

MTS PJSC COUNTERPARTY CODE OF BUSINESS CONDUCT

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1. INTRODUCTION

1.1. What is the Code and why do we need it?

MTS PJSC (hereinafter referred to as “MTS”, “the Company”, hereinafter MTS means MTS PJSC and a company/companies forming a part of MTS Group¹) has a very dynamic corporate behavior. MTS seeks to build partnership relations, first of all, between the companies regardless of any change of their managers or ordinary employees. All MTS employees are striving to achieve the best result and realize that the success in business depends on the contribution made by each person at his/her workplace.

MTS supports such principles of cooperation as fair competition, adherence to good business practices, progressive development, quality, respect for law and rules of conduct, commitment to the highest standards. MTS consumers expect any persons/entities the Company deals with and especially our Counterparties to behave the same way².

This MTS PJSC Counterparty Code of Business Conduct (hereinafter – the “Code”) is publicly available on the Company’s website. The Code provisions set out minimum standards that are expected to be complied with by MTS Counterparties. However, MTS imposes no restrictions on the Counterparties in following higher standards than those stated herein.

1.2. Whom the Code applies to

The Code provisions apply to all counterparties of MTS, as well as any third parties involved by the Counterparty to act on behalf and/or for the benefit of MTS Group.

By entering into business dealings with MTS, the Counterparty acknowledges that it has got acquainted with and accepts the provisions of this Code, as well as agrees to follow the provisions hereof in all existing and future agreements and business relations with MTS. The Company also expects the Counterparty will ensure compliance with the provisions hereof by its subsidiaries and affiliates, management, employees, contractors, mediators, agents, suppliers, and other parties involved to fulfill obligations to MTS.

1.3. Amendments and additions to the Code

The Code is regularly reviewed and may be amended taking into account the applicable law and supplemented, inter alia, with individual regulations at any time without prior notice.

Since the Code is a public document, you can read it on the Company’s official website <http://tenders.mts.ru> (section «Information and documents»)

If any part of this Code contradicts to local laws or regulatory legal acts, only those sections of this Code that do not contradict to the applicable laws and regulatory legal acts shall apply.

1.4. Ethics of Decision Making

The Code sets out basic principles for behavior and decision making, however, it is impossible to foresee every situation that may arise.

If you’re not sure how to proceed, ask yourself the following questions:

- Is it lawfully?
- Is it fair and honest?
- Does it serve the interests of MTS?
- Does it comply with the Company’s rules?
- Am I authorized to do it?

¹ MTS Group means MTS PJSC, all Subsidiary Companies of MTS PJSC, as well as all the companies under direct or indirect control of MTS PJSC.

² Any legal entity or individual, including a self-employed entrepreneur, with which the Company intends to enter into an agreement or which is a party to the transaction with MTS Group or a party engaged to perform actions on behalf of and/or for the benefit of MTS Group or to supply goods or render services to MTS Group, including the procurement categories and the categories not related to procurement, including, but not limited to, sellers and suppliers; dealers and distributors; real estate owners and/or holders (for example, for placement of telecommunications equipment); professional services providers; consultants; agents and mediators.

- Will I feel comfortable if the information on my actions will be published in the media?

If the answer to any of these questions is “No”, you should abstain from what you were going to do.

If you have any questions about the topics covered in the Code, have doubts about whether a situation is regulated by the Code or whether it is a violation thereof, you should discuss this situation via the communication channels specified in Section 5 of this Code.

2. RESPONSIBLE CONDUCTING OF BUSINESS

2.1. Cooperation in pursuing MTS strategy

MTS is developing a customer-centric approach that will increase the time the customer stays in the ecosystem due to focusing on his/her needs, deep person-centered attitude, providing favorable conditions while using a set of products, convenient transition between digital showcases and products. As a result, MTS will be able to launch more convergent solutions to the market thus facilitating the rise in living standards and development of the digital economy in Russia.

MTS expects the Counterparties' actions will be aimed at assisting MTS in achieving the strategic targets set.

2.2. Conflict of interest management and other business practices

We cannot allow personal interests, such as personal relationships with a customer, supplier, competitor, business partner or any other MTS employee, to have an actual impact on the ability of our employees to make fair and unbiased decisions while working for MTS, or to create a semblance of such an impact.

The Counterparties should avoid any conflicts of interest that may adversely affect their business dealings with the Company and whenever it is impossible, bring to the Company's notice actual or potential conflicts of interest that may be relevant to the Company.

The Counterparties can report the conflicts of interest by sending information to the Unified Hotline in accordance with Section 5 of the Code and/or by notifying the Company's contact persons who are authorized to interact with this Counterparty under the contract via the channels, in the form and within the time limits specified in the contract.

In the Company, it is permissible to provide and accept gifts and business hospitality favors, including invitations to events if they meet the following criteria: have a legal business purpose and comply with good business customs, are not aimed at providing unlawful benefits and preferences; are occasional and reasonable in terms of cost; are not extravagant (luxurious). The Counterparties undertake not to offer gifts, business hospitality favors, directly or indirectly, to the Company employees or representatives in order to exert influence on them or in the course of negotiations, tendering procedures, concluding a contract, making a business decision.

Whenever the Company employees are not permitted to accept a gift, MTS hopes for the Counterparties' understanding and guarantees that the gift return/refusal will have no impact on further cooperation and will not somehow affect management decisions made on the issues related to the selection of and interacting with the Counterparty.

2.3. Contractual relations and due diligence of the Counterparties

MTS prohibits any non-contractual relations, in particular any written or verbal arrangements not stipulated by the current legislation. Any agreements or contracts concluded between MTS and the Counterparties shall be made in writing as envisaged by the legislation and MTS internal procedures.

MTS expresses hope that all Counterparties are interested in full, timely and proper fulfillment of the terms and conditions set forth in contracts/agreements/supplemental agreements/orders, other legal documents.

MTS expects the Counterparties fulfill the terms of warranty service, SLA (Service Level Agreement) timely in full and with proper quality.

MTS expects the Counterparties participate in the Counterparty selection procedures as provided for by the RF legislation, namely: preserving the validity of its proposal after the Counterparty is approved as a successful tenderer of the procedure; timely signing of agreements/contracts/supplemental

agreements/orders, other legal documents, as well as assisting in maintaining the culture that does not tolerate any illegal or unethical behavior.

MTS sets out requirements for the trustworthiness of parties that are both potential and current Counterparties of MTS. The Counterparties are subjected to a comprehensive risk-oriented due diligence by MTS prior to concluding a contract. When deciding whether to start or continue further interaction with the Counterparty, a risk-oriented approach shall be applied. MTS expects the Counterparties to assist in the due diligence and provide reliable information as requested at any stage of interaction.

MTS implements and supports a risk-based training program for Counterparties on business ethics, prevention and anti-corruption issues. Completion of the training confirms the Counterparties' commitment to the implemented measures to prevent corruption and to develop business relations between our companies.

MTS expects the support of its Counterparties in creating a fair and conscious business environment.

MTS expects the Counterparties will inform MTS about engaging third parties to act on behalf and/or for the benefit of MTS Group, to adhere to good business practices when selecting such third parties, to apply the principles set out in this Code to them and report any possible risks associated with working with them in order to develop cooperative measures to minimize potential adverse effects.

2.4. Good business practices

MTS hopes that the Counterparty also seeks to develop the partnership relations in solving both strategic and current interaction issues. MTS expects the Counterparties to provide information on any potential hazards, risks or possible lost profit of MTS that may be known to them.

According to the Company's requirements, interaction with the MTS employees shall be carried out as part of performing their work-related duties and for the benefit of MTS only. The Company strongly disagrees with any undue influence on its employees with a view to make them act for the benefit of any Counterparty to the detriment of MTS interests or with any other purpose by offering them any monetary (or other material) compensation, by way of threats or any other wrongful acts.

Commitment to the principles of business ethics forms the basis for MTS corporate culture. The Company has a valid MTS Code of Business Conduct and Ethics that is publicly available on the MTS website³ where the basic principles, standards and rules for interaction with colleagues, customers, partners, and outside audiences are set out. MTS expects that Counterparties' actions will never be contrary to the Code of Business Conduct and Ethics.

2.5. Protection of MTS and third parties assets

The Counterparties that have been granted access to MTS confidential information in the course of business dealings shall not share such information with anyone unless duly authorized by MTS. The Counterparties shall neither conduct any trading transactions involving securities nor encourage others to do so on the basis of the confidential information received from MTS. If the Counterparty believes that it was mistakenly granted access to MTS confidential information, this Counterparty shall immediately take measures to stop processing this information, notify the MTS employee acting as an MTS contact person thereof about the incident and the measures taken, and also prevent the dissemination of erroneously received MTS confidential information both within the Counterparty's perimeter and to third parties.

MTS protects its intellectual property and has respect for the intellectual property of other market participants.

The Company makes no use of the intellectual property of third parties without their consent and expects that their Counterparties respect the copyright and to comply with the intellectual property legal acts.

If the Counterparty finds out that any items of the MTS intellectual property are used unlawfully by it or parties engaged by it to fulfill obligations to MTS, the Counterparty shall immediately inform the MTS employee who acts as an MTS contact person thereof. The Company expects that if the Counterparty finds out any facts of unlawful use of the MTS intellectual property by other parties, the Counterparty shall also inform the Company thereof.

MTS expects the Counterparty that has been granted access to the information about any items of the MTS intellectual property being created or developed and legally unprotected yet, considers this information as confidential, does not share this information with anyone else unless duly authorized by

³ [MTS PJSC Code of Business Conduct and Ethics](#)

MTS, and refrains from using this information if such use may cause harm or be undesirable in terms of protecting and serving the MTS interests.

2.6. Artificial Intelligence

While developing and integrating autonomous, intelligent systems or other similar technology, including artificial intelligence systems and machine learning technology (collectively referred to as “AI Technology”), the Company undertakes to act on a reasonable and transparent basis, as well as comply with security standards, and expects the same from its Counterparties. The Counterparties shall guarantee that AI Technology to be developed for or jointly with the Company are in conformity with the internationally recognized ethical standards. The results of such AI Technology developments shall not be used for any unethical or unlawful purposes.

3. NO BREACH OF LAWS

3.1. Compliance with the laws

The Company's Counterparties shall carry out their activities in accordance with the laws applicable in the countries where they do their businesses.

3.2. Prohibition of corruption and bribery in any form

The Company disagrees with any forms of bribery and corruption⁴.

MTS expects its Counterparties to carry out their activities, including when interacting with government organizations and government officials, in strict compliance with the provisions of the applicable anti-corruption legislation and requirements in the field of business ethics and anti-corruption compliance⁵, as well as to refrain from any actions that may violate the statutes of such legislation or cause such violation by MTS.

The Company expects the Counterparties to deploy and implement an adequate and efficient anti-corruption compliance program.

3.3. Countering Money Laundering

The Company fulfills its obligations related to countering the legitimization (laundering) of proceeds from crime and financing of terrorism (AML/CFT) in the manner prescribed by the applicable law and expects the same from its Counterparties.

3.4. Compliance with antitrust legislation

MTS prohibits any agreements with Counterparties aimed at restricting or eliminating competition. MTS expects the Counterparties will not interact with the MTS employees to enter into such agreements.

MTS expects the Counterparties will adhere to the principles of fair competition in all fields of cooperation, inter alia, when selecting a Counterparty, including procurement procedures (tenders, requests for proposals, etc.).

MTS expects the Counterparties prevent any anticompetitive actions (entering into a cartel, other anticompetitive agreements, prohibited “vertical” agreements, taking concerted actions on the market, acts of unfair competition) aimed at restricting competition and infringing on the interests of MTS or its customers, partners or other Counterparties, inter alia, regarding the issues of pricing, including tender prices, market division, refusal to enter into agreements with individual purchasers, as well as regarding other issues as stipulated by antitrust legislation.

3.5. Trade restrictions

⁴ Corruption means an action undertaken by an individual or a legal entity that is related to offering funds, any financial benefits, advantages or values in the forms of giving and/or taking a bribe or commercial bribery, mediation in bribery or commercial bribery, abuse of power and in any other forms that are recognized as corrupt, in order to influence any action (omission) of the bribe taker and to induce performing his/her work-related duties in an inappropriate way and/or to obtain any improper commercial or other advantage or benefit and/or to obtain reward for the improper performance of such duties.

⁵ Anti-corruption compliance (anti-corruption compliance program) is a system of actions and procedures developed by the Company in order to ensure compliance with the requirements set forth in the applicable anti-corruption legislation.

MTS strictly complies with the applicable laws and regulations in international trading, including export control and trade restrictions. MTS expects the Counterparty provide assistance in maintaining the culture that prevents any violation of rules in international trading while doing business with MTS, including when acting on its behalf or for its benefit, by way of providing the required representations and warranties.

3.6. Transparent accounting and provision of reliable information

MTS seeks to keep its accounting records, reports, accounts and financial statements with an adequate degree of details and properly reflecting the Company's operations in accordance with the applicable law and internal control system, and expects the same from its Counterparties. Business information specified by the Counterparty, including information provided pursuant to the requirements set forth in procurement documentation and contracts shall always be accurate, timely, complete, fair, and comprehensible. MTS prohibits the falsification of documents, distortion of the true nature of any operations.

4. RESPONSIBLE LEADERSHIP FOR SUSTAINABLE DEVELOPMENT

4.1. Sustainable development and impact on the local community

MTS expects that in the course of their activities, the Counterparties set a common goal to maximize their contribution to sustainable development. MTS encourages the sustainable development and corporate social responsibility principles being integrated into the Counterparties' activities considering the interests of key stakeholders. Corporate social responsibility (hereinafter – "CSR") of the Counterparties implies transparent and ethical conduct that makes contribution to sustainable development, is in compliance with the applicable law and in conformity with the international standards of conduct.

The Company cooperates with local communities (including their governing bodies) where it does business in order to enhance the opportunities in education, culture, economy, and social welfare for the population of such communities. MTS supports the Counterparties in their attempts to carry out activities in charity, social investment, corporate volunteering.

MTS encourages the Counterparties in holding events related to effective management in the field of sustainable development and CSR, including self-assessment in terms of CSR matters and preparation of non-financial reports in line with the GRI international standards.

4.2. Environmental protection

MTS welcomes environmental friendliness of the Counterparties. MTS expects the Counterparties have an efficient environmental protection policy and comply with the applicable environmental laws and regulations. The Counterparties shall apply a preventive approach to environmental issues, implement the initiatives promoting environmental responsibility and facilitate the spread of technologies in favor of environmental protection and use of rational methods for product life cycle implementation.

4.3. Human rights

The Company itself observes and seeks to cooperate with the Counterparties that observe the following standards:

- providing equal opportunities, non-discrimination, respect for human rights at all levels;
- ensuring gender equality at all levels and supporting diversity;
- fair wages, which, at least, comply with the requirements of current legislation;
- payment of any taxes and all insurance contributions for mandatory pension, social and health insurance in good faith;
- implementation of social support measures for employees, stimulation of a healthy lifestyle;
- providing employees with opportunities to improve their professional knowledge and skills, including in the field of sustainable development;
- development, implementation and maintenance of the occupational safety policy, analysis and control of the risks associated with occupational safety and caused by the organization's activities.

MTS disagrees with abusive child labor, forced labor, debt burden, human trafficking, and all forms of exploitation. MTS does not cooperate with any Counterparties that are known to apply unacceptable methods of treatment of their employees, such as physical punishment, humiliating treatment, forced labor or any other forms of unacceptable treatment of employees. MTS expects its Counterparties to take the appropriate measures in order to prevent their own Counterparties from applying such methods of treatment of employees.

5. REPORTING VIOLATIONS

MTS reserves the right to check on compliance with this Code, inter alia, by requesting documents and clarifications as part of contractual relations with the Counterparty subject to confidentiality preservation and personal data security and expects the Counterparty continues interaction in the course of such check-up.

If the Counterparty fails to comply with the provisions hereof, as well as with the relevant laws and regulations, MTS reserves the right to suspend or terminate the cooperation in accordance with the applicable legislation, which may include the termination of contracts, and to draw adequate conclusions as to any future cooperation.

The Company expects the Counterparties will report any suspected violations of these standards, applicable law, regulations in finance, accounting, auditing, as well as any alleged and actual cases of corruption or fraud in the Company and other situations affecting material interests of MTS or related to ethical conduct or physical security of the Company's employees.

The Counterparties may submit violation reports in any of the following ways:

- (1) to the Unified Hotline e-mail: external.hotline.mts@b1.ru;
- (2) to phone number +7 (800) 234 44 18 (Russian Federation);
- (3) via the Unified Hotline electronic form available on MTS PJSC official website (anonymously or in one's own name).

Phone numbers of the United Hotline in other jurisdictions are available on the official website of MTS PJSC – www.mts.ru.

The Company ensures an independent and comprehensive review of all reports of violations of this Code requirements.

The Company prohibits any forms of victimization (retaliation) against those Counterparties that reported a violation in good faith, facilitated investigations, refused to take part in activities that are contrary to the principles or requirements hereof.

MTS hopes that the above principles of interaction will contribute to the creation, development and maintenance of partnership business dealings that ensure mutually beneficial cooperation.