OVERVIEW
OF BEST PRACTICES

IN COMBATING CORRUPTION
IN ORGANIZATIONS OPERATING
IN RUSSIA

Pursuant to
the National Anti-Corruption Plan for 2021-2024
approved by Decree of the President of the Russian Federation
dated August 16, 2021 No. 478

2022

Chamber of Commerce and Industry of the Russian Federation

OVERVIEW

OF BEST PRACTICES

IN COMBATING CORRUPTION IN ORGANIZATIONS OPERATING IN RUSSIA

Pursuant to the National Anti-Corruption Plan for 2021-2024 approved by Decree of the President of the Russian Federation dated August 16, 2021 No. 478

MOSCOW
2022

TABLE OF CONTENTS

LIST OF ABBREVIATIONS USED

AO DMZ	-	Joint-Stock Company Demikhovsky Mashinostroitelny Zavod (Demikhovsky Machine-Building Plant)
AO Zarubezhneft	-	Joint Stock Company Zarubezhneft
AO Concern VKO Almaz-Antey	-	Joint Stock Company Almaz-Antey Air and Space Defence Corporation
AO NIIPP	-	Joint Stock Company Nauchno-Issledovatelsky Institut Poluprovodnikovykh Priborov (Research Institute for Semiconductor Devices)
AO OSK	-	Joint Stock Company Obyedinennaya Sudostroitelnaya Korporatsia (United Shipbuilding Corporation)
AO Russian Post	-	Joint Stock Company Russian Post
AO RKS	-	Joint Stock Company Russian Space Systems
AO Rosgeologiya	-	Joint Stock Company Rosgeologiya
AO Saratovsky Institut Stekla	-	Joint Stock Company Saratovsky Institut Stekla (Saratov Institute of Glass)
AO SUEK	-	Joint Stock Company Sibirskaya Ugolnaya Energeticheskaya Kompaniya (Siberian Coal Energy Company)
AO UAP Gidravlika	-	Joint Stock Company Ufa Aggregate Enterprise GIDRAVLIKA
ANPO MDTS	-	Autonomous Non-Profit Organization Moscow Directorate of Transport Services

Association	-	Association for Sustainable Industry Development
SGI Organizer of Transportation	-	State Government Institution Organizator Perevozok (Organizer of Transportation)
SUE Mosgortrans	-	State Unitary Enterprise Mosgortrans
SUE Peterburgskii Metropoliten	-	State Unitary Enterprise Peterburgsky Metropoliten (St. Petersburg Metro)
Kinross DV	-	Limited Liability Company Kinross Far East
OAO Volgogradneftemash	-	Open Joint Stock Company Volgogradneftemash
OAO PKK VESNA	-	Open Joint Stock Company Perfume and Cosmetics Company Vesna
OAO Russian Railways	-	Open Joint Stock Company Russian Railways
OOO Abinsky Electro-Metallurgichesky Zavod	-	Limited Liability Company Abinsky Electro-Metallurgichesky Zavod (Abinsk Electro-Metallurgical Plant)
OOO Asia Cement	-	Limited Liability Company Asia Cement
OOO EVRAZ	-	Limited Liability Company EVRAZ
OOO KSK	-	Limited Liability Company Kluchevye Sistemy i Komponenty (Key Systems and Components)
OOO ONKh-Holding	-	Limited Liability Company Orgneftekhim-Holding
OOO T2 Mobile	-	Limited Liability Company T2 Mobile
PAO Aeroflot	-	Public Joint Stock Company Aeroflot
PAO VimpelCom	-	Public Joint Stock Company Vimpel-Communications
PAO MMK	-	Public Joint Stock Company Magnitogorsky Metallugichesky Kombinat (Magnitogorsk Metallurgy Plan)
PAO MTS	-	Public Joint Stock Company MOBILE TELESYSTEMS

PAO NLMK	-	Public Joint Stock Company Novolipetsky Metallugichesky Kombinat (Novolipetsk Metallurgical Plant)
PAO Sovcomflot	-	Public Joint Stock Company Sovremenny Kommerchesky Flot (Modern Commercial Fleet)
PAO Rosseti	-	Public Joint Stock Company Rosseti
PAO Rostelecom	-	Public Joint Stock Company Rostelecom
PAO RusHydro	-	Public Joint Stock Company Federal Hydro-Generating Company RusHydro
PAO SZ Severnaya Verf	-	Public Joint Stock Company Severnaya Verf Shipbuilding Plant
PAO T Plus	-	Public Joint Stock Company T Plus
PAO TMK	-	Public Joint Stock Company Trubnaya Metallurgicheskaya Kompaniya (Pipe Metallurgical Company)
PPK VSK	-	state-run non-profit company Military Construction Company
PPK REO	-	state-run non-profit company for the establishment of an integrated solid municipal waste management system Russian Environmental Operator
RSPP	-	The Russian Union of Industrialists and Entrepreneurs
RUSAL	-	international company Public Joint Stock Company United Company RUSAL
FSBEI HE VGLTU	-	Federal State Budgetary Educational Institution of Higher Education Voronezh State University of Forestry and Technologies named after G.F. Morozov
Financial University	-	Federal State Educational Budgetary Institution of Higher Education Financial University under the Government of the Russian Federation
Anti-Corruption Law	-	Federal Law No. 273-FZ dated December 25, 2008 "On Combating Corruption"

Moscow Transport Industry Program	-	Industry program for the development of anti-corruption compliance and business ethics in Moscow transport organizations
The Rating	-	Anti-Corruption Rating of Russian Business
The Charter	-	Anti-Corruption Charter of the Russian Business
AIS	-	automated information system
AS	-	automated system
SPARK	-	a reference and analytical system for companies created by Interfax Group to check counterparties, assess tax, credit risks, manage receivables, and identify affiliates

INTRODUCTION

The United Nations Convention against Corruption, adopted by General Assembly resolution 58/4 of 31.10.2003 and ratified by the Russian Federation in 2006[1], is the main international document that laid the foundations for combating corruption and its manifestations.

In December 2012, the Anti-Corruption Law was supplemented by article 13.3[2], which establishes the obligation of organizations to develop and implement measures to prevent corruption.

In its content, Part 2 of Article 13.3 of the Anti-Corruption Law implements the measures provided for in Article 12, Private Sector, of the 2003 UN Convention against Corruption.

In particular, Part 2 of the Law specifically affirms the independence of organizations in choosing particular anti-corruption measures, thereby ensuring that their initiatives and intentions are appropriately taken into account.

Such measures include, in particular:
- facilitating cooperation between organizations and law enforcement agencies;
- promoting the development of standards and procedures designed to ensure integrity in the work of organizations;
- implementation of codes of conduct for the correct, honourable and proper performance of the activities of business and all relevant professions and the prevention of conflicts of interest;
- encouraging the use of fair commercial practices in relations between enterprises and in contractual relations between enterprises and the state, etc.

---

[1] Federal Law No. 40-FZ dated 08.03.2006 "On Ratification of the United Nations Convention against Corruption".
[2] Federal Law No. 231-FZ dated 03.12.2012 "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law "On Control over the Consistency of Expenditures of Public Servants and Other Persons with their Incomes".

The methodological guidelines on the development and adoption of measures by organizations to prevent and combat corruption, issued by the Ministry of Labor of the Russian Federation[1], serve as the fundamental document establishing a unified approach to ensuring effective prevention and anti-corruption efforts within organizations.

Decree No. 478 of the President of the Russian Federation dated 16.08.2021 approved the National Anti-Corruption Plan for 2021-2024 (hereinafter referred to as the National Plan).

Section VIII of the National Plan outlines measures to combat corruption within organizations in the private sector, including the preparation of an Overview of best practices in anti-corruption efforts for private sector organizations (hereinafter referred to as the 'Overview')[2].

The responsible executive for this event is the Chamber of Commerce and Industry of the Russian Federation, the oldest association of entrepreneurs in the country. Today, the Chamber represents the interests of over 52,000 organizations, including more than 300 associations of entrepreneurs and commercial entities at the federal level, as well as approximately 180 Chambers of Commerce and Industry across the regions of the Russian Federation.

The preparation of the Overview by the Chamber of Commerce and Industry of the Russian Federation allows for the inclusion of practical examples from entrepreneurs, thereby enhancing the representativeness of the presented material.

The Overview is aimed at summarizing and presenting the best anti-corruption practices developed and implemented in the activities of organizations in various sectors of the Russian economy.

---

[1] https://mintrud.gov.ru/ministry/programms/anticorruption/015/0
[2] See paragraph 3, item b, clause 24 of the National Plan // Official Internet portal of legal information http://publication.pravo.gov.ru/Document/View/0001202108160035?index=21&rangeSize=1

1

THE SYSTEM OF INTERNAL CORPORATE ANTI-CORRUPTION COMPLIANCE: ITS STRUCTURE, CONTENT, AND THE MECHANISMS FOR EVALUATING ITS EFFECTIVENESS

Organizations, based on the requirements of article 13.3 of the Law on Combating Corruption, independently determine the necessary and sufficient set of anti-corruption measures, as well as ways to implement them and control their application.

As a rule, organizations establish and officially formalize a management system for corruption prevention and corruption risk mitigation. This can be expressed in various ways, in particular, through the adoption of anti-corruption plans, local regulations approving procedures for such a system, or a set of internal corporate documents developed for these purposes.

Within this section of the Overview, it is proposed to examine the main directions of activity, whose implementation aims to ensure that economic activities are conducted in accordance with anti-corruption legislation and established ethical business conduct standards.

A set of local regulations, designed to establish essential policies and procedures, is crucial for an effective anti-corruption system within any organization.

For example, at AO Russian Post, one of the fundamental documents is the Compliance Strategy for 2021–2023, which outlines the key directions and development plans for the compliance system until 2023 across three scenarios: basic, conservative, and ambitious. The possibility of implementing the scenarios is based on the analysis of external and internal factors that play their roles in the compliance system development. The list of measures, including details on responsible performers and deadlines for implementation, aimed at executing the basic scenario, is specified and approved in a separate internal document—the Anti-Corruption Plan for 2021–2024. During its development, particular attention was given to the requirements and provisions of the National Plan.

PAO RusHydro has developed a comprehensive anti-corruption program. It determines the main directions of corruption prevention and combating activities. Under the Program, the company annually implements a set of measures aimed at reducing corruption risks, ensuring compliance with the requirements of Russian and international legislation in the field of combating corruption.

At RUSAL[1], this system includes the Code of Ethics, Compliance Policy, Anti-Corruption and Anti-Bribery Policy, Gift and Hospitality Policy, Charity and Sponsorship Policy, and the Code of Business Conduct.

The Code of Ethics defines the mission, values, and core principles of activity. It sets standards of ethical behavior governing relationships with clients, business partners, government agencies, the public, and employees, and establishes requirements regarding the inadmissibility of conflicts of interest and compliance with regulatory legal acts.

The compliance policy outlines the primary goals and objectives for developing the compliance function, as well as the key processes of the compliance system, which aim, among other things, to minimize corruption risks.

The Anti-Bribery and Anti-Corruption Policy systematizes the principles and methods of combating bribery and corruption. It includes answers to frequently asked questions and regulates control procedures for managing and preventing corruption risks.

The Policy of Gifts and Business Hospitality and the Policy on Charity and Sponsorship Activities detail the processes of coordinating and assessing corruption risks in the implementation of these activities, as well as procedures for their control and management.

Many Russian companies have established a comprehensive regulatory framework for combating corruption, including anti-corruption policies, codes of corporate ethics, anti-corruption action plans, internal documents regulating business processes with heightened corruption risks, and provisions for conflict of interest resolution. These companies include PAO NLMK, AO OSK, PAO VSK, PAO MMK, AO Concern VKO Almaz-Antey, and many others.

Kinross DV has developed a special Supplier Code, which is sent to each participant in the procurement activity (competitive selection procedure). All Kinross DV agreements, regardless of their type, include anti-corruption clauses. Such behavior helps to increase the level of anti-corruption culture not only within the company, but also in the business environment as a whole.

AO Russian Post follows the same approach regarding the anti-corruption clause, known as the "compliance clause." However, in this clause, the obligations of the parties to prevent corrupt practices are expressed using the term "unfriendly influence," with a fine imposed for each identified case, calculated as a percentage of the value of the obligations under the agreement. The compliance clause also contains, including but not limited to, conditions aimed at fostering mutual understanding between the parties to the agreement, emphasizing the importance of adhering to both applicable anti-corruption legislation and obligations to maintain accurate and transparent accounting practices. To ensure the proper application of the compliance clause through clear rules and procedures, the company has established procedures for its inclusion, modification, or removal. These procedures are documented in internal policies and guidelines.

---

[1] https://rusal.ru/sustainability/approaches/

A similar document has been adopted by RUSAL: The Code of Business Conduct mandates conducting activities free from corruption, which means refraining from offering, requesting, giving, or accepting, directly or indirectly, any privileges intended to obtain personal benefits from any individual, especially when such actions exceed generally accepted norms of business relations, such as legitimate representation expenses or reasonable hospitality.

PAO NLMK also expects its business partners to adhere to the basic values and principles of fair business conduct. A potential counterparty must confirm their familiarity with the Code of Corporate Ethics, the Partner's Code of Ethics, and the Anti-Corruption Policy as a condition for being registered as a potential partner. Additionally, business partners are required to sign the company's anti-corruption terms, which may take the form of an anti-corruption clause or an anti-corruption agreement.

The obligation to establish local regulations governing interactions with business partners stems from the fact that conducting commercial activities in a non-reciprocal environment is virtually impossible. Any business model relies on existing business relationships, and verifying the legitimacy of these relationships is a key responsibility of the compliance system.

For example, OOO Asia Cement conducts a thorough due diligence process for counteragents, starting with the potential counterparty completing a questionnaire on the company's official website and concluding with a decision on whether the potential partner passed the verification. If the check is unsuccessful, the company refuses to conclude a contract with the counterparty.

The Regulation on the Standards of Business Conduct and Ethics of PAO Mechel identifies potential cases of conflicts of interest, establishes basic control procedures, and provides for the disclosure of information about conflicts of interest by the company's employees.

The work on identifying potential conflicts of interest has been organized in many Russian companies, including PAO Rostelecom, AO DMZ, AO NIIPP, AO RKS, AO UAP Gidravlika, PAO NW Severnaya Verf, PPK VSK, PPK REO, and OOO T2 Mobile.

Moreover, in some companies, such as OOO T2 Mobile, a culture of conflict of interest management has been integrated into all areas of the company's operations. The employment contracts and the Rules of Internal Labor Regulations include employees' obligations to adhere to anti-corruption measures and conflict of interest management. The key outcome of the control is that all employees of the company complete a conflict of interest declaration, with each case evaluated and, if necessary, resolved when signs of a conflict of interest are identified.

PAO TMK has developed and approved local regulations regulating the conduct of comprehensive psychophysical examinations and defining the procedure and principles for polygraph testing used to identify and confirm the fact of a conflict of interests/affiliation.

The active use of psychophysical assessments is implemented in the anti-corruption activities of OOO EVRAZ, where in-house polygraph examiners conduct routine screenings and on-site inspections. At AO Rosgeologiya, psychophysical checks are part of a comprehensive evaluation of potential candidates for employment. In AO OSK, these assessments help foster a culture of anti-corruption behavior, identify signs of conflicts of interest, and minimize personal and financial risks. In PAO MMK, psychophysical testing is used during appointments to positions with a higher risk of corruption.

Russian companies adopt *an industry-specific approach to developing and implementing their anti-corruption systems.* It is used in ANPO MDTS, an organization established by the Government of Moscow. It initiated the development and implementation of the Moscow Transport Industry Program, which is a universal document aimed at establishing anti-corruption policies in all organizations of the Moscow Transport complex.

A distinctive feature of the Moscow Transport Industry Program is its structural integrity and versatility, which allows for the scaling and adaptation of its provisions to other areas of business activity and sectors of the economy.

The Moscow Department of Transport and Road Infrastructure Development has approved this Industry Program as a fundamental document for building an anti-corruption system in all its subordinate organizations, which employ more than 100,000 employees.

The Moscow Transport Industry Program has been implemented within ANPO MDTS, and efforts are currently ongoing to extend its implementation to other Moscow transport organizations. As part of the implementation of the provisions of the Moscow Transport Industry Program, a set of local regulations governing relations in each of its areas is being adopted. The development of the necessary local regulations is carried out by SUE Mosgortrans and SGI Organizer of Transportation.

The anti-corruption system is based on the identification and *assessment of corruption risks,* which are defined as the likelihood of non-compliance with applicable anti-corruption regulations. Such non-compliance can lead to significant material, administrative, and criminal liabilities, primarily affecting the organization and its officials.

To identify areas and detect corruption risks, the risk assessment system incorporates a ranking scale, is continuously maintained, and includes a mandatory procedure for re-evaluating previously identified corruption risks.

At PAO Aeroflot, the risk identification and management system is governed by a dedicated risk management methodology and regulations on risk managing system, along with the Aeroflot Group's Risk Appetite Statement, which defines the acceptable level of risk.

RUSAL's risk assessment system includes, in particular, the development of corrective measures to reduce or eliminate risk, the integration of control procedures into business processes, as well as the identification and analysis of changes caused by the risk and the measures taken. Control procedures aimed at minimizing corruption risks are constantly being improved and expanded. A special structural unit, the Compliance Directorate, is responsible for the assessment, analysis and implementation of measures aimed at reducing corruption risks.

PAO CHELINDBANK conducts a quarterly risk assessment that includes both qualitative and quantitative evaluations of regulatory risk.

Based on the risk matrix and control procedures, AO Zarubezhneft has developed an enhanced scoring model that incorporates an expanded set of business processes, risk factors, key risk indicators, control measures, and a system for assessing the effectiveness of compliance procedures within business operations. This model, using uniform quantitative indicators, made it possible to scale the compliance system of the corporate center to subsidiaries in a short time and without involving additional specialists.

OOO EVRAZ's risk assessment system involves an annual analysis conducted in accordance with the methodology outlined in the compliance system policy, with the results presented by the audit committee to the Board of Directors, and includes maintaining a compliance risk matrix that reflects residual risk.

Own risk assessment methods have also been developed and are used in AO NIIPP, AO Rosgeologiya, AO SUEK, AO Volgogradneftemash, OAO PKK VESNA, OOO Asia Cement, PAO Rosseti, SUE Peterburgsky Metropoliten, FSBI HE VSUFT, Financial University and other organizations that participated in the study conducted by the Chamber of Commerce and Industry of the Russian Federation.

An important factor in identifying, preventing and reducing the impact of corruption risks is the ***development and implementation of internal control procedures and mechanisms.***

RUSAL has implemented control procedures at the corporate and process levels. Initially, compliance checks are performed on all existing counterparties to assess the presence or absence of corruption risks, utilizing the provided questionnaire, publicly available information, and the company's databases and resources.

The analysis encompasses the presence of various risk factors in the activities of counterparties, including government involvement, affiliation with politically significant persons in management or ownership structures, prior negative experiences or legal proceedings related to violations of anti-corruption legislation, management personnel with reported involvement in corruption offenses, and information from the Federal Financial Monitoring Service of the Russian Federation regarding suspicious transactions linked to money laundering or terrorism financing.

If corruption risks are identified, the counterparty is assigned a "restricted" status, and all transactions or payments with these counterparties are closely monitored by the Compliance Directorate for a thorough analysis of the transaction and the associated risks.

The second measure involves risk control during transaction execution using the capabilities of an automated document management system: criteria and parameters for assessing corruption risks have been established, and transactions that meet these criteria are submitted to the Compliance Directorate for comprehensive evaluation.

Control measures encompass transactions that pose a risk of non-compliance with anti-corruption legislation, particularly those related to charitable activities, information and consulting services, intermediary services, transactions with sanctioned counterparties, and similar areas.

When corruption risks are detected in a transaction, a decision is taken either to prohibit the transaction or to implement measures to reduce the risk. The involved parties sign an anti-corruption agreement, which contains commitments from the counterparties to prevent violations of anti-corruption laws and to promptly notify relevant authorities about any such violations.

PAO Sovcomflot identifies, evaluates, and prioritizes corruption risks for each business process. Business processes associated with elevated corruption risks are pinpointed. The risk map and risk register are maintained and regularly updated, with risk owners assigned to oversee risk management and approve measures aimed at reducing the likelihood of risks occurring.

Annually, and at least twice a year for specific categories, all office staff of the group of companies are reviewed to verify their participation in commercial activities. This includes checks related to registration as founders and managers of legal entities, as well as registration as individual entrepreneurs and self-employed individuals.

Contractors providing services, performing work, and delivering goods to the group's companies are constantly monitored.

Annual inspections are carried out by the Directorate for Compliance Management and the Internal Audit Service as part of the internal control at PAO TMK and at all enterprises of the TMK Group.

Although each organization independently establishes its internal corporate anti-corruption committee, it is mandatory for each one to include *functions dedicated to monitoring and evaluating the effectiveness of the committee's operations.*

The Moscow Transport Industry Program, for example, includes regular internal monitoring and testing to ensure that the program is effective and that the implemented policies, procedures, and internal controls are appropriate to the identified corruption risks and their levels.

Monitoring is conducted when there are changes in applicable legislation, organizational structure, the introduction of new technologies or information systems, the launch of new areas of activity or projects, or to evaluate the results of regulatory audits. It is also used for the implementation of best practices and standards in anti-corruption compliance or compliance systems, addressing system deficiencies identified by internal or external auditors, responding to investigations by law enforcement agencies, or for other relevant reasons.

Testing, which is conducted on a regular basis, includes the following three levels:
- internal procedures testing;
- testing the proper functioning of level 1 controls;
- internal audit of the anti-corruption compliance system.

In addition to monitoring and testing, which involves insider verification of the compliance system proper functioning, an external independent assessment is possible.

The approach of the Department of Business Ethics and Compliance (hereinafter DBEC) of PAO MTS to monitoring and testing is risk-based. The DBEC identifies violations or deficiencies in controls within the most risk-prone business processes and transactions based on the developed unified methodology 'Monitoring Transactions in Corruption Risk Zones'. Monitoring is conducted quarterly in accordance with the approved schedule. Following each monitoring session, reports are prepared that include a list of identified violations and deficiencies, along with mitigation and corrective measures agreed upon with the owners of the respective business processes.

The advantage of the mentioned methodology is its application by operating subsidiaries (with the necessary degree of adaptation), which ensures the unification of the approaches of companies within the MTS Group for monitoring and selecting transactions for testing, as well as the tools and procedures for conducting internal oversight of the effectiveness of monitoring transactions in corruption risk zones in subsidiaries by DBEC employees.

The DBEC employs consistent, unified approaches to developing the methodological framework, conducting procedures, reporting, and escalating the causes of risk reassessment (due to both external and internal factors). It also oversees subsidiaries in the annual assessment of corruption risks within business processes, thereby complementing the PAO MTS risk map as part of an integrated risk management process.

2

EXTERNAL INDEPENDENT ASSESSMENT. IMPLEMENTATION OF INTERNATIONAL ANTI-CORRUPTION STANDARDS IN THE RUSSIAN CONTEXT: CHALLENGES AND SOLUTIONS

An independent assessment of the anti-corruption system facilitates continuous improvement, evaluates its effectiveness, and helps identify deficiencies in anti-corruption procedures, enabling the implementation of necessary changes.

Currently, Russia has several independent and entirely voluntary procedures for assessing the state of anti-corruption measures within organizations:
- the procedure for assessing compliance with the anti-corruption requirements set out in the Anti-Corruption Charter of the Russian Business;
- participation in the Anti-Corruption Rating of Russian Business;
- engaging an independent audit or law firm;
- certification according to the international standard ISO 37001:2016 "Anti-Bribery Management Systems"[1].

On September 21, 2012, the heads of the Chamber of Commerce and Industry of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs, and the public organizations Delovaya Rossiya and OPORA ROSSII signed the ***Anti-Corruption Charter of Russian Business***, which had been joined by over 2,000 participants as of June 1, 2022[2].

The purpose of the Charter is to actively encourage Russian companies to voluntarily adopt anti-corruption programs that include measures such as internal controls, open bidding procedures, financial oversight, personnel training, and other initiatives related to personnel management, as well as providing support to law enforcement agencies[3].

To be included in the Register of Charter Participants and to receive the corresponding certificate, the company must submit an application and a completed questionnaire in the prescribed form to any business association that has signed the Charter. Every two years, the company submits an independently completed declaration on the anti-corruption measures undertaken to the Russian Union of Industrialists and Entrepreneurs or the relevant Chamber of Commerce and Industry, and the accuracy of the declaration can be pre-certified by the company through an accredited expert center.

---

[1] https://www.iso.org/ru/standard/65034.html

[2] http://ach.tpprf.ru/members/; http://against-corruption.ru/reestr/

[3] http://against-corruption.ru/khartiya/

The company can also undergo a public confirmation procedure through an accredited expert center, and in this case it remains listed in the Register for 5 years.

Participation in the Charter and the consistent implementation of its provisions serve as confirmation that the company has taken appropriate measures to prevent corruption, as outlined in Article 13.3 of the Law on Combating Corruption.

An additional form of external assessment is the *Anti-Corruption Rating of Russian Business*, compiled by the Russian Union of Industrialists and Entrepreneurs.

The rating is based on an independent review of documented evidence demonstrating companies' compliance with the international standard ISO 37001:2016 "Anti-Bribery Management Systems" and the provisions of the Charter, covering the year prior to the publication of the Rating. The assessment is published on the official website of the Russian Union of Industrialists and Entrepreneurs and the Charter website.

The elimination of deficiencies identified during the external evaluation process is aimed at enhancing the effectiveness of existing policies and procedures, thereby strengthening anti-corruption compliance within the organization.

The results of the *external evaluation* can be used to assess key indicators of the effectiveness of compliance departments and their managers. In the context of the globalization of capital, it is particularly important to focus on the requirements of international standards in the field of anti-corruption compliance. This is most evident in the examples of Russian companies engaged in active foreign economic activities.

PAO MTS conducts a certification audit to verify the compliance of its unified compliance system with international standards, such as ISO 37001:2016 Anti-Bribery Management Systems and ISO 19600:2014 (updated in 2021 to ISO 37301:2021) Compliance Management Systems. Based on the audit results, PAO MTS has received certificates of compliance with the requirements of these standards in 2021.

The DBEC organized an internal seminar for compliance program owners within the unified PAO MTS compliance system, focused on preparing for the 2022 oversight audit to ensure compliance with the new ISO 37301:2021 Compliance Management Systems standard.

Certification of compliance programs according to international standards is one of the most significant and credible indicators of their effectiveness.

It should be borne in mind that the requirements outlined in international standards serve as practical guidance for monitoring management risks, assist in preventing violations of internal procedures, and help identify roles and responsibilities, organizational needs, and areas for improvement.

Russian anti-corruption legislation currently provides sufficient regulatory frameworks to establish the minimum requirements for an anti-corruption compliance system. Organizations, considering international standards, can enhance and adapt these measures based on the size and characteristics of their business, the external environment, and the resources available.

3

THE ROLE OF MANAGEMENT, STRUCTURAL DIVISIONS, AND THE CORRUPTION PREVENTION UNIT IN ESTABLISHING A COMPLIANCE CULTURE IN AN ORGANIZATION

The ***organization's leadership*** always plays a crucial role in fostering a culture of intolerance toward corruption and establishing an internal system for its prevention. Management's commitment to eradicating corruption should serve as a model for all employees.

The leadership of an organization's management in anti-corruption efforts is described as "Tone at the Top," a term that signifies the management's commitment to ethical business practices and the proactive prevention of corruption.

The principles of Tone at the Top and Tone in the Middle emphasize that senior and middle management should exemplify ethical behavior, serving as role models for employees. Managers should foster an open communication environment that encourages discussions about ethical concerns, suspected violations, and innovative ideas.

The magnitude of the effect depends on the transparency and comprehensiveness of the Tone at the Top coverage. For example, the AO Rosgeologiya website, the largest geological holding in Russia with over 45 subsidiaries and dependent companies, features a message from the General Director and Chairman of the Board reaffirming the company's zero-tolerance policy toward corruption. The practice of posting messages from the corporate management on the official website is common[1].

Let's explore some examples of initiatives implemented and tested by Russian companies in their operations.

In order to maintain this principle, PAO MTS is actively implementing and promoting its ethical leadership project. Any employee can become an ethical leader, while the forms of ethical leadership are multifaceted.

First, top management demonstrates their commitment to ethical business conduct by engaging with employees through initiatives such as informing them about the release of new policies and procedures (e.g., the Code of Business Conduct and Ethics), recognizing ethical behavior on occasions like Ethics Day and International Anti-Corruption Day, and other similar activities.

---

[1] Official addresses of the heads of AO Russian Post // https://www.pochta.ru/company/komplaens; ANPO MDTS // https://mdto.ru/antikorrupcziya.html

Secondly, the company is actively developing the Tone in the Middle using a variety of tools, including interviews with the leadership on ethics and compliance, discussion of ethical dilemmas in the teams, reminders about mandatory courses, clarifying the essence of compliance controls, etc.[1]

PAO MTS employs various methods to communicate and recognize employees' success in resolving ethical dilemmas at work. This includes awarding diplomas and appreciation letters to employees who uphold high standards of business conduct, granting "Champion of Compliance" badges, providing incentive prizes on Ethics Day to winners of various activties[2], and developing the institute of compliance representatives[3]. Additionally, the company is working on a comprehensive assessment of its compliance culture conducted by external experts.

At OOO T2 Mobile, the compliance culture is seamlessly integrated into the overall corporate culture and is supported at all levels of the organizational structure through anti-corruption initiatives. Participants in anti-corruption activities are identified, and a role model outlining the functions of each participant is developed. The Tone at the Top principle has been implemented and is continuously maintained. Tele2 Group's leadership demonstrates their commitment to ethical and anti-corruption standards by personal example.

The synergy of the Directorate for Internal Control and Compliance, the Directorate for Security and HR, ensures effective management of compliance risk in the field of countering corporate fraud and involvement in corrupt activities.

In order to develop ethical leadership and educate employees, PAO VimpelCom conducts quarterly interviews with top management on various compliance topics, including the use of a hotline, due diligence of business partners, and the regulation on giving and accepting gifts and business hospitality items. Senior management members discuss ethical dilemmas quarterly, followed by cascading discussions of these dilemmas with all managers and their teams.

The leadership task *for the management and the corruption prevention unit* at RUSAL, from the perspective of communication tools, is as follows:

- Tone at the Top involves management engaging with employees to raise awareness of the importance of complying with anti-corruption requirements;

---

[1] In 2021, a total of 392 events were conducted across 75 branches, involving the participation of over 53,500 employees.

[2] In 2021, more than 50 employees received letters of appreciation and electronic badges.

[3] At PAO MTS, the compliance representative program has been effectively functioning since 2017. The program is led by proactive employees from various departments within the company who are committed to promoting the principles of compliance and are prepared to collaborate with colleagues in this effort. Currently, 20 employees outside the direct function of the Compliance Group are involved in the project.

- The Compliance Directorate (the corruption prevention unit) provides communications and training in the field of anti-corruption to local compliance officers and employees of the company. To support this, a compliance portal has been created, containing essential documents related to anti-corruption, training presentations, questionnaire templates for counterparties, anti-corruption agreements and clauses, as well as feedback forms, clarifications, frequently asked questions, news, and announcements concerning prevention and anti-corruption initiatives. Contests and events are organized to identify and reduce unethical business conduct. Additionally, education efforts include printed materials, such as calendars for employees that remind them of the importance of ethical principles, honesty, and proper behavior;
- local compliance officers of enterprises and divisions facilitate effective communication and interaction with employees within their units, ensuring that staff understand the importance of adhering to anti-corruption requirements, as well as the methods and mechanisms for monitoring compliance. Throughout their activities and business process management, they identify instances or potential cases of non-compliance. The Directorate then reviews compliance reports on detected or potential violations to assess the associated risks and determine appropriate measures to mitigate or eliminate them.

A specialized structural unit has been established and is operating within ANPO MDTS, directly reporting to the Deputy Director General for Compliance. This structure has enabled the development of an effective system for centralized management of the organization's activities related to anti-corruption compliance and business ethics within the institution. Additionally, it provides valuable methodological support to other Moscow transport organizations.

Collegial management bodies should be entrusted with a vital role ***in organizations to oversee the implementation*** and assess the effectiveness of the compliance program. For this purpose, the members of the governing bodies must:
- have personal competence;
- be aware (for example, members of management bodies at PAO MTS are required to complete annual compliance training);
- to monitor the risk management system as a whole by reviewing reports from relevant departments, issuing recommendations and voting on issues related to the assessment of the risk management system within the competence of this management body.

The effectiveness of the control function of the management body at PAO MTS is ensured through the accountability of functions responsible for risk reduction within the company. This includes the expansion of key compliance controls to members of the management bodies—such as conflict of interest resolution, review and voting on related-party transactions, gifts, and business hospitality. Additionally, there is an established process for escalating identified violations against specific members of the governing body for subsequent review and appropriate response measures.

4

EXAMPLES OF SUCCESSFUL ANTI-CORRUPTION TRAINING AND AWARENESS-RAISING MEASURES

Educational events organized by the Chamber of Commerce and Industry of the Russian Federation hold a special significance, including the unique project "BUSINESS BAROMETER OF CORRUPTION," which measures anti-corruption sentiments and evaluates anti-corruption policies in Russia. In 2021, this special project of the CCI of the Russian Federation saw the participation of 46,345 entrepreneurs and government officials.

The survey results are published annually on December 9, during the All-Russian interactive event dedicated to International Anti-Corruption Day. Through videoconferencing, the Campaign connects entrepreneurs at the country's chambers of commerce and industry with government officials, regulatory bodies, researchers, academia, students, and experts engaged in preventing and combating corruption.

One of the crucial steps in establishing a robust anti-corruption framework is the *education and guidance (consulting)* of an organization's personnel.

Some employees focused on their immediate responsibilities may occasionally struggle to fully understand the anti-corruption requirements imposed on them, potentially leading to unintentional violations due to lack of awareness. In this connection, it is necessary to regularly *inform (consult)* all employees about the existing anti-corruption requirements. The information should be as accessible and concise as possible in order to be clear for employees of any levels.

In addition to regular training, situational training or additional counseling can be organized:
- for employees appointed to a new position associated with higher corruption risks;
- In the case of significant changes in the organization's business lines or its organizational and staffing structure — for employees whose activities are affected by such changes;
- if certain anti-corruption measures are found to be ineffective, trainings are arranged for employees responsible for preventing corruption; there are some other situations that cause the launch of trainings.

Education is provided in many forms, including trainings, seminars, master classes, case studies (discussion of examples from real practice), and business games.

For instance, PAO VimpelCom undertakes the following initiatives to uphold a strong corporate ethical culture through fostering ethical leadership and training employees internally:
- VEON Group Code of Conduct[1];
- conflict of interests[2];
- countering bribery and corruption, gifts and signs of business hospitality[3].

Preliminary tests were developed for all compliance courses at PAO VimpelCom, allowing employees to complete accelerated training and achieve a score of 80% or higher. Beyond the annual mandatory training, employees participate in ongoing educational sessions throughout the year covering various compliance topics. These trainings are customized for different groups according to a risk-based methodology and include modules on "Gifts and Business Hospitality" and "Corporate Audit Management. Countering bribery and corruption."

PAO T Plus is making efforts to educate employees on the accepted code of conduct. When onboarding a new employee, the organization introduces them to the applicable regulations governing their conduct, offers necessary explanations, and informs them about the possible disciplinary or liability measures for violating current rules and procedures. When signing an employment contract, all employees also sign a supplementary agreement—an obligation to adhere to the anti-corruption policy. By doing so, the employee confirms that they are informed about the company's anti-corruption policy, agree to comply with it, and are aware of the channels through which they can contact the Hotline.

Every year, approximately 18,000 employees of PAO T Plus in Moscow and the other Russian regions where the company operates, including managers and office staff, receive training on ethics, anti-corruption legislation, and regulatory requirements. The training protocols are stored in the company's database and the Mirapolis e-learning system.

A Welcome Training session is conducted for all new employees of PAO T Plus, during which the head of the compliance department participates to introduce them to the anti-corruption policy, the code of business conduct, the Hotline procedures, the rules for receiving and giving gifts, and other anti-corruption measures. Trainings are held online on a monthly basis.

In 2021, PAO T Plus launched an interactive introductory anti-corruption training program for all employees. The theory in the course is presented as infographics, animated videos, while practice is in the format of a case-based study simulator and a test assignment. The one-hour course covers anti-corruption compliance within a company, including types of corruption and corresponding accountability measures, rules for giving and receiving gifts, and provides an overview of strategies to prevent human rights violations. In 2021, the course became part of the annual training, and later it will be used as one of the onboarding courses for new employees.

---

[1] As part of the annual training campaign of 2021, 27,124 employees, representing 99.6% of all course assignments, completed the course on the VEON Group Code of Conduct.

[2] A total of 27,069 employees, representing 99.4% of all course assignments, completed the Conflict of Interest Course.

[3] 18,641 employees, representing 99.6% of all course assignments, completed the course on Combating Bribery and Corruption, including on regulating the provision (receipt) of gifts and business hospitality items.

PAO TMK has developed distance learning courses on anti-corruption compliance and conflict of interest management at the TMK2U Corporate University, along with interactive video courses based on the TMK Group Code of Ethics. Mandatory electronic courses "Compliance Risk Management", "Code of Ethics", "Anti-corruption compliance," and "Conflict of Interests" are provided on the SOTA2U platform; after the course, the participants have to take a test.

OAO Russian Railways has implemented a comprehensive Anti-Corruption Propaganda Program within the Russian Railways Holding. The program aims to enhance the system of legal education and anti-corruption awareness among employees, inform them about the anti-corruption measures undertaken by the company, and develop effective communication channels with the media, digital platforms, government regulators, public and research organizations, and contracting companies in the relevant sector.

AO SUEK has developed and implemented remote compliance training courses for the company's employees, with subsequent testing. Test results are automatically generated as a report within the Mirapolis information system and are regularly submitted to the compliance department.

OOO KSK has developed an electronic training course in compliance, which is mandatory for employees holding positions with high corruption risk.

In 2021, PAO VimpelCom conducted an **anonymous ethics index survey**, during which employees evaluated the company's activities and management from an ethical perspective. The survey also provided an opportunity for employees to comment anonymously and share ideas for process improvements. Based on the survey results, the company has developed communication and training plans for employees throughout the organization.

In 2021, the Directorate for Business Ethics and Compliance of PAO VimpelCom **introduced a special award**, the Platinum Bee, which is given to employees who have demonstrated exceptional commitment to promoting compliance culture and supporting related projects. Nominations for the compliance award can be submitted by any employee, including peers and supervisors alike. All nominees and their achievements are featured on an internal corporate portal to keep everyone in the company informed.

For similar purposes, PAO T Plus has developed its *anti-corruption interactive game Revizorro,* which got that name because it tests anti-corruption knowledge and is conducted in the format of the Jeopardy show. According to the authors, immersion in the topic of anti-corruption should serve as a new impetus for safeguarding the company's business reputation and revealing new important reasons to comply with the legislation. The game was originally conceived as an in-presence event, and it was held in this format in Moscow for the first time in December 2019. However, due to the pandemic, the game had to be switched to online mode.

Any game is about excitement and involvement. Gamification of anti-corruption policies serves as a good example of making critical, serious topics accessible and clear to a wider audience. It promotes honest and ethical business conduct, upholds the company's positive reputation, ensures compliance with anti-corruption legislation, and effectively manages conflicts of interest. The modern game format not only encourages players to reread the material but also to explore the content more deeply. As a result, it helps to consistently and effectively combat corruption and foster zero tolerance toward all forms of corruption.

In addition to the interactive game, PAO T Plus holds an annual *poster and video contest called "T+I against Corruption",* and the best works are exhibited and broadcast in the company's offices, as well as published in the company's anti-corruption calendar.

PAO MTS celebrates the *Corporate Ethics and Compliance Day* every year in October, traditionally holding trainings, master classes, and compliance contests. In 2021, the Ethics Day was held under the slogan "Towards Ethical Leadership." As part of the annual Ethics Day, not only is information from top managers regarding the importance of employees' commitment to the principles of ethical business conduct shared, but engaging events are also held, such as the Compliance Cup game among PAO MTS employees, creative contests, and discussions on compliance topics. The best version of you" comic; sticker exchange on the corporate portal, as well as in the Telegram channel.

The Moscow Transport Industry Program involves ***diversifying learning styles and approaches*** based on the position level and the associated compliance risks across various areas of activity.

The training of employees ***with a medium and low level of corruption risk*** should necessarily cover the following range of issues:
- management's obligations and the provisions of the Code of Business Ethics and Conduct;
- the concept of corruption in general, its essence, types and forms;
- what employees have to do if they become aware of a corruption offense (with details on the roles of specific employees and their responsibilities).

For employees ***with a high level of corruption risk,*** in addition to the above topics, training also covers the following issues:
- requirements of the applicable legislation regarding liability for corruption offenses;
- the anti-corruption compliance system, its main elements and directions of the Moscow Transport Industry Program.

Training on anti-corruption compliance and business ethics should be included as a mandatory component of onboarding for new employees. At the same time, if an employee's position changes from a role with a lower risk of corruption to one with a higher risk, additional training may be assigned to them in accordance with the established schedule and training content.

Management continuously demonstrates support and sets a personal example through internal or direct communication with subordinates and training initiatives. This approach helps reinforce the ideological foundation of the organization's corporate culture of ethical behavior and compliance, which the organization expects employees to accept and exemplify.

In addition to providing training to ensure the effectiveness of awareness-raising mechanisms regarding existing principles, rules, and documents on anti-corruption compliance and business ethics, the industry compliance function maintains ongoing or periodic communication with employees.

Various channels should be used for communication, from printed materials and souvenir products to electronic mailings, digital anti-corruption libraries, and specialized software.

The large-scale digitalization promoted and encouraged by the state in recent years highlights the priority of utilizing digital platforms and other software products not only in education and communication systems but also broadly in anti-corruption compliance.

5

THE USE OF DIGITAL PLATFORMS AND OTHER SOFTWARE PRODUCTS IN THE ANTI-CORRUPTION COMPLIANCE SYSTEM

A key component of the implementation of the National Anti-Corruption Strategy, approved by the President of the Russian Federation in 2010[1], involves introducing innovative technologies into the activities of public authorities and local governments. These technologies aim to enhance objectivity and ensure transparency in the adoption of regulatory legal acts and management decisions. Additionally, the strategy promotes establishing interdepartmental electronic interaction among these bodies and enhancing their outreach to citizens and organizations to improve the delivery of public services.

As corruption is not governed by the principle of selectivity, process automation is being adopted by most large Russian companies, irrespective of their specific industry or branch of the economy.

One example is the *digitalization of the Hotline* of the Compliance System at PAO T Plus. To ensure the confidentiality and security of message transmission, the IT unit has developed an automation solution for receiving incoming messages. As a result, employees and other interested parties (such as consumers and contractors) can report issues such as theft, fraud, corruption, unfair competition, conflicts of interest, abuse of power, social and labor conflicts, violations of the Code of Business Conduct, and other concerns at any time of day via the Internet or by phone.

---

[1] Decree of the President of the Russian Federation dated 13.04.2010 No. 460 "On the National Anti-Corruption Strategy and the National Anti-Corruption Plan for 2010-2011".

Incoming information received via phone, email, or postal channels is directed exclusively to authorized employees of PAO T Plus, who analyze it and subsequently forward it to the relevant top managers for further verification. The Hotline also provides an option of leaving messages anonymously. Another communication channel available for the purpose is a chatbot in the You're in the Plus mobile application[1].

The effectiveness of the Hotline is increasing, as reflected by the rising percentage of relevant calls[2]. The Hotline's communication channels receive a high volume of spam messages, "empty" voice messages, and customer inquiries related to payments, water shut-off schedules, and other consumer service matters, which are then forwarded to the relevant department[3].

The popularity of the Hotline is supported through training sessions, information on an external website, and the corporate portal. Posters and booklets, employee mailing lists (newsletters), appeals from senior management (such as CEO information days), and a company newspaper also contribute to promotion.

Another approach to promoting the hotline is the implementation of a system of material incentives for employees who report corruption, such as the program used at OOO KSK. The incentive for an employee who reports a confirmed corruption violation consists of a fixed part (awarded for reporting a verified violation) and a variable part (based on the assessed damage to the KSK Group).

The automation of the Hotline via message processing in the Directum system enabled the compliance manager of PAO T Plus to receive messages through a one-stop-shop service and to monitor event statistics visually with diagrams. Appeals are automatically classified based on various criteria, such as category, status, receipt date, and others, and are subsequently directed to a responsible individual depending on the subject of the appeal. In addition, this solution provides convenient monitoring tools and makes it possible to compile reports upon requests.

An example of effective hotline (helpline) operation is the experience of AO Russian Post, where a comprehensive range of communication channels is available — including a 24/7 telephone line for receiving requests, email, and feedback forms on both internal and external websites. All messages are recorded in a dedicated information system based on the one-stop-shop service principle, which enables, for example, automated tracking of regulatory deadlines for their review.

---

[1] Sending messages to email addresses is the most popular communication channel, accounting for 52%, while requests through the website and by phone represent 26% and 22%, respectively.

[2] In 2021, this indicator accounted for 8% of the total applications received, compared to just 3.6% in 2020.

[3] In 2020, the share of such requests was approximately 43%. However, in 2021, following a review of the request submission process, the development of a new feedback form on the external website, and the redirection of requests directly to Customer Service, this figure decreased to 19% of the total incoming requests.

Telephone messages are received by an external contractor (call center operators). This solution made it possible to minimize labor intensity for employees of the Compliance Department and improve the quality of incoming requests.

The Compliance Department issues monthly reports on the helpline's performance. These include graphics and analytical data such as trends in message numbers (historical data by month), total number of messages, number of closed and open messages, their topics, geographic distribution, and information on confirmed messages received in an anonymized form. Each report is sent to the top management and branch management for review.

It should be noted that the majority of participants[1] in the research conducted by the Chamber of Commerce and Industry of the Russian Federation reported organizing hotline activities through digital programs and network resources, with some using the technology more extensively than others.

In connection with the reissue of the Code of Business Conduct and Ethics in 2021, PAO MTS conducted a large-scale communication campaign through a dedicated platform created for the purpose. Supporting communications within the compliance community on the corporate portal, including case studies, were published as interactive materials. Activities were developed on the platform, allowing employees to check their "compliance karma," dispel myths through quizzes, spin the wheel of compliance balance, and familiarize themselves with each section of the Code through infographics, comics, and videos. More than 1,200 employees participated in the information campaign to promote the Code of Business Ethics and Compliance, resulting in 99% of mandatory compliance courses being completed.

As part of its efforts to enhance anti-corruption measures, PAO Rostelecom operates a dedicated anti-corruption portal. This portal contains internal documents governing anti-corruption activities, offers compliance tests for employees and suppliers, provides materials on the prevention and detection of corruption, and includes a feedback form for reporting corruption violations.

RUSAL also automated its control procedures. Thus, the Counterparty's Compliance Accreditation System enables transactions to be concluded and payments to be processed only with counterparties whose risks have been verified by the automated system, based on information provided in the questionnaire as well as data from databases and public sources. If risks are identified by the system or there is insufficient information for analysis, the Compliance Department reviews the counterparty, after which the appropriate status is assigned. Any transaction by a division that involves risks related to key factors—such as the counterparty, the subject of the transaction, the place of conclusion, or its execution—is subject to compliance control and verification to reduce or eliminate these risks.

---

[1] AO Zarubezhneft, AO NIIPP, AO Rosgeologiya, OOO Abinsky Electro-Metallurgichesky Zavod, OOO T2 Mobile, PAO Mechel, PAO TMK, PAO CHELINDBANK, PPK VSK, and others.

Developed and introduced by OOO ONKh-Holding, EPC-Basic is a single-platform solution that enables interaction among key project participants. It streamlines tasks related to procurement, supply, manufacturing, logistics, warehouse acceptance, inventory placement, shipment from warehouses, and equipment management at construction sites. The system also incorporates a notification feature for responsible and supervisory personnel. As a unified, transparent tool for all stakeholders and participants involved in the implementation of the EPC contract, the software product aids in combating corruption within the business process.

At AO Concern VKO Almaz-Antey, counterparties are evaluated using a specialized software product called IAS SVD (Information and Analytical System "Dossier Management System"), which was developed at the initiative of Economic Security Service. This system facilitates the conclusions regarding the feasibility of cooperation with potential partners. The system is designed for automated collection of information from various sources into a structured database of factual information. It records economic security events, provides accounting services, statistical processing and storage of the received data, including details related to the occurrence of corruption risks.

Many companies have automated the process of identifying conflicts of interest. For example, in June 2018, Rostelecom introduced an automated Compliance Control system, which has enhanced the efficiency of identifying and managing existing or potential conflicts of interest.

Since 2017, PAO Rosseti has conducted annual conflict of interest declarations electronically, with automatic verification of employees for affiliations and conflicts of interest. This is achieved through a conflict of interest declaration subsystem integrated with SPARK, along with internal systems such as the Automated System for Analyzing and Collecting Information about Beneficiaries and the Automated Accounts Receivable System. Declarations of a conflict of interest in 2021 were filed by 49,140 employees.

PAO Rosseti Moscow Region has developed a module for automated, multi-criteria assessment of corruption risks and abuse in the area of technological connections, utilizing the software of the corporate resource management information system.

To summarize the results of the procurement documentation audit, PAO Rosseti has developed an automated system called "Analysis and Collection of Information about Beneficiaries." This system aggregates data from multiple sources to ensure the completeness and reliability of information about legal entities and individuals, including details about the business reputation of counterparties. It also assesses business and reputational risks to identify signs of affiliation, conflicts of interest, pre-conflict situations, and other potential abuses.

To identify conflicts of interest and automate the anti-corruption compliance function, OAO Russian Railways has developed the AS Declarant software. This tool enables the automatic detection of potential conflict of interest situations based on a critical set of factors, thereby reducing the labor costs for OAO Russian Railways employees. The software product aggregates data from various systems, both internal and external, in one information space, allowing quick access to the necessary analytical information about the ongoing anti-corruption work of any division of the company, including the dynamics of changes in data for previous periods and previously identified risks.

Digital modules have also been integrated into the AS Declarant to facilitate the collection and processing of analytical reports from departments responsible for conflict of interest management, corruption risk assessment, registration of messages received via the anti-corruption hotline, implementation of measures from the Russian Railways anti-corruption plan, and inspections to ensure compliance with Russian Railways Holding's regulatory documents related to prevention and anti-corruption measures.

Risk assessment is also performed with automated systems and complexes. In AO SUEK, to manage risks across all areas—including anti-corruption—the AIS Compliance Case Organizer is being implemented. This system is designed to generate automated reports on risk management concerning violations of mandatory requirements, including identified and analyzed compliance risks, their levels, and action plans to prevent violations. Additionally, it monitors the procedures for assessing compliance risks and the implementation of action plans aimed at preventing violations of mandatory requirements.

The examples above illustrate digital integration and automation in individual processes, but these approaches can also be implemented in the company's compliance system as a whole.

For instance, in 2021 ANPO MDTS, together with leading experts in the field of automation, created a ***prototype of a unified digital anti-corruption compliance platform.***

The platform is a software package that provides automation of the compliance management system, which has its own unique processes (corruption risk assessment, compliance verification of business partners), and also extends its activities to related areas (procurement, contractual and personnel work). This solution will make it possible to unify these processes, make them transparent, combine them into a single information environment, protect confidential data, and scale the solution to other organizations of the Moscow transport complex.

Currently, a prototype is being tested at the ANPO MDTS through its pilot implementation in practice. This process will gradually include more Moscow transportation agencies.

The introduction of innovative practices into business processes is primarily aimed at minimizing corruption risks by reducing the influence of the human factor. This approach involves translating ideal behavioral models into machine language, serving as a reference example of artificial intelligence use as the overarching goal of the National Strategies for the Development of Artificial Intelligence[1], anti-corruption initiatives, and the Strategy for the Development of the Information Society.[2]

---

[1] Decree of the President of the Russian Federation dated 10.10.2019 No. 490 "On the Development of Artificial Intelligence in the Russian Federation".
[2] Decree of the President of the Russian Federation dated 09.05.2017 No. 203 "On the Strategy for the Development of the Information Society in the Russian Federation for 2017-2030".

6 IMPLEMENTATION OF ANTI-CORRUPTION MEASURES AS PART OF INDUSTRY REGULATION

One of the comprehensive solutions in the field of anti-corruption compliance is the implementation of anti-corruption measures within the framework of industry regulation. It should be noted that this process is implemented not only by scaling the internal corporate compliance system from a single business entity to their group based on industry or other related expertise, but also through the formation of global associative industry and intersectoral superstructures, accompanied by the development and implementation of appropriate regulatory mechanisms.

In 2020, the ***Association for Sustainable Industrial Development*** *was established at the initiative of the Transmashholding and KSK groups.* The Association's members include enterprises of Transmashholding, KSK, LokoTech, SALAIR, and other groups.[1] The key principle in establishing the Association is the extension of the anti-corruption function to all organizations throughout the entire value chain, following a self-regulation model.

This principle is implemented through a number of mechanisms:
- uniform standards of anti-corruption activities, which are mandatory for all members of the Association;
- the formation and development by each member organization of the Association of binding plans for the implementation of anti-corruption measures, based on identified discrepancies between existing business processes and the standards established by the Association;
- control by the Association over the implementation of plans for the development of anti-corruption measures, incorporating a mechanism for mutual inspections among member organizations to check the actual implementation of the measures.
- methodological recommendations and standard forms of the main local regulations used by the members of the Association in the implementation of anti-corruption mechanisms, which are updated based on the decisions of the Expert Council, with the participation of experts in the field from the member organizations of the Association, as well as external experts;

---

[1] As of March 2022, the Association for Sustainable Industrial Development includes more than 40 organizations.

- providing practical assistance to the member organizations of the Association in the implementation of certain anti-corruption mechanisms;
- educational and informational events for Association members and their employees (professional development programs, distance learning courses, digests and reviews on current events and trends in anti-corruption efforts, reviews and access to new books and their texts, research, and related activities);
- implementation of the "Single Trusted Environment" project, enabling all members of the Association to exchange data regarding the assessment of counterparty reliability, including evaluations of the counterparty's anti-corruption system;
- partnership mechanism, mainly for of small and medium-sized businesses, which can use the Association's resources to build their own anti-corruption systems without joining the Association;
- interaction with the primary customers of the main members of the Association, for sharing experiences and ensuring the consistency of anti-corruption standards.

In the context of the growing instability of the economic situation due to sanctions pressure from unfriendly countries and increased corruption risks, the Association has developed and communicated to its member organizations a number of urgent recommendations, including:

- appointing an anti-corruption officer of the organization;
- coordinating the efforts of various services to identify critically important purchased items;
- approval of a temporary simplified procurement procedure for critically important items;
- ensuring the functioning of feedback channels with contractors and employees;
- conflict of interest management, including the implementation of a psychophysiological examination procedure using a polygraph;
- communication with employees aimed at increasing responsibility and conscious approach to the activities during the crisis period.

All recommendations are accompanied by detailed explanations of the specific steps necessary for their implementation. Standardized document templates have been developed, and a meeting was convened with senior officials of the Association's member organizations to discuss best practices for implementing priority anti-corruption measures.

Feedback was received on the high level of applicability of the proposed measures and their effectiveness in the practical activities of the member organizations of the Association. Following the discussion, the recommendations were summarized and updated, taking into account the practices of the member organizations of the Association.

The example of priority anti-corruption measures highlights the significant role of the Association in the practical implementation of anti-corruption initiatives within industry regulation.

Some business entities within the Russian economic market are so large that they effectively constitute separate industries. As a result, the anti-corruption compliance management system implemented within these entities initially serves an industry-specific function.

Within the structure of the Russian Railways holding, which comprises over 100 legal entities employing more than 800,000 people, there is a dedicated commission for conflict of interest resolution at OAO Russian Railways. Additionally, regional commissions operate at all 16 railways. In accordance with the recommendations of the Russian Ministry of Labor, these regional commissions include representatives from research, industrial, trade union, and public organizations.

Another example of an industry-specific approach to the comprehensive regulation of anti-corruption issues in organizations is the *Moscow Transport Industry Program*, which has been successfully implemented in ANPO MDTS and is currently being scaled to all enterprises and institutions subordinate to the Moscow Department of Transport and Road Infrastructure Development.

The benefits of industry regulation, applicable to individual industry representatives, are clearly demonstrated by the example of PAO MTS, which benchmarks its practices against industry leaders, including those within the Russian market.

In 2021, in accordance with best practices, the PAO MTS Counterparty's Code of Business Conduct was updated, as well as the minimum standards expected from the Company's counterparties. The provisions of the Code apply to the Company's counterparties, as well as to any third parties engaged by the counterparties to carry out actions on behalf of and/or in the interests of the MTS Group. Anyone who is to conclude a contract with PAO MTS has to read the Code and accept the requirements stipulated in the document. An illustrated version of the Counterparty's Code of Business Conduct was published on the external website of MTS and MTS Procurement to make the information in the document more accessible and easier to understand[1].

To ensure timely training of counterparties, PAO MTS implements and maintains a risk-oriented training program through a specially developed training system. Since 2021, the counterparty e-learning program has been launched, successfully training over 1,800 counterparties through various formats.

Industry regulation plays a crucial role in advancing anti-corruption compliance by standardizing and spreading the most effective anti-corruption strategies and practices, thereby creating a multiplicative effect across industries and enhancing interactions within the business community.

---

[1] https://static.ssl.mts.ru/mts_rf/contents/608/Kodeks_delovogo_povedeniya_kontragenta_new.pdf.