

ANTI-CORRUPTION POLICY OF BIOSINTEZ, OJSC

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1. INTRODUCTION

1.1 Purpose

The Code of Corporate Ethics of Biosintez, OJSC (hereinafter referred to as “the Company”) stipulates the provision in relation to which “the atmosphere of categorical intolerance to corrupt behavior has been created and maintained in the Company.” This Anti-Corruption Policy (hereinafter referred to as the “Policy”) contains the relevant principles and rules, as well as the methods for their application.

The Anti-Corruption Policy is a set of interrelated principles, procedures and specific measures aimed at prevention and suppression of corruption offenses in the Company activities.

1.2 Scope

This Policy is applicable to all employees of the Company, managers of all levels, including the Director General of the Company (hereinafter referred to as “Employees”). Adherence to the principles and rules of this Anti-Corruption Policy by other legal entities or individuals is a mandatory condition for establishing and maintaining business relations with counterparties. This Anti-Corruption Policy is the basic document for the Company, defining the key principles and requirements aimed at prevention of corruption and compliance with applicable anti-corruption legislation by the Company, members of its management bodies, employees and other persons who may act on behalf of the Company.

1.3. In this Policy, various types of behavioral patterns are considered, in which issues related to assessment of the situation for rejection and anti-bribery management may arise.

2. LEGAL BASE OF THE DOCUMENT.

2.1. The policy was developed in accordance with the legislation of the Russian Federation, including:

- the Federal Law “Concerning Counteracting Corruption” dated 25.12.2008 No. 273-FZ; the Criminal Code of the Russian Federation, the Federal Law No. 63-F3 dated 13.06.1996; the Code of the Russian Federation on Administrative Offenses, No. 195-FZ as amended; the Presidential Decree No. 460 dated 13.04.2010 (revision dated 13.03.2012) “On the National Anti-Corruption Strategy and the National Anti-Corruption Plan for 2010-2011”; the Decree of the President of the Russian Federation dated 01.04.2016 N 147 “On the National Anti-Corruption Plan for 2016 – 2017”; the Presidential Decree N 925 dated 21.07.2010 “On measures to implement certain provisions of the Federal Anti-Corruption Law”;

Methodological recommendations on development and implementation of measures to prevent and counteract corruption by organizations developed by the Ministry of Labor and Social Protection of the Russian Federation on 08.11.2013.

2.2. Terms and definitions

Corruption means abuse of official position, giving bribes, taking bribes, abuse of authority, commercial bribery or other unlawful use of the official position by an individual, contrary to the legitimate interests of society and the state, in order to obtain benefits in the form of money, valuables, other property or services of a property nature, other property rights for themselves or for third parties or the unlawful provision of such benefits to the said person by other individuals. Corruption is also the commission of listed acts on behalf of or in the interests of a legal entity (clause 1 of Article 1 of the Federal Law N 273-FZ dated December 25, 2008 “On Anti-corruption”).

Payments for simplification of formalities or accelerating procedures, not provided for by the legislation, shall be considered as a form of corruption.

Anti-corruption means the activities of the federal state authorities, government authorities of the Russian Federation, local governments, civil society institutions, companies and individuals within their powers (clause 2 of Article 1 of the Federal Law No. 273-FZ dated December 25, 2008 “On Anti-corruption”):

a) on prevention of corruption, including identification and subsequent elimination of the causes of corruption (prevention of corruption);

b) on identification, prevention, restraint, disclose and investigation of corruption offenses (fight against corruption);

c) minimization and (or) elimination of the consequences of the corruption offenses.

Company means a legal entity regardless of the form of ownership, organizational and legal form and industry.

Counterparty means any Russian or foreign legal or individual with whom the company enters into contractual relations except for labor relations.

Bribe means receipt by an official, foreign official or an official of a public international company, either personally or through an intermediary of money, securities, other property, or in the form of unlawful rendering of services of a property nature, the granting of other property rights for performance of actions (omissions) in favor of the bribe-giver or if such actions (inactions) are a part of the official authorities of the official person or if, by virtue of the official position, the person can contribute to such Procedure (inactivity), as well as for overall protection or acquiescence in the service.

Commercial bribery means the illegal transfer of money, securities, other property to a person performing administrative functions in a commercial or other company, rendering services of a property nature, granting other property rights for performance of actions (omissions) in the interests of the bribe-giver in connection with the official the provision (part 1 of Article 204 of the Criminal Code of the Russian Federation).

Conflict of interest is a situation in which the personal interest (direct or indirect) of an employee (representative of a company) affects or can affect the proper performance of the official (labor) duties and in which there is or may arise a contradiction between the personal interest of the employee (representative of the company) and rights and legitimate interests of the company, which can causy

damage to the rights and legitimate interests, property and (or) business reputation of the company, the employee (the representative of the company).

Personal interest of an employee (representative of a company) means the interest of the employee (representative of the company) associated with possible receiving by the employee (representative of the company) income in the form of money, valuables, other property or services of a property nature, other property rights for himself or for third parties persons during performing the official duties.

3. OBJECTIVES OF THE POLICY

3.1. The policy contains the Company's commitment to the high ethical standards to conduct open and honest business for improvement of the corporate culture, following the best practices of corporate governance and maintaining the business reputation of the Company at the proper level.

3.2. The Company sets the following objectives:

- to minimize the risk of involvement of the Company, employees of the Company, regardless of the position held (hereinafter together "Employees") in corrupt activities.

- to form a uniform understanding of the Company's policy on non-acceptance of corruption in any forms and manifestations by counterparties, employees, members of management bodies and other persons.

- to summarize and explain the main requirements of the anti-corruption legislation of the Russian Federation, which can be applied to the Company and Employees.

- to establish the duty of the Company's employees to know and comply with the principles and the requirements of this Policy, the key rules of the applicable anti-corruption legislation, and adequate procedures for preventing corruption.

4. EMPLOYEE'S OBLIGATIONS

4.1. All employees of the Company shall apply this Policy and strictly observe its principles and requirements.

4.2. The Director General of the Company is responsible for performance of all activities aimed at compliance with the principles and requirements of this Policy, including appointment of persons responsible for development of anti-corruption procedures, their implementation and supervision.

4.3. Employees are obliged:

- not to commit or prevent participation in any form in commission of corruption offenses, including, in the interests or on behalf of the Company or its counterparties;

- not to allow behavior that can be interpreted by other persons as a willingness to commit or participate in any form in commission of corruption offenses;

- to inform immediately the immediate supervisor and the person responsible for implementation of the anti-corruption policy or the management of the Company about each case of declaring the Employee to commit a corruption offense;

- to inform immediately the official responsible for implementation of the anti-corruption policy or the management of the Company of cases of corruption offenses committed by other employees, counterparties of the Company or other persons who became known to the Employee;

- to inform immediately the immediate head and an official person responsible for implementation of the anti-corruption policy or the management of the Company about possible conflict of interests.

4.4. In accordance with the requirements of the Russian anti-corruption legislation the employees are prohibited from giving bribes, receiving bribes, committing bribes, and also mediating bribery.

4.5. In accordance with this Anti-Corruption Policy, the Company's employees, as well as other persons entitled to act on behalf of the Company:

- have no the right to give, as well as to offer, promise or approve anything valuable, whether in the form of cash, tangibles or intangible benefits (such as personal gain), to any official person, political party or candidate for political office to obtain or retain business opportunities or provide such business opportunities to any other person;

- are obliged to keep a reliable and complete financial accounting, as well as to maintain an internal control system aimed at preventing and detecting improper payments made directly or indirectly from the company's funds.

4.6. In accordance with this Anti-Corruption Policy, the Company and its employees shall comply with the following basic requirements:

4.7.1. prohibition of giving bribes; granting or promising to provide any financial or other benefit / advantage with the intent to induce any person to perform the official duties improperly;

4.6.2. prohibition of taking bribes; obtaining or consenting to obtain any financial or other benefit / advantage for performance of their official duties in an improper manner;

4.6.3. prohibition of bribery of foreign civil servants; (i) providing, or (ii) the promise to provide (directly or through the third parties) to a foreign public official any financial or other benefits / advantage in order to influence performance of the official duties in order to obtain retain business or provide competitive or other benefits to a commercial organization;

4.6.4. prohibition of connivance with bribery; preventing absence in the commercial organization of adequate procedures aimed at preventing the giving or receiving of bribes by persons related to this organization with the purpose of acquiring or retaining business, providing commercial and competitive advantages.

4.7. The Company and its employees shall comply with the anti-corruption legislation of Russia, recognized international rules aimed at anti-corruption and fight against corruption, the state in which activities contradicting the Russian law, and the principles and requirements of this Policy are performed.

5. KEY PRINCIPLES

5.1. Senior Management Mission:

Members of the Board of Directors, the Director General and the highest officials of the Company shall form an ethical standard of irreconcilable attitude to any forms and manifestations of corruption at all levels, setting an example by their behavior.

The Company adheres to the principle of non-acceptance of corruption in any forms and manifestations (the zero tolerance principle) when implementing daily activities and strategic projects, including in cooperation with founders, investors, counteragents, representatives of government bodies, self-government, political parties, its Employees and any other persons.

5.2. Regular Risk Assessment.

The Company identifies and periodically updates indicators of corruption risks specific to the Company's operations and potentially vulnerable business processes.

5.3. Adequate anti-corruption procedures.

The Company develops and implements adequate anti-corruption procedures that reasonably meet the identified risks, and monitor their compliance.

5.4. Verification of counterparties.

The Company makes every reasonable effort to minimize the risk of business relations with the counterparties that may be involved in corrupt activities, for which an assessment of the counterparties' tolerance to bribery shall be conducted, including verification of their own anti-corruption procedures or policies, their willingness to comply with the requirements of this Policy and to include anti-corruption clauses in the contracts, and also to provide mutual assistance for ethical business conduct and prevention of corruption.

5.5. Informing and training.

The Company shall place this Policy on its official website, declaring openly the rejection of corruption, welcomes and encourages compliance with the principles and requirements of this Policy by all counterparties, employees and other persons and contributing to raising the level of anti-corruption culture through informing and training.

5.6. Monitoring and control

The Company monitors implementation of the procedures for prevention of corruption, controls compliance and, if required, improves them.

6. GIFTS AND REPRESENTATIONAL EXPENSES

6.1. Gifts and representational expenses, including business hospitality, which employees can provide to other persons and companies on behalf of the Company, or which employees, in connection with their work in the Company, can receive from other persons and companies, shall meet the following criteria:

- be directly related to the legitimate aims of the Company's activities, for example, to presentation or implementation of business projects, or to generally accepted holidays, state holidays, commemorative dates, anniversaries;
- to be reasonably justified, proportionate and not to be luxury goods;

- do not represent a hidden reward for service, action, inaction, connivance, patronage, granting of rights, making a specific decision on a transaction, agreement, license, authorization, etc. or an attempt to influence the recipient with another illegal or unethical purpose;

- do not create a reputational risk for the Company, employees and other persons;

- do not contradict the principles and requirements of this Policy, the Code of Corporate Ethics, other internal documents of the Company and the rules of the applicable law.

6.2. Gifts on behalf of the Company, employees and representatives of the Company are not allowed to the third parties in the form of cash, in cash or cashless form, in any currency, and also in the form of precious metals or stones.

7. PARTICIPATION IN CHARITY AND SPONSORSHIP

The Company does not finance charitable and sponsorship projects in order to obtain commercial advantages in specific projects with participation of the Company. Charity and sponsorship is possible only if social tasks are welcomed and encouraged by the state and society.

8. PARTICIPATION IN POLITICAL ACTIVITIES

The Company does not finance political parties, organizations and movements in order to obtain commercial advantages in specific projects with participation of the Company.

9. INTERACTION WITH STATE OFFICIALS.

In addition to the ban on bribery, the Company does not allow payment of any expenses of state employees and their close relatives (or in their interests) in order to obtain commercial benefits for the Company, including expenses for transportation, accommodation, food, entertainment, PR campaigns and etc., or receipt of other benefit by the specified persons at the expense of the Company.

10. INTERACTION WITH EMPLOYEES.

10.1. The Company requires its Employees to comply with this Policy, informing them about the key principles, requirements and sanctions for violations.

10.2. The introductory training is conducted on the provisions of this Policy and related documents, and for current employees information seminars, face-to-face and/or distance interviews are held for formation of an appropriate level of anti-corruption culture with new employees.

10.3. Compliance with the principles and requirements of this Policy with the Employees of the Company shall be considered when forming a personnel reserve for promotion to higher positions, reward, as well as disciplinary sanctions.

12. PAYMENTS THROUGH INTERMEDIARY OR IN FAVOR OF THE THIRD PARTIES.

12.1. The Company and its employees are prohibited from using or involving intermediaries, partners, agents, joint ventures or other persons to perform any actions that are contrary to the principles and requirements of this Policy or the applicable anti-corruption law.

12.2. The Company ensures availability of procedures for verification of intermediaries, partners, agents, joint ventures and other persons to prevent and / or identify the violations described above aimed at minimization and elimination of the risks of corrupt activities by the Company.

13. KEEPING OF ACCOUNTING BOOKS AND RECORDS

13.1. All financial transactions shall be accurately, correctly and with sufficient level of detail reflected in the Company's accounting records, prepared and available for objective verification.

13.2. The Company appoints employees who are personally responsible for preparation and submission of complete and reliable accounting reports within the time limits established by the applicable law.

13.3. Distortion or falsification of the Company's accounting statements is prohibited and considered as illegal.

14. NOTIFICATION OF DISADVANTAGES

14.1. If any employee of the Company or any other persons has any doubts about the legitimacy or ethical nature of their actions, as well as actions, inaction or suggestions of other Employees, counterparties or other persons who interact with the Company, they shall notify their immediate supervisor or official person responsible for implementation of the Anti-Corruption Policy and, if required, to receive recommendations and clarifications on the current situation.

15. WAIVER OF RETALIATORY MEASURE AND SANCTIONS

The Company declares that no Employee will be subjected to any sanctions (including dismissed, deprived of the premium) if he reported a suspected corruption or if he refused to give or receive a bribe, commit commercial bribery or provide bribery mediation, including, if as a result of such a refusal, the Company had lost profit or commercial and competitive advantages were not obtained.

16. AUDIT AND SUPERVISION

16.1. The Company regularly conducts internal and external audit of financial and economic activities, supervises the completeness and correctness of data reflection in accounting and compliance with the requirements of applicable legislation and internal regulatory documents of the Company, including the principles and requirements established by this Policy.

16.2. As a part of internal control procedures, the Company conducts audits of the key business processes, including selective inspections for legality of payments in progress, their economic justification, and the appropriateness of costs,

including for confirmation of primary accounting documents and compliance with the requirements of this Policy.

17. REPORTING

17.1. The management of the Company reviews on a regular basis the reports of the official persons responsible for implementation of the Anti-Corruption Policy about the results of work to ensure the compliance of the Company and employees with the principles and requirements of this Policy and the applicable anti-corruption legislation.

18. AMENDING

18.1. If the Company reveals the insufficient effectiveness of the provisions of this Policy or related business processes of the Company, or if the requirements of the applicable law of the Russian Federation, international rules of the law change, the Director General of the Company or the official person responsible for implementation of the Anti-Corruption Policy organizes development and implementation of an action plan for revising this Policy and/or business processes.

19. LIABILITY FOR FAILURE TO IMPLEMENT (UNAUTHORIZED IMPLEMENTATION) OF THIS POLICY

19.1. The employees of the Company, irrespective of the position, shall be liable for compliance with the principles and requirements of this Policy, as well as for actions (inaction) of subordinate persons violating these principles and requirements.

19.2. Since the Company may be subject to sanctions for participation of its employees, counterparties and other related persons in corrupt activities, an official investigations shall be initiated within the limits permitted by applicable law for each reasonably justified suspicion or established fact of corruption.

19.3. Failure to comply with the rules and principles of the Anti-Corruption Policy can be considered as a gross violation of labor discipline. The persons guilty of a violation the requirements of this Policy can be brought to disciplinary liability, up to and including termination based on the Employer's initiative.

19.4. The Company shall immediately inform the law enforcement or supervisory authorities at the place of the above actions in accordance with their competence, about every case of improper performance by the employee and the counterparty containing signs of violations, the liability for which is provided by the Russian law or applicable rules of international law (criminal, administrative, tax law).