



ANTI-CORRUPTION POLICY

1. Purpose and field of application of the Anticorruption policy.

The present anticorruption policy (hereinafter - AP) establishes the system and the procedures, allowing to reveal corruption risks within the activity of HMS Group companies, including foreign legal persons (hereinafter – HMS Group), and also fully react to infringements of the corruption type for the purpose to prevent their further development, timely prevention of their adverse effects, including decrease of the potential losses connected with HMS Group activity.

The basic purpose of the AP is introduction of the modern practices of fighting corruption in the corporate environment, corresponding to the world standards and norms of the Great Britain legislation (including the Anticorruption Law of year 2011), provided for the foreign companies which are listed at London stock exchange.

The field of application of the AP is any activity of HMS Group within the Russian Federation and abroad, including commercial operations, cooperation with representatives of the state and municipal authorities, mutual relations with non-profit organizations and mass media, and also any relations of HMS Group employees among themselves and with the third parties within the frame of the specified activity of HMS Group.

The provision of the AP applies on all structural divisions (including branches and divisions) and on all employees (including the employees working under the civil-law contracts) of the companies of HMS Group (including foreign legal persons).

The requirements of the AP shall be subject to compulsory for all structural divisions and employees of the companies of HMS Group.

The AP includes the given document and also all documents accepted by HMS Group as annexed to it.

2. Responsibility for introduction and realization of the AP.

Responsibility for introduction of procedures and accomplishment of the requirements provided the AP, are distributed to two levels of the competence:

2.1. The first level provides responsibility of the representative of the top management of HMS Group (hereinafter – the “TM Representative”) for introduction of the AP and reaction to risks and infringements of the corruption type. The TM Representative is the First Deputy of the General Director of “MC” HMS Group” LLC;

2.2. The second level provides responsibility of the Workgroup members (hereinafter – the “WG”) for data capture, analysis and risk assessment, verification of reliability of received information on expected infringements of corruption type, informing of the TM Representative about risks and infringements of corruption type to the TM Representative.

The members of the WG and responsible persons within the frame of their competences, mentioned below, are:

- 2.2.1. The Chief of the Department of corporate management of “MC” HMS Group” LLC;
- 2.2.2. The Chief of the Department of risk assessment and the internal control of “MC” HMS Group” LLC;
- 2.2.3. The Security Director of “MC” HMS Group” LLC.

3. Definitions used in the AP.

Potential risk of the corruption type (hereinafter - **Risk**) – a threat of negative influence which consequences are connected with illegal actions of HMS Group employees and the third parties, including use by the mentioned persons of their authorities for the self-profit purpose contradicting the interests of HMS Group and regulatory legal acts of the states in which territory HMS Group leads the commercial and other activity.

Infringement of the corruption type (hereinafter – **Infringement**) – the fact containing signs of material benefit reception by HMS Group employees for fulfillment of actions on behalf of the third parties to the prejudice of the commercial and other interests of HMS Group, and also granting by HMS Group employees lucre to the third parties for the purpose of reception of commercial and other privileges for HMS Group if such actions come within the definition “commercial bribery”, “official bribery” or “fraud”, mentioned in the Criminal code of the Russian Federation, and also in corresponding regulatory legal acts of the states in which territory HMS Group leads the commercial and other activity.

4. Corruption prevention system.

HMS Group implemented the system of corruption prevention, which consists of the following corporate measures:

4.1. Risk revealing and risk assessments:

The Department of Risk Assessment and Internal Control of "MC" HMS Group" LLC monitors all aspects of HMS Group activity on regular basis to reveal Risks stipulated by the present AP, includes the revealed Risks to the Unified risk register of HMS Group with a separate code assignment, and informs the WG about the revealed Risks.

The WG appraises the revealed Risks based on investigation and prepares a presentation for the TM Representative, where are provided:

- 4.1.1. Consolidation of all revealed Risks;
- 4.1.2. Recommendations in relation to revision of current HMS Group's documents to remove all revealed Risks.

4.2. Preparation, introduction and change of internal documents:

Corresponding structural divisions of HMS Group develop and, in case of necessity, regularly renew documents, listed below, which regulates cooperation of the employees of HMS Group with the third parties within Groups HMS activity:

- 4.2.1. Regulations of cooperation with for-profit and non-profit organizations;
- 4.2.2. Regulations of cooperation with the state and municipal authorities;
- 4.2.3. Regulations of carrying out of tenders;
- 4.2.4. Other internal documents necessary for realization of the present AP.

Also HMS Group provides entering into the Provision about contract work and the Provision about claim and actionable work in the enterprises of HMS Group, if necessary, regular renovation of corresponding contractual reservations and the procedures directed to Risks decrease.

4.3. Creation of "hot line":

The Information Technology Division creates and provides the technical support of "hot line" E-mail. This "hot line" is created for the direct communication between all HMS Group and the TM Representative. Any HMS Group employee has the right to use "hot line" and to expound in an e-mail letter his fears about Risks Infringements. Only the TM Representative will be the "hot line" email recipient". Only the TM Representative will have the initial access to such e-mail letters.

The "hot line" e-mail letters posting is allowed to be either anonymous or with identification of an e-mail sender. The TM Representative has the right either to specify by himself a degree and importance of the information stated in the letter or to send the letter to the Security Directorate to determine a degree of relevance and importance of the presented information.

If information is relevant and important, the TM Representative (or the Security Director by agreement of the TM Representative) forwards the corresponding data for examination by the WG and launching of internal investigation.

4.4. Reporting to the Board of directors of HMS Hydraulic Machines & Systems Group Plc (hereinafter – HMS plc):

The WG prepares an information material for the Board of directors of HMS PLC, on annual basis.

The information material should contain the following data:

- 4.4.1. The report about all Infringements revealed within a reporting year;
- 4.4.2. The list of the substantial Risks revealed within a reporting year;
- 4.4.3. The report about reaction of the TM Representative and the WG on substantial Risks and Infringements;
- 4.4.4. Offers to enhance a process of revealing and decrease of Risks, and also procedures of reaction to Infringements and the revealed Risks.

5. Procedures of reaction to the revealed Risks and Infringements.

5.1. Reaction to the revealed Risks in HMS Group:

- 5.1.1. For substantial risks the WG develops strategy of the revealed Risks' elimination and submit it to the TM Representative.
- 5.1.2. The TM Representative agrees the strategy offered by the WG or dismisses it and makes comments.
- 5.1.3. If the TM Representative agrees the strategy offered by the WG, the WG realizes the agreed strategy for the purpose to eliminate the revealed Risks.
- 5.1.4. If the TM Representative rejects the strategy offered by the WG and makes his comments, the WG performs adjustment of the initial strategy taking into account all TM

Representative's comments and submits the corrected strategy to the TM Representative for endorsement.

5.2. Reaction to Infringements in HMS Group:

In case, if the WG detects the AP infringements, which can lead or has led to Infringement appearance, the WG conducts an internal investigation, that results in an Act of internal investigation (hereinafter – the Act). The Act is to be signed by all WG members and sent to the TM Representative for written certification.

In cases of one-time AP infringement, that has not led to the Infringement initiation or has led to initiation of an insignificant Infringement, the Security Division's representatives give an explanatory talk with a person responsible.

In cases of further AP infringement or one-time AP infringement, that has led to initiation of an important Infringement, the TM Representative has the right to make a decision about application of disciplinary measures (including discharge of a labor or civil-law agreement) to the person responsible and submits relevant instructions to the Human Resources Department, and also examines a question about necessity and possibility to transfer the Act and other materials of the internal investigation to the law enforcement authorities of the Russian Federation or a foreign state.

TM Representative determines a measure of Infringement significance under agreement with the WG.

5.3. Reaction to the revealed Risks and Infringements in relation to HMS Group partners:

In case the WG detects substantial Risks and Infringements in relation to HMS Group's commercial or other activity partners within the Russian Federation or abroad, as well as in relation to representatives of the state and municipal authorities of the Russian Federation or a foreign state, the WG submits the relevant information to the TM Representative.

The TM Representative together with the WG examines the revealed risks and infringements, and decides either to continue or terminate cooperation with corresponding partners and representatives of the state and municipal authorities, as well as about necessity and possibility of submission of the relevant data to the law enforcement authorities of the Russian Federation or a foreign state.

All the above-stated actions of the TM Representative and the WG members are filed in written form. In cases of any disputes and/or lawsuits in relation to specific infringements, copies of all relevant documents should be sent to the state and judicial authorities of the Russian Federation or a foreign state, considering proper cases as well as to all other parties of the case.

6. Responsibility of HMS Group for adherence to the AP provisions.

HMS Group is responsible for adoption and implementation of the AP. The adoption includes informing of all HMS Group employees about the AP provisions, in accordance with procedures, provided by the of HMS Group internal documents.

Implementation includes general supervision of the AP provisions by all divisions and employees of HMS Group.

HMS Group is not responsible for Infringements and their consequences in cases, when such Infringements were not result of poor-quality work of the TM Representative and the WG by Risks analysis and assessment and assuming of reasonable and highest possible measures to prevent corresponding infringements in accordance with the AP provisions.