Approved by the decision

of the Board of Directors

of Oil and Gas Company «RussNeft», OJSC

Minutes № \_\_\_\_\_\_\_\_

dated «\_\_» \_\_\_\_\_\_\_\_ 2011

OPEN JOINT STOCK COMPANY

OIL AND GAS COMPANY «RUSSNEFT»

**ANTI-BRIBERY POLICY**

Moscow, 2011

**1. DOCUMENT PURPOSE**

* + 1. The present Anti-bribery Policy (hereinafter referred to as «the Policy») is the core document of Oil and Gas Company «RussNeft», OJSC (hereinafter referred to as «the Company»), which defines the key principles and requirements aimed at bribery prevention and compliance with the rules of the applicable anti-bribery laws by the Company, its management, employees and other persons, who may act on behalf of the Company.
    2. Based upon the Policy, the Societies, incorporated in the structure of the Company (hereinafter referred to as «Societies»), adopt their own anti-bribery policies, which define the key principles and requirements aimed at bribery prevention and compliance with the rules of the applicable anti-bribery laws by the Societies, their management, employees and other persons, who may act on behalf of the Societies.
    3. The Policy was worked out in accordance with the law of the Russian Federation, the Articles of Incorporation and other internal documents of the Company with the due account for the requirements of the generally recognized principles and norms of international law and international instruments, as well as the UK Bribery Act 2010.
    4. The Policy is formulated with the consideration for the fact that in Russia, in the UK and other countries all over the world “the corruption”, “the corrupt practices” and “the corrupt activities” will be, as a rule, considered as bribery, mediation in bribery, abuse of official position or official misconduct, corrupt business practices, facilitating payments, unlawful use of the official position for the purpose of obtaining benefits in the shape of money, things of value, other assets, services, any rights for oneself or other persons, or unlawful provision of benefits or rights to that person by other persons.

**2. POLICY OBJECTIVES**

2.1. The Policy reflects the commitment of the Company and its management to the high ethical standards and principles of honest conduct of business, as well as the urge of the Company to improve the corporate culture, and the desire to follow the best practices of corporate governance and sustention of business reputation of the Company at an adequate level.

2.2. The Company sets itself the following goals:

* To minimize the risk of involving the Company, the members of the Board of Directors, the President and the employees of the Company, regardless of their position, (hereinafter jointly referred to as “the Employees”), in the corrupt activities.
* To form for the shareholders, the investment banking professionals, the counteragents, the Employees, the Societies, their board members, employees and other persons the understanding of the policy of the Company on rejection of corruption in all its forms and manifestations.
* To summarize and explain the basic requirements of the anti-bribery law of the Russian Federation and the UK, which may be applied to the Company and the Employees.
* To define the duty of the Employees of the Company to know and to observe the principles and requirements of the present Policy, the key norms of the applicable anti-bribery law, as well as the adequate bribery prevention procedures.

**3. SCOPE OF REGULATION AND OBLIGATIONS**

3.1. All Employees of the Company should follow the present Policy and to strictly observe its principles and requirements.

3.2. The President of the Company is responsible for the organization of all activities aimed at implementation of the principles and requirements of the present Policy, including the appointment of the persons responsible for the development of anti-bribery procedures, their implementation and control.

3.3. The principles and requirements of the present Policy are applied to the contractors and the representatives of the Company, to the Societies, their board members and the employees, as well as to other persons in those cases, when the respective responsibilities are fixed by the contracts with them, by internal documents or directly result from the law.

**4. APPLICABLE ANTI-BRIBERY LAWS**

4.1. The Russian anti-bribery law: the Company and all Employees should observe the regulations of the Russian anti- bribery law specified, among others, by the Criminal code of the Russian Federation, the Administrative Offences Code of the Russian Federation, the Federal Law “On fight corruption” and other normative acts, the basic requirements of which are the prohibition of giving bribe, prohibition of taking bribe, prohibition of corrupt business practices and prohibition of mediation in bribery.

4.2. The UK anti-bribery law: the Company and the Employees should observe the regulations of the “UK Bribery Act”, the basic requirements of which are formulated as follows:

4.2.1. prohibition of giving bribe, i.e. (i) provision or (ii) promises to provide any financial or other benefit / advantage with intent to induce any person to perform his/ her duties improperly;

4.2.2. prohibition of taking bribe, i.e. (i) deriving or (ii) consent to derive any financial or other benefit/ advantage for the performance of his/ her official duties improperly;

4.2.3. prohibition of corrupt payments to foreign public officials, i.е. (i) provision or (ii) promises to provide (directly or through the third parties) to foreign public official any financial or any other benefit/ advantage in order to influence the performance of his/ her official duties to obtain/ retain business or provide competitive or other advantages for the commercial organization;

4.2.4. failure of a commercial organization to prevent bribery by the person, associated with it, to another person on behalf of the commercial organization, i.e. if the commercial organization cannot demonstrate that it has adequate procedures in force to prevent bribery, then such organization is responsible for giving bribe by the person rendering services for and on behalf of the commercial organization (for example, agent, subsidiary, employee) in order to obtain or retain business, to provide commercial and competitive advantages.

4.3. Given these premises, all Employees of the Company are strictly forbidden, directly or indirectly, personally or through the mediation of the third parties, to participate in the corrupt activities, to offer, give, promise, ask for or take bribe, or to make payments to simplify the administrative, bureaucratic and other formalities of any kind, including in the form of monetary assets, values, services or other benefits to any persons and by any persons or organizations, including commercial organizations, regulatory bodies and public authorities, public officers, private companies and their representatives.

4.5. The Company and its Employees should observe the generally recognized principles and standards of international law and international agreements entered into by the Russian Federation, anti-bribery laws of Russia and the UK, as well as the principles and requirements of the Policy in the countries all over the world.

**5. KEY PRINCIPLES**

**5.1. The mission of top management**

Members of the Board of Directors, the President and the principal officers of the Company shall form up the ethic norm of uncompromising attitude towards any forms and appearances of bribery at all levels, setting an example by their behavior and getting all the employees and counteragents acquainted with the anti-bribery policy.

The principle of rejection of bribery in any forms and appearances (the principle of “zero tolerance”) shall become stable with the Company in course of everyday business activity and strategic projects, including interaction with shareholders, investors, counteragents, representatives of state and public authorities, political parties, its Employees, Societies, corporate bodies and employees thereof and other people.

**5.2. Periodic risk assessment**

The Company shall from time to time identify, consider and evaluate bribery risks, specific for its business activity on the whole and for certain directions in particular.

**5.3. Adequate anti-bribery procedures**

The Company shall develop and introduce adequate bribery prevention procedures, reasonably corresponding to the identified risks, and supervise observation thereof.

**5.4. Inspection of counteragents**

The Company shall reasonably endeavor to mitigate the risk of business relations with the counteragents who may be involved in corrupt practices and in this connection it shall carry on inspection of the counteragents’ tolerance to bribery, including such issues as availability at the counteragents’ companies of their own anti-bribery procedures and policies, their readiness to observe the requirements of this Policy and include anti-bribery terms and conditions (proviso) in contracts and agreements, and render mutual assistance for ethical conduct of business and bribery prevention.

**5.5. Informing and instruction**

The Company shall place the present Policy at the corporate Internet website, free access, declare its rejection of bribery, encourage and promote observation of the principles and requirements of this Policy by all the counteragents, its Employees, Societies, corporate bodies and employees thereof and other people.

The Company shall promote the anti-bribery culture by way of informing and regular instruction of its employees for keeping them in the know of the issues of anti-bribery policy of the Company and all the ways and methods of applying anti-bribery policy practically.

**5.6. Monitoring and control**

In connection with possible time variations of bribery risks and other factors influencing economic activity, the Company shall monitor the introduced adequate bribery prevention procedures, control observation thereof and upgrade them.

**6. PRESENTS AND ENTERTAINMENT EXPENSES**

6.1. The presents, which Employees, on the Company’s behalf, may give to other people and entities, or which Employees, in connection with their work at the Company, may receive from other people and entities, as well as entertainment expenses, including hospitality and the Company’s promotion expenses, which Employees may incur on behalf of the Company, shall simultaneously meet the following five criteria:

• to be directly connected with the legal purposes of the Company’s business activity, e.g. with a presentation or completion of business projects, successful fulfillment of contracts, or with national holidays, memory dates, jubilees;

• to be reasonably founded, equitable and no luxury items;

• not to be a hidden consideration for a service, action, omission of action, connivance, protection, grant of rights, taking a certain decision about a transaction, agreement, license, permission etc. or an attempt to assert influence over the receiver with some other illegal or unethical purpose;

• not to create a reputation risk for the Company, Employees and other people in case of disclosure of the information about the presents or entertainment costs;

• not to contradict to the principles and requirements of this Policy, Business Ethics Code and other by-laws of the Company and applicable legislative rules.

6.2. Presents on behalf of the Company, its Employees and representatives to third parties in the form of monetary means, either cash or noncash, irrespective of the currency, are not allowed.

**7. PARTICIPATION IN CHARITY ACTIONS AND SPONSORSHIP**

7.1. The Company is implementing a uniform charity policy aimed at creation of the image of the organization as a socially responsible business. The company does not finance charity and sponsor projects with the purpose of obtaining commercial preferences in concrete projects of the Company and the Societies.

**8. PARTICIPATION IN POLITICAL ACTIVITIES**

8.1. The Company does not finance political parties, organizations and movements with the purpose of obtaining commercial preferences in concrete projects of the Company and the Societies.

**9. INTERACTION WITH PUBLIC OFFICIALS**

9.1. The Company shall keep from payment of any expenses for public officials and their close relatives (or their interests) with the purpose of obtaining commercial preferences in concrete projects of the Company and the Societies, including costs for transport, accommodation, food, entertainment, PR-campaign, etc., or their gaining other profit for the account of the Company.

**10. INTERACTION WITH EMPLOYEES**

10.1. The Company shall request from its Employees to follow the present Policy, informing them of the key principles, requirements and sanctions for violations and including them into the employment duties of the employees of the Company.

10.2. The Company shall provide safe, confidential and available means of informing the Company management (“the hotline”) about facts of bribery on the part of persons providing services for the benefit of a commercial organization or on its behalf. By means of “hotline” communication the management of the Company may receive proposals for the improvement of anti-bribery policies and control, as well as requests from employees and third parties.

10.3. To form the appropriate level of anti-bribery culture with new Employees, introductory training is held on the provisions of the present Policy and related documents thereto, and for the existing Employees regular information seminars are held in face-to –face and/or remote form.

10.4. The Company shall conduct trainings with special (purpose-oriented) character. In this case,

training is conducted with employees, occupying certain posts, who carry out their functions

with a high degree of bribery risks or participate in certain anti-bribery procedures. The purpose of training is to provide each trainee with techniques and skills of bribery prevention policies and procedures in practice.

10.5. Compliance with the principles and requirements of the present Policy by Employees of the

Company is taken into account in the formation of a personnel reserve for promotion to higher posts, as well as in imposition of disciplinary sanctions.

**11. SOCIETIES INCORPORATED IN THE STRUCTURE OF THE COMPANY, JOINT VENTURE ENTERPRISES, COUNTERAGENTS**

11.1. The Company, within its competence, initiates the introduction of its own anti-bribery policies in the Societies similar to the present Policy and also makes possibly reasonable efforts so that the fundamental principles and requirements of the present Policy are followed in joint ventures, commercial societies and associations, where the Company is involved, as well as its counteragents.

11.2. When participating in a joint venture, commercial society or association, the Company:

* analyses information about the reputation of potential partners and members and their tolerance to bribery;
* informs them about the principles and requirements of the present Policy;
* stands for the adoption of the analogues bribery prevention policy in the joint venture, commercial society or association.

**12. INTERACTION WITH MEDIATORS AND OTHER PERSONS**

12.1. The Company and its Employees are prohibited to involve or use mediators, partners, agents, joint ventures or other persons to commit any actions that contradict to the principles and requirements of the present Policy or applicable anti-bribery legislative rules.

12.2. The Company shall ensure procedures for checking mediators, partners, agents, joint ventures or other persons for the prevention and/or identifying the aforesaid violations with the purpose to minimize and prevent risks of involving the Company into corrupt practices.

12.3. In order to enforce the principles and requirements described in the Policy, the Company shall include anti-bribery conditions (terms) in contracts with mediators, partners, agents, joint ventures and other persons. Anti-bribery conditions (terms) shall contain information on the Policy and the system of bribery prevention procedures in force in the Company, if necessary provide Policy as an annex to agreements, determine the liability of counteragents for non-compliance with the principles and requirements of the Policy.

**13. ACCOUNTING RECORDS**

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| 13.1. All financial transactions must be accurately, correctly and with sufficient level of detail  reflected in business accounts of the Company, recorded and available for inspection. |
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13.2. The Company shall appoint Employees who, under the stipulated by the current legislation of the Russian Federation, are liable for the preparation and provision of full and accurate accounting reports within the specified by the applicable legislation period.

13.3. Misstatement or falsification of accounting reports of the Company are strictly prohibited and considered as fraud.

**14. REPORTING ABOUT DEFICIENCIES**

14.1. Any Employee or other person in case of doubt about the legality or compliance with the purposes, principles and requirements of the Policy of their actions, as well as actions, omission of action or proposals of other Employees, counteragents or other persons who interact with the Company, may report this to the “hot line” of the Company or to direct manager and/or to the authorized body (authorized person), who, if necessary, will provide guidance and clarification of the current situation.

**15. WAIVER OF RESPONSE ACTIONS AND SANCTIONS**

15.1. The Company declares that no Employee will be subject to sanctions (including dismissal, downgrade, deprivation of a bonus) if he reported about the alleged fact of bribery, or if he refused to give or receive a bribe, to commit commercial bribery or offered mediation in bribery, including if as a result of such refusal the Company and Society lost profit or didn’t get commercial and competitive advantage.

**16. AUDIT AND CONTROL**

16.1. The company shall regularly conduct internal and external audit of financial-economic activities, the monitoring of the completeness and correctness of data presentation in accounting reports and compliance with applicable laws and internal regulatory documents of the Company, including the principles and requirements established by the present Policy.

16.2. Within the frames of the internal control procedures the Company shall check the key areas of commercial activity, including spot checks on the legality of payments, their economic feasibility, appropriateness of costs, including, for confirmation of primary records and compliance with the requirements of the present Policy.

**17. REPORTINGS**

17.1. The authorized body (authorized person) shall periodically review the records of directors

of structural divisions of the Company about the results of work on ensuring the compliance of the activities of the Company and its Employees with the principles and requirements of the present Policy and applicable anti-bribery laws.

**18. INTRODUCTION OF ALTERATIONS**

18.1. In identifying the inadequacy of the provisions of the present Policy or related anti-bribery procedures of the Company, or in case of the change of the requirements of the applicable laws of the Russian Federation, the United Kingdom or other countries of the world, the President of the Company organizes the elaboration and implementation of the plan of actions to review and amend the present Policy and/or bribery prevention procedures.

**19. LIABLILTY FOR NONPERFORMANCE (IMPROPER PERFORMANCE) OF THE PRESENT POLICY**

19.1. Members of the Board of Directors, the President and employees of all structural divisions of the Company, regardless of position held, are liable under the applicable legislation of the Russian Federation, for compliance with the principles and requirements of the present Policy, as well as for actions (inaction) of their subordinate persons who violate these principles and requirements.

19.2. As the Company may be held criminally liable in accordance with the law of Great Britain the "UK Bribery Act" for participation of its Employees, counteragents, Societies and other persons in bribery activities, every prudently reasonable suspicion or established bribery fact will initiate official investigations within the frames available by applicable law.

19.3. Persons who are guilty of violation of the requirements of the present Policy may be subject to disciplinary, administrative, civil or criminal liability at the initiative of the Company, law enforcement bodies or other persons in accordance with the procedure and on the grounds provided for by the legislation of the Russian Federation, Articles of Incorporation, local normative acts and employment contracts.