

Approved  
by the resolution of the Board of Directors  
of Evropeyskaya Elektrotekhnica PJSC  
dated July 09, 2020  
(Minutes No. 24-СД/2020 dated July 10, 2020)

**CORPORATE POLICY**  
**of the Public Joint-Stock Company**  
**Evropeyskaya Elektrotekhnica**  
**on conflict of interest management**

(Wording No. 1)

**Moscow, 2020**

## 1. GENERAL PROVISIONS

1.1. This Conflict of Interest Management Policy of the Public Joint-Stock Company Evropeyskaya Elektrotekhnic (hereinafter also referred to as the Policy) defines the measures to be taken to identify conditions that cause or may cause a conflict of interest, as well as to prevent or minimize conflicts of interest and their negative consequences.

1.2. This Policy is valid for the whole scope of business activities of the Public Joint-Stock Company Evropeyskaya Elektrotekhnic and of the other members of the Group of Companies Evropeyskaya Elektrotekhnic. Restrictions, prohibitions and protective measures set forth in this Policy shall be strictly observed by every employee of the Public Joint-Stock Company Evropeyskaya Elektrotekhnic and of the other members of the Group of Companies Evropeyskaya Elektrotekhnic. Taking into consideration conditions of this Policy during performance of business functions shall be considered good and reasonable practice for corporate management of all members of the Group of Companies Evropeyskaya Elektrotekhnic.

1.3. Counterparties of the Public Joint-Stock Company Evropeyskaya Elektrotekhnic and of the other members of the Group of Companies Evropeyskaya Elektrotekhnic shall be obliged to comply with the provisions of the Policy, provided that it is directly indicated in an agreement concluded with a counterparty.

## 2. TERMS AND DEFINITIONS

2.1. **Policy** - Corporate Policy of the Public Joint-Stock Company Evropeyskaya Elektrotekhnic on conflict of interest management.

2.2. **Company** - Public Joint-Stock Company Evropeyskaya Elektrotekhnic.

2.3. **Group of Companies** - The Company and its affiliated and related entities (each - a member of the Group of Companies).

2.4. **Corporate management of members of the Group of Companies (Corporate Management)** – the Board of Directors, the General Meeting of Shareholders (Members).

2.5. **Employees** – individuals, including sole executive bodies and other managers, who are in labor relations with the Group of Companies.

2.6. **Related party** – an individual or an entity in business relations with a member (members) of the Group of Companies.

2.6.1. An individual or a close family member of this individual (children, spouses (children of spouses), civil partners (children of civil partners), dependents of such individual, spouse or civil partner) shall be considered a related party of a member (members) of the Group of Companies, provided that this person:

\* exercises control (has more than 50% of votes in the corporate management) or joint control over a member of the Group of Companies;

\* has significant influence (20 and more percent of votes in the corporate management) on a member of the Group of Companies or participates in the corporate management of a member of the Group of Companies.

\* a sole executive body of a member of the Group of Companies was appointed or elected on proposal of such an individual;

\* more than fifty percent of the number of members of the Collegial Executive Body or the Board of Directors (Supervisory Board) of a member of the Group of Companies was elected on proposal of such an individual;

2.6.2. An entity shall be considered a related party of a member of the Group of Companies if any of the following conditions apply to it:

\* this entity and a member of the Group of Companies are members of the same group (which means that all parent and all subsidiaries of the same controlling party are related);

\* a sole executive body of a member of the Group of Companies was appointed or elected on proposal of such an entity;

\* more than fifty percent of the number of members of the Collegial Executive Body or the Board of Directors (Supervisory Board) of a member of the Group of Companies was elected on proposal of such an entity;

\* entities, in which more than fifty percent of the number of members of the Collegial Executive Body and (or) of the Board of Directors (Supervisory Board, Foundation Counsel) are the same individuals;

\* one entity is an associate (an entity over which the investor has significant influence) or a joint venture of another (or one entity is an associate or joint venture of a member of the same group as the other entity);

\* both entities are joint ventures of the same third party;

\* one entity is a joint venture of a third party and the other is an associate of that third party;

\* the entity is under control or joint control of an individual specified in subparagraph 2.6.1;

\* an individual exercising control (more than 50% of the votes) or joint control over a member of the Group of Companies has significant influence over the entity or is a member of the key management personnel of the entity (or its parent organization);

\* the entity or any member of a group, to which it is a part, provides the other entity or its parent organization with the services of the key management personnel of a member of the Group of Companies.

**2.7. Conflict of Interest** - any situation when personal interests of members of the Group of Companies` Corporate Management and/or of any of the Employees compete with any interests of the Group of Companies and can potentially affect objective performance by the members of the Group of Companies` Corporate Management and/or by any of the Employees of their professional, contractual or legal obligations. For the purposes of this Policy, a collision of interests shall not be considered to be a conflict of interest, when arises during discussion of issue of an agenda for a meeting or session, as well as during negotiations on commercial provisions in the ordinary course of business, terms whereof shall be disclosed and clear to the negotiating party.

**2.8. Personal interest** - a possibility of acquisition of income in monetary or other proprietary form, including property rights, property-related services, results of work performed

or any intangible benefits (advantages), by a member of the Group of Companies` Corporate Management and/or by any of the Employees, and/or by close family members (parents, spouses, children, brothers, sisters, as well as parents, children, brothers, sisters of a spouse and spouses of children), and/or by individuals or entities, with which a member of the Group of Companies` Corporate Management and/or any of the Employees, and/or any of the close family members has property, corporate or other close relationships.

2.9. **Personal benefit** - an interest of a member of the Group of Companies` Corporate Management and/or of any of the Employees, and/or of their close family members in receiving intangible benefits and other intangible advantages. Promotion or expression of gratitude shall not be considered to be a personal benefit.

2.10. **Counterparty** - any Russian or foreign entity or individual, with whom the Group of Companies enters into contractual relationships, with the exception of labor relations and contractual relations with government or banking institutions.

2.11. **Anti-Corruption and Anti-Fraud Working Group** - an advisory body of the Company, appointed by an order of the Chief Executive Officer of the Company for the purpose of considering, analyzing and agreeing on anti-corruption and anti-fraud measures.

### 3. OBJECTIVES OF THE POLICY

3.1. To confirm, in accordance with general requirements of the applicable legislation, basic principles and requirements imposed on activities of the Group of Companies, its Corporate Management and Employees in order to secure compliance with the requirements of the Russian Federation legislation.

3.2. To provide for uniform understanding by the members of the Group of Companies, its Corporate Management and/or Employees of the Company's Policy on the inadmissibility of a Conflict of Interest in the Group of Companies.

3.3. To reduce damage risks of the Group of Companies from actions of members of the Corporate Management and/or Employees under the influence of a Conflict of Interest.

3.4. To lay down principal course of actions for development and adoption of measures preventing, identifying and resolving Conflicts of Interest in the Group of Companies.

### 4. PRINCIPLES OF THE POLICY

4.1. The Company adheres to the following principles on Conflicts of Interest management:

- obligation to disclose information about real or potential Conflict of Interest;
- peculiar consideration and assessment of reputational and other possible risks for the Group of Companies when recognizing each Conflict of Interest and providing for its settlement;
- confidentiality for the one disclosing a Conflict of Interest, as so as in the process of its settlement;

- maintaining a balance of interests of the Group of Companies and of a member of the Corporate Management of a Group of Companies and/or Employee when resolving a Conflict of Interest;

- protection from harassment in connection with provision of information about a Conflict of Interest for an Employee, provided that the information was disclosed by the Employee in a timely manner and the Conflict of Interest was settled (prevented) by the Company.

## **5. KEY REQUIREMENTS IN THE COURSE OF IMPLEMENTATION OF THE POLICY**

5.1. Requirements to the Corporate Management of the members of the Group of Companies:

5.1.1. The Company expects that the Corporate Management of the Group of Companies will have open and reasonable approach to prior assessment of all of their actions (transactions) with any member of the Group of Companies Evropeyskaya Elektrotekhnica, considering possible indications of a conflict of interest, even if such actions do not have any formal signs of a conflict of interest.

5.1.2. If there is an indication of a conflict of interests in such actions (transactions), including informal ones, a member of the Corporate Management of the Group of Companies is recommended to provide correspondent information to the Company, as well as refrain from voting on approval of such actions (transactions).

5.1.3. Members of the Corporate Management of the Group of Companies are advised to refrain from actions that will lead or potentially lead to a conflict between their interests and interests of any member of the Group.

5.2. Requirements to the Employees:

5.2.1. Employees of the Group of Companies shall act in best interest of the Group of Companies and avoid a Conflict of Interest.

5.2.2. The Company expects that an Employee will deal with Counterparties entirely in best interests of the Group of Companies and its shareholders, as so as other members of the Group of Companies, without protection or consideration of third parties, whose interest coincide with personal interest of the Employee.

5.2.3. If there are any conditions for a Conflict of Interest, as well as on request of a head of a structural unit of the Company performing risk management and internal control, those Employees charged with corresponding obligations under their labor agreements shall promptly notify the Company of such information on a Conflict of Interest in the Group of Companies. If necessary, following measures on recognition and settlement of the Conflict of Interest shall be performed in collaboration with the Anti-Corruption and Anti-Fraud Working Group.

## **6. TYPES OF CONFLICT OF INTEREST**

6.1. The following situations shall be considered to be Conflicts of Interest for the Group of Companies:

- transactions with related parties, the amount of which exceeds 1% (one percent) of the Group's revenue for the previous reporting year, as reflected in the Group's consolidated statements in accordance with the International Financial Reporting Standards (IFRS);

6.2. The following situations shall be considered to be Conflicts of Interest for a member of the Corporate Management of the Group of Companies:

- performance by a member of the Corporate Management of the Group of Companies of transactions with financial instruments, currency or goods with employment of insider or other confidential information obtained during the performance of his/her functions;
- serving on management bodies of other organizations;
- receiving gifts and services from parties interested in decision-making, as well as using any other direct or indirect benefits provided by such persons (with the exception of symbolic tokens in accordance with generally accepted rules of courtesy or souvenirs during official events);
- obtaining loans, credits and other property obligations to the members of the Group and/or to parties interested in decision-making;

6.3. The following situations shall be considered to be Conflicts of Interest for an Employee:

- execution by an Employee of transactions with financial instruments, currency or goods with employment of insider or other confidential information obtained during the performance of his/her official duties;
- combination by an Employee of executive and control functions, which allow him to use job duties in order to obtain Personal Benefit;
- employment by an Employee of confidential information that is not required for performance of his/her job duties in order to obtain Personal Benefit;
- abuse of authority by an Employee in order to obtain Personal Benefit;
- hiring or alteration of positional responsibilities of an Employee, who is directly related to his/her immediate supervisor or to a person performing related functions;
- creating by one Employee obstacles to proper and timely performance job duties by another Employee, including for the purpose of obtaining Personal Benefit;
- participation of an Employee (or persons closely related to him or her) in activities of the Counterparties, which implies the Employee's preference for the interests of one Counterparty to the detriment of interests of another in order to obtain Personal Benefit and/or the Employee's preference for his/her own interests to the detriment of interests of the Counterparty, also in order to obtain Personal Benefit;
- contradiction between interests of the Group of Companies and interests of other legal entities/individual entrepreneurs, provided that the Employee is an employee/ultimate beneficiary/member of management of the other legal entity/individual entrepreneur, and due to such activities for the other legal entity/individual entrepreneur, the Employee of the Group of Companies cannot conscientiously perform his/her duties.

6.4. The examples of Conflict of Interest set out in clauses 6.1. - 6.3. of this Policy do not exhaust all possible situations of a Conflict of Interest arising in the process of performance by the Company and other members of the Group of Companies of their activities. If responsible persons identify cases of a Conflict of Interest that are not included in the list of examples set out in clauses 6.1. - 6.3. but satisfying the definition of the term "Conflict of Interest":

- this Policy shall be amended to take into account the recognized case of a Conflict of Interest.

## **7. CONFLICT OF INTEREST PREVENTIVE AND SETTLEMENT MEASURES**

7.1. The Company takes the following measures to prevent and settle a Conflict of Interest:

7.1.1. Provision by a structural subdivision of the Company performing risk management and internal control for compliance of the members of the Group of Companies with the requirements of the legislation of the Russian Federation, the Charters and local regulatory documents.

7.1.2. Provision by the Chief Executive Officer of the Company, Deputy Chief Executive Officer of the Company, and heads of structural divisions of the Company for compliance with requirements of the local regulatory documents of the Company.

7.1.3. Provision by Chief Executive Officers of other, except for the Company, members of the Group of Companies, for proper fulfillment by their Employees of requirements of their local regulatory documents and local regulatory documents of the Company in relation to the members of the Group of Companies.

7.1.4. Routine monitoring of actions and decisions of the members of the Group of Companies and their Corporate Management, which may lead to a Conflict of Interest, performed by the structural subdivision of the Company performing risk management and internal control.

7.1.5. Performance by an authorized structural division of the Company of centralized record of information about affiliated persons, shareholders and their affiliates, insiders of the Company.

7.1.6. When concluding an employment contract with any member of the Group of Companies, inclusion in the scope of an Employee's responsibilities of an obligation to inform his/her direct employer about direct or indirect ownership by the Employee (persons who are closely related to him or her) of shares or similar participation in any legal entity that amounts to 10 (Ten) or more percent of the authorized capital of such a legal entity, about direct or indirect business or beneficial interests that the Employee may have in relation to any individual or legal entity. Such disclosure shall be carried out by the Employee in writing, which written declaration shall be included in the Employee's personal file.

7.1.7. Monitoring of major transactions and transactions of interest on the grounds provided for by the current legislation of the Russian Federation, in order to exclude the practice of conclusion of such transactions without prior approval of authorized management bodies of the members of the Group of Companies in the manner prescribed by law.

7.1.8. Differentiation of the access rights to insider and other confidential information received by Employees during performance of their official duties.

7.1.9. Provision for legal use of insider and other confidential information solely in order to comply with interests of the Group of Companies and its Counterparties.

7.1.10. Prohibition on employment of insider and other confidential information received by members of the Corporate Management of the Group of Companies/Employees from transactions with financial instruments, currency or goods.

7.1.11. Ensuring control and monitoring of Employees' access to insider and other confidential information received during performance of their duties.

7.1.12. Informing authorized representatives of the Company about a Conflict of Interest (potential Conflict of Interest) by members of the Corporate Management of the Group of Companies/Employees, who have corresponding obligations in accordance with their employment agreements.

7.1.13. Provision for absence of incompatible functions of structural divisions of the Group of Companies and their Employees, as determined by job descriptions, regulations, documents regulating internal processes and policies of the Group of Companies.

7.1.14. Differentiation of access rights in information systems and offices of the Group of Companies for Employees during performance of their official duties. Control over the access rights of the Employees and over proper use of these rights by heads of structural divisions.

7.1.15. Organization of the process of informing (including anonymous informing) by the Employees of the head of the structural unit of the Company performing risk management and internal control, in the event of violations of the legislation of the Russian Federation, local regulatory documents of the members of the Group of Companies, in cases of abuse, non-compliance with professional ethics and other circumstances.

7.1.16. Prohibition on application by the Employees of their official positions in order to ensure participation in procurement of goods/works/services by members of the Group of Companies from legal entities in which such Employees are managers or owners.

7.1.17. Creation of necessary conditions for the Employees of the Company and other members of the Group of Companies for compliance with the principles of professional ethics.

7.1.18. Preparation by the structural division of the Company performing risk management and internal control of reports on identified Conflicts of Interest and measures taken to prevent and settle them for the Chief Executive Officer of the Company.

## **8. STAGES OF CONFLICT OF INTEREST MANAGEMENT**

### **8.1. PREVENTING A CONFLICT OF INTEREST**

8.1.1. In order to prevent a Conflict of Interest, the Company and other members of the Group of Companies shall:

- when hiring or alternating job responsibilities, avoid appointment of Employees, who are directly related to their immediate supervisor or a person performing related functions;
- when controlling Counterparties at the stage of procurement procedures and formalizing contractual relations with them, study their founders (participants) and managers for any indications of affiliation with the Employees, their family members or close relatives.
- conduct annual revision to ensure that members of the Corporate Management of the Group of Companies/Employees provide information on their affiliation with the Company's Counterparties;
- carry out precaution and preventive measures and official revision aimed at identifying and suppressing illegal, dishonest or incompetent activities of the Employees;
- ensure familiarization with this Policy of every member of the Corporate Management of the Group of Companies taking office/every hired Employee;
- carry out regular educational work aimed at bringing the content of this Policy to the Employees;
  - ensure protection of trade secrets and insider information;
  - ensure implementation of internal control;
  - not issue loans to members of the Corporate Management of the Group of Companies and related persons.

8.1.2. If the conducted internal investigation indicates a possibility of violation of rights and/or interests of the members of the Group of Companies, the Chief Executive Officer of the Company or the Chief Executive Officer of the member of the Group of Companies shall take measures aimed at preventing a Conflict of Interest.

8.1.3. In order to prevent a Conflict of Interest, members of the Corporate Management of the Group of Companies/Employees are obliged to:

- comply with the provisions of this Policy;
- refrain from taking actions and making decisions that may lead to a Conflict of Interest;
- take measures provided for by relevant local regulatory documents of the members of the Group of Companies to prevent a Conflict of Interest and to settle cases of a Conflict of Interest;



- refrain from overlapping positions in management bodies/part-time work in third-party organizations that are not members of the Group of Companies, if it leads to a Conflict of Interest, with the exception of teaching, creative and scientific activities;

- refrain from any, direct or indirect, to personal loan or service from any individual or legal entity that has business relations with the members of the Group of Companies or seeks such a relationship. This obligation does not apply to entities offering such loans or services in their normal course of business.

- immediately inform, in accordance with the established procedure, head of the structural division of the Company performing risk management and internal control about conditions that may cause a Conflict of Interest;

- inform head of the structural division of the Company performing risk management and internal control about occurrence of circumstances that prevent them from independent and conscientious exercise of their duties;

- comply with the regulations protecting insider and other confidential information.

8.1.4. In order to prevent occurrence of a Conflict of Interest, distribution of job duties and empowerment of the Employees to conclude transactions shall be carried out in such a way as to exclude conditions for occurrence of factors leading to a Conflict of Interest.

8.1.5. In order to prevent a Conflict of Interest, chief officers of the members of the Group of Companies are obliged to:

- comply with requirements of the legislation of the Russian Federation, regulatory legal acts of the Russian Federation, its charters and local regulatory documents, and related local regulatory documents of the Company;

- comply with the standards of business integrity and professional ethics;

- refrain from making decisions that imply deterioration in financial condition and/or losses for the members of the Group of Companies, as well as from decrease in management efficiency, negligence of risks;

- ensure timely disclosure of reliable information (including accounting and other published reports) that is subject to disclosure and that can influence decisions made by stakeholders;

- ensure record of information about affiliated persons, shareholders and their affiliates, insiders of the Company;

- ensure development and observance of the procedures for transactions made by affiliated persons, shareholders and their affiliates, insiders of the Company;

- ensure effective risk management, including the risk of loss of business reputation;

- ensure effective functioning of the internal control system;

- ensure safety of official and commercial information, as well as safety of personal data of members of the Corporate Management of the Group of Companies/Employees.

## **8.2. DETERMINATION OF A CONFLICT OF INTEREST**

8.2.1. Members of the Group of Companies shall ensure that all incoming correspondence is recorded, including in order to identify a Conflict of Interest.

8.2.2. Members of the Group of Companies shall monitor transactions made in order to identify a Conflict of Interest of the parties to such transactions, beneficiaries and other persons who may have interest in execution of these transactions.

8.2.3. If a Conflict of Interest is determined during inspection/control activities carried out by the structural division of the Company performing risk management and internal control, by the Internal Audit Department of the Company, by the Internal Audit Commission (Auditor) of the Company or by external auditors, such information shall be brought to the attention of the Chief Executive Officer of the Company and the Anti-Corruption and Anti-Fraud Working Group in the prescribed manner.

### **8.3. SETTLEMENT OF A CONFLICT OF INTEREST**

#### **8.3.1. Settlement of a Conflict of Interest in Relation to the Employees:**

8.3.1.1. The Company shall use all legal methods for settlement of a Conflict of Interest in a pre-trial manner in compliance with legitimate interests of the Company and its shareholders.

8.3.1.2. If information on a Conflict of Interest comes into their knowledge, the Chief Executive Officer of the Company, heads of other members of the Group of Companies, their deputies for subdivisions in respect for which such negative information was received and/or head of the structural division of the Company performing risk management and internal control shall ensure that there is a Conflict of Interest and appoint a person (group of persons) responsible for clarifying the reasons and settlement of the Conflict of Interest.

8.3.1.3. The person (group of persons) responsible for clarifying the reasons and settlement of the Conflict of Interest, in cooperation with the head of the structural unit of the Company performing risk management and internal control, prepares a proposal for its settlement.

8.3.1.4. If it is impossible to resolve the Conflict of Interest at the level of the corresponding structural unit of a member of the Group of Companies, the head of such a structural unit is obliged to inform in writing the head of the structural unit of the Company performing risk management and internal control about the Conflict of Interest, state reasons for its occurrence, measures that were taken for its settlement. Afterwards, if necessary, the head of the structural unit of the Company performing risk management and internal control shall engage the Anti-Corruption and Anti-Fraud Working Group.

8.3.1.5. If it is impossible to resolve the Conflict of Interest in the pre-trial order, the parties to the Conflict of Interest have the right to transfer it to court in the manner prescribed by the legislation of the Russian Federation.

8.3.1.6. Information on the measures taken to settle the Conflict of Interest shall be communicated by the Company to all parties to the conflict.

#### **8.3.2. Settlement of a Conflict of Interest in Relation to the Members of the Corporate Management of the Group of Companies:**

8.3.2.1. Preliminary individual consideration and assessment of risks of actions (transactions) performed with a Conflict of Interest for the Group of Companies.

8.3.2.2. Provision for balance of interests of the members of the Group of Companies and members of the Corporate Management.

8.3.2.3. Preliminary approval (issuance of consent) by the authorized member of the Corporate Management of the Group of Companies for performing actions (transactions) with a Conflict of Interest.

8.3.2.4. Disclosure of information about actions (transactions) with a Conflict of Interest.

**8.3.3. Settlement of a Conflict of Interest in Relation to the members of the Group of Companies:**

8.3.3.1. Preliminary individual consideration and assessment of risks of actions (transactions) performed with a Conflict of Interest for the Group of Companies.

8.3.3.2. Provision for balance of interests of the members of the Group of Companies and the Company members (shareholders).

8.3.3.3. Preliminary approval (issuance of consent) by the Board of Directors of the Company for performing actions (transactions) with a Conflict of Interest.

8.3.3.4. Disclosure of information about actions (transactions) with a Conflict of Interest.

## **9. FINAL PROVISIONS**

9.1. The Board of Directors of the Company approves this Policy and all amendments and additions thereto.

9.2. Before approval, the Policy is submitted for preliminary consideration by the Audit Committee under the Board of Directors of the Company.

9.3. The structural division of the Company performing risk management and internal control shall perform updating of the Policy by introduction of amendments thereto.