

**Group Policy on Bribery
and Corruption 1 July 2011**
(and as amended from time to time)
Version 001



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Summary of Ferrexpo Group Policy on Bribery and Corruption (the “Policy”)

This summary is intended to facilitate an easy navigation through the Policy providing cross-references to the paragraphs of the Policy. This summary is not intended to be a replacement for the Policy, which must be considered in full by all relevant stakeholders.

- > The Ferrexpo Group will not tolerate bribery and expects the highest standards of conduct from its staff and officers (paragraph 1). The Policy has been developed to help prevent and eliminate bribery (paragraph 2). It applies to all group entities, joint ventures, employees and certain “associated persons,” including anyone providing services for or on behalf of the Ferrexpo Group (paragraphs 5 and 12). An organisation may be criminally liable if any person associated with it commits an act of bribery for the benefit of the organisation. A defence is available if the organisation has “adequate procedures” in place to prevent bribery. The Policy is intended to ensure such procedures are in place.
- > The Board has overall responsibility for ensuring the adequacy of the policy, which has been delegated to a committee of independent directors. The Board has appointed an anti-bribery compliance officer (“ABCO”) (currently the Chief Financial Officer) with primary responsibility for implementing the Policy and monitoring its usefulness and effectiveness (paragraph 6).
- > Bribery is in summary the accepting or offering a reward in order to gain a commercial, regulatory or personal advantage. Particular regulatory risks attach to the bribery of public officials (paragraph 3).
- > Any gift to a third party must be made without the intention to induce “improper performance” (i.e. breach of good faith, obligation of impartiality etc.) (paragraph 8.7). There are other requirements for such a gift, for example that it is proportionate in the circumstances, appropriate in type and value, and that it complies with local law (paragraphs 8.1 and 8.8). No gift should be made to a government official, representative or public body without prior sanction of the ABCO (paragraphs 8.2 – 8.6). This includes “facilitation” payments to expedite a routine government action, no matter how commonplace in the relevant jurisdiction, unless permitted in the written law of that jurisdiction (paragraph 11). The Policy also specifies certain circumstances in which gifts, hospitality etc. will be unacceptable (paragraph 10.1).
- > Ferrexpo Group employees and officers may accept gifts provided they comply with these same conditions (paragraphs 8.10 and 8.1). Normal and appropriate hospitality may still be offered or accepted from third parties, but similar considerations apply as with the acceptance or offering of gifts (paragraphs 9 and 10).
- > The ABCO must be contacted urgently where a bribe is offered or solicited, or there are grounds to believe this may happen. The ABCO should also be consulted with queries about making or receiving gifts, payments etc. Group Legal should be consulted as to interpretation of bribery and corruption laws and the Policy itself (paragraph 13). A “whistleblowing” application is also being developed under the policy to assist with the flow of information (paragraph 14).
- > Records must be kept by Ferrexpo Group of all payments, gifts, hospitality etc. offered or paid to third parties, and received from third parties. Employees and certain “associated persons” must also keep certain records. All payments to third parties should be made by electronic transfer to the named account of the third party (paragraph 15).
- > Ferrexpo Group will protect those who raise genuine concerns under the Policy and/or who refuse to participate in bribery. The Policy will detail a full grievance procedure to protect such persons (paragraph 16).
- > Existing and new employees will receive regular training on the Policy and its implementation to enable compliance with the Policy and its objectives (paragraph 17).
- > Ferrexpo Group’s activities will be assessed on a continuing basis to identify bribery and corruption-related risks and seek to mitigate those risks. The ABCO will monitor the efficacy of the Policy and amend it as required. All internal control systems will be subject to regular audit. Group employees and other relevant individuals will be invited to comment on the Policy and possible improvements to Group Legal (paragraph 18).
- > The Policy contains “frequently asked questions” illustrating the Policy’s application in different circumstances, and also specifies contacts for the reporting process.

Part A Overview

1. Our stance on bribery

1.1 Ferrexpo's Code on Corporate Responsibility & Business Ethics ("**CRBE Code**") sets out our business principles, including the following statement:

We must maintain high standards of behaviour with all those we deal with, both inside and outside the Ferrexpo Group. Our conduct and business dealings should be associated with honesty and integrity, making us an attractive and reliable business partner.

1.2 Ferrexpo takes a zero-tolerance approach to bribery and corruption. We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. We expect the highest standards of personal and professional behaviour from all of our employees and those working for us or performing services on our behalf. We will not tolerate any incident of bribery, and will take action against anyone employed by us, or associated with us, who commits bribery.

1.3 Ferrexpo operates under laws which make illegal any form of bribery. If found guilty of a bribery offence, individuals may be punished by imprisonment or fines, the Group could be subject to a large fine and we could face serious damage to our reputation.

2. Purpose of this policy

2.1 This policy, which should be read in conjunction with our CRBE Code, sets out our responsibilities, and the responsibilities of those working for us and performing services on our behalf, in observing and upholding our position on bribery and corruption.

2.2 This policy is designed to:

2.2.1 help people within the Group recognise and operate to prevent bribery;

2.2.2 ensure that we have in place adequate procedures to prevent bribery;

2.2.3 set out the procedures to be followed by Ferrexpo employees and persons associated with Ferrexpo where there is evidence of, or suspected involvement in, bribery; and

2.2.4 explain how the policy and procedures will be implemented, monitored and reviewed.

3. What is bribery?

3.1 The definition of bribery varies from country to country. For the purposes of this policy, it has the following meaning:

3.1.1 an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage (sometimes referred to as "active" bribery); or

3.1.2 the acceptance of any such inducement or reward (sometimes referred to as "passive bribery").

3.2 Particular risks attach to the bribery of public officials, and laws in some jurisdictions contain particular offences in connection with the bribery of public officials.

4. Definitions

4.1 The following terms are used throughout this policy:

4.1.1 "**Associated Persons**" means anyone who is engaged or paid to represent and/or to provide services to any entity within the Group and includes agents, distributors, representatives, intermediaries, consultants, contractors and advisers whose ability to represent, or obligation to provide services to, such Group entity is contained in or implied by the terms of their arrangement;

4.1.2 "**Board**" means the Board of Directors of Ferrexpo plc;

4.1.3 "**Group**" means Ferrexpo plc and any entity which is directly or indirectly wholly or majority owned, managed or controlled by Ferrexpo plc; and

4.1.4 "**Third Party**" means any natural or legal person other than the Group or its employees.

5. Application of this policy

5.1 This policy applies to:

5.1.1 any entity within the Group;

5.1.2 joint ventures controlled by an entity within the Group;

5.1.3 all employees, officers and directors of the entities referred to in paragraphs 5.1.1 and 5.1.2;

5.1.4 all Associated Persons.

5.2 Whenever an entity within the Group engages an Associated Person, observance of this policy by that Associated Person must be stipulated as a condition of their engagement. The Group carries out due diligence procedures in respect of its Associated Persons, including in relation to bribery and corruption issues.

5.3 This policy sets out Ferrexpo's global policy on dealing with corruption and bribery. Local laws must be observed at all times and Group entities working within particular jurisdictions may supplement it by adding additional guidance or requirements relevant to their particular circumstances.

Part A

Overview continued

6. Leadership

- 6.1 The Board has overall responsibility for ensuring that this policy complies with our legal and ethical obligations, and that those to whom the policy is applicable comply with it. The Board has delegated oversight of this policy to a committee of independent directors (the "**Committee**").
- 6.2 The Committee is empowered to advise and assist the Board in relation to all aspects of its stance on combating bribery, and to oversee and coordinate the implementation by the Group of procedures designed to prevent persons within the Group, and the Associated Persons of the Group, from committing acts of bribery.
- 6.3 The Board has also appointed one of its members to act as the Group's anti-bribery compliance officer (the "**ABCO**"). The ABCO is, for the time being, the Group's Chief Financial Officer. The ABCO has the right to attend all meetings of the Committee at which any matters relating to the Committee's anti-bribery duties are under discussion.
- 6.4 The ABCO has primary responsibility for implementing this policy and for monitoring its use and effectiveness. Management at all levels within the Group are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.
- 6.5 The ABCO is supported in the day-to-day application and implementation of this policy by Group Legal.

7. Frequently asked questions

The Annex to this policy contains a series of frequently asked questions (FAQs) which seek to illustrate the application of the principles set out in this policy to factual scenarios of the type that might be encountered by the Group's employees and Associated Persons. The scenarios set out in the FAQs are illustrative only. They do not constitute legal advice. For advice on specific situations, please contact the appropriate person as referred to in paragraph 13 (Contacts and Reporting) of this policy.

Part B

Policy Statements

8. Donations and gifts

Giving gifts and donations

- 8.1 The giving of a gift or the making of a donation to a Third Party is not prohibited, if all the following requirements are met:
- 8.1.1 it is not made with the intention of influencing the Third Party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
 - 8.1.2 it complies with local law;
 - 8.1.3 it is given in the name of the relevant Group entity, not in the name of an individual director, officer or employee of the Group, or an Associated Person;
 - 8.1.4 it does not include cash or a cash equivalent (such as gift certificates or vouchers);
 - 8.1.5 it is appropriate in the circumstances;
 - 8.1.6 taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time; and
 - 8.1.7 it is given openly, not secretly.
- 8.2 However, notwithstanding paragraph 8.1, no gift and/or donation should be offered to government officials or representatives, or politicians or political parties, without the prior approval of the ABCO. The Group only makes donations, including donations to governmental or public bodies in the jurisdictions in which it operates, that are legal and ethical under local laws and practices.
- ##### Donations to governmental or public bodies
- 8.3 Group entities do, on occasion, receive requests from governmental or public bodies in the jurisdictions in which the Group operates to make contributions towards the maintenance of public infrastructure. The CRBE Code recognises that as a significant employer and part of the regional economy, the Group has a duty to behave in a responsible manner towards the local community. In particular, the Group's position, as set out in further detail in the CRBE Code, is that:
- 8.3.1 our presence should benefit those communities around our operations; and
 - 8.3.2 the Group will assist in the development of the micro economic environment within the communities where we operate.
- 8.4 However, care must be taken to ensure that any donations to governmental or public bodies are made in accordance with the CRBE Code and that such donations do not constitute bribes. Accordingly, any request that a Group entity make a donation of the kind described in paragraph 8.3 should be referred to the ABCO. The consent of the ABCO must be received before making any such donation.
- 8.5 The ABCO may require a process of due diligence to be undertaken in connection with a request to make a donation to a governmental or public body in order to satisfy itself that the suggested arrangement is legitimate and in conformity with all applicable laws and local codes. The ABCO may also require the receiving body to report back on its use of any donation or gift.
- 8.6 In accordance with the CRBE Code, the Group intends to maintain a neutral political stance. No funds or assets of the Group may be contributed to any political party or organisation without the approval of the Board and shareholders of Ferrexpo plc at a general meeting. The Group's policy is that donations to a political party or organisation must not be made in an attempt to influence any decision or gain a business advantage, and should always be publicly disclosed.
- ##### Issues to consider
- 8.7 The **intention** behind the gift or donation should always be considered:
- 8.7.1 it is unacceptable for a gift or donation to be made where there is an intention to induce improper performance by a Third Party. "Improper performance" is performance that amounts to a breach of an expectation that the Third Party would act in good faith, impartially, or in accordance with a position of trust; and
 - 8.7.2 where the Third Party is a public official, care must be taken not to offer a gift or donation with the intention of influencing the public official in the performance of his or her official functions.
- It is therefore important for any person proposing to offer or give a gift or donation to ask: in giving this gift or donation, is the intention to induce improper performance, or to influence a public official in the performance of their duties? If the answer is "yes", the gift or donation is prohibited under this policy.
- 8.8 Another key principle to be borne in mind is that the gift or donation must be **proportionate**. It should not go beyond what is appropriate in all the circumstances.
- 8.9 We appreciate that the practice of giving gifts and donations varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or donation is reasonable, proportionate and justifiable.
- ##### Receiving gifts and donations
- 8.10 The Group and its directors, officers and employees are permitted to receive gifts from Third Parties provided the conditions set out in paragraph 8.1 are met. If you are in any doubt about whether you should accept a gift offered to you by a Third Party, please consult Group Legal before accepting it.

Part B

Policy Statements continued

9. Hospitality

- 9.1 This policy does not prohibit normal and appropriate hospitality that is given to or received from Third Parties.
- 9.2 Similar considerations apply to the giving or receiving of hospitality as apply to the receipt of gifts, as set out in paragraph 8 above. Again, it is important to ask: is there any **intention** to induce improper performance, or to influence a public official in the course of their duties? And is the hospitality **reasonable** and **proportionate**?
- 9.3 More lavish hospitality can give rise to a greater inference that it is intended to encourage or reward improper performance or to influence a public official in the carrying out of their duties. It is therefore essential that hospitality is proportionate, and if you are in any doubt as to whether certain forms of hospitality should be offered or accepted, please consult Group Legal.

10. Donations, gifts and hospitality: what is not acceptable?

- 10.1 It is not acceptable for you (or someone on your behalf) to:
- 10.1.1 give, promise to give, or offer, a donation, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
 - 10.1.2 give, promise to give, or offer, a donation, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure;
 - 10.1.3 accept a gift or hospitality from a Third Party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
 - 10.1.4 accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
 - 10.1.5 threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
 - 10.1.6 engage in any activity that might lead to a breach of this policy.

11. Facilitation payments

- 11.1 Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in many markets, but are common in some other jurisdictions in which we operate, including in the Ukraine.
- 11.2 The Group's policy is that it does not make, and will not accept, facilitation payments or “kickbacks” of any kind. No payments should be made to public officials in connection with their role or function unless the local law provides in writing for a payment to be made and payments are properly documented (through invoices and receipts).

- 11.3 The ABCO and Group Legal may seek advice on the laws of any jurisdiction in which the Group operates relating to certificates of inspection and associated fee payments, so as to differentiate between properly payable fees and disguised requests for facilitation payments.
- 11.4 If you are asked to make a payment on behalf of the Group, you should always be mindful of what the payment is for and consider whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the ABCO.
- 11.5 Kickbacks are typically payments made in return for a business favour or advantage. All employees and Associated Persons must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

Part C Compliance

12. Responsibilities of employees and associated persons

- 12.1 Employees are required to comply with this policy as a term of employment. Associated Persons are required to comply with this policy as a term of their engagement with the Group.
Employees and Associated Persons must ensure that they read, understand and comply with this policy.
- 12.2 You must notify Group Legal as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- 12.3 Any person who breaches this policy may face disciplinary action, which in the case of employees could result in dismissal for gross misconduct. The Group reserves its right to terminate contractual relationships with Associated Persons if they breach this policy.

13. Contacts and reporting

- 13.1 It is important that you contact the ABCO as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity. Contact details are contained at the end of this policy in the box marked "CONTACTS FOR REPORTING PURPOSES".
- 13.2 The ABCO should also be consulted directly in the case of questions or queries relating to the making (or receipt) of payments and donations,
- 13.3 Questions relating to the interpretation of laws relating to bribery and corruption should be addressed to Group Legal. Group Legal can also deal with queries on the interpretation of this policy, and will consult with the ABCO where appropriate.
- 13.4 Employees and Associated Persons are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage.
- 13.5 If you are unsure whether a particular act constitutes bribery, or if you have any other queries, these should be raised with Group Legal, or raised through [the whistleblowing application], as detailed in paragraph 14 below.

14. Whistleblowing

- 14.1 In order to better manage the flow of information about possible instances of bribery and corruption, and to give employees a route by which to make disclosures about suspected bribery activity where they may not feel able to raise such concerns with their line manager, the Group has developed a whistleblowing application. Please refer to the CBRE Code for further details.
- 14.2 The whistleblowing application is IT-based and hosted by a third party. This ensures the anonymous reporting of potential bribery issues.

15. Record-keeping

- 15.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 15.2 Employees and Associated Persons must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.
- 15.3 Employees (and any applicable Associated Persons) must ensure that all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with the Group's expenses policy and specifically record the reason for the expenditure.
- 15.4 All accounts, invoices, memoranda and other documents and records relating to dealings with Third Parties should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.
- 15.5 Any payments made to Third Parties, including any governmental or public body, should be paid by electronic bank transfer to the named account of the transferee entity. No cash payments or unrecorded electronic bank transfers should be made.

16. Protection

- 16.1 Employees and Associated Persons who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Group encourages openness and will support anyone who raises genuine concerns in good faith under this policy.
- 16.2 We are committed to ensuring that no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform Group Legal immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure, which can be found in the CRBE Code.

17. Training and communication

- 17.1 Training on this policy forms part of the induction process for all new employees. All existing employees will receive regular, relevant training on how to implement and adhere to this policy.
- 17.2 Our zero-tolerance approach to bribery and corruption must be communicated to all Associated Persons at the outset of our business relationship with them and as appropriate thereafter.

Part C

Compliance continued

18. Risk Assessment, Monitoring and Review

- 18.1 Ferrexpo sees the evaluation of risks of bribery as an integral part of its general risk management policy. The Group's operations will be assessed on a continuing basis so that activities where the Group and/or its Associated Persons are perceived to be potentially exposed to bribery-related risks can be identified and appropriate procedures put in place to mitigate such risks.
- 18.2 The ABCO and the Committee, assisted by Group Legal, will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. This policy may be amended from time to time. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
- 18.3 Employees and Associated Persons are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to Group Legal.

Annex

Frequently Asked Questions

The following scenarios are illustrative only. They have been prepared to assist people to whom this policy applies in understanding the application of the principles contained in it. These scenarios do not constitute legal advice.

- Q. What should I do if I believe an agent is passing on money to a third party?**
- A. You should contact Group Legal and make them aware of your concerns. It is important to keep clear records of the issue. This activity would be against Group policy and may also be illegal.
- Q. What should I do if I believe the amount we are paying to an agent seems large?**
- A. If the size of the payment seems out of proportion to the service provided then it should be brought to the attention of Group Legal.
- Q. If I am told that it is standard practice to give and receive additional cash payments in a country in which we operate, can I do so?**
- A. If you are being requested to do this, then you should contact the ABCO immediately. No payments should be made to public officials in connection with their role or function unless the local law provides in writing for a payment to be made and payments are properly documented (through invoices and receipts).
- Q. A government official expects a modest facilitation payment to be made – can I do this?**
- A. No. The Group's policy is that it will not make facilitation payments of any kind. If you are requested to make such a payment you should contact the ABCO immediately.
- Q. When does a facilitation payment become a bribe?**
- A. Facilitation payments are illegal in many jurisdictions, including some of those in which the Group operates. Facilitation payments can amount to bribery, so there is no acceptable distinction to be drawn between a facilitation payment and a bribe. The Group's policy is that it will not make facilitation payments of any kind.
- Q. Goods are being held up from delivery to a customer and the official is asking for payment to release them. What should I do?**
- A. This type of demand is unacceptable and if it is met, then such demands are likely to continue and increase in the future. You should inform the ABCO on receiving any request of this nature, whose authorisation will be required. The ABCO may seek advice on whether the payment is properly payable.
- Q. I am being threatened by a third party who requires a cash payment or favour. What should I do?**
- A. You should not make the payment (which is, in any case, unlikely to resolve the issue) and you should immediately notify the ABCO of the threat.
- Q. A public official in an overseas jurisdiction where the Group has a significant operation has asked that the Group make a donation towards a new fire engine for the town. What should I do?**
- A. Any request of this nature should be discussed with the ABCO, whose prior consent should be obtained before making any payment of this kind. The ABCO will need to be given detailed information about the Group's dealings with the governmental or public body which has made the request. The donation will not be approved if it is made with the intention of securing a business advantage with the Group, or is in connection with a particular transaction or arrangement between the Group and the relevant governmental or public authority. As the Group carries on significant operations in this locality, it may be that the ABCO will conclude that the donation would be in keeping with the Group's corporate social responsibility objectives. Care will need to be taken to ensure that any donation is documented and made to the appropriate body, and not, for example, to an individual official.
- Q. In connection with a land development where the Group wishes to construct a facility, the local Group entity has been asked to make payments towards local infrastructure development. What should I do?**
- A. Contact the ABCO, who will consider whether the suggested arrangement is legitimate and in conformity with all applicable laws and local codes.
- Q. I want to ask a client along to watch the Olympic Games in London in 2012. Can I do so?**
- A. This policy is not intended to stop the provision by the Group of corporate hospitality that is reasonable and proportionate. Asking a client along to an event of this nature is likely to be acceptable. However, consideration should also be given to the context: if the client is, for example, considering whether to place an order with the Group, and the provision of the hospitality might affect his decision, then it would not be appropriate to offer it. If in doubt, contact Group Legal.

Contacts for reporting purposes

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