

**APPROVED BY**

by the Minutes of the Extraordinary General Meeting  
of Limited Liability Company  
Thyssen Schachtbau EuroChem Drilling  
of 07.04.2017

**P O L I C Y**  
**of Limited Liability Company**  
**Thyssen Schachtbau EuroChem Drilling**  
**FOR RESOLVING THE CONFLICTS OF**  
**INTEREST**

**Kotelnikovo**

**2017**

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## I. INTRODUCTION

Limited Liability Company Thyssen Schachtbau EuroChem Drilling (hereinafter, the "Company") shall conduct its business ensuring that its Employees (as defined below) act in the best interests of the Company and avoid actions that could affect their obligations to the Company. Employees shall protect the legitimate interests of the Company by fulfilling their professional, contractual and statutory responsibilities in a proper way.

This Conflict of Interest Policy (hereinafter, the "**Policy**") shall be an integral part of the Company's Code of Conduct, being a complement to Section 4 of the Code. The Policy shall give details of the basic principles and rules to be observed by all Employees of the Company in order to prevent a situation where their personal interests may conflict with the interests of the Company, respectively.

The Policy shall also define all the necessary measures to be taken to identify any conditions causing or likely causing a Conflict of Interest (as defined below) and to prevent or minimise any Conflicts of Interest and their negative consequences.

The Policy shall also set out limits, restrictions and protective measures to be observed by every Employee of the Company.

***The scope and content of this Policy may be amended in the future. This Policy shall provide a general analysis of the existing rules or laws, but each individual transaction may require special advice or clarification.***

## **1. DEFINITIONS**

- 1.1 "**Close Associate**" shall mean any individual or a legal entity having any personal or business relations with an Employee.
- 1.2 "**Conflict of Interest**" shall mean any situation where personal interests of Employees compete with any of the Company's interests and may potentially affect the objective performance by the Employees of their professional, contractual or statutory responsibilities.
- 1.3 "**Contractor**" shall mean any individual or a legal entity who is in a contractual relationship with the Company as a result of purchasing any products or services, supplying any goods or materials, providing them with services or works of any kind, including consulting or outsourcing services (except for any public or banking institutions).
- 1.4 "**Declaration**" shall mean a written declaration in the form set out in Annex 2.
- 1.5 "**Employee**" shall mean officials, directors or Employees of the Company.
- 1.6 "**Key Employee**", "**Key Employees**" shall mean any Employees at various times included in the "Target-Specific Management Program".
- 1.7 "**Compliance Specialist**" shall mean an employee of the Company who is responsible for ensuring strict compliance with the compliance policies (including this Policy).
- 1.8 "**Relative**" shall mean an individual closely associated with an Employee by virtue of consanguinity or other relationship, including, for the avoidance of doubt, a wife, direct relatives in the ascending or descending line (parents and children, grandparents and grandchildren), siblings, including, *inter alia*, any person who is closely associated with any of them due to marriage, adoption or affinity.
- 1.9 "**Training**" shall mean regular training of all Employees to apply this Policy (may be held by in-house lawyers or professionals of any internationally recognised legal or consulting firm with significant experience).

## **2. PURPOSE**

- 2.1 This Policy shall provide for identification, prevention, control and regulation of all Conflicts of Interest that may arise in the course of activities performed by the Company's Employees and Contractors.
- 2.2 The Policy shall specify the minimum Company's expectations as regards risk management and compliance with the Conflict of Interest rules and shall set out an approach to:
  - management in compliance with the Conflict of Interest rules;
  - principles and measures to mitigate the risks associated with or ensuing from any potential Conflict of Interest, in jurisdictions where the Company operates;
  - consequences of failure to comply with the Conflict of Interest rules;
  - regular reporting on Conflict of Interest situations;
  - regular training of the Employees in issues relating to the Conflict of Interest.

## **3. APPLICATION**

- 3.1 The Company should apply the Policy and include the same in its business practice.
- 3.2 The Company should introduce standards and rules similar to the Policy in its business practice.
- 3.3 All Employees should comply with the Policy and should be guided by the same in their business practice.

## **II. COMPLIANCE**

### **4. GENERAL PRINCIPLES**

- 4.1 The Company shall maintain this Policy to identify situations leading to a Conflict of Interest, and the Employees should take all reasonable steps to identify, prevent or resolve any relevant Conflicts of Interest.
- 4.2 The Company shall identify any circumstances that cause or may cause Conflicts of Interest capable of resulting in a significant risk of serious harm to its own interests.
- 4.3 The Company shall specify procedures to be respected and organisational measures to be taken to control individual conflicts on a case-by-case basis.
- 4.4 Employees should identify situations when they have a real, potential or foreseeable Conflict of Interest (for details, see Annex 1 hereto). If they doubt which circumstances could cause a Conflict of Interest, they should consult an in-house statutory compliance specialist or a Compliance Specialist.
- 4.5 Employees should report actual or potential Conflict of Interest as soon as they become aware of the same, and refrain from activities leading to a Conflict of Interest.
- 4.6 The Company, its Employees and Contractors are regularly informed about the Policy updates and amendments to the current laws, rules and regulations dealing with Conflicts of Interest.
- 4.7 If there are any discrepancies between the above principles and business requirements, the principles set forth herein shall prevail.

### **5. RESPONSIBILITIES OF EMPLOYEES**

- 5.1 The Employees shall neither participate in making any decision that puts or may put their own interests into conflict with those of the Company, nor influence the decision-making process, nor enable to suspect themselves in such.
- 5.2 The Employees shall not use their position in the Company (i) to their personal benefit (other than getting the appropriate rewards and bonuses from the corporate direct employer) or (ii) to the benefit of any of their Relatives or Close Associates.
- 5.3 Employees shall avoid any other situations described in **Annex 1** "Conflict of Interest Situations" hereto.
- 5.4 When entering an employment (or similar) agreement with the Company, an Employee shall convey to the direct employer any information on (i) direct or indirect shareholdings or similar interest of the Employee (and his/her Relatives) in any legal entity, equal to or exceeding ten percent (10%) of the share capital of such legal entity, and (ii) direct or indirect business or beneficiary interests that the Employee may own in regard to any individual or a legal entity (including Close Associates). Disclosure is effected through the Employee's filing to the employer of a Declaration to be included in the Employee's personnel file that is maintained by a relevant HR department.
- 5.5 When entering an employment (or similar) agreement with the Company and early in each calendar year of the employment relations (but on or before 01 February), a Key Employee shall disclose to the direct corporate employer any information on (i) direct or indirect shareholdings or similar interest of the Key Employee (and his/her Relatives) in any legal entity, equal to or exceeding ten percent (10%) of the share capital of such legal entity, and (ii) direct or indirect business or beneficiary interests that the Key Employee may own in regard to any individual or legal entity (including Close Associates). Disclosure is effected through filing by the Key Employee to the direct corporate employer (to his/her immediate supervisor, in a relevant case) a Declaration to be included in the Key Employee's personnel file that is maintained by a relevant HR department.

### **6. OBLIGATIONS OF CONTRACTORS**

- 6.1 Contractors shall be informed of the Policy and its provisions; in accordance with any agreements signed with the Company, they shall be also liable to notify the Company accordingly of any potential Conflict of Interest with the Company arising out of or in connection with their agreements.

- 6.2 As part of the Policy, the Contractors undertake, in accordance with the agreements signed, respectively, with the Company, to comply with their contractual obligations to prevent any of Conflict of Interest situations as prescribed hereby.
- 6.3 If the Contractors deliberately violate the provisions hereof, the Company will, accordingly, have the right to terminate the agreement with such violating Contractor by virtue of such violation or take other reasonable measures to protect its legal rights and legitimate interests.

## **7. NON-COMPLIANCE**

- 7.1 The Employees will promptly (not later than the day following the identification), using any means of communication, report to the in-house statutory compliance specialist or to the Compliance Specialist on:
- any circumstances related to or capable of resulting in a Conflict of Interest;
  - any potential Conflict of Interest;
  - any Conflict of Interest identified in regard to the Employee, other Employees or Contractors.
- 7.2 Upon becoming aware of any actual or potential Conflict of Interest, which was reported by the Employee under the above paragraph 7.1, the appropriate statutory compliance specialist or the Compliance Specialist will objectively assess the Conflict of Interest situation reported by the Employee, including any risks to business interests and reputation of the Company. The statutory compliance specialist will immediately notify the Compliance Specialist of the Conflict of Interest situation reported by the Employee and of any risks associated therewith.
- 7.3 If the Compliance Specialist arrives at an objective and reasoned conclusion that the risks of the Conflict of Interest reported by the Employee or the statutory compliance specialist are great and/or significant, (s)he will immediately escalate the risk to a higher level and will inform the Company's Management.
- 7.4 The Compliance Specialist will determine and apply strategies and practices on a case-by-case basis in order to minimise the risks associated with the Conflict of Interest reported to him/her.
- 7.5 The Compliance Specialist will develop a practical solution to resolve the Conflict of Interest so that the risks are minimised and the Employee's interests are protected to the maximum extent possible.
- 7.6 The Compliance Specialist will communicate the resolution with its reasoning to the Employee and will monitor its implementation, ensuring that the Employee understands and follows the same.
- 7.7 If the Employee knowingly or deliberately commits any action leading to a Conflict of Interests in violation of this Policy, the Management will immediately, upon consultation with the Compliance Specialist, terminate the employment relations with the Employee, which termination is processed in accordance with the applicable labour laws or corporate rules.
- 7.8 If the Employee intentionally fails to comply with this Policy provisions in terms of disclosure or reporting requirements (as described herein), the Company's Management, upon consultation with the Compliance Specialist, will have the right, in its sole discretion, either (i) to terminate employment relations with such Employee or (ii) to impose disciplinary penalties on such Employee to the extent permitted by the applicable labour laws and corporate rules.
- 7.9 This Policy shall be brought to the information of all Employees. Every new Employee shall be informed of the Policy when signing an employment (or similar) agreement with the Company. By signing the employment (or similar) agreement (or amendments thereto), the Employee confirms that s(he) has read and agrees to comply with the Policy.

## **8. COMPLIANCE REPORTING**

- 8.1 The Company shall appoint a qualified in-house Employee (the **Compliance Specialist**) for comprehensive identification of Conflicts of Interest in accordance with the applicable laws and regulations, and this Policy. The statutory compliance specialist or the Compliance Specialist may familiarise him/herself with any Declaration filed by an Employee or a Key Employee.

## **9. TRAINING**

- 9.1 The Company should regularly, at least once every twelve months, conduct training in application of the Policy by Employees.
- 9.1. The Company's Management shall take additional training in their specific area of responsibility, which allows evaluation and effective resolution of any Conflicts of Interest.
- 9.2. The Training content shall be determined by the Compliance Specialist.
- 9.3. The Compliance Specialist will ensure that the relevant Employees are fully trained in accordance with paragraph 10.1 hereof.

## **III. POLICY MANAGEMENT**

### **10. POLICY REVIEW**

- 10.1. The Policy should be regularly reviewed by the Compliance Specialist, at least once every six months, to ensure that the Policy remains up-to-date and reflects any changes in the Company's operations and external factors affecting its business or after any amendments in the current laws, rules and regulations governing the resolution of Conflict of Interests situations and their monitoring procedure.

### **11. POLICY IMPLEMENTATION**

- 11.1. The Company's Management shall be liable for realisation and implementation of this Policy in the employee training program and related personnel policies and standards.

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## **ANNEX1 CONFLICT OF INTERESTS SITUATIONS**

- An Employee is an officer, business executive or advisor or is under paid or unpaid employment or other relationship of cooperation with any company (or any Close Associate), which is a business partner, competitor, supplier, distributor or customer of the Company;
- An Employee is an officer or employee of a governmental institution with a decision-making or regulatory authority towards the Company;
- An Employee owns (directly or indirectly) a shareholding or similar interest equal to or exceeding ten percent (10%) in any legal entity that makes transactions as an associated company of, competes or transacts business with the Company;
- An Employee conducts the Company's business with any legal entity, in which s(he) holds a significant participation interest or with which s(he) is materially affiliated;
- An Employee is involved in or supports any business which is competitive with that of the Company;
- An Employee uses his/her position or function in the Company to influence employment conditions or participates in making any decision on employment or contractual relations where his/her Relative or Close Associate is involved;
- An Employee, his/her Relative or Close Associate receives improper personal benefits (i.e. not covered by the corporate policy) due to the Employee's position in the Company;
- An Employee trades in shares of customers or other business partners of the Company, possessing an important non-public information;
- An Employee directly or indirectly solicits or receives fees, commissions, payments or material gifts of any kind (in excess of the value prescribed by the Code of Conduct) and other advantages or benefits from business partners or competitors of the Company.

*The list is not exhaustive and is regularly updated.*



**ANNEX 2. DECLARATION**

(NAME OF addressee's department)

Attn:

(Addressee's title)

**Information Disclosure Form**

Name:																			
Company:																			
Department:																			
Title:																			
Details of interests and assets:	<i>Name</i>																		
	<i>Taxpayer Identification Number</i>																		
Recommendations (comments):																			

*I declare that the above details of my private interests are true, as far as I know, and I agree to notify my immediate supervisor of any relevant changes in my personal circumstances.*

(Author's title)

\_\_\_\_\_ (Full name)

(Personal signature)

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