

Appendix

**APPROVED**

By the Board of Directors of

Expobank LLC

(Minutes d/d 04 December 2018)

**Effective as of 06 December 2018**

**Expobank LLC**

**Anti-Corruption POLICY**

Moscow 2018

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1. GENERAL PROVISIONS

1. Expobank LLC’s Anti-Corruption Policy (the ‘Policy’ or the ‘Anti-Corruption Policy’) defines the major principles of and requirements to the compliance of Expobank LLC (the ‘Bank’), the Bank Management and Employees with the provisions of anti-corruption laws.
2. The Policy constitutes a part of the compliance risks management system and establishes the managerial and organizational framework to prevent corruption (corrupt conduct) and also to minimize and/or eliminate the consequences of corruption offenses.
3. The goals of this Policy are:

* to mitigate the risk of involvement of the Bank, its Management and Employees, irrespective of their position, in corrupt practices;
* to shape with the counterparties, Management and Employees of the Bank a unified understanding of the Bank’s policy of zero tolerance to corruption taking any form or manifestation;
* to consolidate and clarify the major requirements of anti-corruption laws that may be applied to the Bank, its Management and Employees;
* to define the Management’s and Employees’ duty to be aware of and comply with the principles and requirements of this Policy, the key provisions of anti-corruption laws, and also the relevant measures to prevent corruption.

1. The Policy has been developed in compliance with the requirements of Russian law, and also subject to the requirements of generally recognized principles and standards of international law, international treaties and anti-corruption statutes.
2. The Policy serves as a framework for the development of own internal regulatory documents (terms of reference, methodologies, process flow charts, etc.) in the field of anti-corruption practices.
3. The Bank Management and Employees must be guided by this Policy and fully comply with its principles and requirements irrespective of their position and time of employment at the Bank.
4. The general principles and requirements of this Policy shall apply to the counterparties (agents, advisors and other third parties) acting on behalf of the Bank, and also to other persons in cases when the relevant duties are captured in the agreements with them, in their internal documents or derive directly from the effective statutes.

2. TERMS AND DEFINITIONS

Bank means Expobank Limited Liability Company, Expobank LLC.

Donations means payments, without any request or expectations to receive commercial profit, made to the registered charities exclusively for the benefit of the society as a whole for charitable, educational, welfare or similar purposes.

Bribe means money, securities, other property, benefit and/or services of pecuniary nature transferred/ provided gratuitously or with the property or service value underrated, transferred/ rendered or offered to an official/ accepted by an official, personally or through an intermediary, for an act (failure to act) in favor of the briber or the parties represented by the briber if such an act (failure to act) fall into the duties of the official, or if such official by virtue of their official status may encourage such an act (failure to act), and equally for general patronage or connivance at work. For the purpose of the term ‘bribe’, there is no minimum monetary value; any thing transferred/ accepted in bribe may be deemed as bribery/ acceptance of a bribe.

Client means an individual or a legal entity serviced by the Bank.

Counterparty means an individual or a legal entity being a party under an agreement/contract with the Bank other than a Client.

Conflict of Interest means a direct or indirect contradiction between the property and other interests of the Bank and/or its employees and/or one or more clients as a result of which an act (failure to act) by one of the parties may have adverse consequences for the other party. For the purposes of this Policy, the competing interests arising during the negotiations on the commercial terms as part of the ordinary course of business whose terms are disclosed or must have been known to a negotiating party in advance shall not classify as a conflict of interests.

Corruption means abuse of official capacity, bribing, acceptance of a bribe, abuse of power, commercial bribery or any other unlawful use by an individual of their official capacity in defiance of lawful interests of the society and government in order to benefit by gaining money, valuables, other property or services of pecuniary nature, other property rights for themselves or for a third party, or unlawful furnishing of such benefits to the said individual by other individuals, and also committing the said acts for or on behalf of the Bank.

Corruption Offense means a committed wrongful act (in breach of Russian anti-corruption laws) that has elements of corruption for which Russian law establishes civil, disciplinary, administrative or criminal liability.

Personal Interest means a possibility to derive an income by way of money, other property including property rights, services of pecuniary nature, the results of work performed or any benefits (advantages), by the Bank’s interested persons and/or their affiliates.

Gift means any valuable thing, either tangible or intangible, with regard to which there is no obligation to pay a regular price, inter alia money, securities and other property, benefits and services of pecuniary nature (work, services, payment for entertainment, leisure, of travel/transportation costs, loans, discounts, granting the use of property including accommodation, donations, offerings, etc.) accepted or transferred due to employment at the Bank. For the purposes of this Policy, the gifts to the family members, relatives or other connected persons of the Bank Employee transferred due to the said employee’s acts (failure to act) related to his/her employment at the Bank shall be deemed to be the gifts to the said employee.

Combating/counteracting corruption means the activities of the Bank’s shareholders, members of its governing bodies and employees, within their competence and authority, aimed at the identification, prevention and suppression of the causes and conditions contributing to corrupt practices and attempts/ implementations of fraudulent schemes.

Bank Employee means an employee of the Bank (any individual related to the Bank who has entered into an employment or civil law contract with the Bank stipulating personal performance of specific function for remuneration).

Bank Management means the members of the Bank’s governing bodies (the Board of Directors, the Management Board, CEO of the Bank).

Sponsorship means provision of or ensuring to provide funds for the organization of and/or holding a sports, cultural or any other event, for the creation of and/or broadcasting TV or radio programs, or for the creation and/or use of other results of creative content.

3. LIST OF DOCUMENTS USED

Federal Law No.273-FZ dated 25 December 2008 ‘On Counteracting Corruption’.

Federal Law No.224-FZ dated 27 July 2010 ‘On Counteracting Unlawful Use of Insider Information and Market Manipulation and On Amending Particular Legislative Instruments of the Russian Federation’.

Federal Law No.115-FZ dated 07 August 2001 ‘On Counteracting Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism’.

Federal Law No.40-FZ dated 08 March 2006 ‘On Ratification of the United Nations Convention against Corruption’.

Federal Law No.3-FZ dated 01 February 2012 ‘On Russia’s Joining to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions’.

Federal Law No.125-FZ dated 25 July 2006 ‘On Ratification of Criminal Law Convention on Corruption’.

Bank of Russia’s Regulation No.242-P dated 16 December 2003 ‘On Organizing Internal Controls in Credit Institutions and Banking Groups’.

Bank of Russia’s Ordinance No.4509-U dated 30 August 2017 ‘On the Procedure for the Bank of Russia’s Employees to Report about Personal Interest When Performing Official Duties That Leads or May Lead to the Conflict of Interest, and to Take Measures to Prevent Any Possible Conflict of Interest’.

The United Nations (UN) Convention against Corruption dated 31 October 2003.

The Council of Europe Criminal Law Convention on Corruption dated 27 January 1999.

The US Foreign Corrupt Practices Act of 1977.

The UK Bribery Act dated 08 April 2010.

Convention on Combating Bribery of Foreign Public Officials in International Business Transactions dated 21 November 1997 as revised by OECD in 2011.

ISO 37001:2016 Anti-bribery Management Systems.

4. CORRUPTION OFFENCES

1. The Bank Management and Employees, when performing their job functions, must comply with Russian anti-corruption laws, rules and regulations of international anti-corruption laws.
2. The following acts shall be deemed as corruption offenses:

* bribery or bribery intermediation, i.e. providing or promising to provide any financial or other benefit/ advantage with the aim to instigate some person to perform their job functions inappropriately, that is on the terms more favorable for the briber and/or in breach of the processes and procedures established by Russian law and/or internal regulatory documents (‘IRDs’) of the Bank;
* acceptance of a bribe or intermediation in accepting a bribe, i.e. acceptance of or agreement to accept any financial or other benefit/ advantage for the performance of one’s job functions inappropriately, that is on the terms more favorable for the briber and/or in breach of the processes and procedures established by Russian law and/or IRDs of the Bank;
* commercial bribery, i.e. unlawful transfer to the Bank Management and Employee of money, securities, other property, rendering to them services of pecuniary nature, provision of other property rights for an act (failure to act) in favor of the briber due to the official capacity of the said official;
* use by the Bank Management and Employees, in their own favor or in favor of third parties, of opportunities related to their official capacity and/or official powers in order to gain financial or other benefits/ advantages not stipulated by Russian law and/or IRDs of the Bank;
* other unlawful use of their official capacity in defiance of lawful interests of the Bank, society and government in order to gain financial or other benefits/ advantages.

1. The corruption offenses listed in clause 4.2. hereof shall be prohibited:

* in any form, inter alia by way of accepting or providing money, valuables, services or other benefits;
* with regard to the Bank, or for or on behalf of the Bank with regard to third parties, inter alia with regard to the government and municipal bodies and their employees, the Bank of Russia and its employees, with regard to counterparties and other legal entities and their employees, governing bodies and the representatives of the said legal entities;
* personally or by intermediation of third parties, irrespective of the purpose including simplification of administrative and other procedures and ensuring competitive and other strengths;
* in any form, inter alia by way of accepting/ providing money, valuables, other property or services of pecuniary nature, other property rights.

1. The Bank Management and Employees shall be strictly prohibited from, directly or indirectly, personally or by intermediation of third parties, performing any acts listed in clause 4.2. hereof. It is prohibited, directly or indirectly, personally or by intermediation of third parties, to offer, make, promise, solicit for and accept a bribe or to make payments in order to simplify administrative, bureaucratic and other formalities in any form, inter alia by way of money, valuables, services or other benefits, to any persons and from any persons or organizations including corporate entities, central and local authorities, government and municipal officials, private companies and their representatives.
2. BANK’S ANTI-CORRUPTION MANAGEMENT SYSTEM
   1. The Bank’s anti-corruption management system is a multi-faceted complex of governance activities that are interrelated, regularly implemented and aimed at the prevention and identification of corruption offenses, identification, assessment and taking measures to reduce corruption risks of the Bank, and also at ensuring compliance with anti-corruption laws.
   2. The major principles of the Bank’s anti-corruption management system are:
   * Principle of Compliance with Effective Legislation and Generally Accepted Rules

The goal of the Bank’s anti-corruption management system is to ensure that the Bank’s operations comply with the requirements of Russian anti-corruption laws and other applicable norms of international law, and also with international practices and standards.

* + Zero Tolerance Principle

The principle of zero tolerance to corruption taking any form or manifestation is institutionalized in the Bank when implementing day-to-day operations and strategic projects, including interactions with the clients, counterparties, representatives of central and local authorities, political parties, the Bank employees and other persons.

* + Tone-at-the-Top Principle

The key role in the development of a zero tolerance to corruption culture and in setting up the internal system to prevent and counteract corruption rests with the Bank Management. Members of the Board of Directors, Management Board, CEO and officials of the Bank shall form an ethic standard for zero tolerance to corruption taking any form or manifestation at all levels, setting an example by own conduct and introducing the anti-corruption policy to all employees and counterparties.

* + Employees’ Involvement Principle

Within the Bank, its Management, Employees and representatives are informed of the provisions of anti-corruption laws, and they are actively involved in the development and implementation of anti-corruption standards and procedures.

* + Principle of Efficiency and Adequacy of Anti-Corruption Procedures as Compared to Corruption Risk

The development and implementation of the full range of measures enabling the Bank to reduce the probability of its involvement (and that of its Management and Employees) in corrupt practices is made taking into account the results of corruption risks assessment for the Bank’s operation.

* Principle of Responsibility and Unavoidability of Punishment

The Bank declares unavoidability of punishment for the Bank Management and Employees irrespective of their position, term of employment and other circumstances in case they commit a corruption offense while performing their job duties. The Bank makes every reasonable legitimate effort to unavoidably curtail any abuse in the shortest time possible.

* Awareness and Training Principle

The Bank publishes and makes this Policy freely available online at its website www.expobank.ru, declares openly its zero tolerance to corruption and encourages compliance with the principles and requirements of this Policy by all counterparties, its Management and Employees, and by all other parties.

The Bank enhances the anti-corruption culture through informing and systematic training of the Management and Employees in order to maintain their awareness of anti-corruption matters.

* Ongoing Control and Regular Monitoring Principle

The Bank monitors the efficiency of the implemented anti-corruption procedures, controls their execution and improves them if required.

* Principle of Confidentiality and No Sanctions

The Bank guarantees to keep confidential all reports on all intentions or facts of committing corruption offenses, and also that the individuals who have reported such intentions or facts will not be subject to sanctions if the reports on probable corruption offenses committed were well-intentioned but later were not confirmed during their verification.

The Bank guarantees conducting verification with regard to every incident reporting event and providing feedback on the results of such verification whenever necessary.

* 1. The scope of application of the Bank’s anti-corruption management system is defined subject to external and internal factors, needs and expectations of the stakeholders, and also with the results of the corruption risks assessment taken into account.
  2. The Bank’s anti-corruption management system does not cover the matters of fraud management, counteraction to cartel agreements and of other breaches of anti-monopoly legislation and fair competition, and also the anti-money laundering matters.

1. KEY MEASURES ON PREVENTION AND AVOIDANCE OF CORRUPTION

To efficiently prevent and avoid corrupt practices, the Bank takes the following measures:

* 1. Identification of Business Areas and Business Processes Mostly Prone to Corruption Risks

The operation of the anti-corruption management system is aimed primarily at the procurement activities, exchange of business gifts, business entertainment favors, representation expenses, charitable work and sponsorships, asset purchase and sale transactions, mergers and acquisitions, interaction with intermediaries and other parties.

* 1. Anti-Corruption Assessment of Internal Regulatory Documents

The Bank conducts anti-corruption assessment of key internal regulatory and executive documents and their drafts in order to identify in them the provisions contributing to the creation of conditions for corruption (corruptogenic factors) manifestations and to work out proposals to remediate them.

* 1. Conflict of Interests Prevention, Identification and Management

A Conflict of Interests occurs in a situation when Personal Interest (direct or indirect) of the Bank Management and Employees affects or may affect the non-biased and impartial execution of their job functions, and with the existence of which there occurs or may occur a contradiction between the personal interest of the said persons and the rights and lawful interests of the Bank, third parties and the state as a whole that may prejudice the rights and lawful interests of the Bank, third parties and the state.

As a Conflict of Interests (or seeming conflict of interests) is a threat to the reputation of the Bank in the eyes of its employees and other parties, the Bank Management and Employees shall take measures to prevent any possibility for a conflict of interests to occur, and also shall notify their line manager and/or the Bank’s Internal Control Service of the conflict of interests having occurred (or that it may occur) as soon as they become aware of it.

* 1. **Interactions with Counterparties**

The Bank develops necessary procedures and takes due diligence measures including comprehensive checks to mitigate the risks related to business relationships with the counterparties that have been or may be involved in corrupt practices.

When entering into contracts with counterparties, the Bank seeks transparency, non-discriminatory treatment and absence of unwarranted restriction of competition, honest and reasonable selection of the most favorable offers based on comprehensive reviews of benefits and costs, proper and cost-effective expenditure of monetary resources.

The Bank takes effort to ensure that its counterparties share and follow the principles of this Policy. In some cases the Bank insists that an anti-corruption clause be incorporated into the wording of contracts with counterparties.

The Bank, its Management and Employees may not recruit or engage any intermediaries, partners, agents or other parties to perform acts in discord with the principles and requirements of this Policy, or provisions of anti-corruption laws.

The Bank may abstain from interaction with a counterparty if such interaction leads to breaches of the principles and requirements of this Policy, or provisions of anti-corruption laws.

* 1. **Gifts and Representation Expenses**

Acceptance by the Bank Management or Employee of a gift may be negatively perceived by other employees or other parties (including the shareholders, counterparties, state and government authorities, trade unions and professionals’ associations, securities traders) even with no unfair practices or unreasonableness in the intentions of the employee or grantor in place.

The Bank Management and Employees may accept from third parties and offer business gifts if they meet the following principles:

* they are not prohibited by law;
* they comply with the effective legislation and IRDs of the Bank;
* they may not be perceived as commercial bribery or an attempt to exercise influence;
* they are not of systemic nature;
* they do not lead to reputational or other risks for the Bank in cases when the information about gifts and representation expenses is disclosed;
* they are not given/ accepted during the procurement process and/or during direct negotiations when concluding contracts with the Bank’s counterparties.

It shall be prohibited to give to third parties the gifts on behalf of the Bank, its Management, its Employees and representatives, and for the Bank Management and Employees - to accept gifts in the form of cash and cashless money, irrespective of the currency, securities, precious metals and other types and equivalents of monetary funds and/or luxury items.

The Bank Management and Employees shall be strictly prohibited from giving gifts, making contributions for political ends, or from organizing entertainments for political parties or political candidates on behalf of the Bank.

Representation expenses of the Bank including those for business entertainment may be made on behalf and at the account of the Bank provided all the criteria listed below are met:

* Representation expenses are directly related to the lawful purposes of the Bank’s operation, for example, with the presentation or completion of business projects, or with the successful execution of contracts;
* Representation expenses are in line with the accepted business practices and within the scope of business etiquette;
* The representation expenses’ value should be moderate and correspond to the purpose and scale of the held events or to the significance of the event;
* The representation expenses’ purpose is not a hidden consideration for a service, an act (failure to act), connivance, patronage, granting of rights, taking a specific decision with regard to a transaction, agreement, license, permit or other similar decisions, or an attempt to influence the recipient with some other unlawful purpose;
* Representation expenses and gifts do not prejudice the good standing of the Bank;
* Representation expenses do not discord with the principles and requirements of this Policy, IRDs of the Bank defining the principles of professional ethics and business etiquette, other IRDs and those of Russian law.
  1. **Charitable Work and Sponsorships**

The Bank’s support of charitable work and sponsorships makes part of the image-making policy and corporate culture aimed at shaping the general public’s opinion of the Bank as of a sustainable corporation supporting various commercial, social and charity projects.

The Bank does not provide charity and sponsor support:

* with the aim to gain or maintain advantages in business;
* for the benefit of political parties, members of political parties and candidates for elected public positions;
* to its counterparties within joint transactions or as part of the services provided by the Bank, when selling banking products, and also to other parties directly or indirectly related to them with which the Bank has or plans to have joint transactions, or provide services, or sell products.

The Bank monitors the proper use of the funds provided within its charity and sponsorships framework.

* 1. **Participation in Political Activities, Interaction with Public Officials**

The Bank does not participate in political activities, does not finance nor supports in any other way religious organizations, political parties and their members including political candidates, their election campaigns or political practices, as well as any political organizations and movements, with the aim to gain advantages for business over other parties to business transaction or with other commercial purposes.

The above restrictions include but are not limited to sponsor and other payments in support of the said parties and activities, giving of gifts, organization of entertainment events, contributions for political ends.

The Bank does not pay any expenditures for any public officials and their family members (or on their behalf) with the aim to gain or maintain advantages in business including travel, accommodation, meal, entertainment costs, PR-campaign expenses, etc., and also does not provide them with any other benefit at the account of the Bank.

* 1. Whistleblowing

In order to maintain high level of trust to the Bank, comply with the standards of business ethics, and to prevent and repress occurrences of corrupt practices, the Bank has set up a special anti-corruption hotline [ethics@expobank.ru](mailto:ethics@expobank.ru).

The Bank Management and Employees, in case there are reports of breaches of this Policy’s requirements including potential cases of breaches by and inducing of the Bank’s Management and Employees to committal of corruption offenses, shall immediately refer them to the anti-corruption hotline [ethics@expobank.ru](mailto:ethics@expobank.ru).

In case other persons identify breaches of anti-corruption laws by the Bank Management and Employees, and also when a resolution is taken there is a need to inform the Bank of the breaches made by other parties, the said persons may use the anti-corruption hotline [ethics@expobank.ru](mailto:ethics@expobank.ru)

The Bank guarantees that a check will be implemented with regard to all information reported via the hotline, with due security measures and confidentiality observed.

1. **AUDIT AND CONTROL**
   1. The Bank regularly organizes internal and external audits of its financial and operating activities, exercises control over the completeness and accurateness of the data reflected in the bookkeeping records and over the compliance with the requirements of legislation and internal regulatory documents of the Bank including the principles and requirements established in this Policy.
   2. Relevant reports on the current status of the anti-corruption management system of the Bank are prepared on the basis of the control measures and measures monitoring the compliance with the standards of this Policy, anti-corruption laws and internal anti-corruption procedures, and on the basis of their efficiency and adequacy analysis.
   3. The Bank regularly takes measures to improve the efficiency of its anti-corruption management system.
2. LIABILITY
   1. The Bank Management and Employees, irrespective of their position, shall bear responsibility for the compliance with the principles and requirements of this document, and for the acts (failure to act) of their subordinates who are in breach of these principles and requirements.
   2. The individuals found in the course of the internal investigation culpable of the breaches of this Policy may be subject to disciplinary action (including termination of their employment), financial liability, civil law sanctions; or the individuals found judicially guilty of the breaches of the requirements of anti-corruption laws may be held administratively or criminally liable in the manner and on the grounds stipulated by the effective legislation, the Bank’s internal regulatory and executive documents, and also in its employment contracts.
3. FINAL PROVISIONS
   1. The Policy is approved by the Board of Directors and put into effect by an order of the Chairman of the Management Board (CEO of the Bank).
   2. The Policy is reviewed in case amendments are made to anti-corruption laws and other statutory instruments, and also in case there is a necessity to improve the efficiency and performance of the anti-corruption management systems.

9.3. Responsibility for the Policy’s update shall lie with the Internal Control Service.