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**INDUSTRY PROGRAM  
FOR DEVELOPMENT OF  
ANTI-CORRUPTION  
COMPLIANCE  
AND BUSINESS ETHICS IN  
MOSCOW  
TRANSPORT  
ORGANIZATIONS**



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# INTRODUCTION



**Industry program for development of anti-corruption compliance and business ethics in Moscow transport organizations** (hereinafter referred to as the Industry Program) is a fundamental document according to which the anti-corruption policy of both the entire Moscow transport industry and of specific organizations within its structure is implemented.

**The objective of the Industry Program** is to effectively organize management and operational activities to combat corruption in the Moscow Transport organizations (hereinafter referred to as MTOs) and MTO business partners by implementing anti-corruption compliance and business ethics, including using state-of-the-art digital technologies.

**Anti-corruption compliance** is a modern management and control system ensuring that organizations comply with the requirements of laws, international standards, and national guidelines on fighting corruption in the most effective manner.

**Business ethics** creates a corporate culture of adherence to high ethical standards of business conduct in organizations and managers and employees' recognition of the impossibility to apply corrupt practices in their activities.

**The Industry Program** was developed in accordance with the requirements of Russian and applicable international laws, guidelines and workbooks of Russian state authorities, public associations, standards of the International Organization for Standardization, as well as taking into account anti-corruption laws and the practice of its application in other countries, developments of international governmental and non-governmental organizations.

**The Industry Program** contains state-of-the-art anti-corruption practices of Russian and foreign organizations, which have proven effective under real business conditions



# TERMS AND DEFINITIONS



## The following terms are used for the purposes of the Industry Program:

**Industry Program** means the Industry Program for Development of Anti-Corruption Compliance and Business Ethics in Moscow Transport Organizations.

**Moscow Transport Organizations** mean legal entities subordinate to the Department of Transport and Road Infrastructure Development of the City of Moscow (hereinafter referred to as the Department), as well as other organizations established by the Moscow Government via the Department. A full list of the organizations is posted at the official website of the Department at: <https://www.mos.ru/dt/organizations/>.

**Industry Program Operator, MDTS** means Autonomous Non-Profit Organization Moscow Directorate of Transport Services the sole founder of which is the Moscow Government represented by the Department.

**MTO(s)** means Moscow transport organization(s).

**MTO Business Partners** mean legal entities, individuals, and sole proprietors entering into contractual relationships with MTOs.

**MTO Director** is the head of a Moscow transport organization.

**MTO Management** means the MTO Director, its deputies, the heads of the MTO units, and other MTO employees who carry out managerial functions.

**MTO Employee** means an individual employed by an MTO.

**Industry Compliance Function** means a centralized function of compliance and business ethics development activity management in an MTO created by the Department, including management of the Industry Program implementation in the MTO.

**Responsible MTO Unit** means the MTO unit responsible for the Industry Program implementation in the relevant MTO, which is functionally coordinated by the Head of the Industry Compliance Function.

**Responsible MTO Official** means the MTO employee, functionally subordinate to the Industry Compliance Function and responsible for the Industry Program implementation in the relevant MTO.



**Corruption Risk** means the risk of corruption manifestations and/or occurrence of corruption situations.

**Due Diligence of MTO Business Partners** means a procedure for identifying financial, legal, tax, corruption, and other risks in the course of interaction with business partners.

**Compliance Audit of MTO Business Partners** means a procedure for identifying creation of a corporate ethical and compliance culture in an MTO.

**Code of Business Ethics and Conduct** means the principal local regulation for creation of a corporate ethical and compliance culture in an MTO.

**Binding Local Regulation** means a local regulation binding upon the MTO.

**Model Local Regulation** means a local regulation on the basis of which a local document is approved in each MTO.

**Hotline** means a mechanism the MTO employees and other concerned parties can use to report violations of laws, the Code of Business Ethics and Conduct, local MTO regulations, misconduct of the MTO directors and employees.

**State Officials** mean public officers, municipal employees, any employees (or other persons) acting within the framework of their official powers or performing any state or control and supervisory function in institutions, departments, divisions, or other bodies of federal, regional, municipal authorities, in representative bodies of state authorities or other legislative bodies, in military or law enforcement agencies, in business or other organizations with a majority stake held by the state or controlled by the state, including fully or partially state-owned and state-controlled organizations, in political parties, in international public organizations, as well as persons who are closely related to them (parents, spouses, children, brothers, sisters, parents and children of spouses, and spouses of children).

**Model Anti-Corruption Clause** means the wording on the obligations of an MTO business partner in the field of anti-corruption compliance and business ethics approved by the Industry Compliance Function, which must be included in all contracts with business partners, and may vary in content for business partners with a low, medium, or high compliance risk.

# ON THE INDUSTRY PROGRAM FOR DEVELOPMENT OF ANTI-CORRUPTION COMPLIANCE AND BUSINESS ETHICS IN MOSCOW TRANSPORT ORGANIZATIONS

The Industry Program includes 11 focus areas summarized in this section. A detailed description of each focus area is provided in the following sections and contains elements to be implemented. The Industry Program also contains a list of laws and regulations of the Russian Federation, guidelines, standards, guides and other regulatory documents in accordance with which the focus areas and elements of the Industry Program requirements have been developed.

The focus areas of the Industry Program combined form a set of tools that are used in the "detection – response – warning" cycle.

Broadly speaking, the Industry Program is sufficiently universal and can be used (with necessary adaptations) by organizations and companies involved in any sector of manufacturing, work performance and service provision.

## Main Focus Areas of the Industry Program

### Focus Area 1. Management Leadership

The leading role of the MTO director should demonstrate that the organization is committed to building a corporate ethical and compliance culture based on the fundamental values of honesty, transparency, and compliance with laws and regulations. The organization and its director adhere to the policy of zero tolerance to corrupt practices.

Setting the tone from the top, the MTO management should openly and publicly declare its rejection of corruption as a way of doing business in the interests of the organization, as well as active and persistent promotion of the organization's ethical values and its participation in Industry Program implementation. This management position must be communicated to all the employees and business partners of the organization.

### Focus Area 2. Organizing the Anti-Corruption Compliance and Business Ethics Function

The industry compliance function shall perform the following main tasks:

1. Functional management of the responsible MTO units and responsible MTO officials.
2. Implementation of the Industry Program in all MTOs.
3. Regular reporting on implementation of the Industry Program.

4. Providing advisory and methodological assistance to the MTO employees in terms of implementation of the Industry Program.

This focus area of the Industry Program defines the principles of activities of the Industry Compliance Function: its independence, self-government, sufficiency of resources, and autonomy.

### **Focus Area 3. Regular Risk Assessment**

Corruption risk assessment is an important element of the Industry Program and affects reliability of the compliance system as a whole.

Corruption risks shall be assessed considering specific activities of the MTO, key business processes, requirements of the applicable anti-corruption laws.

The corruption risk assessment ensures rational distribution of resources for planning and implementing activities to combat and prevent corruption in the MTOs.

**The corruption risk assessment is carried out for the following purposes:**

1. Identification of high-risk business processes during the implementation of which corrupt practices may be used both for personal gain of any individuals and in the interests of any legal entities.
2. Implementation of the Industry Anti-Corruption Policy.
3. Minimization and prevention of corrupt practices.
4. Protection of the legitimate interests of OMTs and improving the security of their assets.
5. Improvement and preservation of the MTO reputation.

### **Focus Area 4. Code of Business Ethics and Conduct, Policies and Procedures**

Code of Business Ethics and Conduct means the principal local regulation for creation of a corporate ethical and compliance culture in an MTO.

The anti-corruption compliance and business ethics requirements in MTOs are regulated based on binding local regulations or by approval of local regulations in MTOs on the basis of and in accordance with model local regulations.

MTOs approve binding local regulations, identify responsible persons and establish control over their implementation deadlines, as well as provide the necessary resources for their implementation.

**Binding local regulations establish mandatory rules for MTOs in the following areas:**

- Business ethics (code of business ethics and conduct),
- Anti-corruption policy,
- Corruption risk management,
- Prevention, detection, and settlement of conflicts of interest, inspection of subordinate organizations, subsidiaries, and affiliates for compliance with anti-corruption requirements, inspection of business partners to identify compliance risks,
- Relations with political parties, funds, and public organizations,
- Hospitality expenditures and business gifts,
- Charity, donations, and sponsorship,
- Current control over implementation of the Industry Program in the MTO,

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- Internal audit and effectiveness evaluation of the activities under the Industry Program,
  - Hotline,
  - Internal investigations,
  - Monitoring, testing, etc.

## Focus Area 5. Training and Communications

Training is a fundamental element of the Industry Program. Anti-corruption training frequency, design, content, target audience are effective ways to implement an ethics, integrity and anti-corruption culture at all MTO levels. The training helps maintain the "tone from the top" of the MTO management in relation to fighting corruption and creates a common data base for all employees who face the risk of corruption in the course of their work.

**The key objectives of training in MTOs are:**

1. Creating and maintaining an adequate culture of ethical behavior and respect.
2. Prevention of corrupt practices and unethical behavior.
3. Creating a basis for legal protection of interests of MTOs when corruption risks are realized.
4. MTO reputation management.
5. Exemption from liability for MTOs.

Apart from conducting training to ensure effectiveness of mechanisms, raising awareness of existing principles, rules and documents on anti-corruption compliance and business ethics, the Industry Compliance Function communicates with the employees on a continuous or periodic basis.

At the discretion of the Industry Compliance Function, the communications may include reminders or simple reference materials encouraging the employees to engage in combating corruption and ethical compliance.

## Focus Area 6. Hotline and Internal Audits

The effectiveness of the Industry Program largely depends on the mechanism the MTO employees and other concerned parties can use to report violations of laws, the code of business ethics and conduct, local MTO regulations, on misconduct of the MTO directors and employees.

The hotline is called "Trust Line" as its main feature is the confidential nature of the communications conveyed using it.

The Industry Compliance Function develops a binding local regulation on the Hotline describing the arrangement and functioning of the Hotline for all MTOs.

**The essential principles of the Hotline are:**

- Availability,
- Confidentiality,
- Possibility to remain anonymous,

- Protection from persecution,
- Rigorous recording of reports,
- Mandatory investigation of any report,
- Liability for false reports.

An industry local regulation on internal investigations should establish a procedure for recording reports received by the Hotline, a procedure for conducting interviews with the reporters and employees, as well as other rules for conducting internal investigations in all MTOs.

Each MTO should have a special commission consisting of the MTO director, heads of its structural units, including the head of the Industry Compliance Function and the head of the responsible MTO unit, or the responsible MTO official. The task of the commission members is to make decisions and report on completed internal investigations.

## **Focus Area 7. Incentives and Disciplinary Action**

Incentives and disciplinary action are essential tools for responding to relevant positive or negative behavior of the employees.

The Industry Program shall be implemented in all MTOs by active use of incentives (encouragement for managers and employees to fulfill the Industry Program tasks), on the one hand, and punitive measures (liability for violations of anti-corruption and labor laws, the code of business ethics and conduct, corporate policies and procedures), on the other hand.

The Industry Compliance Function shall develop a local regulation on bonuses for active participation in implementation of the Industry Program. Such a document should establish forms of incentives and criteria for effectiveness evaluation of the MTO employees' activities.

In addition to the provisions on incentives, provisions on disciplinary liability for violations of the code of business ethics and conduct, local regulations on anti-corruption compliance shall be developed.

The special commission shall apply a disciplinary matrix indicating the types of violations committed by the employees and the corresponding potential liability.

## **Focus Area 8. Relations with Third Parties: Due Diligence**

MTOs shall conduct due diligence on business partners with whom they have a contractual relationship. To audit business partners for corruption risks, MTOs shall adopt a local regulation on compliance audits.

The methods for determining and assessing the level of compliance risk in relations between the MTO and its business partners should use a risk-based approach with the following factors: the nature of business of the business partner, the nature of relationship between the business partner and the MTO, funding sources, volume of business, payment currency, etc.

**The business partner compliance audit includes the following steps:**

1. Receiving a completed questionnaire in the form established by the MTO from the business partner.
2. Analyzing the business partner information and drawing up a compliance audit report.



3. Making a decision based on the compliance audit.

This Section also provides tools for prevention and mitigation of corruption risks in relations between the MTO and its business partners.

## **Focus Area 9. Monitoring and Testing**

Monitoring and testing of the Industry Program helps verify regularly that the program has been implemented, and the implemented procedures and internal controls are effective and correspond to the identified corruption risks and their levels.

**The objectives of monitoring and testing are:**

1. To confirm that the processes and procedures of the Industry Program are implemented, effective and efficient.
2. To identify shortcomings in implementation of the Industry Program.
3. To prepare recommendations and other corrective instructions in order to make the Industry Program more effective.
4. To detect corrupt practices in the process of monitoring and testing.

## **Focus Area 10. Integration of Subordinate Organizations, Subsidiaries and Affiliates**

Integration of subordinate organizations, subsidiaries and affiliates of the Moscow transport system based on implementation of the Industry Program has a major anti-corruption effect.

The Industry Compliance Function shall develop a binding document on consistent implementation of all Industry Program focus areas in the activities of subordinate organizations.

The implementation of the Industry Program in Moscow transport organizations will enable creation and effective implementation of a unified system for prevention of corrupt practices and mitigation of corruption risks.

## **Focus Area 11. External Independent Evaluation**

The question of an external evaluation of the corporate anti-corruption compliance and business ethics program inevitably arises when an organization that has completed implementing all or some of the Industry Program elements needs an objective evaluation of accuracy of the compliance program design for a specific organization and effectiveness of the anti-corruption compliance mechanism component parts.

Regular external evaluations of the Industry Program serve the purpose of maintaining its continuous improvement, determining its effectiveness, and also helps identify deficiencies in anti-corruption procedures and make the necessary changes.

The Industry Compliance Function shall arrange regular external evaluations of implementation of the Industry Program in all MTOs.

An external evaluation can be conducted in different forms and using different methods. In this focus area, external evaluation options from the Anti-Corruption Charter of Russian Business and the Anti-Corruption Rating of Russian Business procedure may be considered, as well as certification under to international ISO standards.

# FOCUS AREA

## MANAGEMENT LEADERSHIP



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**The leadership of the management** (of the entire industry and specific organizations) in development and implementation of the Industry Program is the basis for the anti-corruption strategy of both the entire industry and specific organizations.

Management leadership in the organization's anti-corruption activities is defined as the "tone from the top", a term used to designate the organization management's commitment to ethical business conduct standards and corruption prevention.

## Management Goals and Tasks

The leading role of the MTO director demonstrates that the organization is committed to building a corporate ethical and compliance culture based on the fundamental values of honesty, transparency, and compliance with laws and regulations. The organization headed by its director shall adhere to the policy of zero tolerance to corrupt practices.

Setting the tone from the top, the MTO management openly and publicly declares its rejection of corruption as a way of doing business in the interests of the organization, as well as active promotion of the organization's ethical values and its participation in Industry Program implementation. This management position must be communicated to all the employees and business partners of the OMT.

The MTO director shall ensure implementation of the Industry Program in the organization, provide the resources (human, technical, administrative) necessary for its implementation.

The MTO directors shall ensure cross-functional coordination during regular corruption risk assessment and effective interaction of all the services involved in mitigation of the identified risks.

The MTO director shall approve local regulations based on and in accordance with the model local regulations.

The director's personal example of compliance with the Code of Business Ethics and Conduct and other local regulations demonstrates the need to strictly comply with the requirements of laws and corporate regulations to all the organization employees.

The MTO management shall set a personal example in training in business ethics and anti-corruption compliance. It is the director's duty to actively demonstrate to all the employees attention to the timely completion of the training activities.

The MTO director has an extremely important role in internal and external anti-corruption communications. Regular appearances of the directors in the external media space on the subject of business ethics and corruption prevention will add to the positive image of the organization. Internal anti-corruption and ethical communications involving directors increase the employees' attention to news in these fields and shape their vision of an honest director.

Publications made by the MTO director with positive examples of the organization employees' participation in anti-corruption activities are of particular importance.



The MTO director shall be actively involved in the application of a risk-based approach for auditing business partners of the organization. For business partners with high corruption risks, stricter rules shall be established in the relationship. For example, the anti-corruption clause in this case should detail obligations of the business partner.

The MTO director is the head of the Corruption Prevention and Ethics Commission of the organization tasked with reviewing the implementation of the Industry Program and other current issues, including making decisions based on internal investigations. The tasks of the MTO management also include taking action related to systemic violations revealed by the internal investigations.

The MTO director shall apply disciplinary measures to all employees who violate the established rules without exception, while ensuring that the punishment severity is proportionate to the seriousness of the violation.

The director shall apply moral and material incentives for the employees who are actively involved in implementation of the Industry Program.

The managers of MTO units, subsidiaries and affiliates shall implement all the Industry Program elements adapted to specific conditions within their structures.

Managers of all levels shall adopt prompt decisions regarding corrupt practices they have become aware of, report them to their immediate supervisors, the Hotline, the responsible unit or the responsible official.

In the cases established by laws, the MTO directors shall cooperate with law enforcement agencies acting within their remit.

The MTO management shall use the results of monitoring and testing of the Industry Program elements in the organization, as well as external audit reports and external evaluations at the anti-corruption compliance and business ethics level for continuous improvement of its leadership activities.

The above actions of the MTO management should be continuous. In organizations, management leadership is demonstrated at all organizational levels, by all managers.

# FOCUS AREA

## ORGANIZING THE ANTI-CORRUPTION COMPLIANCE AND BUSINESS ETHICS FUNCTION



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## Organizational Structure

The Industry Compliance Function is a centralized anti-corruption compliance and business ethics development management function in the MTO.

The Industry Compliance Function shall be created and its director shall be appointed by the Department.

Depending on the scope and complexity of the activities of the relevant MTO, a responsible MTO unit shall be created in the MTO structure or a responsible MTO official shall be appointed.

The responsible MTO unit or official shall be responsible for implementation of the Industry Program in the relevant MTO, functionally coordinated by the director of the Industry Compliance Function, administratively subordinate to the MTO director.

## Tasks

**The Industry Compliance Function shall be responsible for the following key tasks:**

1. Centralized management of implementation of the Industry Program focus areas in the MTO.
2. Implementation of a centralized digital platform for Industry Program implementation management.
3. Functional management and methodological support of the responsible MTO units and officials for Industry Program implementation in the relevant MTOs.
4. Development and implementation of an industry action plan to implement the Industry Program in the MTO.
5. Regular reporting on implementation of the Industry Program to the head of the Department.
6. Providing advisory and methodological assistance to the MTO employees in terms of implementation of the Industry Program.



## Main Conditions for an Effective Industry Compliance Function

The Industry Compliance Function shall be provided with sufficient resources to implement the Industry Program.

The Industry Compliance Function should be managed by professionally trained specialists taking into account the qualification requirements for the heads of the Department units.

The Industry Compliance Function Director shall have the required powers and independence in decision making.

The Industry Compliance Function Director shall report directly to the Head of the Department on the progress and results of Industry Program implementation and execution, shortcomings in the activities of the MTO units responsible for preventing and combating corruption, make proposals to improve activities in this focus area.

The director should be directly subordinate to the Department management at the hierarchical level making direct interaction with the MTO directors administratively possible.

## Industry Compliance Function Director

### Duties:

- Industry Program development and implementation management,
- Development and implementation of an industry action plan to implement the Industry Program in the MTO,
- Management of development and implementation of a centralized digital platform for Industry Program implementation management in all MTOs,
- Support of MTO directors in their demonstrating leadership in the field of anti-corruption compliance and business ethics,
- Arrangement of regular corruption risk assessments in MTOs,
- Development of binding and model local regulations (code of business ethics and conduct, anti-corruption policy, regulations and procedures) and having them approved by the Department,
- Arrangement of training of MTO employees and internal communications on combating corruption and business ethics,
- Arrangement of operation of a centralized Hotline ("Trust Line") for MTO employees' reports and management of internal investigations thereof in all MTOs,
- Arrangement of a centralized compliance audit of MTO business partners,
- Monitoring of compliance with anti-corruption requirements and procedure testing,
- Integration of subordinate organizations, subsidiaries and affiliates within anti-corruption compliance and business ethics,
- Arrangement of an external independent evaluation of the level of anti-corruption compliance and business ethics in MTOs,
- Promptly informing the Department management on circumstances that have signs of corrupt practices, violations of the Code of Business Ethics and Conduct, binding local regulations and other documents that may significantly affect the organization's reputation and activities.

**Rights:**

- To receive information and documents from, conduct discussions and interviews with the OMT directors and employees, as necessary to implement the assigned tasks,
- To interact with law enforcement agencies, when signs of violations of anti-corruption laws are detected,
- To conduct internal investigations and audits based on reports received by the Hotline,
- To conduct internal events with MTO employees (workshops, training, tests, meeting),
- To share information and messages via internal communications;
- To continuously improve their qualification, expertise and professional skills,
- To represent the Industry Compliance Function at external public events related to anti-corruption compliance and business ethics as agreed with the Department,
- To report to the head of the Department on implementation of the Industry Program.

## Responsible MTO Unit and Responsible MTO Official

**Duties:**

- Implementation of the Industry Program in the MTO,
- Implementation of an action plan to implement the Industry Program in the MTO,
- Using a centralized digital platform to arrange Industry Program implementation in the MTO,
- Support of the MTO management in demonstrating leadership in the field of anti-corruption compliance and business ethics,
- Conducting regular corruption risk assessments in the MTO,
- Application of binding and model local regulations (code of business ethics and conduct, anti-corruption policy, regulations and procedures) in the OMT,
- Conducting training of the MTO employees and posting anti-corruption and business ethics information in the MTO's internal communications,
- Supporting operation of the centralized Hotline ("Trust Line") for the MTO employees' reports and participation in internal investigations of the reports from the MTO,
- Participation in the centralized compliance audit of MTO business partners,
- Participation in the monitoring of compliance with anti-corruption requirements and procedure testing,
- Participation in the integration of subordinate organizations, subsidiaries and affiliates within anti-corruption compliance and business ethics,
- Participation in the arrangement of an external independent evaluation of the level of anti-corruption compliance and business ethics in MTOs,
- Promptly informing the Industry Compliance Function management on any circumstances that have signs of corrupt practices, and on violations of the code of business ethics and conduct, local regulations or other documents that may affect the MTO's reputation and activities.



**Rights:**

- To receive information and documents from, conduct discussions and interviews with the OMT directors and employees, as necessary to perform the assigned tasks,
- To participate in the conduct of internal investigations and audits based on the reports received by the hotline in relation to the MTO,
- To conduct internal events with MTO employees (meetings, training, tests, gatherings, etc.),
- To share information and messages via internal communications in the MTO,
- To continuously improve their qualification, expertise and professional skills,
- To inform the Industry Compliance Function management on implementation of the Industry Program in their MTO.

# FOCUS AREA

## REGULAR RISK ASSESSMENT



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## Risk Assessment Approach

Corruption risk assessment is an important element of the Industry Program and affects reliability of the compliance system as a whole.

Corruption risks shall be assessed considering specific activities of the MTO, key business processes and requirements of the applicable anti-corruption laws.

The corruption risk assessment ensures rational distribution of resources for planning and implementing activities to combat and prevent corruption in the MTOs.

### **The corruption risk assessment is carried out for the following purposes:**

1. Identification of high-risk business processes during the implementation of which corrupt practices may be used both for personal gain of any individuals and in the interests of any legal entities.
2. Implementation of the anti-corruption policy.
3. Minimization and prevention of corrupt practices.
4. Protection of the legitimate interests of OMTs and improving the security of their assets.
5. Improvement and preservation of the MTO reputation.

### **Corruption risks shall be assessed considering the following factors:**

- MTO size, organizational structure and management decision-making process in the MTO,
- Field, type and location of MTO project activities (actual and anticipated),
- MTO organizational business model,
- Level of actual and legal interactions between the MTO, the Department and legal entities,
- Procedures for interaction with government officials and state owned legal entities,
- Application of voluntarily undertaken commitments under industry standards and contracts with any business partners.

Assessment and reassessment of corruption risks shall be carried out on a regular basis (at least once a year), as well as in case of organizational changes or changes of activities (launching key or strategic projects) of the MTO and should include the following processes:

1. Identification of corruption risks considering the above factors.
2. Analyzing, assessing and prioritizing the identified corruption risks.
3. Evaluation of compliance and effectiveness of internal controls mitigating corruption risks.

The results of the corruption risk assessment should be considered when deciding on cooperation and during compliance audits of business partners.

The criteria for MTO corruption risk assessment shall be established by the Industry Compliance Function. The unit responsible for assessing corruption risks is the Industry Compliance Function, the responsible unit or official in the MTO.

For the purposes of corruption risk assessment, the Industry Compliance Function or the responsible official of the MTO is entitled to request information from any MTO unit or employee as necessary to perform the assigned tasks. MTO units and employees should provide the information or assist the Industry Compliance Function or the responsible official of the MTO in obtaining the requested information.



The assessment objectives, steps, criteria, necessary factors, the principle of ranking risks and other necessary criteria are established by the Industry Program and the relevant internal regulations of the MTO.

## Corruption Risk Assessment Steps

**The corruption risk assessment process includes the following steps:**

1. Identification of corruption risks.
2. Regular annual corruption risk assessment.
3. Semiannual corruption risk analysis and reassessment.
4. Assessment of new corruption risks.
5. Development of corruption risk mitigation measures.
6. Approval of the corruption risk assessment results.

### 1. Identification of corruption risks.

Identification of corruption risks shall be conducted broken down by lines of business, relevant business processes and other relevant criteria established by the Industry Program and local regulations of the MTO.

The main objective of the corruption risk identification is to identify critical points and risk owners in each document, business process and/or line of business.

**Corruption risks shall be identified based on the following data:**

- Analysis of the local regulations,
- Analysis of materials on implementation of projects (presentations, business process diagrams, etc.),
- Analysis of business processes taking into account the sequence of actions and their interconnection with other business processes,
- Analysis of internal controls implemented in documents, business-processes and contracts,
- Level of authority and positions of the employees involved in the relevant processes,
- Data from the MTO information systems and databases,
- Data on prosecution of the MTO or the MTO employees for corrupt practices during the prior period,
- Other required data.

Corruption risks shall be identified by the Industry Compliance Function on the basis of the data and documents received from the responsible MTO unit or the responsible MTO official, relevant departments, from information systems and databases, external sources (mass media, social media, etc.).

**The deliverables at this step is a list of corruption risks.**

### 2. Regular annual corruption risk assessment.

The main objective of the regular annual corruption risk assessment is to determine, for each critical point identified at the corruption risk identification step, the probable way of committing a corruption offense by the MTO employees depending on their positions and powers.

Corruption risks shall be assessed based on the list of corruption risks.

**The corruption risks shall be ranked using a specially developed method which clearly indicates the criteria for classifying corruption risks as one of the following types:**

- High risk,
- Medium risk,
- Low risk.

**Corruption risks shall be assessed considering the following criteria:**

- Assessment of potential harm (harm),
- Assessment of corruption risk occurrence probability (occurrence),
- Assessment of the corruption risk impact (severity),
- Assessment of factors increasing corruption risks (aggravating factors),
- Assessment of the response measures planned and /or implemented in accordance with the corruption risk mitigation plan of the MTO (risk mitigation).

Based on the corruption risk assessment results, the Industry Compliance Function shall prepare a list of positions the appointment of which is related to corruption risks annually.

Based on the corruption risk assessment, a corruption risk map shall be drawn up. The corruption risk map is a tool for monitoring corruption risks and forms the basis of a corruption risk management strategy.

The corruption risk map is also the basis for the MTO management and the Industry Compliance Function's understanding of the factors that impact the occurrence of potential consequences of corrupt practices and lack of vigilance of MTO employees at all levels.

**The corruption risk map shall be drawn up for the following purposes:**

1. Informing the MTO director and the Industry Compliance Function on the identified corruption risk level based on which a corruption risk mitigation plan is to be adopted and approved, as well as at the level of each legal entity of the MTO.

2. Ensuring effectiveness of the Sector Program and its consistency with the MTO business models.

Different categories of MTO employees (from the management to employees) shall be involved in the development of the corruption risk map. Individual participants of the MTO process shall be specified in the relevant local MTO regulations taking into account the organizational structure and titles.

**The deliverables at this step are:**

1. A corruption risk map broken down by the relevant MTO, units/projects/lines of business, stating the rank and owner of each risk.

2. A list of positions the appointment of which is related to corruption risks.

### **3. Semiannual corruption risk analysis and reassessment.**

In order to timely respond to emerging threats and implement preventive measures, the Industry Compliance Function shall monitor the external and internal environment of the MTO every six months and analyze the need to change the level of the relevant corruption risks.

**The deliverables at this step** include a reassessment (if necessary) of the level of the relevant corruption risks, necessary updates to the corruption risk map and the corruption risk mitigation plan.



#### 4. Assessment of new corruption risks

New corruption risks shall be assessed by the Industry Compliance Function upon receipt of information about a new type, form of activities or entry into force of a legislative instrument.

Upon receiving and analyzing the information, the Industry Compliance Function shall, if necessary, supplement or correct the register of corruption risks.

New corruption risks shall be analyzed based on the received inputs on a new type, form of activity or entry into force of a legislative instrument.

**The deliverables at this step are:**

1. An updated corruption risk register.
2. An updated corruption risk map.
3. An updated corruption risk mitigation plan.
4. Development of corruption risk mitigation measures.

#### 5. Development of corruption risk mitigation measures.

With regard to high and medium corruption risks, the Industry Compliance Function shall draw up mandatory recommendations to minimize the corruption risk level, the relevant risk owners in cooperation with the compliance function shall develop corruption risk mitigation plans. Corruption risk mitigation plans shall be approved simultaneously with the corruption risk maps.

The corruption risk mitigation plans shall contain specific deadlines and specify those responsible for their implementation, take into account the necessary financial, human and other resources required for their implementation.

**The deliverables at this step** include a corruption risk mitigation plan for the identified corruption risks.

#### 6. Approval of the corruption risk assessment results.

The corruption risk assessment results shall be approved by the Industry Compliance Function director.

**The corruption risk assessment deliverables include:**

- A register of corruption risks stating the owners of the relevant risks,
- A corruption risk map stating the risk magnitude,
- A list of positions the appointment of which is related to corruption risks,
- A corruption risk mitigation plan for the identified corruption risks

The procedures approved by the corruption risk mitigation plan shall be mandatory for all MTO employees.

For the MTO employees occupying positions the appointment of which is related to corruption risks, additional measures and controls may be applied.

# FOCUS AREA

## CODE OF BUSINESS ETHICS AND CONDUCT, POLICIES AND PROCEDURES



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The anti-corruption compliance and business ethics requirements in MTOs are regulated based on binding local regulations or by approval of local regulations in MTOs on the basis of and in accordance with model local regulations.

## Binding Local Regulations

MTOs shall approve binding local regulations, identify responsible persons and establish control over their implementation deadlines, as well as provide the necessary resources for their implementation.

**Binding local regulations establish rules for MTOs in the following areas:**

- Business ethics (code of business ethics and conduct),
- Anti-corruption policy,
- Corruption risk management,
- Prevention, identification and settlement of conflicts of interest,
- Auditing subordinate organizations, subsidiaries and affiliates for compliance with anti-corruption requirements,
- Auditing business partners to identify compliance risks,
- Relations with political parties, funds, and public organizations,
- Hospitality expenditures and business gifts,
- Charity, donations, and sponsorship,
- Current control over implementation of the Industry Program in the MTO,
- Internal audit and effectiveness evaluation of the activities under the Industry Program,
- Hotline,
- Internal investigations,
- Monitoring and testing,
- Compliance control of candidates for managerial positions,
- Regular assessment of the anti-corruption compliance and business ethics status,
- MTO business partner code of conduct,
- MTO corruption prevention and ethics commission,
- Implementation of anti-corruption compliance and business ethics in subordinate organizations, subsidiaries and affiliates,
- Conducting regular surveys on the involvement of MTO directors and employees in implementation of anti-corruption compliance and business ethics measures,
- Principles of a risk-based approach to organizing training of MTO directors and employees in the field of anti-corruption compliance and business ethics,
- A matrix of disciplinary sanctions for violations of the binding local regulations and local regulations of the MTO on anti-corruption compliance and business ethics,
- Functions, rights and duties of the unit and the official responsible for compliance and business ethics.



## Model Local Regulations

MTOs may enact their own local regulations on anti-corruption compliance and business ethics on the basis of and in accordance with the model local regulations.

**Model local regulations establish model industry rules in the following areas:**

- Developing a corruption risk map of the MTO,
- Bonus payments for active contribution to combating corruption and business ethics development,
- Key performance indicators or compliance and business ethics metrics used in the main bonus system for the management.

## Code of Business Ethics and Conduct

Code of Business Ethics and Conduct means the principal local regulation for creation of a corporate ethical and compliance culture in an MTO. The MTO's Code of Business Ethics and Conduct shall be approved by the MTO director and accompanied by a written communication to the MTO employees when implemented. The communication should reflect the MTO's vision of importance of adhering to ethical principles in its activities, intolerance to manifestations of unethical conduct and should encourage the MTO employees to build their activities in accordance with the rules set out in the Code of Business Ethics and Conduct.

## Mission and Values

Along with the code of business ethics and conduct, the MTO's mission and values in the field of anti-corruption compliance shall be developed and approved.

## Content of the Code of Business Ethics and Conduct

**The Code of Business Ethics and Conduct shall establish ethical principles of conduct for the MTO directors and employees in performance of their duties:**

1. Honesty.
2. Good faith.
3. Respect.
4. Trust.
5. Justice.

The above-mentioned and other ethical principles shall be provided in the code of ethics and conduct as close as possible to the practical reality, free from theoretical and scientific interpretations.

The Code of Business Ethics and Conduct shall describe the Industry Program elements, responsibilities of the directors and employees for implementing the Industry Program and complying with the binding local regulations.

The Code of Business Ethics and Conduct shall contain requirements for the employees' conduct in applying anti-corruption procedures, for example, in the course of conducting due diligence on business partners or when approving hospitality expenses for the business partner director.

The Code of Business Ethics and Conduct shall specify the employees' duties related to all MTO anti-corruption policy elements: what to do when signs of corrupt behavior by business partners are detected, when approval of sponsorship is initiated, etc.

The Code of Business Ethics and Conduct describes examples of good practices, as well as examples of difficult situations with employees' misconduct stating proper actions. The Code of Business Ethics and Conduct should clearly state the MTO's position on the impossibility of concealing violations of anti-corruption rules. All the violations should be met by an unambiguous response from the MTO management.

The Code of Business Ethics and Conduct shall describe in detail the functioning of the Hotline ("Trust line"), including the policy of protecting the reporters from persecution, anonymous reporting, ensuring total confidentiality of reports. Practical examples of Hotline reports and ensuing response of the MTO should be provided.

The Code of Business Ethics and Conduct shall contain not only anti-corruption focus of the employees' conduct, but also requirements for personal data protection, antitrust rules, industrial safety, confidentiality and other areas, combining them into a single document that is easy to use during work.

A specific section of the Code of Business Ethics and Conduct shall be dedicated to the MTO's activities in the field of sustainable development, corporate social liability and employees' involvement in this area.

## **Training**

All the MTO employees shall undergo anti-corruption compliance training using a risk-based approach. The training scope and format shall be determined by the Industry Compliance Function.

## **Mandatory Nature**

Employment contracts of the MTO employees should stipulate the obligation to comply with the requirements of the Code of Business Ethics and Conduct, local anti-corruption regulations, and the employer's right to apply disciplinary actions for their violation.



## Publication and Access

The Code of Business Ethics and Conduct shall be published in soft and hard copy, posted on the MTO's internal server, at the MTO's websites on the Internet.

A video message from the organization director to the employees on importance of adhering to the Code of Business Ethics and Conduct should be posted at the MTO's website.

A link to the Code of Business Ethics and Conduct should be contained in the anti-corruption clauses included in the MTO's contracts with business partners. The MTO should draw the business partners' attention to the need to comply with anti-corruption policy requirements.

Specific requirements of the Code of Business Ethics and Conduct may be set out in a simple and accessible from using creative visualization tools, such as: infographics on conflicts of interest, illustrations of business partners due diligence, posters, calendars, videos, flyers, promotional merchandise.

Free and easy access to the Industry Mission, values, Code of Business Ethics and Conduct and the Hotline should be provided at any location on the corporate website of the MTO.

The Code of Business Ethics and Conduct plays an important part for both MTO employees and third parties, demonstrating the MTO's commitment to honest business, combating corruption and legal compliance.

The Code of Business Ethics and Conduct is subject to regular updates according to changes in the anti-corruption policy, new possibilities in technological support of anti-corruption procedures.

## Anti-Corruption Policy

The anti-corruption policy as a binding local regulation is a set of anti-corruption compliance and business ethics rules and procedures applied in the MTO.

## Regulations on Processes and Procedures

Industry-specific provisions on all significant anti-corruption compliance and business ethics processes and procedures shall be adopted (as a binding local regulation) which should be implemented in a consistent manner in all MTOs.

**These include, in particular, the following industry-specific provisions regulating:**

### **1. In management processes:**

- Corruption risk management,
- Hotline ("Trust Line") management,
- Management of internal investigations,
- Conflict of interest management,
- Management of implementation of anti-corruption compliance and business ethics in subordinate organizations, subsidiaries and affiliates,
- Monitoring and testing management.

## **2. In approval processes:**

- Approval of relations with political parties, funds and public organizations,
- Approval of hospitality expenses and business gifts,
- Approval of charity, donations and sponsorship.

## **3. In compliance audit procedures:**

- Compliance audits of subordinate organizations, subsidiaries and affiliates,
- Compliance audits of business partners,
- Compliance control of candidates for managerial positions.

## **4. In control procedures:**

- Current control over implementation of the Industry Program in the MTO,
- Internal audit and effectiveness evaluation of the activities under the Industry Program,
- Regular assessment of the anti-corruption compliance and business ethics status,
- Conducting regular surveys on the involvement of MTO directors and employees in implementation of anti-corruption compliance and business ethics measures.

## **5. In other processes:**

- Applying principles of a risk-based approach to organizing training of MTO directors and employees in the field of anti-corruption compliance and business ethics,
- Applying the matrix of disciplinary sanctions for violations of the local regulations on anti-corruption compliance and business ethics.

Ensuring consistency in processes and procedures is essential for implementation of digital process solutions.

**In terms of consolidating the unified competence of structural entities, there are the following binding local regulations on:**

- Activities of the MTO corruption prevention and ethics commissions,
- Functions, rights and duties of the MTO unit and official responsible for compliance and business ethics.

## MTO business partner code of conduct



The business partner code of conduct contains the following groups of rules the MTO expects its business partners to follow:

- Loyalty to the Industry Program,
- Corporate governance,
- Anti-corruption obligations,
- Anti-corruption clauses in contracts with business partners,
- Antitrust rules,
- Tax liabilities,
- Compliance with the personal data protection rules,
- Rational use of resources,
- Environment protection,
- Industrial safety,
- Corporate social responsibility,
- Business reputation,
- Protecting the employees' and human rights,
- Hotline and investigation of reports.

The business partners' obligations to comply with the business partner code of conduct shall be included in all contracts with the MTO, and the contract text may include a link to the public resource where it is published.

# FOCUS AREA

## TRAINING AND COMMUNICATIONS



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## Training

Training is a fundamental element of the Industry Program. Anti-corruption training frequency, design, content, target audience is an effective way to implement an ethics, integrity and anti-corruption culture at all MTO levels.

The training helps maintain the "tone from the top" of the MTO management in fighting corruption and creates a common data base for all employees who face the risk of corruption in the course of work.

### **The key objectives of training in MTOs are:**

1. Creating and maintaining an adequate culture of ethical behavior and respect.
2. Prevention of corrupt practices and unethical behavior.
3. Creating a basis for legal protection of interests of MTOs when corruption risks are realized.
4. MTO reputation management.
5. Exemption from liability for MTOs.

During training, directors and employees should direct their efforts towards achieving an understanding of their role in combating corruption, corruption risks and the negative impact of corrupt practices on the MTO activities.

The training should also raise awareness of preventive anti-corruption measures among the MTO directors of all levels, including during changes of management teams.

The Industry Compliance Function is responsible for developing a single risk-based approach to training of various categories of MTO employees, approval of the training frequency and program.

The anti-corruption compliance and business ethics training process should be supplemented with practical examples (considering specific aspects of the activities of various units and lines of business of the MTO): case studies and recommendations on how to recognize, prevent, avoid and report corrupt practices. During the training, the purposes and reasons for adopting a code of business ethics and conduct, an anti-corruption policy, as well as anti-corruption compliance, business ethics procedures and consequences of failure to comply with them are explained.



## Training Schedule and Content

The training schedule and content should comply with the following rules:

1. Determination of the circle of employees to be trained.
2. Using different training styles and approaches depending on the job level and the level of compliance risks in different lines of activity.
3. Mandatory training for new employees.
4. Approval of the training schedule by the MTO director, the obligation to complete it and the possibility of its impact on the employee's motivation.
5. The compliance function director shall perform control over arrangement and completion of the training.
6. An active role of the MTO management and MTO unit directors.

These rules shall be set forth in the local regulations of the MTO and duly approved.

Training programs shall be reviewed regularly in case of changes in the applicable law, best corruption prevention practices, new or changed lines of business of the MTO and for other reasonable causes.

### 1. Determination of the circle of employees.

The requirements for training, as well as the training methods and frequency should correspond to the corruption risk profile of the MTO's activities the employees trained in anti-corruption compliance and business ethics are involved in.

The approach to training of various categories of MTO employees shall be determined by the Industry Compliance Function considering the MTO's organizational structure, the level of corruption risks in specific units and projects, the job level of various employee categories.

### 2. Using different training styles and approaches depending on the job level and the level of compliance risks in different lines of activity.

All the MTO employees shall undergo anti-corruption compliance, business ethics and conduct training using a risk-based approach in the following form:

- Full-time basic training (15 minutes) upon hiring and annually,
- Annual online training (30 minutes),

All trainings shall be updated regularly.

Training of the MTO employees with a high corruption risk shall cover the following issues:

- Obligations of the MTO management and provisions of Code of Business Ethics and Conduct,
- The general concept of corruption, its essence, types and forms,
- Requirements of the applicable law in relation to the established liability for corrupt practices,
- The MTO's anti-corruption compliance system, its main elements and focus areas of the Industry Program,

- Employees' response to corrupt practices (including roles and responsibilities of individual employees).

**Training of the MTO employees with a high corruption risk due to business processes or their job level should be conducted so that these employees would understand the following aspects of their work:**

- Business processes and related corruption risks,
- Necessary verification steps confirming that they have performed corruption risk mitigations,
- Necessary actions to be taken by the employees in case of receiving an unacceptable (illegal) request/demand,
- Possible disciplinary action that may be applied to them in case of misconduct.

**Training of the MTO employees with a medium and low corruption risk shall cover the following issues:**

- Obligations of the MTO management and provisions of Code of Business Ethics and Conduct,
- The general concept of corruption, its essence, types and forms,
- Employees' response to corrupt practices (including roles and responsibilities of individual employees).

### **3. Mandatory training for new employees.**

Mandatory training on anti-corruption compliance and business ethics should be a mandatory assignment for newly hired employees.

If an employee's position changes (from a position with a lower corruption risk to a position with a higher corruption risk), additional training may be assigned according to the established training schedule and content.

If an employee's position changes (from a position with a higher corruption risk to a position with a lower corruption risk), no additional training is assigned.

### **4. Training Schedule**

The Industry Compliance Function shall develop a single timetable/schedule of all training events for all MTOs.

The training shall be conducted annually on a regular basis. The training schedule for each MTO shall be approved by the MTO director upon agreement with the Industry Compliance Function taking into account the Industry Compliance Function's unified employee training plan.

Failure to complete anti-corruption compliance and business ethics training in a timely manner may result in disciplinary action and may affect an employee's incentives.

Failure to complete training according to the established MTO schedule may entail imposition of sanctions, including reduction of bonuses paid to MTO directors and employees. Necessary provisions on this issue shall be included in the relevant local regulation containing provisions on MTO employee incentives.



## 5. Training Control

The Industry Compliance Function shall be responsible for selecting training forms, content, arranging internal and external training events.

The Industry Compliance Function, supported by other units, shall perform centralized control over completion of training by all MTO employees, including recording attendance at all training stages, in order to measure the effectiveness of controls and improve the training program.

### Tasks of the responsible MTO unit or the responsible MTO official:

1. Having the MTO employee training schedule approved by the Industry Compliance Function and the MTO director.
2. Training along with the other MTO employees.
3. Advisory support of the MTO employees on training purposes, content and application during the conduct of their official duties.
4. Inclusion of provisions on disciplinary action for failure/refusal to complete training without a good reason in the MTO local regulations.
5. Reporting on the MTO employee training to the Industry Compliance Function director.
6. Reporting on any difficulties in the MTO employee training process to the Industry Compliance Function director.

Information on training is part of regular or extraordinary reports and/or communications to the Industry Compliance Function.

## 6. An active role of the MTO management and MTO unit directors.

The MTO management and/or unit directors shall, via internal or personal communications with their subordinates, continuously demonstrate their support and set an example by completing the training, which helps promote the idea of the corporate culture of ethical conduct and compliance the organization expects the employees to adopt and demonstrate.

## Forms of Anti-Corruption Compliance and Business Ethics Training for MTO Employees

At the discretion of the Industry Compliance Function, depending on the corruption risk level, the job level and other factors, employees may be trained in the following ways (including but not limited to):

1. In-person group training.
2. In-person individual training (for directors).
3. Online trainings with tests.
4. Round tables and other events on anti-corruption compliance and business ethics involving internal and external experts.
5. Meetings conducted using state-of-the-art technologies with Industry Compliance Function representatives (or with involvement of external experts) in order to answer the employees' questions on corruption risks.

6. Sending employees for advanced training rewarded by diplomas of further education.
7. Sending employees to other external trainings.
8. Sending employees to specialized professional workshops, round tables and conferences on anti-corruption compliance and business ethics.

## Communication

Apart from conducting training to ensure effectiveness of mechanisms, raising awareness of existing principles, rules and documents on anti-corruption compliance and business ethics, the Industry Compliance Function communicates with the employees on a continuous or periodic basis.

At the discretion of the Industry Compliance Function, the communications may include reminders and reference materials encouraging the employees to engage in combating corruption and ethical compliance.

### **The following tools and channels may be used for communication:**

1. Specialized software for automation and centralization of anti-corruption compliance and business ethics activities in the MTO.
2. Sending information messages by e-mail (on changes in laws, internal documents of the organization, investigation results, reminders, etc.).
3. Publishing a corporate newsletter/bulletin on anti-corruption compliance and business ethics.
4. Intranet and the Internet (for example, a separate anti-corruption and business ethics website, an anti-corruption compliance and business ethics webpage on the internal portal).
5. A network drive folder with a selection of local regulations, laws, brochures, recommendations accessible to all employees (in the absence or in addition to a website, a section on the Internet).
6. Posters, newsletters, brochures, memos, presentations, handbooks, etc.
7. Pocket cards and promotional merchandise.
8. Other.

All communications to the employees shall be prepared in the form most convenient and understandable for the employees and contain contact details of the responsible officials of the Industry Compliance Function who can be contacted for advice and clarifications, as well as information on the Hotline ("Trust line").



## Communication Frequency

The Industry Compliance Function shall draw up a content plan (topics and a summary) of internal compliance communications according to the general plan of events, focus areas of the Industry Program, the MTO event schedule, the launch of key projects and other criteria.

Anti-corruption communications should be conducted at least every quarter using various tools and channels.

Communications may vary in type and style for different categories of MTO employees. They should be made effective and interesting, should not be written in a formal legal language, but should preserve the necessary legal meaning.

# FOCUS AREA

## HOTLINE AND INTERNAL AUDITS



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The effectiveness of the Industry Program largely depends on the mechanism the MTO employees and other concerned parties can use to report violations of laws, the code of business ethics and conduct, failure to comply with the local MTO regulations, misconduct of the MTO directors and employees.

The hotline is called "Trust Line" as its main feature is the confidential nature of the communications conveyed using it.

The Industry Compliance Function shall develop a binding local regulation on the Hotline describing its arrangement and functioning for all MTOs.

## Principles

**The essential principles of the Hotline are:**

1. Availability.
2. Confidentiality.
3. Possibility to remain anonymous.
4. Protection from persecution.
5. Rigorous recording of reports.
6. Mandatory investigation of any report.
7. Liability for false reports.

### 1. Availability.

The MTO employees should be able to send their reports at any time using any of the communication channels offered by the Industry Compliance Function.

### 2. Confidentiality.

All messages shall be kept strictly confidential. Only the Industry Compliance Function shall have access to the database of Hotline reports.

### 3. Possibility to remain anonymous.

The Hotline operating rules establish the reporter' right to anonymous reports. Any anonymous report should be considered and reviewed in accordance with general practices.

### 4. Protection from persecution.

A binding local regulation should provide for measures to protect the reporters from persecution by the persons they report to the Hotline. In case of such persecution (demand to withdraw the report, threats of dismissal or loss of bonuses, etc.), the persecutor shall face action from the relevant MTO director, up to dismissal for violating corporate rules. Another measure to protect the reporters is the impossibility to dismiss them during the internal investigation.

### 5. Rigorous recording of reports.

The MTO cannot remove a report made from the report base.

### 6. Mandatory investigation of all reports.

All the reports submitted to the report database shall be reviewed by the Industry Compliance Function which controls the review of communications. The MTO's internal investigations process shall be approved by the Industry Compliance Function.



## 7. Penalty for false reports.

Any reporter submitting a deliberately false report to the Hotline shall be subject to disciplinary action from the MTO director. The falsely accused person may apply to law enforcement or judicial authorities seeking redress for rights violations.

## Hotline Reporting Channels

The following communication channels shall be used for Hotline reports:

- E-mail,
- Hotline telephone using external call center services,
- Specialized software for automation and centralization of anti-corruption compliance and business ethics activities in the MTO.

## Hotline Operating Conditions

The MTO management and the Industry Compliance Function shall make the MTO employees see the Hotline in a positive way as a tool that allows them to detect and eliminate violations in a timely manner.

Information about the Hotline, the rules for its use and communication channels shall be posted in all the MTO offices, at the MTO websites, in mail-outs sent to the MTO employees and other internal communications for the employees to see.

An employee has the right to report violations of the Code of Business Ethics and Conduct not only via the Hotline channels, but also to his/her immediate supervisor, the Industry Compliance Function, the responsible MTO unit and the responsible MTO official, the human resources, or the legal department.

Together with the MTO directors, the Industry Compliance Function shall consider rewarding the reporters whose communications resulted in prevention of serious pecuniary and non-pecuniary damages for the MTO.

The Hotline should not replace communication channels the MTO employees use to request advice and information from the Industry Compliance Function.

The Hotline should be accessible 24/7 all year round.

The report database shall be reliably protected in accordance with the requirements for information security, tamper protection, being mindful of specific confidential information both for the MTO employees and for the MTO's reputation as a whole.

The local regulation on the Hotline should specifically state that reports containing audio, photo and video materials collected in violation of the law or of a private nature, not related to the work process, shall be disregarded and excluded from the materials of internal investigations. In these cases, the reporter shall receive a response stating that the principle of admissibility of evidence was violated.

## Internal Investigations

The internal investigation document should include:

- A procedure for recording the Hotline reports,
- A procedure for interacting with the interviewed reporters and employees,

- A rule stating that the reporter is to be immediately notified that the report has been received by the Hotline, entered in the report database and that an internal investigation has been initiated. In order to keep the course and results of the internal investigation confidential, the reporter shall be informed whether the facts reported by him/her were confirmed.
  - A procedure for sharing the reports subject to internal investigation among the Industry Compliance Function officials,
  - In case of reports showing signs of corruption crimes, the Industry Compliance Function director shall decide to communicate the information to law enforcement agencies as prescribed by laws and local regulations of the MTO.
  - A provision on the completion of an internal investigation within the time established by local regulations,
  - A procedure for handling personal data included in the reports,
  - A provision on drawing up internal investigation plans,
  - Rules for conducting interviews with the MTO employees,
  - A standard form of an internal investigation report,
  - Rules for familiarizing the employees involved with the internal investigation results.
- When conducting internal investigations and collecting evidence, care must be taken to make sure it is not lost or destroyed.

## Reviewing the Internal Investigation Results

The results of internal investigations shall be reviewed collectively in order to avoid a possible subjective approach. Each MTO shall have a special commission consisting of the MTO director, the MTO unit managers, the manager of the responsible MTO unit or the responsible MTO official, as well as the Industry Compliance Function director.

The task of the commission members is to make decisions on each reviewed report on a completed internal investigation. Decisions are generally made in relation to individual MTO employees whose behavior was the subject of an internal investigation. Decisions are also made to correct the detected deficiencies in business processes or internal regulatory documents.

If misconduct of an MTO employee is confirmed, a proposal shall be made to the MTO director to take disciplinary action, impose pecuniary penalties, dismiss the employee at the discretion of the employer or to conduct training.

Systemic decisions include decisions to revise local regulations, update the corruption risk map, prohibit certain actions for the MTO employees, etc.

## MTO Employees' Trust in the Hotline

The MTO management shall demonstrate support for reporters, noting that timely reporting of employees' misconduct helps preserve the organization's reputation.

The MTO employees shall be informed that their reports to the Hotline made in good faith will not have any negative consequences for them and may result in financial and moral rewards.



Regular public events should be held to discuss the problems existing in the MTO with openness and honesty. The format of such events implies creation of an atmosphere of a free discussion, an exchange of opinions, where managers and employees discuss their concerns together and on an equal footing.

If an employee has doubts regarding the propriety of a colleague's behavior, but cannot discuss these doubts publicly, the best course of action would be to report to the Hotline.

The Industry Compliance Function and the MTO directors should be tasked with persistent promotion of the principles of operation of the Hotline. Any industry compliance policy, internal communication, presentation or article of the Industry Compliance Function should reference the Hotline details.

The MTO shall practice compliance days, where one of the topics is a public discussion of the Hotline operating principles for their better understanding by the MTO employees. Information on the Hotline, copies of the code of business ethics and conduct, printed brochures and handouts, business cards with information about the Hotline should be placed in a public place at the MTO.

Promoting the Hotline is a part of corruption and fraud prevention. Hotline reports should not be regarded as a form of "whistle-blowing". Only systematic awareness raising can change the employees' attitude towards the Hotline as a tool for correcting mistakes and expressing general concern for the well-being of their organization.

As a result of actively promoting the Hotline, the MTO employees should develop an accurate and clear understanding of when and in what situations they need to write to or call the Hotline without fear of persecution.

In internal communications and at corporate events, examples of the effectiveness of the Hotline should be given, the reporters may be publicly distinguished and encouraged (with their consent).

## Analytics

The Industry Compliance Function shall regularly analyze the results of Hotline operation and internal investigations for the head of the Department and the MTO directors.

Apart from statistical data on report types, their average review times, the number of employees held accountable, an analytical review of the Hotline activities and internal investigations should contain information on the reasons for the growth or decline of certain report categories, on the connection between implementation of projects within the main line of business of the MTO with the employees' reports to the Hotline, on the need to strengthen internal control, on occurrence of systemic failures to be eliminated to mitigate the risk of their recurrence.

## Testing

In order to test the Hotline for effectiveness, a verification report shall be communicated to the Hotline every quarter. The Industry Compliance Function director shall send a control report to the Hotline and monitor its processing, entering into the report database, appointment of a compliance officer to organize an internal investigation. After an internal investigation plan is drawn up, the testing shall be completed.

# FOCUS AREA

## INCENTIVES AND DISCIPLINARY ACTION



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**Incentives and disciplinary action** are essential tools for responding to positive or negative behavior of the employees.

The Industry Program shall be implemented consistently in all MTOs by active use of incentives (encouragement for managers and employees to fulfill the Industry Program tasks), on the one hand, and punitive measures (liability for violations of anti-corruption and labor laws, the code of business ethics and conduct, corporate policies and procedures), on the other hand.

The MTO directors may be held responsible for inaction, lack or inadequacy of measures to prevent damage to the organization caused by unlawful actions of employees.

## **Incentives for Employees and Directors**

Incentives are aimed at encouraging and motivating employees to behave in accordance with the code of business ethics and conduct. Including criteria related to fulfillment of the Industry Program requirements in the general bonus system indicators indicates the importance of the MTO's tasks in the field of anti-corruption compliance and business ethics.

## **Material Incentives and Key Performance Indicators**

The Industry Compliance Function shall develop a local regulation on bonuses for active participation in implementation of the Industry Program. Such a document should contain the forms of incentives (cash bonuses, valuable gifts) and criteria for evaluating the MTO employees' performance in the field of combating corruption and creating a business ethics culture.

**The bonus system for rewarding employees for their achievements in anti-corruption compliance and business ethics should be based on the following indicators:**

- Familiarizing with all the internal communications sent to the MTO employees as part of the Industry Program during the year,
- Successful completion of all anti-corruption compliance, business ethics and conduct trainings assigned for an employee,
- Speaking at internal corporate anti-corruption and ethical events (not for the responsible MTO unit employees),
- Voluntary participation in the events held by the Industry Compliance Function for all MTO employees during the year,
- Taking initiative to promote the Industry Program and the Code of Business Ethics and Conduct in the relevant unit during the year,
- Having no violations of the code of business ethics and conduct during the reporting year,



- Having no violations of the code of business ethics and conduct within the unit of the rewarded employee,
- No uncompleted internal investigations in relation to the rewarded employee during the reporting period.

All the indicators should be objective, measurable, documented and comparable to historical indicators. No subjective evaluation criteria should be used in the employee incentive system. The listed indicators should be used as part of the key performance indicators for employees and included in the general bonus system with a weight of 10 % to 25 % of the total bonus amount (the values may be adjusted depending on incentive systems).

As regards the incentives for the MTO management and MTO unit managers, the criteria for rewarding for fulfillment of the Industry Program requirements should be focused on the effectiveness of the directors' management methods rather than their individual achievements. Such criteria should include:

- Performing all the tasks from the MTO's Industry Program implementation plan by the unit under the director's management,
- The director's addresses (in a video or written format) to the employees on implementation of the Industry Program during the reporting year,
- Completion of the annual online anti-corruption compliance, business ethics and conduct training by all subordinate employees during the reporting period,
- Speaking at internal corporate anti-corruption and ethical events during the reporting period,
- No violations of the Code of Business Ethics and Conduct within the director's unit during the reporting period,
- No uncompleted internal investigations in relation to the unit director or an employee of the unit during the reporting period.

## Non-Financial Incentives

The Industry Compliance Function shall include a section on non-financial incentives for active participation in implementation of the Industry Program in the incentive document.

**Non-financial incentives may have the following forms:**

- An appreciation letter from the MTO director,
- A business breakfast/lunch with the MTO director,
- An appreciation letter from the Industry Compliance Function director,
- Awarding the "Anti-Corruption Compliance Leader" title,
- Sending to training in further professional education programs in the field of anti-corruption compliance and business ethics,

- Publishing an article on the employee's achievements in corporate or public outlets,
- Awarding the "Leading Anti-Corruption Compliance and Business Ethics Team" title.

The criteria of "active participation of an employee" are described in the document on incentives for Industry Program implementation and should be transparent, measurable, documented, objective and comparable to historical indicators.

Decisions to reward employees for their active participation in Industry Program implementation should be made collectively, considering the opinion of the responsible MTO unit manager, the immediate superior of the rewarded employee, representatives of other departments.

## Disciplinary Action for Violations

In addition to the provisions on incentives, provisions on disciplinary liability for violations of the code of business ethics and conduct, MTO local regulations on anti-corruption compliance shall be developed.

The Industry Compliance Function shall develop a disciplinary matrix stating the types of violations and the corresponding penalties (reprimand, warning, dismissal). The matrix shall be drawn up in order to ensure a consistent approach of the MTO special commissions to penalties for the same violations. Disciplinary sanctions should be proportional to the severity of the violation and its significance to the organization's reputation. For instance, for a single violation of the code of business ethics and conduct with no damage to the organization's property or reputation, an employee may be reprimanded and assigned additional in-person training on the code of business ethics and conduct.

One of the main principles of the anti-corruption compliance and business ethics disciplinary policy is the principle of inevitability of punishment for violations of the code of business ethics and conduct requirements and standards, the organization's anti-corruption policy procedures and rules, regardless of the title, past merits or other conditions.

## Disciplinary Proceedings

The Industry Disciplinary Regulation shall establish procedural rules for disciplinary proceedings in accordance with labor laws, including the following:

- The offender shall give written explanations of his/her conduct,
- Compliance with the established deadlines for special commission meetings (e.g., within 30 calendar days upon submission of an internal investigation report),
- The offender's right to read and appeal against the decision of the commission.

## Internal Communications on the Applied Incentives or Disciplinary Action



The Industry Compliance Function shall prepare internal communications on both incentives and punishment of offenders.

The incentives information should state the employee's achievements, name, title and form of incentive. This method of presenting information reinforces the encouraging and motivating effect. Conversely, information on a violation and disciplinary action should describe the fact of the violation without reference to a specific unit or employee to avoid additional punishment by public exposure. It must be stated how the offender should have acted in compliance with the Code of Business Ethics and Conduct requirements.

## Criminal, Administrative and Other Liability for Violations

Employees violating criminal, administrative, anti-corruption and other laws should face measures stipulated by the relevant laws, regardless of the disciplinary liability under the labor laws.

# FOCUS AREA

## RELATIONS WITH THIRD PARTIES: DUE DILIGENCE



Moscow  
Transport



## Due Diligence on Business Partners

All OMTs shall conduct due diligence on the business partners the MTOs are or plan to be in contractual relationships with.

Due diligence shall be carried out in the areas that affect the performance of the business partner's obligations under the contract with the MTO, including proper legal status, availability of licenses and permits, resources necessary to fulfill its obligations towards the MTO, financial standing, accounts payable and receivable, litigation against the business partner, the business partner's involvement in tax disputes, goodwill, imposition of administrative sanctions and other aspects.

The MTO shall adopt a local due diligence regulation including an anti-corruption compliance audit, appointment of the responsible unit and responsible officials for legal, financial, business, reputation and corruption risks.

The compliance audit of MTO business partners for corruption risks shall be carried out on the basis of a binding local relation, and this procedure shall be controlled functionally by the Industry Compliance Function.

## Risk-Oriented Approach to Compliance Audit of Business Partners

The methods for determining and assessing the compliance risk level in MTO's relationships with business partners should use a risk-based approach that takes into account the following factors:

- Line of business of the business partner (manufacture of vehicles, construction, transportation, charity, etc.),
- Nature of the relationship between the business partner and the MTO (supply, purchase, services, sponsorship, etc.),
- Monetary volume of transactions,
- Domicile and location of the business partner and its bank (offshore),
- Reputation of the business partner (negative publications about the business partner),
- Affiliation of the business partner (its managers) with the MTO employees (conflict of interest),
- Affiliation of the business partner with public officials,
- Interaction between the business partner and public authorities (obtaining permits for themselves or other organizations at their request).



## Compliance Audit of Business Partners

The compliance audit of business partners shall be conducted to identify corruption and other compliance risks for the MTO existing during interaction with a certain business partner, as well as to develop recommendations to eliminate or mitigate the corruption risks.

**All MTO business partners shall be subject to compliance audits, except for:**

- Entities controlled and supervised by the Bank of Russia,
- Public and administrative authorities,
- Law enforcement agencies,
- Control and supervisory authorities,
- MTO subsidiaries and affiliates,
- Organizations with more than 50% of the authorized capital held by the MTO,
- Natural monopoly entities.

## Business Partner Compliance Audit Steps

### 1. Receiving a questionnaire completed by the business partner.

The questionnaire should include the following information on the business partner with documents attached:

- General information about the business partner,
- Expected annual volume of transactions between the business partner and the MTO (in RUB),
- Business volume of the business partner in public procurement for the previous year (in RUB),
- Volume of participation of the business partner in public procurement for the previous year (in RUB),
- Annual sales volume of the business partner in relation to all MTOs for the previous year (in RUB),
- A list of issues where the relationship between the business partner and the MTO involves the business partner's interaction with public authorities on behalf of the MTO,
- The business partner's ownership structure down to the ultimate beneficiary,
- Information on public officials in the business partner's ownership structure (if any),
- Confirmation that the business partner has not been held liable under Article 19.28 of the Administrative Code,

- Confirmation of compliance with Article 13.3 of Federal Law on Combating Corruption No. 273-FZ dated December 25, 2008, by the business partner (with supporting documents),
- Media publications about violations in the business partner's activities and the business partner's position in relation to such publications,
- Confirmation by the business partner that it has conducted compliance audits of the subcontractors it engages in the relationship with the MTO,
- The business partner's consent to include the model anti-corruption clause in the contract with the MTO,
- The business partner's consent to the MTO's right to withdraw from the contract or to enable the MTO contractually to terminate the contract unilaterally if the business partner provides incomplete or inaccurate information in the questionnaire.

The content of the MTO business partner questionnaire for the compliance audit shall be approved by the Industry Compliance Function director as a model Industry Form.

The request to submit a questionnaire shall be sent to the business partner by the MTO unit initiating the contract. The initiating OMT unit is responsible for receiving the questionnaire and documents from the business partner.

A business partner's refusal to complete the questionnaire, its specific items, or failure to submit the required documents to be attached to the questionnaire shall be deemed a circumstance increasing the compliance risk.

Based on the reasoned decision of the Industry Compliance Function director, the compliance audit of the business partner that failed to submit the questionnaire or any supporting documents, or submitted the questionnaire with incomplete data, may be continued with an increased compliance risk.

## **2. Analyzing the business partner information and drawing up a compliance audit report.**

**Analysis of information on the business partner from publicly available sources shall be conducted by the MTO's responsible unit or official using their own resources and include:**

- Verification of the information in the questionnaire submitted by the business partner,
- Analysis of the information on the business partner available online,
- Analysis of the information from specialized information tools (e.g., SPARK, Reputation, etc.).

A business partner compliance audit report shall be drawn up based on the information analysis results. The report may also be drawn up by an external specialized business partner on behalf of and at the expense of the MTO.

**The business partner compliance audit report shall contain:**

- A list of issues verified by the audit,
- A description of the discovered facts and information on the audited issues,
- A description of corruption risk factors (if any),
- Proposed corruption risk level (low, medium, high) established using the corruption risk matrix,
- Recommendations for mitigation of the corruption risk (in the case of medium and high risks).



**Business partners cannot be categorized as having a low compliance risk, if they meet the following criteria:**

- The expected volume of business between the business partner and the MTO exceeds RUB 100 million per year,
- The business partner performed public contracts for a total amount of more than RUB 100 million during the previous reporting year,
- The business partner participated in public procurement for a total amount of more than RUB 100 million during the previous reporting year,
- The business partner plans to represent the MTO's interests before public authorities as instructed by the MTO,
- Findings indicating a possible conflict of interest,
- The business partner is an agent or intermediary in relationships involving the MTO,
- The business partner provides consulting services for the MTO,
- The business partner provides marketing services for the MTO.

### **3. Making a decision based on the compliance audit.**

The decision on the possibility to deal with a low compliance risk business partner shall be made by the responsible unit or the responsible official of the MTO, whose duties include interacting with the relevant business partner.

The director of the unit initiating the procurement shall be responsible for making sure that the contract price for the goods, works, services provided by business partners corresponds to the market prices for comparable goods, works and services.

Compliance audit reports for business partners with medium or high risks shall be submitted to the Industry Compliance Function director.

**A compliance audit report of a medium or high risk business partner should contain one of the following statements:**

- MTO's dealing with the business partner is not recommend due to high compliance risk,
- MTO's dealing with a medium or high compliance risk business partner is approved, provided that the business partner fulfills the MTO's compliance risk mitigation requirements,
- MTO's dealing with the business partner is approved.

The final decision on the possibility of doing business shall be made by the MTO director based on the results of the compliance audit of a medium or high compliance risk business partner. The decision on the possibility of dealing with a specific MTO business partner shall remain valid for 2 years. It may be revised earlier at the discretion of the MTO's responsible unit or official, if the grounds for its adoption have changed.

The responsible MTO official shall, under a specific procedure, using the risk-based approach, regularly check the information on business partners, their beneficiaries, collegial bodies, officials and affiliates for corrupt practices.

The Industry Compliance Function shall determine the procedure for reviewing MTO directors' requests regarding the need to deal with a business partner despite the lack of approval by the Industry Compliance Function director in terms of compliance risks.

## Corruption Risk Prevention and Mitigation Measures

Depending on the business partner's corruption risk level identified using the compliance audit procedure, the responsible MTO official may recommend the following measures to prevent and mitigate corruption risks:

- Sending a written notification on implementation of the Industry Program activities in the MTO with the code of business ethics and conduct, the business partner code of conduct attached to the business partner,
- Including an anti-corruption clause stating that the contract may be terminated unilaterally in case of corrupt practices on the part of the business partner in contracts with business partners,
- Obtaining a written statement of compliance with the applicable anti-corruption laws from the business partner,
- Obtaining a written statement on application of due diligence on its business partners (subcontractors or subsuppliers) from the business partner,
- Obtaining a written statement of absence of public officials among its ultimate beneficiaries from the business partner,
- Including an extended anti-corruption clause in contracts with high corruption risk business partners, also by including a provision on the MTO's right to audit financial documents and accounting data of the business partner relating to transactions with the MTO.

The MTO's responsible unit or official should monitor changes in the business partner's activities (mergers and acquisitions, changes in the articles of association, major lawsuits) that affect the level of corruption risks in the MTO's relationship with the business partner. Routine monitoring of high and medium risk business partners should be conducted at least once a year.

## MTO's Measures to Prevent Corruption in Business Partner Organizations

MTOs may take the following measures to prevent corruption in business partner organizations:

1. Use the business partner code of conduct during the cooperation.
2. Include provisions on compliance with the business partner code of conduct in contracts with business partners.
3. Develop a special online training for business partners on the use of the business partner code of conduct.



4. Include provisions on completing a special online training on the use of the business partner code of conduct by relevant employees of the business partner in contracts with business partners.

5. Hold anti-corruption compliance and business ethics conferences with their business partners.

Dealing with business partners, MTOs may recommend that business partners join the Anti-Corruption Charter of Russian Business, as well as participate in events and/or join professional associations, unions and federations for anti-corruption compliance and business ethics.

## **Monitoring of the Business Partner Audit Procedure**

MTOs should regularly conduct monitoring of the business partner audit procedure.

**The monitoring shall include:**

- Verification of the information in the questionnaire submitted by the business partner,
- Justification of assigning low corruption risk to the business partner,
- Fulfillment of the conditions of approval of medium and high corruption risk business partners.

# FOCUS AREA

## MONITORING AND TESTING



Moscow  
Transport



**Monitoring and testing** of the Industry Program helps verify regularly that the Industry Program has been implemented, and the implemented procedures and internal controls are effective and correspond to the identified corruption risks and their levels.

## **Monitoring and Testing Objectives**

1. To confirm that measures to prevent and identify corrupt practices are implemented, effective and efficient.
2. To investigate any identified deficiencies in implementation of the Industry Program processes and procedures.
3. To prepare recommendations and other corrective instructions to make the Industry Program measures more effective.
4. To identify corrupt practices in the process of monitoring and testing.

The Industry Compliance Function shall be responsible for organizing the monitoring and testing system in the MTO. To conduct monitoring and testing, the Industry Compliance Function may, at its own discretion, engage the MTO's responsible unit or official and/or external advisors.

Monitoring and testing shall be conducted for all the Industry Program focus areas. The monitoring and testing results should demonstrate successful functioning of the anti-corruption compliance system in accordance with the identified corruption risks and may also be used to develop ways of its improvement.

**The monitoring and testing results shall be submitted on a regular basis (at least once a year):**

- By the Industry Compliance Function director to the head of the Department as part of the general reporting procedure of the Industry Compliance Function,
- By the responsible unit or official of the MTO for its legal entity to the Industry Compliance Function director.

Upon reviewing the monitoring and testing results, managerial and/or disciplinary decisions can be made.



## Monitoring

**Monitoring shall be conducted for:**

- Changes/updates in the applicable law,
- Changes/updates in the organizational structure of the MTO,
- Implementation of new technologies or information systems in the MTO,
- New requirements from the Department or expectations from the public in relation to the MTO,
- Launching new lines of business by the MTO,
- Launching new projects by the MTO,
- Reports on internal investigations of the Industry Compliance Function, the MTO's responsible unit or official, the MTO's security department,
- Regulator inspection results,
- Hotline reports and feedback,
- Information from internal and external sources,
- Best practices, anti-corruption compliance standards or compliance systems of organizations similar to MTOs,
- Shortcomings of the Industry Program identified by internal or external auditors, by law enforcement investigations.

**To arrange and conduct monitoring, the Industry Compliance Function may use, depending on the monitoring scope, at its own discretion:**

- Professional analytical information systems,
- Internal information systems,
- MTO reports and internal communications,
- Inquiries to the MTO units,
- Hotline,
- Media publications,
- Other relevant sources of information.

The monitoring results form information for corruption risk assessment/reassessment and corruption risk map revision.

## Testing

Testing shall be performed regularly at 3 control levels:

1. Level 1 controls: testing of internal procedures.
2. Level 2 controls: testing for proper functioning of the level 1 controls.
3. Level 3 controls: internal audit of the anti-corruption compliance system.

### Level 1 Controls Testing

The purpose of testing at this level is to make sure that business processes comply with the adopted procedures, rules and policies.

Business processes shall be tested according to the corruption risk levels stated in the current corruption risk map.

The business processes with a high corruption risk are tested first, then those with medium risks. Decision on testing business processes with a low corruption risk is made by the Industry Compliance Function.

### Level 1 Controls Testing Results

1. Confirmation of compliance of the business processes with the adopted local regulations.
2. Identification of shortcomings in the business processes, missing or ineffective internal controls.
3. Identification of corrupt practices and their potential schemes.

### Level 2 Controls Testing

The purpose of testing at this level is to confirm that level 1 controls is functioning correctly, the corruption prevention system is operating properly.

The Industry Compliance Function director shall approve an audit plan covering the entire corruption prevention system.

The plan should contain a brief description of the key aspects and dates of each audit depending on the corruption category (if audits have already been completed, the plan should include the completion dates and results of each audit).

The following shall be specified for each audit:

- Audit scope,
- Those responsible for the audit,
- Audit methods (how the audit is performed, what supporting documents are requested, what analysis and evaluation methods are used),
- Audit frequency,
- Proposed measures based on the audit results (changes to the corruption risk mitigation plan, updating the corruption risk map, amendments to the local regulations, etc.), if necessary.



The Industry Compliance Function shall summarize the audit materials in its resources (in hard and soft copy): the audit conclusion, the requested documents, downloads from information systems and other materials serving as the basis for the conclusions of the Industry Compliance Function. If requested, the audit results may be submitted to law enforcement agencies as established by law, and the Department must be notified thereof.

### **Level 3 Controls Testing**

The purpose of testing at this level is to determine the effectiveness of the corruption prevention and detection measures.

The unit responsible for testing at this level is the MTO's internal audit unit.

The corruption prevention system shall be audited for compliance with the requirements of the organization, correct implementation and regular updates. The scope and scale of the internal audit of each MTO shall be determined by the relevant MTO internal audit unit based on the MTO size, organizational structure, maturity and level of implementation of the corruption prevention system.

The corruption prevention system internal audit plan shall be submitted to the Industry Compliance Function director in advance.

# FOCUS AREA



## INTEGRATION OF SUBORDINATE ORGANIZATIONS, SUBSIDIARIES AND AFFILIATES



Moscow  
Transport



**Integration of subordinate organizations, subsidiaries and affiliates of the Moscow Transport System into a single operation circuit of the Industry Program shall be performed with centralized methodological support of the Industry Compliance Function, depending on the organizational structure, lines of business, business model, nature and volume of transactions with public authorities and business partners of the MTO.**

The objective of integrating MTOs into a single circuit of operation of the Industry Program is to create a unified anti-corruption system, mitigate corruption risks and implement business ethics principles.



MTO integration is aimed at engaging the MTO management and employees in the anti-corruption processes on a daily basis in performance of their official duties.

# FOCUS AREA



## EXTERNAL INDEPENDENT EVALUATION



Moscow  
Transport



The question of an external evaluation of the corporate anti-corruption compliance and business ethics program inevitably arises when an organization that has completed implementing some or all of the Industry Program elements needs an objective evaluation of accuracy of the compliance program architecture for a specific organization and effectiveness of the anti-corruption compliance mechanism component parts.

**Regular external evaluations of the anti-corruption program serve the purpose of maintaining continuous improvement of the program, determining its effectiveness, and also helps identify deficiencies in anti-corruption procedures and make the necessary changes.**

The Industry Compliance Function shall arrange regular external evaluations of implementation of the Industry Program in all MTOs.

Apart from the external evaluation, the Industry Program may be subject to a critical review of both the Industry Compliance Function itself (self-assessment) and the internal control units of the MTO.

Different aspects of the Industry Program implementation may be subject to the Industry Compliance Function evaluation to be conducted from time to time using specially designed checklists by the Industry Compliance Function itself and jointly with the MTO.

A limited scope audit of compliance with the anti-corruption law requirements in the MTO can be arranged by the head of the Department and the Department of Regional Security and Combating Corruption of Moscow.

Audits of compliance with the anti-corruption law requirements in the MTO may be conducted by the prosecutor's office.

An external quality assessment of the Industry Program implementation will help all MTOs prepare for these limited scope audits.

## **Industry Regulation**

The Industry Compliance Function shall approve an Industry Regulation on External Industry Program Evaluation.

**The Industry Regulation on External Evaluation shall include the following requirements for the external evaluator:**

1. Confirmation of professional reputation of the evaluator.

The external evaluator shall have high professional competence and an impeccable reputation in the professional services market.

2. Independence of the external evaluator.

An evaluator not related to the commissioner shall be engaged to perform an external evaluation. The Industry Compliance Function shall conduct a compliance audit of the evaluator to avoid conflicts of interest and affiliation.

3. The evaluator's experience in conducting external evaluations of compliance programs.

The evaluator shall demonstrate their experience and provide feedback from clients that have already received such external evaluation services.

4. The evaluator shall have their own methods for evaluating anti-corruption programs.

Before entering into an external evaluation contract, the evaluator shall be requested to provide the methods it intends to use for the external evaluation of the Industry Program.



**The Industry Regulation should include a section on the external evaluation scope containing the following main provisions:**

1. The external evaluation should be comprehensive and cover all focus areas of the Industry Program in all the MTOs.
2. The external evaluation should cover both the completeness of the Industry Program regulatory documents and the quality of the implemented compliance processes in the MTO.
3. The evaluator shall check the local regulations on anti-corruption compliance of the MTO for consistency with the laws effective at the time of the external evaluation.
4. The main result of the external evaluation is the determination of effectiveness of the implemented Industry Program focus areas. The degree of influence of the implemented compliance processes and procedures on the probability of occurrence of the identified corruption risks should be established for each focus area.
5. Achievement of the anti-corruption compliance and business ethics key performance indicators assigned for the MTO directors in the MTO should be evaluated.
6. The final conclusion of the external evaluation should include recommendations for the Industry Compliance Function and the MTO to be followed to improve the effectiveness of the Industry Program as a whole and its specific focus areas.

## **Existing Anti-Corruption Compliance External Evaluation Procedures**

Currently, Russia applies several organized procedures to evaluate the status of anti-corruption activities of organizations.

### **1. Anti-Corruption Charter of Russian Business Compliance Evaluation Procedure**

The Anti-Corruption Charter of Russian Business was signed on September 20, 2012, by the four largest Russia business unions: the Russian Union of Industrialists and Entrepreneurs, the Chamber of Commerce and Industry of the Russian Federation, All-Russian Non-Governmental Organization of Small and Medium Businesses OPORA RUSSIA, All-Russian Public Organization Business Russia, at the XI Investment Forum with the participation of the Chairman of the Russian Government.

The Anti-Corruption Charter of Russian Business (hereinafter referred to as the Charter) is a form of "collective action" for combating corruption in the business environment of the Russian Federation. Any Russian organization that shares the goals and objectives of the Charter can become a member.

According to the website <http://against-corruption.ru/khartiya/>, "participation in the Charter and consistent implementation of its provisions confirm that the company has adopted adequate measures to prevent corruption which any organization is required to implement as per Article 13.3 of Federal Law on Combating Corruption No. 273-FZ dated December 25, 2008."

To be included in the register and obtain a certificate, the organization must send an application and a questionnaire in the prescribed form to the business association that signed the Charter.

Main rules and criteria for declaration and public confirmation of completeness, adequacy and effectiveness of the anti-corruption measures implemented in organizations included in the register of the Charter members are established according to the "Guidelines on Methods for Evaluating Anti-Corruption Measures to Declare and Publicly Confirm Implementation of the Provisions of the Anti-Corruption Charter of Russian Business in Organizations".

According to the Charter provisions, each member shall submit a Declaration on Adopted Anti-Corruption Measures (hereinafter referred to as the Declaration) completed by it every other year. The accuracy of the Declaration may be certified in advance by an accredited expert center. A Charter member organization may undergo the public confirmation procedure via an accredited expert center, in which case it will remain in the register for 5 years.

It should be noted that public confirmation via an accredited expert center has only been applied by a few large companies, while submission of Declarations on Adopted Anti-Corruption Measures is more popular among the Charter members.

## **2. Anti-Corruption Rating of Russian Businesses**

The Anti-Corruption Rating of Russian Businesses (hereinafter referred to as the Rating) is a national rating of organizations and companies using the criteria of ISO 37001:2016 Anti-Bribery Management Systems (hereinafter referred to as ISO 37001:2016) and the Anti-Corruption Charter of Russian Business.

The Rating procedure has been applied by the Russian Union of Industrialists and Entrepreneurs since 2019. Any Russian organization wishing to determine the level of compliance of their anti-corruption programs with national and international laws, the Anti-Corruption Charter of Russian Business and international standards can participate in the Rating.

The Rating is based on an "independent evaluation of documented evidence of compliance of companies' activities with ISO 37001:2016 and the Charter.

The evaluation may be conducted in two modes: upon consent of the Rating member organization, directly (the experts evaluate the documents provided by the Rating member, interview the managers and employees of the organization), or indirectly (the experts evaluate the public documents selected by the Rating Committee of the organization).

As a result, a certain Rating is assigned to the organization: from A1, the highest (organizations with the highest anti-corruption level), to C2, the lowest (organizations that take no measures stipulated by the Russian anti-corruption laws).

It should be noted that the Russian Business Anti-Corruption Rating Method provides for full comparability of the rating criteria with the 37 criteria of ISO 37001: 2016 which are included in the independent evaluation criteria (audit criteria used for public confirmation of implementation of the Anti-Corruption Charter of Russian Business provisions (182 criteria in total).

## **3. Certification under ISO 37001:2016 Anti-Bribery Management Systems**

Certification of an organization for compliance with ISO 37001:2016 Anti-Bribery Management Systems may be dictated by the need for an external independent evaluation of the level of compliance of the anti-corruption management system with the criteria of this standard. They are based on the requirements of international treaties and recommendations of international organizations in the field of anti-corruption management in organizations.



This certification seems appropriate for organizations that have already been certified under other international standards, plan to engage actively in foreign trade or an investment project where anti-corruption certification under an international standard will look convincing for Western business partners.

As stated in the ISO 37001:2016 Implementation Guide (Section A.2.1), organizations can choose between implementing an anti-corruption management system as a separate system and implementing the system as part of a wider management system (in this case the organization may refer to ISO 19600:2014 Compliance Management Systems — Guidelines). An organization may prefer to implement this anti-corruption management standard alongside other management systems, such as quality, environment and information security management systems (in this case, the organization shall apply the ISO 9001, ISO 14001, ISO/IEC 27001, ISO 26000 and ISO 31000 standards).

The issue of certification authorities is of particular note. When choosing a suitable certification company, it must be determined what kind of experts it employs, what anti-corruption experience the experts have, what accreditations the certification company has.

#### **4. Opinion of an Independent Audit or Law Firm**

An external evaluation of anti-corruption measures implemented in an organization may be procured from an audit or law firm.

In this case, the audit or law firm experts carry out work similar to the examinations conducted by the Charter or Rating experts, review the organization's internal documents, interview its managers and employees, check the organization's operations for compliance with the anti-corruption laws.

If agreed by the parties, the opinion may be made publicly available, for example, posted at the website of the audited organization. As they enter into contractual relations with the organization, business partners will be able to review the opinion of external auditors or lawyers and rely on their opinion regarding the level of anti-corruption compliance development. In certain cases, the opinion is confidential and its content is not disclosed publicly, but is used solely to confirm compliance with the anti-corruption requirements.

### **Importance of External Evaluations**

Elimination of deficiencies found during the external evaluation improves effectiveness of the existing policies and procedures and becomes the subject of further research and development, improvement of anti-corruption compliance in the organization.

The external evaluation results shall be communicated within the organization and discussed with the managers and employees.

MTOs shall inform the Department and the Industry Compliance Function on the external evaluation results and the measures taken by the organization to address the identified deficiencies.

The external evaluation results may be used to assess the key performance indicators of compliance units and their directors.

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