

Newsletter

Russian Ministry of Labour and Social Protection issued new recommendations on anti-corruption compliance for organizations

December 11, 2019

Dear Ladies and Gentlemen,

In September and October 2019, the Russian Ministry of Labour and Social Protection ("**Ministry**") issued new sets of anti-corruption guidelines for companies:

- Measures for Preventing Corruption in Organizations¹ ("**Measures**");
- Recommendations on the Procedure for Assessing Corruption Risks in Organizations² ("**Recommendations**");
- Memo on Establishing the Duties of Employees for Preventing Corruption, Employee Liability, and Incentive Programs³ ("**Memo**").

These guidelines complement and extend previous recommendations concerning anti-corruption measures in organizations, developed by the Ministry in 2013.

Key points of which to be aware:

1 Administrative liabilities

According to the Administrative Offences Code of Russia, administrative liability for bribery, on behalf of a legal entity (in public or private sector), may amount to 100 mln. RUB. A legal entity could be discharged of liability if it has assisted in detection and investigation of violations.

The latest Measures and Recommendations of the Ministry provide the guidelines to prevent corruption actions on behalf of a legal entity, and introduce the mechanism to expose and investigate the violations. Together, they could substantially reduce the risks of corporate liabilities for bribery.

2 Measures to prevent corruption at an organization

Organizations are encouraged to introduce certain key tools to prevent corruption. Such activities should be systemic and consistent. In order to reach the goals of preventing corruption, the Ministry recommends:

- to develop and implement an anti-corruption policy;
- to designate units/subdivisions and/or employees responsible for prevention of corruption;
- to introduce a procedure for due diligence assessment of counterparties, to minimize corruption risks connected to potential business dealings;
- to take measures to inform, advise and train employees;
- to pay particular attention to information on cases of corruption that are provided by employees of the organization and its counterparties;
- to organize cooperation with law enforcement agencies, and other state bodies, in order to combat corruption;
- to conduct regular monitoring of effectiveness of the implemented measures to prevent corruption;
- to introduce other measures, aimed at the successful prevention of corruption.

3 Assessment of corruption risks: algorithms

The Ministry draws specific attention to algorithms to assess corruption risks, which are based on a company's risk profile, and allow organizations to choose the specific measures that will need to put in place. The Recommendations include general

¹ Measures for Preventing Corruption at Organizations dated September 18, 2019. Please see: <https://rosmintrud.ru/uploads/magic/ru-RU/Ministry-0-106-src-1568817692.8748.pdf>

² Recommendations on the Procedure for Assessing Corruption Risks at Organizations dated September 18, 2019. Please see: <https://rosmintrud.ru/uploads/magic/ru-RU/Ministry-0-106-src-1568817604.7941.pdf>

³ Memo on Establishing the Duties of Employees for Preventing Corruption, Employee Liability, and Incentive Programs dated September 18, 2019. Please see: <https://rosmintrud.ru/uploads/magic/ru-RU/Ministry-0-106-src-1568817742.8173.pdf>

approaches and main features of the assessment of corruption risks in the organization, and comprise, in particular, definitions of main terms, such as corruption offense, corruption risk, corruption risk analysis, corruption scheme, indicator of corruption.

The Recommendations define:

- (i) approaches to preliminary determination of the most corrupt areas of activity of an organization;
- (ii) the general procedure for assessing corruption risks and preparing for its implementation;
- (iii) the procedure for describing business processes, procedure for analyzing and ranking corruption risks;
- (iv) measures to minimize corruption risks;
- (v) the procedure for registration of corruption risks in the Register of organization's corruption risks, procedure of its approval and approval of the Action Plan to minimize corruption risks, by the management of an organization.

It is recommended to identify "critical points" for each corporate business process, compile a summary of "critical points", and identify possible corruption offenses at each of such points.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our [Labour and Employment Practice](#) and [White Collar Crime, Compliance and Investigations Practice](#), please let us know in reply to this email. We will be glad to provide you with our materials.

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If you have any questions, please, do not hesitate to contact ALRUD Partners



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4 Employee responsibilities, employment contracts and rewards

The Ministry recommends, to be included in the employment contracts, the explicit obligation of employees to combat corruption. The Ministry recommends organisations to build a logic system of sanctions for violation of obligations, and that this be stipulated in employment contracts. The system shall support anti-corruption standards and discourage all forms of corruption.

The Ministry suggests organisations incorporate in this system not only sanctions, but even rewards (bonuses, gifts, salaries, personal approval of management and colleagues, etc.) for employees who comply with anticorruption standards, or report violations. However, it is important to eliminate provisions that may encourage employees to commit offences, that can be reported in the future, to obtain some benefits.

Conclusion

We recommend implementation of the Ministry's guidelines into internal policies, employment contracts and corporate procedures, plus processes to evidence measures taken on the corporate level to reduce the corruption risks.