



**Joint Stock Company "Kavminsteklo" (АО "Кавминстекло")**

**Plant-wide enterprise standard**

**ОСТП 00284977-50-17**

## **Corruption Prevention Program**

## **ОСТН 00284977-50-17 (Plant-wide enterprise standard)**

### **Information about the standard**

1 DEVELOPED by Joint Stock Company "Kavminsteklo" (АО"Кавминстекло")

2 APPROVED AND PUT INTO EFFECT by order Joint Stock Company "Kavminsteklo" from 04.04.2017 № 98/1

3 INTRODUCED FIRST TIME

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## **Plant-wide enterprise standard**

### **Corruption Prevention Program**

Date of introduction – 2017-04-04

#### **1 General provisions**

General Principles of Conduct and Action Verallia provide for compliance with laws. In particular, they clearly confirm the rejection of any form of corruption, both domestically and internationally.

Accordingly, the entities of the Group, regardless of where they are located, must ensure that any actions taken by them, on their behalf or in their interests, are not considered as corrupt activities.

This is a matter of Group policy.

Given the fact that bribes and corruption are the main obstacle to economic development and an obstacle to healthy and active competition Verallia strives to fight corruption, both domestically and internationally.

As part of this policy in 2003 the Group signed the United Nations Global Compact, paragraph 10 of which reads:

"Activities of enterprises work against corruption in all its forms, including extortion and bribery."

Over the past decade, the fight against bribery and corruption has intensified, as a result of which the provisions adopted by international organizations have become tougher (standards of the Organization for Economic Cooperation and Development, the report of the European Commission, etc.), state legislation has become more stringent (USA, Great Britain, etc.), as well as lawsuits initiated by non-governmental organizations such as Transparency International.

This policy has led to even more pressure on enterprises - now they must constantly monitor anti-corruption measures, introducing preventive programs that include monitoring and control mechanisms.

Introduction of such programs is a means of protection from criminal prosecution.

In this context we considered it necessary to formalize the Group's corruption prevention policy as part of the Compliance Program.

This policy is based on 5 principles:

- Implementation of training programs,
- Systematic risk analysis,
- Consolidation of current rules and practices, supplemented where necessary by a set of rules and procedures,
- Inclusion of the item " fight against corruption " in the internal audit and control system of the enterprise,
- Implementation of a corruption reporting system.

Policy includes a number of anti-corruption regulations at the international (UN, Organization for Economic Cooperation and Development), European level and state. Now therefore this includes:

- Domestic and international transactions,
- Bribes against public figures
- Bribery and corruption in the private sector,
- Passive and active corruption.

This policy is established and controlled by the leaders of the Verallia Group and the general directors of the factories with the support of legal departments.

## **A- Definitions**

### **Companies of the group resist all forms of active corruption**

Group employees **ban** directly or indirectly, through agents, representatives or third parties, from making any kind of offers, promises, gifts or advantages in order to achieve through someone's public, social or professional status a certain position or empowerment,

- With the purpose of performing or avoid their responsibilities
- Or abuse of their powers to derive their own benefit from contracts, transactions, etc.

### **Companies of the group resist all forms of passive corruption**

Group employees **ban** (directly or indirectly, through agents, representatives or third parties, in the personal interests or the interests of those close to them) to accept various kinds of offers, promises, gifts or advantages,

- With the purpose of performing or avoid their responsibilities
- Or abuse of their powers to derive their own benefit from contracts, transactions, etc.

**This applies to officials**

- At the state and international level
- Officials and employees (judges, prefects, civil servants ...) of all administrative levels (state, local authorities, international public organizations ...),
- Elected officials and politicians,

**and private sector individuals.**

This prohibition applies to all enterprises of the Group, regardless of location, type of activity, under any circumstances, regardless of the issue (commerce, strategy ...); otherwise, the Group is endangered regardless of the amount, even if it is within the limits established by the Group's policy on gifts.

**This rule also applies to any kind of mediation, professional or non-professional, in order to circumvent this limitation.**

**B- General principles**

(1) Training

Training is a necessary part of the system and includes 3 sections:

- An e-learning module (such as Comply) built on the materials of "case studies" will be used by the directors of the Group. This module is also available for "Group`s School of Management". Additional courses specific to certain functions or professions can be developed as needed.

- Seminars based on case studies will be organized for the enterprises and delegations of the Group - for the employees of the most "exposed" departments (sales and marketing, purchasing, enterprise managers ..)

- A preventive guide program (charter and list of recommendations) for Group employees who may be exposed to corruption risks (personal risks and violation of the Group's rules of conduct).

(2) Risk factors

Above all, enterprises need to identify and analyze risk factors specific to various processes, in accordance with a holistic approach for the entire Group.

For this, it is necessary to organize work in a joint mode for managers, lawyers, business control managers on compliance with the law.

- Sales and marketing: commercial activities, using the services of agents and intermediaries ...
- Procurement of goods, services and outsourcing ...
- Operations
  - ◆ Administrative environment
  - ◆ Relationships with outside companies
  - ◆ Public authorities, elected representatives ...
- Partnerships and investments
  - ◆ Use of intermediaries and consultants ...
  - ◆ Partner typology
  - ◆ Capital purchases
  - ◆ Advertising and sponsorship

In the process of risk identification should not be neglected geographical and sectoral dimensions. Helpful instructions are provided by current databases, most of which are available on the Internet, for example,

- Corruption Perception Index published annually by a non-governmental organization Transparency International  
[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)
- Bribe payers' index published by a non-governmental organization Transparency International  
<http://bpi.transparency.org/results/>
- Country and Sector Analysis OЭCP/OECD (Organization for Economic Cooperation and Development)

### (3) Rules and procedures

Below are the rules and procedures within which to act.

This includes the rules and procedures already implemented and adopted by the Group and some enterprises or Delegations, in particular:

- Group Policy on Gifts and Conflicts of Interest,
- Charter procurement and suppliers,
- Procedures restricting the use of commercial agents in international transactions,
- Group rules on delegation of authority, the right to sign.

Also, here are regulations concerning:

- Process of acquiring companies and opening joint ventures.
  - ◆ verification of the credibility financial standing of the company:
    - Objectives
    - Officials

- General partners
- ◆ Restriction on the use of the help of intermediaries, consultants in the process of company acquisitions.
- ◆ Precautions if necessary when entering into trade agreements or other agreements with customers,

- Partnership for medium and long term
  - ◆ verification of the credibility financial standing of the company before making any obligations,

- Personnel processes
  - ◆ Safeguard measure when recruitment of personnel
  - ◆ Sanctions in case of non-compliance.
  - ◆ Determination and assessment of sanctions and fines.

(4) Internal audit and business control system

- Inclusion of items in the control plan of business control and the tightening of certain items if necessary.
- Inclusion of one item in the annual report on compliance with the legislation.
- Adaptation of internal audit criteria.

(5) Feedback and reporting system

It is very important that all factors or situations constituting an act of corruption should be immediately reported to the Compliance Officer. Primarily this should be done through the "chain of command" and the "Group`s professional alert" mechanism will be an auxiliary reporting method.

Resulting evidence will be investigated by internal auditors and /or the Department for the fight against fraud. Compliance Officers are required to keep the Group Compliance Committee informed of all signals received and any responses taken.

### **C- Implementation of a preventive program**

Since 2012, a preventive program has been adopted according to which the Board of Directors periodically provides progressive reports.

Implementation of the program is accompanied by internal communication, which will then be transferred to the plant level.

Set of rules and procedures mentioned above has been communicated through the Compliance Officers and incorporated into the Group Doctrine. Special Committees must ensure that all of these rules and procedures are properly communicated to employees and that training is provided in conjunction with the Group's Compliance Committee.



Lastly, it is important that we formally inform our external partners of the Group's policy in this area.

**Document developed**

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**Document approved**

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### Revision Record Sheet

| Designated name | Sheet numbers |          |     |            | Total sheets in the document | Incoming No. of the accompanying document | Signature | Date |
|-----------------|---------------|----------|-----|------------|------------------------------|---|-----------|------|
|                 | Modified      | Replaced | New | Invalidate |                              |   |           |      |
|                 |               |          |     |            |                              |   |           |      |