

APPROVED

by Resolution of the Board of Directors
of JSC INK-Capital
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**ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-
LEGALIZATION OF PROCEEDS RECEIVED FROM
CRIME (ANTI-MONEY LAUNDERING) POLICY
OF JSC INK-CAPITAL**

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I. GENERAL PROVISIONS

- 1.1 This Anti-Fraud, Anti-Corruption and Anti-Legalization of Proceeds received from Crime (Anti-Money Laundering) Policy (hereinafter referred to as the Policy) is a document which sets out the Group's focus areas, key principles, procedures and mechanisms against involvement in corruption, legalization (money laundering) of proceeds received from crime, and compliance with Anti-Corruption Laws and Standards.
- 1.2 The Group is one of Russia's largest independent producers of hydrocarbons and their refined products. The Group is engaged in geological study, exploration and development of oil and gas fields in the Irkutsk Region, the Republic of Sakha (Yakutia) and the Krasnoyarsk Region, where it carries out production, processing, and transportation of hydrocarbons. Rational use of natural resources is an integral principle of the Group in all its activities. In line with the idea of responsible production and consumption of resources, the Group has been gradually diversifying its activities, creating, and developing new areas of production in gas processing, gas chemistry, inorganic chemistry, helium production, thereby reducing the Group's impact on climate and adapting to future changes.
- 1.3 The Group's Mission Statement: We live in this region and work to ensure that the use of Eastern Siberia's mineral resources secures a decent present and a sustainable future for the region and its people. We cherish the life and health of our people, and we care about the unique nature of our land.
- 1.4 Requirements of this Policy meet the principles of open and honest business practices of the Group, its desire to improve corporate culture, follow international practices of corporate governance and high ethical standards. Requirements of the Policy are binding upon all Relevant Persons and Management.
- 1.5 In all of its activities, the Group is guided by the provisions of national and international instruments ratified and (or) applied in the Russian Federation setting out requirements in the field of anti-fraud, anti-corruption and anti-legalization (laundering) of proceeds received from crime; the list of such instruments is maintained and updated as part of the Integrated Management System.
- 1.6 The Policy is a fundamental high-level document of the Group's Integrated Management System and was developed as part of implementation of the Concept of Sustainable Development and ESG Factors.
- 1.7 The Policy was developed in accordance with the requirements of the Anti-Corruption Laws and Standards, and the ISO 37001:2016 Standard Anti-bribery Management Systems – Requirements with Guidance for Use, taking into consideration the Code of Ethics, the Company's Compliance Policy and Sanctions Policy.

In drafting of this Policy, best national and international anti-corruption practices were taken into account. The Policy is not intended to replace the norms and requirements established by the Anti-corruption laws and standards. If the Anti-corruption laws and standards establish more stringent requirements, each of the persons specified in Clause 1.4 of the Policy shall comply with such requirements.

II. TERMS AND DEFINITIONS

- 2.1 Terms and definitions used herein are specified in the Sustainable Development, ESG and Integrated Management System Glossary, Appendix 1 to the Sustainable Development and ESG Policy.

III. SCOPE OF APPLICATION

- 3.1 The Policy sets out the minimum standards of conduct which shall be observed by Relevant Persons of the Group regardless of their positions or functions in the course of their interaction with Officials and any Third Parties.

The Policy is applied in conjunction with the Sanctions Policy, the Code of Ethics, and other Local Regulatory Documents. When applying the Policy, it is also necessary to take into account and comply with the provisions specified in the Sanctions Policy, the Compliance Policy, the Code of Ethics, and other Local Regulatory Documents.

- 3.2 The Policy covers all companies of the Group, Counterparties of the Group, and other persons involved due to mutual obligations between them and the Group including anti-corruption obligations and other anti-corruption agreements.

All Relevant Persons and other persons are personally liable for compliance with the Policy and (for Employees and Management) for actions (omissions) of their subordinates violating the provisions of the Policy.

IV. FOCUS AREAS

- 4.1 The Group uses a systemic approach to combating fraud, corruption and legalization (money laundering) of proceeds received from crime to succeed in the long term and create opportunities to contribute to sustainable development.

- 4.2 The Group looks to build an efficient and impactful anti-corruption management system aimed at:

- prevention of involving of the Group in corrupt activity;
- detection, prevention and mitigation of risks of illegal, unethical, and corrupt behavior, and frauds;
- creating a uniform understanding among all Relevant Persons, as well as other Stakeholders, including Third Parties and Officials, of the essence of corrupt and fraudulent actions in any form and expression; and
- increasing the Group’s activities transparency.

- 4.3 The Group’s main anti-corruption management system focus areas are:

- ensuring compliance of the Group’s activity with the Anti-Corruption Laws and Standards;
- creating the culture of ethical conduct and negative attitude of Relevant Persons towards all manifestations of corruption and fraud;
- creating motivation for good and ethical conduct and zero tolerance for fraud and corruption;

- summarizing and explaining the key requirements of Anti-Corruption Laws and Standards;
- anti-corruption compliance-control; and
- management of Risks of Corruption, Risk of Fraud, and Risk of Legalization (Money Laundering) of Proceeds Received from Crime.

4.4 The Group undertakes the following key measures to prevent and combat corruption:

- determining structural divisions responsible for prevention of corruption and other violations of law;
- cooperating with law-enforcement entities to combat corruption, legalization (money laundering) of proceeds received from crime;
- preventing and settling Conflicts of Interests;
- preventing unofficial reporting and use of falsified documents.

4.5 In planning of activities being part of the anti-corruption management system, the Group always takes their cost-effectiveness into account in order to ensure that the goals are met with minimum use of resources.

V. **KEY PRINCIPLES OF ANTI-FRAUD, ANTI-CORRUPTION, AND ANTI-LEGALIZATION OF PROCEEDS RECEIVED FROM CRIME (ANTI-MONEY LAUNDERING). SYSTEM IMPROVEMENT**

5.1 The Policy is based on the following principles:

- zero tolerance for fraud and corruption, legalization (money laundering) of proceeds received from crime;
- legality;
- inevitability of punishment;
- proportionality of applied procedures to current Risks of Corruption and Fraud;
- direct participation of the Management in implementation of anti-fraud, anti-corruption, and anti-legalization of proceeds received from crime (anti-money laundering) activities; and
- Due diligence.

5.2 **Zero tolerance for fraud, corruption, legalization (money laundering) of proceeds received from crime**

Zero tolerance for fraud, corruption, and legalization (money laundering) of proceeds received from crime is a key element of the corporate culture and corporate ethics and means absolutely zero tolerance for fraud, corruption and legalization (money laundering) of proceeds received from crime in the course of interaction of Relevant Persons within the Group, interaction with Counterparties, Officials, and other Third Parties.

The Group declares its zero tolerance for corruption and legalization (money laundering) of proceeds received from crime of any kind and prohibits Relevant Persons directly or indirectly, in person or through any agents, from participation in corrupt actions including proposal of a bribe, promise of a bribe, bribing, asking for a bribe and bribe taking (commercial bribery) or payment for

facilitation of administrative, bureaucratic and other procedures in any way including by means of money, valuables, services or other material or non-material benefit for any persons or from any persons or organizations including, among others, commercial and non-profit organizations, government authorities and local government bodies, public officers including foreign public officers, for the purpose of gaining personal benefit or benefit of the Group, or Third Parties.

5.3 **Legality**

The Group works in strict compliance with the Anti-Corruption Laws and Standards.

5.4 **Inevitability of Punishment**

The Group holds liable those persons who have committed violation regardless their position, period of work, status and other relations in accordance with the Anti-Corruption Laws and Standards.

5.5 **Proportionality of applied procedures to current Risks of Corruption and Fraud**

The Group develops and implements necessary and sufficient anti-fraud, anti-corruption, anti-legalization of proceeds received from crime (anti-money laundering) procedures which reasonably meet the level of identified risks and monitors their observance. The applied procedures are a set of preventive measures aimed at prevention and mitigation of the fraud, corruption and legalization of proceeds received from crime (money laundering) risks.

All applied procedures should be clear, efficient and implementable. Specific anti-fraud, anti-corruption and anti-legalization of proceeds received from crime (anti-money laundering) procedures shall be proportional to the existing risks.

5.6 **Personal Example of the Management**

The Management creates a single ethical standard of zero tolerance for any kind of fraud, corruption and legalization (money laundering) of proceeds received from crime at any level which serves as a reference of good conduct for all other Relevant Persons and forms anti-fraud, anti-corruption and legalization of proceeds received from crime (anti-money laundering) business practice.

Involvement of the Management into implementation of this Policy is a guarantee of its efficient application.

5.7 **Due Diligence**

In order to mitigate risks of being involved into illegal activities, the Group conducts a comprehensive analysis of the submitted financial and tax reporting documents of the Counterparty, and counterchecks them through existing open information sources; checks business reputation, availability of necessary technical and human resources; investigates whether the Counterparty is included in the list of potentially dangerous entities, whose activity is associated with the legalization

(money laundering) of proceeds received from crime and determines the presence or absence of the Conflict of Interests.

The Group welcomes its Counterparties' commitment to the principles of the Policy, their willingness to include an Anti-Corruption Reservation into contracts and their cooperation in the course of investigation of cases when mutual agreements in this area are violated.

The elements of complex review are used in the course of hiring new Employees and general HR work. The Group examines candidates applying for a job from the point of their reliability, zero tolerance for corruption and absence of Conflict of Interests before making a decision on entering or extending employment (civil law) agreements.

VI. PREVENTION OF ANTI-FRAUD, ANTI-CORRUPTION, AND ANTI-LEGALIZATION OF PROCEEDS RECEIVED FROM CRIME (ANTI-MONEY LAUNDERING)

6.1 With the purpose to meet the objectives set in Clause 4.2 of this Policy, and pursuant to main principles of prevention of fraud, corruption, and legalization of proceeds received from crime (money laundering), the Group implements a set of preventive measures, including:

- determination of the divisions and Employees responsible for prevention of corrupt actions and countermeasures to fraud, corruption, and legalization (money laundering) of proceeds received from crime;
- building the internal control system;
- regulating personal responsibility of Relevant Persons for adherence to the Policy, informing and training of Relevant persons; and
- assessment of the risk of interaction with Third Parties and other persons; conducting KYC checks of Third Parties and other persons with whom the Group interacts, in terms of applicable law and reputational risks.

6.2 Internal Control

In order to comply with the requirements of this Policy, management of the Group builds up an internal control system, including monitoring activities of the Group, Relevant Persons for compliance with Anti-Corruption Laws and Standards, preparing reports on compliance with the Policy and Anti-Corruption Laws and Standards, and ensuring an opportunity to inform the Group and law enforcement agencies on instances of fraud, corruption, and legalization (laundering) of proceeds from crime.

6.3 Practical implementation of procedures to ensure good-faith work on behalf of Relevant Persons

6.3.1. The Company provides for implementation of anti-corruption code of conduct for Relevant Persons as part of corporate culture of the Group, and, in this connection, applies the Code of Ethics, which determines the following:

- basic and fundamental values, ethic norms and rules of conduct, shared values and principles of the Group; and

- specific rules and standards of conduct for Relevant Persons, which guide general ethics of business relations and seek to encourage an ethical and fair conduct.

6.3.2. The Group abides by principles of integrity and impartiality in organizational structure manning (including managerial positions). In this connection, the following is taken into account, among others:

- Employees are appointed or promoted to superior positions only based on their business qualities; and
- it is prohibited to employ Close Relatives for positions which are directly subordinated.

6.3.3. Within the implementation framework of this Policy, Relevant Persons shall:

- by request of IADC, provide information specified in Clause 6.7 of the Policy;
- refrain from committing and/or participation in committing of corrupt actions or other violations in their own interests or on behalf of the Group;
- refrain from conduct, which may be interpreted by external observers as readiness to commit and/or participate in committing of corrupt actions or other violations in their own interests or on behalf of the Group;
- immediately notify IADC of any instances of proposing Relevant Persons to commit corrupt actions or other violations;
- immediately notify IADC of any facts, which may become known to a Relevant Person, regarding committed corrupt actions or other violations on behalf of other Relevant Persons, Counterparties, Third Parties, or other persons; and
- notify IADC of potential or actual Conflict of Interests arising with a Relevant Person.

6.4 **Conflict of Interests**

In the process of performing their job, civil law, or other functions, Relevant Persons shall avoid any Conflict of Interest.

In a situation of Conflict of Interests, Relevant Persons shall abide by requirements of this Policy, Regulations on Settlement of Conflicts and other Local Regulatory Documents. Employees shall inform IADC and (for Employees) their immediate supervisors of all Conflicts of Interests.

In order to prevent possible Conflict of Interests, Relevant Persons shall provide complete and trustworthy information about all prior and current employments and positions held, including Positions in the Russian governmental bodies, as well as all legal entities, where the Relevant Person and/or his/her Close Relatives are members/shareholders or Beneficiary Owners by submitting an application on the presence/ absence of Conflict of Interests:

- prior to entering into employment or civil law relations with the Group;
- upon transferring to another position within the Group; and
- immediately upon appearance of any signs that may be considered as Conflict of Interest.

The HR Block shall request applicants for respective job positions to provide information about all prior and current employments and positions held, including Positions in the Russian governmental bodies.

6.5 **Risk Assessment**

Risk assessment is conducted by the Risk and Business Continuity Management Center of JSC INK-Capital together with IACD and IAD in order to define specific business processes of the Group that have the highest risk of corrupt violations by Relevant Persons for the purpose of gaining personal benefit or for the benefit of the Group.

In the overall assessment of the risk of legalization of proceeds received from crime (money laundering), there is a ban on transactions with entities that are included by regulatory and governmental authorities, as well as by other reliable sources, in the list as potentially dangerous entities, whose activities are associated with the legalization (money laundering) of proceeds received from crime.

Risk assessment is conducted on a regular basis.

The procedure of identifying and assessing the specified risks is set forth by a separate Local Regulatory Document.

6.6 **Training and Informing**

The Group shall take all measures to inform all Relevant Persons на the contents of the Policy and to ensure compliance with it.

Relevant Persons training shall be implemented in accordance with a schedule adopted by the Group.

The training program shall incorporate informing Employees about applicable Anti-Corruption Laws and Standards, corporate culture and corporate ethics, zero tolerance principles in relation to fraud, corruption and legalization (money laundering) of proceeds received from crime, as well as typical examples of corruption situations and actions pattern to be followed if someone is involved in any such situations.

The training program can be delivered either through personal presence or a remote course. Personal presence at training may be arranged with the use of electronic devices (video- or web-conference).

6.7 **Determination of the divisions and officials responsible for prevention of corrupt actions and countermeasures to fraud, corruption, and legalization (money laundering) of proceeds received from crime**

IACD has enough powers to conduct anti-corruption activities, including activity in relation to employees in managerial positions at the Group, it is also provided with adequate staff and technical resources.

IACD functions within implementation of this Policy are as follows:

- to conduct activity toward implementation of principles and requirements of this Policy;
- to develop the program of anti-corruption and anti-legalization of proceeds received from crime (anti-money laundering) measures;
- to implement Anti-Corruption Monitoring of the activity of the Group;
- to conduct control activities targeted to identify any corruption or other violations;
- to audit information about income and expense, property and other assets, material liabilities in relation to applicants for positions within the Group, Employees or their Close Relatives, to perform other actions with the purpose to identify any Conflict of Interests or facts of affiliation;
- to initiate conducting an assessment of Risk of Corruption;
- to review reported proposals to Relevant Persons to perform corrupt actions or other violations in the interest of or on behalf of a third-party organization, as well as possible corrupt actions or other violations committed by Relevant Persons, Counterparties of the Group, Third Parties, or other persons;
- to provide individual consulting to Relevant Persons in relation to corruption prevention;
- to cooperate with authorized representatives of supervisory and law enforcement agencies or other authorized persons in the course of audits of activity of the Group for prevention of and combating corruption;
- to cooperate with authorized representatives of law enforcement agencies in taking actions to suppress or investigate corruption crimes, including search and investigation activities;
- to evaluate the results of anti-corruption activity and draft relevant reports for Management, Audit Committee and Board of Directors;
- to coordinate the activity of structural divisions in relation to implementation of the Policy;
- to participate in conducting summits, practical research workshops, conferences at national and international level in the domain of corruption prevention and fighting;
- to conduct scheduled and unscheduled audits of adherence to principles of this Policy and compile reports on findings of such audits;
- to develop documents in relation to corruption, fraud, and legalization of proceeds received from crime (money laundering) prevention and countermeasures, and initiate update of documents due to any changes in the laws of the Russian Federation;
- to procure that the Relevant Persons responsible for the anti-money laundering procedures approach the Sanctions Compliance Group in order to perform sanctions screening of each new Counterparty of the Group as of the date of:
 - (a) accreditation as Counterparty of the Group;
 - (b) entry into a contract with any company of the Group; and
 - (c) amendment of the contract;
- to procure that the Relevant Persons responsible for the anti-money laundering procedures provide “know your customer” (KYC) information required for the sanctions compliance screening of the Group’s Counterparties to the Sanctions Compliance Group, as well as follow Sanctions Compliance Group’s guidance in relation to Sanctions compliance.

6.8 **Personal and Corporate Responsibility**

It is an immediate part of duties of the Management and each Employee of the Group, as well as other persons acting on behalf of or in the interests of the Group, and a provision of his/her employment or other contract to comply with requirements of Local Regulatory Documents, including this Policy.

Employees holding managerial positions of all levels are responsible for informing their subordinates of the requirements of this Policy. Managers shall be responsible, within the limits of their competence, for adherence to requirements of this Policy on behalf of their subordinates.

If an instance of fraud or corrupt actions on behalf of an Employee or involvement of an Employee in such actions has been established, the employer is entitled to impose disciplinary sanctions onto such Employee, up to dismissal from the company, in the manner provided by applicable laws of the Russian Federation or other applicable law. If an instance of fraud or corrupt actions on behalf of a person or involvement of a person in such actions has been established, the Group is entitled to charge the person with liability and also (in certain cases) to terminate the relevant contract.

6.9 **No Countermeasures and Sanctions**

The Group protects interests of Relevant Persons who have reported (including anonymous reports) thefts, embezzlements, frauds, bribes, commercial bribes, Conflicts of Interests and other violations in the Group which they became aware of, and of Relevant Persons who refused to commit such violation or be part of such violation as an intermediary.

No disciplinary punishments are imposed to Relevant Persons described in the paragraph above.

VII. KEY MECHANISMS OF ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-LEGALIZATION OF PROCEEDS RECEIVED FROM CRIME (ANTI-MONEY LAUNDERING)

7.1 The Group shall investigate all reasonably justified reports regarding breach of anti-corruption, anti-fraud and anti-legalization of proceeds received from crime (anti-money laundering) rules and procedures and shall prevent committing of such actions.

7.2 **Hotline**

The Group operates a Hotline, an information channel, with one of its goals and objectives to transmit and record information about discovery of fraud, corrupt or legalization of proceeds received from crime (money laundering) actions or any preparations thereto, or breach of the Code of Ethics, to receive proposals toward improvement of anti-corruption procedures or other internal control procedures. The Hotline functioning procedure is governed by this Policy, by the Code of Ethics and other Local Regulatory Documents.

Prevention of fraud or corrupt actions both within the Group and in its relations with Third Parties is one of the fundamental principles of corporate conduct in the Group. By means of development of the above-mentioned principle, all reports by Relevant Persons, Third Parties, Associated Persons, and other persons about any fraud or corrupt actions shall be recognized as examples of positive conduct. The Group is entitled to establish measures of recognition for its Employees or other persons providing trustworthy information about committed fraud and/or corrupt actions to the Hotline, or providing information, which may be instrumental in prevention or suppression of fraud and/or corrupt actions.

In order to prevent fraud or corrupt actions, whenever such instances of committed fraud or corrupt actions have been identified, or in case of reasonably justifiable suspicion in relation to committing/preparation to committing any such actions on behalf of Associated Persons, Relevant Persons shall report the respective information either to Hotline, or directly to IADC, as well as (for Employees) to their immediate or next in line superior (except when such superior may be involved in committing of fraud or corrupt actions in the Employee's reasonable opinion). The information may be provided either verbally or in written form.

The information about committing fraud or corrupt actions, breach of the Code of Ethics, which is received at Hotline, shall be recorded as provided in the relevant internal regulations and guidelines of the Group.

If the received information contains facts of committed fraud or corruption actions, such information shall be submitted to IADC within 3 (Three) business days, where it must be registered and reviewed within 30 (Thirty) days.

The Group guarantees confidentiality of information obtained from Relevant Persons or other persons through the Hotline, including non-disclosure of their personal details or the contents of the messages received. In addition, Relevant Persons and other persons may provide information to the Hotline anonymously. Information provided to the Hotline, including personal details of the reporting person, shall be exclusively known to persons conducting preliminary reviews and internal investigations in relation to messages received.

Any pressure or any other negative impact onto the reporting person contradict corporate values of the Group and this Policy. Any person resorting to such measures of impact shall be subjected to disciplinary sanctions. No sanctions may be applied to the Relevant Person or other person for reporting in good faith a committed or suspected fraud or corrupt actions.

The person providing such information shall be advised to refrain from making the Hotline message or contents thereof publicly known, and to refrain from independent investigation actions.

The methods of reporting information through the Hotline are set out in the Code of Ethics, and related information is available on the Group's web-site: www.irkutskoil.ru/trust-line/.

7.3 **Internal Audit and Compliance**

In order to ensure reliability and accuracy of financial (accounting) statements, compliance with the requirements of legal acts and Local Regulatory Documents, prevention and revealing corrupt violations, the IAD performs the following:

- internal monitoring of business operations and financial monitoring including prevention of the following actions: drafting of unofficial (double) statements, absence of primary accounting documents, unrecorded operations or incorrect record of operations, nonexistent costs records, record of liabilities with a subject identified incorrectly, using falsified documents, deliberate destruction of documents and statements before the end of the term stipulated by the laws of the Russian Federation;
- internal audit;
- engaging independent external auditors and issues the requirements for such auditors such as the requirement to inform of indicators of corruption revealed as a result of audits; and
- reporting to the Audit Committee and the Board of Directors on prevention and detection of corrupt violations.

In the course of the internal audit, the IAD takes into account the following requirements of the Policy:

- necessity to check how the organizational procedures and rules of operation which are material from the point of anti-corruption activities are complied with; and
- necessity to check the economic justification of operations which are performed in the area of Risk of Corruption and Risk of Fraud in relation to exchange of business Gifts, Representation Expenses, charity donations, remuneration to agents, advisors, mediators, external consultants and compliance with the payment procedure under such cases as prescribed by the law.

Since the Risks of Corruption and Fraud and other factors may change through the time, the Group periodically monitors, checks and assesses the implemented anti-corruption procedures and, if needed, reviews and refines them.

7.4 Conducting Internal Investigations

Internal investigations shall be conducted in several stages. At the stage of preliminary assessment, any information about committed fraud and/or corrupt actions, Counterparties' actions associated with legalization (money laundering) of proceeds received from crime or any preparation thereto, shall be checked.

Performance of an internal investigation shall be assigned to a particular specialist of IADC, or a commission, which may be appointed for that purpose.

A commission for internal investigation may be composed of two or more Employees. The commission may include Employees from various divisions of the Group, which possess relevant experience and knowledge. The Chairman shall be appointed from among commission members. In the course of internal investigation, all facts and circumstances related to the object of investigation

shall be established within the limits permitted by applicable laws of the Russian Federation and Local Regulatory Documents.

Employees in charge of internal investigations shall be granted access to all information and documents of the Group necessary for that purpose. All Employees shall cooperate with the internal investigations being conducted, within the extent of their competence.

Information about conducting preliminary check and internal investigation, as well as information obtained in the course of preliminary check or internal investigation (including the message received on Hotline, personal details of its sender, personal details of the persons subject to check or investigation, the results of check) shall be protected against disclosure or release to any non-members of the investigation Commission and/or those not participating in decision-making process based on results of the internal investigation.

7.5 Charging with Liability. Measures Taken Based on Internal Investigation Results

If the results of internal investigation confirm the fact of committing fraud or corrupt actions, then measures to charge with liability Employees and other Relevant persons responsible for such actions shall be taken by resolution of General Director, Chairman of the Executive Board of Limited Liability Company Irkutsk Oil Company, on the grounds of internal investigation materials containing relevant comments and recommendations pertaining to liability to be imposed onto Employees and other Relevant Persons who have committed fraud or corrupt actions.

Pursuant to Clause 6.8 of this Policy, committing fraud or corrupt actions on behalf of an Employee shall be recognized as gross violation of his/her job functions entailing disciplinary sanctions, including dismissal from the company on respective grounds, in the manner provided by applicable laws of the Russian Federation.

In addition, by resolution of General Director, Chairman of the Executive Board of Limited Liability Company Irkutsk Oil Company, disciplinary actions may be taken toward the immediate superior, who permitted to exist or created conditions for the Employee to commit fraud or corrupt actions.

Counterparties may be charged with civil liability for Corrupt Actions in accordance with provisions of civil contract entered by and between the Company and Counterparties, including Anti-Corruption Reservations.

Other persons may be charged with liability for corrupt actions in accordance with the Anti-Corruption Laws and Standards, and the Group is entitled, in cases as provided for by the Anti-Corruption Laws and Standards, to inform law enforcement and other authorities of the revealed or suspected fact of corruption, fraud or other activities prohibited by the Anti-Corruption Laws and Standards.

7.6 On the grounds of establishing the facts of fraud or corrupt actions, IADC, jointly with IAD, shall develop and submit for approval of the General Director, Chairman of the Executive Board of Limited Liability Company Irkutsk Oil

Company, their proposals regarding improvement of the internal control system or other forms of prevention of fraud or corrupt actions in the Group, including proposals regarding improvement of the system of control over interaction of Relevant Persons with Officials, improvement of informing and training of Employees and other Relevant Persons in principles of zero tolerance for fraud and corruption, rules of corporate ethics, as well as taking other appropriate measures.

VIII. PROCEDURE FOR IMPLEMENTATION OF BUSINESS PROCESSES WHICH ARE AT RISK OF FRAUD, CORRUPTION AND LEGALIZATION (MONEY LAUNDERING)

8.1 This Chapter of the Policy sets forth the main requirements to implementation of business processes of the Group which have the highest Risk of Corruption (interacting with Officials, accepting and making Gifts, Representation Expenses related to protocol events and business trips, Charity and Sponsorship, financial relations with Third Parties) and Fraud, risks of cooperation with Counterparties involved in the legalization (money laundering) of proceeds received from crime (financial relations with Third Parties). The detailed regulation of such business processes of the Group is made in accordance with Local Regulatory Documents.

8.2 Interaction with Officials

All Relevant Persons whose job and other functions include communication and contacts with the Third Parties on behalf of the Group should strictly follow the rules of corporate conduct specified by the Policy, the Code of Ethics and other Local Regulatory Documents. Special attention should be paid to monitoring the activities within the personal responsibility zone in the course of interaction with Officials.

In order to strengthen the principles of corporate conduct in the course of interaction with Officials, Relevant Persons of the Group should adhere to the requirements of this Policy and the Code of Ethics. Relevant Persons are obliged to avoid conduct which may be regarded by the Official as willingness of the Relevant Person to commit corrupt actions or help commit corrupt actions. Such requirements shall cover all cases of interaction with Officials including oral and written enquiries and negotiations.

The Relevant Person who received information from the Official regarded by this Employee or other Relevant Person as a request, demand, hint for transfer or extortion of financial gain or any other benefit for the Official or his/her Close Relatives (for example, payment of some expenses of such persons or in the interest of such persons) should stop business contacts with such Official and immediately inform IACD (and for Employees) also his/her immediate supervisor, or report through the Hotline.

To mitigate risks of corrupt actions in the course of interaction with Officials and other Third Parties, the Group and Relevant Persons shall refrain from payment of any expenses of Officials or other Third Parties (as well as payment of expenses in the interest of such persons) except for Representation

Expenses made in accordance with the terms and conditions specified in the Policy and other Local Regulatory Documents.

8.3 Gifts and Representation Expenses

The Group admits that exchange of business Gifts and Representation Expenses for business entertainment are indispensable part of business and common business practice.

At the same time, such practice poses a certain Risk of Corruption, as making expensive Gifts and high Representation Expenses may cause justified suspicions about pursuing vested interests.

Relevant Persons shall refrain from direct or indirect use of Gifts and/or Representation Expenses as a tool for remuneration for decisions made by Third Parties and/or Officials for the benefit of the Group, as well as obtaining any other illegal benefits for the Group. The price of Gifts and Representation Expenses shall be legal, reasonable and economically justified.

8.3.1. Making Gifts

Any Gifts which are made on behalf of the Group should comply with the requirements to the Protocol gifts specified by this Policy and other Local Regulatory Documents.

Giving valuables on behalf of the Group which do not meet the criteria of the Protocol Gift and/or violate the procedure of making Protocol Gifts shall not be allowed.

Making Protocol Gifts shall have a legal basis and be justified. The price of Protocol Gifts shall meet the criteria below. Making Gifts in cash, in the form of securities, gift certificates or in the form of payment for tourist and other services by Relevant Persons is not allowed.

A valuable not conforming to the criteria of Protocol Gifts and/or presented in violation of the rules of presenting Protocol Gifts presented by a Relevant Person or Associated Person of the Group to any Third Party shall be deemed presented on behalf of and in the interests of the Relevant Person or Associated Person. The Group shall not be held liable for such action of Relevant Persons and Associated Persons.

If in the process of performing his/her job or other functions for the Group, the Relevant Person has received from Counterparties, Third Parties, or other persons any request or demand about transfer of any valuables, he/she shall immediately inform IACD and (if applicable) his/her immediate supervisor thereof and report it through the Hotline.

The price of a Protocol Gift made to Officials shall not exceed 3,000 (Three thousand) rubles (or their equivalent in other currency as of the date of making the gift) (or other amount established by the Anti-Corruption Laws and Standards) and shall not be connected with execution by such person of his/her duties.

The price of the Protocol Gift (except for the cases described in the previous paragraph) shall not exceed 10,000 (Ten thousand) rubles (or their equivalent in other currency as of the date of making a gift) (or other amount established by the Anti-Corruption Laws and Standards), unless otherwise instructed by the General Director, Chairman of the Executive Board, or Chairman of the Board of Directors of Limited Liability Company Irkutsk Oil Company.

8.3.2. **Accepting Gifts**

Any Gift made to the Management or Employee by Counterparties or other Third Parties working with the Group shall be deemed to have been accepted by the Employee as a representative of the Group in connection with his/her position.

Any Gift made to other Relevant Person by Third Party (to the extent that there is or may be any connection between making a Gift and interaction of the Third Party with the Group (or on behalf of or in the interests of the Group) shall be deemed to have been accepted by the Relevant Person as a representative of the Group in connection with his/her functions performed for the Group. Employees and other Relevant Persons are entitled to accept Gifts from Counterparties and other Third Parties provided that the rules set forth by this Policy are complied with.

In order to create a single standard of corporate ethics the following Rules of accepting Gifts by Employees and other Relevant Persons shall apply:

- 1) the Employee and (in connection with the activity on behalf of or in the interests of the Group) other Relevant Person is entitled to accept unlimited valuables recognized as Gifts in accordance with the current business practice (flowers, sweets, fruit, alcohol, souvenirs) with the total price not exceeding 10,000 (Ten thousand) rubles (or their equivalent in other currency as of the date of making a gift) (or other amount established by the Anti-Corruption Laws and Standards);
- 2) the Employee and (in connection with the activity on behalf of or in the interests of the Group) other Relevant Person is prohibited to accept any monetary Gifts, gifts in the form of securities, gift certificates, or gifts in form of payment for tourist or other services;
- 3) the Employee and (in connection with the activity on behalf of or in the interests of the Group) other Relevant Person shall have no right to accept a Gift in case there are grounds to suggest that such Gift is targeted at influencing the objectivity of business decisions of the Employee and other Relevant Person at performing his/her job or other functions;
- 4) the Employee and (in connection with the activity on behalf of or in the interests of the Group) other Relevant Person who received the Gift which does not meet the criteria specified in Subclauses 1-3 above, shall be obliged to refuse accepting the Gift. If there is no opportunity of returning the Gift, the Employee is obliged to inform his/her immediate supervisor and IACD thereof and report through the Hotline as well as to transfer the ownership to such Gift to the respective company of the Group.

In the process of performing their job or other functions for the Group Employees and other Relevant Persons are strictly forbidden to express any kind of request or demand to Counterparties and other Third Parties regarding transfer of any

valuables. Requests or demands to Counterparties or other Third Parties regarding transfer of any inventories are deemed corrupt actions and entail responsibility specified in this Policy and anti-corruption laws of the Russian Federation.

8.3.3. Gift Register

Relevant Persons shall report to the Hotline about all Gifts that (i) were made on behalf of the Group – within 30 (Thirty) calendar days from the date of their delivery; and/or (ii) were received by Employees and Relevant Persons (in the latter case, in connection with the activity on behalf of and in the interests of the Group) – within 30 (Thirty) calendar days from the date of their receipt.

IAD maintains a Gift register, which should contain, among other things, the following information:

- date of delivery or the date of receipt of the Gift;
- description of the Gift, sufficient for it to be identified;
- person who received the Gift;
- person who made the Gift;
- fact of acceptance of the Gift; and
- estimated price of the Gift.

8.3.4. Representation Expenses

Representation expenses are made in accordance with this Policy and other Local Regulatory Documents.

Relevant Persons who are entitled to organize protocol events shall receive and spend money in strict compliance with the criteria of the Representation Expenses.

Expenses of the Relevant Person made in violation of the adopted criteria of the Representation Expenses shall be deemed to be made on behalf of and at the cost of such Relevant Person in his/her own interest not connected with performing his/her job or other functions. The Group shall not be held liable for such action of the Relevant Person.

If in the process of performing his/her job functions a Relevant Person has received from Third Parties any request or demand to pay for expenses of Third Parties or in the interest of Third Parties, to render property-related services, to grant other material benefits in form of Representation Expenses, he/she shall immediately inform IACD (and for Employee) also his/her immediate supervisor and thereof and report it through the Hotline.

8.4 Procedures for Selecting Counterparties

Taking into account that procedures for selecting Counterparties related to procurements for the needs of the Group fall into the category of business processes with a high level of Risks of Corruption and Fraud, as well as Risks of cooperation with Counterparties involved in the legalization (money laundering) of proceeds received from crime, the Group sets forth the uniform principles of transparency and fairness for all procedures for selecting Counterparties.

Pursuant to the main anti-corruption and anti-fraud principles specified in Chapter 5 of this Policy, in the course of selecting Counterparties the Group is additionally governed by the following basic principles (in accordance with the Company's Procurement Policy):

- 1) to establish clear and understandable conditions for implementation of procedures for selecting Counterparties;
- 2) to apply impartial and comprehensible criteria of selecting Counterparties;
- 3) to create open and equal conditions for all participants of each procedure for selecting a Counterparty during the competition including provision to all participants of the same information regarding the procedure of selecting a Counterparty, determination of unified timeframes, issuing unified requirements to the participants, explanation of participation conditions and defining the criteria of the winner identification as clearly as possible;
- 4) to have the internal control system which supports the procedures for selecting Counterparties, establishment of the Beneficiary Owner.

Before making the selection of Counterparties, IACD shall check the Counterparties for publicly available information on the Counterparty's violation of laws and/or business ethics, as well as assess the risk of performing any corrupt actions by the Counterparty. Based on the results of the audit, IACD shall either make a decision on admissibility of interaction between the Group and the relevant Counterparty, or on the need for further investigation of the Counterparty and the methods of such further investigation.

Further investigation of the Counterparty may be carried out, among other things, through the study of additional sources of publicly available information, as well as by obtaining feedback on the Counterparty from third parties.

Based on the results of further investigation, IACD submits the issue of admissibility (inadmissibility) of such interaction for consideration by the General Director, Chairman of the Executive Board of Limited Liability Company Irkutsk Oil Company, who resolves on the interaction of the Group with the Counterparty based on the results of further investigation.

The Group's relations with the Counterparties shall be properly documented and executed through the conclusion of contracts. Contracts concluded by the Group with Counterparties, as a general rule, shall contain an Anti-Corruption Reservation.

Contracts concluded with Counterparties shall secure all commercial agreements reached between the parties and provide for a fair market remuneration for the goods and/or services of the Counterparties. Making any payments for the benefit of Counterparties which are not provided for by the concluded contracts is not allowed.

In the work and interaction with Counterparties, Relevant Persons shall exercise Due Diligence and inform their immediate supervisors, IACD, as well as report to the Hotline about all known facts of violations by Counterparties of business ethics rules, laws, as well as other significant circumstances that may entail the Risk of Corruption.

8.5 Financial Relations with Third Parties

One of the key principles of the corporate conduct of the Group is to ensure effective monitoring over financial and business operations. Taking into account that business processes related to settlements with Third Parties are exposed to the Risks of Corruption and Fraud, as well as Risks of cooperation with Counterparties involved in the legalization (money laundering) of proceeds received from crime, in order to mitigate such risks, the Group has a single principle of openness and transparency of its financial policy in the relations with Third Parties.

To mitigate risks of corrupt and fraudulent actions, the financial policy of the Group with respect to any Third Parties including Counterparties shall meet the following requirements:

- compliance of actual schemes of Third Parties law relations with the documented conditions of such relations;
- minimization of settlements involving cash;
- cooperation on settlements and payments with banks having positive business reputation at the market of financial services.

Pursuant to the main anti-corruption principles specified in Chapter 5 of this Policy, the internal anti-corruption system within the frameworks of relations of the Group with Third Parties includes measures targeted at assessment of potential risks of corruption at the transactions to be entered into and mitigation of such risks. Such measures include the procedures of verification of Counterparties including a comprehensive review of operations of Counterparties, and a complex verification of their financial and market status.

The financial policy of the Group strictly prohibits the following:

- drafting unofficial statements;
- unrecorded operations or incorrect record of operations;
- nonexistent costs records;
- record of liabilities with a subject identified incorrectly;
- using falsified documents;
- destruction of primary accounting documents; documents drafted in accordance with entered transactions including contracts; documents relating to the procedures of competitive selection before the end of the term specified by the laws and Local Regulatory Documents;
- cooperation with Counterparties and other persons that are included by regulatory and governmental authorities, as well as by other reliable sources, in the list as potentially dangerous entities, whose activities are associated with the legalization (money laundering) of proceeds received from crime.

Violation by an Employee of the above requirements of the financial policy of the Group is deemed to be a gross violation of job functions. In case it is revealed and established that the Employee has been a party to such violations, the Group is entitled to impose disciplinary sanctions onto such Employee, up to dismissal from the company, in the manner provisioned by applicable laws of the Russian Federation.

Should the above facts be revealed and/or established, the Group will immediately initiate an in-house investigation. The in-house investigation is made in accordance with the same procedure as described in Clause 7.4 of this Policy.

To mitigate Risks of Corruption and Fraud, the Group actively cooperates with external and internal auditors, supervisory and law enforcement authorities and provides them with necessary information about its operations.

8.6 Charity

Charity is based on the requirements set forth by this Policy, the Social Responsibility Policy, internal regulations and guidelines on social and economic cooperation and charity (sponsorship) of the Group and other Local Regulatory Documents. Charity for political purposes is not allowed.

Expenses of the Relevant Persons made in violation of the established rules of Charity are deemed to have been made on behalf of and at the cost of such Relevant person in his/her own interest not connected with performing his/her job or other functions. The Group shall not be held liable for such actions of the Relevant Person.

If in the process of performing his/her job functions the Relevant Person of the Group has received from Third Parties any request or demand to pay for expenses of Third Parties or in the interest of Third Parties, to render property-related services, to grant other material benefits in form of Charity, he/she shall immediately inform IACD (and for Employee – also his/her immediate supervisor) thereof and report through the Hotline.

8.7 Sponsorship

Sponsorship is based on the requirements set forth by this Policy, the Social Responsibility Policy, internal regulations and guidelines on social and economic cooperation and charity (sponsorship) of the Group, and other Local Regulatory Documents. Sponsorship for political purposes is not allowed.

Taking into account that Sponsorship falls into the category of business processes with a high level of Risks of Corruption, the Group sets forth the following criteria for Sponsorship: openness, transparency, justification of sponsorship goals and results of investments, drafting reports on expenses.

Expenses of the Relevant Person made in violation of the established rules of Sponsorship are deemed to have been made on behalf of and at the cost of such Relevant Person in his/her own interest not connected with performing his/her job or other functions for the Group. The Group shall not be held liable for such actions of the Relevant Person.

IX. FINAL PROVISIONS

9.1 The Policy shall take effect upon its approval by the Board of Directors.

9.2 Amendments and additions to the Policy shall be approved by the Board of Directors.

- 9.3 The Group will improve this Policy taking into account new standards on anti-fraud, anti-corruption, anti-legalization (anti-money laundering) of proceeds received from crime in the Russian and international practices, interests of the shareholders, the Group and other Stakeholders, and amendments of the laws of the Russian Federation.
- 9.4 The Policy is communicated to Stakeholders through internal and external communication mechanisms established and used in the Group.
- The Policy in the Russian and English languages is available on the Group's website (www.irkutskoil.ru – the Russian version, www.irkutskoil.com – the English version).
- 9.5 The Group guarantees that all internal acts and regulation documents comply with the provisions of the Policy.
- 9.6 If, as a result of any changes in the laws of the Russian Federation, the Company Charter, or on other grounds, some clauses of the Policy shall become invalid and be deemed unenforceable or void, such clauses are not to be applied. Until the relevant amendments are introduced into the Policy, the Group and Stakeholders shall act in accordance with applicable laws of the Russian Federation, the Company Charter, and the Policy provisions to the extent not conflicting with them.