

**«APPROVED»**  
**by a resolution of**  
**Rostelecom Management Board**

**Minutes No 04**  
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**PJSC ROSTELECOM ANTI-CORRUPTION POLICY**  
**(Version 2)**

**Moscow**  
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## INTRODUCTORY WORD BY MR. M.E. OSEEVSKIY, ROSTELECOM PRESIDENT

Dear Colleagues,

We often hear the word "corruption", but we do not always clearly understand what is behind this concept. And the document that you are reading today is intended to establish standards of staff members conduct to prevent corruption in our Company.

Currently Rostelecom is transforming into a provider of digital services, expanding the range of products, extending the customer base and improving the service quality. All these transformations will be impossible without involvement of every employee, without fostering the atmosphere of trust within the Company and gaining confidence of our customers.

Corruption is our worst enemy on this path. Any inappropriate actions will undermine the credibility of our Company, lead to degradation of relations and damage Rostelecom's image. But it is within our power not to allow this to happen. Therefore, it is essential that everyone should not only read the Anti-Corruption Policy, but also adhere to all the rules stated in it.

The famous Chinese reformer Wang Anshi in his writings on corruption in the 11th century pointed out two sources of corruption: "ineffective laws and bad people." Rostelecom Anti-Corruption Policy will help us establish clear "rules of the game" so that there should be no room for "bad people" in our Company.

For a number of years Rostelecom has been making a lot of efforts aimed at corruption prevention and raising standards of ethics. The Company has set up a hotline for reporting any potential violations that can be used anonymously by any employee. Adoption of an updated anti-corruption policy is a logical extension of this work and an important step towards its improvement.

It is important to understand that fight against any manifestations of corruption in Rostelecom will not be formal. Everyone will bear responsibility for his/her actions - from the CEO down to the lowest rank employee.

M.E. Oseevskiy,  
President of PJSC Rostelecom



## I. INTRODUCTION

Rostelecom Anti-Corruption Policy (hereinafter referred to as the "Policy" or "Anti-Corruption Policy") establishes the basic principles and requirements regarding compliance with provisions of the anti-corruption law by Rostelecom, members of its Management Board, the Audit Commission, the Company top managers and employees.

This Policy sets forth the following goals for the Company:

- to minimize the risk of involvement in corruption activities of the Company or its employees, regardless of their position;
- to ensure that contractors, employees and other persons have the same understanding of the Company policy with regard to unacceptability of corruption in any form and aspect;
- to generalize and explain the main requirements of anti-corruption legislation that can be applied to the Company and its employees;
- to ensure that employees know and comply with the principles and requirements of this Policy, the basic norms of anti-corruption legislation and reasonable measures aimed at prevention of corruption.

This Policy is subject to and complies with applicable law of the Russian Federation, Rostelecom Charter and other internal documents of the Company with account of the requirements of generally accepted principles and international law standards, international treaties and anti-corruption legal acts.

All Company employees shall be guided by this Policy and strictly abide by its principles and requirements.

The principles and requirements of this Policy shall be binding for the Company counterparties and agents as well as for other persons if their respective duties are specified in their contracts or their internal documents or directly arise from applicable law.

## II. TERMS AND DEFINITIONS

The following terms and definitions are used in this Policy:

**Anti-corruption law** – The Russian Federation Federal Law On Corruption Counteraction of December 25, 2008, No. 273-FZ , the Criminal Code of the Russian Federation, the Civil Code of the Russian Federation, Russian Federation Administrative Offences Code and other federal acts and subordinate legislation of the Russian Federation that include provisions aimed at combating corruption as subsequently amended and (or) supplemented

**Government official** – any Russian or foreign person either appointed or elected, holding a position in a legislative, executive, administrative, judicial or international organization; any person discharging a public function for the state including a government authority, institution or enterprise; leading politicians, officials of political parties, including candidates for political posts, ambassadors, managers and employees of government authorities, institutions and enterprises;

**Company** – PJSC Rostelecom;

**Counterparty** – a person or entity with whom/which the Company has made or is going to make a contract or any other deal;

**Conflict of interest** - a situation in which personal interest (direct or indirect) of one or several employees and/or associated persons, affects or can affect the proper, fair and unbiased performance by him/her/them of official (employment) duties (exercise of powers).

**Corruption** – abuse of office, giving or accepting bribe, abuse of authority, commercial bribe or any other illegal use of his/her position by a person in contempt of legitimate interests of society and state for

gaining benefit in the form of money, valuables, other property or property-related services, other property rights for himself/herself or third persons or illegal provision of such benefit to the said person by other individuals or commitment of such deeds for and on behalf of an entity;

**Personal interest** – a possibility of acquisition by an employee or his family members of income in the form of money, other property including property rights or property-related services, results of performance by any work or any benefits (advantages) for him/her or associated persons;

**Combating corruption** – practices of federal government authorities, government authorities of constituent entities of the Russian Federation, local government bodies, civil society institutions, entities and individuals within their competence aimed at:

- a) prevention of corruption including revealing and subsequent elimination of the causes of corruption (corruption prevention);
- b) revealing, prevention, suppression, exposure and investigation of corruption offences (fighting corruption);
- c) minimizing and/or relieving consequences of corruption offences;

**Employee** – is used with regard to part-time and full-time employees as well as persons performing work (providing services) on the basis of contract agreements during the whole term of an agreement;

**Senior management** – as applicable to the Company's President, Senior Vice Presidents, Vice Presidents, Executive Vice President, Chief Accountant, Corporate Secretary, Department Directors, executives with immediate subordination to the Company's President;

**Staff members** – is used collectively with regard to the senior management, employees, members of the Management Board and the Audit Commission;

**Sponsorship** – means provision or ensuring provision of funds for arrangement and/or carrying out a sport, culture or any other event, creation and/or broadcasting of TV or radio programs or creation and/or using of any other result of creative content;

**Associated persons** shall mean persons that are close relatives of an employee (parents), a husband/wife, children, brothers or sisters as well as brothers, sisters, parents, children of a wife/husband and husbands or wives of children), persons or entities with which an employee and/or his/her close relative has property, corporate or other close relations.

### **III. ANTI-CORRUPTION LEGISLATION**

The Company and all its employees shall comply with the norms of the anti-corruption legislation, universally acknowledged principles and norms of international law and international treaties of the Russian Federation as well as the principles and requirements of the Policy in any country of the world.

The main requirements of the anti-corruption legislation have been shaped as follows:

- ban on giving bribe, i.e. provision or promise of provision of any financial or other benefit/advantage to make a person perform his/her official duties in an improper way;
- ban on bribe taking, i.e. taking or consent to take any financial or other benefit/advantage for undue performance of his/her official duties;
- ban on subornation of a government official, i.e. provision or promise of provision (directly or through other persons) to a government official of any financial or other benefit/advantage to affect performance by him/her of his/her official duties with a view to receive (retain) business or ensure competitive or other advantages for a business entity.

In consideration of the foregoing it is strictly forbidden for the staff members to engage in corruption activities either directly or indirectly or through third parties, to offer, give promise, request or take bribe or make payments to simplify administrative, bureaucratic or any other formalities in any form including

in the form of money, valuables, services or another benefit to any persons or from any persons or entities, including businesses, government and self-government authorities, government officials, private companies and their representatives.

#### **IV. PRINCIPLES**

The key principles of the Anti-Corruption Policy are as follows:

##### **4.1. Mission of the top management**

Members of the Management Board and Audit Commission, the Company senior management shall form an attitude of "zero tolerance" to any forms of corruption at all levels, setting an example by their behavior and ensuring acknowledgement of all staff members and counterparties with the Anti-Corruption Policy.

##### **4.2. Non-acceptance of corruption**

The Company adheres to the principle of non-acceptance of corruption in any form ("zero tolerance" principle) in the course of financial and business activities, including cooperation with counterparties, representatives of government and local government authorities, government officials, its own staff members or any other persons.

##### **4.3. Regular assessment and mitigation of risks**

The Company regularly makes arrangements for revealing and subsequent update of corruption risks placing special emphasis on risks typical for its activity, operation areas and potentially sensible business processes. The Company works out and introduces corruption fighting procedures that are reasonable and proportional to the level and nature of revealed risks.

##### **4.4. Cooperation with counterparties**

The Company intends to cooperate only with those counterparties whose activities comply with the principles of law and who are ready to adhere to this Policy and anti-corruption legislation and to render assistance aimed at ethic performance of business and prevention of corruption.

The Company welcomes in every possible way adoption by counterparties of internal regulations similar to this Policy with the aim of prevention of involvement in corruption activities.

##### **4.5. Informing and training**

The Company provides free access to this Policy at its website at [www.rostelecom.ru](http://www.rostelecom.ru) in the Internet information and telecommunications network. It openly declares its non-acceptance of corruption and welcomes and encourages compliance with the principles and requirements of this Policy by all counterparties, staff members and other persons.

The Company contributes to increasing the level of anti-corruption culture by way of informing and systematic training of employees in order to maintain their awareness in the matter of corruption counteraction.

##### **4.6. No-retaliation policy**

No sanctions can be applied to an employee for:

- refusing to give or take a bribe, commit commercial bribe or act as an intermediary in bribery including cases when as a result of such refusal the Company suffers damage, loss of profit or does not receive commercial and/or competitive advantages;
- honest report of alleged violations, facts of corruption, other abuses or inadequate efficiency of current control procedures.

#### **4.7. Monitoring and control**

The Company monitors the efficiency of adopted procedures focused on corruption prevention, controls adherence to them and enhances them when necessary.

### **V. ANTI-CORRUPTION ACTIVITIES**

The Company implements this Policy in the following ways:

#### **5.1. Adoption of internal regulations**

The Company performs anti-corruption expert evaluation of key internal regulations and draft regulations to reveal provisions which are conducive to corruption (corruption factors) and work out proposals for their elimination.

#### **5.2. Conflict of interests**

Conflict of interest management is one of the most important anti-corruption mechanisms. Thus the Company pays much attention to prevention of realization of risks associated with a conflict of interests and their elimination.

Any employee of the Company shall perform his duties in the best interests of the Company and avoid situations or circumstances in which his private interests will contradict the interests of the Company. In the event of a conflict of interest (or the possibility of its occurrence), an employee shall report this to the Company so that relative responsive measures could be taken.

#### **5.3. Gifts and hospitality expenditures**

According to Rostelecom Code of Ethics gifts including those in the form of services provision shall not put the receiving party in dependent position. Staff members can receive from third parties and offer business gifts which meet the following requirements:

- they are not banned by law;
- they meet the requirements of the applicable law and internal regulations of the Company;
- they cannot be deemed as commercial bribe or an attempt to bring influence;
- they are not received or offered on a regular basis;
- they do not create reputational or other risks for the Company in the event of disclosure of information about gifts or hospitality expenditures;
- they are not offered or received in the course of procurement procedures and/or during direct talks when making contracts with the Company counterparties.

It is not allowed to give gifts to third parties in the form of money either in cash or non-cash regardless of the currency, on behalf of the Company, its staff members or agents.

#### **5.4. Due diligence of Counterparties**

The Company refrains from cooperation with counterparties if such cooperation results in violation of the principles of this Policy or norms of the anti-corruption legislation.

The Company takes reasonable measures to mitigate the risk of business cooperation with counterparties that can be involved in corruption activities. For this purpose comprehensive due diligence of the counterparty shall be accomplished before the start of cooperation.

To comply with the principles and requirements envisaged in the Policy the Company includes anti-corruption terms (clauses) in contracts with counterparties and reserves the right for termination of contracts with counterparties in case counterparty is involved in any corruption activities.

### **5.5. Participation in charity and sponsorship**

As a socially responsible member of society the Company is involved in charity work. The Company does not finance charity or sponsorship projects to obtain or retain advantages in business activity. Nor does it make any donations to political activities.

The Company exercises control over targeted use of resources donated in the course of charity work and sponsorship.

Information about the charity work and sponsorship is available at the Company's website at [www.rostelecom.ru](http://www.rostelecom.ru) in the Internet information and telecommunications network or is made public otherwise through mass media for example.

Subject to applicable law of the Russian Federation staff members are entitled to participate in public associations such as political parties, public organizations, civic movements, public funds and other non-profit institutions, which do not aim at getting or retaining any advantage for the Company in business activity.

### **5.6. Cooperation with government officials**

The Company refrains from covering any expenses of government officials or members of their families (or in behalf of them) to get or retain advantages in business activity, including transportation and accommodation costs, costs on food, entertainment, PR-campaigns etc. or from offering advantages to them at the cost of the Company.

### **5.7. Cooperation with intermediaries and third parties**

The Company and its staff members are not allowed to engage or use intermediaries, partners, agents and other third parties to perform any activities that contradict the principles and requirements of the Anti-Corruption Policy or norms of anti-corruption legislation.

The Company ensures the existence of verification procedures with respect to intermediaries, partners, agents, and other third parties to mitigate or prevent risks of involvement of the Company in corruption activities.

To implement the principles and requirements envisaged by the Policy the Company includes anti-corruption terms and provisions in contracts made with intermediaries, partners, agents and other third parties.

### **5.8. Keeping accurate book records**

All financial operations shall be recorded in the Company's book records. They shall be documented and be available for audit.

Incorrect information about the financial and property status of the Company due to infringement of the established order of accounting record-keeping or misstatements of accounting, statistics or financial records is not allowed.

### **5.9. Reporting violations**

Any employee who has information about violation of the requirements of this Policy by the Company staff members, counterparties or other persons cooperating with the Company shall report this to the Company's Asset Protection Department or to the Company senior management using one of the feedback channels existing in the Company.

- PJSC Rostelecom has several channels designed to receive complaints about corruption and fraud, violations of the provisions of the Code of Ethics of PJSC Rostelecom and other violations of legislation related to the scope of the company:

- telephone "Line of Trust" **8-800-1-811-811**, which can be used by both Company staff members and third parties;
- "Hot line for compliance with the Code of Ethics" - [ethics@rostelecom.ru](mailto:ethics@rostelecom.ru);
- feedback form to report violations on the anti-corruption portal <http://www.nocorruption.rt.ru>.

The Company guarantees confidentiality in respect of a person who has reported a fact of corruption in compliance with applicable law.

### **5.10. Audit and control**

The Company performs on a regular basis internal and external audit of financial and business activities, exercises control over complete and accurate book keeping and compliance with anti-corruption laws and the Company internal documents including the principles and requirements established by this Policy.

The internal control procedures foresee checking by the Company of:

- the efficiency and effectiveness of business activities including the achievement of financial and operational targets, soundness of assets;
- reliability and timeliness of accounting (financial) and other records;
- compliance with applicable law, requirements of this Policy in the course of financial and business activity and accounting maintenance.

## **VI. PREVENTION OF CORRUPTION**

Prevention of corruption in the Company is ensured by the following measures:

- applying a single corruption counteraction policy on the Company level, forming the culture of zero tolerance of corruption by staff members;
- cooperation of the Company with government authorities, state-owned and commercial organizations, civic institutions with regard to combating corruption;
- taking administrative, stimulus and other measures aimed at a wider involvement of staff members in combating corruption, development in the Company of a negative attitude towards corrupt behavior;
- enhancement of the Company's internal control system;
- ensuring transparency, fair competition and neutrality in the course of financial and business activities of the Company and cooperation with counterparties;
- improvement of the procedures on using the Company's property and resources and mechanisms of transfer and disposition of property rights;
- training and consultation of employees with regard to combating corruption;
- introduction into Company's HR practices of certain compliance requirements for the Company's executives and candidates for the Company senior management;
- introduction into Company's HR practices of rules according to which long-term, faultless and effective performance by an employee of his/her duties in compliance with this Policy shall be taken into account when making a decision on employee's promotion;
- improvements in the anti-corruption portal **nocorruption.rt.ru** and in telecommunications network Internet aimed at anti-corruption education of staff members and other persons.



## **VII. REPORTS**

Relative reports are prepared based on the results of compliance controls performance and monitoring of compliance with the norms of the Anti-Corruption Policy, anti-corruption laws and internal anti-corruption procedures and analysis of their effectiveness.

## **VIII. LIABILITY**

The Company staff members irrespective of their position shall be held liable according to applicable law and/or the terms of a labor contract for violation of the principles and requirements of the Anti-Corruption Policy as well as for the actions (failure to act) of their subordinates leading to violation of these principles and requirements.

The persons violating the requirements of this Policy and anti-corruption laws may be subject to disciplinary, administrative, civil or criminal liability at the initiative of the Company, law enforcement agencies or other third parties in the manner and on the grounds provided for in the legislation of the Russian Federation, internal documents of the Company and labor contracts.

## **IX. INTRODUCTION OF CHANGES**

The Anti-corruption Policy of PJSC Rostelecom is subject to approval by the Company's Management Board.

At any time, with or without notice, Rostelecom Management Board may make amendments and additions to this Policy based on the interests of the Company, its shareholders, investors and other stakeholders.