

Anti-corruption and compliance in Russia

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Agenda

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- Bribery & Corruption
 - Preventing money laundering
 - Sanctions
 - Business partner Due Diligence
 - Compliance Management System

Corruption prevention

Bribery

What constitutes a violation:

- Passive bribery of a Russian/foreign official
- Active bribery of a Russian/foreign official
- In-between bribery
- Fraud
- Commercial bribery
- Attempted bribery of a Russian/foreign official

A bribe is defined as money, securities, property, rights or services for any actions/inactions for the benefit of a briber.

Illegal remuneration on behalf of a legal entity of any official or manager is prohibited.



Potential risk zones

- Bonuses for sales
- Bidding
- Deals with state authorities



Mitigation methods

- Anti-bribery commitment
- Ongoing training
- Compliance audit
- Unbiased investigations

Money laundering



Money laundering

The process of creating the appearance that large amounts of money obtained from serious crimes originated from a legitimate source




Potential risk zones

- Payments to third parties
- In-between agreements
- Petty cash
- Bookkeeping



Mitigation methods

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- Know your client
 - Implementation of relevant policies and procedures
 - Special attention to deals involving offshore entities, charities, cash and politically exposed persons
 - Correct bookkeeping

Sanctions



EU Sanctions

- Arms export and import, and related materiel/services
- Dual-use goods export
- Prohibition to satisfy certain claims
- Financial measures
- Restriction on services

valid until 31.1.2019

US Sanctions

- Blocking sanctions against individuals and entities (SDN List)
- Sectoral sanctions against entities operating in sectors of the Russian economy (SSI List)
- Investment ban and prohibition on the exportation or importation of goods, technology, or services to or from Crimea
- Sanctions with respect to undermining cybersecurity
- Sanctions with respect to investment in or facilitation of privatisation of state-owned assets by the Russian federation*
- Prohibition of all transactions in all property and interests in property of several Russian banks, if such property and interests in property are in the US, come within the US, or come within the possession or control of a US citizen
- Sanctions on transactions with certain Russian political figures
- Prohibition and sanctions on transactions relating to new sovereign debt of the Russian federation.




Mitigation methods

- Sanctions analysis of the deal
- Business partner Due Diligence

Business partner Due Diligence




Business partner Due Diligence



The detailed examination of a company and its financial records prior to a formal business arrangement with it



Typical red flags

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- Excessive "commissions"
 - Success fees
 - Unreasonably large discounts
 - "Consulting agreements" with vaguely described services
 - BP is related to or closely associated with an official, or became involved at the request of an official
 - BP is a shell company and/or incorporated in an offshore jurisdiction
 - Cash payments, large bonuses or upfront payments



Mitigation methods

- Proper background checks prior to entering into the deal
- Efficient compliance control system

Compliance Management System



Benefits of compliance

An effective corporate compliance programme can:

- Help prevent a company, its officers and employees from criminal and civil fines
- Protect its Directors and shareholders from personal liability

Implementing compliance

Commit to compliance by way of:

1. Appointing a compliance officer: reporting to HQ
2. Code of Conduct and relevant policies, procedures and contract clauses adoption: considering Russian law
3. Ongoing team training
4. Ensuring effective control and investigations: whistleblowing, anonymity guaranteed
5. Regular auditing: internal and external compliance audit
6. Exercising Due Diligence



Questions





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