

APPROVED by Director
of EKOPLAST LLC. Decree
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Regulation on corruption prevention and counteraction

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Ekoplast Limited Liability Company (hereafter – Ekoplast LLC.) stands for transparent economic activities and fair business practice. The Reputation of Ekoplast LLC. is our greatest asset, which we with all team have to protect and enhance.

The aim of the Strategy is to make Ekoplast LLC. the most profitable, fascinating, open and sustainable company. This goal goes hand in hand with our high demand on our business reputation in strong but fair competition. Therefore, Regulation on prevention and combating of corruption is in conformity with clearly defined and inflexible values.

This is why we are taking up a clear position regarding corruption –

Ekoplast LLC. conducts only proper business.

Through this Regulation we underline our irrevocable commitment to core values such as fairness, clarity, sustainability and partnership.

Anyone who establishes a business relationship with Ekoplast LLC. must be sure that the Ekoplast LLC. company always works only on valid legal grounds.

Therefore, each employee of Ekoplast LLC. is personally responsible for ensuring that the Regulation on prevention and combating of corruption are upheld at all times with no exception.

We ask you and at the same time demand to help us in protection our company from corruption.

We count on you!

What does the term
“corruption” actually mean?

Corruption is generally
understood as the misuse of
power entrusted in you in the
professional sphere for your
own benefit or that of a third
party

This includes offers another
person to accept a gift on
behalf of Ekoplast LLC.
giving present or demanding or
accepting benefits as an
incentive to do something
within your normal business
activities which is dishonest,
illegal, or which constitutes a
breach of trust.

What is the purpose of the Regulation on corruption prevention and counteraction?

The purpose of this Regulation is to raise awareness of corruption and to inform employees about this important subject. This Regulation is based on organizational principles, these apply to all employees of Ekoplast LLC. and offers a practical means of helping you to safely adhere to the internal rules. The Regulation intends to provide you with practical information on the issue of anti-corruption using various sample situations.

In addition, Regulation designed to prevent workers of Ekoplast LLC. about personal responsibility, primarily financial responsibility for damages (material losses), which may be caused Ekoplast LLC. through acts or omissions employee, that contradict the requirements of this Regulation.

Definition of terms in this Regulation

Illegal gift (bribe) – is the money or other property, advantages, benefits, services, intangible assets, including excessive entertainment, without lawful grounds, promise, offer, provide or receive free or at a price below the minimum market price.

A gift is given to a person with a view to persuade her to unlawful use of authority given to it and related opportunities.

Excessive entertainment – it is business dinners, invitations to rest, tickets to cultural and sporting events, and everything connected with it: trips, accommodations, nutrition, drinks, etc., that they are without legal justification promise, offer, give or receive free or at a price below the minimum market.

Corruption offense – intentional act that contains signs of corruption, in respect of which the law establishes criminal, administrative, civil and disciplinary liability.

Bribe—is proposal, grant or transfer of a person present for actions or omissions in the interests of the person who provides or offers such a gift, or a third party.

«**Kickback**» – a form of bribery, which involves two parties agreed that the sales or portion of profits will be available illegally, reimbursed or return an official buyer in exchange for an agreement.

Abuse of authority – person is using their powers against the interests of the legal entity in order to obtain an improper gift for yourself or others.

Responsibility for corruption

Criminal Code of Ukraine provides for the possibility of bringing legal persons to justice.

According to Article 96⁶ of the Criminal Code of Ukraine to legal persons the court may apply such measures criminal law, namely:

- 1) the fine of 85 000 USD. to 1.275 million UAH;
- 2) confiscation of property;
- 3) elimination.

Therefore, the employee will have to compensate in full to the Ekoplast LLC. losses from the application of sanctions, that can be applied to the Ekoplast LLC. through employee acts or omissions.

Thereunto, such an employee will obliged additory to compensate Ekoplast LLC. non-pecuniary damage, that damage, which caused a fair name and business reputation of Ekoplast LLC.

A juristic person is brought to responsibility, in particular, provided when an employee of a juristic person is committed such crimes as:

Bribing an official juristic person of private law, regardless of the legal form (art. 368³ CC of Ukraine) – namely offer or promise of an official juristic person of private law, regardless of the legal form provide it or a third party undue benefit, as well as providing such benefit or request it to provide the commission referred to an official person acts or omissions by using the powers granted him the benefit of the person who offers, promises or gives such benefit or that of a third party.

An employee with a juristic person is personally separate responsible (art. 368³ CC of Ukraine) namely a fine of 17 000 USD up to 25 500 USD. or arrest for a term of three (3) to six (6) months, or imprisonment for a term of two (2) up to twelve (12) years, with disqualification to hold certain positions or engage in certain activities for up to three (3) years and with a special forfeiture.

Offer, promise or giving of an undue benefits an official (art. 369 CC of Ukraine) – namely offer or promise of an official juristic person of private law, regardless of the legal form provide it or a third party undue benefit, as well as the granting of such consent the commission is not committed by an official in the interests of the person who offers, promises or gives such benefit or for the benefit of a third party any action available to it using the power or official position.

An employee with a juristic person is personally separate responsible (art. 369 CC of Ukraine) namely a fine of 8500 UAH. up to 17 000 UAH. or imprisonment for a term of two (2) to four (4) years, or imprisonment for a term of 4 (four) to 8 (eight) years with confiscation of property or without it and with a special forfeiture.

Improper influence (art. 369² CC of Ukraine) – offer, promise or giving of an undue benefits to a person, which offers or promises (agrees) for such weather, or the benefits of such third party to influence the decision-making entity, authorized to perform state functions, or accepting the offer, promise or receipt of unlawful benefit for himself or a third party for influence in decision-making entity, authorized to perform state functions, or offer or promise to make an impact on the regulation of such benefits.

An employee with a juristic person is personally separate responsible (art. 369² CC of Ukraine) namely a fine of 8500 UAH up to 25 500 UAH or imprisonment for a term of two (2) up to five (5) years, or imprisonment for a term of two (2) up to 8 (eight) years with confiscation of property or without it and with a special forfeiture.

At the same time, the employee, without bringing a juristic person to responsibility, in person can be bring to criminal responsibility for the commission and other crimes, such as:

Abuse of authority by an official juristic person of private law, regardless of the legal form (art. 364¹ CC of Ukraine) - the deliberate, to obtain undue advantage for themselves or others use against the interests of the official juristic person of private law, regardless of the legal form of an official of the juristic person of its powers, if it has caused substantial damages to legally protected rights or interests of individual citizens, or state and public interests, or interests of juristic persons.

Responsibility - a fine of 6800 UAH up to 15 300 UAH or arrest for up to six (6) months, or imprisonment for a term of three (3) up to six (6) years, with disqualification to hold certain positions or engage in certain activities for up to three (3) years and with a special confiscation .

Neglect of duty (art. 367 CC of Ukraine) - failure or improper performance by an official of his duties because of unfair treatment to them, which caused significant damage to legally protected rights, freedoms and interests of individual citizens, state and public interests or interests of individual entities.

Responsibility – imprisonment for a term of two (2) up to five (5) years with disqualification to hold certain positions or engage in certain activities for up to three (3) years and with a fine of 4250 UAH up to 12 750 UAH or without it.

What are the typical situations in which corruption may occur?

A conflict of interest and corruption can occur in all areas and at all levels. The following examples demonstrate some situations in which possible corruption.

Contracting external advisors and agents

Consultants sometimes required for business, especially when it is necessary to establish relations with foreign partners. It may be consultants, advisors, intermediaries or agents, hired under a contract for the regulation of mediation, negotiation or implementation of business operations. Agents often engage in a contract due to the presence of their expertise in the relevant field. Consultants who concluded agreements, in all situations must comply with local and international laws.

Please keep in mind!

Ekoplast LLC. and its employees can be held accountable for the actions and violations of the law committed by contract involved consultants / intermediaries. Therefore, carefully check consultants / intermediaries before the cooperation with them.

Business partner check

Ekoplast LLC. developed a list of criteria for risk, which is an indication that cooperation with specific intermediaries can be classified by law enforcement and other government agencies as complicity in corruption offenses:

- The mediator has a reputation as someone who can make deals that no one else may enter or the one who "decides" case.
- Mediator emphasizes that he has links with the authorities or local government.
- The cost is much higher than other intermediaries or cost of services increased significantly in the course of their regulation, especially when the mediator does not have time to provide services within a specified period.

Keep in mind:

- Choose transparent procedure of hiring a mediator.
- Make sure that the contract includes details of services, that must provide the mediator, and that they have a legitimate aim.
- Clearly explain, that the agent fee will be paid only if the regulation of reliable evidence to provide services and corresponding billing account and only cashless form.

Employees of Ekoplast LLC. are prohibited to conclude informal agreements or otherwise reach informal agreements with agents, intermediaries and other entities that have or will have authority to act on behalf of Ekoplast LLC.

Employees of Ekoplast LLC. are prohibited to conclude "Agreements on advisory services" without defining the specific list of services provided by the consultant and those that provide payment ("Commission"), which do not correspond to the services rendered.

Any payments made in favor of intermediaries, must be properly documented and recorded in the financial statements of Ekoplast LLC.



Hidden charges

The hidden commission payments can promote bribery. These types of payments are also called "kickbacks". Providing "kickbacks" occurs, such as when previously employed intermediary gives money back of the fee to the account of the employee. Typically, this money return is keeping hidden.

Example

Ekoplast LLC. participated in the tender. There intermediary that offers support. He claims, that while in conditions if company pays an additional fee, he will make that the Ekoplast company win the tender. Mediator offers fee of return ("kickback") if you agree to pay the fee and arrange for its payment.

What you need to do?

- To reject proposal!
- To inform your management about the incident.
- To compare the conditions of the tender with the final terms and conditions of contracts and check that your refusal to pay a small fee has negative consequences for the Ekoplast company.
- To terminate all business relationships with such intermediaries.

Obtaining permits

Employees of Ekoplast LLC. are prohibited to give gifts in any form to anyone, for simplifying procedures for obtaining permits.

Example

Ekoplast LLC. has to obtain the approval document, which is necessary for economic activities. When submitting a set of documents prepared to permit establishments, it appears that the officer of the institution due to various shortcomings refuses to issue permits. However, the officer notes that the document can be issued if certain "fee" to be paid to him or any third party.

What you need to do?

- To refuse to pay!
- To make it clear to officials that payment is made only after obtaining accounts which can be verified.
- Wrote down the official's name.
- To inform management of Ekoplast LLC.
- To provide comments on issuing a set of documents, and if they really are, then correct the deficiencies and submit the required documents again.

Payment to accelerate the delivery of public services (incentive payments)

Incentive payments (also known as bribes) - are relatively small amount and/or gifts, usually paid to officials to speed up the implementation of the usual official procedures. As a type of corruption, incentive payments are prohibited. Rules of Ekoplast LLC. are prohibited to give/pay/provide incentive payments.

Example

Urgently needed parts group have been detained for a long time for clearance. Customs employee tells you – employee of Ekoplast LLC. - the only way to avoid further delay have to pay him or a third person a certain amount.

What you need to do?

- To reject all such offers!
- To find out the name and position of the official.
- Clearly claim that the payment that is offered, is unacceptable for the Ekoplast LLC. and violates the rules.
- Immediately inform management of Ekoplast LLC. about the incident.
- In the future, if possible restrict all business relations with the official.

Gifts to officials and business partners

In many countries there is a tradition of giving to officials or business partners of small personal gifts. You can also be in the same situation at work and ask ourselves how best to respond. On the one hand, you do not want to seem not polite without offering or accepting gifts, but on the other hand, you always have to avoid any suspicion of corruption.

Who is considered an official?

Detailed list of persons who are considered public officials provided by the Law of Ukraine "On civil service".

Public officials usually are those who are in public service. Among them - the public officials, officials, and persons in the public service and persons employed to perform public administrative functions on behalf of public authorities and persons holding other positions.

Prohibited for employees of Ekoplast LLC:

- Offer, provide for public officials, their families cash or cash equivalents (gift certificates, vouchers, etc.), to give gifts in any other form.

What is considered consent or gift?

- Benefits, discounts;
- Services that are not typical in the market;
- Invitation to sporting, cultural or other event;
- Cash payment (eg, cash, bank transfer by providing Wireless-percentage loans or loans at a reduced interest rate);
- Providing equivalent payments (such as discounts, vouchers or other benefits);
- Providing benefits when hiring employees (favoritism).

Other benefits to which the recipient is not entitled.

Gifts to business partners

Gifts to business partners are prohibited if they create or can create the impression of influencing the decision. For example, when a gift is made in combination with obtaining own economic benefit.

Sponsorship and Charity

Ekoplast LLC. conducts charitable and sponsorship activities. Charity is an important means of demonstrating how we perceive our social responsibility.

The decision of the Ekoplast LLC. participation in particular stocks, which aims to provide charitable or sponsorship, is taken exclusively by director of Ekoplast. Thus, an employee in the absence of such a decision is not entitled to give promises anyone to provide such assistance on behalf of Ekoplast LLC.

Ekoplast LLC. approach in sponsorship and charity:

- Sponsorship and charity can not be used to obtain unfair advantages for the Ekoplast LLC. or achieve any dishonest purpose.
- Sponsorship and Charity should always be made in a transparent manner (documentation must include the recipient's identity, purpose, reasons for sponsorship / charity donation).
- Sponsorship and charity should not prejudice the reputation of Ekoplast LLC.

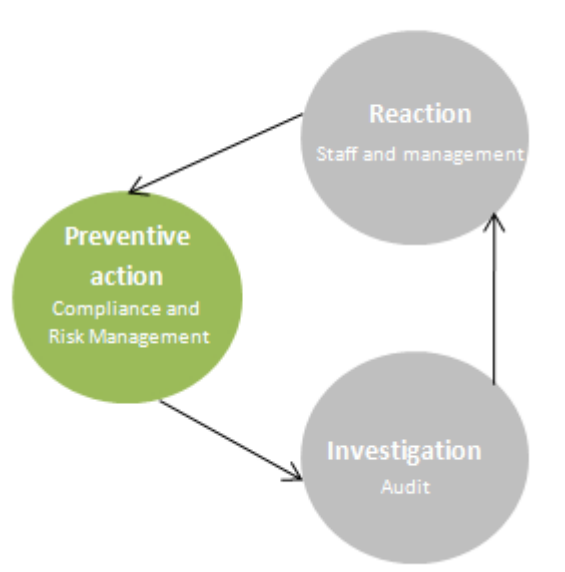
Effective means to combat corruption Ekoplast LLC.

What rules must be followed:

- Always run the business transparent to third parties were clear your decision.
- Always ensure that payment corresponding to the services rendered.
- If in doubt, always contact a lawyer before or advice to management.
- Always check whether you'll still consider his decisions correct if Ekoplast LLC. will have to publicly justify it.
- No employee may not use business relations Ekoplast LLC. for their own benefit (or benefit family members) as well as third-party benefits at the expense of Ekoplast LLC.

Business should always be performed under the contract drawn up in writing with a detailed set of services provided.

In Ekoplast LLC. apply the precautionary approach.



Ekoplast LLC. developed several key measures in order to protect you and company from corruption. They include:

Abuse report

Abuse report is considered one of the most effective mechanisms to prevent corruption.

Additionally, each employee of Ekoplast LLC. has the ability to report a violation, contact a lawyer or the management.

Ekoplast LLC. supports all those who believe that there was violation of the rules wrote down in this Regulation and report the violation. Thus Ekoplast LLC. does not oblige employees to make such notification, but only creates the appropriate conditions and encourages employees to make such communications on its own initiative, in good faith.

Abuse report can be sent to a lawyer or to the management of Ekoplast LLC. both open and anonymous. However, if the employee of Ekoplast LLC. make the message in his own name, he/she thereby facilitates further investigation and bringing those responsible to justice under the law .

Ekoplast LLC. ensures the privacy of the individual employee at any stage of the examination of the notification and not disclose the name of the employee parties to which the following message, even if such persons will require this information.

Ekoplast LLC. guarantees that employees who make reports of violations of the principles wrote down in this Regulation in good faith, will be protected from retaliation and will not be applied disciplinary measures to them in connection with such notice, even if the facts set out such notification not later be confirmed or those that are inaccurate.

Ekoplast LLC. is obliged to apply strict disciplinary action for any employee who will pursue revenge or to another employee, for what he did reports of violations of the principles wrote down in this Regulation in good faith.

Advisory Service

Ekoplast LLC. created email address and mailbox for those who need advice in specific cases. You can send all questions regarding corruption to yurist@ekoplast.ua or "boxes for complaints and suggestions".