

Overview

With scores far below global averages on most key measures of governance and government integrity, Russia poses a high level of third-party corruption risk. Corruption is widespread regardless of sector and in all areas of public administration. Based on Russia's governance indicators and information environment, a standard EDD plus a natural ownership trace is recommended for Russian entities. Increased levels of research may be necessary for high-risk sectors such as oil and gas.

Corruption Indicators Matrix \*All indicators are scores/100 or are percentile ranks, 100=best. 1-33 34-66 67-100

Direct Measures of Corruption	Russia	G7 Countries
<b>Corruption Perceptions Index Score</b> <small>Transparency International Corruption Perception Index</small>	29	73
<b>Government Integrity Score</b> <small>Heritage Foundation Economic Freedom Index</small>	38	70
<b>Control of Corruption Score</b> <small>World Bank Worldwide Governance Indicators</small>	19	88
<b>Irregular Payments &amp; Bribes Score</b> <small>World Economic Forum Global Competitive Index, Adjusted Score</small>	54	79
<b>Favoritism in Government Score</b> <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	44	60
Major Correlates of Corruption		
<b>GDP Per Capita Score</b> <small>Percentile rank, nominal, IMF data</small>	66	89
<b>Government Effectiveness Score</b> <small>World Bank Worldwide Governance Indicators</small>	44	90
Survey Responses on Corruption	Russia	Top 10 Countries
Share of firms reporting at least one bribe request	14%	1.4%
Share of public contracts reportedly subject to bribe requests	10%	1.1%
Share of businesses reporting corruption is a major constraint	33%	7.5%

FCPA Enforcement Profile

<b>FCPA Enforcement Actions</b>	15	- high concentration	<b>Problem Sectors</b>	Pharmaceutical/Medical Oil and Gas
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Illustrative Cases (as reported)

**Transport Logistics International**—A US transport firm allegedly paid USD 2M to Russian entity TENEX, a subsidiary of the Russian State Atomic Energy Corporation, to secure contracts to transport nuclear materials.

**Bio-Rad Laboratories**—Allegedly made payments to offshore companies for services they were considered by authorities unlikely to perform. These commissions were deemed likely to be used to facilitate unlawful payments to Russian officials.

**AstraZeneca**—A Russian subsidiary allegedly provided improper incentives to healthcare providers employed by the government.

**Analogic**—Distributors allegedly used the medical company's subsidiary to process illicit payments by overcharging. The company's Russia distributors reportedly transferred USD 16M to unknown locations via the subsidiary.

**Eli Lilly**—Russian subsidiary allegedly payed millions to "create sales potential" among government officials. Specific agreements were reportedly not obtained through this practice, but the company was nonetheless held liable for its subsidiary's actions.

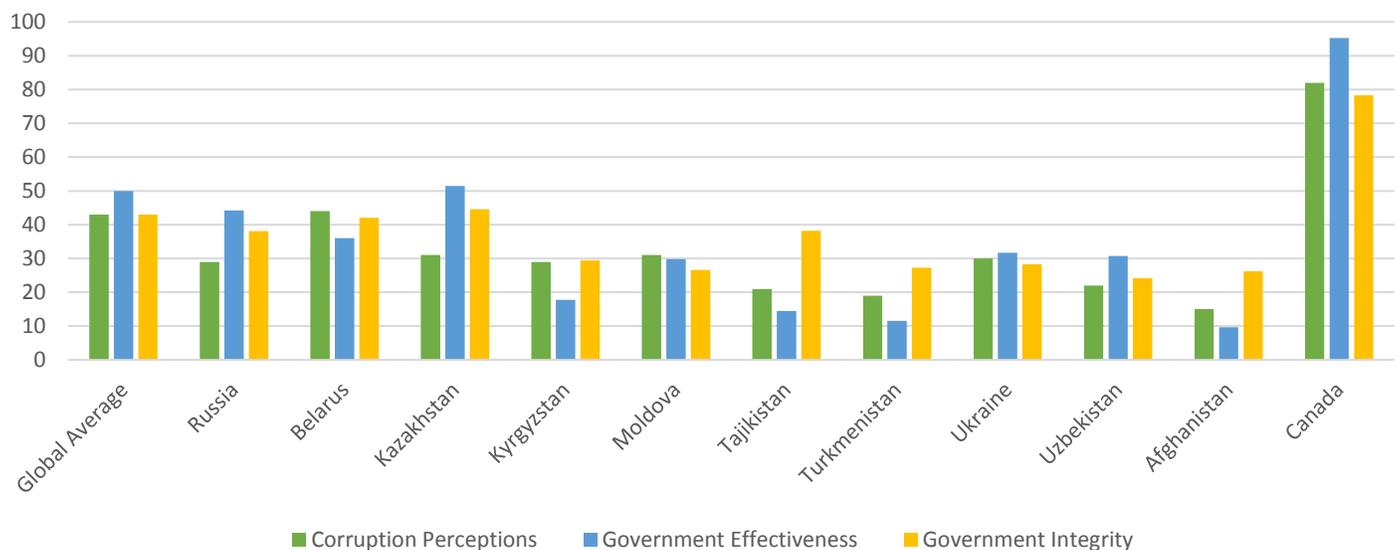
## Information Environment Profile

Poor Moderate Accessible

The characteristics of a country's information environment impact the risks within that jurisdiction as well as the degree of confidence or uncertainty in any risk assessment. These factors can affect the scope of an investigation, the means employed, and the degree of analysis required to properly understand research findings.

Information Source	Characteristics or Limitations
Corporate Registries	Most information is readily available online, including shareholding info and blocked vendors, via national-level registries.
Litigation Searches	Litigation records are available and typically include case details and outcomes. Multiple jurisdictions can complicate searches.
Depth of News Media	Local news typically provides professional coverage of business issues. However, there have been notable reports in international media of intimidation and even murder of reporters or other actors investigating corruption. Consequently, foreign media is often the main source of information about higher-level corruption issues.
Freedom of Press	Reporters without Frontiers rank 148/180 (180=worst) Freedom House score 83/100 (100=least free)
Linguistic Challenges	Russian is machine translatable with reasonable accuracy. All relevant records are in Russian.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score 64/100 (100=most secret).

## Country Comparison



## Analysis: Russia Third Party Corruption Risk

Corruption is a significant risk in Russia in all business sectors and in all areas of public administration. Russian SOEs have been the subjects of numerous high-profile corruption scandals. Anti-corruption enforcement and business practices are weak even where laws on the books are adequate. Executives of Russian companies often hold political office and PEP alerts are common for Russian entities. Areas of concern include natural resource sectors dominated by current or former SOEs, such as the oil and gas industry. Risks of embezzlement and corruption are compounded by other risks such as expropriation and sanctions in some sectors. Multiple international sanctions affect Russian entities, and subjects with ties to Crimea face an elevated sanctions risks. Shareholding and financial information for Russian entities can be opaque. Vectors of low-level corruption include political donations to local politicians and bribes to local officials for permitting or other administrative transactions.

*Established in Hong Kong in 2000, Pacific Strategies & Assessments (PSA) provides specialist risk consulting services, delivering critical information to our clients through our three core service lines of Ethics & Compliance, Investigations & Disputes, and Advisory Services. Visit [www.psaqgroup.com](http://www.psaqgroup.com) for more information.*