



Selectel Ltd. Anti-Corruption Policy

Approved by order No.2/17 dated 27.07.2017 of the Selectel Ltd. CEO

I. INTRODUCTION

The Selectel Ltd. Anti-Corruption Policy (hereinafter the Policy or Anti-Corruption Policy) establishes the fundamental principles and requirements for observing the provisions of anti-corruption legislation for Selectel Ltd. and Company Management and Workers.

Under this Policy, Company sets the following aims:

- to minimize the risk of involving the Company and its Employees, regardless of position, in corrupt activities;
- to form an unambiguous understanding of Company policy on rejecting corruption in any form or manifestation for Agents, Employees, and other parties;
- to summarize and clarify the fundamental requirements of anti-corruption legislation which may apply to Company and its Employees;
- to establish an Employee obligation to know and comply with the principles and requirements of this Policy, the key provisions of anti-corruption legislation, and appropriate procedures for preventing corruption.

The Policy has been developed in accordance with the effective legislation of the Russian Federation, the Selectel Ltd. Charter, and other internal regulatory documentation and takes into consideration the universal standards of international law and international contracts and anti-corruption legislation.

All Employees shall be governed by this Policy and strictly comply with its principles and requirements.

The principles and requirements of this Policy apply to Company Agents and representatives, as well as other individuals in cases where relevant obligations are included in their contracts, in their internal documentation, or derive directly from current legislation.

II. TERMS AND DEFINITIONS

This Policy makes use of the following terms:

Anti-Corruption Legislation – Federal Law FZ-273 “On Combating Corruption” dated 25.12.2008, the Russian Criminal Code, the Civil Code of the Russian Federation, the Code of the Russian Federation on Administrative Offenses, and other federal laws and subordinate legislation of the Russian Federation, which contain regulations for combating corruption, and the subsequent changes and (or) amendments thereof.

Public Official – any Russian or foreign appointed or elected individual who holds a position in a legal, executory, administrative, or judicial body or international organization; an individual performing a public function for the government, including for a state agency, institution, or enterprise; leading political figures; political party officials, including candidates to political posts; ambassadors; and managers and employees of state agencies, institutes and enterprises.

Company – Selectel Ltd.

Agent – an individual or legal entity, with whom the Company has concluded or intends to conclude a contract or other transaction.

Conflict of Interest - a situation where the personal interests (direct or indirect) of one or several employees and (or) Associated Entities influence or may influence the appropriate, objective, or impartial performance of their professional obligations (exercise of authority).

Corruption – the misuse of one's position, giving or receiving bribes, misuse of authority, kickbacks, or the illegal use of one's position, despite society's or the government's legal interests, in order to receive benefits in the form of money, valuables, other assets, monetizable services, or equity rights for themselves or a third party, or the illegal provision of such benefits to individuals, as well as the performance of such acts in the interest of a legal entity.

Personal Interest – an Employee's ability to receive earnings in the form of money or other assets, including equity rights or monetizable services, the results of performing work, or any other benefit (advantage) for themselves and (or) Associated Entities.

Anti-Corruption – actions of federal agencies, regional government bodies of the Russian Federation, local authorities, civic institutions, organizations, and individuals, within the limits of their own authority, with the aim:

- a) to prevent corruption, including the identification and subsequent removal of the cause of corruption (corruption prevention);
- b) to expose, prevent, intervene, disclose, and investigate cases of corruption (combating corruption);
- c) to minimize and (or) liquidate the effects of corruption.

Workers - full-time and part-time employees, contract workers, and others for the entirety of their employment contract.

Management - the CEO, their proxies, the chief accountant, branch managers, and Company representatives and any party performing the obligations thereof.

Employees - the joint term for referring to both Management and Workers.

Sponsorship – providing or ensuring the provision of funding for the organization and (or) hosting of sport, cultural, or any other event, creating and (or) broadcasting television or radio programs, or creating and (or) using the results of any creative activities.

Associated Entities – includes citizens, organizations, and individuals who are closely related to Employees (parents, spouses, children, brothers, sisters, as well as the brothers, sisters, parents, and children of spouses and spouses of children), and (or) individuals who are either blood relative or in-laws, or who are engaged in contractual, professional, or other close relations with the Employee.

III. ANTI-CORRUPTION LEGISLATION

The Company and all Employees must comply with the provisions of anti-corruption legislation, universal standards of international law and international contracts of the Russian Federation, as well as the principles and requirements of the Policy in any country.

The main requirements of anti-corruption legislation are defined as follows:

- to prohibit the giving of bribes, meaning the provision or promise to provide any financial or other benefit/asset with the criminal intent of provoking an individual to inappropriately perform their professional obligations;
- to prohibit the acceptance of bribes, meaning the acceptance or consent to accept any financial or other benefit/asset for inappropriately performing one's professional obligations;
- to prohibit the bribing of Public Officials, meaning the provision or promise to provide (directly or through a third party) any financial or other benefit/asset to a Public Official with the intent of influencing the performance of their official obligations in order to receive/suppress business or ensure the competitive or other advantages for a commercial organization.

Considering the aforesaid, employees are strictly prohibited from directly or indirectly, as well as personally or through an intermediating third party, taking part in corrupt activities; offering, giving, promising, requesting, or receiving bribes; or making facilitation payments to simplify administrative, bureaucratic, or other formalities in any form, including money, valuables, services, or other benefits, to any individual and on behalf of any individual or organization, including commercial organizations, government agencies, regulatory and administrative bodies, civil servants, private companies, and their representatives.

IV. PRINCIPLES

The key principles of the Anti-Corruption Policy are:

4.1. Mission of upper management

Company Management should embody the ethical standard of an uncompromising attitude towards all forms and manifestations of corruption at all levels, serving by example and ensuring all Workers and Agents are familiar with the Anti-Corruption Policy.

4.2. Rejection of corruption

Company adheres to a principle of condemning corruption in any form or manifestation (zero-tolerance policy) when performing business and financial activities, including while working with Agents, federal agency and local government representatives, public officials, their own Employees, and all others.

4.3. Periodic risk assessment and minimization

Company regularly checks for and subsequently revises corruption risks, paying special attention to risks that are characteristic of its activities, areas of presence, as well as potentially vulnerable business processes. Company develops and implements procedures for combating corruption, which are of a reasonable and proportional reactionary level and character of the risks detected.

4.4. Working with Agents

Company makes efforts to work only with Agents who are governed by the principles of the law, ready to comply with the requirements of this Policy and anti-corruption legislation, and also cooperate in ethical business practices and corruption prevention.

Company is prepared in every way to accept Agents' internal regulatory documentation that is similar to this Policy in order to prevent any involvement in corrupt activities.

4.5. Training

Company makes this Policy publicly accessible on their site, located on the Internet at www.selectel.com, which openly states their anti-corruption stance and encourages all Agents, Employees, and other parties to comply with the principles and requirements of this Policy.

Company promotes raising the level of their anti-corruption culture by informing and systematically training their Employees in order to maintain their familiarity with issues of combating corruption

4.6. Rejection of reactionary sanctions

No sanctions will be taken against Employees for:

- refusing to give or take bribes or kickbacks or to mediate bribery, including if the refusal of such bribes results in damage to the company, lost profits, or failure to receive commercial and/or competitive advantages;
- conscientiously reporting suspected violations, instances of corruption, other abuses, and ineffectual monitoring procedures.

4.7. Monitoring and control

Company monitors the effectiveness of procedures implemented to prevent corruption, monitors compliance, and takes measures to improve them if necessary.

V. SPECTRUM OF ANTI-CORRUPTION POLICY

This Policy is implemented in the following areas of Company activity:

5.1. Accepting internal regulatory documents

Expert anti-corruption evaluations of key internal regulatory documents and their projects are conducted within the Company in order to detect possible conditions or the potential to create conditions for corruption (corrupting factors) in their provisions and to rework provisions to remove these conditions.

5.2. Conflict of Interests

Managing Conflicts of Interest is one of the most important anti-corruption mechanisms and Company pays special attention to prevent the realization of risks pertaining to Conflicts of Interests and regulating them.

All Company Employees must be governed by the interests of the Company and avoid situations or circumstances where their personal interests contradict the interests of the Company while performing their professional obligations. In the event of a Conflict of Interest (or a potential Conflict of Interest), Employees must provide this information to Company so that appropriate reactionary measures can be taken.

5.3. Gifts and hospitality expenses

In accordance with the Selectel Ltd. Code of Ethics, gifts, including the rendering of services, must not obligate the recipient in any way. Employees may accept and offer business gifts to third parties if they comply with the following principles:

- they are not prohibited by law;
- they comply with the requirements of the effective legislation and Company internal regulatory documentation;
- they cannot be interpreted as a kickback or attempt to exert influence;
- they are not systematic in nature;
- they will not create reputational or other risks for the Company if information about the gift or hospitality expenses is divulged;
- they are not given or accepted during procurement procedures and/or direct negotiations when closing a contract with a Company Agent.

Gifts may not be given to third parties in the form of money, as cash or other, regardless of currency, on behalf of the company, its Employees, or representatives.

5.4. Agent checks

Company refrains from working with Agents if such cooperation will lead to a violation of the principles and requirements of this Policy or provisions of anti-corruption legislation.

Company makes reasonable efforts to minimize the risk of taking part in professional relationships with Agents who may be involved in corrupt activities, for which a series of checks are performed prior to initiating the cooperation.

In order to meet the principles and requirements of this Policy, Company includes anti-corruption provisions (clauses, guarantees) in contracts with Agents and reserves the right to terminate contracts with Agents in the event it becomes known that the Agent has committed acts of corruption.

5.5. Participation in charities and sponsorship

Company, being a socially responsible member of society, performs charitable acts. Company does not finance any charitable or sponsored projects in order to receive or maintain a commercial advantage, nor does it make donations to political activities. Company monitors the intended use of funds given within the framework of charitable or sponsored activities.

Information about charitable and sponsored activities are published on Company's site, located on the Internet at www.selectel.com, or is otherwise disclosed, including through the media.

Employees are entitled under the effective Russian legislation to take part in non-governmental associations, as well as political parties, social organizations, social movements, public foundations, and other non-profit organizations whose aims are not to receive or maintain commercial advantages for the Company.

5.6. Cooperating with Public Officials

Company refrains from paying any amount to Public Officials or their Family Members (or in their interests), including expenses for transportation, lodging, food, entertainment, PR campaigns, etc., as well as providing any other benefit at Company's expense, in order to receive or maintain any business advantage.

5.7. Cooperating with Agents and other parties

Company and its Employees may not involve or use intermediaries, Agents, or other parties to perform any acts that contradict the principles and requirements of the Anti-Corruption Policy or provisions of anti-corruption legislation.

Company ensures that procedures are in place for checking intermediaries, partners, Agents, and other parties in order to minimize and disrupt the risk of involving the company in corrupt activities.

In order to comply with the principles and requirements of this Policy, Company includes anti-corruption provisions in its contracts with intermediaries, partners, Agents, and other parties.

5.8. Accurate record-keeping and accounting

All financial operations should be reflected in Company accounting reports, documented, and available for audit.

Company does not permit the provision of inaccurate information about the financial state or status of the Company due to a violation of the established procedure for record-keeping or manipulation of accounting, statistical, or financial reporting.

5.9. Reporting violations

If an Employee knows of a violation of this Policy by a Company Employee, Agent, or other party cooperating with the Company, they must report it to the Department of Security or Company Management using any effective feedback channel within the Company.

Company ensures the confidentiality of the reporting party as required by the current legislation.

5.10. Audit and monitoring

Internal and external audits of business and financial activities and monitoring for complete and accurate record-keeping data and compliance with the requirements of anti-corruption legislation and Company internal regulatory documentation, including the principles and requirements established in this Policy, is regularly conducted within the Company.

In the course of internal monitoring, Company reviews the following:

- efficiency and effectiveness of activities, including the achievement of financial and business indicators and the integrity of assets;
- accuracy and actuality of accounting (financial) and other reports;
- compliance with effective legislation and requirements of this Policy when performing financial and business operations and record-keeping.

VI. PREVENTING CORRUPTION

Corruption is prevented in the Company by applying the following measures:

- implementing a single anti-corruption policy in the Company and fostering a zero-tolerance policy among its Employees;
- cooperating with state agencies, federal and non-profit organizations, and civic institutions on issues regarding corruption prevention;
- taking administrative, proactive, and other measures to encourage Employees to take a more active part in preventing corruption and creating a negative attitude towards corrupt behavior within the Company;
- improving Company's internal monitoring systems;
- ensuring openness, honest competition, and impartiality when performing Company financial and business activities and in cooperating with Agents;

- improving procedures for using Company assets and resources, as well as procedures for transferring the usage rights of such assets and the forfeiture thereof;
- training and consulting with Employees on issues regarding corruption prevention;
- presenting the corresponding requirements to Company officials and candidates for managerial positions in the Company;
- implementing rules whereby an Employee's continuous, accurate, and effective performance of their duties in accordance with the requirements of this Policy must be considered when assigning them to a higher post.

VII. Reporting

Relevant reports will be prepared according to the results of control measures and measures to monitor compliance with the provisions of the Anti-Corruption Policy, anti-corruption legislation, and internal anti-corruption procedures, as well as the analysis of their effectiveness and adequacy.

VIII. Responsibility

Company Employees, regardless of their position, are liable under the current legislation and/or provisions of their work contract for any failure to comply with the principles and requirements of the Anti-Corruption Policy, as well as for any actions (or omissions) of their subordinates who violate these principles and requirements.

Individuals who violate the requirements of this Policy and anti-corruption legislation may be subject to disciplinary, administrative, civil, and criminal liability at the initiative of the Company, law enforcement authorities, or other entities according to the procedure and on the grounds provided by the legislation of the Russian Federation, Company's internal regulatory documentation, and their work contract.

IX. MODIFICATIONS

The Selectel Ltd. Anti-Corruption Policy is approved by the Company CEO.

The Selectel Ltd. CEO reserves the right to make changes or amendments to this Policy based on the interests of the Company, its founders, investors, and other interested parties.