

# **Code of Business Conduct and Ethics**

*Dear Colleagues and Partners,*

The contemporary world has a tendency to increase the role of energy resources in the reproduction of the total world product and in the transition of the world community towards the sustainable development. In this realities Carbo One Limited as one of the largest coal trading companies in the world with annual sales of about 30 million tons meets the needs of the modern world, offering all coal grades and qualities and delivering them to Europe, Mediterranean, the Asia-Pacific region and Latin America.

In addition to high-quality coal that Carbo One Limited offers to its customers, the main honor of the Company is a reputation that has been enhanced and safeguarded over the years.

Our business is built on the trust of our customers and transparency. Acting with integrity is about more than our Company's image and reputation, or avoiding legal issues. This is the wise business policy: acting honestly and treating each other and our customers, partners, suppliers and consumers fairly, with dignity.

With this in mind, we have developed and implemented this Code of Business Conduct and Ethics – a body of standards and rules for the individual and collective behavior of all Carbo One Limited employees without exception.

The Code of Business Conduct is our guide to appropriate conduct as a team of professionals. Together with other Company policies we have set standards to create an inspiring working atmosphere that allows not only employees but the Partners also to feel that the main purpose of the Company is to continue to deserve the trust that everyone has in us.

We are confident that all Carbo One Limited employees, regardless of their profession, position, or place of work, will adhere to and abide by the provisions of the Code of Business Conduct and Ethics.

*Carbo One Limited, 2015*

## *Introduction*

The Code is designed to define the corporate values of the Company, compliance with which demonstrates that Carbo One Limited and its employees are dedicated to the basic ethical norms that determine the Company's business conduct and create its reputation, its competitiveness and its efficiency.

The present Code of Business Conduct and Ethics has been developed on the basis of fundamental ethical principles, and also documents implemented in Cyprus and overseas that define best practices of corporate governance, set out, inter alia, in such documents as:

- European Social Charter, which was ratified by Cyprus on March 7, 1968;



- Revised European Social Charter and its additional provisions ratified by Cyprus on September 27, 2000 and in October 2011 accordingly;

- Cyprus Corporate Governance Code 3rd Edition (Amended) published in the Official Gazette of the Republic on May 11, 2013;

Implementation of the business ethics standards set out in this Code should raise the Company's values to the status of standards of conduct. Adherence to these standards of business ethics is mandatory for Directors, Key managers and also for all Company employees.

The Code of Business Conduct and Ethics is an essential part of the system of corporate governance; it will allow the Company to avoid unjustified risks, support long-term economic growth, and promote the further development and globalization of the business.

To determine the field of applicability of the requirements and provisions of this Code, in this document "Company" means Carbo One Limited.

## *Company Values*

Carbo One is a flexible company. Due to the convenient location of coal producing area, the company has an opportunity to deliver its coal via different ports situated both in Europe and in Asia. Every day, hundreds of people combine their efforts and skills to provide Carbo One Ltd with leading market positions. At the same time, the Company remains steadfastly true to its mission, which consists in harnessing the energy of natural coal to the benefit of progress and humankind. The Company's leadership on the global coal market is one of the Company's highest priorities for the near term.

To achieve this goal the Company declares the following values:

### *Social responsibility*

Carbo One Limited is a responsible member of the global community and a good-faith participant in the market economy. The Company acknowledges its responsibility to all stakeholders in the countries and regions where it operates, pursues a policy of social responsibility on labor issues, employment, and industrial relations, provides assistance to employees.

### *Efficiency*

The Company recognizes its duty and its responsibility to shareholder and partners, and for this reason profitability and operating efficiency, and achieving results, whether expected or beyond expectations, are of uncontested value for the Company.

### *Partnership*

Activities of the Company are based on long-term, mutually beneficial cooperation and mutual respect with both business partners and public organizations.

### *Compliance with the laws*

Carbo One Limited operates in compliance with regional, national and international applicable law and regulations: human rights, anti-corruption law, data protection regulations,

environmental law. Based on this principle the Company demand the completely execution of regional, national and international legislation by its Partners.

***Risk Management***

The Company's Management pays great attention to the risk management issues in order to ensure reasonable achievement of the set goals and retain the Company's position on the industry-specific and financial markets.

The Company's risk management practices primarily focus on mitigation of key risks, including the risk of loss, the risk of failure to achieve the targets, and the risk of other substantial adverse factors.

***Personnel***

Employees are the main asset of Carbo One Limited. The Company guarantees to the employees the compliance with all applicable employment and wage regulations, concerning the employees rights. The working hours and days off are guaranteed in accordance with the national laws and industrial standards. The maximum permitted number of working hours per week applies pursuant to the national legislation and collective wage agreements.

***Environmental awareness***

Carbo One cares for the environmental protection and future generations. The company applies the modern system of Environmental Management and Monitoring at coal mines.

The system includes mine rehabilitation, mine acid water control and water treatment, suspended solids control, waste management, dust treatment, hazardous material management, continuous environmental self-audit.

Some reclaimed areas are seeded with a tree seed mix, some others are converted to pasture.

Intentions and efforts of the company are directed to providing its customers with high-quality products, which satisfy them technologically and enable them to meet strict environment requirements. Pursuing these goals Carbo One plans to continue to participate in construction of washing plants that are designed for proper materials production. By changing relief of the present we all are shaping landscape of the future.

*Intellectual property*

We are contributing to the establishment of a networked society by continuously creating new value and providing products and services on a global basis to meet customer needs. The intellectual property that results from our large investment in R&D is of great value to us.

We are fully aware that our intellectual property is a valuable asset and an essential management resource underpinning our business activities and the confidence our customers place in us. We will make every effort to obtain and maintain all necessary intellectual property rights, including patents, copyrights and trademarks, and utilize them effectively in growing our business. We recognize that the knowledge and know-how held by each employee give us a competitive edge in our business activities.

We respect third-party intellectual property and utilize it only after having properly secured rights to its use.

*Shareholder relations*

The principal goal of Carbo One Limited as a commercial organization is the generation of profits. The Company guarantees its shareholder real support for all rights as established by the effective European legislation. Carbo One Limited also provides its shareholders with assistance and support, in compliance with the best global standards of corporate governance. The Company is also constantly working to ensure that shareholders' exercise of their rights be made as simple and accessible as possible, more efficient and less costly.

## *Human Rights*

Carbo One Limited respects each individual's human rights and will not discriminate on the basis of race, color, religion, creed, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will we commit other violations of human rights. Such discrimination will not be tolerated. The Company will be resolute in upholding human rights in everything we do and will not tolerate such discrimination in others. Ignorance and inaction do not constitute



excuses for discrimination. Carbo One Limited will make every endeavor to be fully aware of human rights issues and foster respect and equality for all. The Company seeks through our actions to uphold human rights, ensuring that our organization is well respected by society.

Carbo One Limited respects the rights of employees to associate or not to associate with any group, as permitted by and in accordance with all applicable laws and regulations.

The Company does not use any form of slave, forced, bonded, indentured, or involuntary prison labor. We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. Carbo One Limited does not retain employees' government-issued identification, passports or work permits as a condition of employment.

Employees of Carbo One Limited are allowed at least one day off every seven days, and any overtime worked shall be voluntary. If local law allows, employees may voluntarily work overtime on rest days, provided that they are allowed at least one day off within the next seven days. Continuous working days are never to exceed 21 days without a rest day.

The Company ensures that all workers receive communication and training on emergency planning and safe work practices. In addition, Carbo One Limited has systems to prevent, detect and respond to potential risks to the safety, health and security of all employees.

## *Confidentiality*

Appropriate handling of information is fundamental to our business activities. A careless mistake that results in information being leaked can lead to enormous damage and loss of reputation of Carbo One Limited. We must have a proper understanding of the rules for handling different types of information and thoroughly comply with those rules. In addition, we are conscious of the vital importance of data security in our daily work so as not to unintentionally leak confidential information or personal data.

### *Handling confidential company information*

The company information we have access to in our daily work is considered confidential. We do not disclose such information to anyone outside the company without following established procedures, nor do we use it for purposes other than conducting the business of our organization.

### *Handling customer or other third-party information*

Information from our customers or business partners must be handled and used appropriately in accordance with the terms and conditions defined and specified in each contract with them, including terms and conditions relating to the intended use, management and duration of confidentiality of such information.



We therefore handle such third-party information appropriately at all times and ensure that we do not break our contractual obligations to preserve confidentiality.

### *Handling personal data*

In gathering and keeping personal data for any purpose, we must handle, manage and use such personal data appropriately and in accordance with local laws.



## *Prohibition of corruption and Bribery*

We do not tolerate and will not engage in any form of corruption or bribery, including any unlawful payments or any other benefit conferred to any government official or policy-maker for the purpose of influencing decision making.

All payments and commissions to third parties are made by Carbo One Limited:

- in accordance with the Framework and the policies relevant in the business as set by managers;
- via bank transfer through the accounts payable system and are fully accounted for;
- in line with generally accepted rates and business practice for the service in question and should not be unjustifiably excessive or unsupportable; and
- in accordance with the terms of the contract with the person or company providing the services.

Although this policy applies to both public and private sectors, dealing with public officials poses a particularly high risk in relation to bribery due to the strict rules and regulations in many countries.

Public officials include those in government departments, but also employees of government owned or controlled commercial enterprises, international organizations, political parties and political candidates.

The provision of money or anything else of value, no matter how small, to any public official for the purpose of influencing them in their official capacity is prohibited.

The prior approval of anti-bribery and corruption officer of Carbo One Limited is required in relation to:

- any payment in respect of fees, salary or commission (this does not include official fees);
- gifts and hospitality; and
- making charitable contributions in connection with dealings with a public official.

In accordance with the present Code, political donations by or on behalf of Carbo One Limited are prohibited.

## *Competition and antitrust regulations*

The regulatory implications arising out of competition / antitrust law must be taken into account in all spheres of commercial activity, especially at the natural resources trading.

Carbo One Limited proclaims the principle of free competition and insist on reducing the degree of dependence of market conditions from the behavior of individual market participants.

Being registered at the Republic of Cyprus, the member of European Union, the Company pays special attention to the execution not only of local normative acts, but acts of the European Union.

The Company organizes its activity in compliance with the main principles declared at the articles 101-106 of the Treaty on the Functioning of the European Union, Council Regulation (EC) No 1/2003 of 16 December 2002, Council Regulation (EC) No 411/2004 of 26 February 2004, Council Regulation (EC) No 1419/2006 of 25 September.



In addition Carbo One Limited do not co-operates with companies that directly or indirectly limit or control production, markets, technical development, or investment; share markets or sources of supply; apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

*Compliance with the Code of Business Conduct and Ethics and liability for its violation*

The unconditional compliance by all employees of the Company with the provisions of this Code is the cornerstone of success of Carbo One Limited and the key to securing the Company's corporate values, protecting the interests of its employees and business partners.



The most important criterion of ethical behavior is the internal self-judgment of the employee of the Company and his or her moral appraisal by management and colleagues.

The Company takes a negative view of some actions, including orders of executives that deliberately facilitate a violation of the norms of this Code or conceal violations. Failure to comply with the provisions of the Code could lead to a violation of the norms of applicable legislation, resulting in liability in accordance with this legislation.

Therefore, each employee of the Company must comply unconditionally with the requirements of this Code, and are liable for their own ethical behavior. The Company guarantees that there will be no negative consequences for a conscientious employee of the Company who reports a violation of the provisions of this Code or decides to stop a violation (including discrimination and other persecution from any party). The Company guarantees that punishment will only be meted out based on the results of an objective consideration of the circumstances of commission of the violation, with due account for its gravity and the actions of the party to eliminate its consequences.

The Company will not consider anonymous reports on a violation of the provisions of this Code, but the Company will guarantee confidentiality during the performance of an investigation.

### *Business Ethics Commission*

The Business Ethics Commission is responsible for regulating corporate ethical relations at the Company in compliance with the provisions of the Code.

The Business Ethics Commission is not permanent acting body convened by the Directors in case of receipt of information on a violation of the rules of this Code. The Commission consists of 3 members who are the employee of Financial department, Law department and Commerce department of the Company.

The competence of the Business Ethics Commission includes implementation of the norms and standards of the Code, monitoring of compliance, development of recommendations regarding business ethics, and its follow-up effect on the workforce environment.

On the receipt of information on a violation of the rules of this Code, the Business Ethics Commission will consider the report independently and/or together with the relevant business unit.

The decision on the existence of a breach of the employees of the present Code shall be made by majority vote of the members of the Business Ethics Commission.

When the Business Ethics Commission decided the violation took place, the Commission shall decide on the applicable measures.

### **CARBO ONE LIMITED**

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