

**Policy**  
**“Managing the Conflict of Interest”**

**Moscow, 2021**

This Policy establishes the principles for managing the Conflicts of Interest at MTS Center for Artificial Intelligence Limited Liability Company (hereinafter referred to as the “Company”), defines the most typical scenarios presenting a conflict of interest (actual, potential) and also defines measures aimed at preventing and minimizing the consequences of Conflicts of Interest in order to enhance confidence with the Company and MTS Group on the part of stakeholders (shareholders, investors, Employees, Customers, Counterparties, etc.).

By implementing this Policy, the Company sets the **following goals:**

- establishment of a unified system for managing Conflicts of Interest within MTS Group;
- determination of the rules of conduct in cases of Conflicts of Interest;
- consolidation of measures aimed at preventing and minimizing the consequences of Conflicts of Interest;
- compliance of MTS Group Companies with international standards and best practices in order to enhance the MTS Group goodwill, including internationally.

## TABLE OF CONTENTS

<b>1. INFORMATION ABOUT THE DOCUMENT .....</b>	<b>Ошибка! Закладка не определена.</b>
<b>2. RESPONSIBILITY AND SCOPE OF APPLICATION</b>	<b>Ошибка! Закладка не определена.</b>
<b>3. DEFINITIONS OF TERMS, ABBREVIATIONS AND ROLES</b>	<b>Ошибка! Закладка не определена.</b>
<b>4. GENERAL PROVISIONS .....</b>	<b>Ошибка! Закладка не определена.</b>
<b>5. CONFLICTS OF INTEREST. ....</b>	<b>Ошибка! Закладка не определена.</b>
5.1. Types of Conflicts of Interest .....	Ошибка! Закладка не определена.
5.2. Levels of Emergence for a Conflict of Interest .....	Ошибка! Закладка не определена.
5.3. Basic situations of Conflict of Interest .....	Ошибка! Закладка не определена.
5.4. Conflicts of Interest involving the members of management bodies and other bodies of the Company.....	Ошибка! Закладка не определена.
<b>6. STAGES OF MANAGING A CONFLICT OF INTEREST</b>	<b>Ошибка! Закладка не определена.</b>
6.1. Prevention.....	Ошибка! Закладка не определена.
6.2. Detection.....	Ошибка! Закладка не определена.
6.3. Disclosure .....	Ошибка! Закладка не определена.
6.4. Review .....	Ошибка! Закладка не определена.
6.5. Conflict of Interest Management.....	Ошибка! Закладка не определена.
6.6. Implementation.....	Ошибка! Закладка не определена.
6.7. Monitoring .....	Ошибка! Закладка не определена.
6.8. Supervision .....	Ошибка! Закладка не определена.
<b>7. REGISTER.....</b>	<b>Ошибка! Закладка не определена.</b>
<b>8. ADDRESSES FOR SEEKING ASSISTANCE .....</b>	<b>Ошибка! Закладка не определена.</b>
<b>9. FINAL PROVISIONS .....</b>	<b>Ошибка! Закладка не определена.</b>
<b>10. POLICY EXECUTION.....</b>	<b>Ошибка! Закладка не определена.</b>
<b>11. REFERENCE DOCUMENTS.....</b>	<b>Ошибка! Закладка не определена.</b>
<b>12. DOCUMENT VERSION CONTROL .....</b>	<b>18</b>
<b>13. ANNEXES .....</b>	<b>Ошибка! Закладка не определена.</b>

# 1. DEFINITIONS OF TERMS, ABBREVIATIONS AND ROLES

## Definitions of terms and abbreviations

Name of the term	Abbreviation	Term definition (abbreviation expansion)
<b>Applicable definitions:</b>		
<b>Conflict of Interest</b>		A situation in which a Personal Interest (direct or indirect) of the Person Covered by the Policy, or the fact that such a Person or their Associates occupy positions in the management bodies of other organizations not being a part of MTS Group, affects or may affect proper, objective and impartial performance of their duties (exercise of powers) in the Company.
<b>Personal Interest</b>		The possibility for the Person Covered by the Policy and (or) their Associates to receive income (except for income under employment agreements with the Company, which is a constant part of the wage) in the form of money, other property, including property rights, monetized services, work deliverables or any other benefits (advantages, including in the form of debt cancellation).
<b>Potential Conflict of Interest</b>		A situation in which Personal Interest of the Person Covered by the Policy may lead to the emergence of an Actual Conflict of Interest in the future, or in which such a Conflict may arise in the future due to the holding positions in the management bodies of other organizations by this person or his/her Associates.
<b>Managing the Conflict of Interest</b>		A process that includes measures to prevent, identify, disclose, resolve and monitor a Conflict of Interest.
<b>Actual Conflict of Interest</b>		A situation in which the Person Covered by the Policy, by virtue of his/her position (including in the management body) and (or) functions, makes a decision or acts (independently or as a member of a collegial body) in his/her own interests or in the interests of the Associates to the detriment of the interests of the Company, or influences the resolution of the collegial management body or its committees, or determines the terms of such resolutions (including the terms of the transactions reviewed).
<b>Family Members</b>		The persons being related by blood or marriage, specifically, spouses (including divorced and (or) unregistered (common-law) marriage), parents, children, adoptive parents and adopted children, guardians and trustees, grandfathers, grandmothers, grandchildren; full and half brothers and sisters (including cousins), as well as their children (including adopted children) and spouses; children (including adopted children) of spouses and spouses of children; brothers, sisters (including cousins) and parents (including adoptive parents, guardians), grandmothers, grandfathers and grandchildren of the spouses, as well as other persons living together and (or) running a joint household with them.
<b>Other terms and definitions:</b>		
<b>Public Official</b>	PO	Any Russian or foreign, appointed or elected person holding or filling any position in the legislative, executive, administrative or judicial body or international organization; any person performing any public role for the state, including roles for a governmental institution; leading politicians, officials of political parties, including candidates for political posts, ambassadors, influential functionaries in nationalized industries or natural monopolies; managers and employees of state institutions, including doctors, military personnel, municipal employees, etc.; persons who are known to be related to a public official by kin or in terms of friendly or business relationships, and (or) acting on behalf of and (or) for the benefit of a public official.
<b>Governmental Organization</b>		Any governmental authority of the Russian Federation and foreign states, their constituent entities (including government ministries, services, agencies, government departments and their structural units) and local authorities; any political party; all legal entities directly or indirectly controlled by the state (Russian or foreign); legal entities whose activities are perceived by society as the exercise of a public

Name of the term	Abbreviation	Term definition (abbreviation expansion)
		function for the state, except for the fulfillment of legal requirements; international governmental Organizations.
<b>MTS Group</b>		MTS PJSC, all Subsidiary Companies of MTS PJSC, as well as all the companies under direct or indirect control of MTS PJSC.
<b>Business Opportunity</b>		Any opportunity that may lead to the emergence of Personal Interest which becomes known to the Person Covered by the Policy by virtue of his/her position or because of the information received by him/her from the Company/MTS Group. Specifically, information about the Customer, Counterparty or the possibility of working with them, information about the purchase/sale of assets, mergers and acquisition transactions, reorganization, etc., which the Person Covered by the Policy would not have become aware of, if he/she was not an Employee of the Company/MTS Group or a member of their management bodies.
<b>Business Hospitality</b>		<p>The Company's expenses to welcome and serve representatives of other companies (including foreign companies), which participate in business events in order to establish and (or) maintain mutual cooperation, as well as similar expenses borne by another person for the Persons Covered by the Policy. Business hospitality includes entertainment allowance and other entertainment expenses.</p> <p>Business hospitality of the Company includes the expenses for:</p> <ul style="list-style-type: none"> <li>• business breakfasts, lunches and dinners, including formal receptions, snacks and drinks;</li> <li>• travel and accommodation expenses related to business breakfasts, lunches, dinners, cultural and entertainment or professional events;</li> <li>• all forms of cultural and entertainment events, such as invitations (tickets) to sports, theater and cultural events or events organized under sponsorship of MTS (if such events are held outside the MTS Group);</li> <li>• expenses related to payment for visiting external (outside MTS group) professional events, such as conferences, trade exhibitions, training events, etc.</li> </ul>
<b>Subsidiary Company</b>	SC	A Company, in respect to which MTS PJSC, by virtue of holding a major share in its charter capital, or in accordance with the agreement entered into by and between MTS PJSC and the company, or otherwise is capable of determining resolutions made by such company (including the companies where MTS PJSC or a group of MTS persons is able to control (via third parties or directly) the votes attached to the voting shares forming more than 50 % of the charter capital of such company).
<b>Customer</b>		An individual or a legal entity, as well as an individual entrepreneur, serviced by the Company in terms of acquiring telecommunication and other services, goods or work.
<b>Company</b>	MTS AI	MTS AI LLC, including all structural divisions, branches and representative offices.
<b>Competitor</b>		An entity that sells or purchases goods (work, services) in those product markets where MTS AI LLC operates.
<b>Counterparty</b>		Any legal entity or individual, including an individual entrepreneur, hired to perform actions on behalf of and (or) for the benefit of MTS Group or to deliver goods, perform work or provide services to MTS Group, including the procurement categories and the categories not related to procurement, including, but not limited to, sellers and suppliers; dealers and distributors; real estate owners and (or) holders; professional services providers; consultants; agents, intermediaries and other parties. As part of the due diligence in relation to counterparties, third parties that are recipients of payments shall also

Name of the term	Abbreviation	Term definition (abbreviation expansion)
		be deemed to be counterparties, regardless of whether such third parties are specified in the contract or not.
<b>Gift</b>		Anything of value transferred or received by the Company, as well as by the Persons Covered by the Policy, at no cost.
<b>Applicable Anticorruption Legislation</b>		Russian anticorruption legislation (Federal Law No. 273-FZ dated December 25, 2008 “On Combatting Corruption”, the Criminal Code of the Russian Federation, the Civil Code of the Russian Federation, the Code of the Russian Federation on Administrative Offenses, as well as other Federal laws and statutes of the Russian Federation providing for combating corruption), the FCPA (Foreign Corrupt Practices Act, passed by the US Congress in 1977), the UK Bribery Act 2010 (passed by the United Kingdom Parliament in 2010) and similar legislation of the states where the Company conducts its business activities.
<b>Employee</b>		An individual employed by the Company.
<b>Disclosure</b>		Deed for Reporting a Conflict of Interest in the manner set out by Section 6.3 of the Policy.
<b>Associates</b>		Collective name for the Family Members and individuals or entities with whom the Person Covered by the Policy and (or) their Family Members are linked by property, corporate or other close relationships conducive to the appearance of Personal Interest.
<b>Valuables (anything of value)</b>		All (tangible or intangible) things that have value for the recipient. Valuables may include, but not be limited to the following: cash; transfer of shares, bonds or any other property; payment of expenses; provision of services of any type; gifts; travel vouchers); business hospitality; employment; discounts, debt release; use of the desired telephone numbers (“nice-looking numbers”); job offers and offers of internships, including those for family members; donations to certain charitable organizations; any other transfer of goods, services, tangible or intangible assets that benefits the recipient. Any valuables of any value may be deemed illegal under Applicable Anticorruption Legislation.

## 2. GENERAL PROVISIONS

This Policy contains the guidelines and sets out the reasonably necessary standards for managing the Conflicts of Interest in the Company. The Policy does not replace or supersede the legal provisions established by the Applicable Anticorruption Legislation, however, it may establish additional requirements. If the Applicable Anticorruption Legislation and (or) statutes establish greater/other requirements as compared to the requirements set forth in this Policy, then greater/other requirements shall be followed.

The Policy is **binding on**:

- all Employees,
- members of the management bodies and other bodies of the Company (Chief Executive Officer, Board of Directors, Auditing Commission) (hereinafter referred to as the members of the management bodies and other bodies of the Company);
- Counterparties – to the extent provided for by contracts concluded with such persons/entities.

For the purposes hereof, all those listed shall be hereinafter collectively referred to as the “**Persons Covered by the Policy**”.

**2.1.** Managing the Conflicts of Interest is one of the most important ways to limit the influence of Personal Interest and the activities of the Persons Covered by the Policy on the performance of their functions (responsibilities) and business decisions made. However, the Company respects the private

interests of the Persons Covered by the Policy and recognizes their right to engage in legal work, management, financial, entrepreneurial and other commercial and non-commercial activities, if such interests and the personal benefits obtained do not and cannot affect their proper, objective and impartial performance of their official (corporate) or other duties in relation to the Company.

**2.2. A Conflict of Interest per se does not constitute a violation** of the legislation and (or) internal policies and procedures of the Company, if proper and timely management measures were taken in relation to this Conflict in accordance with the Policy requirements. However, an undisclosed and (or) unresolved Conflict of Interest may lead to non-compliance or undermining of the regulatory and ethical business conduct foundations in MTS Group, affect the ability to make objective decisions, financial and reputational losses, as well as the liability of the Company and (or) the Persons Covered by the Policy.

**2.3. Key Principles of Managing a Conflict of Interest:**

- **immediate disclosure** of information about the Conflict of Interest by the Person Covered by the Policy;
- **decision not to act (and in some cases – decision to act) in a situation marked by a Conflict of Interest** before the Company makes a decision to resolve it;
- **delineation of powers** – the Company strives to clearly delineate the decision-making powers of members of management bodies, other bodies, committees and Employees of the Company to the extent of excluding any Conflict of Interest;
- **individual review** and assessment of risks in identifying each case of a Conflict of Interest and its settlement;
- **the four (4)-eye principle** when making decisions, when reviewing situations and choosing the measures to settle a Conflict of Interest;
- **fairness and independence** – the persons whose interests are or may be affected by a Conflict of Interest shall not participate in decision-making, consideration and settlement;
- **confidentiality of the process** of disclosing information about a Conflict of Interest and the process of its settlement;
- **observing the balance of interests** of the Company and the Person Covered by the Policy when settling a Conflict of Interest;
- **protection** of the Person Covered by the Policy **from prosecution** in connection with the disclosure of a Conflict of Interest;
- **responsibility for failure to take the measures provided for by the Policy** to disclose and (or) settle a Conflict of Interest.



Following the key principles, the Persons Covered by the Policy shall not act, make decisions or directly or indirectly influence the Company's decision-making process in case of a potential or actual Conflict of Interest.

**2.4.** Roles and responsibilities of the participants in the process of managing a Conflict of Interest are set out in Annex 3 hereto.

### **3. CONFLICTS OF INTEREST**

The Persons Covered by the Policy shall act objectively and impartially (including omission, when necessary), thereby maintaining the confidence of stakeholders in the Company integrity and its adherence to high ethical standards of business conduct.



- ✓ Avoid any situations or circumstances that create or may lead to a Conflict of Interest;
- ✓ Promptly disclose any Conflict of Interest that has arisen (actual or potential);
- ✓ Contribute to the assessment and settlement of the Conflict of Interest that has arisen.

**3.1.** For the purposes hereof, **two (2) types of Conflicts of Interest** are distinguished by the Company:

- **Actual**  
*For example, an Employee makes a decision regarding the conclusion of a contract between the Company and a legal entity, in which he/she is a member holding more than 1% of shares.*
- **Potential**  
*For example, a relative of an Employee is a member (more than 1 % of shares) of a legal entity that participates in the Company tender. However, the Employee him/herself does not influence the vendor choice and does not participate in procurement.*

**3.2. Levels of Emergence for a Conflict of Interest:**

- **Between the Company shareholders**  
a situation in which the strategic interests of some Company shareholders (including the majority shareholder) conflict with the interests of other Company shareholders or the Company itself;
- **Between members of the management bodies of the Company and the Company itself**  
a situation in which the strategic interests of the Company as a commercial organization adhering to the corporate governance and business ethics rules and standards conflict with the interests of members of the management bodies of the Company related, inter alia, to the fact that they (or their Associates) hold positions with the management bodies of other organizations;
- **Between the Employees and the Company**  
a situation in which the interests of the Employee as an individual conflict with his/her interests as the Company Employee who has to act in the interest of the Company when exercising their duties;
- **Between the Customer/Counterparty and the Company (its Employees)**  
a contradiction between the proprietary and other interests of the Company and its Customers/Counterparties due to the actions (omission) of the Persons Covered by the Policy (including the use of confidential or insider information).

This Policy cannot foresee all possible types of Conflicts of Interest that may arise. When comparing your specific personal situation with the Policy rules, you shall be guided by common sense and the obligation to comply with the highest ethical standards stipulated by the Code of Business Conduct and Ethics of the Company.

If the Person Covered by the Policy faces a situation not specified in the Policy, however, he/she has doubts (suspicions) of the existence of a Conflict of Interest, he/she should seek advice.

**3.3. Basic situations of Conflict of Interest** include, but are not limited to:

**3.3.1. A business decision in relation to the Company made for personal benefit or for the benefit of the Associates**

The Persons Covered by the Policy shall not act or make any business decisions based on their personal interests or the interests of any other companies, organizations or persons, except for the Company, when performing their professional activities in the Company. The Persons Covered by



the Policy are required to disclose information if they or their Associates are in a position where they get any personal benefit (financial or non-financial) from a business decision or from a policy (strategy), a specific transaction or arrangement related to the Company activities.

### ***3.3.2. Using the Business Opportunity for personal benefit or for the benefit of the Associates***

If the Person Covered by the Policy becomes aware of a Business Opportunity, he/she has to disclose it immediately prior to using it for personal benefit or for the benefit of the Associates. This requirement applies to all information related to the MTS Group activities, which would not have become known to the Person Covered by the Policy due to his/her connection with MTS Group. The Company decides whether to use such Business Opportunity. Only if the Company refuses to seize the Business Opportunity and after taking sufficient measures to minimize the risks of a Conflict of Interest, the Person Covered by the Policy can use it to his/her advantage.

### ***3.3.3. Financial interest in the company that is a Customer/Counterparty/Competitor***

The Persons Covered by the Policy shall strive to exclude any financial or other interest that may influence or appear to be influencing their business decisions or actions in the Company, or minimize the influence of the corresponding interest on such decisions, or – if none of the above is possible – disclose such interest. A Person Covered by the Policy and having a direct or indirect financial interest in an organization that is or may be a Customer/Counterparty/Competitor or other person interacting with the Company may be in conflict if he/she makes a decision or tries to influence its making or concludes a transaction with such an entity. In order to avoid negative consequences of the conflict, the Person Covered by the Policy shall disclose his/her direct or indirect (through the Associates) financial interest in the aforementioned entities to the Company, if he/she owns more than 1 % of shares or other financial instruments.

### ***3.3.4. Gifts and Business Hospitality***

The Company's business is based on bona fide open relationships with its Customers/Counterparties, other persons interacting with the Company (third parties). The Company policy in relation to Gifts and Business Hospitality organized for or by these persons is elaborated to exclude the possibility of privileged or unfair treatment by the Persons Covered by the Policy of third parties, or vice versa. It is **forbidden** to the Persons Covered by the Policy or their Associates to offer, accept, solicit to transfer or extort (directly or indirectly) anything of value, if it can influence or be perceived as influencing proper performance of their job duties.

### ***3.3.5. Business relationships with the Associates on behalf of the Company –***

1) In procurement and transactions.

If the Company enters into and (or) extends (renews) a contract with the Counterparty and the Employee initiating or approving such procurement or transactions is aware of the Conflict of Interest, such Employee is required to disclose this information in order to settle the Conflict of Interest.

*For example, when the following individuals or legal entities are potential Counterparties of the Company<sup>1</sup>:*

- *Associates of a Company Employee;*
- *an organization where a Company Employee or his/her Associates are employees, directors or senior executives;*
- *an organization where a Company Employee or his/her Associates own (directly or indirectly) more than 1 % of shares or other financial instruments;*
- *a person who strives to provide or has already provided a Company Employee or his/her Associates with a gift, monetary reward, service, cultural and recreational or entertainment event of significant value.*

---

<sup>1</sup> Including individuals performing entrepreneurial activities.

2) When hiring the Associates for work (internship) in the Company/working as a manager of the Associate/contacting the Customer/Counterparty/Competitor with a request for assistance with hiring for work (internship) for himself or herself or the Associate.

The Company takes measures aimed at excluding situations when any Employee is in the position of a direct supervisor, Head of a unit or a controlling (inspecting) person in relation to the Associate or has any influence concerning the issues of hiring for a job (internship), retention (promotion), performance evaluation, remuneration or the provision of bonuses, benefits (compensations) to any Associate, regardless of whether such Associate is an Employee of the Company or its subsidiaries. The Persons Covered by the Policy shall disclose any such relationship with Associates in order to determine whether a Conflict of Interest is present and the ways it may be settled.

### ***3.3.6. External employment/holding of management positions/ consulting and other services, including those rendered free of charge***

The Persons Covered by the Policy are expected to dedicate their entire working day to the Company business. Work outside the Company can only be performed outside working hours and at their own expense, except for working more than one job within MTS Group. The Persons Covered by the Policy shall make sure that there is no Conflict between their employment outside the Company and their job responsibilities in the Company, and that their duties in the Company are of primary importance.

*For example, a Person Covered by the Policy may be in a situation of a Conflict of Interest if he/she (including, but not limited to):*

- *holds any position with a Counterparty/Competitor or an organization that is reasonably likely to become one;*
- *renders consulting or other services outside the Company;*
- *holds (both paid and unpaid) managerial positions, positions in the management bodies of other organizations (including non-commercial) outside MTS Group;*
- *is engaged in entrepreneurial activity and enters into transactions for personal advantage based on the information belonging to or created within the position held in the Company.*

Prior to accepting any job offers outside the Company or beginning to perform such kind of work (on a paid or unpaid basis) in the organizations operating in the same (or similar) market segment or area of activity in which the Company or the Person Covered by the Policy operates, the latter needs to disclose information about it. If a Person Covered by the Policy engages in any activity outside the Company, he/she shall also make every effort not to create the impression of acting on behalf of the Company, unless the Company specifically authorized such Person to do so.

### ***3.3.7. Taking a position, as well as performance of duties on behalf of/for the benefit of the PO, presence of a PO among the Associates***

Presence of a PO among the Associates, as well as among the Persons Covered by the Policy, may result in a situation of Conflict of Interest. Working in the Company and simultaneously holding a position in Governmental Organizations being Customers/Counterparties of the Company and (or) perform control (supervisory) functions in relation to the Company may expose the Company to corruption risks.

The Company expects that the Persons Covered by the Policy disclose any such relationships and situations in order to determine whether a Conflict of Interest is present and the ways it may be settled.

### ***3.3.8. Use of property of the Company for personal advantage***

Persons Covered by the Policy shall not use or consent to the use of the Company's property, including information obtained in the course of their activities in the Company (regardless of whether it is formally and (or) explicitly classified as confidential or not), for personal advantage,

for the purpose of obtaining personal benefit. The property of the Company for the purposes of this Policy includes: equipment, machinery, supplies, buildings (offices, areas), funds (including cash), technologies, concepts for creating new products, business strategies (plans), confidential information about commercial activities and any other assets of the Company.

### **3.3.9. *Financial liabilities***

Persons Covered by the Policy shall not use financial opportunities obtained in connection with the interaction with the Company for personal advantage (except for remuneration payments provided for by the relevant agreements). Information on the provision/intention to provide personal loans (credits) to the Counterparties or Competitors of the Company, as well as information on personal debt obligations to them (with the exception of personal business relationships with banks and other financial institutions) is subject to mandatory disclosure to the Company for the purpose of conflict of interest management.

### **3.3.10. *Acquisition/lease of property, proprietary rights in which the Company may be interested***

A Person Covered by the Policy may have a Conflict of Interest when:

- it has a business relationship with Counterparties or Competitors of the Company related to the lease, sale and purchase of property (movable/real estate), rights, and (or)
- acquires or leases property (movable/real estate), rights in which the Company may be interested.

A Person Covered by the Policy is required to disclose such information for the purpose of conflict of interest management. Persons Covered by the Policy have the right to buy something from the Company or sell something to the Company exclusively within the framework of the existing procedures established by the Company (for example, within the framework of disposal of excess (non-core or written off) assets of the Company).

### **3.4. *Conflicts of Interest involving the members of management bodies and other bodies of the Company***

The Conflict of Interest management with participation of members of the management bodies and other bodies of the Company is based on the applicable legislation, law enforcement practice, as well as the requirements for good faith and reasonableness, which are essentially similar to the institution of “fiduciary duties”.

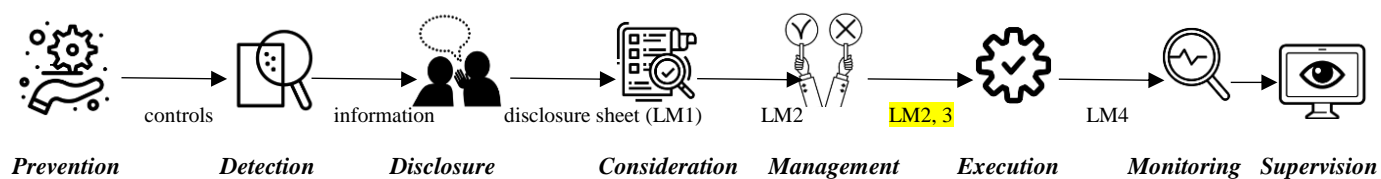
The members of management bodies and other bodies of the Company are expected to perform their official and corporate duties impartially, reasonably and in good faith being guided by the highest professional and ethical standards, rules of law and best corporate governance practices.

The good faith and reasonableness in the actions of members of the management bodies and other bodies of the Company is assumed and may include:

- exercise of due diligence, which implies making informed business and (or) corporate decisions based on reasonably available essential information;
- manifestation of loyalty to the Company, which requires actions (omission to act) to the benefit of the Company and all its members;
- exercising proper supervision over the compliance of the business and (or) corporate decisions taken with the legislation and the Company’s internal regulations (hereinafter – IR).

Prompt disclosure of situations associated with a Conflict of Interest is one of the manifestations of the “fiduciary duties” of members of the management bodies and other bodies of the Company and shall be performed annually or upon detection of such conflicts in accordance with the Policy. Conflicts of Interests of members of the Board of Directors shall be managed in accordance with the Regulation on the Board of Directors of the Company.

## 4. STAGES OF MANAGING A CONFLICT OF INTEREST



### 4.1. Prevention of Conflicts of Interest

Persons Covered by the Policy shall take measures to prevent (exclude) Conflicts of Interest. These specified measures are aimed at excluding obtaining of material or any other benefit from the use of one's official position (powers) for personal advantage or for the advantage of the Associates.

**The principal measures to prevent** a Conflict of Interest in the Company are (including, but not limited to):

- 1) prompt disclosure of Conflicts of Interest (including potential ones);
- 2) strict compliance with the legislation and the Company's IR;
- 3) creation of an organizational structure that clearly delineates areas of responsibility and powers in such a way that one and the same person may not simultaneously perform executive and control functions. If the above is not possible, then balancing mechanisms, procedures and controls shall be developed;
- 4) establishment of collegial bodies of the Company and holding their meetings, taking into account the principle of minimizing the risk of a Conflict of Interest (including potential one), as well as independence in decision-making and refusal to accept nomination by such members (in cases permitted by law) and their abstaining from participating in voting on relevant issues for the purpose of a Conflict of Interest management;
- 5) adoption of rules and restrictions on carrying out the transactions with securities, derivative financial instruments, related party transactions, etc.;
- 6) double control principle (the four (4)-eye principle) and collegial decision-making on the most significant issues;
- 7) due diligence of Counterparties, candidates for taking positions in the Company;
- 8) providing training on Conflict of Interests;
- 9) continuous improvement of the internal and compliance control system;
- 10) audits (internal, external);
- 11) availability of mechanisms to hold Persons Covered by the Policy accountable for non-compliance with the requirements of the legislation, this Policy, the Charter, the Company's IR, as well as contracts (if applicable).

In order to prevent a Conflict of Interest, the Company has the right to initiate the procedure for disclosing a Conflict of Interest. All persons that received such a request shall provide information in the form specified in Appendix 1 (Conflict of Interest Disclosure Sheet) to this Policy within the time frame specified in the request.

### 4.2. Detection of Conflicts of Interest

**4.2.1.** The Conflict of Interest shall be detected by the Persons Covered by the Policy in relation to themselves and their Associates at the time of its occurrence and on an ongoing basis by comparing facts and circumstances with the essence of the definitions (for example, "Conflict of Interest", "Personal Interest", "Associates"), as well as situations described in section 3.3. hereof.

**4.2.2.** A Conflict of Interest may also be detected during internal audits and internal investigations, as well as in other circumstances.

### **4.3. Disclosure of Information on the Conflict of Interest**

**4.3.1.** In case of detection (occurrence) of a Conflict of Interest, the Person Covered by the Policy is obliged to disclose information.

#### **4.3.2. Situations for Disclosure of Information on the Conflict of Interest:**

- at a time of hiring (internship)/appointment to a new position;
- during the entire period of performance of official duties in case of changes in the information contained in the Conflict of Interest Disclosure Sheet;
- on an annual basis as part of the certification of the Company's management<sup>2</sup> in the form approved by the Company's relevant IR;
- by Counterparties – when concluding (changing) the relevant contracts, as well as during the entire period of their validity in the event of a Conflict of Interest situation occurrence;
- in other cases.

**4.3.3.** It is necessary to disclose information about a Conflict of Interest immediately after its identification (occurrence) (in any case, no later than the next working day from the time of its identification (occurrence)).

**4.3.4. Counterparties** may declare Conflicts of Interest that are detrimental to the interests of the Company and (or) violate the Applicable Anticorruption Legislation by sending information about them to the Unified Hotline ([external.hotline.mts@b1.ru](mailto:external.hotline.mts@b1.ru)) and (or) by notifying the contact persons of the Company authorized to interact with such Counterparty under the contract (hereinafter referred to as the "Contact Persons") through the means of communication, according to the form and within the terms specified in the contract. When receiving information about the specified Conflicts of Interest from the Counterparties, the Contact Persons shall hand it over to their Direct Manager for making decisions.

**4.3.5.** Disclosure of information about a Conflict of Interest does not relieve the Persons Covered by the Policy from the obligation to maintain and ensure measures to resolve it and prevent similar situations in the future.

**4.3.6.** When conditions arise that may result in termination of a Conflict of Interest that was previously reported to the Company, the Person Covered by the Policy shall report this in a manner similar to the procedure for disclosing a Conflict of Interest.

**4.3.7.** Personal data obtained in accordance with this Policy is subject to processing in compliance with the requirements of the law.

### **4.4. Review of Conflicts of Interest**

**4.4.1.** The information (documents) received shall be reviewed within the time specified in Annex 4 to this Policy in order to establish the presence/absence of a Conflict of Interest, assess the risks arising for the Company and choose the best settlement method.

**4.4.2.** Based on the results of consideration of the information, **one of the following decisions** is made:

---

<sup>2</sup> The list of managers for the purposes of annual certification is made annually by the Compliance Manager taking due account of the changes in the organizational structure and staff list of the Company. Annual certification is performed by the Compliance Manager in the manner defined in the List of Compliance Controls to Be Implemented in MTS AI LLC.

- 1) *No Conflict of Interest detected;*
- 2) *The Conflict of Interest exists, admissible;*
- 3) *The Conflict of Interest exists, requires settlement.*

**4.4.3.** Persons considering a Conflict of Interest shall inform the person disclosing information about such Conflict of Interest about the results of their review.

#### **4.5. Conflict of Interest Management**

If a Conflict of Interest that requires management is identified, a decision shall be made on the choice of the management procedures, followed by informing the person who disclosed information about such Conflict of Interest about the developed and agreed measures, as well as the persons responsible for implementation of the relevant measures.

#### **4.6. Implementation of measures for Conflict of Interest management**

Persons designated as responsible for implementation of measures aimed at the Conflict of Interest management shall perform their duties properly.

#### **4.7. Monitoring**

The Compliance Manager has the right at any time to request from the Persons involved in the review and management of the Conflict of Interest up-to-date information on the status of implementation of measures and conduct random inspections.

#### **4.8. Supervision**

Control over management of the Company's Conflict of Interest shall be exercised by the Board of Directors of the Company.

### **5. REGISTER**

All cases of a Conflict of Interest shall be recorded in the Company Register.

### **6. ADDRESSES FOR SEEKING ASSISTANCE**

**6.1.** If a Person Covered by the Policy has any doubts about the correctness of his/her assessment of the presence (absence) of a Conflict of Interest, or about how to carry out such an assessment, as well as questions regarding the interpretation of the Policy, they should consult their immediate supervisor or compliance manager.

**6.2.** Those Employees, members of the management bodies and other bodies of the Company who became aware of or have reasons to believe that the principles or requirements of this Policy and Applicable Anticorruption Legislation are violated, shall immediately report this in any of the following ways:

- (1) to the direct supervisor or, if this report relates to the actions committed by the direct supervisor, to the superior manager (in any form);
- (2) to the Compliance Manager (in any form);

- (3) by sending an e-mail to the Unified Hotline at: [external.hotline.mts@b1.ru](mailto:external.hotline.mts@b1.ru);
- (4) via the feedback form [hotline-mts.b1.ru](http://hotline-mts.b1.ru) published on Our MTS corporate portal (anonymously or signed with your name);
- (5) via the Our MTS app (including anonymously);
- (6) by calling 8 800 234 44 18 (Russian Federation) or use toll-free telephone lines from a number of foreign countries, see the Unified Hotline website.

The Counterparties can send a violation report in any of the following ways:

- (1) to the e-mail of the Unified Hotline at: [external.hotline.mts@b1.ru](mailto:external.hotline.mts@b1.ru);
- (2) by calling 8 800 234 44 18 (Russian Federation) or use toll-free telephone lines from a number of foreign countries, see the Unified Hotline website;
- (3) via the feedback form [hotline-mts.b1.ru](http://hotline-mts.b1.ru) published on Our MTS corporate portal (anonymously or signed with your name).

**6.3.** The Company provides an independent and comprehensive review of all reports of violations of the Policy requirements pursuant to the IR.

**6.4.** The Company prohibits any form of prosecution (retaliation) against the Persons Covered by the Policy who reported a violation in good faith, assisted in investigations and refused to participate in the activities contradicting the principles or requirements hereof and of the Code of Business Conduct and Ethics.

**6.5.** Any Person Covered by the Policy who has violated its requirements may be subject to retaliation up to dismissal and (or) termination of contracts in accordance with the provisions of such contracts and applicable legislation.

## **7. FINAL PROVISIONS**

The Company implements and maintains a training program for **Persons Covered by the Policy** on the requirements of the Applicable Anticorruption Legislation and corporate compliance controls through a specially designed training system: on a regular basis but in no event less than once per 2 (two) years in a face-to-face, remote or other available format according to the Annual Training Plan available on the internal portal or the Intranet.

In case of late completion or failure to complete, the Company has the right to apply in relation to the Person Covered by the Policy, measures in accordance with the Company's IR and the applicable legislation.

## **8. POLICY EXECUTION**

The Persons Covered by the Policy, regardless of their position, shall be responsible for violating the principles and requirements of the Policy and Applicable Anticorruption Legislation, as well as for inadequate control of the actions of their subordinates that resulted in Policy violations, pursuant to the legislation.

## **9. REFERENCE DOCUMENTS**

The Policy was prepared on the basis of the requirements and principles of Russian and international regulatory documents, as well as guidelines and methodological guidelines issued by regulatory bodies. Main sources used:

- Federal Law No. 273-FZ dated December 25, 2008 “On Combatting Corruption”;
- Criminal Code of the Russian Federation No. 63-FZ dated June 13, 1996;
- Code of the Russian Federation on Administrative Offences No. 195-FZ dated December 30, 2001;
- Foreign Corrupt Practices Act 1977 (FCPA) as passed by the US Congress in 1977;
- The UK Bribery Act 2010 as passed by the Parliament of Great Britain in 2010;
- US Federal Sentencing Guidelines Manual, §8B2.1., 2010;
- The Bribery Act 2010 Guidance, 2011;
- A Resource Guide to the U.S. Foreign Corrupt Practices Act, 2020;
- Evaluation of Corporate Compliance Programs, U.S. Department of Justice Criminal Division, 2020;
- OECD Anti-Bribery Convention to combat bribery of foreign officials during international commercial transactions 1997;
- The United Nations Convention against Corruption, 2003;
- Convention of Criminal Liability for Corruption, 1999;
- Recommended Practice for the Development and Implementation of Actions to Prevent and Combat Corruption (Ministry of Labor and Social Security of the Russian Federation);
- Measures to Prevent Corruption in Organizations, (Ministry of Labor and Social Security of the Russian Federation).

In the preparation of this Policy, recommendations and recommended practices were used as are contained in manuals of specialized international organizations, as well as best practices in the field of compliance function building.

## **10. ANNEX**

### **Annex 1. Disclosure of Conflicts of Interest.**