



# Ethics Line Policy

of the BorsodChem Group, Hungary

January 2014

## 1. Objective of Policy

The BorsodChem Group established the Ethics Line so employees, legal entities being in contractual relationship with the Group (e.g. customers, suppliers) as well as any other entities being affected by the Group's activity are able to forward internal information directly to the Compliance & Internal Audit with regard to the actual or supposed breach of Code of Ethics, Anti-fraud policy and any other policy.

Objective of the current policy is to provide the conditions for applying and operating the Ethics Line as well as regulating the management of personal data in the course of this activity.

## 2. Scope of Policy

In terms of the current policy BorsodChem Group refers to BorsodChem Zrt. and its subsidiaries solely owned by BorsodChem and having their seats in Hungary, including all sites, headquarters and branch offices of these companies.

The policy is relevant for every employee, manager of the Group and any informer (regardless of whether the informer is an employee of BorsodChem Group).

## 3. Roles and Responsibilities

Roles and responsibilities matrix connected to this policy is set out in **Appendix No. 1.**

Each manager and employee of the BorsodChem Group has the authority and obligation to file a Notification:

- in all such matters, which violate the effective legislations, internal corporate regulations and
- in all such cases, which fail to be compliant with the Code of Ethics or Anti-Fraud principles of the BorsodChem Group.

Any natural person or legal entity affected by the Group's activity is entitled to file a Notification. (Hereinafter collectively referred to as *Notifications*)

All reported Notifications will be forwarded to the Compliance & Internal Audit in accordance with the procedures set forth herein.

The Compliance Committee evaluates factual establishments of the investigation with regard to the Notification and makes proposal towards the Chairman and Chief Executive Officer regarding the corrective measures.

Within the BorsodChem Group the Chairman and Chief Executive Officer is entitled to make such decisions which will eliminate the root causes of the reported and investigated Notification.

## 4. Making the Notification

The informer may make the Notification in writing either without or with name as well as orally.

### 4.1 Notification Channels

Notifications may be submitted – reported as per the following:

- electronically via email to [compliance@borsodchem.eu](mailto:compliance@borsodchem.eu) (only the Director Compliance & Internal Audit can see this mailbox, into which even BorsodChem IT specialists are not allowed to have access)
- via telephone at +36-48-522-360 directly to the Director Compliance & Internal Audit and to answering machine in his absence (anonymity of the informer is ensured as number of incoming call is not displayed, nor recorded and the informer is not forced to identify oneself)
- in writing by post directly to the Director Compliance & Internal Audit on address: BorsodChem Zrt. H-3700 Kazincbarcika, Bolyai tér 1. (the letters addressed to the Director Compliance & Internal Audit arrive at the addressee without having been opened).
- in writing by dropping the notice into the closed mailboxes installed on the premises of BorsodChem Zrt. (the letters being thrown into the mailbox arrive at the Director Compliance & Internal Audit without having been opened).

### 4.2 Redirecting the Notification

Generally there are two reasons for redirection of the Notification:

- The Notification was not sent via the proper channel. Therefore the recipient has to forward the Notification to the Director Compliance & Internal Audit.

Any manager, employee of BorsodChem Group facing a Notification which obviously falls within the scope of the current policy based on its content and nature is obliged to forward the Notification to the Director Compliance & Internal Audit and deleting the Notification from its own registries and databases immediately. The recipient shall handle the Notification and the contacting attempt confidentially and not share these with anyone. In case of oral Notification the informant must be guided to the Director Compliance & Internal Audit.

- The Notification was sent via one of the channels defined by the current policy but based on its content the Notification is out of the scope of the current policy. The noticed activity, event, status does not hurt any ethical rule and policies or is not a consequence of such circumstances.

In case the informant is accessible, the Director Compliance & Internal Audit contacts the informant and gives a proposal for the relevant department which might solve the problem raised in the Notification.

In case the informant is not accessible, the Director Compliance & Internal Audit forwards the Notification – *without any personal data mentioned* – to the appropriate department in order to enable further measures. Following this the Director Compliance & Internal Audit deletes the Notification from the Ethics Line.

### 4.3 Responsibilities of the Informant

When making the Notification by name the informant has to provide his / her name and address, in case of legal entity seat and name of the legal representative who submits the Notification.

Purpose of the Ethics Line is to enable that the informant calls the attention to events, anomalies which actually hurt the Code of Ethics and other policies. Therefore the informant has to disclose that he / she makes the Notification in good faith on the circumstances, which he / she is aware of or he / she assumes with due grounds that those circumstances are real.

Making Notification in bad faith, without any due ground is against the Code of Ethics of BorsodChem Group. Circumstances of making such statements may be investigated and such action might lead to legal consequences.

## 5. Investigating and Disregarding Notices

BorsodChem Group investigates the Notification made by name and informs the notifying person of the investigation result and corrective measures taken.

BorsodChem Group investigates the Notification in 30 days from the date of receipt at the latest. It is possible to deviate from this date in an especially reasonable case along with informing the notifying person at the same time. The duration of investigation may not exceed 3 months in such cases.

It is not necessary to execute the investigation (*that is the Notice might be disregarded*) in the following cases:

1. The Notification was made anonymously or by an unidentifiable person. E-mails which do not contain data described in **Chapter 4.3.** of this policy should be deemed as anonym ones.
2. The Notification is made six months after the injurious activity or negligence came to the knowledge.
3. A Notification is made repeatedly with the same content as a previous one.
4. The Notification is made by the same informant repeatedly.
5. If injury to public interest or significant private interest fails to be in proportion with the restriction of the person's rights affected by the Notification.

The Chairman and Chief Executive Officer decides if a Notification should be disregarded.

## 6. Management of Information, Protection of Personal Data

Both the Informer and the Company shall consider that the Hungarian Data Protection Act regulates that personal data (*such as name, staff ID etc.*) could only be disclosed if the affected person gave their permission. The Company guarantees that in the course of procedures included in this policy, the handling of personal data and Notifications shall be done in accordance with Act CXII of 2011 on information self-determination and freedom of information, Act CLXV of 2013 on complaints and notifications of public interest as well as the relevant provisions of the Labour Code.

The aim of personal data handling is to collect, review and investigate the Notifications and follow up on all corrective measures. Personal data are only handled in the timeframe required to perform the above mentioned tasks. The personal data will not be utilized for any other purposes. Data are exclusively handled by Chairman and Chief Executive Officer, Compliance & Internal Audit and by departments involved in the investigation - in case involving such departments is reasonable and absolutely necessary from the point of view of the investigation - and by the Compliance Committee.

BorsodChem Group does not manage and consider special data during the operation of the Ethics Line (*special data is for example nationality, health status, ideological standpoint of a person, etc.*).

The Director Compliance & Internal Audit immediately deletes any data from the Ethics Line which is related to a third party not affected by the Notification or not required to the investigation of the notice.

The informant must be aware that BorsodChem Group may forward the personal data mentioned in the Notification to authorities in case such authorities are involved in the investigation.

If, on the basis of the investigation, the Notification is not substantiated or no further action needs to be taken, the Director Compliance & Internal Audit deletes data related to the Notification within 60 days following the conclusion of the investigation.

If action is taken on the basis of the investigation – *also including legal proceedings or disciplinary procedure against the notifying person* – the data related to the Notification is managed in the Ethics Line by no later than the final conclusion of proceedings initiated on the basis of the Notification. Following this such data is deleted by the Director Compliance & Internal Audit.

## 7. Receipt and Retention of Notices

Notifications are collected by Compliance & Internal Audit.

In the case of an oral report, the Director Compliance & Internal Audit (*or in his absence his representative*) is obliged to compile a memorandum on the Notification on the day of the report.

In case of written Notifications and if availability of the notifying person is known, Compliance & Internal Audit shall notify the sender about the acknowledgement of the submission within five business days.

Each Notification shall receive a unique ID immediately after the processing is started in order to ensure accountability and follow up. Notifications shall be recorded in a written form in a database or paper-based log, with the following mandatory items noted:

1. Submission date
2. Tracking number (*unique ID*)
3. Description of Notification (*without highlighting personal data*)
4. Submitter (*without highlighting personal data*)
5. Current status
6. Actions taken for the investigation of Notification

An example of a log is shown in **Appendix No. 2** related to database management.

The log of Notifications (*hereinafter referred to as the log*) shall be retained and regularly updated by Compliance & Internal Audit.

## 8. Confidentiality and Protection Against Retaliation

This Policy is explicitly intended to encourage and enable – *regardless of position* – all employees to raise Notifications within the Group. With this goal in mind, the Company guarantees that no individual, who in good faith reports a Notification shall be subject to retaliation or any adverse discrimination. Moreover, an employee, who is proved to apply any kind of retaliation against the informant due to the submission of a Notification, is subject to discipline up to and even including termination of employment.

Notifications and investigations pertaining thereto shall be managed with utmost confidentiality.

The identity of the non-anonymous notifying person as well as the person affected by the Notice may not be known by others than those who investigate the Notification until the investigation is closed down or until the formal accounting for responsibility is initiated as a result of the investigation.

Primarily, the head of the department investigating the Notice is liable to handle the reports of Notifications with proper confidentiality and an unauthorized person must not have access to it.

## 9. Resolution and Follow up

**The Chairman and Chief Executive Officer,**

- decides if a Notification should be disregarded in case circumstances allow that.
- defines a target deadline with respect to the investigation.
- is entitled to make decisions which correct the root-cause of the Notice substantiated by investigation.

**The Compliance Committee executes the following actions with regard to the Notices:**

- Makes proposal towards the CEO which correct the root-cause of the Notice substantiated by investigation.

- Makes proposal regarding sanctioning and ways thereof.
- Follows-up the implemented measures which ensure proper mitigation of Notifications substantiated by investigation.

The Compliance Committee shall be convened as required. Any member of the Committee might convene the Committee. Members of the Compliance Committee:

- Senior Vice President Operations (*Chairman*)
- Vice President HR
- Director Legal Services
- Deputy Chief Financial Officer
- Director Compliance & Internal Audit

The Compliance Committee makes its decisions with simple majority.

The Director Compliance & Internal Audit shall provide brief information on the outcome of individual investigations to the Informant who submitted the Notification by name.

## 10. Administration

The Director Compliance & Internal Audit is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

## 11. Approval

Kazincbarcika, 17-01-2014



Jiansheng Ding

*Chairman and Chief Executive Officer*

## Appendix No. 1 – Roles and Responsibilities

Tasks	Chairman and CEO	Compliance Committee	Director Compliance & Internal Audit
Receive Notifications	S		P
Notify the sender about receipt of Notification			P
Maintain and update the log of Notifications			P
Investigate Notifications			P
Decision on disregarding a Notice	P		
Recommend corrective action to the Chairman and CEO		P	S
Recommend ways of sanctioning to the Chairman and CEO		P	
Decision on corrective actions and penalty	P		
Inform sender regarding results of the investigation			P
Follow-up of corrective measures		P	S
Administration, revision, interpretation and application of this policy			P

**P** – Primary Responsibility

**S** – Support Responsibility

## Appendix No. 2 – Tracking Report

Tracking number / ID	Date submitted	Description of Notification	Submitted by	Current status	Actions taken	
					Date	Comments

**Submitted by:** E – Employee, M – Management, P – Business partner, S – Other stakeholder, U – Other or unknown

**Current status:** R – Resolved, I – Under Investigation, U – Unverified, D – Disregarded, P – Pending / No action taken yet



Notification possibilities:

address BorsodChem Zrt., Director Compliance & Internal Audit,  
H-3700 Kazincbarcika, Bolyai tér 1.

telephone +36 48 522 360

email [compliance@borsodchem.eu](mailto:compliance@borsodchem.eu)

*See also chapter 4.1 of the current policy*