



 **BorsodChem**
Chemistry for generations

1. OBJECTIVE OF POLICY

BorsodChem Group is committed to the norms and principles ensuring fair and lawful operation in line with the Code of Ethics. This policy – in addition to the Code of Ethics – determines certain forms of fraud and bribery, the procedures applied at the investigations and applicable sanctions.

2. DEFINITIONS

Fraud is defined as the intentional behaviour or act, which is conducted/ committed by the executives or employees of the BorsodChem Group basically violating a legal provision, internal regulation or the basic principles of fair market behaviour in the interest of profiteering.

Bribery is an intentional act in the course thereof

- the briber requests unauthorised profiteering for themselves or a third party in exchange for a bribe or other allowances and
- the person accepting the bribe brings unauthorised advantage to the briber or the person designated by them.

Bribery is always aimed at making and formulating some sort of decision and obtaining power.

3. SCOPE OF POLICY

The subject scope of this policy applies to the investigation of all events, behaviour and/or act, which substantiates the suspicion of fraud or bribery.

Its personal scope involves managing officers, managers, shareholders, consultants, employees of BorsodChem Group as well as any other parties with a business relationship with BorsodChem Group. Any investigative activity required will be conducted regardless of the suspected wrongdoer's duration of employment, position/title or relationship to BorsodChem Group.

4. COMMITMENTS, ROLES AND RESPONSIBILITIES

The Management takes primary responsibility for the prevention of fraud and bribery.

In case of reported complaints, the Compliance Officer coordinates all the investigations – and if necessary – makes a decision on the involvement of external bodies and experts.

The roles and responsibilities related to BorsodChem Group's present policy are summarized in **Appendix No. 1**.

5. DEFINITE CASES OF FRAUD AND BRIBERY

Fraud and bribery as a generic term involve the following:

- Personal transactions with BorsodChem Group's assets, especially financial instruments
- Abuse with information profiteering
- Misappropriation of purchased inventories, finished products and other inventories, assets for own purposes and profiteering,
- Improper and intended failure or conduct in the managing or reporting of cash or financial transactions
- Profiteering as a result of insider information of BorsodChem Group's activities.
- Accepting or seeking anything with material value or personal benefit from a third party – such as contractors, vendors, or persons providing services to the BorsodChem Group or persons conducting agent activities (Further details are stipulated in the section principles and guidelines for gifts.)
- Intentional forgery of records and reports,
- Provision of personal benefits for any party abusing its managerial position or other influence
- Performance of activities bound to be reported without permission.

6. PRINCIPLES AND GUIDELINES FOR GIFTS

- Any gift-receiving or accepting invitation over the usual extent, which may influence the receiver's objectiveness, is not permitted.
- A gift is to be strictly refused if there is a slightest suspicion of bribe by its provision.
- Any gift over the accepted norms in business life must be refused:
Therein:
 - » The acceptable limit of gift amounts to EUR 25.
 - » The business lunch is not part of the limit.
 - » Exceptions are possible along with full transparency and the Chief Executive Officer or Compliance Officer's prior written approval.
- Gifting in the form of any cash and cash equivalents shall be strictly repudiated regardless of the size of the amount.
- Seeking gifts or implied behaviour aiming thereat is prohibited.

The above principles and prohibitions shall apply to the BorsodChem Group's employees and representatives as a gift giver and as a gift-receiver.

7. REPORTING AND INVESTIGATION RESPONSIBILITIES

The Company investigates all reported fraud and bribery suspicions.

If the suspicion of fraud or bribery is substantiated following the investigation of the reported case, the Company will strictly proceed as per the principle of zero tolerance against all perpetrators committing fraud and bribery.

For the sake of effective investigation of fraud and bribes, the Company endows the Compliance Officer with unlimited power. In case of any doubts with regards to the investigation or disagreement with the sanctions applied on behalf of the Management, the Compliance Officer is enti-

pled to indicate his disagreement towards the Supervisory Board along with reasoning.

8. CONFIDENTIALITY

Group Compliance manages all information received confidentially. Ensuring privacy rights has priority under all circumstances in the applied investigation methods and when disclosing information to the public.

The Company guarantees that the person reporting the suspicion of fraud and bribery can not be in an adverse situation specifically due to the reporting and no retaliation may be applied against them.

Auditors participating in the investigation have confidentiality obligations. Until the completion of an investigation and the written observations:

- They may not refer to the nature or qualification of the investigated action either,
- They are forbidden to disclose either written or oral information related to the case in progress to any persons, unless the Leading Auditor or the Compliance Officer provably instructs them to do so in writing.

Following the completion of an investigation, the results will not be disclosed to the public, only persons involved in the investigation and executives with appropriate decision-making and proceeding competences are allowed to become familiar with the findings of the investigation.

9. GENERAL AUTHORIZATION FOR THE EXECUTION OF AN INVESTIGATION

Persons conducting the investigation will have:

- Free and unrestricted access and the right of inspection to all BorsodChem Group records and investigation related documents.
- The authority to examine, remove the IT instru-

ments and data storage facilities on site and make a copy of their data content. Moreover, they are entitled to examine the working premises and furniture on the premises without the prior knowledge or consent of the person who might use these items or facilities when it is within the scope of their investigation. Examination of the items owned by the affected person is rendered possible only in the presence and with the consent of the concerned individual.

10. REPORTING PROCEDURES

An employee who discovers or suspects fraud or bribery activities on the grounds of a well-established reason as defined in the Code of Ethics and the Hotline Policy is authorised and obliged to indicate all observations to the Group Compliance. The Compliance Officer is responsible for ensuring the anonymity of all reporting individuals or complainants.

During the investigation proceedings against the persons under procedure shall be conducted as per – regular legal practice, presumption of innocence, abuse of rights prohibition etc. - the general legal principles.

During the investigation, all inquiries concerning the activity from the suspected individual, their representative or any other inquirer shall be directed to the Leading Auditor.

No information concerning the status of the investigation shall be made public during the period of procedure.

11. MEASURES RELATED TO EMPLOYMENT RELATIONSHIP

Should the concerned employee be exempted

from work performance for the sake of a successful and authentic investigation proceeding and the prevention of estimated material damage, it is the sole competence of the Group HR – based on the Compliance Officer's proposal – to order it. Group HR is obligated to proceed even if termination of employment is ordered as a sanction after the investigation is completed.

12. ADMINISTRATION

The Compliance Officer is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed and approved on behalf of the Company Management.

13. APPROVAL

Kazincbarcika, 1 July 2009



Dr. Wolfgang Büchele
Chief Executive Officer

Appendix 1 – Roles and Responsibilities

Action Required	Exec Mgmt.	Group Compliance	Internal Audit	Finance, acctg.	Line. Mgmt.	PR	HR	Legal
1. Regulations and controls to fraud prevention	P	SR	SR	SR	SR	SR	SR	SR
2. Incident Reporting	SR	P	SR	SR	SR	SR	SR	SR
3. Investigation of fraud		SR	P				SR	SR
4. Referrals to Law Enforcement		P					SR	SR
5. Claim compensation for damage		P					SR	SR
6. Recommendations for preventing fraud	SR	SR	P	SR	SR	SR	SR	SR
7. Internal Control Reviews			P					
8. Managing events with Sensitive Nature	SR	P	SR			SR	SR	SR
9. Publicity / Press Releases		SR				P		
10. Civil Litigation		SR					SR	P
11. Corrective Action / Recommendations	SR	SR	P		SR			SR
12. Monitoring damage compensation		SR	SR	P				
13. Proactive Fraud monitoring		SR	P					
14. Fraud Education / Training		SR	SR		SR	SR	SR	
15. Risk Analysis of Hot -areas	SR	SR	P		SR			
16. Case Analysis		P	SR					
17. Hotline operation		P						

P – (Primary Responsibility)

SR – (Support Responsibility)

