



REGULATIONS ON MATRIX MANAGEMENT STRUCTURE OF SIMCORD

(Version 3.0)



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1. Introduction

The increased importance of information resources, hardware and software complexes, integration of products and services based on distributed ledger technologies and the competition on new markets surrounding it as well as the increase in the number of employees — all of that has led to a review of the management model of SIMCORD. Based on the principles of open management, the executives of SIMCORD have adopted the matrix organization management structure that ensures a more effective functional interaction between employees of structural units within the internal services and projects of the Company as well as management levels due to a well-designed management system. The matrix management structure of the Company is also aimed at promoting and organizing business transformation processes by introducing modern technologies and tools that help to promote companies in Ukraine and abroad, improve market positions, interact with customers and automate business processes.

All employees of the Company conduct their activity based on the principles of the matrix management structure in accordance with the mission of SIMCORD and its development strategy.

1.1. Objectives of the Matrix Approach

The main objectives of implementing the matrix approach in managing SIMCORD are:

- to ensure effective interaction between employees of different Activity Areas within a certain project or internal service in order to realize the set goals with a high level of quality and in due time;
- to establish complex coordination of works, quick response to external changes, flexible and efficient use of special knowledge and skills of employees;
- to ensure high level of quality of products and provided services within the external services of SIMCORD.

The objectives of the matrix approach to managing the Company for each Activity Area:

- **Finance and Controlling:**
 - to optimize the system of general coordination of actions to minimize expenses and increase financial performance;
 - to predict and prevent potential impact of possible negative external phenomena;
 - to rationalize the resource distribution of structural units to increase production capacity;
 - to control the achievement of set goals and plans as well as budget expenses and financial indicators of the Company;
 - to ensure the implementation of the activity plan to eliminate the impact of destructive phenomena on the Company's activities as part of the general security concept.
- **Project Supervision:**
 - to provide methodological, information and organization support of project management in the Company;
 - to implement stage-by-stage monitoring and supervision of the results from completing projects, to keep project reports;
 - to make managerial decisions based on the analysis of generalized information about the progress of project works as well as on the product quality control at all stages of its life cycle;
 - to improve the efficiency of resource planning by providing a system for managing and monitoring the workload of employees;
 - to build an efficient project management system in the Company based on continuous improvement of the methodology and processes of internal and external interaction.
- **Representative Relations:**
 - to support own services both domestically and internationally;



- to build and develop mutually beneficial business relations with Partners and Customers in the economic, legal and information fields;
- to attract investments for implementation of innovative projects and technological solutions of the Company.
- **Legal Supervision:**
 - to provide legal support regarding optimal actions in specific situations and under specific legislation;
 - to advise on the matters of copyright and related rights, copyright protection, trademarks and services;
 - to track and analyze regulatory and legal documentation on the matters of patenting and protecting intellectual property;
 - to register trademarks and patents in accordance with international legal norms.
- **Public Activity:**
 - to interact with international experts in economic and legal fields, exchange relevant information, experience and practical developments;
 - to comply with international regulations and standards for quick and optimal integration into the modern economic model;
 - to cooperate with representatives of various public and political organizations;
 - to create conditions for the development of hi-tech business.
- **Promotion of Brands, Products and Services:**
 - to use advanced marketing strategies to promote the products and services of the Company, to develop multi-level affiliate programs;
 - to increase the interest of users, Partners and Customers in the developments of SIMCORD;
 - to distribute information about the developments and hardware and software solutions of the Company by cooperating with various companies, organizations, higher education institutions and research centers;
 - to promote new activities of the Company.
- **Information Representation Activity:**
 - to analyze, classify, evaluate and distribute information in accordance with the political and ideological concept of the Company;
 - to implement a set of theoretical and practical tools in order to increase confidence in the Company;
 - to inform the employees of the Company and representatives of third-party organizations about any events and provide feedback.
- **Research and Development:**
 - to organize and conduct fundamental and applied research;
 - to participate in scientific events (congresses, conferences, roundtables, seminars and webinars) in order to exchange experience and promote distributed ledger technologies and digital assets;
 - to create favorable conditions to implement the results of scientific and research activity and to have practical application for the Company's products;
 - to conduct development and technical works in order to expand the scope of practical application of the Company's products as well as develop technologies for creating unique products of the Company.
- **Software Development:**
 - to develop internal infrastructure to test new technologies, introduce innovations and select the best solutions for the implemented projects;
 - to use advanced technologies for software development, optimize the entire development cycle and control quality at each stage as well as improve the released software products;
 - to create innovative products, which are the most demanded and relevant in the socioeconomic life of society.



- **Production Infrastructure:**
 - to develop an employee coordination system and internal infrastructure to ensure coordinated and well-timed actions at all levels;
 - to optimize business processes, which will allow increasing the effectiveness of all activities of the Company;
 - to study own production potential for the all-around development of the Company.
- **Social Development:**
 - to ensure that all business decisions made at all levels of management are ethical;
 - to ensure constant improvement of the employees' skills;
 - to provide an effective system for motivating employees and strengthen the horizontal ties within the Company;
 - to ensure a comfortable micro-climate within the Company.
- **Property Management:**
 - to organize the production environment of the Company;
 - to provide the engineering and technical support and supervision of the Company's events;
 - to create favorable conditions for the employees of the Company.

1.2. Terms and Definitions

You can find the list of terms and definitions in Appendix 3. Terminology of Regulations on Matrix Management Structure of SIMCORD.



2. Description of Matrix Management Organization

Matrix management structure of SIMCORD is the realization of the concept of building a “flexible” company that can easily improve its form of management providing a high level of adaptability to new conditions and challenges in business environment, therefore strengthening its position on both domestic and international markets opening new opportunities for development.

Special organizational units and projects formed out of employees of specific departments of various Activity Areas are created within the matrix management organization alongside functional departments, which, in turn, leads to simplification of the management model and increase in its effectiveness.

Matrix management structure of the Company implies the use of two forms of management:

- **vertical management** is a system of hierarchic organization of employees by the Activity Areas of the Company;
- **horizontal management** is a system for organizing employees of the Company in the form of internal services, external services and projects aimed at creating specific products with the expected level of quality and completing specific processes with the expected result.

Advantages of the matrix management system:

- distribution of management functions among managers responsible for the results of works (managers of projects, external services and internal services) and managers responsible for using material and technical resources and engaging employees of various Activity Areas when realizing approved plans and performing overall supervision of works;
- engagement of managers and specialists of all levels in the process of active research activity to increase the efficiency and quality of implementing tasks;
- clear division of responsibilities and authority in projects, external services and internal services;
- planning and budgeting of all units and work groups;
- business and administrative independence of units;
- high flexibility and adaptability of organizational units;
- integral transparent system of compensation rules based on the results of the completed work.

CEO and the Board of Directors ensure the efficient development of SIMCORD according to its mission and strategy.

Vertical Management is essentially a division of the organization structure into **Portfolios of Activity Areas**. Portfolios of Activity Areas of the Company are headed by **Deputy CEOs**, who provide the strategic management of the group of Activity Areas that are a part of the Portfolio of Activity Areas entrusted to them.

Activity Areas are headed by **Activity Area Directors**, who perform a set of actions and organizational measures to achieve strategic goals in these areas.

Each Activity Area can contain a number of departments and other structural units as well as their combinations, including affiliated companies.

A **department** consists of employees that are united by specializations and/or a set of specific skills and abilities. The main goal of the department is to provide horizontal management structures (internal services and projects) with specialized employees with certain expertise for completing the assigned tasks. **Heads of Departments** provide employees to internal services and projects as well as contribute to maintaining an optimal working environment in the departments they are in charge of.

Duties of Activity Area Directors and department employees are regulated by the corresponding Position Instructions and other regulatory documents.

Each Activity Area of the Company has **Activity Area Delegates**, whose main goal is to represent interests of employees of a specific Activity Area, introduce new ideas, initiatives and provide constructive criticism of activity in the area giving feedback to managers of the Company on



different levels and, therefore, form objective evaluations of the functioning of the Company's management system as a whole.

Horizontal management is essentially a functional system that consists of projects, internal services and the Project Management Office (PMO). **Internal services** are divided into **outside** and **inside** ones depending on the nature of activity.

Inside services ensure the effective infrastructure activity and smooth functioning of products and services providing the required resources and services to structural units, organizational units and projects of the Company.

Outside services ensure the interaction of third-party organizations with projects and other organizational units of the Company with regard to handling requests for performing certain works. Outside services process incoming requests and transfer them for further implementation to projects or inside services that are competent in handling incoming requests.

Any activity of the Company related to the creation of new products, external services and internal services is referred to as a project activity and organized in the form of a **project**. Activities for each project are performed by a specific project group that is formed out of employees from different Activity Areas with a specific amount of time given for the implementation of the project.

To ensure effective planning and supervision of project activity, methodological and administrative support for projects as well as to develop a project-oriented management system, the Company has organized a **Project Management Office**. Supervision of the activity of the Project Management Office employees related to project initiation, planning and implementation as well as compliance with the requirements of the corporate standard and methodology for project management is the responsibility of a **Head of the Project Management Office**.

In order to improve the efficiency of managing projects and project programs, they are combined into **Project Portfolios**. The activity of the Company's specialists involved in the Project Portfolio is aimed at achieving one of the Company's strategic goals.

The responsibility for the integrated development and management of products and services of the Project Portfolio as well as the analysis and control of the success of each of the projects included in the Portfolio rests with the **Project Portfolio Owner**.

All employees that perform their duties while working in organizational units conduct their activity in accordance with Role Instructions.

Managers of organizational units and Project Managers ensure the efficient completion of works and performance of actions in the unit they are heading to achieve the expected level of quality in due time.

A general description of the functional interaction of structural units with organizational units is given in Appendix 8. Interaction in Matrix Management Structure of SIMCORD.

A conceptual model of the matrix management structure of SIMCORD is shown in Figure 1.

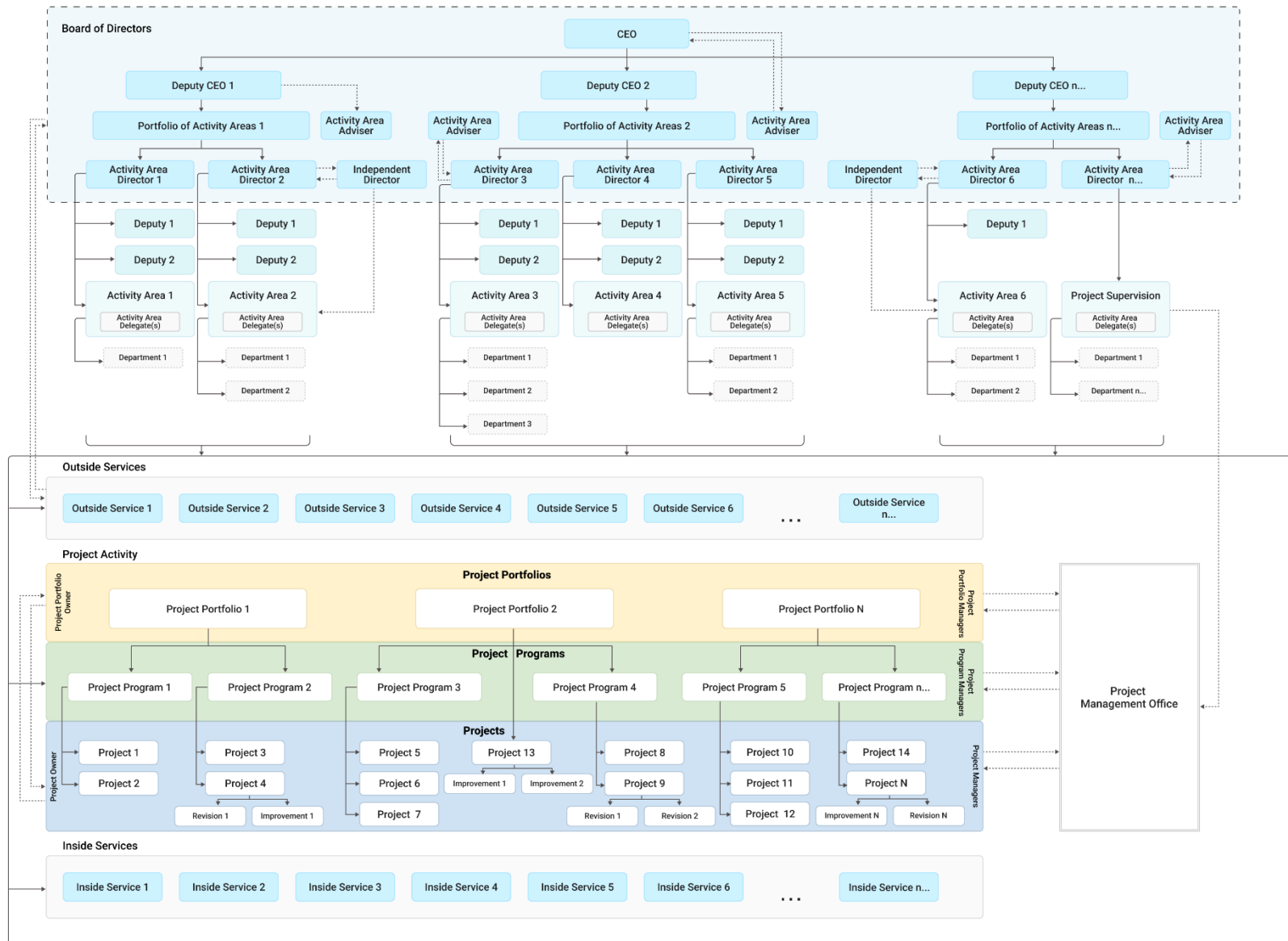


Figure 1. Conceptual model of the matrix management structure of SIMCORD



3. Vertical Management Structure

3.1. CEO

CEO is the highest administrative position in the Company, which allows managing the strategic development and performing the general supervision of the Company's activity as well as representing its interests both domestically and internationally.

Key functional tasks of a CEO:

1. Introducing the mission and goals of SIMCORD.
2. Forming and approving a development strategy.
3. Controlling the implementation of the development strategy.
4. Executing the role of the Chairperson of the Board of Directors.
5. Working with agreements and contracts.
6. Approving the developed activity plans.
7. Approving decisions of the Board of Directors on distributing the budget in accordance with the approved activity plans.
8. Performing the general supervision of adhering to plans, budgets as well as of organization of works and their quality.
9. Making quick decisions in case of emergencies.
10. Managing external risks.
11. Managing risks on the vertical and horizontal management levels of the Company.
12. Providing general supervision of the occupational health and safety management system.
13. Coordinating administrative and business activities.

CEO is a constant member of the Board of Directors.

The authority, rights and duties of a CEO are listed in the Position Instruction of a CEO.

3.2. Deputy CEO

Deputy CEO is an employee of the Company authorized to represent the CEO and the interests of the Company as a whole, who heads a Portfolio of Activity Areas, ensures strategic management and supervision of the group of Activity Areas included in the Portfolio as well as coordinates the business activity of the Company.

Key functional tasks of a Deputy CEO:

1. Introducing the mission and goals of SIMCORD.
2. Providing strategic management and supervision of the group of Activity Areas that is part of the headed Portfolio of Activity Areas.
3. Performing supervision of the business activity ensuring targeted and efficient use of material and financial resources.
4. Making sure reports on plan completion are drawn up in due time.
5. Carrying out representative functions.
6. Participating in supervision of the implementation of the development strategy.
7. Working with agreements and contracts.
8. Approving the developed activity plans.
9. Making decisions in case of emergencies.

Deputy CEO is a constant member of the Board of Directors.

The authority, rights and duties of a Deputy CEO are listed in the Position Instruction of a Deputy CEO.



3.3. Board of Directors

Board of Directors is a permanent body of collective production of managerial solutions aimed at ensuring the strategic development of the Company and general control of efficiency and performance in all Activity Areas.

Key functional tasks of a Board of Directors:

1. Developing strategies, goals and tasks.
2. Analyzing and approving plans for Activity Areas and organizational units.
3. Supervising the performance and correcting plans of Activity Areas and organizational units.
4. Approving budgets for the future for Activity Areas and organizational units.
5. Adjusting budgets for Activity Areas and organizational units.
6. Supervising and evaluating the results of activities for Activity Areas and organizational units after reviewing reports and documents of objective supervision (audit reports, third-party evaluations, expert reports and results of revision commissions).
7. Creating and terminating structural and organizational units.
8. Developing a risk map.
9. Making quick decisions in case of risky situations in managing the Company.

The authority, rights and duties of a Board of Directors are listed in the Regulations on a Board of Directors.

3.4. Independent Director

Independent Director is an expert acting under the bilateral agreement with the Company, who is a member of the Board of Directors as an observer, whose duties include advising on managerial decisions, participating in risk management and internal audit of a Portfolio of Activity Areas and/or specific Activity Area of the Company.

Key functional tasks of an Independent Director:

1. International representation of SIMCORD's interests.
2. Management advice for the Company and potential Customers and Partners.
3. Attracting field-specific specialists to receive advice and expert evaluations regarding the Company's activity.
4. Forming and presenting business concepts in developing Portfolios of Activity Areas and/or specific Activity Area.

An Independent Director acts within the competencies and authority listed in the bilateral agreement.

3.5. Portfolio of Activity Areas

Portfolio of Activity Areas is a combination of two or more Activity Areas of the Company that include structural and organizational units to effectively manage them and ensure the completion of strategic goals of the Company.

1. Activity Areas of the Company are combined within Portfolios of Activity Areas based on the field-specific functionality.
2. Portfolios of Activity Areas are created and terminated by the Board of Directors.
3. Each Deputy CEO that heads a Portfolio of Activity Areas is responsible for implementing the Company's development strategy as a whole as well as for specific Activity Areas and Specializations.
4. Each Portfolio of Activity Areas can have several Activity Areas.

The diagram of Activity Area Specializations, Activity Areas and Portfolios of Activity Areas of the Company is shown in Figure 2.



3.6. Activity Area

Activity Area is a combination of structural and/or organizational units aimed at performing a range of works in a specific field of the Company's activity as well as developing Activity Area Specializations and organizing the use of the Company's resources.

1. As part of an Activity Area, employees are united by specialization and/or a set of specific skills and abilities.
2. Activity Areas are created and terminated by the Board of Directors.
3. Each Activity Area functions according to the overall development strategy as well as to plans and budget agreed upon and approved by the Board of Directors.
4. Activity Areas can include various structural units, internal services, affiliated companies and their combinations.

The diagram of Activity Area Specializations, Activity Areas and Portfolios of Activity Areas of the Company is shown in Figure 2.

3.7. Activity Area Specialization

Activity Area Specialization is a set of works in a specific Activity Area of the Company based on the combination of experience and knowledge of the resources of structural and/or organizational units of the Company.

1. Activity Area Specializations (Fig. 2) are created and terminated by the Board of Directors.
2. Each Specialization characterizes a certain set of works in its Activity Area.
3. Functional duties within a Specialization are fulfilled by the resources of structural units that are part of the Activity Area engaging the necessary internal services of the Company.

The diagram of Activity Area Specializations, Activity Areas and Portfolios of Activity Areas of the Company is shown in Figure

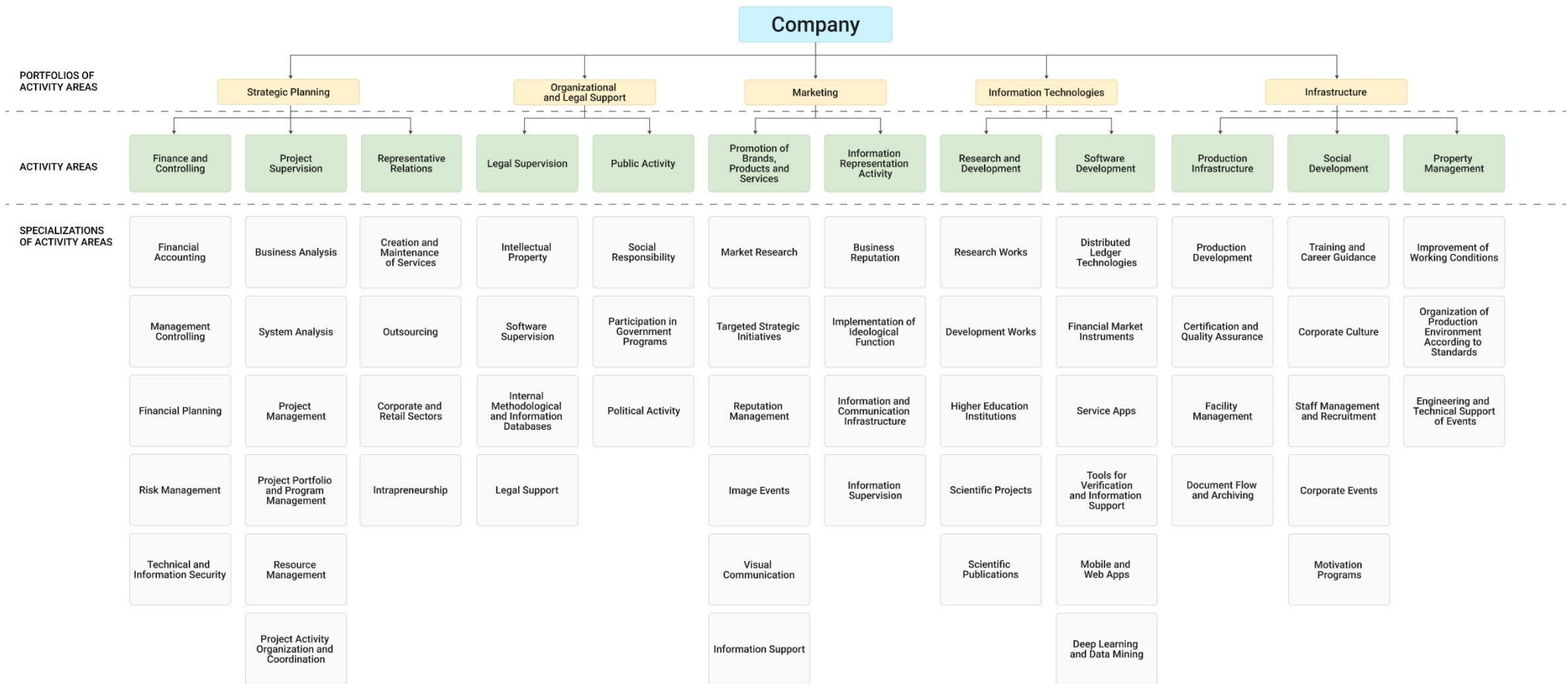


Figure 2. Schematic representation of Portfolios of Activity Areas, Activity Areas and Activity Area Specializations of SIMCORD



3.8. Description of Portfolios, Activity Areas and Specializations

3.8.1. Portfolio “Strategic Planning”

The activity of SIMCORD is based on tactical and strategic planning: development and approval of a development strategy of the Company as a whole, financial planning and supervision of the completion of plans, the indicators of which are used for analytical research of the pace of the Company’s development.

3.8.1.1. Activity Area “Finance and Controlling”

In order to ensure financial stability, increase production potential and, therefore, increase social and economic activity indicators, SIMCORD has implemented a system for formation, distribution and efficient use of financial resources, as well as a comprehensive system of quality support and implementation of management decisions through threat control, risk accounting, and using opportunities.

- **Specialization “Financial Accounting”**

In the interest of SIMCORD, all levels of management make immediate decisions on optimizing expenses and planning the budget. Systematic analysis of the financial and economic state of the Company as well as tax accounting in accordance with International Financial Reporting Standards (IFRS) is conducted, which overall allows for a comprehensive approach to performing quality financial accounting.

- **Specialization “Management Controlling”**

To find ways of optimizing business processes, improving work efficiency and achieving strategic goals, SIMCORD has implemented a monitoring system that allows controlling the achievement of set goals and plans as well as budget expenses and financial indicators, which is generally aimed at ensuring the Company’s sustainable development.

- **Specialization “Financial Planning”**

One of the goals of SIMCORD is stable financial development, optimization of the general coordination of actions of the Company both domestically and internationally as well as rational distribution of its resources. To that end, the Company’s specialists determine the future amount of available financial resources and predict the direction of the potential development of the Company.

- **Specialization “Risk Management”**

In order to minimize the impact of various external and internal threats as well as to avoid the influence of all possible destructive phenomena on its activity as a whole, SIMCORD applies a system for managing risks of any nature. The Company’s specialists study the nature and features of their emergence and, based on their analysis and evaluation, develop specific methods and techniques for predicting them in order to make managerial decisions on ensuring the maximum level of security.

This risk management system allows SIMCORD to take complex measures to prevent external security threats for the Company.

- **Specialization “Technical and Information Security”**

To ensure the high level of technical and information security, SIMCORD integrates security systems of various levels based on the latest solutions in the field of technical security into a single managed complex. The Company’s specialists regularly monitor the operation of this complex checking if it needs to be updated or improved as well as apply modern hardware and software means and approaches to managing the system for protecting information and ensuring its integrity.

3.8.1.2. Activity Area “Project Supervision”

SIMCORD conducts project activity in order to create and promote the products and services developed by the specialists in accordance with the stages of realizing its strategy. It envisions the achievement of specific results through methodological and organizational support of project management.



Project supervision includes the stage-by-stage control of projects, development of the information system for planning and monitoring projects as well as formation and analysis of reports.

- **Specialization “Business Analysis”**

The specialists of SIMCORD conduct a set of works on determining and developing an optimal solution for the interested parties, which allows achieving the set goals. The works are performed using the methods of business analysis on searching, generalizing and analyzing the information from various sources, such as tools, processes, documentation and interested parties, in order to identify the real needs and objectives, determining the main tasks and ways of solving them, ensuring the correspondence of the designed and implemented solution to the initial needs of the interested parties.

- **Specialization “System Analysis”**

When implementing projects, SIMCORD applies system analysis, a set of works performed in order to determine and record the optimal way of implementing the functional and technical requirements for the developed software systems when researching and designing them accounting for the unique operation features of such software systems, their architecture as well as the used technologies and platforms.

- **Specialization “Project Portfolio and Program Management”**

In order to manage project activity in a comprehensive manner and ensure the most efficient implementation of the Company’s projects, projects and other activities aimed at achieving the overall outcome are combined into project programs, which, in turn, are grouped into Project Portfolios according to the overall orientation towards a specific strategic goal. The comprehensive management of project programs and Project Portfolios consists in making managerial decisions based on the analysis of generalized information about the progress of project works as well as on the product quality control at all stages of its life cycle.

- **Specialization “Resource Management”**

In order to ensure the rational use of resources, SIMCORD has developed a system for managing and monitoring the workload of employees. This system allows improving the efficiency of resource planning, providing the ability to manage the distribution of the workload of employees with its subsequent balancing or, if necessary, initiating the search for new employees with the required skills.

- **Specialization “Project Activity Organization and Coordination”**

Development, implementation and continuous improvement of the methodology for managing projects and processes of interaction of the Project Management Office with other structural and organizational units of the Company are the fundamental factors that allowed the Company to build an efficient project management system.

- **Specialization “Project Management”**

To ensure optimal production management, SIMCORD’s specialists have developed a project management system that combines modern approaches and practices meeting world standards as well as experience gained by the Company’s specialists during the entire period of project management.

3.8.1.3. Activity Area “Representative Relations”

SIMCORD creates, maintains and develops business relations in the business environment and scientific circles using its representative segment of promoting the products and services of the Company through building connections as well as coordination and interaction of the Company’s representatives in various fields.

- **Specialization “Creation and Maintenance of Services”**

In order to ensure the high quality of service and support for Customers, Partners and users of products and services of SIMCORD, its specialists create trade and information services, the use of which increases the quality of service and reduces the time it takes to respond to the changes in the relevant trends of the business environment.

- **Specialization “Outsourcing”**

In order to complete tasks in time and introduce the specialists engaged in large-scale projects



to its unique products and services, the Company implemented a mechanism of internal and external outsourcing.

- **Specialization “Corporate and Retail Sectors”**

SIMCORD is promoting and integrating its products and services among representatives of corporate and retail sectors.

- **Specialization “Intrapreneurship”**

SIMCORD creates unique solutions to develop the existing products and services or new Activity Areas of the Company designed due to the conditions created in the Company for developing initiatives and using technologies for exploring new activity fields using internal resources.

3.8.2. Portfolio “Organizational and Legal Support”

SIMCORD conducts its activity in carrying out analytical research, preparation and drafting scientific, legal and expert opinions as well as in preparing documents for registration and protection of copyright to its products. Field-specific specialists of the Company ensure advisory and legal supervision of internal services and departments as well as their compliance with international legal standards.

3.8.2.1. Activity Area “Legal Supervision”

The activity of SIMCORD is supported by a comprehensive legal support regarding the organization of its work on all levels of legal relations, which allows supporting and coordinating its operation within the legal framework. This Activity Area of the Company defines a complete legal supervision of the Company’s business activity, a set and algorithm of certain actions on resolving legal matters as well as protection and representation of the Company’s interests in all fields.

- **Specialization “Intellectual Property”**

A set of works aimed at determining the objects of copyright and industrial property, their security and protection in order to establish exclusive rights of the Company to its own products and services, which are based on integrating own innovative technologies into industrial and hardware complexes, as well as at increasing brand recognition, which overall contributes to promoting scientific and technical innovations internationally and confirms the rights to the objects of intellectual property of SIMCORD.

- **Specialization “Software Supervision”**

The specialists of the Legal Department provide legal support at all stages of developing software as well as conduct constant monitoring of changes in laws of various countries, which allows the Company to create products that fully meet all international legal standards.

- **Specialization “Internal Methodological and Information Databases”**

In order to increase productivity as well as form a strong corporate culture, which together contribute to the implementation of a business strategy, SIMCORD uses corporate information space, the main objective of which is to ensure a quick and effective data exchange. A set of tools was developed for proper operation of this space, which includes everything from a structured database available to each employee to a feedback system for managers.

- **Specialization “Legal Support”**

SIMCORD organizes and enables the activity of the Company’s lawyers aimed at resolving legal issues related to legal regulation, which is done by using the knowledge and skills of the legal experts in order to provide comprehensive legal support for the Company: legal supervision of the Company’s activity, advice and explanations on various legal matters, drafting of service and other documents of legal nature, protection and representation of the Company’s interests in courts and other state bodies.

3.8.2.2. Activity Area “Public Activity”

In order to exchange the relevant information, experience and practices as well as to present own developments, SIMCORD organizes and holds various events, such as seminars, forums,



webinars, roundtables, conferences, etc. Representatives of the Company also participate in international exhibitions of scientific and technological achievements and various conferences.

SIMCORD develops various programs of supporting social initiatives and provides financial support, which is implemented as part of this Activity Area of the Company.

- **Specialization “Social Responsibility”**

SIMCORD creates innovative products using all of its intellectual and material resources to achieve its goals and accomplish its mission.

One of the Company’s main goals is creating the conditions for the development of hi-tech business and, as a result, improving the quality of social life, which indicates a high level of social responsibility of the Company.

- **Specialization “Participation in Government Programs”**

SIMCORD studies trends of global economy and participates as an expert and adviser in the framework of legislative activity of the countries that see real prospects for the development of economy based on open distributed ledgers, thereby choosing a progressive path for development.

- **Specialization “Political Activity”**

In order to promote its innovative solutions both domestically and internationally, SIMCORD selected the relevant legislative initiatives to be part of its activity.

The Company works in this field using the corresponding mechanism envisioned by constitutions of many countries, which contributes to a faster realization of advantages of new trends of developing and adopting the relevant regulations and laws.

3.8.3. Portfolio “Marketing”

In order for SIMCORD to achieve its goals, each development stage has a global marketing strategy that reflects the desire to implement the idea and complete the mission. The process of attracting new users, Customers and Partners of the Company is based on marketing principles related to innovations, planning, market research and comprehensive promotion of products and services.

3.8.3.1. Activity Area “Promotion of Brands, Products and Services”

A set of marketing actions developed and implemented by SIMCORD is aimed at increasing the recognition of the Company’s brands, which, in turn, contributes to establishing trust-based relations with Customers, Partners and users of its products and services as well as expanding the target audience and strengthening business reputation. The Company uses innovative methods and tools of promoting products and services, which allows illustrating their value and uniqueness. As a result of systematic marketing in this Activity Area, the significance of the Company’s brands increases considerably due to their objective advantages on the market.

- **Specialization “Market Research”**

The Company has developed and integrated a regularly updated information and analytical system in order to make marketing and managerial decisions, which contribute to effective international promotion of the products and services of SIMCORD.

Systematic search, collection and analysis of information allow developing a strategy and tactic for promoting the products and services of SIMCORD taking into account the identified and potential factors and conditions of the market as well as the prospects for the Company’s development as a whole.

- **Specialization “Targeted Strategic Initiatives”**

In order to generate marketing strategies and innovative solutions as well as increase the quality of the existing products and services by researching the demands of the market and Customers, the Company develops and implements targeted strategic initiatives that contribute to strengthening the position of the Company in the field of innovative developments in information technologies.

- **Specialization “Reputation Management”**

The methods and approaches applied by SIMCORD to create, maintain and manage its image



and reputation allow carrying out a systematic goal-oriented management of the Company's reputation for proper representation of the business, effective management of its information space, preventing and avoiding potential risks as well as signifying its achievements.

- **Specialization "Image Events"**

In order to establish and develop contacts with representatives of business, government bodies, potential Customers and Partners, SIMCORD participates in, organizes and initiates various events, such as conferences, roundtables, presentations, seminars and forums. Overall, this Specialization is aimed at improving the reputation and increasing the brand recognition and interest in the products and services of the Company as well as at forming the high level of loyalty from consumers.

- **Specialization "Visual Communication"**

To ensure the successful implementation of marketing strategies, improve the quality of products and services as well as promote the Company's brands, SIMCORD has developed a corporate visual language that contributes to establishing positive visual and emotional contact of Customers, Partners and users with the Company's products and services.

- **Specialization "Information Support"**

In order to effectively promote its developments and raise the general awareness, SIMCORD has implemented comprehensive information support systems aimed at developing successful long-term relationship with Customers, Partners and users of its products and services.

3.8.3.2. Activity Area "Information Representation Activity"

SIMCORD uses a systematic approach to the information representation activity through the operation of a single information center for the purpose of collecting, systematizing, analyzing information flow data as well as working with internal and external participants in communication processes towards maintaining the reputation of the Company's representatives, members of the Board of Directors and the Company as a whole. The information and communication infrastructure development contributes to efficient implementation of the ideological function and mission according to the general philosophy of the Company as well as to interaction with external environment, feedback provision and formation of SIMCORD's complete image.

- **Specialization "Implementation of Ideological Function"**

In order to implement the ideological function, SIMCORD has developed and applies special criteria for analyzing information received by the single information center. In accordance with the political and ideological concept of the Company, the received information is analyzed, classified and evaluated, based on which it is used to predict possible reputational risks and respond to them and then distribute specific data to other structural units.

- **Specialization "Business Reputation"**

A set of theoretical and practical tools created and implemented in SIMCORD is aimed at evaluation of its overall activity by the external environment representatives, which increases the confidence in the Company when establishing partnership.

- **Specialization "Information and Communication Infrastructure"**

One of the important goals of SIMCORD is to increase the efficiency of internal and external communication processes aimed at developing the corporate and external information space. The use of various communication channels allows providing timely information about any events to the Company's employees and representatives of third-party organizations as well as receiving feedback.

- **Specialization "Information Supervision"**

The use of various communication channels allows providing timely information about any events to the Company's employees and representatives of third-party organizations as well as receiving feedback.



3.8.4. Portfolio “Information Technologies”

SIMCORD conducts scientific and research activity and uses hi-tech when developing software and analytical complexes. The developments of the Company in designing and implementing hardware and software complexes overall help develop the IT infrastructure for implementation of new technologies.

3.8.4.1. Activity Area “Research and Development”

In order to ensure the effectiveness of research and development, SIMCORD accumulates and engages all required resources. The application of the results obtained by the Company’s specialists is the main proof of demand for scientific achievements.

- **Specialization “Research Works”**

SIMCORD offers innovative solutions that are based, first and foremost, on scientific research, which include works of theoretical, exploratory and experimental nature, as well as on the obtained practical results. Based on new principles and research methods studied by specialists, the overall increase in the volume of theoretical knowledge and prediction of development of scientific areas, the Company determines promising ways of applying new phenomena and patterns.

- **Specialization “Development Works”**

In order to confirm the ability and areas of practical application of the Company’s products as well as their proper operation, the employees of SIMCORD conduct development works. Carrying out all stages of such works allows not only performing all the relevant processes, but also creating the tools required for making unique products.

In order to conduct such works, the Company’s specialists compile design and technological documentation as well as create and test product samples according to the specification requirements.

- **Specialization “Higher Education Institutions”**

In order to develop and popularize new methods of teaching the principles of operation of economic models based on distributed ledger technologies, SIMCORD initiates and develops partnerships with higher education institutions.

- **Specialization “Scientific Projects”**

SIMCORD realizes its own scientific projects and actively develops relations with the international scientific community, for which it participates in scientific projects that are initiated and held by third-party organizations and Partners. As a result, the Company’s specialists gain valuable experience, while the Company itself shares its scientific achievements with the community.

- **Specialization “Scientific Publications”**

In order to promote the development and scientific research of SIMCORD in international scientific circles as well as the mission of the Company as a whole, scientific and research works are published in specialized periodicals and on field-specific Internet resources. Meanwhile, the Company publishes methodological manuals and monographs, the distribution of which contributes not only to establishing and developing new professional contacts with scientists, but also to integrating the Company’s ideas with the global scientific idea.

3.8.4.2. Activity Area “Software Development”

SIMCORD has an established and developed internal infrastructure for testing new technologies, introducing innovations and selecting optimal solutions for the implemented projects.

In order to increase the quality of its products, the Company uses the most advanced technologies for software development, conducts works on optimizing the entire development cycle and performs stage-by-stage quality control from the formation of requirements to integration and acceptance testing.

- **Specialization “Distributed Ledger Technologies”**

SIMCORD’s specialists develop software for information economy, the most rapidly developing branch of the digital economy. To that end, the Company uses its intellectual resources, many years of research experience and practical results that were turned into unique solutions,



technologies and products based on distributed ledger technologies, which are currently the most highly demanded in many areas of socioeconomic life of society.

- **Specialization “Financial Market Instruments”**

SIMCORD develops and supervises software complexes for financial markets including exchange and margin trading, liquidity aggregation, drafting of reports for financial regulators, AML/KYC solutions, risk evaluation and market analysis instruments.

- **Specialization “Service Apps”**

In order to provide the advantages of service apps, the Company’s specialists develop special software for managing personal data, convenient way of receiving information support and connecting additional services.

- **Specialization “Tools for Verification and Information Support”**

SIMCORD conducts its activity on creating adaptive systems for verifying Customers and automating data processing as well as for ensuring interactive technical and information support. To guarantee the security of the conducted operations and strict adherence to international anti-money-laundering standards as well as the comprehensive information and advisory supervision, the Company developed the tools for modern systems for verification and tech support.

- **Specialization “Mobile and Web Apps”**

SIMCORD’s specialists develop web and mobile apps that provide Customers with a user-friendly interface for quick and convenient access to the functionalities of applications and services. Extra attention was paid to adapting the user interface to mobile devices for the most productive use of the products and services of the Company by Customers on tablets and smartphones.

- **Specialization “Deep Learning and Data Mining”**

This Specialization of the Activity Area allows developing algorithms and software for data processing using modern machine learning technologies.

3.8.5. Portfolio “Infrastructure”

In order to create the physical conditions that ensure the effective operation of SIMCORD’s resources and maintain production as a whole in accordance with the requirements of modern standards as well as to support and perform works on satisfying business and social demands, the Company organizes the activity of the relevant units.

3.8.5.1. Activity Area “Production Infrastructure”

SIMCORD ensures an uninterrupted operation of the provided services as well as comprehensive service of the main production in accordance with the requirements for the released products and services by using the necessary technical equipment, organizing business processes and functional capabilities of hardware and software complexes.

- **Specialization “Production Development”**

In order to achieve the high effectiveness of its activity, SIMCORD built a modern financial and economic model based on the optimal combination of capabilities, available production resources and qualification of employees, which allows completing production tasks in time while using as little resources as possible.

The Company uses this model in order to analyze the potential impact of internal and external forces on production, business operations, re-training of employees and acquisition of production resources.

- **Specialization “Certification and Quality Assurance”**

This Specialization of SIMCORD is aimed at implementing and maintaining modern work methods and standards, managing adherence to them as well as ensuring the interaction of the Company with the relevant regulating and certifying bodies.

- **Specialization “Facility Management”**

In order to use own products and solutions for organizing new economic relations between representatives of smart communities, SIMCORD conducts a set of actions in order to efficiently use



material and human resources of the Company.

- **Specialization “Document Flow and Archiving”**

Maintenance and control of the system for electronic document flow in SIMCORD allows effectively working with documented information to ensure the normal operation of the Company, using it for publications on official information resources following all procedures as well as for further storage accounting for all existing and new norms and standards. Meanwhile, the established archiving process, if needed, provides the ability to restore the operation of recording, controlling and systematizing the gained experience, especially for learning.

3.8.5.2. Activity Area “Social Development”

SIMCORD implements internal social programs that include the following areas: social protection, business cooperation, creation and support of a comfortable psychological climate as well as of favorable working and resting conditions for employees.

- **Specialization “Training and Career Guidance”**

SIMCORD implements the programs for improving the qualification of employees of all Activity Areas. The Company organizes internal seminars and training for its staff performed by the specialists of the Company or invited experts. The Company’s employees also attend conferences in various countries, which ensures their professional growth and allows exchanging experience with foreign colleagues.

- **Specialization “Corporate Culture”**

In order to harmonize the external and internal images, SIMCORD has certain communication principles that allowed forming a socially responsible behavior of all employees. An integral system of values that is important in the corporate culture of the Company regulates the relations among employees and the ethics of the business decisions made at all levels of management.

- **Specialization “Staff Management and Recruitment”**

SIMCORD works on staff management and recruitment using internal programs for motivation, training and improving the qualification of employees.

To expand its staff, the Company uses modern instruments finding, introducing and supervising new employees while they adapt.

Staff recruitment and management are realized as a set of specialized programs that include psychological tests, development of competencies of employees, creating conditions for professional growth, maintaining a favorable microclimate in the team and improving the corporate culture.

- **Specialization “Corporate Events”**

In order to ensure the effectiveness of teambuilding, SIMCORD regularly holds various thematic corporate events. Informal environment contributes to psychological ease of employees, establishing trust, motivating and strengthening horizontal ties in the Company.

- **Specialization “Motivation Programs”**

SIMCORD uses various motivation programs based on both classic and modern methods, the combination of which forms a flexible and multifaceted mechanism for motivating employees. The research of external and internal factors that affect the drive towards highly effective performance of the entire team and each employee of the Company individually allowed identifying a correct approach to staffing policy, which became the foundation for the harmonious balance of interests of SIMCORD and its employees.

3.8.5.3. Activity Area “Property Management”

To ensure the uninterrupted and complete operation of its resources, SIMCORD conducts non-commercial activity aimed at creating and supporting the necessary physical and technological conditions, the combination of which ensures the effective performance of the Company as a whole. In particular, property management includes recording of physical values of the office infrastructure, monitoring of their condition, purchasing, supervising their use, etc.

- **Specialization “Improvement of Working Conditions”**

In order to create the most favorable working conditions, the workplaces of SIMCORD’s



employees are equipped with modern furniture and devices. There are sport areas and comfortable resting areas in the office, which ensures a positive emotional atmosphere throughout the entire workday.

- **Specialization “Organization of Production Environment According to Standards”**

This set of programs applied in SIMCORD is aimed at ensuring and monitoring the fulfillment of existing legislative and normative requirements for labor protection, fire and electric safety, which enables proper operation and maintains the production environment of the Company.

- **Specialization “Engineering and Technical Support of Events”**

In order to ensure the organization of events of various levels and scale, SIMCORD uses a system of comprehensive engineering and technical support of any difficulty that ensures the implementation of the entire cycle based on the set requirements: coordination of technical requirements for the event, interaction with external contractors and representatives of third-party organizations, preparation of indoor and outdoor venues and comprehensive supervision of the relevant tasks.

3.9. Activity Area Director

Activity Area Director is an employee of the Company, who ensures the organization and strategic development of the Activity Area entrusted to him/her.

Activity Area Director heads one Activity Area.

Key functional tasks of an Activity Area Director:

1. Representing the mission and goals of SIMCORD.
2. Supervising the implementation of the Company’s development strategy.
3. Participating in discussions and approval of development plans for the Activity Area and project budgets.
4. Participating in planning and allocating material and non-material resources for the completion of tasks within the headed Activity Area.
5. Supervising adherence to plans, budgets and quality of work of departments and organizational units in both vertical and horizontal management systems in the entrusted Activity Area.
6. Supervising the organization and performance of works of a specific Activity Area.
7. Participating in making quick decisions in case of emergencies in the Company.
8. Organizing the training of the managers of structural units that are part of a specific Activity Area and the managers of organizational units in the horizontal management system.
9. Initiating projects in the entrusted Activity Area and/or other Areas.
10. Interacting with the Activity Area Delegates in order to objectively evaluate the functioning of the management system and provide feedback on the Activity Area.
11. Managing risks of the headed Activity Area.
12. Working with administrative and financial documents.

Activity Area Directors are constant members of the Board of Directors.

The vertical management structure of the Company envisions the ability to appoint several Deputy Activity Area Directors. The number of deputies varies depending on functional duties of the Activity Area Director based on the goals of the Company and the number of specializations in the headed Activity Area.

The authority, rights and duties of an Activity Area Director are listed in the Position Instruction of an Activity Area Director.



3.9.1. Deputy Activity Area Director

Deputy Activity Area Director is an employee of the Company authorized to represent the Activity Area Director and supervise the entire cycle of tasks within the Activity Area.

Deputy Activity Area Director participates in distributing resources of the Activity Area and is an authorized representative of the Activity Area Director.

The authority, rights and duties of a Deputy Activity Area Director are listed in the Position Instruction of a Deputy Activity Area Director.

The changes to the authority and responsibilities of a Deputy Activity Area Director are made according to the orders of the relevant Activity Area Director.

3.10. Adviser

Adviser is an expert acting under the bilateral agreement with the Company authorized to be a consultant in a specific field, in particular on providing personalized information support to a specific employee, as well as to supervise Activity Areas of the Company.

Key functional tasks of an Adviser:

1. Interacting with representatives of the Company to solve tasks in the Activity Areas in order to form objective evaluations and solutions.
2. Advising on setting goals and planning tasks as well as completing them.
3. Participating in the optimization and increase in efficiency of the development of the Company.

An adviser acts within the competencies and authority stipulated in the bilateral agreement.

3.11. Activity Area Delegate

Activity Area Delegate is a role of a Company's employee elected by the employees of a certain Activity Area of the Company, who has the authority to represent their interests on various levels of the Company's management.

Key functional tasks of an Activity Area Delegate:

1. Representing interests of employees engaged in a specific Activity Area.
2. Introducing new ideas and initiatives for the development of the represented Activity Area.
3. Presenting constructive criticism and propositions regarding the projects within the represented Activity Area.
4. Interacting with the managers of the Company on various levels about all the issues of a specific Activity Area.
5. Participating in resolving potential conflicts.
6. Developing and performing actions on promoting the bond between the staff members and maintaining healthy psychological climate.

The number of Delegates of a specific Activity Area is determined by the Board of Directors of the Company.

The authority, rights and duties of an Activity Area Delegate are listed in the Role Instruction of an Activity Area Delegate.

3.12. Department

Department is a structural unit of the Company that unites employees according to their specialization and specific set of skills and abilities.

The main goal of a department is to provide projects and organizational units of the Company with employees with specific skillset.

1. Departments are created and terminated by the Board of Directors.



2. Departments operate according to plans and budgets agreed upon and approved by the Board of Directors.
 3. Departments operate in accordance with the Regulation on Departments.
- A conceptual model of SIMCORD's departments is presented in Figure 1.

3.12.1. Head of Department

Head of Department is an employee of the Company organizing the workflow and efficient use of department resources to complete tasks in accordance with the needs of projects and organizational units.

Key functional tasks of a Head of Department:

1. Providing projects and organizational units with field-specific employees of the headed department.
2. Supervising the completion of tasks as well as providing advisory support to employees of the headed department.
3. Forming the budget of the department, operation plan as well as plan for professional development of the department's employees.
4. Organizing and supervising the completion of the department's operation plan.
5. Managing risks of the headed department.
6. Working with administrative and financial documents.

The authority, rights and duties of a Head of Department are listed in the Position Instruction of a Head of Department.

3.12.2. Deputy Head of Department

Deputy Head of Department is an employee of the Company, who is an authorized representative of the Head of Department within the framework of the department's activity.

The authority, rights and duties of a Deputy Head of Department are listed in the Position Instruction of a Deputy Head of Department.

A Head of Department has the right to delegate authority and responsibilities to a Deputy Head of Department.

The vertical management structure of the Company envisions the mandatory selection and appointment of a Deputy Head of Department if the department has more than three employees.



4. Horizontal Management Structure

Decentralized coordination of actions of the existing organizational units occurs within the horizontal management structure of the Company.

Managers of organizational units make decisions regarding the organization of tasks and actions on completing the approved plans and using the budget and resources allocated for that purpose. If there is a need to allocate additional resources (outside the allocated budget) and adjust the operation plans, the managers of organizational units must get the approval of all the changes from Activity Area Directors in charge of a particular organizational unit.

Project Managers get approval of attracting additional resources and/or adjusting operation plans within projects from Project Portfolio Owners and/or the Customer of the relevant projects.

If a third-party organization acts as the Customer, communication regarding the need to make changes is mediated by the outside service, the area of responsibility of which includes ensuring interaction between third-party organizations and other organizational units of the Company.

The evaluation of performance of organizational units in the horizontal management structure is carried out by the Board of Directors based on the reports of conducted audits, reports on the implementation of operation plans as well as reports on the metrics and means of objective supervision. All the managers in the horizontal management structure, in accordance with the Quality Manual, must collect the metrics on the processes in the organizational unit entrusted to them as well as prepare reports for the Board of Directors.

4.1. Inside Service

Inside Service is an organizational unit, the goal of which is to ensure infrastructure activity in both vertical and horizontal management systems of the Company as well as effective and uninterrupted functioning of its products and services.

The main goals of an inside service are to provide resources and services to structural units, projects and other organizational units according to their needs in time as well as to monitor and support the functioning of the Company's products and services on an ongoing basis.

1. Inside services perform one or several processes in accordance with the Regulation on Inside Services.
2. Inside services are created and terminated by the Board of Directors.
3. Inside services operate in accordance with the approved plans and budgets.
4. Inside services may include employees of one or several departments from various Activity Areas.

A conceptual model of SIMCORD's inside services is presented in Figure 1.

4.1.1. Inside Service Manager

Inside Service Manager is an employee of the Company, who ensures the effective management and organization of completion of tasks related to the inside service's activity.

Key functional tasks of an Inside Service Manager:

1. Independently making tactical decisions to ensure effective and uninterrupted operation of the entrusted inside service within the limits of the approved plans and budgets.
2. Preparing the budget and operation plan of the inside service.
3. Organizing the operation plan as well as supervising the completion of the operation plan of the inside service.
4. Identifying and analyzing risks, taking measures in case of risks and controlling risks of the headed inside service.
5. Working with administrative and financial documents.



The authority, rights and duties of an Inside Service Manager are listed in the Role Instruction of an Inside Service Manager.

4.2. Outside Service

Outside Service is an organizational unit, the goal of which is to ensure the complex interaction of third-party organizations with organizational units of the Company in order to fulfil requests for performing certain works.

Outside services are organized when a third-party organization or a person who is not an employee of the Company acts as the Customer of certain works.

The main goals of an outside service are to process and systematize requests from third-party organizations as well as to transfer requests to projects or inside services in cases where handling requests is beyond the competence of the outside service.

1. Outside services interact with third parties or third-party organizations regarding certain works.
2. Outside services perform one or more processes in accordance with the Regulation on Outside Services.
3. Outside services are created and terminated by the Board of Directors.
4. Outside services operate in accordance with the approved plans and budgets.
5. Outside services may include employees of one or several departments from various Activity Areas.

A conceptual model of SIMCORD's outside services is presented in Figure 1.

4.2.1. Outside Service Manager

Outside Service Manager is an employee of the Company, who is a representative of a third-party organization and ensures the supervision of implementation as well as the coordination of delivery of results on requests for performing certain works to projects and inside services of the Company.

Key functional tasks of an Outside Service Manager:

1. Ensuring communication between third-party organizations and organizational units of the Company.
2. Supervising and coordinating the delivery of work results on incoming requests.
3. Constructive interaction with third-party organizations in order to ensure timely coordination of actions of all workers at all levels and respond to the changes in the conditions of internal and external environments.
4. Preparing the budget and operation plan of the outside service.
5. Organizing the works and activities as well as supervising the completion of the operation plan of the outside service.
6. Working with administrative and financial documents.

The authority, rights and duties of an Outside Service Manager are listed in the Role Instruction of an Outside Service Manager.

4.3. Project Management Office

Project Management Office is an organizational unit of the Company, which ensures planning and supervising the project activity, methodological and administrative support, developing a project-oriented management system, managing Project Portfolios, managing individual cross-functional projects and project programs.

1. Project Management Office reports to the CEO and the Deputy CEO for Strategic Planning.



2. Project Management Office ensures the management of projects as well as their implementation and coordination in accordance with the approved development strategy of SIMCORD.
3. Project Management Office operates in accordance with the Regulation on a Project Management Office.
4. Project Management Office may include employees of one or several departments from various Activity Areas.

4.3.1. Head of the Project Management Office

Head of the Project Management Office is an employee of the Company whose duties include monitoring and supervising the management and implementation of projects and programs, developing, implementing and monitoring compliance with corporate standards, policies and methodologies as well as developing and implementing a strategy for the PMO development.

Key functional tasks of a Head of the Project Management Office:

1. Ensuring the stable and uninterrupted operation of the Project Management Office by making managerial decisions with regard to its functioning.
2. Organizing and supervising the development and implementation of principles, methods and processes for the project activity management.
3. Monitoring compliance with corporate standards and methodologies in project management.
4. Participating in the processes related to prioritization of the Company's projects.
5. Determining resources to fill the role of the Project Manager in initiated projects.
6. Training and advising the Company's employees on corporate standards and project management methodology.

The authority, rights and duties of a Head of the Project Management Office are listed in the Role Instruction of a Head of the PMO.

4.3.2. Project Portfolio Manager

Project Portfolio Manager is an employee of the Company whose duties include analyzing, managing, supervising the implementation and coordinating the projects, programs and other project works within the Portfolio, redistributing labor resources between them and forming comprehensive periodic reports.

Key functional tasks of a Project Portfolio Manager:

1. Supervising the implementation, balancing and coordinating the projects and project programs included in the Portfolio in order to achieve results consistent with the Company's strategic goals.
2. Supervising the provision of projects and project programs included in the Portfolio with the necessary amount of resources.
3. Identifying, assessing and analyzing the risks that affect the implementation of projects and project programs included in the Portfolio.
4. Developing a management system for the Project Portfolio taking into account the features of the products being developed, monitoring its implementation, use and optimization.
5. Supervising the timely submission and completeness of reports on the implementation of project programs and projects within the Project Portfolio.

The authority, rights and duties of a Project Portfolio Manager are listed in the Role Instruction of a Project Portfolio Manager.



4.3.3. Project Program Manager

Project Program Manager is an employee of the Company whose duties include ensuring the organization and supervision of the completion of project works and performance of actions for a project program to receive specific advantages and results as well as providing comprehensive reports on the project program.

Key functional tasks of a Project Program Manager:

1. Ensuring the coordination of works for interrelated projects included in the relevant project program.
2. Supervising the implementation of interrelated projects included in the project program.
3. Supervising the timely submission and completeness of reports on the implementation of project programs and projects within the Project Portfolio.

The authority, rights and duties of a Project Program Manager are listed in the Role Instruction of a Project Program Manager.

4.3.4. Project Manager

Project Manager is an employee of the Company, who ensures the effective organization and supervision of the completion of tasks and performance of actions for a project to achieve the set goals with the expected quality and in due time.

Key functional tasks of a Project Manager:

1. Preparing the budget and operation plan of the project.
2. Organizing and supervising the completion of the operation plan of the project.
3. Organizing the operation plan for evaluating the project results, releasing and implementing products.
4. Working with agreements when attracting contractors and subcontractors to carry out certain tasks.
5. Ensuring consistent interaction of the project group with the initiator of the project in order to implement the authorized supervision.

The authority, rights and duties of a Project Manager are listed in the Role Instruction of a Project Manager.

4.4. Project Activity

4.4.1. Project Portfolio

Project Portfolio is a set of projects, project programs and other works combined for the purpose of implementation and comprehensive management of the products or services of the Project Portfolio in order to achieve one of the Company's strategic goals.

1. Project Portfolios are created and terminated by the Board of Directors.
2. All project activities combined within a Project Portfolio are aimed at achieving one of the Company's strategic goals.
3. Development and management of products and services of a Project Portfolio are entrusted to the Project Portfolio Owner.
4. Implementation supervision, balancing and coordination of projects and project programs included in a Project Portfolio are entrusted to the Project Portfolio Manager.
5. Project Portfolios are implemented in accordance with the approved plans and budgets.

A conceptual model of SIMCORD's Project Portfolios is presented in Figure 1.



4.4.2. Project Portfolio Owner

Project Portfolio Owner is an employee of the Company whose duties include the comprehensive management of products and services of the Project Portfolio entrusted to him/her, which is based on researching user needs, conducting competitive analysis, conducting and analyzing marketing research in cooperation with the Company's specialists in the field of marketing and information support for users and includes the formation of a vision and concept for the development of products and services of the Project Portfolio entrusted to him/her.

Key functional tasks of a Project Portfolio Owner:

1. Managing the quality and risks of products and services of the Project Portfolio.
2. Organizing and conducting market research, analyzing the market to determine the basic needs of users of the Company's products and services.
3. Building and adjusting a development strategy of the Project Portfolio in accordance with the Company's strategic goals.
4. Participating in the development and testing of a marketing strategy, ensuring and monitoring the effectiveness of promoting products and services of the Project Portfolio.
5. Monitoring compliance with the expected results of project activity at the stage of delivery of results.
6. Working with Customers and the Customer Support to evaluate the results of deploying the products of the Project Portfolio.
7. Providing reports and analytics on products and services of the Portfolio, their success in the field of promotion and achievement of targets for the Board of Directors.

The authority, rights and duties of a Project Portfolio Owner are listed in the Role Instruction of a Project Portfolio Owner.

4.4.3. Project Program

Project Program is a set of interrelated projects and other activities, the comprehensive management of which is aimed at receiving specific advantages and results.

1. Project programs are created and terminated by the Project Management Office.
2. Combining projects and other project works into a program is aimed at improving manageability and obtaining specific advantages and results that can only be received with joint management.
3. Supervising the implementation and coordination of projects within a program rests with the Project Program Manager.

A conceptual model of SIMCORD's project programs is presented in Figure 1.

4.4.4. Project

Project is a temporary undertaking aimed at creating a unique product or service in order to achieve the result with the set level of quality and specific implementation deadline.

1. Any activity of the Company related to the creation of new products, external services or internal services is referred to as a project activity and is carried out in the form of a project.
2. Any employee of the Company can initiate the creation of a project.
3. Representing the interests of the Customer and users of a product or service created within a project is entrusted to the Project Owner.
4. Planning, organizing and supervising the completion of works and performance of actions for a project are entrusted to the Project Manager.
5. A project is implemented in accordance with the budget and project schedule approved in the Project Charter.

A conceptual model of SIMCORD's projects is presented in Figure 1.



4.4.5. Project Owner

Project Owner is an employee of the Company, who supports a project and represents the interests of the Customer (business) and users of a product or service being created, has a complete vision of the project, determines the requirements and priorities for implementation, is responsible for maximizing value as well as is authorized to determine the project boundaries and desired results.

1. Monitoring the progress of a project.
2. Representing the interests of business and users at all stages of a project.
3. Monitoring compliance with the expected results of project activity at the stage of pre-release acceptance.
4. Providing reports on the progress and results of implementing a project to the Project Portfolio Owner and other interested parties.

4.4.6. Project Group

Project Group is a group of specialists of different Activity Areas, departments and internal services of the Company, the main task of which is to achieve the goals of a project with high quality and in due time.

1. A project group exists throughout the entire life cycle of a project until it is implemented in its entirety.
2. Project groups can be formed to implement projects in all fields of the Company's activity.



5. How the Company's Activities Are Ensured. The Budget Process

The Company's activities are ensured through the implementation of the budget process.

Budget process is the planning of future operations of an enterprise and the results of its activities by developing a system of budgets. In particular, a **budget** is a documentarily approved plan of income and expenses for both individual departments and the enterprise as a whole. The **project budget** is a plan of expenses and income from the Company's activities compiled based on project plans and services.

The Company's activities in various areas are financed according to plans as part of the budget process. The budget process consists of the following stages:

1. Budgeting (formation of plans, budgets, approval, and changes).
2. Execution (expenditure and incurring costs in accordance with plans, etc.).
3. Control and reporting.
4. Analysis and audit.

5.1. Budget Formation

Annually, before the start of the financial year, the budgets of departments, services, ongoing and new projects, as well as the volumes of the Board of Directors' funds are approved. The adopted budgets are planned to be reviewed no more than once a quarter. In an emergency situation, an unplanned review of any budget is possible at an urgent meeting of the Board of Directors.

Project budgets are formed as part of:

1. The project initiation process.
2. Change request.
3. The Delivery and Deployment Process Group.

Budgets for services, departments, and the Board of Directors' funds are adopted based on the plans of the departments and the results of their activities for previous periods.

For all cases of budget development, a reserve fund is provided at the level of departments, services, and projects, which is managed by the relevant manager. At the level of the Board of Directors, a fund is provided that is directly managed by the Board of Directors as part of budget adjustments.

5.2. Budget Execution

Allocated budget funds are spent in accordance with approved plans as part of executing tasks for projects or service activities.

Budget is allocated as part of the following processes:

1. Research Process.
2. Requirement Development Process.
3. Task Execution Process.
4. Testing Process.
5. Delivery and Deployment Process Group.
6. Support Line Process Group.
7. Change Request Submission and Review Process.
8. Personnel Management Process Group and other Quality Management System Processes.

When the budget is being approved, task execution labor estimates have a certain level of accuracy. When tasks are implemented by actual performers, detailing can occur, including clarification of the volumes of required labor costs and task scopes, as well as possible changes in expenses related to fluctuations in prices for materials and contractor services. Such changes necessitate adjustments to plans and budget volumes. Execution of work by actual employees can lead



to savings or budget overruns. When budget funds are spent during task execution, control over task setting, the process of their implementation, acceptance of task execution results, as well as approval of incurred expenses is the responsibility area of Project Managers and Service Managers.

Based on artifacts related on accepted tasks, Project Managers and Service Managers perform cost analysis, comparison with results, formation of conclusions, and corrective actions, which are reflected in budgets and plans. In processes related to refining estimates, cost analysis, drawing conclusions, and corrective actions, Heads of Departments, technical specialists, and other competent employees are also involved.

5.3. Control and Reporting

Control and reporting during budget execution are ongoing throughout the entire period of work execution. The accounting of work completion within projects and services is performed in the form of tasks with an allocated budget for their execution.

It is the responsibility of the contractor to register daily the actual time spent on the task and provide a brief report on the process of its completion. Based on the contractor's report and the current state of affairs, the Project Manager or Service Manager performs current control of the work completion process within the project or service.

When necessary, the Project Manager or Service Manager, either independently or involving experts and Heads of Departments, conducts a review of the completed works or artifacts related to tasks.

Upon completion of work in accordance with the Task Execution Process, the Project Manager accepts work and analyzes incurred costs, based on which determines the justified amount of expenses, the value of which is recorded in the internal automation system.

By the end of each calendar month, the operational manager must provide a report for the previous month on project expenses or on the implementation of service budgets, indicating the level of reserve fund expenditure. The results of these reports are consolidated into a single report provided to the Board of Directors at the monthly meeting for analysis and project priority management.

5.4. Budget Analysis and Audit

5.4.1. Budget Adherence Analysis

Budget adherence analysis is carried out through the following activities:

1. **A reporting meeting for budget adherence analysis** conducted monthly by Project Managers and Service Managers as part of the preparation of the monthly project expense report or the implementation of service budgets.
2. **A reporting meeting for project budget analysis** after the project completion within the preparation of its post-review.
3. **A monthly meeting for budget execution planning and analysis** held by the Board of Directors as part of analysis and management of project priorities.
4. **A quarterly meeting of the Board of Directors for budget expenditure analysis** within the consideration of budget adherence and adjustments.

The analysis of project execution results and project budget expenditures is conducted once a month. The analysis of work results and budget expenditures of services and departments is conducted once a quarter.

5.4.2. Budget Audit

Audits are conducted both on a scheduled and unscheduled basis.

Scheduled audits are carried out in accordance with the annual audit plan and cover tasks of all



active projects and services.

Unscheduled audits occur as part of corrective actions based on the analysis of the Company's process results or in case of emergency incidents.

The audit is conducted by a group or individual authorized employees who are "external" to the operational activities being audited.

Audit reports are submitted to the Board of Directors in a prescribed form for further analysis and the formation of a corrective action plan.

6. Conclusion

All regulations and descriptions of positions, roles and other components of the matrix management structure of SIMCORD with the division of their responsibilities are described in Appendix 1 "System of Regulatory Documentation in the Management Structure of SIMCORD", which is an integral part of the document "Regulations on Matrix Management Structure of SIMCORD".