



# **RUSSIAN FEDERATION: FOLLOW-UP TO THE PHASE 2 REPORT & RECOMMENDATIONS**

**MARCH 2016**

This report, submitted by Russian Federation, provides information on the progress made by Russian Federation in implementing the recommendations of its Phase 2 report. The OECD Working Group on Bribery's summary of and conclusions to the report were adopted on 09 March 2016.

The Phase 2 report evaluated Russian Federation's implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the 2009 Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

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## SUMMARY AND CONCLUSIONS BY THE WORKING GROUP ON BRIBERY

### *a) Summary of Findings*

1. In October 2015, the Russian Federation presented its Written Follow-Up Report, reporting on its progress in implementing the recommendations adopted by the Working Group on Bribery at the time of Russia's Phase 2 examination in October 2013. However, Russia did not provide a full report as it only reported on 15 recommendations, acknowledging that no update was available on others from the time of the special written report presented to the Working Group in March 2015.<sup>1</sup> Below is a summary and conclusions by the Working Group of all of the Phase 2 recommendations, followed by the Recommendations and the Russian responses from the Special written report (March 2015) and the new information provided during the Written Follow-Up report (October 2015).

2. As concerns the Phase 2 examination, the Working Group considered that Russia has satisfactorily implemented 10 out of the 50 recommendations, while 21 recommendations have been partially implemented and 19 recommendations have not been implemented. In addition, 4 recommendations were considered to be satisfactorily implemented but converted to follow-up issues for evaluation once there are examples of application in practice. Since Phase 2, Russia reported that it has neither detected, prosecuted nor adjudicated any cases of bribery of foreign public officials; therefore the follow-up issues also remain open.

3. With respect to raising awareness of the foreign bribery offence in the public sector, the Working Group acknowledged significant efforts on the part of the Russian government. Despite this progress, Russia has not yet detected any foreign bribery cases. For this reason, the Working Group agreed to follow-up *Recommendation 1(a)* to ensure that Russia continues taking steps to further raise awareness of and train its public officials specifically on foreign bribery. Russia has also taken some steps to improve awareness among companies, however the Working Group was of the view that more needs to be done to advise and assist companies in their efforts to prevent and detect foreign bribery (*Recommendation 1(b)*).

4. In relation to the detection and reporting of foreign bribery by public officials, mechanisms in place to facilitate reporting still largely focus on domestic corruption offences, and Russia is still expected to introduce guidelines or regulations specific to reporting instances or suspicions of foreign bribery (*Recommendation 2(a)*). Russia reported that a federal law aimed at ensuring the protection of public sector whistleblowers was being drafted. The Working Group agreed that Russia still must also introduce measures to protect private sector employees who report suspected acts of foreign bribery in good faith and on reasonable grounds to the competent authorities (*Recommendation 2(b)*). Russia reported that the "Methodical Recommendations on Development and Implementation by Organisations of Measures for Preventing and Counteracting Corruption" issued by the Ministry of Labour have been published on the official websites of business organisations. This publication contains recommendations to employees of Russian organisations to inform the Investigative Committee of the Russian Federation on acts of foreign bribery committed by individuals and companies, but not guidance on the adoption and implementation of internal whistle-blower mechanisms. The Working Group was of the view that more guidance and assistance in training to companies on the adoption and implementation of internal whistle-blower mechanisms were still necessary (*Recommendation 2(c)*).

5. With regard to officially supported export credits, Russia has successfully implemented the 2006 OECD Council Recommendation on Bribery and Officially Supported Export Credits and has engaged into

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<sup>1</sup> The information provided in this paper is based on information provided by Russia in March and October 2015.

a dialogue with the OECD Working Group on Export Credit (*Recommendation 3(a)*). Russia has also taken appropriate measures to ensure that applicants requesting export credit support are made expressly aware of the foreign bribery offence and its legal consequences (*Recommendation 3(b)*). Russia took steps to ensure that due diligence procedures are put in place to verify that applicants are not engaging in acts of foreign bribery and that appropriate measures are in place to encourage reporting to competent authorities of foreign bribery instances which employees of EXIAR and VEB<sup>2</sup> may come across in the course of their work (*Recommendation 3(c)*).

6. With respect to official development assistance (ODA), the Working Group noted that Rossotrudnichestvo<sup>3</sup> provides awareness-raising for public staff involved in official development assistance although it was unclear to what extent project partners were covered; Russia was also encouraged to take more action that would address the risk of foreign bribery more specifically (*Recommendation 4(a)*). More needs to be done in this area. In particular, Russia has not incorporated any anti-bribery clause in its standard contract for ODA-funded projects (*Recommendation 4(b)*) and has failed to adopt due diligence procedures for detecting instances of foreign bribery by contractors and measures to facilitate reporting to competent authorities by employees of Rossotrudnichestvo of credible information about foreign bribery offences that they may uncover in the course of performing their duties (*Recommendation 4(c)*).

7. In the defence industry, Russia reported on anti-corruption measures adopted by JSC Rosoboronexport, the only Russian entity that holds the full licence to export arms and military equipment, but the lead examiners were not provided a copy of the policy to review. Moreover, the Working Group was of the opinion that stronger anti-corruption measures and initiatives were still necessary to address the recognised vulnerability of the defence industry to bribery and solicitation in international contracts involving foreign public officials (*Recommendation 5(a)*). The Working Group also noted that despite some initiatives launched by the Federal Service of Military-Technical Cooperation (that is in charge of controlling and issuing export licences) and the Ministry of Defence, Russia should adopt stronger policies when providing licenses for exporting military equipment in order to detect whether applicants have been involved in foreign bribery as well as the level of risk of corruption in relation to arms procurement in the destination country (*Recommendation 5(b)*).

8. Regarding taxation, the “OECD Bribery Awareness Handbook for Tax Examiners” has been disseminated to regional and inter-regional tax authorities and Russia confirmed that it had provided training on the Handbook, so *Recommendation 6(a)* was considered fully implemented. However, the Working Group decided to follow up its implementation to determine whether the awareness of tax officials will have indeed improved at the time of the next evaluation phase. Another positive development relates to Russia’s ratification of the Convention on Mutual Administrative Assistance in Tax Matters by Federal Law No. 325-FZ of 4 November 2014. Russia also reported that, when concluding double tax conventions, the authorities now use the language of Article 26.3 of the OECD Model Tax Convention, which provides a legal framework allowing for the reciprocal sharing of tax information by tax authorities with other law enforcement agencies and judicial authorities in relation to corruption offences (*Recommendation 6(c)*). Regrettably, Russia has however not introduced any clearer processes between Russia's tax authorities and its law enforcement authorities to facilitate detection and reporting by tax officials of suspicions of foreign bribery arising out of the performance of their duties to the appropriate

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<sup>2</sup> Russian Agency for Export Credit and Investment Insurance (EXIAR) was established with the aim to support exports of Russian products abroad by providing insurance against risk. Vnesheconombank (VEB), an institution used by the government to support and develop the Russian economy.

<sup>3</sup> The Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation is the Russian ODA agency.

law enforcement agencies, so the recommendation to do so remains unimplemented (*Recommendation 6(b)*).

9. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, Russia has continued to promote the implementation of its “Anti-Corruption Charter” which describes general principles underlying good corporate governance and anti-corruption, but contains only one sentence on internal controls without providing further details on programs or how to implement them. The Working Group was of the view that further action, including promoting the Charter and the Good Practice Guidance in Annex II of the 2009 recommendation more broadly throughout the country, was still necessary to encourage Russian companies, particularly SMEs, to adopt adequate internal controls, ethics and compliance programmes or measures, for the purpose of preventing and detecting foreign bribery (*Recommendation 7(a)*). In July 2015, the Ministry of Finance sent to the self-regulating organisations of auditors a letter “On the Methodological Support of Their Members by the Self-Regulating Organisations of Auditors on Countering Bribery of Foreign Public Officials in International Business Transactions”. The letter asks in particular that the self-regulating organisations provide support to the profession by issuing “methodological publications” (e.g. guidance on the obligations of auditors when faced with incidences of foreign bribery). The letter also asks for awareness-raising and training in the profession. The Working Group welcomed this positive initiative, although it agreed to continue follow up its implementation, especially regarding the adoption of guidelines and training targeting tax officials and officials of the accounting chamber (*Recommendation 7(b)*). The letter issued by the Ministry of Finance also directs self-regulating organisations to monitor the compliance of auditors. However, it does not specifically mention the importance of utilising the full range of available sanctions so as to punish more dissuasively any infringements of audit standards and independence requirements as required under *Recommendation 7 (d)*. This is an area where further action is expected from Russia. At the time of the Phase 2 evaluation, Russian law did not require external auditors to report instances of foreign bribery to law enforcement and it has not changed its law. However, Russia demonstrated to the Working Group that it considered the first part of *Recommendation 7(c)*. Russia further reported that the Board of the Accounts Chamber of the Russian Federation approved in October 2014 amendments to the External State Audit (Control) Standards SAS 101 “General rules of performing control activity”. According to the authorities, these amendments intend to include the provisions of Article 8 of the OECD Convention. Despite this, the Working Group recommended the Accounts Chamber to take further action by raising awareness among its inspectors in connection with their obligation to report any serious wrongdoing detected in the course of their audits to law enforcement agencies (*Recommendation 7(c)*).

10. With regard to money laundering and foreign bribery, Russia reported the adoption of Decree No. 492 of 29 May 2014 and Instruction No. 3471-U of 5 December 2014 from the Bank of Russia that both introduce requirements for training and education applicable to reporting entities. The Working Group welcomed these initiatives at the same time recommending that Russia continue its efforts in this area, including by ensuring that all reporting entities, including non-financial professions, receive appropriate directives and training (including typologies) on their obligation to report information, with a special emphasis on information that could be linked to foreign bribery (*Recommendation 8(a)*). Russia reported the signature of agreements between the FIU and relevant law enforcement bodies in order to facilitate the exchange of information among public bodies. However, more needs to be done to improve the flow of information and feedback between the relevant government agencies and reporting entities as required under *Recommendation 8(b)*. Law 484 of 29 December 2014 has introduced a new range of sanctions for failure to comply with some anti-money laundering requirements. However, Russia should take further measures to ensure that non-compliance with other requirements, including non-compliance with Customer Due Diligence requirements, are sanctioned in a dissuasive manner (*Recommendation 8(c)*).

11. Russia reported steps regarding the implementation of *Recommendation 9(a)* as it relates to specialisation over the investigation of foreign bribery, including within the Investigative Committee. Further specialisation of operative and forensic staff was also deemed a positive development. However, it was unclear to what extent such specialization focused specifically on foreign bribery and not just general anticorruption specialization and economic crimes. In addition, Russia reported on some steps taken to put a higher priority on foreign bribery and send a signal on importance of pursuing such cases, including cases involving legal persons. In particular, it cited the informational letter “On Enhancing of the Prosecutorial Supervision over Combating Bribery of Foreign Public Officials in International Business Transactions” of 29 January 2014 that was sent to the prosecutors and according to which they are required to take additional measures aimed at proactivity of the prosecutorial supervision on these types of crime. However, the Working Group noted that not all of these measures directly address its concerns specifically on the detection, investigation and prosecution of foreign bribery, including in terms of resources. Russia has taken some steps to provide training to the law enforcement community on foreign bribery, although these efforts are deemed insufficient since they have not targeted all categories of the criminal justice practitioners. Russia is therefore expected to deliver more adequate and regular training (including joint trainings) to relevant operative officers, investigators, prosecutors and judges specifically on the offence of foreign bribery to guarantee effective detection, investigation and prosecution of foreign bribery as stated in *Recommendation 9(b)*.

12. Russia has taken steps to monitor and evaluate on an on-going basis the performance of law enforcement authorities in regard to decisions made on whether to open or close criminal investigations, which would include foreign bribery investigations. This was done through the interdepartmental order from 26 March 2014. Russia also reported on various investigative guidelines developed for investigators and prosecutors, however, the Working Group noted that they do not directly deal with foreign bribery and are of general nature. Other developments were reported including further amendments into the system of statistical data collection to include information on foreign bribery. The Working Group also noted with serious concern that Russia did not report any steps taken on strengthening of the independence of the investigators and prosecutors as recommended under *Recommendation 9(c)* in accordance with Article 5 of the Convention. The Working Group was satisfied with the information provided by the authorities regarding the rules that govern the adjudication of foreign bribery cases in administrative proceedings (*Recommendation 9(d)*). Regarding the need to further strengthen safeguards of judicial independence, the Working Group noted the adoption of the Code of Administrative Procedure as a positive step in development of judicial procedure in Russia (*Recommendation 9(e)*). Russia adopted on 29 August 2014 the Order of the Prosecutor General of the Russian Federation No. 454 “On Organization of the Prosecutorial Supervision over Execution of the Anti-Corruption Legislation”. This initiative positively contributes to the implementation of *Recommendation 9(f)*, although the Working Group was of the opinion that more measures are still required to ensure that all credible foreign bribery allegations are proactively and conscientiously detected and seriously investigated. The investigators and the prosecutors should also be encouraged to actively review the entire range of possible sources of detection of foreign bribery and making full use of the broad range of investigative measures available to them.

13. With respect to the offence of foreign bribery, Russia has still not fulfilled Phase 1 recommendations to amend its offence of foreign bribery to include the “promising” and “offering” of a bribe as offences and ensure that any kind of advantage, including any bribes in the form of non-material advantages are explicitly covered by the foreign bribery offence. Russia still has not eliminated the defence of “effective regret” as it applies to foreign bribery, and Russian law still allows for the defence of economic extortion to apply to the offence of foreign bribery (*Recommendation 10(a)*) contrary to the Convention. All of these issues are pending since the Phase 1 evaluation. Russia did not take any measures to clarify that the offence of “bribe giving” (including through intermediaries) is deemed to be completed when the briber actually takes steps to transfer the undue advantage and does not require the actual receipt of the bribe by the foreign official or a third party on his behalf to be proven. No action was taken to raise

awareness within both the public and private sectors that bribery through an intermediary, including through a related legal person, constitutes an offence under the foreign bribery offence. Finally, Russia did not take any steps to ensure that a reference to foreign law is not the only source relied upon for defining the foreign official's duties and determining whether the act committed by the foreign official was lawful or unlawful (*Recommendation 10(b)*). The definition of public official remains inconsistent with the Convention and Commentaries and Russia has not taken any steps to clarify it (*Recommendation 10(c)*). Measures still need to be taken to clarify and ensure that all cases where a foreign public official directs the transmission of the benefit to a third party are covered under the offence of foreign bribery, not just those where the official has a proven relationship with the third party (*Recommendation 10(d)*).

14. With respect to the liability of legal persons, Russia did not amend Article 19.28 of the Code of Administrative Offences (CAO) to expressly cover the giving, offer or promise of a bribe to a third party on behalf of or in the interest of a legal person. Russia did not change its legislation to ensure that any kind of advantage, including any bribes in the form of non-material advantages, in the context of the CAO, can trigger administrative responsibility of legal persons (*Recommendation 11(a)*). These issues are pending since the Phase 1 review. In Phase 2, the Working Group recommended that Russia clarify the requirements for the administrative liability of legal persons in order to ensure coverage of the full range of situations required in Annex I to the 2009 Recommendation and clarify what level of authority of natural persons acting "on behalf or in the interest of" legal persons can trigger liability for legal persons (*Recommendation 11(b)*). Russia was unable to report any progress in relation to this recommendation.

15. In Phase 2, the Working Group was uncertain whether paragraph 2 of Article 2.1 CAO, read together with Article 13.3 of Federal Law 273-FZ did in fact establish liability of legal persons for failure to take measures to prevent bribery. Likewise, if an organization can show that it did take appropriate measures to prevent bribery, it was unclear whether it would constitute a defence. Russia was asked to clarify what constitutes appropriate "measures on prevention of corruption" under Article 13.3. Since Phase 2, Russia has carried a review of courts' decisions on the implementation of the CAO. Russia stated that, according to this review, and under certain circumstances, decisions "may" be taken to release a legal person from its liability under the CAO if the company has taken appropriate measures to prevent corruption as set out in Article 13.3. However, it is unclear how and under what circumstances. Russia's response only addresses some aspects of *Recommendation 11(c)* and in fact raised more questions with the introduction of a potential new draft law concerning administrative liability for offenses directed against the interests of the Russian Federation. Russian authorities highlighted training initiatives taken to raise awareness on to regime of corporate liability, including among investigators of the Investigative Committee. The Working Group was of the view that more efforts in this area were still necessary (*Recommendation 11(d)*). Finally, the Working Group noted that Russia has taken no steps to make available a broader set of investigative tools in the framework of the administrative proceedings, to enable successful detection, investigation, and judicial proceedings of legal persons independent of criminal investigations and criminal proceedings (*Recommendation 11(e)*).

16. With respect to sanctions for foreign bribery, Russia did not take any measure to ensure that individuals who do not complete the act of bribe-giving, but who have offered, promised or attempted to give a bribe, are subject to effective, proportionate and dissuasive sanctions (*Recommendation 12(a)*). Russia reported that consideration is being given to amend the provisions on confiscation in the Criminal Procedure Code but the Working Group noted that the confiscation of the equivalent value of the bribe and its proceeds in proceedings against natural persons is still not permitted under the law (*Recommendation 12(b)*). No action has been taken to review the existing legislation in order to allow seizure and confiscation of the proceeds of the bribe and their equivalent value in proceedings against legal persons (*Recommendation 12(c)*). The Working Group was of the view that Russia has to take implementation measures in relation to *Recommendation 12(d)* and be active in promoting the use of seizure and confiscation as a sanction for foreign bribery, including via training and guidance. In phase 2, Russia was

asked to consider the temporary or permanent disqualification of enterprises convicted of bribing foreign public officials from applying for arms export licenses and ODA contracts and from participation in public procurement. Russia reported that the Prosecutor General's Office has proposed limiting the participation of companies convicted of foreign bribery in public contracting. However, the Working Group noted that more needs to be done to fully implement *Recommendation 12(e)*.

17. The Working Group welcomed Russia's efforts to deliver training to all enforcement officials with respect to bribery of foreign public officials as a predicate offence to money laundering *Recommendation 13(a)*. The Working Group decided to follow up on these efforts. It noted that further measures still need to be adopted to strengthen the money laundering offence in order to ensure that serious money laundering offences are subject to an appropriate range of sanctions, including in proceedings against legal persons (*Recommendation 13(b)*). Russia reported encouraging initiatives to improve the statistical recording of crimes related to bribery of foreign public officials, including through the amendment of Order No. 655 of the Prosecutor General of 26 November 2014. The Working Group welcomed this progress although it noted that the statistics collected should allow the identification of the predicate offences for money laundering at all stages from investigation to conviction (*Recommendation 13(c)*).

18. Regarding false accounting, the Working Group noted that the false accounting offences in Russia still does not cover all of the activities described in Article 8(1) of the Convention (*Recommendation 14(a)*). Russia reported actions taken to address *Recommendation 14(b)* in order to improve the expertise of relevant authorities in the detection of false accounting offences, including within the Ministry of Foreign Affairs, the Accounts Chamber and the Federal Tax Chamber. The Working Group welcomed these positive developments although encouraged Russia to continue its training efforts, especially related to the investigation and prosecution of false accounting offences. Finally, the Working Group noted the absence of a legislative reform to ensure that sanctions for false accounting are effective, proportionate and dissuasive (*Recommendation 14(c)*).

19. With respect to mutual legal assistance, Russia has taken positive actions that favour the prompt execution of MLA requests falling within the scope of Article 9 of the Convention, through the adoption in particular of an Order of Deputy General Prosecutor issued on 4 July 2014, which establishes the procedure (including timelines) for considering mutual legal assistance requests received from competent authorities of foreign states (*Recommendation 15*). These developments were welcomed by the Working Group and the Working Group looks forward to seeing how the Order will work in practice.

## ***b) Conclusions***

20. Based on the findings of the Working Group on Bribery with respect to Russia's implementation of its Phase 2 recommendations, the Working Group concluded that Russia has satisfactorily implemented Recommendations 1(a), 3(a), 3(b), 6(a), 6(c), 7(b), 9(d), 9(e), 13(a) and 15; that Russia has partially implemented Recommendations 1(b), 2(c), 3(c), 4(a), 5(a), 5(b), 7(a), 7(c), 7(d), 8(a), 8(b); 8(c), 9(a), 9(b), 9(c), 9(f), 11(c), 11(d), 12(e) 13(c) and 14(b); and that Russia has not implemented Recommendations 2(a), 2(b), 4(b), 4(c), 6(b), 10(a), 10(b), 10(c), 10(d), 11(a), 11(b); 11(e), 12(a), 12(b), 12(c), 12(d), 13(b), 14(a) and 14(c). Recommendations 1(a), 6(a), 7(b) and 13(a) were converted to follow-up issues for evaluation once there are examples of practical application.

21. Follow-up issues remain relevant and will be examined, along with the implementation of non- and partially implemented recommendations, enforcement efforts and results, and any issues raised by changes in the domestic legislation or institutional framework as part of the Working Group's future evaluations.

22. The Working Group noted that a large majority of its recommendations are still not or only partially implemented. Given this lack of progress and the fact that Russia has not provided a full report on a number of recommendations in October 2015, the Working Group invited Russia to provide a written report on steps taken to implement partially or not implemented recommendations to the Working Group every six months. The Working Group also agreed that the Chair would write a letter to the Russian authorities to express the Working Group's concerns with Russia's implementation of its obligations under the Convention. The Working Group retains the right to impose any further additional measures.

**WRITTEN FOLLOW UP TO PHASE 2 REPORT – INFORMATION PROVIDED BY RUSSIA IN  
MARCH 2015**

**Part I: Recommendations for Action**

*Recommendations for ensuring effective prevention and detection of the bribery of foreign public officials*

**Text of Phase 2 recommendation 1(a):**

1. With respect to prevention, awareness raising and training activities to promote implementation of the Convention and the Revised Recommendation, the Working Group recommends that Russia:
  - a) Enhance training to raise the level of awareness of the foreign bribery offence within the public administration and among those agencies that can play an important role in preventing and detecting foreign bribery by Russian companies active in foreign markets, including diplomatic and foreign trade personnel, tax inspectors, and trade promotion, the accounting chamber, export credit and development aid agencies so that they may be able to detect and report instances of foreign bribery committed by Russian companies and provide appropriate assistance when such companies are confronted with bribe solicitations [2009 Recommendation, Section III(i); Annex I. A.: Good Practice Guidance on Implementing Specific Articles of the Convention on Combatting Bribery of Foreign Public Officials in International Business transactions].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to acquire expertise and skills in preventing and detecting cases of foreign bribery as well as detecting false accounting offences, the training of civil servants of the Ministry of Foreign Affairs of the Russian Federation, the Federal Agency for CIS Affairs (Rossotrudnichestvo), the Accounts Chamber, and the Federal Tax Service of Russia will be organised in compliance with training demands in areas of additional vocational education.

Information materials and legislative reviews regarding liability for foreign bribery are contained in Methodical Recommendations on Development and Implementation by Organisations of Measures for Preventing and Counteracting Corruption prepared by the Ministry of Labour of Russia (attached).

The Ministry of Labour of Russia jointly with the Ministry of Economic Development of Russia, the Chamber of Commerce and Industry of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs, OPORA Russia, and Business Russia has currently organised informing of heads and employees of the organisations about the aforementioned Methodical Recommendations.

The Ministry of Labour of Russia has also prepared a Review of recommendations for implementation of a set of organisational, explanatory and other measures for prevention by public officials of behaviours that may be perceived by people as a promise of bribery or an offer of bribery, or as a consent to accept a bribe

or a request to give a bribe.

The Review includes:

1. International documents (including provisions of the Organisation for Economic Cooperation and Development Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions of 21 November 1997) and applicable laws of the Russian Federation in the sphere of combatting corruption, criminalisation of the promise to give a bribe or to take a bribe, and the offer to give a bribe or to take a bribe;
2. A set of organisational, explanatory and other measures for prevention by public officials of behaviour that may be perceived by people as a promise of bribery or an offer of bribery, or as a consent to accept a bribe or a request to give a bribe.

The Ministry of Labour of Russia has also organised distribution of the Review among federal public authorities, public authorities of subjects of the Russian Federation, state corporations and state non-budgetary funds to be used as Methodical recommendations.

The OJSC Russian Agency for Export Credit and Investment Insurance organised training events for its key employees in October and December 2013 on the OECD Council Recommendation on Bribery and Officially Supported Export Credits. In 2013, a training was organised on combatting corruption with participation of experts from foreign export credit agencies.

The training is planned to be further organised on a regular basis.

Foreign trade representations of the Russian Federation are also active in this regard.

In 2013, trade representations of the Russian Federation in foreign countries (hereinafter – trade representations) approved a schedule of priority measures for implementation of provisions of the OECD Convention and regulations of Russian legislation on counteracting corruption (hereinafter – the Schedules).

The Schedules stipulate also for organisation and conduction of working meetings (sessions, roundtables, etc.) with representatives of Russian companies operating abroad, as well as organisation of target training for employees of foreign establishments and business community representatives on issues of counteracting corruption.

According to reports received from trade representations, the work necessary for implementation of Schedules was organised in December 2013 – first half of 2014.

For instance, civil servants of trade representations have been currently informed of basic international acts in the sphere of prevention of corruption (OECD Convention, UN Convention against Corruption, Council of Europe Criminal Law Convention on Corruption, etc.), as well as of legal framework of counteracting corruption in the Russian Federation. In particular, of key provisions of Federal Laws No. 115-FZ of 7 August 2001 “On counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism” and No. 273-FZ of 25 December 2008 “On counteracting corruption”, as well as of regulations of the Criminal Code of the Russian Federation and the Code of the Russian Federation on Administrative Offences with regard to liability of natural and legal persons for commission of corruption-related crimes and offences.

In order the civil servants of trade representations could get personal consultations and clarification of regulations of applicable law, the Ministry created an information resource – e-mailbox

[anticorr\\_consult@economy.gov.ru](mailto:anticorr_consult@economy.gov.ru).

Moreover, trade representation employees regularly attend training on anti-corruption issues.

For instance, in 2013, civil servants of trade representations improved qualification under an additional vocational education programme “Contractual system in procurement of goods, works and services: legal regulation”, under which the employees were informed of peculiarities in ensuring publicity and transparency in procurement for the purpose of preventing corruption.

Trade representations also organise events aimed at raising awareness in combatting foreign bribery in international business transactions among representatives of Russian organisations operating in the territory of the country of stay.

All trade representations have placed information posters in publicly accessible areas, which display information materials about OECD documents and regulatory acts of the Russian Federation in the sphere of counteracting corruption.

Similar work is also performed with the use of information telecommunication system Internet. Special anti-corruption sections have been created on official websites of trade representations. These sections contain information aimed at covering the issues of combatting corruption in the Russian Federation; they publish and regularly update main regulatory legal acts in this field.

Furthermore, trade representations create conditions for operational obtaining of information on acts of corruption. For instance, a box for messages about corruption offences has been installed in a publicly accessible place in Serbia.

Trade representation employees regularly attend business meetings of various formats with representatives of Russian companies and public authorities of the country of stay, where they highlight measures taken in the Russian Federation for counteracting corruption.

Awareness-raising events on anti-corruption issues were organised in Serbia in advance of the International Day of Combatting Corruption, on 9 December 2013, as a part of the session of the Coordination Council on Economy attached to the Russian Ambassador in Serbia, during the Expo-Russia Serbia 2014 exhibition.

Working meetings on these issues have been organised in the Kingdom of Denmark with representatives of the Russian companies NLMK DanSteel (steel plant) and Silvatec (production of forest harvesting machinery).

Workshops have been organised in the Socialist Republic of Vietnam with involvement of representatives of Rostec State Corporation and Rosatom Group.

Work has been organised in Japan for sending information letters with the call to inform about acts of corrupt practices in certain representative offices and companies – General Representative Office of Aeroflot – Russian Airlines OJSC, Official Representative Office of Mechel OJSC, TENEX-Japan Co, etc.

This issue was in the focus of meetings in the Republic of Uzbekistan with representatives of JSC Transaero Airlines and STC Rossiya FSUE.

Moreover, in order to implement provisions of Article 13.3 of Federal Law No. 273-FZ of 25 December 2008 “On counteracting corruption”, trade representations make arrangements for ensuring application of

anti-measures by Russian organisations operating in the country of stay.

For instance, Russian companies in France were distributed with the Methodical Recommendations on Development and Implementation by Organisations of Measures for Preventing and Counteracting Corruption approved by the Presidium of the Russian Presidential Council on Counteracting Corruption on 8 April 2014. Other trade representations publish these Recommendations on information posters and official websites.

The work provided by Schedules will continue in trade representations on a permanent basis.

On 31 October 2013, a coordination meeting with trade representatives of the Russian Federation in foreign states was held in Moscow; and as a part of it, the Ministry of Justice of the Russian Federation organised a workshop devoted to prevention of bribery in compliance with the OECD Convention.

Pursuant to the Order of the Ministry of Foreign Affairs of the Russian Federation of 15 October 2013, the MFA of Russia undertakes a set of measures aimed at raising awareness of employees of the central office of the Ministry and Russian diplomatic missions abroad on provisions of the OECD Convention, the need of strict and rigorous compliance with which is enshrined, in particular, in the Methodical Recommendations for the heads of diplomatic and consular missions, heads of divisions of the central office and territorial agencies – representative offices of MFA of Russia in the territory of the Russian Federation. Respective work is also being performed in special MFA RF higher education schools.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 1(b):**

1. With respect to prevention, awareness raising and training activities to promote implementation of the Convention and the Revised Recommendation, the Working Group recommends that Russia:
  - b) Take further action, as appropriate in cooperation with business organisations and other civil society stakeholders, to improve awareness among companies throughout Russia, in particular companies active in foreign markets and industry-sectors (including, the defence industry), as well as state-owned enterprises and small and medium enterprises, which are traditionally at high risk of bribe solicitation by foreign public officials, of Russian legislation regarding foreign bribery, and to advise and assist companies in their efforts to prevent foreign bribery through, for example, the development of seminars, guidelines and other forms of guidance [2009 Recommendation, Section III(i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Ministry of Economic Development of Russia constantly continues work for interaction of business community with public authorities in the field of counteracting corruption. Since 2011, a respective Working Group has been established, the main objective of which is ensuring practical involvement of business representatives in anti-corruption activities undertaken by federal public authorities. The main area of activities of this Working Group is the development of anti-corruption measures in entrepreneurial and investment activity, which allows the business community to contribute to anti-corruption work, also

in issues of elimination of corruption risks faced in doing business.

The Working Group is steered by the Minister of Economic Development of the Russian Federation. The Working Group includes representatives of the Federal Ombudsman for the Protection of Entrepreneurs Rights and the four leading business associations – Chamber of Commerce and Industry of the Russian Federation (CCI RF), Russian Union of Industrialists and Entrepreneurs (RUIE), All Russia Public Organisation Business Russia, and All Russia Organisation of Small and Medium Entrepreneurship OPORA Russia, as well as representatives of federal public authorities, Supreme Court of the Russian Federation, General Prosecutor's Office of the Russian Federation and members of the State Duma of the Federal Assembly of the Russian Federation.

The initiative of these business associations to draw up standards of anti-corruption behaviour by entrepreneurship community, which was later implemented in the form of a Charter, was worked out on the platform of this Working Group.

International experience related to establishment of international business responsibility standards was taken into account in drafting of the Charter. For instance, in compliance with provisions of the UN Convention against Corruption, OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions of 21 November 1997, the Charter prohibits foreign bribery by Russian entrepreneurs.

At the same time, with a view to regulation of organisational issues required for implementation of the Charter, a separate document has been prepared – Regulation on Terms and Procedure of Implementation of Provisions of the Anti-Corruption Charter of Russian Business (Roadmap).

Active measures are currently being undertaken for promotion of the Charter among business community. This seems important in the context of application of anti-corruption behaviour model, ethic standards, development of pattern anti-corruption practices, and implementation of anti-corruption standards in business organisations in daily practice of business community.

As a part of this work, the Methodical Recommendations on Development and Implementation by Organisations of Measures for Preventing and Counteracting Corruption were approved by the Presidium of the Russian Presidential Council on Counteracting Corruption on 8 April 2014. These Recommendations have been recommended for application with a view to ensure compliance with Article 13.3 of Federal Law No. 273-FZ of 25 December 2008 "On counteracting corruption".

The Methodical Recommendations are intended for assisting business community in organisation of work aimed at counteracting corruption, developing corporate ethics in order to prevent corrupt practices both within the organisation and in external activities when interacting with contractors represented by the state, non-governmental organisations, and business representatives.

These Recommendations describe in details the anti-corruption measures recommended for implementation by organisations, including those aimed at mitigating risk of imposing liability on organisations for foreign bribery.

At the same time, the Methodical Recommendations are aimed at ensuring raising awareness of organisations about regulatory legal support of anti-corruption work, including provisions of international treaties and foreign laws on counteracting corruption, in particular, the OECD Convention.

Moreover, the Methodical Recommendations take into account the information on basic principles of the Charter, as well as include the call for organisations to accede to it in order to improve internal

organisational anti-corruption measures.

Hence, the Ministry of Economic Development of Russia regularly organises discussion of issues of promoting and implementing the Charter within the Working Group; the Working Group in its activities pays attention to implementation of requirements of Article 13.3 of Federal Law No. 273-FZ, and the Methodical Recommendations by the business community.

The Ministry of Economic Development of Russia organised efficient activity of the Working Group and pays particular attention within this Working Group to the aforementioned issues with a view to implement in practice of business community a set of programmes and internal controls, including those aimed at preventing and detecting foreign bribery, as well as raising awareness of the need to take measures by organisations for preventing and counteracting corruption.

In particular, the Ministry of Economic Development of Russia organised preparation of a plan of Working Group sessions for 2014 (hereinafter – the Session Plan), which included proposals of Working Group members submitted to the Ministry of Economic Development of Russia with respect to the most relevant issues in counteracting corruption both for the business community and for federal public authorities, which require forging a common and concerted stance.

In accordance with the area of activity defined under the Session Plan, each of the aforementioned business associations was assigned with the task to explore respective issues and submit proposals thereto.

Furthermore, the business association in charge of drawing up proposals in respective area takes into account the position of other business associations and cooperates with interested members of the Working Group in order to develop a consolidated position.

It is noteworthy that the Session Plan pays particular attention to implementation of the Charter, as well as of Article 13.3 of Federal Law No. 273-FZ, and the Methodical Recommendations.

For the purposes of outreach presentation of the Charter, the Ministry of Economic Development of the Russian Federation and the Federal Property Management Agency have taken among government corporations, publicly owned companies and state unitary enterprises the following measures:

1) on the results of implementation of the Charter:

a) a formal letter with a request to provide cooperation in joining the abovementioned organizations to the Charter was sent to the sectoral federal executive authorities which are executing control and coordination of activities of publicly owned companies;

b) on proposals of RUIE and CCI RF on organisation of further work for implementation of the Charter;

c) on progress made in encouraging the state-owned companies, state unitary enterprises and organisations controlled by them to accede to the Charter, and on proposals on organisation of further work in this area;

2) on compliance of the business community with requirements of Article 13.3 of Federal Law No. 273-FZ, as well as on implementation of the Methodical Recommendations:

a) on organisation of awareness-raising of heads and employees of organisations about the Methodical Recommendations;

b) on recommendations to economic entities to implement anti-corruption measures in compliance with Article 13.3 of Federal Law No. 273-FZ, as well the Methodical Recommendations, in particular, on

organisation of preparation by CCI RF, RUIE, Business Russia and OPORA Russia of guidelines for their members for implementation of specific measures aimed at prevention of corruption depending on sector profile, area of economic activity, and the size of organisation;

c) on feasibility of compulsory vs. optional registration of application of the system of anti-corruption measures in concluding contracts on procurement of goods, works or services for public or municipal purposes.

The following work on implementation and application of the Charter is being performed with a view to follow the decisions of the Working Group.

A Joint Charter Implementation Committee (hereinafter – the Joint Committee) operates for successful implementation of the Charter and the Roadmap, which includes representatives of all four abovementioned business associations – initiators of adoption of the Charter.

The Joint Committee is currently finalising the work on drawing up and adoption of Methodical Recommendations on Implementation of Anti-Corruption Measures by Organisations and their Charter Compliance Assessment, in accordance with which the parties to the Charter will undergo an anti-corruption standards compliance assessment procedure. A uniform certificate of a Charter member is planned to be issued upon the results of this assessment for the term of 5 years.

At the same time, these Recommendations are intended to encourage individual planning and monitoring by organisations of their anti-corruption efforts.

In order to ensure awareness-raising about objectives and tasks of the Charter, topical events, and information from regions on issues of implementation of the Charter, the Joint Committee created and updates the official website of the Charter (<http://against-corruption.ru>).

Each of the four business associations – initiators of adoption of the Charter carries out work for development of a Charter implementation system directly among its members, as well as via its regional branches.

This activity includes raising awareness about objectives and tasks of the Charter, creation of dedicated sections on official websites of business associations, elaboration of internal documents by business associations with respect to the Charter implementation, development of mechanisms of publicity and engagement of a greater number of stakeholders in this process.

For instance, CCI RF regularly organises interregional seminars with participation of heads of the CCI RF, which discuss issues of the Charter implementation at district and regional levels.

As a part of further engagement of entrepreneurship in implementation of the Charter, the Working Group on Implementation of the Agreement between the General Prosecutor's Office of the Russian Federation and the CCI RF at its session in June 2014 decided, upon the results of discussion of interaction of chambers of commerce and industry with prosecutorial authorities in the sphere of protection of entrepreneurs' rights and implementation of the Charter provisions, to carry out monitoring of compliance with the Charter and reviewing of reports from entrepreneurs and organisations concerning violation of their rights and legitimate interests. The CCI RF also plans to generalise the practice of studying the reports from entrepreneurs and organisations concerning the acts of corruption, and to inform respective public authorities in order to take measures for enhancing productivity and efficiency of work with such reports.

RUIE held a presentation of the Charter in 2014 at the IV St. Petersburg International Legal Forum in

St. Petersburg, in the Civic Chamber of the Russian Federation, at business conferences and roundtables.

For instance, a conference “Elimination of Administrative Barriers, Optimisation of State Control and Counteracting Corruption” was held on 18 March 2014 as a part of the IV All Russia Forum of Self-Regulatory Organisations, which discussed issues of anti-corruption standards and corporate anti-corruption practices. The Resolution adopted by the Conference underlined high social significance of application of Charter provision by companies and organisations in their activities, as well as the need for a unified approach to its implementation on the part of business associations and self-regulatory organisations. Recommendations of the Conference were sent by RUIE to regions and sector unions.

Issues of the Charter application were discussed at the meetings of councils of regional branches of OPORA Russia in more than 70 federal subjects of the Russian Federation, as well as at the conferences held in 2014 by a range of regional branches of OPORA Russia.

Moreover, business associations, their territorial branches and regional organisations undertake activity for engaging federal and regional mass media in organising of a series of publications aimed at promoting principles of the Charter and developing intolerant attitude to corruption within the business environment. Measures are being taken for awareness-raising of entrepreneurs via departmental media, as well as thematic sections on the business associations’ official websites. For instance, between January 2013 and June 2014, over 200 publications appeared in mass media through CCI RF.

At the same time, the Ministry of Economic Development of Russia through the Working Group continued the work for encouragement the state-owned companies, state unitary enterprises and organisations controlled by them to accede to the Charter.

Information about the Charter has been posted on the official website of the Federal Agency for State Property Management (Rosimushchestvo); at the same time, relevant messages on the discussed issue are transmitted to joint stock companies and federal unitary enterprises via personal accounts at the Interdepartmental State Property Management Portal.

On 12 August 2014, the Ministry of Economic Development of Russia held a meeting devoted to the accession to the Charter with representatives of management of major state-owned companies, such as Gazprom JSC, Transneft JSC, Aeroflot – Russian Airlines OJSC, Russian Railways JSC, as well as Rosimushchestvo and CCI RF.

During this meeting, representatives of these companies listened to clarification of the content of the Charter and mechanisms of accession thereto. In particular, it was noted that the target purpose of the Charter was to encourage the companies to develop anti-corruption programmes or confirmation of implementation of anti-corruption policy within the company, as well as that the Charter is open for accession for any organisation, regardless its form of ownership, form of incorporation and location in the Russian Federation.

At the end of this meeting, the aforementioned companies were recommended to consider the issue on accession to the Charter in order they could comply with the requirement to take measures on preventing corruption, as established by Article 13.3 of Federal Law No. 273-FZ.

Furthermore, the four leading business associations continued the efforts to raising awareness of the Methodical Recommendations among their members in order to follow the decisions of the Working Group.

Each of these business associations organises raising awareness of the Methodical Recommendations

among its territorial and regional branches, in particular heads and employees of organisations, in accordance with an action plan adopted separately by each business association. Considering that the Methodical Recommendations devote an entire section to the Charter, the Charter provisions and information on its promotion among business community are also delivered to interested organisations and associations within the framework of this work.

For instance, a training was organised in May 2014 on the basis of CCI RF International Institute for Management and Entrepreneurship for employees from 20 territorial chambers of commerce and industry under the programme of implementation of measures for Methodical Recommendations promotion in the business community. The training was organised online with subscription of territorial chambers of commerce and industry and business associations to the training. This format of training will continue to be used, and CCI RF developed a dedicated programme for this purpose.

RUIE regularly advises companies on development and application of corporate risk assessment and management, as well as corporate anti-corruption programmes; seminars with regional and industry associations are held with involvement of consulting companies.

OPORA Russia raises awareness of the Methodical Recommendations in its 84 regional branches and 104 industry unions and associations, which are the members of the Non-profit-making Partnership “Union of business organisations of Russia (OPORA)”. OPORA Russia also includes in the agenda of national and regional events organised by OPORA Russia the issues of practical application of the Methodical Recommendations.

With a view to raising awareness and promotion of the Anti-Corruption Charter of the Russian business (hereinafter – the Charter) among state-owned corporations and state unitary enterprises, the Ministry of Economic Development of Russia and Rosimushchestvo performed the following work:

- official letters to state-owned companies, as well as to representatives of interests of the Russian Federation in steering bodies of state-owned joint stock companies on the expediency to accede to the Charter have been sent;
- an official letter to sector federal executive authorities controlling and coordinating the activities of subordinate federal state unitary enterprises on the expediency to accede to the Charter has been sent;
- information on the Charter and parameters of interaction between the business community and the state from the stance of rejection of corruption has been made public on the official website of Rosimushchestvo;
- an information message on the expediency to accede to the Charter have been sent to all e-mail addresses of state companies registered on the International State Property Management Portal opened in the Internet by Rosimushchestvo;
- a letter has been sent to state corporation and the state company with a recommendation to consider the issue of acceding to the Charter.

The list of organisations that joined the Charter is published on the Charter’s website in the Internet.

Thereby, necessary measures for organisation of raising awareness and promotion of the Charter among state-owned organisations are being implemented.

In December 2013, Rosoboronexport OJSC (Russian Defence Export OJSC) established a Commission for Preventing and Counteracting Corruption. Key tasks of the Commission include drafting regulatory acts

aimed at counteracting corruption (Rosoboronexport OJSC Anti-Corruption Policy), discussion of projects in the units, and their submission for approval by Rosoboronexport OJSC Director General.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 2(a):**

2. With respect to reporting of suspected foreign bribery, the Working Group recommends that Russia:
  - a) Introduce clear rules/guidelines requiring public officials to report suspicions of foreign bribery committed by individuals and companies to appropriate authorities [2009 Recommendation, Section IX (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

On 8 April 2014, the Methodical Recommendations on Development and Implementation by Organisations of Measures for Preventing and Counteracting Corruption prepared by the Ministry of Labour of Russia were approved (see subpar. “a” par. 1 of the Report).

Section 2 of these Methodical Recommendations contains provisions on exclusive competence of the Investigative Committee of the Russian Federation in investigating acts of active and passive foreign bribery, as well as recommendations for employees of Russian organisations to inform the Investigative Committee of the Russian Federation on acts of foreign bribery committed by individuals and companies.

In accordance with National Anti-Corruption Plan for 2014-2015 (point 11) the Prosecutor General’s Office of the Russian Federation is instructed to strengthen the supervision over observance of legislation of the Russian Federation on protection of persons reporting the facts of corruption from prosecution and violation of their rights and legitimate interests.

In addition, in the Order of the Prosecutor General of the Russian Federation of 29 August 2014 No. 454 “On Organization of the Procuratorial Supervision over Execution of the Anti-Corruption Legislation” the prosecutors are instructed when implementing the procuratorial supervision to consider protection of persons reporting the facts of corruption from prosecution and violation of their rights and legitimate interests, providing them with free legal assistance in accordance with the applicable legislation.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 2(b):**

2. With respect to reporting of suspected foreign bribery, the Working Group recommends that Russia:

- b) Take further measures to protect those private and public sector employees who report in good faith and on reasonable grounds to the competent authorities suspected acts of foreign bribery, and ensure that complaints of foreign bribery are seriously investigated and credible allegations assessed by competent authorities [2009 Recommendation Section IX (iii); Annex I. D.: Good Practice Guidance on Implementing Specific Articles of the Convention on Combatting Bribery of Foreign Public Officials in International Business transactions].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Ministry of Labour of Russia prepares a draft Federal Law “On protection of persons who report corruption offences and other violations of legislation of the Russian Federation and on amendments to certain legal acts of the Russian Federation”.

Currently, the law drafting continues in cooperation with interested federal public authorities, also with respect to international practice in whistleblowers protection, as well as broad discussion with civil society with respect to conceptual approaches to organisation and tactics of protection of persons who reported acts of corruption.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 2(c):**

2. With respect to reporting of suspected foreign bribery, the Working Group recommends that Russia:
- c) Take steps, as appropriate with business organisations, to provide guidance and assistance in training to company managers and employees on the adoption and implementation of internal whistle-blower mechanism foreseen under Article 13.3 of Federal Law on Combatting Corruption, taking into account the Good Practice Guidance on Internal Controls, Ethics and Compliance, and encourage companies to take appropriate action based on such reporting [2009 Recommendation Section X.C. (v); Annex II of the 2009 Recommendation].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

See Reply on Phase 2 recommendations 2(a) and 2(b).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 3(a):**

3. With respect to officially supported export credits, the Working Group recommends that Russia:

- a) (i) Implement the 2006 OECD Council Recommendation on Bribery and Officially Supported Export Credits and (ii) complete the 2006 Recommendation Survey for both Russian Agency for Export Credit and Investment Insurance (EXIAR) and Vnesheconombank (VEB) and report to the OECD Working Group on Export Credit and Credit Guarantees (ECG) [2009 recommendation, Sections XII (i) and (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

(i) On 25 December 2013, the Management Board of the OJSC Russian Agency for Export Credit and Investment Insurance adopted the OJSC EXIAR Procedure for Combatting Foreign Bribery drafted in compliance with the 2006 Recommendation of the OECD Council Recommendation on Bribery and Officially Supported Export Credits. The Procedure requires obtaining of confirmation from exporters – insurance applicants that they are aware of liability for foreign bribery in international business transactions as established by their national law. In particular, exporters registered in the Russian Federation shall confirm that they have been informed of the content of Article 19.28 of the Code of the Russian Federation on Administrative Offences and Articles 291 and 291.1 of the Criminal Code of the Russian Federation. The Procedure also provides obtaining of other declarations from exporters – insurance applicants for checking against blacklists, carrying out additional checks, if necessary, as well as informing competent authorities of the Russian federation on acts of corruption.

VEB has adopted the Procedure of Anti-Corruption Expertise of Projects Financed with State Support.

Furthermore, the VEB management adopted the Code of Ethics and Official Conduct, which establishes standards of conduct for the Bank's employees in discharging official duties, in particular, it obliges the Bank's employees to counteract corruption and undertake measures for its prevention.

Regulations of the ROSEXIMBANK on Anti-Corruption and Bribery of Public Officials Enforcement when considering requests for financial or guarantee support of the Russian export with involvement of state guarantees of the Russian Federation were approved on 12 November 2013 by the ROSEXIMBANK Management Board meeting.

Also Vnesheconombank, EXIAR and ROSEXIMBANK have prepared OECD questionnaires on execution of the OECD Recommendations concerning Combating Bribery of Foreign Public Officials in the context of Government Lending and Borrowing of Export which were sent to the OECD Secretariat in the letter on August 21, 2014 No. D12i-2032.

According to the information of the OECD Secretariat abovementioned questionnaires will be included in the OECD General Overview on implementation of the OECD Recommendations Combating Bribery of Foreign Public Officials in the context of Governmental export credits in 2014.

(ii) On 21 August 2014, the answers of the Russian Federation to the OECD Survey on measures taken for counteracting corruption in export crediting with respect to provided state support for export were sent to the OECD Secretariat.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 3(b):**

3. With respect to officially supported export credits, the Working Group recommends that Russia:
- b) Ensure that applicants requesting export credit support are made expressly aware of the foreign bribery offence and its legal consequences [2009 Recommendation, Sections III (i) and XII].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

See Reply on Phase 2 recommendation 3(a)(i)

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 3(c):**

3. With respect to officially supported export credits, the Working Group recommends that Russia:
- c) Ensure that due diligence procedures are put in place to verify that applicants are not engaging in acts of foreign bribery and that appropriate measures are in place to encourage reporting to competent authorities of foreign bribery instances employees of EXIAR and VEB may come across in the course of their work [2009 Recommendation, Sections IX(i) and (ii), X.C(vi), and XII].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

See Reply on Phase 2 recommendations 3(a)(i) and 3(a)(ii)

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 4(a):**

4. With respect to official development assistance (ODA), the Working Group recommends that Russia:
- a) Raise awareness of foreign bribery among staff and project partners involved in ODA [2009 Recommendation, Section III (i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Rosstrudnichestvo provides respective awareness-raising for public staff involved in official development assistance, as well as the very staff of the Agency, of foreign bribery in international business transactions

on issues of official development assistance within organised briefings and webinars.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 4(b):**

4. With respect to official development assistance (ODA), the Working Group recommends that Russia:
  - b) Incorporate an anti-bribery clause in its standard contract for ODA-funded projects [2009 Recommendation, Section XI (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Respective article on prohibition of foreign bribery will be included in assistance contracts for ODA purposes in case they are concluded.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 4(c):**

4. With respect to official development assistance (ODA), the Working Group recommends that Russia:
  - c) Ensure that due diligence procedures are in place for detecting instances of foreign bribery by contractors and that appropriate measures are in place to facilitate reporting to competent authorities by employees of Rossotrudnichestvo of credible information about foreign bribery offences that they may uncover in the course of performing their duties [2009 Recommendation, Sections III (vii), IX (i) and (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Rossotrudnichestvo drafted an Order “On detection and prevention of corruption-related and other offences with respect to foreign public officials in international business transactions in the Federal Agency for Affairs of the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation (Rossotrudnichestvo)” and Regulations thereto. The draft Order will be adopted in the nearest future.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 5(a):**

5. With respect to defence exports, the Working Group recommends that Russia:

- a) Ensure that its defence industry develops strong anti-corruption measures and engage in international anti-corruption initiatives concerning the defence sector [2009 Recommendation, Section III (i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to implement the Orders of the President of the Russian Federation No. 460 of 13 April 2010 “On National Plan on Counteracting Corruption for 2010-2011” and No. 226 of 11 April 2014 “On National Plan on Counteracting Corruption for 2014-2015”, the Order of the Ministry of Industry and Trade of Russia No. 944 of 19 May 2014 adopted the Anti-Corruption Action Plan of the Ministry of Industry and Trade of the Russian Federation.

This Plan is aimed at improving conflict of interests settlement mechanisms efficiency, ensuring compliancy with restrictions, prohibitions and principles of official conduct in relation with their discharging of official duties, as well as liability for their violation; detecting and systematising reasons and conditions for corruption in the Ministry’s activities, monitoring corruption risks and their elimination; mitigating corruption risks appearing during fulfilment of the Ministry’s functions; and providing transparency of public procurement procedure and strengthening control over it.

Pursuant to paragraph 13.3 of Federal Law No. 273-FZ of 25 December 2008 “On counteracting corruption”, a Corruption Prevention and Counteraction Commission works in JSC Rosoboronexport, which is a state agent in foreign economic activity with respect to military purpose products. The main task of this Commission is to draft internal regulatory acts aimed at counteracting corruption.

In order to implement OECD Working Group Recommendations, JSC Rosoboronexport adopted an Anti-Corruption Policy, which includes a set of interrelated principles, procedures and specific measures:

- drafting internal regulatory acts regulating issues of conflict of interest, official ethics and exchange of business gifts;
- performing regular control over accounting data, economic feasibility of expenditures in spheres with high corruption risk;
- introducing procedure of mutual informing of employment relations parties on cases of corruption offences and existence of conflict of interest;
- including anti-corruption provisions in agreements with contractors;
- performing a range of awareness-raising and evaluation procedures in counteracting corruption and compliance control;
- engaging external experts and performing external audit;
- introducing procedure of reporting to employer the information, which an employee became aware of, on cases of corruption offences committed by other employees, contractors of the Company, or other persons, and procedure of examining such reports, including establishment of accessible channels for transmission of such information (feedback mechanisms, hotline, etc.);

- acceding to the Anti-Corruption Charter of the Russian Business.

Pursuant to the Regulation on Procedure of Granting Russian Organisations with the Right to Perform Foreign Economic Activity with Respect to Military Purpose Products (hereinafter – Regulation, adopted by the Order of the President of the Russian Federation No. 1062 of 10 September 2005 “On issues of military-technical cooperation of the Russian Federation with foreign states”), control and supervision over activities of Russian organisations is carried out at all stages of military-technical cooperation.

The right to perform foreign economic activity with respect to military purpose products is provided to an organisation upon request from a federal executive authority in charge of the applicant, under decision of the Government of the Russian Federation (submitted by the Federal Service for Military-Technical Cooperation) subject to positive conclusion from the Ministry of Foreign Affairs of the Russian Federation, the Ministry of Defence of the Russian Federation, the Federal Customs Service, the Federal Antimonopoly Service, the Foreign Intelligence Service of the Russian Federation, and the Federal Security Service of the Russian Federation.

Article 19.28 of the Code of the Russian Federation on Administrative Offences “Illegal remuneration on behalf of a legal entity” and Article 291 of the Criminal Code of the Russian Federation “Bribe-giving” establish liability for bribery of foreign public officials, as well as officials of public international organisation.

With a view of ensuring more operational adoption of measures for preventing and restraining violations of legislation by Russian organisations, FSMTC of Russia jointly with the Ministry of Defence of Russia works over legal imposition of an obligation on entities of military-technical cooperation to coordinate their activity with representatives of FSMTC of Russia in foreign states.

FSMTC of Russia plans measures aimed at explaining requirements of anti-corruption legislation in combatting foreign bribery to Russian organisations performing foreign economic activity with respect to military purpose products.

The Ministry of Industry and Trade of Russia jointly with interested federal executive authorities undertakes necessary measures for avoidance of violation of law in the sphere of military-technical cooperation by Russian organisations and enterprises, including measures of preventing, restraining and combatting foreign bribery.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 5(b):**

5. With respect to defence exports, the Working Group recommends that Russia:

- b) Ensure that, when providing licenses for exporting military equipment, the competent authorities consider whether applicants have been involved in foreign bribery as well as the level of risk of corruption in relation to arms procurement in the destination country [2009 Recommendation, Section XI (i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Pursuant to the Regulation on Military Product Import and Export Licensing Procedure in the Russian Federation adopted by the Order of the President of the Russian Federation No. 1062 of 10 September 2005, licenses for importation and exportation of military purpose products (hereinafter – MPPs) are granted by FSMTC of Russia under decisions on MPP supplies adopted upon established procedure by the President of the Russian Federation, the Government of the Russian Federation and FSMTC of Russia. Such licenses are in fact “technical” documents required for ensuring customs clearance of imported and exported MPPs.

We presume that the license for export of military-technical products and arms deems to mean a right of an organisation to fulfil foreign economic activity with respect to military purpose products (MPPs) (hereinafter – the Right).

Pursuant to paragraph 12 of the Regulation on Procedure of Granting Russian Organisations with the Right to Perform Foreign Economic Activity with Respect to Military Purpose Products adopted by the Order of the President of the Russian Federation No. 1062 of 10 September 2005 (hereinafter – Regulation), an organisation granted with the Right is obliged, in particular, to avoid violation of laws of foreign states, as well as acts that may cause political, military or economic damage to the Russian Federation, as well as breach of international obligations of Russia in ensuring international security.

Violation of the military-technical cooperation procedure established by regulatory legal acts of the Russian Federation entails liability in compliance with the law of the Russian Federation and constitutes grounds for suspension or revocation of the Right granted to organisations.

Moreover, Article 19.28 of the Code of the Russian Federation on Administrative Offences establishes liability of legal entities, including those which obtained the Right, for illegal giving, offering or promising on behalf or for the benefit of a legal entity to a foreign public official or an official of public international organisation of money, securities, another property, providing to such official monetised services, granting property rights for commission by such foreign public official or official of public international organisation of an act (omission) related to official position of such official for the benefit of such legal entity.

Liability for foreign bribery is also established by Article 291 of the Criminal Code of the Russian Federation.

The legislation of the Russian Federation, including that in the sphere of military-technical cooperation, secures prohibition for Russian organisations – MPP developers and producers – to perform foreign economic activity with respect to MPPs in case they are charged with a violation of legislation of the Russian Federation, in particular, with foreign bribery.

FSMTC of Russia jointly with the Ministry of Defence of Russia and other interested federal public authorities currently works over legal imposition of an obligation on entities of military-technical cooperation to coordinate their activity when discharging foreign economic functions with respect to military purpose products with representatives of FSMTC of Russia in foreign states.

This will allow undertaking necessary measures more operationally, including those for preventing and restraining violation of Russian or foreign legislation by Russian organisations when coordinating their activity.

Furthermore, FSMTC of Russia plans work aimed at explaining requirements of Russian legislation in

combatting foreign bribery to Russian actors of foreign economic activity with respect to military purpose products.

At the same time, it is noteworthy that the Russian Federation is a *bona fide* participant of international liaisons related to defence products supply. In this regard, measures necessary for avoidance of violation of law in the sphere of military-technical cooperation have been undertaken, including those for restraining, preventing and combatting foreign bribery.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 6(a):**

6. Regarding taxation, the Working Group recommends that Russia:
  - a) Expressly communicate to tax officials the need to detect any outflows of money that could represent bribes to foreign public officials, for example through training grounded on the new OECD Bribery Awareness Handbook for Tax Examiners to be issued shortly [2009 Recommendation on Tax Measures, Section I (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In October 2013, the OECD Bribery Awareness Handbook for Tax Examiners was sent to regional and interregional tax authorities of the Russian Federation for organisation of staff training within the staff training system.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 6(b) [see also Phase 1 recommendation 12<sup>4</sup>]:**

6. Regarding taxation, the Working Group recommends that Russia:
  - b) Enhance the existing organisational enforcement infrastructure by introducing clearer processes between Russia's tax and law enforcement authorities to facilitate detection and reporting by tax officials of suspicions of foreign bribery arising out of the performance of their duties to the appropriate law enforcement agencies [2009 Tax Recommendation on Tax Measures, Section II (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

<sup>4</sup> Note that the numbering for Phase 1 recommendations begin at 3; as such, there are no Recommendations 1 and 2. Please also note that Phase 1 recommendations 5, 7, 9 and 10 were issues for follow-up and *per se* did not require any specific implementing action.

Pursuant to Article 82 paragraph 3 of the Tax Code of the Russian Federation, tax authorities, customs authorities, internal affairs agencies and investigative agencies under the procedure established upon agreement between them shall inform each other on available materials concerning violations of law on taxes and dues and tax crimes, on measures taken for their restraining, on tax inspections carried out by them, as well as exchange another necessary information with a view to accomplishing tasks imposed on them.

The Federal Tax Service in its cooperation with law enforcement agencies is currently guided by the Order of MIA of Russia No. 495, FTS of Russia No. MM-7-2-347 of 30 June 2009 “On approval of internal affairs agencies and tax authorities interaction procedure for preventing, detecting and restraining tax offences and crimes”, as well as the Cooperation Agreement between the Investigative Committee of the Russian Federation and the Federal Tax Service concluded in February 2012 (No. 101-162-12/MMV-27-2/3).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 6(c):**

6. Regarding taxation, the Working Group recommends that Russia:

- c) Facilitate international exchanges of information in accordance with the 2009 Recommendation of the Council on Tax Measures (i) by continuing to include in existing and future tax treaties the language of Article 26.3 of the OECD Model Tax Convention, which provides a legal framework allowing for the reciprocal sharing of tax information by tax authorities with other law enforcement agencies and judicial authorities in relation to corruption offences, and (ii) by considering prompt ratification of the Convention on Mutual Administrative Assistance in Tax Matters [2009 Recommendation on Tax Measures, Section I].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

(i) When negotiating with foreign states on modification of applicable international agreements on avoidance of double taxation and conclusion of new such agreements, the Ministry of Finance of Russia uses the language of Article 26 paragraph 2 of the OECD Model Tax Convention as revised in 2012.

The Ministry of Finance of Russia organised drafting of a Federal Law “On amendments to Article 15.11 of the Code of the Russian Federation on Administrative Offences” (in part related to the increase of sanctions for grave violation of requirements for accounting and itemisation of *corpus delicti* of administrative offences described by this article) (hereinafter – the Draft Law).

The Draft Law establishes the increase of sanctions for grave violation of requirements for accounting and itemisation of *corpus delicti* of administrative offences with respect to Article 8 of the OECD Convention.

The Ministry of Finance of Russia currently draws up a draft law “On amendments to Article 120 par. 1 of the Tax Code of the Russian Federation”, which establishes the increase of sanctions for grave violation of

rules of revenues, and (or) costs, and (or) taxable items accounting.

(ii) The Russian Federation has ratified the Convention on Mutual Administrative Assistance in Tax Matters by Federal Law No. 325-FZ of 4 November 2014.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 7(a):**

7. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:
  - a) Encourage Russian companies, including SMEs active internationally, to further develop and adopt adequate internal controls, ethics and compliance programmes or measures, for the purpose of preventing and detecting foreign bribery, taking into account the Good Practice Guidance in Annex II of the 2009 Recommendation [2009 Recommendation, Section X.C. and Annex II].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

See Reply on Phase 2 recommendation 1(b)

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 7(b):**

7. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:
  - b) In consultation with relevant professional associations and self-regulatory organisations, take steps to encourage the detection and reporting of suspected bribery of foreign public officials by accountants and internal and external auditors, tax officials and officials of the accounting chamber, in particular through guidelines and training for these professionals, including specific training on foreign bribery risk factors and methods to test false documents used to conceal foreign bribery and related accounting offences [2009 Recommendation, Section X.B. and Annex II].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Decree of the Government of the Russian Federation on organisation of further training of federal public civil servants in certain priority areas of additional vocational education in 2014 was adopted on 16 July 2014.

Within the priority area “Public policy in counteracting corruption”, the further training is provided for:

up to 155 civil servants under additional vocational programme “Counteracting corruption through detecting false accounting” – 36 hours;

up to 10 civil servants under additional vocational programme “Issues of detecting and preventing foreign bribery” – 36 hours;

up to 110 civil servants under additional vocational programme “Issues of verifying financial reporting: an anti-corruption aspect”.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 7(c):**

7. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:
  - c) Consider requiring external auditors to report suspected acts 1) of foreign bribery to competent authorities independent of the company such as law enforcement or regulatory authorities, in particular where management of the company fails to act on internal reports by the auditor, and ensure auditors making such reports are protected from legal action as appropriate; 2) and, in connection with the new law on the Accounts Chamber, enhance the awareness of its inspectors of the foreign bribery offence in connection with their obligation to report any serious wrongdoing detected in the course of their audits to law enforcement agencies [2009 Recommendation, Section X. B. (v)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

1) The Ministry of Finance of Russia initiated the work over the issue of establishing a requirement for external auditors to report suspected acts of foreign bribery to competent authorities independent of the company within the Auditing Activities Council established in accordance with Federal Law “On auditing activities”; the Council’s functions include examining issues of public policy in auditing. In May 2014, an Interim Working Group on Ensuring Implementation of the National Plan of Counteracting Corruption for 2014-1015 (in part related to auditing) was established. The Interim Working Group included representatives of self-regulatory organisation of auditors, major audit organisation, and the Ministry of Finance of Russia.

This Interim Working Group, while attaining goals set for it, analyzed open Internet sources containing relevant information on particular countries (Ireland, Italy, Mexico, Netherlands, Slovakia, US, Czech Republic, and Japan).

However, the opinions expressed by the auditor community proves mostly negative attitude to any modifications of Federal Law “On auditing activities” related to the issue in question.

2) On 23 October 2014, the Board of the Accounts Chamber of the Russian Federation approved amendments to the External State Audit (Control) Standards SAS 101 “General rules of performing control activity”.

The amendments establish that at the stage of preparation of a control action, its programme shall include issues of control over counteracting corruption, including those respecting provisions of Article 8 of the OECD Convention, aimed at detecting violations of accounting and reporting rules.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 7(d):**

7. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:
  - d) Raise the awareness of supervisory authorities and self-regulatory organisations about the importance of utilising the full range of available sanctions so as to punish more dissuasively any infringements of audit standards and independence requirements [2009 Recommendation, Section X.B. (ii) and (iii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to follow this recommendation, the Ministry of Finance of Russia jointly with Rosfinnadzor (Federal Financial and Budgetary Supervisory Service) and self-regulatory organisations of auditors carried out the following work:

a) Methodical materials have been prepared for taking disciplinary enforcement actions imposed by a self-regulatory organisation of auditors on its members – audit organisations. These methodical materials contain systematised information on legislation on taking such measures, powers and structure of bodies of self-regulatory organisation of auditors on this issue, types of enforcement actions, terms, grounds, principles and circumstances of their taking, as well as grievance procedure for respective decisions on taking such actions. Use of methodical materials by self-regulatory organisations of auditors in their work ensures commonness of approaches to taking the mentioned actions with respect to their members. Methodical materials have been sent to all self-regulatory organisations of auditors, as well as published on the official website of the Ministry of Finance of Russia [www.minfin.ru](http://www.minfin.ru) in section “Accounting and audit – Audit activities – Self-regulatory organisations of auditors”;

b) Methodical materials “Procedure of taking enforcement action by Rosfinnadzor with respect to audit organisations” have been prepared and approved by the Auditing Activities Council. Pursuant to Federal Law “On auditing activities”, Rosfinnadzor carries out external control over the quality of work of audit organisations that perform mandatory audit of accounting (financial) statements of organisations specified in par. 3, Article 5 of this Federal Law. Application of the mentioned Methodical materials by Rosfinnadzor when rendering decisions on the results of performed external inspection of the quality of

work of audit organisations will ensure unified approach to assessment of detected violations, as well as to determining enforcement actions with respect to audit organisations. Methodical materials have been published on the official website of the Ministry of Finance of Russia [www.minfin.ru](http://www.minfin.ru) in section “Accounting and audit – Audit activities – Control and supervision – Regulatory and legal acts” (a copy of Methodical material is attached hereto);

c) with respect to taking enforcement measures to audit organisations and auditors, self-regulatory organisations of auditors and Rosfinnadzor have organised and maintain systematic monitoring. The Ministry of Finance of Russia annually collects relevant data (for instance, quantitative indicators on inspections of quality of work of audit organisations and auditors; inspections of compliance of audit organisations with requirements on counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism, as well as counteracting corruption, quantitative data on taken enforcement actions, typical violations of rules of auditing activities). These data are systematised and analyzed. Consolidated analytical information on this issue is sent to self-regulatory organisations of auditors and published on the official website of the Ministry of Finance of Russia [www.minfin.ru](http://www.minfin.ru) in section “Accounting and audit – Audit activities – Control and supervision – Key indicators of activity in external control of the quality of work of audit organisations and auditors”;

d) the Auditing Activities Council with involvement of self-regulatory organisations of auditors and Rosfinnadzor has studied the issue of taking disciplinary enforcement actions to audit organisations and auditors in June 2014. Self-regulatory organisations of auditors were provided with relevant recommendations on this issue; in particular, it was proposed to strengthen disciplinary enforcement actions to the member, which committed repeated violations, as well as to ensure unified approach to evaluation of violations detected during external control of the quality of work of their members.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 8(a):**

8. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:
- a) Ensure that all reporting entities, including non-financial professions required to report suspicious transactions, receive appropriate directives and training (including typologies) from the relevant authorities on their obligation to report information that could be linked to foreign bribery [Convention, Article 7; and 2009 Recommendation, Section III (i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In 2014, the Decree of the Government of the Russian Federation No. 492 of 29 May 2014 “On qualification requirements to special officials in charge of implementation of internal control rules, as well as preparation and training of staff in identification of clients and beneficiaries for the purpose of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism, as well as counteracting corruption, and revocation of certain acts of the Government of the Russian Federation” was

adopted.

Pursuant to provisions of the Decree No. 492, Rosfinnadzor drafts legal acts establishing requirements to preparation and training of staff, as well as procedure and terms of accreditation of organisations, which provide such training.

A Pattern Programme for financial and non-financial organisation staff training, as well as determined non-financial enterprises and professions in all areas of Russian “anti-laundering” system has been approved; on its basis, the organisations that provide training include anti-corruption issues and issues of foreign bribery in their programmes of respective training, in particular, studying of key provisions of the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions, as well as studying of respective typologies.

These programmes are being constantly updated in compliance with international and Russian standards.

Issues of money laundering and foreign bribery are also considered under dedicated training programmes for employees of internal control services both in financial and non-financial spheres throughout the entire Russian Federation.

Preparation and training of staff of organisations working with transactions of monetary funds or another property, with a view of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism, are provided by the International Training-Methodical Centre for Financial Monitoring and its partner organisations in all federal districts of the Russian Federation.

Considering the need of system approach to staff training for national system of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism, a Network Institute in the Sphere of Counteracting Legitimation (Laundering) of the Proceeds of Crime and Financing of Terrorism has been established in December 2013; leading universities located in all federal districts of the Russian Federation became its members. The Network Institute provides training professionals in specialisation “Counteracting legitimisation of the proceeds of crime and financing of terrorism” in the following areas: information technologies, economics, law, and international relations.

In order to establish modern qualification requirements to employees of financial and non-financial organisation that implement measures for counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism, development of educational standards and programmes, a draft vocational standard “Specialist in financial monitoring” has been prepared, which is currently undergoing the stage of vocational and public discussion.

Besides that, the issues highlighted in the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions and awareness raising about its basic provisions are included in the traineeship programme of the Bank of Russia for 2014-2015 in further training of the staff of territorial divisions of the Bank of Russia provided by employees of the central office of the Bank of Russia.

At the same time, in order to reinforce the system of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism and enhance professional level of employees of the Bank of Russia involved in its operation, the banking community is engaged in training in provisions of the aforementioned Convention via the Association of Russian Banks.

Within the popular area “Public policy in counteracting corruption”, further training has been organised, in particular on the topic “Issues of detecting and preventing foreign bribery”.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 8(b):**

8. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:
  - b) Take appropriate steps to improve the flow of information and feedback between the relevant government agencies and reporting entities in the anti-money laundering system. Promptly improve the flow of Federal Financial Monitoring Service (Rosfinmonitoring) reports as relating to foreign bribery to law enforcement agencies [Convention, Article 7].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

With a view to ensure heightened attention to transactions of foreign public officials potentially related to their bribery, the Bank of Russia prepared similar modifications to the Regulation of the Bank of Russia No. 375-P of 2 March 2012 “On requirements for rules of internal control of the credit organisation for the purpose of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism”, as well as prepared draft Regulation of the Bank of Russia “On requirements for rules of internal control of the non-credit financial organisations for the purpose of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism”, which establishes attributes that prove unordinary nature of transactions with participation of foreign public officials.

These acts of the Bank of Russia establish measures for credit organisations for sending reports to the Federal Financial Monitoring Service (Rosfinmonitoring) with special codes, which allow detecting transactions related with foreign bribery.

The Bank of Russia has also given respective Instructions with respect to nonbank financial institutions.

Similar changes for non-credit organisations, as well as established non-financial enterprises and vocations have been prepared by Rosfinmonitoring in cooperation with supervisory agencies (Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor), FTS of Russia, etc.).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 8(c):**

8. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:
  - c) Ensure that the non-compliance with Customer Due Diligence requirements and the legal

obligation to report suspicious transactions, including those related to foreign bribery, be sanctioned in a dissuasive manner [Convention, Article 7].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Ministry of Finance of Russia has prepared a draft Federal Law “On amendments to Article 15.11 of the Code of the Russian Federation on Administrative Offences”, which establishes the increase of administrative sanctions for grave violation of requirements for accounting and itemisation of *corpus delicti* of administrative offence with respect to Article 8 of the OECD Convention, provisions of which were reflected in the Federal Law “On accounting” (as amended by Federal Law No. 357-FZ of 21 December 2013).

In order to ensure the opportunity for credit organisations to exercise heightened attention to transactions with foreign public officials, the Bank of Russia prepared a draft Instruction of the Bank of Russia “On amendments to the Regulation of the Bank of Russia No. 375-P of 2 March 2012 “On requirements for rules of internal control of the credit organisation for the purpose of counteracting legitimisation (laundering) of the proceeds of crime and financing of terrorism”, which implies supplementation of an appendix to the mentioned Regulation with a new attribute type code that means extraordinary nature of the transaction – 1126 (“Crediting of monetary resources on a bank account (deposit) of a client – a foreign public official, or transfer of monetary resources by a client for the benefit of a foreign public official, or performance of other transactions in the interest (for the benefit) of a foreign public official”).

Liability for non-submission or submission with violation of established term to an authorised agency of information about transactions, which raises suspicion of the employees of an organisation performing transaction with monetary resources or another property, that they are conducted for the purpose of legitimisation (laundering) of the proceeds of crime and financing of terrorism, is established by the current version of Article 15.27 of the Code of the Russian Federation on Administrative Offences. Measures as provided by Article 74 of Federal Law No. 86-FZ of 10 June 2002 “On the Central Bank of the Russian Federation (Bank of Russia)” should apply to credit organisations.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

*Recommendations for ensuring effective investigation, prosecution and sanctioning of foreign bribery and related offences*

**Text of Phase 2 recommendation 9(a):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - a) Ensure that adequate resources are provided specifically to the detection, investigation and prosecution of foreign bribery offences and ensure accountability for enforcement of the foreign bribery offence, in particular consider specifically tasking specialised units with detecting, investigating and prosecuting foreign bribery, and ensure effective cooperation between prosecutors and investigators working on foreign bribery cases involving both natural and legal persons [2009 Recommendation, Sections II, III(ii), V,

and Annex I, Paragraph D].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to implement this recommendation, which stipulates for carrying out a set of actions for specialisation in combatting foreign bribery, the Investigative Committee undertook a range of measures with a view to introduction, popularisation and improvement of investigators' specialisation in investigating corruption-related crimes, including those related to foreign bribery.

It is necessary to note that pursuant to the Criminal Code of the Russian Federation (hereinafter – CC RF), the crimes related to foreign bribery are qualified under Articles 290, 291, 291<sup>1</sup> CC RF, i.e. as bribe-taking, bribe-giving, or mediation in bribery. Such crimes, pursuant to the List No. 23 Corruption-Related Crimes as adopted by joint Instructions of the General Prosecutor's Office and MIA of Russia "On bringing into force of a list of articles of the Criminal Code of the Russian Federation used in compilation of statistic reporting" No. 387-11/2 of 11 September 2013, are qualified as corruption-related crimes.

Thereby, the work over specialisation of investigators in combatting foreign bribery mostly developed as applied to specialisation in investigating corruption-related crimes with respect to specificity of the subject of crime related to foreign bribery, and was organised in the following areas:

- establishment of departments for investigation of crimes against public order and administration procedure within the offices of territorial investigative directorates of subjects of the Russian Federation and equivalent specialised investigative agencies of the Investigative Committees, which competence covers, in particular, investigation of crimes related to foreign bribery;
- issuance of organisational-administrative documents, in compliance with which investigation of corruption-related crimes shall be assigned to particular investigator;
- establishment of permanent operational-investigation groups for solving and detecting corruption-related crimes;
- introduction of subject principle of distribution of employees' duties in procedural control and forensic support of investigation, as well as establishment of specialised units for procedural control in counteracting corruption.

Determination of a category of criminal cases investigated by particular investigator or investigative unit. Organisational and staff measures for specialisation of investigators in investigation of corruption-related crimes.

Main area of improvement of investigators' specialisation in investigating corruption-related crimes is establishment of units (directorates, departments, or divisions) within the central office of IC of Russia and equivalent specialised investigative directorates, which will exercise powers in investigation of criminal cases and checking reports on crimes against public order and in economic sphere, which competence will also include the authority to investigate acts of foreign bribery.

Establishment of these very units specialised in investigation of crimes against public order and in economic sphere, but not solely crimes related to corruption or foreign bribery, is preconditioned by the fact that crimes of such category are usually closely connected with commission of official and economic crimes.

Specialised units and directorates for investigation of crimes against public order and in economic sphere have been already working since long ago in some investigative agencies (for example, in investigative directorates for Moscow and St. Petersburg, Moscow Region, Krasnodar Territory, Republics of Ingushetia and Tatarstan, and Chechen Republic).

It is noteworthy that specialised directorates and departments for investigation of crimes against public order and in economic sphere investigate the most complicated criminal cases: against high-ranking officials that draw high public attention or caused difficulties in proving at the initial stage of investigation.

The staff of such units usually includes more experienced officers with length of service over 3 years and specific professional skills in investigating respective category of crimes.

For the purpose of work optimisation in this area and enhancement of its efficiency, investigative directorates issue organisational-administrative documents, which establish the obligation of heads of such investigative departments to introduce respective specialisation among investigators of the units they head.

Interdepartmental cooperation in specialisation for investigation of crimes related to foreign bribery.

Besides the system of the Investigative Committee, specialised units in the sphere of counteracting corruption and combatting foreign bribery also operate in agencies carrying out operational-investigative activity (for example, economic security unit and unit for counteracting corruption in the system of internal affairs agencies). Detection rate of crimes of such category largely depends on efficiency of interdepartmental cooperation of investigative agencies of IC of Russia with such units.

Corruption-related crimes, which draw high public interest or are committed by high-ranking officials, in most cases are detected and solved only through close cooperation of investigative agencies and agencies carrying out operational-investigative activity. We suppose that such assumption is fair also with respect to acts of foreign bribery.

In organisational context, the most efficient form of interdepartmental cooperation is the establishment of permanent operational-investigative groups specialised in investigation of corruption-related crimes, including those related to foreign bribery.

Such permanent operational-investigative groups have been established in many subjects of the Russian Federation (for instance, in investigative directorates for Ulyanovsk, Tyumen, Bryansk Regions and other subjects of the Russian Federation).

Specialisation of units of procedural control and forensic support.

The task of improving efficiency and quality of investigation in criminal cases on crimes related to foreign bribery cannot be accomplished without establishing specialised units of procedural control, the scope of competence of which includes control over investigation of criminal cases and checking reports on crimes of this kind.

For instance, a directorate for procedural control in the sphere of counteracting corruption operates within the Main Procedural Control Directorate; within the Procedural Control Directorate of the Main Investigative Directorate for Moscow – a department of procedural control over investigation of crimes against public order, which competence covers carrying out of procedural control over cases on crimes related to foreign bribery. Similar units have also been established in other territorial agencies of the Investigative Committee.

Taking of measures aimed at establishment of procedural control units in the sphere of counteracting

corruption currently continues.

Subject principle of distribution of official duties has been implemented not merely in units exercising procedural control.

Evolution of corruption-related crimes commission mechanisms, in particular, those related to trans-border nature of foreign bribery, preconditions the need to apply advanced achievements of forensic science and the most up-to-date means to register vestiges of their commission in order to detect, solve and investigate them.

Hence, forensic investigators are engaged in investigation of corruption-related crimes, particularly at the initial stage of preliminary investigation; they not only provide methodical assistance in organisation and selection of tactics of investigating actions, but are also directly involved in them, in particular, through using special and forensic machinery (photo and video equipment, devices for detection and registration of vestiges of crime).

The requirements to introduce the subject principle of distribution of duties in forensic units, as well as to engage officers of such units in solving and investigating corruption-related crimes on a constant basis, have been established in certain organisational-administrative documents.

Besides organisational and staff, training and scientific-practical measures, the Investigative Committee has drafted an instruction "On organisation of investigative work and procedural control in the sphere of counteracting corruption in the system of the Investigative Committee of the Russian Federation", which provides investigators' specialisation in investigation of corruption-related crimes related to foreign bribery

Moreover, the draft document establishes mechanisms of information and registration of the data concerning institution and investigation of criminal cases on acts of bribe-giving to a foreign official or an official of public international organisation either in person or through a mediator, as well as bribe-taking by such officials; control over legitimacy and relevancy of adopted procedural decisions in the course of procedural inspections under Articles 144 and 145 of the Criminal Procedural Code of the Russian Federation on reports on crimes and the process of their investigation; enforcement of judgments in the part of civil suit and confiscation of property in corruption-related criminal cases, including those related to foreign bribery.

With a view of specialisation, prosecutorial authorities organise training of prosecutorial officers in the Academy of the General Prosecutor's Office of the Russian Federation. The working programme of the training-methodical complex of additional programme of vocational retraining of prosecutorial officers being in staff reserve for recommendation for positions of prosecutors of districts, cities and equivalent prosecutors includes a separate topic on organisation of combatting foreign bribery in international business transactions within the section "Prosecutorial supervision over enforcement of legislation on counteracting corruption".

In the Resolution of the Coordinative Meeting of the Law-Enforcement Authorities of the Russian Federation of 27 November 2013 No. 3 the prosecutors are instructed to take additional measures to identify crimes related to transfer, offer or promise of illegal gratification on behalf of or for benefit of a legal entity including to a foreign public official or an official of a public international organization.

On 29 January 2014 the informational letter "On Enhancing of the Procuratorial Supervision over Combating Bribery of Foreign Public Officials in International Business Transactions" was sent to the prosecutors of constituent entities of the Russian Federation according to which they are required to take additional measures aimed at activation of the procuratorial supervision in the area of fight against the

corrupt violations of the category concerned.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 9(b):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - b) Ensure adequate, regular training to relevant operative officers, investigators, prosecutors and judges specifically on the offence of foreign bribery to guarantee effective detection, investigation and prosecution of foreign bribery and related accounting offences, and, when feasible, conduct joint trainings with the focus on the referral and coordination of such cases among law enforcement agencies, as well as coordination of criminal and administrative investigations [2009 Recommendation, Sections II, III(ii), V, and Annex I, Paragraph D].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Academy of the Investigative Committee of the Russian Federation ensured inclusion to investigators' training programmes of a topic on methods of investigation of active and passive foreign bribery as predicate crimes preceding money laundering, as well as development of specialised courses for investigators, prosecutors and operative officers on issues of detecting and investigating acts of foreign bribery.

The Academy of the General Prosecutor's Office of the Russian Federation included in the working programme of the training-methodical complex of additional programme of vocational retraining of prosecutorial officers being in staff reserve for recommendation for positions of prosecutors of districts, cities and equivalent prosecutors a separate topic on organisation of combatting foreign bribery in international business transactions within the section "Prosecutorial supervision over enforcement of legislation on counteracting corruption". This topic covers issues of methods of investigating active and passive foreign bribery, in particular, crimes preceding money laundering, as well as issues of detecting and investigating foreign bribery and offences related to false accounting. Furthermore, the training draws attention of the audience to the importance of application of confiscation as a sanction for foreign bribery and to methods for quantifying the proceeds of bribery.

The Academy of the General Prosecutor's Office of the Russian Federation also has a training programme of special course "Prosecutorial supervision over enforcement of legislation on counteracting corruption", which is offered in St. Petersburg and Irkutsk Law Institutes (Branches) of the Academy when training investigative officers of the Federal Drug Control Service of the Russian Federation.

The Federal Security Service of the Russian Federation organised work on inclusion of issues of methods of investigating active and passive foreign bribery, as well as foreign bribery as predicate crimes preceding money laundering, in existing training programmes in sponsored institutes.

Basic parts of curricula for all categories of audience – judges of courts of general jurisdiction, as well as

some categories of public civil servants of courts of general jurisdiction (judge assistants and court session secretaries) and the Judicial Department under the Supreme Court of the Russian Federation – include lectures, which are delivered, on topics related to official crimes and corruption-related crimes: “Concept and characteristics of the subject of official crime. Problem of qualification of officials by subject”, “Problem of qualification of abuse of official powers and exceeding official powers”, “Problems of qualification of taking and giving of bribe. Intermediation in bribery”, “Administrative-legal mechanisms of counteracting corruption in public service system”, “Legal status of a civil servant”, and “Entry in civil service. Civil service career in administrations of courts and Judicial Department”. These lectures cover issues of counteracting corruption, as well as judicial practice of hearing of criminal and administrative cases related to corrupt practices, including those committed against foreign public officers.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 9(c):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - c) Take steps to ensure that the exercise of investigative and prosecutorial powers, in particular for foreign bribery offence, is not influenced by considerations prohibited under Article 5 of the Convention, and closely monitor and evaluate the performance of investigation and prosecution authorities with regard to foreign bribery allegations on an on-going basis, including in particular with regard to decisions not to open or to discontinue an investigation or prosecution [Convention, Article 5].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Procedure and terms of processing the report on foreign bribery are regulated by the Criminal Procedural Code of the Russian Federation (hereinafter – CPC RF).

For instance, pursuant to Article 144 par. 1 CPC RF, an inquirer, inquiry body, investigator, and the head of an investigative body must accept and check information about any crime committed or being prepared and shall, within the competence established by the Code, take a decision on it within three days from the day when such information is received.

Should there be sufficient data evidencing elements of crime upon the results of considering the respective report, a decision is to be made on institution of a criminal case. If no such data are collected during the checking, a decision on refusal to institute a criminal case is to be made.

In case when three-day period appears to be not enough for adoption of legitimate and reasonable decision, the term of checking may be prolonged upon the justified petition of an investigator or inquirer by the head of respective body for up to 10 days, and if it is necessary to conduct documentary checks, audits or examinations of documents, objects, as well as carrying out of operative investigative actions – for up to

30 days.

No further prolongation of the term of checking a report on crime, including reports on crimes related to foreign bribery, is allowed, and the person executing such checking must make a decision on it.

Pursuant to regulations of the Russian law, prosecution of a person, who committed crime, starts from the moment of instituting of a criminal case, which is conditioned by additional guarantees for protection of human rights and freedoms, which become restricted during such prosecution.

In this regards, it is necessary to note that investigative agencies of the Investigative Committee, which exclusive competence covers processing of reports and investigation of criminal cases on crimes related to foreign bribery, are targeted at immediate institution of a criminal case if sufficient data evidencing elements of respective crime are available.

Furthermore, in order to ensure strict enforcement and unified application of provisions of criminal and criminal-procedural law of the Russian Federation, in particular that related to bringing to criminal liability on acts of foreign bribery, as well as operative response to such acts, and efficient accomplishment of tasks set for authorised bodies in 2014, the General Prosecutor's Office of Russia jointly with the Investigative Committee, the Ministry of Internal Affairs of Russia, the Federal Security Service of Russia, the Federal Drug Control Service of Russia, the Federal Customs Service of Russia, the Federal Penitentiary Service of Russia, the Ministry of Defence of Russia, the Federal Bailiff Service of Russia, and the Ministry of Emergency Situations of Russia drafted and adopted an interdepartmental order "On reinforcing prosecutorial supervision and departmental control over legality of procedural actions and adopted decisions on refusal to institute a criminal case when processing reports of crime".

This Order *inter alia* requires authorised bodies to apply extensive measures for due organisation of checking of reports on crime, including those relates to foreign bribery, and awarding procedural judgments on them within legally established terms.

Procedure and terms of investigation of criminal cases on crimes related to foreign bribery are also regulated in details by the Russian law.

For instance, pursuant to Article 162 par. 1 CPC RF the preliminary investigation on a criminal case shall be completed within two months from the day of institution of the criminal case.

In cases when investigation of a criminal case fails to be completed within the established period, it may be prolonged by the head of investigative department for up to 3 months. Further extension of this period is allowed only if the investigation of the criminal case is particularly complicated or in other exceptional cases. The decision on extension of investigation term on a criminal case for over 3 months may be made by the head of investigative agency for the subject of the Russian Federation or another equivalent head of investigative agency, or their deputies, and for over 12 months – by the President of the Investigative Committee or his deputy.

Procedure of control over compliance with terms of investigation is established by departmental regulatory acts of the Investigative Committee.

For instance, the Order of the Investigative Committee "On organisation of procedural control in instituting petitions on extension of the term of preliminary investigation, order and extension of the term of pre-trial restriction in the form of detention" No. 3 of 15 January 2011, establishes that prosecution shall be carried out within reasonable term, with respect to actual complicity of the criminal case, behaviour of parties to the criminal proceeding, sufficiency and efficiency of actions of heads of investigative agency and

investigator aimed at timely prosecution or consideration of the criminal case. This Order also provides specific procedures, which allow ensuring this very approach in investigation of all criminal cases under proceeding of investigators of the Investigative Committee, including those on acts of foreign bribery.

Issues of verifying reports on foreign bribery, as well as investigation of criminal cases on crimes of this category, are the subject matter of federal and departmental statistical monitoring, which allows evaluating the work of law enforcement (law implementing) agencies in this area.

For instance, the Order of the General Prosecutor's Office of the Russian Federation "On approval of the federal statistical monitoring form No. I-CORR" No. 553 of 26 December 2013 approves and brings into force since December 2013 the federal statistical monitoring form No. I-CORR "Information on results of work of law enforcement (law implementing) agencies in combatting corruption crimes" and establishes registration of the number of foreign officials, who committed corruption-related crimes, in particular, those separately related to bribery of such officials.

The Investigative Committee by the Order "On approval of statistical report "Information on the activities of investigative agencies of the Investigative Committee of the Russian Federation" No. 41 of 28 March 2011 established registration of information on the number of crimes committed by persons holding positions in foreign organisations operating in the territory of the Russian Federation.

Draft instructions drawn up by the Investigative Committee "On organisation of investigative work and procedural control in the sphere of counteracting corruption in the system of the Investigative Committee of the Russian Federation" require mandatory sending special dispatches by investigative agencies to the central office of the Investigative Committee on each case of institution of a criminal case on the act of foreign bribery within 3 days after adoption of respective procedural decision.

Hence, applicable Russian law provides such procedures of examining reports on crime related to foreign bribery, which fully ensure due performance, quality and impartiality in solving issues of combatting crimes of this category. Furthermore, existing registers ensure the opportunity to evaluate activities of agencies authorised to detect, solve and investigate acts of foreign bribery.

At the same time, the Investigative Committee of the Russian Federation organised information and methodical support for activities of investigative agencies in investigation of corruption-related crimes, including those related to foreign bribery.

For this purpose, methodical recommendations for investigation of certain types of corruption-related crimes have been prepared on the basis of law enforcement practice survey, experience generalisation in investigating crimes of respective category, and performance evaluation.

Furthermore, the Investigative Committee prepared and introduced in practice of territorial investigative agencies the methodical recommendations on the topics "Investigation of corruption crimes", "Tactics of investigative actions aimed at determination and return of property acquired through criminal activity, in particular, in financial and budgetary sphere, as well as ensuring opportunity to confiscate proceeds and property acquired through crimes", "Protection of property rights of citizens, organisations and the state in investigating corruption crimes, as well as cooperation of investigative agencies with agencies of Rosfinmonitoring and Rosreestr (Russian State Register) (in particular, when determining property of citizens and organisations subject to seizure as provisional remedy for claimed civil suits)".

The Order of the General Prosecutor of the Russian Federation of 27 May 2014 approves an Integrated Action Plan for Counteracting Corruption for 2014 – 2016, pursuant to which respective Directorates of the General Prosecutor's Office of the Russian Federation were instructed to review practice of

investigating criminal cases in corruption-related crimes and supporting public prosecution in considering of such cases by courts. Particular attention in this review was to be paid to issues of compliance with the requirement of reasonable terms of criminal proceedings, as well as issues related to ensuring compensation to damage caused.

On 21 August 2014 the Prosecutor General of the Russian Federation issued the Order No. 431 on amending the statistical report “Supervision over Execution of the Anti-Corruption Legislation and Investigation Findings of the Criminal Corruption Cases”. These amendments provide an opportunity to take into account the work on investigation of criminal corruption cases related to bribery of foreign public officials including in respect of the termination of criminal cases.

In the Order of the Prosecutor General of the Russian Federation of 29 August 2014 No. 454 “On Organization of the Procuratorial Supervision over Execution of the Anti-Corruption Legislation” the prosecutors are instructed to provide effective procuratorial supervision over execution of laws upon reception, registration and resolving reports on corruption crimes, legitimacy of taken procedural decisions on initiation or on refusal to initiate criminal cases. In cases of red-tapery, taking illegal decisions, incompleteness of inspections a question about bringing guilty persons to responsibility shall be raised as well as they must consider a question on responsibility of procuracy officers which do not provide adequate supervision over their activities.

In the informational letter of 29 January 2014 “On Enhancement of the Procuratorial Supervision over Combating Bribery of Foreign Public Officials in International Business Transactions” the prosecutors are instructed when holding supervision measures to focus on organization of operational and search activities as well as on the cases of leaving by investigation bodies without evaluation essential elements of criminal offence related to bribery of foreign public officials and on reasons for such offences.

At the same time, the work is currently being finalised with respect to approval of draft interdepartmental instruction of the General Prosecutor’s Office of the Russian Federation, the Investigative Committee, the Ministry of Internal Affairs of Russia, the Federal Security Service of Russia, the Federal Drug Control Service of Russia, the Federal Bailiff Service of Russia, the Federal Customs Service of Russia, and the Ministry of Emergency Situations of Russia “On organisation of prosecutorial supervision and departmental control over compliance with provisions of laws on reasonable terms at the pre-trial stage of criminal proceedings”, which also addresses the issues of operative efficiency of prosecutorial and law enforcement officials at the pre-trial stage of criminal proceedings.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 9(d):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - d) Clarify which courts would be responsible for adjudication of foreign bribery cases against natural and legal persons [Convention, Article 5].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Pursuant to Article 31 of the Criminal Procedural Code of the Russian Federation, corruption-related cases, including those related to foreign bribery, committed by natural persons, are subject to the jurisdiction of the district court.

According to Federal Constitutional Law No. 1-FKZ of 31 December 1996 “On judicial system of the Russian Federation”, the courts exercise judicial power individually, independently from anyone’s will, and submit only to the Constitution of the Russian Federation and the law.

District court reviews cases within the scope of its competence as a court of the first and second instances.

As noted above, the liability of a legal entity is established under the proceeding on an administrative offence case in compliance with the Code of the Russian Federation on Administrative Offences (hereinafter – CAO RF).

What concerns the procedure, institution of administrative offence cases and administrative investigation with respect to legal entities shall be carried out in compliance with CAO RF.

The prosecutor’s ruling on administrative offence shall be sent to the judge authorised to review the administrative offence case (pursuant to Article 23.1 CAO RF).

By virtue of Article 23.1 par. 1 CAO RF, administrative offence cases qualified by Article 19.28 CAO RF shall be reviewed by judges, while the competence for consideration of such cases is divided by provisions of Article 23.1 CAO RF between justice of peace and district court judges.

For instance, if proceeding on an administrative offence case qualified by Article 19.28 CAO RF is carried out in the form of administrative investigation, it shall be reviewed by a district court judge. In other situations, such cases shall be reviewed by the justice of peace.

Hence, cases of this category are considered by courts of general jurisdiction and not by arbitration courts.

Moreover, by virtue of Federal Constitutional Law No. 8-FKZ of 4 June 2014 “On amendments to the Federal Constitutional Law “On Arbitration Courts in the Russian Federation” and Article 2 of Federal Constitutional Law “On Supreme Court of the Russian Federation”, the Supreme Arbitration Court of the Russian Federation is excluded from the system of arbitration courts of the Russian Federation.

Today, the supreme instance for consideration of this category of cases is the Supreme Court of the Russian Federation.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 9(e):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - e) Consider further strengthening safeguards of judicial independence to ensure that prosecutions and adjudications of the foreign bribery offence cannot be influenced by considerations of national economic interest, the potential effect upon relations with

another State or the identity of the natural or legal persons involved [Convention, Article 5].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The judicial system of the Russian Federation is established by the Constitution of the Russian Federation and Federal Constitutional Law No. 1-FKZ of 31 December 1996 “On judicial system of the Russian Federation”, Law of the Russian Federation No. 3132-I of 26 June 1992 “On the status of judges in the Russian Federation”, and Federal Law No. 188-FZ of 17 December 1998 “On justice of peace in the Russian Federation”.

Key guarantees of independence, irremovability, subordination to law, bringing judges to responsibility, and non-interference of executive and legislative powers in activities of courts are provided by Chapter 7 of the Constitution of the Russian Federation and detailed in federal legislation.

Federal Constitutional Law “On judicial system of the Russian Federation” (Article 5) establishes that courts exercise judicial power independently from anyone’s will and submit only to the Constitution of the Russian Federation and the law.

Judges, jury members, people’s and arbitration court assessors participating in effectuation of justice are independent and submit only to the Constitution of the Russian Federation and the law. Guarantees of their independence are provided by the Constitution of the Russian Federation and the federal law.

Guarantees of independence of judges, including measures of their legal protection and material and social support cover all judges of the Russian Federation and may not be cancelled or reduced by other regulatory acts of the Russian Federation and subjects of the Russian Federation.

Any interference in activities of judges in effectuation of justice is subject to legal prosecution (Article 10).

The requirement of independence of judicial power implies availability of certain guarantees protecting judges from influence when they fulfil their duties. In this regard, the federal legislator established special procedure of bringing judges to criminal and administrative responsibility (Article 16 Law of the Russian Federation “On the status of judges in the Russian Federation” and Articles 447 – 452 of the Criminal Procedural Code of the Russian Federation (hereinafter – CPC RF)). What concerns civil legal responsibility of the state for the damage caused to a citizen when effectuating justice, by virtue of paragraph 2 Article 1070 of the Civil Code of the Russian Federation, this damage (if it is not conditioned by illegal conviction, illegal confinement as a restraint measure, or illegal imposition of administrative sanction in the form of administrative arrest) shall be compensated if the judge’s guilt is established by a court verdict which came into legal force. But if a judge when effectuating justice commits an offence derogating honour and dignity of citizen, but his act (omission) contains no criminal or administrative *corpus delicti*, but includes the elements of disciplinary offence, the type of liability of the judge for commission of such offence shall be disciplinary liability.

A range of federal laws has been adopted recently, which are aimed at ensuring openness and transparency of justice, improvement of efficiency and quality of consideration of cases, securing accessibility of justice, and counteracting corruption in judicial authorities.

Law of the Russian Federation on the amendment to the Constitution of the Russian Federation No. 2-FKZ of 5 February 2014 “On Supreme Court of the Russian Federation and the Procuracy of the Russian Federation”, with the view to improve judicial system and strengthen its unity, legally provides that the

Supreme Court of the Russian Federation is the only highest judicial body for civil cases, settlement of economic disputes, criminal, administrative and other cases subject to the jurisdiction of all courts, as well as carries out judicial supervision over activities of these courts and gives clarification on issues of judicial practice in procedural forms established by the federal law.

The Supreme Court of the Russian Federation includes 170 judges.

For the purpose of initial formation of a new composition of the Supreme Court of the Russian Federation, a dedicated qualification board is established, which consists of 27 people and includes representatives of the President of the Russian Federation, the Civic Chamber of the Russian Federation, and all Russia associations of lawyers, as well as representatives of councils of judges of subjects of the Russian Federation.

Qualification examination for the position of a judge of the Supreme Court of the Russian Federation at forming of its initial composition is carried out by a Special Examination Commission, which consists of 11 members.

The Commission includes three members of the Commission elected by all Russia public associations of lawyers, and eight members of the Commission elected by councils of judges of subjects of the Russian Federation from among members of these councils – one member of the Commission for each council of judges of subjects of the Russian Federation acting in the territory of every federal district.

Procedure of forming of the Special Qualification Board for selection of candidates for the positions of judges of the Supreme Court of the Russian Federation and the procedure of candidates selection for these positions, as well as the procedure of election of members of the Special Examination Commission for conduction of qualification examination for the position of a judge of the Supreme Court of the Russian Federation and the procedure of this examination are established by Federal Law No. 16-FZ of 5 February 2014 “On procedure of selection of candidates to the initial composition of the Supreme Court of the Russian Federation, established in accordance with the Law of the Russian Federation on the amendment to the Constitution of the Russian Federation “On the Supreme Court of the Russian Federation and the Procuracy of the Russian Federation”.

Currently, a federal target programme “Development of judicial system for 2013-2020” adopted by the Order of the Government of the Russian Federation No. 1406 of 27 December 2012 “On the federal target programme “Development of judicial system for 2013-2020” is being implemented now (hereinafter – the Programme).

The Programme is aimed at improving quality of effectuation of justice, as well as improving legal protection of rights and legitimate interests of citizens and organisations, and establishes equipping with videoconference units, video recordings and broadcasting for video (audio) record-keeping of court hearings as one of the main areas of further development of the judicial system in order to ensure access of citizens to justice and its maximum openness and transparency.

Indicators and indices of the Programme will be such elements as the share of citizens who consider the work of courts unsatisfactory, who consider the information of the activity of courts insufficient, the number of arbitration courts that use the option of online interaction with the society (natural and legal persons) through the system of e-justice, the number of federal courts of general jurisdiction equipped with systems of video recording of court hearings, the number of rooms for court sessions of federal courts of general jurisdiction with systems of audio recording of court hearings, the share of federal courts of general jurisdiction equipped with videoconference systems within the entire number of federal courts of general jurisdiction, the number of arbitration courts equipped with systems of video recording and

broadcasting of court hearings, application of technical facilities and systems for ensuring security of federal court buildings.

The Ministry of Justice of Russia drew up a draft Federal Law No. 246960-6 “Code of administrative legal proceedings of the Russian Federation”, which is aimed at improvement of order of legal proceedings on cases arisen from administrative and other public legal relationships.

The draft document has been elaborated with respect to contemporary achievements of the Russian science in public sectors of law; it reflects organisational division of public power and the role of the court in the system of legal safeguards, checks and balances, which ensure independence of all branches of power and at the same time their close interaction.

This draft Federal Law has already been adopted by the State Duma of the Federal Assembly of the Russian Federation at the first reading.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 9(f):**

9. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:
  - f) Take necessary measures to ensure that all credible foreign bribery allegations are proactively and conscientiously detected and seriously investigated, and remind the investigators and the prosecutors of the importance of actively reviewing the entire range of possible sources of detection of foreign bribery and making full use of the broad range of investigative measures available to them, and ensure that emphasis is made on the importance of pursuing such cases in law enforcement guidance and other relevant documents [2009 Recommendation, Sections II, III(ii), V, XIII (ii), and Annex I, Paragraph D].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian law establishes that every report on foreign bribery is subject to verification under the procedure as provided by Article 144 of the Criminal Procedural Code of the Russian Federation. And in cases when verification establishes enough data evidencing elements of respective crime, an authorised person must institute a criminal case and carry out prosecution.

Completeness and quality at verifying reports on crimes of such category, as well as investigation of criminal cases on them are ensured through departmental procedural control and prosecutorial supervision over the process and the results of activities of authorised persons in this area.

The Investigative Committee of the Russian Federation has organised information and methodical support for the work of investigative agencies in investigation of corruption-related crimes, including those related to foreign bribery.

For this purpose, methodical recommendations for investigation of certain types of corruption-related

crimes have been prepared on the basis of law enforcement practice survey, experience generalisation in investigating crimes of respective category, and performance evaluation, as well as organisational-administrative documents, which bring into force the algorithms of work of investigators in investigating such crimes, issue information letters and reviews that describe current state of work in this area.

In the Order of the Prosecutor General of the Russian Federation of 29 August 2014 No. 454 “On Organization of the Procuratorial Supervision over Execution of the Anti-Corruption Legislation” the prosecutors are instructed to establish and maintain business cooperation with social organizations, mass media, business entities in order to obtain information. Promptly to organize check of records on corruption offences and to take thereon decisions on bringing guilty persons to responsibility established by law including on bringing legal entities to administrative responsibility. Systematically to analyze the work of dealing with appeals of the citizens and organizations on corruption. Also the prosecutors are instructed to provide supervision over execution of the laws upon reception, registration and resolving reports on corruption offences, legitimacy of taken procedural decisions on initiation or on refusal to initiate criminal cases.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 10(a) [see also Phase 1 recommendations 3(a), 3(b) and 3(c)]**

10. With respect to the offence of foreign bribery, the Working Group recommends that Russia:

- a) Amend the law in order to (i) expand the scope of the offence of foreign bribery, to include the “promising” and “offering” of a bribe as offences; (ii) ensure that any kind of advantage, including any bribes in the form of non-material advantages are explicitly covered by the foreign bribery offence; (iii) eliminate the defence of “effective regret” as it applies to foreign bribery; and (iv) exclude the application of the defence of economic extortion from the offence of foreign bribery [Convention, Article 1, Phase 1 Evaluation, Recommendations 1a), 1b) and 1c)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

For instance, the implementation of the recommendation was discussed at the session of the Working Group of the Presidential Council on Counteracting Corruption dedicated to interaction with the civil society (22 December 2014).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 10(b):**

10. With respect to the offence of foreign bribery, the Working Group recommends that Russia:

- b) Take any appropriate measures to (i) clarify that the offence of “bribe giving” (including through intermediaries) is deemed to be completed when the briber actually takes steps to transfer the undue advantage and does not require the actual receipt of the bribe by the foreign official or a third party on his behalf to be proven; (ii) raise awareness within both the public and private sectors that bribery through an intermediary, including through a related legal person, constitutes an offence under the foreign bribery offence; (iii) ensure that a reference to foreign law is not the only source relied upon for defining the foreign official’s duties and determining whether the act committed by the foreign official was lawful or unlawful [Convention, Article 1].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

At the same time it is noteworthy that a Review of recommendations for implementation of a set of organisational, explanatory and other measures for prevention by public officials of behaviours that may be perceived by people as a promise of bribery or an offer of bribery, or as a consent to accept a bribe or a request to give a bribe has been adopted in June 2013 and recommended for application in practical anti-corruption activity by federal public authorities, public authorities of subjects of the Russian Federation, local self-governments, state corporation, state non-budgetary funds, and organisations established for accomplishing tasks set for federal public agencies.

The Review has been prepared for the purpose of providing assistance to heads of aforementioned authorities and organisations.

The Review includes international documents and applicable laws of the Russian Federation in the sphere of combatting corruption, criminalisation of the promise to give a bribe or to take a bribe, and the offer to give a bribe or to take a bribe, as well as outlines main tasks and areas, implementation of which will contribute to creation of conditions in authorities and organisation that will hinder the opportunity of corrupt practices and ensure decline in corruption level.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 10(c):**

10. With respect to the offence of foreign bribery, the Working Group recommends that Russia:

- c) Take any appropriate measures to ensure that the definition of public official covers, in a manner that is consistent with the Convention and Commentaries: (i) officials of public enterprises, regardless of their legal forms; (ii) officials of public enterprises where there is direct or indirect control of the enterprise; and (iii) public officials of organised foreign areas or entities that do not qualify or are not recognised as States [Convention, Article 1].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Pursuant to Resolution of the Plenum of the Supreme Court of the Russian Federation No. 19 of 16 October 2009 “On judicial practice in cases on abuse of official powers and exceeding official powers”, in consideration of criminal cases on abuse of official powers (Article 285 of the Criminal Code of the Russian Federation, hereinafter – CC) and on exceeding official powers, it is necessary to proceed on the basis that in accordance with paragraph 1 of comments to Article 285 CC, officials deemed to be persons who constantly, temporarily, or under special authority fulfil organisational-regulatory, administrative-economic functions in public bodies, bodies of local self-government, public and municipal institutions, public corporations, as well as in the Armed Forces of the Russian Federation and other forces and military formations of the Russian Federation.

The Resolution of the Plenum of the Supreme Court of the Russian Federation No. 19 of 16 October 2009 describes organisational-regulatory functions as powers related to “steering personnel of a public body, public or municipal institution (its structural unit) or certain employee in their official subordination, to forming staff composition and determination of working duties of employees, to organising procedure of service, application of incentive or remuneration measures, imposition of disciplinary sanctions, etc.”. Administrative-economic functions shall be deemed as a power “of management and disposition of property and (or) monetary resources kept on the balance sheet and (or) bank accounts of organisations, institutions, military units and elements, as well as of carrying out other actions (for instance, decision-making on paying salary, bonuses, exercising control over flow of tangible assets, determination of procedure of their storage, registration and control over their expenditure)”.

Along with a person holding public position of the Russian Federation or public position of a subject of the Russian Federation, the liability subject pursuant to Article 285 par. 2 CC and Article 286 par. 2 CC may also be the head of local self-government body, which shall mean only the head of municipal entity – the highest official of the municipal entity invested by virtue of the Charter of Municipal Entity with his own powers to address issues of local significance (Article 36 of Federal Law No. 131-FZ of 6 October 2003 “On general principles of organisation of local self-government in the Russian Federation”).

Pursuant to the comments to Article 2.4 of the Code of the Russian Federation on Administrative Offences (hereinafter – CAO), an official shall mean a person who constantly, temporarily, or under special authority fulfils functions of a representative of authority, i.e. is invested under established procedure with regulatory powers with respect to persons being out of official dependence from him, as well as a person fulfilling organisational-regulatory or administrative-economic functions in public bodies, bodies of local self-government, public and municipal organisations, as well as in the Armed Forces of the Russian Federation and other forces and military formations of the Russian Federation.

Pursuant to the Resolution of the Plenum of the Supreme Court of the Russian Federation No. 19 of 16 October 2009, fulfilment of functions under special authority means that the “person fulfils functions of a representative of authority, fulfils organisational-regulatory or administrative-economic functions imposed on him by a law, or another regulatory legal act, decree or order of a superior official, or a body, or an official authorised on that (for example, function of a jury member)”.

Pursuant to the comment 2 to Article 290 CC, a foreign public official in Articles 290, 291, 291<sup>1</sup> CC (bribe-taking, bribe-giving and mediation in bribery, accordingly) shall mean any appointed or elected person who holds any position in legislative, executive, administrative or judicial body of a foreign state, as well as any person who exercises any public function for a foreign state, including that for a public department or public enterprise; an official of public international organisation shall mean an international

civil servant or any person, who is authorised by such organisation to act on its behalf.

The concept of the term “official” as provided by provisions of the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions, as well as Commentaries thereto, complies with definitions established in respective regulations of legislation of the Russian Federation.

Moreover, the Resolution of the Plenum of the Supreme Court of the Russian Federation No. 24 of 9 July 2013 “On judicial practice in cases on bribery and other corruption-related crimes” contains precise definition of a foreign public official and an official of a public international organisation, as well as provides elements comprising *corpus delicti* of official crimes.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 10(d):**

10. With respect to the offence of foreign bribery, the Working Group recommends that Russia:

- d) Clarify and ensure that all cases where a foreign public official directs the transmission of the benefit to a third party are covered under the offence of foreign bribery, not just those where the official has a proven relationship with the third party [Convention, Article 1].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 11(a) [see also Phase 1 recommendation 4]:**

11. With respect to the liability of legal persons, the Working Group recommends that Russia:

- a) Amend the law in order to (i) expand the scope of the offence applicable to legal persons to include third party beneficiaries; and (ii) ensure that any kind of advantage, including any bribes in the form of non-material advantages, in the context of the Code of Administrative Offences, can trigger administrative responsibility of legal persons [Convention, Article 2].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 11(b):**

11. With respect to the liability of legal persons, the Working Group recommends that Russia:
- b) Take all appropriate measures to clarify (i) the requirements for the administrative liability of legal persons in order to ensure coverage of the full range of situations required in Annex I to the 2009 Recommendation; (ii) what constitutes “on behalf or in the interest of a legal person” when the offending natural person worked for a foreign subsidiary of a Russian legal entity; and, (iii) when a court can charge a legal person, including a foreign subsidiary of a Russian legal person, with mediation in bribery, and the resulting sanctions that can be imposed [Convention, Article 2 and 2009 Recommendation Annex I B) and I C)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work. At the same time, it seems that this recommendation may be implemented through a clarification provided in a form of Resolution of the Plenum of the Supreme Court of the Russian Federation in the process of judicial practice.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 11(c):**

11. With respect to the liability of legal persons, the Working Group recommends that Russia:
- c) Clarify (i) whether Article 2.1 par. 2 CAO together with Article 13.3 of Federal Law 273-FZ require all legal entities to create anti-corruption measures to prevent bribery; (ii) whether non-compliance with Article 13.3 can serve as the basis for a stand-alone offence, and resulting sanctions, and if so, what those sanctions are, or whether Article 13.3 is a potential defence and (iii) what constitutes appropriate “measures on prevention of corruption” under Article 13.3 of Federal Law 273-FZ [Convention, Article 2].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Article 19.28 of the Code of the Russian Federation on Administrative Offences (hereinafter – COA RF) establishes administrative liability of legal entities for illegal giving, offering or promising on behalf or for the benefit of a legal entity to an official, a person exercising managerial functions in business or another organisation, a foreign public official or an official of public international organisation of money, securities, another property, providing to such official monetised services, granting property rights for commission by such official, person exercising managerial functions in business or another organisation, foreign public official or official of public international organisation of an act (omission) related to official position of such official for the benefit of such legal entity.

Pursuant to Article 2.1 par. 2 CAO RF, a legal entity shall be found guilty for commission of an administrative offence, if it is established that it had an opportunity to comply with rules and regulations, for violation of which COA RF or laws of a subject of the Russian Federation provide administrative liability, but did not apply all measures within its control for compliance with them.

Minimum evaluation criteria for fulfilment of an obligation by organisations to undertake measures for preventing corruption are ensuring implementation of actions specified in Article 13.3 par. 2 of Federal Law No. 273-FZ of 25 December 2008 “On counteracting corruption”, as well as the Methodological Recommendations. In particular, availability of local regulation of procedures and specific measures aimed at preventing and restraining corruption-related offences in activities of this organisation, consulting and training of organisation’s employees, ensuring internal controls and audit, detecting and settling conflicts of interest, minimisation of corruption risks in internal and external activities, cooperation with law enforcement agencies in the sphere of counteracting corruption in interaction with contracting organisations and in dependent organisations, and engagement in joint initiatives for counteracting corruption.

As a part of the work undertaken by the Ministry of Labour and Social Protection of the Russian Federation, an approach has been proposed, which envisages registration of availability of a system of anti-corruption measures in organisations, which stipulates for a graduate introduction of mechanisms contributing to heightening interest of organisations in carrying out anti-corruption activities.

In particular, a prospective of creation of a register of abusive organisations, which violate provisions of Article 19.28 COA RF, is now under consideration.

This register may be compiled on the basis of information provided by prosecutorial agencies on legal entities brought to administrative liability.

Inclusion of organisations in this register may cause imposition of a complete prohibition on participation in state procurement or partial prohibition (if the amount of public contract exceeds RUR 2 billion). There is also an option when a customer in case of conclusion of public contract may individually establish a requirement for absence of organisation in the register of abusive organisations or apply this requirement when executing a contract for the amount over RUR 1 billion.

In order to prevent risk of involvement in public procurement of organisations, the founders of which are individuals owning share of participation (sole shareholders) in legal entities, which have been included in the register, it is proposed to include in the register the information not only about the legal entity, but also the data on the owners, on members of the collective executive body, or a person exercising functions of the sole executive of this legal entity.

The opportunity to include abusive organisations in the register will become an efficient mechanism for building efficient anti-corruption work in the sphere of procurement of goods, works and services for accomplishing public and municipal order by the order contractor for an official of public or municipal

body (institution) for granting such order.

As a part of the work carried out through the General Prosecutor's Office of the Russian Federation, the General Prosecutor issued an Order of 29 August 2014 "On organisation of prosecutorial supervision over enforcement of law on counteracting corruption", which implies the instruction to pay particular attention to issues of compliance of organisations with requirements of Article 1.3 of Federal Law No. 273-FZ of 25 December 2008 "On counteracting corruption", as well as to apply additional measures for ensuring unavoidability of liability of legal persons guilty of commission of offences described in Article 19.28 COA of the Russian Federation (attached).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 11(d):**

11. With respect to the liability of legal persons, the Working Group recommends that Russia:

- d) Raise awareness of the relevant operative officers, investigators, prosecutors and judges on detection, investigation and adjudication of foreign bribery cases involving legal persons, and make full use of Methodological Recommendations developed by the General Prosecutor's Office of the Russian Federation on liability of legal persons for corruption offences [Convention, Article 2].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The manual prepared by the Academy of the General Prosecutor's Office of the Russian Federation "Liability of legal persons for corruption offences" is included in the further training programme for investigators of the Academy of the Investigative Committee of the Russian Federation.

Furthermore, the Academy of the Investigative Committee of the Russian Federation ensured inclusion of a topic in investigators' curricula covering methods of investigation of active and passive foreign bribery as predicate crimes, as well as develops specialised courses for investigators, prosecutors and operative officers on issues related to detecting and investigating acts of foreign bribery.

Security authorities are aware of the need to forward acquired materials to prosecutorial agencies in case of detection of acts of committed corruption offences in order the latter could make decision on bringing such legal entity to administrative liability. Moreover, generalisation and review of practice of this work is carried out annually. In the context of further training of security officers in combatting corruption, the issues of bringing to liability of legal persons are being considered.

Basic parts of curricula for all categories of audience – judges of courts of general jurisdiction, as well as some categories of public civil servants of courts of general jurisdiction (judge assistants and court session secretaries) and the Judicial Department under the Supreme Court of the Russian Federation – include lectures, which are delivered, on topics related to official crimes and corruption-related crimes: "Concept and characteristics of the subject of official crime. Problem of qualification of officials by subject", "Problem of qualification of abuse of official powers and exceeding official powers", "Problems of qualification of taking and giving of bribe. Intermediation in bribery", "Administrative-legal mechanisms of counteracting corruption in public service system", "Legal status of a civil servant", and "Entry in civil

service. Civil service career in administrations of courts and Judicial Department”. These lectures cover issues of counteracting corruption, as well as judicial practice of hearing of criminal and administrative cases related to corrupt practices, including those committed against foreign public officers.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 11(e):**

11. With respect to the liability of legal persons, the Working Group recommends that Russia:
- e) Make available a broader set of investigative tools in the framework of the administrative proceedings, to enable successful detection, investigation, and judicial proceedings of legal persons independent of criminal investigations and criminal proceedings [Convention, Article 2].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Presently, the law-enforcement authorities of the Russian Federation elaborate proposals on legal regulation of the preparation and submission to the public prosecution authorities of materials concerning information on administrative offences stipulated in Article 19.28 of the Code of the Russian Federation on Administrative Offences.

On the ground of the proposals, amendments to the relevant legislation of the Russian Federation are planned to be drafted.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 12(a):**

12. With respect to sanctions for foreign bribery, the Working Group recommends that Russia:
- a) Ensure that individuals who do not complete the act of bribe-giving, but who have offered, promised or attempted to give a bribe, are subject to effective, proportionate and dissuasive sanctions [Convention, Articles 1 and 3].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or**

**the reasons why no action will be taken:**

**Text of Phase 2 recommendation 12(b) [see also Phase 1 recommendation 6]:**

12. With respect to sanctions for foreign bribery, the Working Group recommends that Russia:
- b) Take measures to allow for confiscation of the equivalent value of the bribe and its proceeds in proceedings against natural persons [Convention, Article 3.3].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

A draft Federal Law “On amendments to certain legal acts of the Russian Federation” has been drawn up.

This draft Law, in particular, supplements the Criminal Procedural Code of the Russian Federation with provisions establishing possibility to seize property of a suspect (accused) with a view to ensure punishment in the form of a fine, as well as providing seizure procedure in this case. The draft Law has been adopted by the State Duma of the Federal Assembly of the Russian Federation at the second reading on 30 December 2014.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 12(c) [see also Phase 1 recommendation 6]:**

12. With respect to sanctions for foreign bribery, the Working Group recommends that Russia:
- c) Adopt legislation that would allow seizure and confiscation of the proceeds of the bribe and their equivalent value in proceedings against legal persons [Convention, Article 3.3].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Russian authorities currently explore methods of implementation of this recommendation, in particular, with involvement of representatives of civil society in this work.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 12(d):**

12. With respect to sanctions for foreign bribery, the Working Group recommends that Russia:
- d) Take all appropriate measures to (i) develop a proactive approach to seizure and confiscation of the instrument and proceeds of bribery, including in the context of proceedings involving legal persons and (ii) draw the attention of investigative and

prosecutorial authorities to the importance of seizure and confiscation as a sanction for foreign bribery and provide them with appropriate training and guidance, including on methods for quantifying the proceeds of a bribery offence [Convention, Article 3.3].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In August 2014, General Prosecutor of the Russian Federation issued an Order “On organisation of prosecutorial supervision over enforcement of law on counteracting corruption”, which includes respective instruction to suggest courts to apply confiscation of property when supporting public prosecution on criminal cases on corruption-related crimes in all situations, when at least one of committed acts is qualified as a crime covered by Article 104<sup>1</sup> part 1 par. “a” of the Criminal Code of the Russian Federation.

Furthermore, the working programme of the training-methodical complex of additional programme of vocational retraining of prosecutorial officers includes a separate topic on organisation of combatting foreign bribery in international business transactions, which draws attention of the audience to the importance of application of confiscation as a sanction for foreign bribery and to methods for quantifying the proceeds of bribery.

The Investigative Committee has drafted an instruction “On organisation of investigative work and procedural control in the sphere of counteracting corruption in the system of the Investigative Committee of the Russian Federation”, which provides, in particular, mechanisms of enforcement of judgments in the part of civil suit and confiscation of property in corruption-related criminal cases, including those related to foreign bribery.

A draft Federal Law “On amendments to certain legal acts of the Russian Federation” has been drawn up.

This draft Law, in particular, supplements the Criminal Procedural Code of the Russian Federation with provisions establishing possibility to seize property of a suspect (accused) with a view to ensure punishment in the form of a fine, as well as providing seizure procedure in this case. The draft Law has been adopted by the State Duma of the Federal Assembly of the Russian Federation at the first reading.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 12(e):**

12. With respect to sanctions for foreign bribery, the Working Group recommends that Russia:

- e) Consider the temporary or permanent disqualification of enterprises convicted of bribing foreign public officials from applying for arms export licenses and ODA contracts and from participation in public procurement, in order to contribute to the application of sanctions that are effective, proportionate and dissuasive [Convention, Article 3.4; Commentary paragraph 24; 2009 Recommendation Section XI].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Pursuant to paragraph 12 of the Regulation on Procedure of Granting Russian Organisations with the Right to Perform Foreign Economic Activity with Respect to Military Purpose Products adopted by the Order of

the President of the Russian Federation No. 1062 of 10 September 2005 (hereinafter – Regulation), an organisation granted with this right is obliged, in particular, to avoid violation of laws of foreign states, as well as acts that can cause political, military or economic damage to the Russian Federation, as well as breach of international obligations of Russia in ensuring international security.

Violation of the military-technical cooperation procedure established by regulatory legal acts of the Russian Federation entails liability in compliance with the law of the Russian Federation and constitutes grounds for suspension or revocation of the right granted to organisations.

Moreover, Article 19.28 of the Code of the Russian Federation on Administrative Offences establishes liability of legal entities, including those which obtained the right, for illegal giving, offering or promising on behalf or for the benefit of a legal entity to a foreign public official or an official of public international organisation of money, securities, another property, providing to such official monetised services, granting property rights for commission by such foreign public official or official of public international organisation of an act (omission) related to official position of such official for the benefit of such legal entity.

Liability for foreign bribery is also established by Article 291 of the Criminal Code of the Russian Federation.

Hence, the legislation of the Russian Federation, including that in the sphere of military-technical cooperation, secures prohibition for Russian organisations – developers and producers of military purpose products – to perform foreign economic activity with respect to military purpose products in case they are charged with a violation of legislation of the Russian Federation, in particular, with foreign bribery.

In order to implement the National Anti-Corruption Plan for 2014-2015 the Prosecutor General's Office of the Russian Federation developed criminological characteristics of an illegal transfer of funds for a state or municipal order. To solve such problems the Prosecutor General's Office of the Russian Federation in cooperation with concerned authorities prepared a special inter-institutional activity plan for 2015. As one of the measures it is proposed to limit participation in public purchasing of legal entities previously brought to administrative responsibility under Article 19.28 of Administrative Offences Code of the Russian Federation (for illegal gratification on behalf of a legal entity).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 13(a):**

13. With respect to the related money laundering offence, the Working Group recommends that Russia:
  - a) Ensure that all enforcement officials and others required by law or regulation to take measures to counteract money laundering receive further training with respect to bribery of foreign public officials as a predicate offence to money laundering [Convention, Article 7 and 2009 Recommendation III (i)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

As a part of organisational-methodical coordination of additional vocational education of public civil servants of the Russian Federation (hereinafter – the civil servants), the Ministry of Labour of Russia annually prepares a list of priority areas of additional vocational education of civil servants (hereinafter – the List of Priority Areas), which is to be approved with the Administration of the President of the Russian Federation. In compliance with the List of Priority Area, the Ministry of Labour of Russia recommends federal public authorities and public authorities of subjects of the Russian Federation to organise training of civil servants.

The List of Priority Areas is compiled by the Ministry of Labour of Russia with respect to main areas of public policy, and since 2009 it includes the area “Public policy in counteracting corruption”.

In the interest of federal public authorities and with a view of improving efficiency of training of federal civil servants in issues of counteracting corruption, as well as for ensuring unified approaches to organisation of such training, the Ministry developed methodical recommendations “Organisation of anti-corruption training of federal public servants”.

Pursuant to the mentioned methodical recommendations, federal public authorities, when organising civil servants’ training, shall include in curricula of all additional vocational programmes the sections, the topics of which cover main areas of public policy in counteracting and preventing corruption.

Thereby, all civil servants, who undergo training on additional vocational programmes, gain knowledge both in the field of anti-corruption legislation, its current and planned modifications, and in the sphere of practical issues related to preventing and counteracting corruption.

At the same time, centralised advance training of staff unit members, whose duties include involvement in counteracting corruption under an educational programme, is going on.

In 2014, procurement of educational services in advance training of federal public civil servants in certain priority areas of additional vocational education envisages advance training under additional vocational programme “Issues of detecting and preventing foreign bribery”.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 13(b):**

13. With respect to the related money laundering offence, the Working Group recommends that Russia:
- b) Take further measures to strengthen its money laundering offence in order to ensure that serious money laundering offences are subject to an appropriate range of sanctions, including in proceedings against legal persons [Convention, Article 7].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

For implementation of this recommendation, a draft Federal Law “On amendments to certain legal acts of the Russian Federation” has been prepared; it provides introduction of a system of measures for preventing and counteracting emergence and development of shadow criminal phenomena in economic and entrepreneurial activities, which may include *inter alia* establishing legal entities via nominees (so-called

“fly-by-night companies”) and off-shore companies controlled by Russian citizens.

The draft Law suggests introducing of Article 175<sup>1</sup> to the Criminal Code of the Russian Federation, which establishes criminal liability for withdrawal of monetary funds and another property gained through commission of one or several crimes into nominal holding of foreign legal entities registered in off-shore jurisdictions.

Furthermore, the draft Law provides modifications to the Criminal Procedural Code of the Russian Federation envisaging regulation of procedural mechanism for seizure and confiscation of property and monetary resources of legal entities established via nominees as used as an instrument of crime in illegal financial operations or transactions with monetary funds or another property, as well as discontinuation of their activity through making an entry in the Unified State Register of Legal Entities (USRLE) that the court declared them an instrument of crime.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 13(c):**

13. With respect to the related money laundering offence, the Working Group recommends that Russia:

- c) Expand statistics collected at the stage of investigation, prosecution and conviction on the predicate offences for money laundering with a view to covering foreign bribery offences [Convention, Article 7].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The amendments provide an opportunity to keep record of crimes related to bribery of foreign public officials are made in the state and institutional forms of statistical recording.

In order to improve state statistical recording the Order of the Prosecutor General of the Russian Federation of 26 November 2014 No. 655 was amended the form of federal statistical recording No. 1-CORR “Information on Results of Work of Law-Enforcement Authorities against Corruption Offences”. These amendments provide an opportunity to take into account the number of crimes investigated by law-enforcement authorities related to bribery of foreign public officials.

In addition, the Order of the Prosecutor General of the Russian Federation of 21 August 2014 No. 431 was amended institutional statistical form “Supervision over Execution of the Anti-Corruption Legislation and Investigation Findings of the Criminal Corruption Cases”. The form was complemented with lines containing data on investigation of criminal cases on crimes related to bribery of foreign public officials taken to court and terminated criminal cases as well as on repayment in such cases (including cases related to legalization of property (Articles 174, 174<sup>1</sup>, 175 of the Criminal Code of the Russian Federation).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 14(a) [See also Phase 1 recommendation 11a):**

14. Regarding false accounting, the Working Group recommends that Russia seize the opportunity of the announced legislative reform to amend its legislation to ensure that (a) the false accounting offences cover all of the activities described in Article 8 (1) of the Convention (Convention, Article 8; 2009 Recommendation, Sections X.A. (i) and (iii)).

**Actions taken as of the date of the follow-up report to implement this recommendation:**

- (a) Provisions establishing criminal liability for insertion into the documents of financial reporting of financial organisations of knowingly incomplete or false information have been described in Federal Law No. 218-FZ of 21 July 2014 “On amendments to certain legal acts of the Russian Federation”.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 14(b):**

14. Regarding false accounting, the Working Group recommends that Russia seize the opportunity of the announced legislative reform to amend its legislation to ensure (b) that relevant authorities receive training and tools to detect, investigate and prosecute false accounting offences (Convention, Article 8; 2009 Recommendation, Sections X.A. (i) and (iii)).

**Actions taken as of the date of the follow-up report to implement this recommendation:**

- (b) See Reply on Phase 2 recommendation 14(a).

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 14(c) [See also Phase 1 recommendation 11b):**

14. Regarding false accounting, the Working Group recommends that Russia seize the opportunity of the announced legislative reform to amend its legislation to ensure (c) that sanctions for false accounting are effective, proportionate and dissuasive (Convention, Article 8; 2009 Recommendation, Sections X.A. (i) and (iii)).

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The Ministry of Finance of Russia organised drafting of a Federal Law “On amendments to Article 15.11 of the Code of the Russian Federation on Administrative Offences” (in part related to the increase of sanctions for grave violation of requirements for accounting and itemisation of *corpus delicti* of

administrative offence stipulated by this article) (hereinafter – the Draft Law).

The Draft Law establishes the increase of sanctions for grave violation of requirements for accounting and itemisation of *corpus delicti* of administrative offence with respect to Article 8 of the OECD Convention.

The Ministry of Finance of Russia currently draws up a draft Law “On amendments to Article 120 par. 1 of the Tax Code of the Russian Federation”, which establishes the increase of sanctions for grave violation of rules of revenues, and (or) costs, and (or) taxable items accounting.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

**Text of Phase 2 recommendation 15:**

15. With respect to mutual legal assistance, Russia (1) should make all efforts to promptly execute MLA requests falling within the scope of Article 9 of the Convention and allow for interviews of all witnesses, including Russian nationals. In addition, Russia (2) should consider MLA requests as a possible source of foreign bribery cases, and take steps to ensure that enforcement authorities receive and proactively investigate all credible information concerning foreign bribery cases brought to their attention through MLA.

**Actions taken as of the date of the follow-up report to implement this recommendation:**

On 4 July 2014, Deputy General Prosecutor of the Russian Federation issued an Order, which establishes the procedure of considering mutual legal assistance requests received from competent authorities of foreign states in compliance with the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions of 21 November 1997.

**If no action has been taken to implement this recommendation, please specify in the space below the measures you intend to take to comply with the recommendation and the timing of such measures or the reasons why no action will be taken:**

Part II: Issues for Follow-up by the Working Group

**Text of issue 16(a) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:
  - a) The application of the offence of bribery in situations when the foreign public official uses his office to provide a benefit outside the scope of his official duties [Convention, Article 1].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(b) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- b) Whether (i) all payments that constitute bribes irrespective of size are criminalised, investigated and prosecuted in line with Article 1 of the Convention and (ii) the 2009 Recommendation on “small facilitation payments” is adequately implemented [Convention, Article 1 and 2009 Recommendation, Sections VI and VII].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(c) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- c) The application of the liability of legal persons with respect to the following issues: (1) whether Russia can effectively prosecute legal persons for foreign bribery in the following cases: (i) in the absence of proceedings against natural persons; (ii) where the legal person is a state-owned or state-controlled company; (iii) where the bribe is for the benefit of a third party beneficiary (e.g. a company related to the legal person from which the bribe emanated); (2) in situations where the legal person has failed to take measures to prevent bribery; and, (3) the level of authority of natural persons acting "on behalf or in the interest of" legal persons that can trigger liability and whether the liability extends to third parties such as agents acting on behalf of the legal person [Convention, Article 2 and 2009 Recommendation, Annex I B)].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(d) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- d) The sufficiency of Russia's sanctions regime as applicable to foreign bribery, with respect to both natural and legal persons, as practice develops [Convention, Article 3].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(e) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- e) The application of Russian procedures for out of court settlements (i.e., plea bargaining) to foreign bribery cases as practice develops.

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(f) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- f) The use of measures of seizure and confiscation in cases of bribery of foreign public officials, including in proceedings involving legal persons [Convention, Article 3].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(g) for follow-up [See also Phase 1 recommendation 8]:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- g) Whether any person can be investigated, charged or prosecuted for foreign bribery, and that the process for lifting immunity for persons alleged to be involved in foreign bribery is effective and transparent to allow for investigation, prosecution and adjudication of the offence [Convention, Article 5].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(h) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- h) Whether the current bases for jurisdiction, both territorial and nationality, governing natural and legal persons are sufficiently broad, particularly as applicable to bribing through intermediaries and the determination of nationality of legal persons [Convention, Article 4].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(i) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- i) Whether clear directives and guidelines are being provided to the investigative, operational, and prosecutorial authorities, in addition, to other state institutions, such as foreign embassies, and the Financial Intelligence Unit, as to who is responsible for detecting foreign bribery and how it can be done more effectively [Convention, Article 5].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(j) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- j) Whether the investigators and prosecutors are provided with adequate procedural timelines to complete investigations and prosecutions of foreign bribery by natural persons and legal persons in full scope [Convention, Article 5].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(k) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- k) Whether, in practice, the statute of limitations with respect to natural and legal persons is sufficient to cover investigation and completion of the judicial proceedings and all applicable appeals against the accused [Convention, Article 6].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(l) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

- l) The anti-money laundering system focusing on: (i) the capacity of the FIU to detect foreign bribery cases; (ii) the implementation of domestic legislation, including with respect to the application of sanctions for failure to report; (iii) the level of feedback from the FIU to reporting entities; (iv) the range of requirements under the AML Law applicable to lawyers, auditors and accountants for the purpose of detecting foreign

bribery; (v) the number of convictions for money laundering; and, (vi) the sanctions for money laundering imposed in Russia, including confiscation measures; [Convention, Article 7].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**Text of issue 16(m) for follow-up:**

16. The Working Group will follow up the issues below, as practice develops, in order to assess:

m) Whether Russia authorities have engaged business organisations and civil society, including NGOs working to combat corruption, in raising awareness of and combatting foreign bribery [2009 Recommendation, Sections III (i) and XVIII].

**With regard to the issue identified above, describe any new case law, legislative, administrative, doctrinal or other relevant developments since the adoption of the report. Please provide relevant statistics as appropriate:**

Since a very short period of time has passed after the Russia Phase 2 Report was considered and approved by the Working Group, the authorities of the Russian Federation are not in position to inform of new developments. However, the issues will be considered at a later stage when practice develops.

**WRITTEN FOLLOW UP TO PHASE 2 REPORT – INFORMATION PROVIDED BY RUSSIA IN  
OCTOBER 2015**

**Text of Phase 2 recommendation 1(a):**

17. With respect to prevention, awareness raising and training activities to promote implementation of the Convention and the Revised Recommendation, the Working Group recommends that Russia:

a) Enhance training to raise the level of awareness of the foreign bribery offence within the public administration and among those agencies that can play an important role in preventing and detecting foreign bribery by Russian companies active in foreign markets, including diplomatic and foreign trade personnel, tax inspectors, and trade promotion, the accounting chamber, export credit and development aid agencies so that they may be able to detect and report instances of foreign bribery committed by Russian companies and provide appropriate assistance when such companies are confronted with bribe solicitations [2009 Recommendation, Section III(i); Annex I. A.: Good Practice Guidance on Implementing Specific Articles of the Convention on Combatting Bribery of Foreign Public Officials in International Business transactions].

**Text of Phase 2 recommendation 1(b):**

18. With respect to prevention, awareness raising and training activities to promote implementation of the Convention and the Revised Recommendation, the Working Group recommends that Russia:

b) Take further action, as appropriate in cooperation with business organisations and other civil society stakeholders, to improve awareness among companies throughout Russia, in particular companies active in foreign markets and industry-sectors (including, the defence industry), as well as state-owned enterprises and small and medium enterprises, which are traditionally at high risk of bribe solicitation by foreign public officials, of Russian legislation regarding foreign bribery, and to advise and assist companies in their efforts to prevent foreign bribery through, for example, the development of seminars, guidelines and other forms of guidance [2009 Recommendation, Section III(i)].

**Actions taken as of the date of the follow-up report to implement this recommendations:**

**Training of civil officials.**

In total in 2010 - 2014 5,499 federal public officials from all federal government agencies got the centralized anti-corruption training.

In September – November 2015, up to 1,500 federal public officials from all federal government agencies are getting training on issues related to the implementation of state policy in the field of combating corruption, including bribery of foreign public officials and drawing up false statements.

**Training of employees of the public prosecutor's offices of the Russian Federation.**

Issues related to countering bribery of foreign public officials are included in the additional professional programs realized in the Academy of the Prosecutor's General Office of the Russian Federation. In particular, the curriculum of teaching materials for professional retraining of the

prosecutors consisting in the candidate pool for promotion to the post of prosecutor of the city, of the district and equivalent prosecutor positions in the section “Prosecutor’s Supervision over Implementation of the Legislation on Countering Corruption” provides an independent topic dedicated to the prosecutor’s supervision over implementation of the legislation on combating bribery of foreign public officials. The professional training program is common for the Moscow Faculty of Professional Development and Retraining of the Academy, St. Petersburg and Irkutsk Institutes of Law (branches). Combating bribery of foreign public officials, along with other anti-corruption issues are studied by the prosecutors at the Academy during the additional professional training. In particular, in the 2014/15 academic year, these issues were covered in the training program for 270 students and 79 students in the professional retraining program for chiefs of public prosecutor’s offices of the Russian Federation constituent entities and equivalent specialized public prosecutor’s officers to supervise implementation of the legislation on countering corruption.

#### **Training of the investigators of law-enforcement agencies of the Russian Federation.**

**Educational institutions of the Ministry of Internal Affairs of the Russian Federation upon training the investigators and employees of operative units of law-enforcement agencies of the Russian Federation implement training programs relating to the procedure for investigation of active and passive bribery of foreign public officials, as well as for investigation of bribery of foreign public officials as a predicate offences preceding money laundering.**

**The total number of students trained on the topic related to the procedure for investigation of active and passive bribery of foreign public officials, as well as the investigation of bribery of foreign public officials as a predicate offences preceding money laundering in 2014 and in the first half of 2015 amounted to 3,439 employees.**

**In July 2015, the Ministry of Internal Affairs of the Russian Federation approved the estimated additional professional retraining program on identification and investigation of bribery of foreign public officials for senior investigators, police investigators from divisions, departments of economic security and anti-corruption at the Ministry of Internal Affairs of the Russian Federation in the republics, Main Directorates of Ministry of Internal Affairs of the Russian Federation a in other constituent entities of the Russian Federation specializing in identifying and investigating the facts of bribery of foreign public officials. This program provides training for 85 people.**

#### **Training of employees of financial intelligence units.**

The Federal Financial Monitoring Service at the International Training Center of Financial Monitoring carries out the training of professionals from supervision and law-enforcement agencies operating in the field of counteraction to the laundering of proceeds from crime and terrorism financing, including bribery of foreign public officials.

The training programs implemented by the Center include the following:

- Application of FATF anti-corruption recommendations;
- Risk-based approach methodology in order to combat corruption offences;
- Detection of violations related to corruption in the financial sector;
- Using the tools of financial monitoring in the fight against corruption;
- Methods of financial investigations in relation to financial schemes for the corruptive proceeds and subsequent legalization thereof;
- Disciplinary, administrative and civil liability of civil officials for corruption;
- Analysis of typologies of financial schemes for the corruptive proceeds and its subsequent legalization;
- Analysis of typologies of money laundering and bribery of foreign public officials.

In 2014, 462 officials of the public authorities and employees of the Central Bank of the Russian Federation got this training, 125 people got this training in the 1st half of 2015.

**Increased awareness and knowledge of representatives of the business community.**

In July 2015 Russian Union of Industrialists and Entrepreneurs (RSPP) finalized guidelines on the methods for verification of the completeness and effectiveness of anti-corruption measures in the organizations, which fully reflects the requirements of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

On March 26-27, 2015, in Moscow the International Scientific and Practical Conference “Public-Private Partnership in the Fight Against Corruption” was held, which was organized by the Chamber of Commerce and Industry of the Russian Federation (RF CCI) in collaboration with the United Nations Office on Drugs and Crime, as well as International Anti-Corruption Academy on the eve of the sixth session of the Conference of the States Parties to the United Nations Convention against Corruption, which will be held in St. Petersburg in November this year. The conference addressed a wide range of issues of combating corruption in Russia, the international practice, the new legislative approaches in the field of combating corruption in Russia; measures to counter corruption in public procurement; the main directions of the state policy of the Russian Federation in the field of combating corruption at the present stage; public-private cooperation areas in the field of combating corruption in the Russian Federation; EU’s approach to the organization of the fight against corruption: a public-private partnership; issues of combating bribery of foreign public officials in accordance with the requirements of the OECD Convention. The event was attended by over 300 people, including representatives of the authorized ministries and agencies, domestic and foreign companies, business associations, Russian and international scientific community.

As part of the explanation of the work being done and in order to create conditions for the practical implementation of anti-corruption procedures in the business practice, the Chambers of Commerce and Industry actively provide seminars for representatives of the business community. Thus, in the first half of 2015, the Chamber of Commerce and Industry of the Tyumen region held the Seminar on “Rules of Implementation of Anti-Corruption Measures at the Enterprise”, in the Saratov region, there was a series of seminars on “Modern Mechanisms of Interaction with Partners and Organizations and with the State and Municipal Government. Anticorruption Compliance Control”. The event was attended by small businesses as well as by large businesses. The main purpose of the seminars is to inform heads of organizations about the changes in the anti-corruption legislation and about the responsibility for its violation, as well as coverage of the requirements and measures in the framework of international programs to combat corruption.

Separately, it should be noted that the conduct of the main anti-corruption measures in the territorial Chambers of Commerce and Industry is scheduled for the second half of 2015. As one of the key issues of the upcoming events it is planned to highlight the implementation of international agreements in the field of fight against corruption, in particular, the requirements of the OECD Convention.

On July 28, 2015 “on the site” of the RSPP a round table for discussion on international best practice in the context of the OECD Convention implementation was held. Speakers included leading Russian experts, representatives of foreign research centers, as well as the National Research University “Higher School of Economics” and Russian anti-corruption alliance. In total the discussion was attended by representatives of 80 companies. They discussed the provisions of the current legislation, the prospects for making any amendments to encourage companies to prevent and fight against corruption.

In order to ensure the development and implementation of awareness-raising activities of commercial organizations and representatives of Russian public organizations and business associations on the adoption of measures to prevent and fight against corruption, including in accordance with the

Guidelines for the Development and Adoption of Measures to Prevent and Combat Corruption by Organizations (hereinafter, the Guidelines of the Ministry of Labor of the Russian Federation) the lists of key issues recommended for development in the framework of additional professional programs on anti-corruption issues, including topics related to detect and prevent bribery of foreign public officials (hereinafter, the List of Issues) were sent to the RF CCI, RSPP, the All-Russian Public Organization “Business Russia”, the All-Russian Public Organization of Small and Medium-Sized Enterprises “SUPPORT OF RUSSIA”.

The Lists of Issues are brought to the companies operating in international markets and in the industrial sector (including military industry), as well as state-owned enterprises, small and medium-sized enterprises (hereinafter, the companies and organizations) to raise awareness of employees of the relevant companies and organizations of the Russian Legislation on Countering Bribery of Foreign Public Officials in International Business Transactions, as well as planning and carrying out training or other training activities for employees of companies and organizations on anti-corruption issues.

At the same time, to improve the effectiveness of anti-corruption education of employees of companies and organizations in accordance with the guidelines of the Ministry of Labor of the Russian Federation the relevant companies and organizations are informed about the advisability to set up additional professional training programs for employees, including the prevention and detection of bribery of foreign public officials, taking into account materials placed on the official website of the Ministry of Labor of the Russian Federation (<http://www.rosmintrud.ru/ministry/programms/gossluzhba/antikorr/7>):

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- OECD Bribery Awareness Handbook for Tax Examiners;
- Guidelines of the Ministry of Labor of the Russian Federation;
- Review of the recommendations on the implementation of organizational, advocacy and other measures to prevent officials' behavior that may be perceived by others as the promise to give a bribe or as an offer to give a bribe or as an agreement to accept a bribe or as a request for a bribe (hereinafter, the Review).

The Lists of Issues and the Guidelines of the Ministry of Labor of the Russian Federation in organizing training events for the employees on the anti-corruption topic are provided to:

more than 100 branch and regional associations;

244 leading companies representing the key sectors of the economy;

more than 1,500 organizations – participants of the Anti-Corruption Charter of Russian Business;

147 organizations – members of the RF CCI Committee on Safety of Business Activity;

47 organizations – members of the RF CCI Committee on Private Entrepreneurship Development;

38 organizations – members of the RF CCI Committee on the Procurement System Development.

Simultaneously the Lists of Issues and the Guidelines of the Ministry of Labor of the Russian Federation for the organization of training activities of the employees on anti-corruption topics are posted on the official website of the Anti-Corruption Charter of Russian Business (<http://against-corruption.ru/ru>) and on the website dedicated to implementation of the Anti-Corruption Charter of Russian Business in the RF CCI system (<http://ach.tpprf.ru/>).

The content of the Convention against bribery of foreign public officials is also being studied in the course of the program "The functions of the prevention of corruption and other offenses units" intended for government officials. This program is implemented in RANEPА according to the National Anti-Corruption Plan for 2014 - 2015 and under the Edict of the President of the Russian Federation of 21 May 2015 № 140-p «On the organization in 2015 of the training of federal government officials whose duties include participation in the prevention of corruption».

**Text of Phase 2 recommendation 2(a):**

19. With respect to reporting of suspected foreign bribery, the Working Group recommends that Russia:

a) Introduce clear rules/guidelines requiring public officials to report suspicions of foreign bribery committed by individuals and companies to appropriate authorities [2009 Recommendation, Section IX (ii)].

**Text of Phase 2 recommendation 2(b):**

20. With respect to reporting of suspected foreign bribery, the Working Group recommends that Russia:

b) Take further measures to protect those private and public sector employees who report in good faith and on reasonable grounds to the competent authorities suspected acts of foreign bribery, and ensure that complaints of foreign bribery are seriously investigated and credible allegations assessed by competent authorities [2009 Recommendation Section IX (iii); Annex I. D.: Good Practice Guidance on Implementing Specific Articles of the Convention on Combating Bribery of Foreign Public Officials in International Business transactions].

**Actions taken as of the date of the follow-up report to implement this recommendations:**

In accordance with Article 9 of the Federal Law «On the prevention of corruption» (dated December 25, 2008 No. 273-FZ) government and municipal officials are required to notify the representative of the employer, prosecution authorities or other public authorities of all cases of addressing to them of any person with a view to induce them to commit corruption offenses.

The government authorities adopted regulations determining the procedure for such notification.

In 2014 more than 6.5 thousand employees reported attempts of bribery or other corruption offenses (17% increase). Federal executive authorities and their territorial bodies account for 6427 of such reports (98%). Following the review of these reports 2890 criminal cases were initiated (51% increase), criminal charges were brought against more than 2 thousand persons mentioned in the reports of employees (80% increase).

Currently, the draft federal law On the Protection of Persons Reporting Corruption Offences from Persecution and Violation of Their Rights and Legitimate Interests has been developed.

The draft federal law is aimed at ensuring the protection of persons reporting in the public interest the information about illegal activities in public agencies, local governments, organizations, including public corporations, state extra-budgetary funds, state-owned enterprises, institutions, private enterprises, social organizations and others, against any negative effects, in particular, infringement of their legitimate rights and interests associated with such reporting.

Section II of Guidelines of the Ministry of Labor of the Russian Federation in the development and adoption of measures by the organizations to prevent and counter corruption is supplemented with a provision that in the Russian Federation the exclusive competence to investigate the facts of bribery of foreign public officials (offering a bribe and accepting a bribe) belongs to the Investigative Committee of the Russian Federation. In this regard, the facts of bribery of foreign public officials by individuals and legal entities shall be reported to the investigating authorities of the Investigative Committee of the Russian Federation.

**Text of Phase 2 recommendation 6(a):**

6 Regarding taxation, the Working Group recommends that Russia:

a) Expressly communicate to tax officials the need to detect any outflows of money that could represent bribes to foreign public officials, for example through training grounded on the new OECD Bribery Awareness Handbook for Tax Examiners to be issued shortly [2009 Recommendation on Tax Measures, Section I (ii)].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to bring to the attention of employees of the Federal Tax Service of the Russian Federation the OECD Bribery Awareness Handbook for Tax Examiners and to create a system for training the tax examiners on the basis of the mentioned Handbook, to ensure the organization of training activities and methodological support to the professional performance of federal civil officials (hereinafter, the civil officials) involved in financial reporting, organizing training events (training, workshops) and to provide methodological support to the professional performance of civil officials, the Guidelines were sent to the Federal Tax Service of the Russian Federation to familiarize civil officials of the Federal Tax Service of the Russian Federation, including civil officials of territorial bodies of the Federal Tax Service of the Russian Federation with the provisions of the OECD Convention, as well as the OECD Handbook for Tax Examiners, placed on the official website of the Ministry of Labor of the Russian Federation (<http://www.rosmintrud.ru/ministry/programms/gossluzhba/antikorr/7>).

In addition, the Federal Tax Service of the Russian Federation was recommended, when organizing the training for civil officials on anti-corruption topics, to include in the curricula the relevant sections of additional professional programs, providing for the civil officials the coverage of the issues related to the bribery of foreign public officials in international business transactions.

The Federal Tax Service of the Russian Federation ensured familiarization with the OECD Bribery Awareness Handbook for Tax Examiners:

civil officials of all the territorial bodies of the Federal Tax Service of the Russian Federation (with signed acknowledgement);

citizens entering the civil service to the tax authorities.

The territorial bodies of the Federal Tax Service of the Russian Federation carried out the training of civil officials on anti-corruption issues, providing, inter alia, familiarization of students with the OECD Bribery Awareness Handbook for Tax Examiners.

The additional retraining programs for civil officials of the Federal Tax Service of the Russian Federation in 2015 include the study of aspects of the fight against bribery of foreign public officials.

**Text of Phase 2 recommendation 7(b):**

21. With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:

b) In consultation with relevant professional associations and self-regulatory organizations, take steps to encourage the detection and reporting of suspected bribery of foreign public officials by accountants and internal and external auditors, tax officials and officials of the accounting chamber, in particular through guidelines and training for these professionals, including specific training on foreign bribery risk factors and methods to test false documents used to conceal foreign bribery and related

accounting offences [2009 Recommendation, Section X.B. and Annex II].

**Text of Phase 2 recommendation 7(d):**

7 With respect to the prevention and detection of the bribery of foreign public officials through accounting requirements, external audit and internal company controls, the Working Group recommends that Russia:

d) Raise the awareness of supervisory authorities and self-regulatory organizations about the importance of utilising the full range of available sanctions so as to punish more dissuasively any infringements of audit standards and independence requirements [2009 Recommendation, Section X.B. (ii) and (iii)].

**Actions taken as of the date of the follow-up report to implement this recommendations:**

The Ministry of Finance of the Russian Federation prepared and sent to the self-regulating organizations of auditors a letter “On the Methodological Support of Their Members by the Self-Regulating Organizations of Auditors on Countering Bribery of Foreign Public Officials in International Business Transactions”. This letter proposed self-regulating organizations of auditors the following main areas of methodological support to their members:

preparation of methodological publications on the issues of countering bribery of foreign public officials for their members;

provision of information and advocacy on the importance of countering bribery of foreign public officials among their members;

organization of training for their members on countering bribery of foreign public officials;

provision of advisory services to their members on the issues of countering bribery of foreign public officials;

monitoring implementation of the requirements of their members in relation to countering bribery of foreign public officials. In particular, a list of issues on countering bribery of foreign public officials for the program of external quality control of audit firms and individual auditors.

This letter is posted on the official website of the Ministry of Finance of the Russian Federation [www.minfin.ru](http://www.minfin.ru) in Section “Auditing – Self-Regulatory Organizations of Auditors”.

The Sample Guidelines for Audit Organizations and Individual Auditors on Countering Bribery of Foreign Public Officials in International Business Transactions are developed and sent to the self-regulating organizations of auditors.

The Guidelines are intended to provide guidance to audit organizations, individual auditors – members of the self-regulatory organization of auditors in organization and implementation of countering bribery of foreign public officials in international business transactions. They provide in a systematic manner the legal framework for countering bribery of foreign public officials, they provide the notion of bribing foreign public officials, they provide a detailed description of signs that may indicate bribery of foreign public officials or the risk of such bribery, they describe measures against bribery of foreign public officials in the course of auditing.

Sample Guidelines are posted on the official website of the Ministry of Finance of the Russian Federation [www.minfin.ru](http://www.minfin.ru) in Section “Auditing – Audit Standards and Rules – Counteracting Corruption and Legalization (Laundering) of Proceeds from Crime and Terrorism Financing”.

The Audit Activities Board established in accordance with the Federal Law On Auditing has approved the Standard Retraining Program for Auditors “Countering Bribery of Foreign Public Officials in the Course of Auditing”. The purpose of this program is to improve the skills of audit procedures to

identify cases of bribery of foreign public officials in international business transactions.

Information about the Standard Program is brought to the attention of self-regulating organizations of auditors and posted on the official website of the Ministry of Finance of the Russian Federation [www.minfin.ru](http://www.minfin.ru) in Section “Auditing – Certification and Advance Training of Auditors – Advanced Training of Auditors”.

On the proposal of the Auditing Activities Board the Autonomous Non-for-Profit Organization “Unified Commission for Attestation” (ANPO UCA), which in accordance with the Federal Law On Auditing holds a qualifying examination for the auditor qualification certificate, amends the Program of the qualifying examination for the auditor qualification certificate, aimed at testing the knowledge and skills of those applying for the auditor qualification certificate, in countering bribery of foreign public officials in international business transactions. The Program with the amendments comes into effect on October 1, 2015 and is posted on the official website of the ANPO UCA [www.eak-rus.ru](http://www.eak-rus.ru) in Section “All about Attestation – Preparation for the Examination – Program of the Qualifying Examinations for the Auditor Qualification Certificate”.

On July 23, 2015 the Ministry of Finance of the Russian Federation held a seminar entitled “Methodological Support of Their Members by Self-Regulating Organizations on Countering Bribery of Foreign Public Officials in International Business Transactions”. The seminar was attended by representatives of self-regulating organizations of auditors, as well as representatives of professional institutes of accountants and internal auditors, audit organizations, federal executive bodies, academic community. The seminar dealt with the following topics:

legislation on countering bribery of foreign public officials;

organization of countering corruption in the audit organization and verification of compliance of the audited entities with the legislation on countering corruption;

methodical activities of self-regulating organizations of auditors on countering bribery of foreign public officials;

verification of countering bribery of public officials within the external quality control of audit firms and individual auditors;

preparation of guidelines by self-regulating organizations of auditors for their members on the issues of countering bribery of foreign public officials.

Information on the seminar is available on the official website [www.minfin.ru](http://www.minfin.ru) of the Ministry of Finance of the Russian Federation in the Section “Auditing – General Information – Interviews, Speeches, Articles”.

#### **Text of Phase 2 recommendation 8(a):**

22. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:

a) Ensure that all reporting entities, including non-financial professions required to report suspicious transactions, receive appropriate directives and training (including typologies) from the relevant authorities on their obligation to report information that could be linked to foreign bribery [Convention, Article 7; and 2009 Recommendation, Section III (i)].

#### **Actions taken as of the date of the follow-up report to implement this recommendation:**

In December 2014, the Bank of Russia issued Instruction No. 3471-U “On the Requirements for Training and Education of Personnel in Non-Credit Financial Institutions”. This instruction applies to a wide range of people, financial market participants, including pawn shops, professional participants of

securities market, private pension funds, insurance companies and asset management companies of investment funds, mutual funds and private pension funds. Also, it defined a detailed open list of specific employees, including at the discretion of non-credit financial institution which should undergo mandatory training and training with a view to countering the legalization (laundering) of proceeds from crime and terrorism financing (AML / CFT). The training program on AML / CFT should include:

- a) examination of the legislative acts of the Russian Federation, regulations of the Bank of Russia (the supervisor) and other regulations of the Russian Federation in the field of AML / CFT;
- b) examination of the rules and implementation of internal control in the non-credit financial institution in the performance of duties by the employee and responsibility measures that can be applied to the employee of the non-credit financial institution for failure to comply with legislative acts of the Russian Federation, the regulations of the Bank of Russia, other regulations of the Russian Federation in the field of AML / CFT and internal documents of the non-credit financial institution, adopted to organize and implement the internal control;
- c) examination of typologies, typical schemes and methods of laundering of proceeds from crime and terrorism financing, as well as the criteria for identification of unusual transactions.

Training Programs on AML / CFT include raising awareness of predicate offences for AML / CFT, including those related to giving and receiving bribes by national and foreign public officials, as well as they mandatory include informing about the procedure for sending the notices of suspicious transactions to the financial intelligence unit of the Russian Federation in case of their detection and responsibility for non-compliance with the legislation of the Russian Federation.

#### **Text of Phase 2 recommendation 8(b):**

23. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:

- b) Take appropriate steps to improve the flow of information and feedback between the relevant government agencies and reporting entities in the anti-money laundering system. Promptly improve the flow of Federal Financial Monitoring Service (Rosfinmonitoring) reports as relating to foreign bribery to law enforcement agencies [Convention, Article 7].

#### **Actions taken as of the date of the follow-up report to implement this recommendation:**

In the Russian Federation is applicable the Order No. 231 of the Federal Financial Monitoring Service dated August 23, 2013, according to which there are amendments to the criteria for identification and detection of unusual transactions, approved by the Order No. 103 of the Federal Financial Monitoring Service dated May 08, 2009. Among them there are criteria “Implementation of the Transaction (Transactions) in Case when the Customer is a Foreign Public Official or an Official of a Public International Organization, or Acting on behalf of (for a benefit) of a Foreign Public Official, or He / She is a Spouse, a Close Relative (a Direct Ascending and Descending Relative (Parent and Child, Grandfather, Grandmother, Grandson, Granddaughter), Full and Half (Having the Same Father or Mother) Brother and Sister, Adoptive Parents and Adoptees) of a Foreign Public Official”.

The same criteria are also provided in the Regulation on the requirements for the rules of the internal controls of the credit institution aimed at countering the legalization (laundering) of proceeds from crime and terrorism financing, approved by the Bank of Russia on March 02, 2012 (as amended by the Bank of Russia on January 31, 2014 No. 3186-U). In addition, this regulation of the Bank of Russia contains the following criteria for suspicious transactions:

- transfer of funds to the customer's bank account (deposit) who is a foreign public official or transfer of customer funds for the benefit of a foreign public official or the commission of other transactions in the interest (for the benefit of) a foreign public official;
- transfer of funds to the customer's bank account (deposit) who is a spouse, a close relative of a foreign public official, or a transfer of customer funds in favor of the person who is the spouse, a close relative of a foreign public official, or perform other operations in favor (to the benefit of) the person who is a spouse, a close relative of a foreign public official;
- transfer of funds to the customer's bank account (deposit) who is an official of a public international organization, or transfer of customer funds in favor of an official of a public international organization, or the commission of other transactions in the interest (to the benefit) of an official of a public international organization;
- transfer of funds to the customer's bank account (deposit) who is a spouse, a close relative of an official of a public international organization, or transfer of customer funds in favor of the person who is the spouse, a close relative of an official of a public international organization, or the commission of other transactions in the interest of (to the benefit of) the person who is the spouse, a close relative of an official of a public international organization.

The above criteria are included in the program to identify operations (transactions) subject to mandatory control, and operations (transactions) which seem to be related to the legalization (laundering) of proceeds from crime or financing of terrorism, developed by people notifying the financial intelligence unit as part of the internal control rules in order to identify, evaluate and take action to reduce their risks of possible involvement in the process of money laundering and terrorism financing, as well as the identification of transactions (operations) in respect of which there is a suspicion that they are carried out for the purpose of legalization (laundering) of proceeds from crime or terrorism financing.

Thus, the notices sent by the notifying persons to the Russian financial intelligence unit provide the ability to indicate the code of the criteria indicating the presence of suspicion of bribing a foreign public official or an official of a public international organization for further investigation of this fact.

On May 12, 2014 the Russian financial intelligence unit (Federal Financial Monitoring Service) and the Ministry of Internal Affairs of the Russian Federation signed an agreement on information cooperation in electronic form.

A similar agreement was concluded with the Federal Drug Control Service of the Russian Federation on June 23, 2015.

The above agreements are aimed at information interaction between the law-enforcement agencies and the Russian financial intelligence unit (Federal Financial Monitoring Service) and implemented in the following forms:

- mutual provision of information necessary for establishment of the link between the operations (transactions) and the legalization of money and other property, as well as predicate offences in the form of written requests and responses to them or proactively providing such information;
- execution of requests by the Federal Financial Monitoring Service for information contained in the databases of law-enforcement agencies, in the manner determined by law-enforcement agencies in coordination with the Federal Financial Monitoring Service;
- the Federal Financial Monitoring Service informs the law-enforcement agencies about the revealed facts of violations of the legislation of the Russian Federation, as well as the causes and conditions that contribute to them.

There are plans to conclude a similar agreement with the Investigative Committee of the Russian Federation.

The Order No. 110 of the Federal Financial Monitoring Service dated April 22, 2015 approved the new

Instruction on Provision of Information to the Federal Financial Monitoring Service provided by the Federal Law No. 115-FZ dated August 07, 2001 “On Countering the Legalization (Laundering) of Proceeds from Crime and Terrorism Financing”. This Instruction controls the dispatch of notices by persons supervised by the Federal Financial Monitoring Service in the field of the AML / CFT.

Resolution No. 209 of the Government of the Russian Federation dated March 19, 2014 approved the Regulation on the Provision of Information to the Federal Financial Monitoring Service by the Organizations Conducting Transactions with Cash or Other Property, and Individual Entrepreneurs, and the Direction of Requests by the Federal Financial Monitoring Service to the Organizations Carrying Out Transactions with Money or Other Property, and to Individual Entrepreneurs. This Regulation improves the procedure for provision of information and documents by the notifying parties to the Russian financial intelligence unit, and sending requests by such persons to the financial intelligence unit, provided by the Federal Law “On Counteracting Legalization (Laundering) of Proceeds from Crime and Terrorism Financing”.

On July 08, 2014 Resolution of the Government of the Russian Federation No. 629 “On Amendments to the Resolution No. 82 of the Government of the Russian Federation dated February 16, 2005”, improves the transfer of information by lawyers, notaries and persons (organizations and individual entrepreneurs), engaged in business activities in the field of legal or accounting services, to the Russian financial intelligence unit in electronic form, including information and telecommunication links, deadlines and protection of information transmitted.

Resolution No. 630 of the Government of the Russian Federation dated July 08, 2014 approved the Regulations on submission of the information and documents to the Federal Financial Monitoring Service by the public authorities of the Russian Federation, the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund, public corporations and other organizations established by the Russian Federation based on federal laws, by the organizations established to perform the tasks assigned to the federal public authorities, public authorities of the Russian Federation constituent entities and local authorities. These Regulations allow to receive by the Russian financial intelligence unit information from various public authorities and public institutions for:

- verification of the information and documents received by the Service from the notifying parties, and identification of the operations (transactions) related to the legalization (laundering) of proceeds from crime;
- verification of the information and documents in connection with the ongoing activities to prevent violations of the legislation of the Russian Federation on combating the terrorism financing, as well as for identification of operations (transactions) related to the terrorism financing;
- to ensure cooperation and information exchange with competent authorities of foreign states in the sphere of counteraction to the legalization (laundering) of proceeds from crime and terrorism financing, and obligations under relevant international treaties of the Russian Federation (upon availability of an international order or written request).

The above regulations raise the information-analytical and operational capacity of the Russian financial intelligence unit, including for possible identification and examination of cases of bribery of foreign public officials.

#### **Text of Phase 2 recommendation 8(c):**

24. With regard to money laundering and foreign bribery, the Working Group recommends that Russia:

c) Ensure that the non-compliance with Customer Due Diligence requirements and the legal obligation to report suspicious transactions, including those related to foreign bribery, be sanctioned in a dissuasive manner [Convention, Article 7].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In accordance with the Federal Law No. 484-FZ dated December 29, 2014 On Amendments to Certain Legislative Acts of the Russian Federation, the following amendments to the legislation of the Russian Federation are made:

- Article 15.27 Part 2.3 of the Administrative Offences Code of the Russian Federation (RF Administrative Offences Code) provides the liability of public officials in the amount of thirty thousand to fifty thousand rubles for failure to submit the information to the authorized body upon its request available to the organization conducting transactions with cash or other property, the information on transactions of customers and beneficial owners of customers or the information about cash flow on accounts (deposits) of their customers;

- Article 13 Paragraph 2 of the Federal Law No. 115-FZ dated August 07, 2001 On Counteracting the Legalization (Laundering) of Proceeds from Crime and Terrorism Financing provides that, unless otherwise provided by law, the credit institutions, which broke this federal law, are subject to the measures stipulated by the Federal Law No. 86-FZ dated July 10, 2002 On the Central Bank of the Russian Federation (Bank of Russia) and in Article 20 of the Federal Law No. 395-I dated December 02, 1990 On Banks and Banking Activity, according to clause 6.1 of which the Bank of Russia may withdraw from a credit institution the license for carrying out banking operations in cases of repeated violation of requirements within one year, including in relation to adequate verification of the customer and the obligation to report suspicious transactions;

- in addition, in case of breaking the requirements of the “anti-laundering” legislation by a credit organization, in particular Article 13 paragraph 2 of the Federal Law No. 115-FZ dated August 07, 2001 On Counteracting the Legalization (Laundering) of Proceeds from crime and Terrorism Financing the Bank of Russia has the right to apply the following sanctions (Federal Law No. 86-FZ dated July 10, 2002 On the Central Bank of the Russian Federation) levy a fine of up to 0.1 per cent of the minimum authorized capital or to limit the conduct of certain operations by the credit institution, including with the parent credit institution of the banking group, the parent organization of bank holding company, members of the banking group, members of a bank holding company, with its affiliated person (affiliated persons), for up to six months.

Thus, in case of failure to fulfill the mandatory prescriptions of the Bank of Russia by the credit organization within the period set by the Bank of Russia to eliminate the violations identified in the activities of the credit institution, imposed in connection with the violation of the “anti-laundering” law of the Russian Federation, the Bank of Russia has the right to:

1) recover from the credit institution a fine of up to 1 percent of the amount of the paid up authorized capital, but no more than 1 percent of the minimum size of the authorized capital;

2) require the credit institution:

to take measures for financial rehabilitation of the credit institution, including changes in the structure of its assets;

to replace persons, the list of the positions is referred to in Article 60 of the above Federal Law or limit the amount of the compensation, and (or) incentive payments to such persons for up to three years;

to reorganize the credit institution;

3) introduce a ban on the exercise of certain banking operations by the credit organization stipulated in the issued license to conduct banking operations, including with the parent credit institution of the

banking group, the parent organization of bank holding company, the participants of the banking group, the members of the bank holding company, with its affiliated person (affiliated persons) for up to one year, and the opening of its branch offices – for up to one year;

4) appoint an interim administration for management of the credit institution for up to six months. The procedure for appointment and operation of the interim administration is established by federal laws and issued in accordance with regulations thereof of the Bank of Russia;

5) introduce a ban on the reorganization of the credit institution, if as a result it may create grounds for the application of measures to prevent the bankruptcy of the credit institution referred to in Chapter IX clause 4.1 of the Federal Law On Insolvency (Bankruptcy);

6) require the founders (participants) of the credit institution, which independently or by agreement between them, or by the equity of each other, or by other means of direct or indirect interactions are able to influence the decisions taken by the management of the credit institution to take action aimed at increasing the own funds (capital) of the credit institution to a size that ensures its compliance with mandatory standards, including by limiting the distribution of profits of the credit institution in terms of benefits, entailing a decrease in equity (capital) of the credit institution;

7) introduce a limit on the interest rate that the credit institution defines in the bank deposit agreements entered into (prolonged) during the period of limitation, as a maximum interest rate, but not less than two-thirds of the refinancing rate of the Bank of Russia for bank deposits in rubles and not below LIBOR rates for bank deposits in foreign currency at the date of the introduction of restrictions for up to one year. For the purposes of this provision, the calculation of interest rates, together with non-interest rate includes any non-interest charges that credit institution shall pay to depositors – individuals, as well as income in kind, which the credit institution passes to the depositors – individuals.

If the parent credit institution of the banking group breaks the requirements of federal laws in connection with participation in the banking group, among other things it submits the incomplete or inaccurate information, it does not carry out the statutory audit or it does not disclose the consolidated financial statements and the auditor's report thereto, the Bank of Russia has the right to apply measures provided in part one of this article to the parent credit institution of the banking group. In violation of the mandatory standards for banking groups set by the Bank of Russia in accordance with the Federal Law, the Bank of Russia has the right to apply measures provided in part one of this article to the parent credit institution of the banking group.

If the parent credit institution of the banking group fails to comply with requirements of the Bank of Russia to eliminate violations involving the participation in the banking group or if these violations pose a threat to the legitimate interests of creditors (depositors) of this credit institution, the credit institutions – members of the banking group, the Bank of Russia has the right to:

1) recover from the parent credit institution of the banking group a fine of up to 1 percent of the amount of the paid up authorized capital, but no more than 1 percent of the minimum size of the authorized capital;

2) introduce a ban, pursuant to part 2 clause 3 of this article.

Thus, these amendments in the legislation of the Russian Federation greatly strengthened the sanctions on credit institutions for possible breaches of the “anti-laundering” legislation that among other things provides sufficient sanctions instruments to ensure proper compliance with the requirements of the legislation of the Russian Federation facilitating the identification of possible bribery of foreign public officials or officials of international organizations.

**Text of Phase 2 recommendation 9(e):**

25. With respect to the investigation and prosecution of foreign bribery and related offences, the Working Group recommends that Russia:

e) Consider further strengthening safeguards of judicial independence to ensure that prosecutions and adjudications of the foreign bribery offence cannot be influenced by considerations of national economic interest, the potential effect upon relations with another State or the identity of the natural or legal persons involved [Convention, Article 5].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

In 2015 the Russian Federation adopted the Code of Administrative Procedure of the Russian Federation (Federal Law No. 21-FZ dated March 08, 2015 shall enter into force from September 15, 2015), which regulates the implementation of the administrative proceedings in the consideration and resolution by the Russian Federation Supreme Court, courts of general jurisdiction of administrative cases on the protection of violated or disputed rights, freedoms and legitimate interests of citizens, the rights and legitimate interests of organizations, as well as other administrative cases arising out of administrative and other public relations and related to the implementation of judicial review of the legality and validity of the state or other public authorities.

One of the principles of administrative proceedings is the independence of judges. The development of the Russian Constitution and the Law of the Russian Federation No. 3132-I dated June 26, 1992 On the Status of Judges in the Russian Federation by the Code of Administrative Procedure of the Russian Federation (Article 7) established that upon the administrative proceedings, the judges are independent, subject only to the Constitution of the Russian Federation and federal law. Any interference by the public authorities, other government agencies, local authorities, other bodies, organizations, officials and citizens in the activities of the courts in administering justice is prohibited and shall entail liability established by federal law. Information on extra-procedural written or oral request of the government authorities, local authorities, other bodies, organizations, officials and citizens admitted to the judges in administrative cases shall be subject to publicizing and bringing to the attention of the trial participants by placing this information on the official website of the court in information and telecommunication network "Internet" and is not the basis for the proceedings or decision-making process in administrative cases.

The Code of Administrative Procedure of the Russian Federation establishes the procedure for the proceedings of certain categories of administrative cases, simplified (written) proceedings in administrative cases of the court of appeal, cassation and supervisory authorities.

Chapter 23 also established a mechanism of administrative cases before the Disciplinary Board of the Russian Federation Supreme Court. In particular, the person whose judicial powers are prematurely terminated by the decision of the Supreme Qualification Collegium of the Russian Federation or by the decision of the Qualification Collegium of the Russian Federation for the commission of a disciplinary offence, has the right to appeal these decisions of qualification collegium of judges to the Disciplinary Board. Articles 229-238 set out the requirements for an application (claim), submitted to the Disciplinary Board of the Russian Federation Supreme Court, the timing of its adoption and review, test limits of the Disciplinary Board of the Russian Federation Supreme Court of applications (claims) and grounds for suspension of the proceedings and requirements to the decision of the Disciplinary Collegium of the Russian Federation Supreme Court.

Adoption of the Code of Administrative Procedure of the Russian Federation is aimed at strengthening the mechanism to ensure independence of the judicial proceeding.

**Text of Phase 2 recommendation 10(b):**

26. With respect to the offence of foreign bribery, the Working Group recommends that Russia:

b) Take any appropriate measures to (i) clarify that the offence of “bribe giving” (including through intermediaries) is deemed to be completed when the briber actually takes steps to transfer the undue advantage and does not require the actual receipt of the bribe by the foreign official or a third party on his behalf to be proven; (ii) raise awareness within both the public and private sectors that bribery through an intermediary, including through a related legal person, constitutes an offence under the foreign bribery offence; (iii) ensure that a reference to foreign law is not the only source relied upon for defining the foreign official’s duties and determining whether the act committed by the foreign official was lawful or unlawful [Convention, Article 1].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

Review of recommendations for the implementation of complex organizational, advocacy and other measures to prevent public officials from the behavior that may be perceived by others as the promise to give a bribe or the offer to give a bribe or as an agreement to accept a bribe or request for bribery, laws and other informational materials on the liability for bribery of a foreign public official, including through intermediaries, including legal entities, and preparation of the activities for the spread of this information material among public officials and employees of the organizations prepared by the Ministry of Labor of the Russian Federation and adopted in June 2013 was updated in July 2015. Sections I and II were amended as for liability for bribery of foreign public officials.

**Text of Phase 2 recommendation 11(c):**

27. With respect to the liability of legal persons, the Working Group recommends that Russia:

c) Clarify (i) whether Article 2.1 par. 2 CAO together with Article 13.3 of Federal Law 273-FZ require all legal entities to create anti-corruption measures to prevent bribery; (ii) whether non-compliance with Article 13.3 can serve as the basis for a stand-alone offence, and resulting sanctions, and if so, what those sanctions are, or whether Article 13.3 is a potential defence and (iii) what constitutes appropriate “measures on prevention of corruption” under Article 13.3 of Federal Law 273-FZ [Convention, Article 2].

**Actions taken as of the date of the follow-up report to implement this recommendation:**

The analysis of court practice regarding the application of Article 2.1. clause 2 of the Administrative Offences Code of the Russian Federation (hereinafter, the RF Administrative Offences Code) in conjunction with Article 13.3 of the Federal Law No. 273-FZ as for taking into account the requirements for the development of appropriate measures to prevent corruption by all legal entities, including to prevent bribery of foreign public officials shows that under certain conditions, the decisions may be taken to release the legal entity from liability for administrative offences provided for by Article 19.28 of the RF Administrative Offences Code, if the legal entity had taken the appropriate measures to prevent corruption provided for by Article 13.3 of the Federal Law No. 273-FZ.

At the same time in determining the sufficiency of the application of anti-corruption measures by the legal entity the prosecutors and judges are guided by the measures listed in Article 13.3 Part 2 of the Federal Law No. 273-FZ, and the Guidelines of the Ministry of Labor of the Russian Federation.

However, at the present time in order to further improve the effectiveness of anti-corruption measures taken by the organizations, the proposals for implementation of measures to prevent corruption with regard to the number, size, organizational and legal forms, the scope of organizations and other variables are being developed.

In addition, in August 2015 the Government of the Russian Federation submitted to the State Duma a draft federal law “On Amendments to the Administrative Offences Code of the Russian Federation” (in terms of clarifying the limits of Article 19.28 of the Code). The draft law proposes to supplement Article 1.8 Part 2 of the Code with the provision that the legal entity who has committed an administrative offence under Article 19.28 of the Code outside the Russian Federation shall be subject to administrative liability in accordance with the Code, if the said administrative offence is directed against the interests of the Russian Federation, as well as in cases stipulated by international treaties of the Russian Federation, if the said legal entity has not been brought for the appropriate action to criminal or administrative liability in a foreign country. In addition, Article 2.6 of the Code is proposed to be supplemented with a new part, which establishes that foreign legal entity who has committed outside an administrative offence the Russian Federation under Article 19.28 of the Code and which is directed against the interests of the Russian Federation shall be administratively liable on general grounds.

#### **Text of Phase 2 recommendation 13(a):**

13 With respect to the related money laundering offence, the Working Group recommends that Russia:

d) Ensure that all enforcement officials and others required by law or regulation to take measures to counteract money laundering receive further training with respect to bribery of foreign public officials as a predicate offence to money laundering [Convention, Article 7 and 2009 Recommendation III (i)].

#### **Actions taken as of the date of the follow-up report to implement this recommendation:**

In order to ensure the development and implementation of training programs on anti-corruption issues on the basis of institutions of higher education, including the investigation of active and passive bribery of foreign public officials, the investigation of bribery of foreign public officials as a predicate offence preceding money-laundering, as well as specialized courses for investigators, prosecutors and employees of operational services related to the identification and investigation of bribery of foreign public officials, the Ministry of Labor of the Russian Federation provided the federal public authorities with:

- the priority list of additional professional training of civil officials for 2015, as agreed with the Administration of the President of the Russian Federation (hereinafter, the priority areas);
- the indicative list of recommended additional professional programs in priority areas, and the indicative list of major issues that are recommended for development in the framework of these additional professional programs (hereinafter, the list of programs).

The federal public authorities are recommended to organize in 2015 the training of civil officials on additional professional programs, the subjects of which correspond to priority areas, including the lists of programs.

Thus, within the priority area “Government Policy in the Field of Countering Corruption”, which is one of the priorities in 2009, the Ministry of Labor of the Russian Federation offered to civil officials the following additional professional programs:

“Fundamentals of Combating Corruption in the Civil Service of the Russian Federation”;

“Countering Corruption by Revealing the Facts of Drawing Up False Statements”;

“Detection and Prevention of Bribery of Foreign Public Officials”;

“Issues for Audit of Financial Statements: Anti-Corruption Aspect”.

Taking into account the urgency of the issues related to implementation of the state policy in the field of prevention and countering corruption, the Ministry of Labor of the Russian Federation in September – November 2015 organized training for up to 1,500 federal civil officials from all federal public authorities on issues related to the implementation of state policy in the countering corruption, including bribery of foreign public officials and drawing up false statements.

The civil officials of the Federal Treasury, the Judicial Department at the Russian Federation Supreme Court, the Ministry of Foreign Affairs of the Russian Federation, the Ministry for Development of Russian Far East, the Ministry of the Russian Federation for the North Caucasus, the Ministry of Agriculture of the Russian Federation, the Federal Service for Supervision of Transport, the Ministry of Labor of the Russian Federation and the Federal Tax Service of the Russian Federation are subject to the priority training on these issues.

In the course of training the civil officials will study the following key issues:

the basic provisions of the legislation of the Russian Federation in the field of prevention and countering corruption;

the international standards in combating bribery of foreign public officials: the United Nations Convention Against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

the foreign legislation on combating bribery of foreign public officials. United States – Foreign Corrupt Practices Act (FCPA): content, scope, sanctions for non-compliance. United Kingdom – Bribery Act (UKBA): content, scope, sanctions for non-compliance;

litigation in cases of violation of anti-corruption legislation of the United States and the United Kingdom: possible lessons for Russian companies;

international standards for the construction of an effective system of anti-corruption compliance in the organization. Approaches to their use in order to minimize the risks associated with the application of the foreign anti-corruption legislation to the Russian companies;

false financial statements and corruption: introduction of deliberately false information to the documents of the financial statements to prepare, commit and conceal corruption offences, the main methods of distorting statements;

prevention and detection of fraudulent financial statements: internal control and external audit;

activities of public authorities in combating the introduction of deliberately false information to the documents of the financial statements: legal and regulatory framework, enforcement practices;

issues on application of legal provisions in detecting offences related to the preparation of false statements, their investigation and prosecution.

Thus, in case of the Federal Financial Monitoring Service on June 04, 2015 a lecture entitled: “The Fight Against Bribery in International Business Transactions” was held for employees of the Russian financial intelligence unit, including its territorial bodies. 25 employees were trained.

On August 21, 2015 a lecture entitled: “Identification of Bribery of Foreign Public Officials as a Predicate Offences to Money Laundering” was held for employees of the Russian financial intelligence unit, including its territorial bodies. 86 employees were trained.

**Text of Phase 2 recommendation 13(b):**

28. With respect to the related money laundering offence, the Working Group recommends that Russia:

e) Take further measures to strengthen its money laundering offence in order to ensure that serious money laundering offences are subject to an appropriate range of sanctions, including in proceedings against legal persons [Convention, Article 7].

The Resolution of Plenum of the Russian Federation Supreme Court No. 32 “On Judicial Practice in Cases of Legalization (Laundering) of Money or Other Property Acquired by Criminal Means and the Acquisition or the Sale of the Criminal Property” was published on July 07, 2015. This Resolution clarifies the issues arising at the courts in the application of articles of the Criminal Code of the Russian Federation establishing responsibility for the legalization (laundering) of money or other property acquired by other persons by criminal means, by a person in the commission of a crime, and for the purchase or sale of the criminal (Articles 174, 174.1 and 175 of the RF Criminal Code). Among other things the Resolution clarifies to the courts of the Russian Federation that the subject of the crimes of the legalization (laundering) of money or other property acquired by a person or other persons by criminal means (174, 174.1 of the RF Criminal Code), are, including without limitation, cash or other property, received as a financial reward for the crime. Thus, the cash refers to as Russian rubles or foreign currency, as well as non-cash and electronic funds, other assets refer to as movable and immovable property, property rights, certificated and uncertificated securities and property received as a result of the processing of property acquired by criminal means or as a result of the crime.

In addition, the attention of courts is drawn to the need to address the issue of confiscation in respect of persons convicted of crimes under Article 174 or Article 174.1 of the RF Criminal Code.

The courts should also identify the circumstances that contributed to the commission of the crimes stipulated in Articles 174, 174.1 and 175 of the Criminal Code, violations of human rights and freedoms, as well as other violations of the law committed during a preliminary investigation or in a criminal case by the lower court. According to Article 29 Part 4 of the Criminal Procedure Code of the Russian Federation it is necessary to pay attention of relevant organizations and officials to the identified violations of the law by making particular decisions or resolutions.

The above resolution of the Plenum of the Russian Federation Supreme Court directly contributes to strengthening the fight against offences relating to money laundering in order that serious offences related to money laundering were subject to proper penalties.