

**Approved by
Chief Executive Officer of
TKB Investment Partners (JSC)
Order No. 11 of March 04, 2019**

**Rules to Identify Conflict of Interest and to Prevent
Consequences Thereof
in Investment Advisory by TKB Investment Partners (JSC)**

I. GENERAL

1.1. The Rules of TKB Investment Partners (JSC) (hereinafter “the Company”, “the Investment Adviser”) to identify and to execute control over conflict of interest and to prevent consequences thereof (hereinafter “the Rules”) were developed with regard to Company’s investment advisory practice.

1.2. To identify and to execute control over conflicts of interest and to prevent consequences thereof in its investment advisory practice, the Company has developed and documented the principles of operations and of professional ethics and the policies of client relations aimed at protecting clients’ rights and interests.

1.3. The Rules apply to all Company’s employees irrespective of their rank.

1.4. This List of Measures includes the following key definitions:

TKB Investment Partners (JSC), i.e., the Company, the Investment Adviser that provides investment advisory in compliance with the requirements of Federal Law No. 39 of April 22, 1996 (FZ On Securities Market).

Client is a person who signed an investment advisory contract with the Investment Adviser.

Potential client is a person who intends to sign an investment advisory contract.

Personalized Investment Recommendation is information addressed to a specific client that corresponds to this client interests regarding specific securities, transactions therewith and/or signing of derivative contracts.

Provision of Personalized Recommendation means that the Investment Adviser develops and hands over a personalized investment recommendation to the client.

Employees are persons who work under employment or civil law contracts signed with the Company and whose job functions are to enable Company’s professional operations at the securities market.

Confidential Information is any information, including proprietary information, with an actual or potential commercial value as it is unknown to third parties, with a legitimately restricted access to and with measures taken by the information owner to protect its confidentiality. The current Russian Federation legislation, the Company's internal documents and/or contracts between the Company and its clients determine what data constitutes confidential information.

Affiliated person is a natural person or a legal entity that can influence operations of the Company. The notion “affiliated person” is used as defined in Russian Federation Law No. 948-1 On Competition and Restriction of Monopolistic Activities on Product Markets of March 22, 1991.

II. DEFINITION OF THE CONFLICT OF INTEREST

2.1. Conflict of interest in investment advisory at the securities market means a contradiction between ownership and other interests of the Company and/or of its employees with interests of Company’s clients.

2.2. Conflicts of interest are inherent in securities market and as such do not constitute a breach if proper measures were taken to identify, assess and manage as well as to disclose the conflict. Conflict of interest may arise out of activities by specific officers or employees of the Company or as a result of the overall Company’s operations.

2.3. There are the following main conflict of interest types:

✓ between a client and the Company. Here the Company (its affiliated person) is the owner of securities/financial instruments (has other interest as to trade in these securities/financial instruments or to change the market price thereof) that are traded as a result of the personalized investment recommendation provided in the interest of the client;

✓ between clients of the Company, i.e., in situations where interests of one/several client(s) oppose interests of other clients;

✓ between Company's clients and employees,

where there is a real or potential opposition between personal interests of an employee (of his/her family members and/or of other persons with whom the vested interest of the employee is linked) and clients' rights and interests; such opposition may really or potentially impact the way how the employee performs his/her duties including the decisions made while providing a personalized investment recommendation and may really or potentially result in a damage to clients' rights and interests.

2.4. Personal (vested) interest is an opportunity to gain monetary income or any other property, including ownership rights, property-related services or some benefits (advantages) both by the employee or/and by members of his/her family, close relatives or other persons to whom the employee's personal interest is linked or by legal entities (companies) the employee can be interrelated with.

III. PRINCIPLES OF PROFESSIONAL ETHICAL CONDUCT IN INVESTMENT ADVISORY

3.1. The investment advisor provides investment advice reasonably and diligently.

3.2. In his/her provision of investment advice the investment advisor ensures that its client's best interest prevails over the advisor's interest.

3.3. In his/her provision of investment advice the investment advisor does not abuse his/her rights and does not harm clients' interests.

3.4. The investment advisor provides personalized investment advice that matches client's investment profile.

Investment advisor provides investment advice on the foundation of law, professionalism, diligence, independence and confidentiality.

3.5. Legitimacy

The Company acts in compliance with federal laws, other Russian Federation statutes and regulations and with the List of Measures. The Company executes internal controls as required by the current legislation.

3.6. Professionalism

The Company strictly acts as a professional body and engages highly qualified personnel. Where its employees' duties include functions directly related to investment advisory, the employees meet qualification requirements set forth in the statutory acts of the Bank of Russia and in other regulations. The Company takes steps to maintain and improve qualifications and professionalism of its employees which includes professional trainings. If Company's employees for whatever reason cease to comply with the set requirements, the Company will take measures provided at the Russian law to address the specified nonconformity.

3.7. Diligence

The Company acts with diligence, i.e., with the degree of caution and care that pertains to the nature of Company's professional engagement at the securities market and to the business practices. Company's employees must treat each other, clients, other entities and participants of the securities market responsibly and fairly. Company's employees shall avoid to unjustifiably and publically criticizing each other, to publically discuss each other's actions that will damage and undermine the reputation of their peers and that of other entities and participants of the securities market. The Company ensures all the necessary conditions and enables the client to obtain documents required to operate in compliance with the law of the Russian Federation.

3.8. Independence

The Company and its employees provide investment advice free of prejudice and independent of any third parties as otherwise may be detrimental to legitimate rights and interests of the client.

3.9. Confidentiality

The Company, its officers and employees cannot disclose any proprietary or confidential information they have except as otherwise provided by the Russian legislation.

3.10. Information Disclosure

The Company discloses information about its legal status, licenses, financial standing and transactions with financial instruments when and how it is required by federal laws, by other statutory laws of the Russian Federation, Company's internal documents and conditions of client contracts.

3.11. The Company, its officers and employees cannot disclose any proprietary or confidential information they have except as otherwise provided by the Russian legislation.

3.12. The Company retains information on all investment advisory contracts, personalized investment recommendations issued to clients, including audio recordings of personalized investment recommendation provided verbally and information used to define clients' investment profile.

IV. TYPES OF CONFLICT OF INTEREST (HOW THEY ARISE)

4.1. A conflict of interest in the business of investment advisory may arise if:

- the provided personalized investment recommendation describes securities and transactions therewith while the investment advisor holds the same securities and plans to trade in them;
- the investment advisor is a party to a contract that is a financial derivative where the underlying assets are the securities described in the personalized investment recommendation;
- the provided personalized investment recommendation describes security transactions where the client's counterparts are other clients of the investment advisor or such transactions involve other clients of the investment advisor;
- the provided personalized investment recommendation describes transactions in financial instruments where – if the recommendation is executed – the transaction will involve the investment advisor;
- the investment advisor is contracted by third parties to provide personalized investment recommendations for a fee;
- the investment advisor is contracted by third parties to provide personalized investment recommendations for a fee and/or for other material benefits and/or for release from an obligation to perform certain actions if clients make and/or pay for certain actions set forth in the personalized investment recommendations;
- the provided personalized investment recommendation describes securities or transactions therewith where the issuer or the obligor is the investment advisor or his/her affiliated person;
- the provided personalized investment recommendation describes the securities transactions where the client's counterparts are persons affiliated with the investment advisor or such transactions involve persons affiliated with the investment advisor;
- other investment advising instances where the investment advisor identifies an actual or possible conflict of interest.

V. MEASURES TO IDENTIFY AND EXECUTE CONTROL OVER CONFLICT OF INTEREST AND TO MITIGATE CONSEQUENCES THEREOF

5.1. In investment advising the investment advisor shall take steps to identify and execute control over conflict of interest and to prevent consequences thereof in situations detailed in Section III hereof.

5.2. The Company's internal organization shall be based on the principle of managing conflict of interest arising between investment advisory and any other professional activities at the securities market.

5.3. The Company must ensure that any conflict of interests is identified early, i.e., at initial stages in its development, and treated with diligence by Company's officers and employees.

5.4. The Company that combines securities trust management and management of mutual funds and private pension funds with investment advisory shall not assign investment advisory duties to the employees whose functions are:

- to execute transactions in financial instruments on behalf and at the expense of the investment advisor;
- to execute transactions in financial instruments on behalf of the investment advisor and at the expense of his/her clients.

5.5. When the Company hires or appoints employees into investment advisory positions whereat their functions may give rise to conflict of interest, such employees must be informed about the duty to prevent conflicts of interest, namely:

- prohibitions/restrictions on deals and transactions in financial instruments for the benefit of the employee as set forth in Company's documents including herein, by the Department Regulations, in job descriptions, if such prohibitions/restrictions are imposed on him/her by the Company;

- prohibitions/restrictions on combining one's position in the Company with jobs in other organizations and/or on combining it with other external business interests, if such prohibitions/restrictions are imposed on him/her by the Company.

5.6. The Company has developed a procedure whereby Company's employees regularly and timely inform the Controller (Internal Controls Department) on a possible conflict of interest. Company's employees must inform the Internal Controls Department via the Conflict of Interest Notification template. The template is approved by the Chief Executive Officer and identifies the securities' owner, involvement of legal entities, provision of investment advisory services, existing brokerage service contracts and other information.

5.7. Any misinformation provided or conflict of interest identified shall result in reporting the employee to the Company head for a review and a possible decision on applying penalties against the employee.

5.8. The Company ensures controls over how its employees comply with the requirements, restrictions and prohibitions set to prevent conflicts of interest.

5.9. Handling of Confidential Information

To minimize Company's employees handling of the information that may cause or become a prerequisite to a conflict of interest, the Company:

5.9.1. assigns employees with access levels to the information on provision of personalized investment recommendations; these levels set restrictions on how the information circulates between employees;

5.9.2. ensures the differentiation of access rights to database levels in the installed software:

- a system of access differentiation in the local area network (to avoid unauthorized access by users employed at other Company's departments to databases and files outside of their domain);

- a system of access differentiation is embedded into the software;
- an entry is possible only at automated work stations via a system of passwords.

5.9.3. restricts the access of unauthorized persons into premises of Company departments, including those where personalized investment recommendations are prepared and provided when the investment advisory is in progress;

5.9.4. restricts the involvement in negotiations where employees may obtain confidential or other material non-public information to which they have no access rights

5.10. To avoid a conflict of interest, the Company adheres to the following rules in its investment advisory:

5.10.1. As the Company signs an Investment Advisory Contract with a potential client, the Company undertakes to spell out most accurately and fully the parties' obligations, including those related to the set-up of investment portfolio, the form of and the procedure for the provision of personalized investment recommendation, informing the potential client on possible upcoming expenses, the amount and the procedure of the commission paid to the Company.

5.10.2. The Company provides investment advice strictly in accordance with the Contract terms and conditions and in line with the investment profile of the client.

5.10.3. In its investment advisory the Company observes restrictions on personalized investment recommendations on deals as imposed by the current legislation and in the client's contract.

5.10.4. In its investment advisory the investment advisor may not:

- issue its client a recommendation with regard to securities/ financial derivatives and on the purchase thereof at an above the market price;
- issue its client a recommendation with regard to securities/ financial derivatives and on the purchase thereof if they are in the Company's own portfolio, or in that of its employees and of other affiliated or interested persons;
- issue its client a recommendation with regard to securities/ financial derivatives and on the purchase thereof without considering client's investment objectives;
- issue a recommendation to sell client's securities at a below the market price;
- issue its client a recommendation with regard to securities/ financial derivatives and on the purchase thereof into the Company's own portfolio or into that of its employees or of other affiliated or interested persons;
- issue its client a recommendation on transactions with securities/ financial derivatives where the Company, its employees, affiliated or interested persons act as a contractual party;
- issue its client a recommendation with regard to securities/ financial derivatives and on transactions therewith so as to bring direct benefits to the Company, its employees and other affiliated or interested persons if the client executes the deal as recommended;
- issue its client a recommendation with regard to securities/ financial derivatives and on transactions therewith that do not correspond to client's interests and investment profile and are aimed at increasing the commission received by the Company;
- use the recommendation issued to a client on securities/ financial derivatives and transactions therewith to achieve Company's own investment strategies and to obtain deal terms that are advantageous to the Company;

- while developing personalized investment recommendations, use the confidential information provided by the client - which is material and may affect the benefit received by the Company, its employees, and by other interested or affiliated persons - to the detriment of client's interests;
- in provision of personalized investment recommendation, offer unequal conditions (advantages) to certain Company's clients unless they are determined by the contract's nature or by business practice norms;
- issue recommendations with regard to securities/ financial derivatives and on transactions therewith to different clients aimed at providing the biggest benefit solely to another specific client.

5.10. 5. Obligations of Employees

To avoid conflicts of interest Company's employees must:

- refrain from actions or decisions that may result in a conflict of interest;
- inform the Controller (Internal Controls Department) on outside jobs they have in other organizations;
- immediately report to the Company's Controller (Internal Controls Department) (employees of the Internal Controls Department) via the Conflict of Interest Notification any conditions that emerged and may result in a conflict of interest as well as any conflict of interest that has arisen, namely:
 - any holdings of shares/units in the authorized capital of legal entities;
 - any positions held at legal entities;
 - any remuneration received for one's involvement in the governing body of a legal entity;
 - any transactions with financial instruments;
 - any privately provided advice service on investment or trust management;
- notify the Controller (Internal Controls Department) on any circumstances that emerged and interfere with an independent and diligent execution of one's job duties

5.11. The system that determines the remuneration size (or other incentives) for Company's employees shall not create prerequisites for a conflict of interest between Company employees and clients.

The system that determines the remuneration size (or other incentive) is specified in an internal document that regulates labor relations and titled The Company Employees Bonus Policy.

5.12. The Company arranges for and ensures internal controls over the actions of departments and of specific employees who are involved in delivery, documenting and recording of deals and transactions between the Company and its client and in the development and provision of personalized investment recommendations and who have access to confidential information. These controls are necessary to protect rights and interests of clients and of the Company alike against errors or fraud by Company's employees that may damage both clients and the Company, harm its reputation, undermine rights and interests of clients or entail other negative consequences.

5.13. Conflict of Interest Prevention (Resolution)

5.13.1. The investment advisor must inform the client about a conflict of interest that has emerged or can potentially emerge.

5.13.2. The Company informs the client on a conflict of interest that emerges in the investment advisor's actions if:

- the provided personalized investment recommendation concerns the same securities (transactions therewith) as held by the investment advisor or in which he plans to trade;
- the personalized investment recommendation is provided by the investment advisor who is a party to a contract that is a financial derivative where the underlying assets are the securities described in the personalized investment recommendation;
- the provided personalized investment recommendation concerns the securities (transactions therewith) where the obligor is a person affiliated with the investment advisor;
- the provided personalized investment recommendation concerns deals with persons who are clients of the investment advisor or that will involve other clients of the investment advisor;
- the provided personalized investment recommendation concerns deals with third parties who are affiliated with the investment advisor or that will involve such third parties;
- the provided personalized investment recommendation concerns a securities transaction or a contract (that is a financial derivative) where – if the recommendation is executed – the investment advisor will be involved;
- the investment advisor is contracted by third parties to provide personalized investment recommendations for a fee.

5.13.3. A personalized investment recommendation must specify whether or not the investment advisor has any conflicts of interest (as listed above) at the time of service provision.

5.13.4. If an investment advisor is contracted by third parties to provide personalized investment recommendations for a fee, the investment advisor must notify the client thereof at the same time as the personalized investment recommendation is provided.

5.13.5. The Company shall be able to provide evidence that the client was notified on the existing conflict of interest.

5.13.6. The choice of the appropriate conflict resolution procedure is made by the Company's head and depends on the conflict nature.

5.13.7. If a conflict of interest arises, the Company undertakes all necessary and reasonable measures to resolve it in the best interest of the client and makes every effort to address its adverse effects for the client.

5.13.8. To address the adverse effects of the conflict of interest, the Company undertakes legitimate steps that are most suitable under the specific circumstances and with the purpose that the client's interest prevails over the Company's interest. However, the steps shall not permit the interests of the client affected by the conflict to prevail over interests of other clients.

VI. FINAL PROVISIONS

6.1. All Company employees must be made aware of and comply with the requirements hereof.

6.2. Following changes in the legislation or in NAUFOR standards (National Association of Securities Market Participants) and until the relevant update hereof, the Rules shall apply to the extent they are not in conflict with the legislation current at the time of application.

6.3. The Company discloses these Rules at its public web-site along with amendments and modifications hereof as and when required under the Russian Federation legislation.