of the Russian Federation, local authorities, including the Ministry of Industry and Trade of the Russian Federation, the Federal Antimonopoly Service of the Russian Federation and the Federal Tax Service of the Russian Federation on the relevant issues affecting the interests of the Company;
- Involvement as experts of the Company`s officers in the meetings of committees and commissions of the Federal Assembly of the Russian Federation and legislative assemblies of the regions of the Russian Federation, as well as local authorities on the issues related to the Company`s field of expertise;
- Arrangement of events related to the Company`s core business involving Public Officials (conferences, seminars, presentations, round tables, etc.);
- Participation of the Company's officials in events related to the Company`s core business arranged by Public Authorities (conferences, seminars, presentations, round tables, etc.);
- Participation of the Company's officials in parliamentary hearings.

4.4. Operational support of the Company`s business:

4.4.1. Key objectives of the Company within this area are to:

- Ensure timely and efficient achievement of operating objectives of the Company, that require involvement of Public Authorities and / or Public Officials;
- Coordinate activities of the Company and its Subsidiaries related to government relations to ensure consistent approach to this type of interaction;
- Arrange collection and analysis of data necessary for the Company to act as an expert, including statistical and accounting data;
- Arrange monitoring of initiatives, law-making activities, projects and programs of Public Authorities to ensure timely and efficient promotion and protection of the Company`s interests.

4.4.2. Key instruments to ensure timely and efficient achievement of these objectives are:

- Meetings among responsible employees of the Company and Public Officials;
- Official correspondence with the Ministry of Industry and Trade of the Russian Federation, Federal Antimonopoly Service of the Russian Federation and the Federal Tax Service of the Russian Federation and other Public Authorities on the issues related to the Company`s operations;
- Internal activities to support interaction with Public Authorities and Public Officials to address operational tasks.

5. ETHICAL BUSINESS CONDUCT

- 5.1. In the course of interaction with Public Authorities and Public Officials, the Company's employees shall not, directly or through an intermediary:
- participate in any corrupt practices;
 - make facilitation payments or act as intermediaries in such payments on behalf of the Company;
 - perform any other actions contrary to the relevant anti-corruption laws, Anti-Corruption Policy of the Company and / or other internal regulations governing anti-corruption activities.
- 5.2. All hospitality expenses incurred by the Company and its employees as part of activities involving Public Authorities and Public Officials, shall be subject to applicable Russian, foreign or international legislation, and shall comply with the Company's internal regulations.

6. INTERACTION WITH NON-GOVERNMENTAL ORGANIZATIONS

- 6.1. Interaction with industry associations, non-governmental organizations, and participation in social and industry initiatives is an important platform for the Company to communicate its position and key messages to external audience.
- 6.2. Participation of the Company and its employees in industry associations as well as interaction with non-governmental organizations and research institutes pursues the objective of efficient communication to external audience of information about activities and development outlooks of the Company, including promotion and protection of interests of the Company in its industry sphere.
- 6.3. To achieve the above objectives within the framework of interaction with non-governmental organizations, the Company shall, among other things:
- Develop mutually agreed decisions on issues reflecting the Company's interests in its core business;
 - Cooperate with research institutes and other scientific organizations in providing the Company with expert advice on its core business;
 - Promote social control and monitoring mechanisms;
 - Arrange and participate in public hearings, discussions and other events to share opinions and experience among the Company and public institutions and professional organizations;
 - Arrange and participate in events held together with non-governmental organizations in the social sphere and other socially important areas;
 - Discuss the problems and trends affecting the Company's business in cooperation with representatives of industry associations and trade unions.

7. WHISTLEBLOWING

Whenever employees of OJSC PhosAgro, Subsidiaries or Counterparties of the Company have any doubts in respect of legitimacy or integrity of their conduct, conduct of other employees of

the Company or third parties having contractual relations with the Company, which may potentially violate this Policy, they can report them to their superior or Compliance Controller, or via the PhosAgro Group “hot line”:

E-mail: help@phosagro.ru

Tel.: (495) 232-96-89 (ext. 22-73)

8. LIABILITY FOR NON-COMPLIANCE

- 8.1. This Policy shall apply to the Company’s employees involved in interaction with Public Authorities and Public Officials.
- 8.2. Failure to comply with this Policy may entail liability in accordance with the relevant legislation of the Russian Federation, internal regulations and other applicable laws.

9. REVIEW AND AMENDMENT PROCEDURES

- 9.1. This Policy shall become effective upon approval by the Board of Directors of the Company.
- 9.2. In case of any amendments to the Company's internal regulations and/or Russian or other applicable legislation which may directly or indirectly affect the provisions of this Policy, due diligence shall be required to ensure compliance of the Policy with the amended legislation and, if necessary, the relevant amendments shall be made.