

# MTS PJSC COUNTERPARTY CODE OF BUSINESS CONDUCT

## Key Principles

MTS PJSC (hereinafter referred to as “MTS”, “Company”, hereinafter MTS means a company/companies forming a part of MTS Group<sup>1</sup>) has a very dynamic corporate behavior. MTS seeks to establish partnership relations, first of all, between the companies regardless of change of their managers or front-line 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 on his/her workplace.

MTS supports such principles of cooperation as fair competition, good faith, progressive development, quality, respect for law and code 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 way<sup>2</sup>.

This MTS PJSC Counterparty Code of Business Conduct (hereinafter – the “Code”) is publicly available on the Company’s website. The Code provisions stipulate 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 in this Code.

The requirement to comply with this Code shall also be applicable to any third parties engaged by the Counterparty to carry out any actions on behalf of and/or in the interests of MTS Group. The Counterparty shall be responsible for preventing such third parties from unethical behavior. Whenever practicable, MTS expects the Counterparties to cause such third parties to get acquainted with this Code and to formalize the relevant provisions in any written agreements with them.

## Code Application

By entering into business relations 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 to ensure compliance with the provisions hereof by its subsidiaries, management, employees, contractors, mediators, agents, suppliers and other persons involved to perform obligations to MTS.

## 1. Cooperation in Pursuing MTS Strategy

**MTS STRATEGY** – Customer Lifetime Value 2.0<sup>3</sup> implies provision of the customer with numerous digital services beyond the scope of telecommunications and is focused on creation of the product ecosystem with a seamless transition between the services on the basis of the key telecom business.

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, provision of 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 thus facilitating the rise in the living standards and development of the digital economy in Russia.

MTS expects the Counterparty’s actions to be aimed at assisting MTS in achieving the strategic targets set.

## 2. Diligence in Commercial Activities

### Compliance with Legislation

The Company’s Counterparties shall operate in compliance with the legislation of the Russian Federation and other countries where they conduct their business, as well as to abide by all applicable laws and

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<sup>1</sup> MTS Group – MTS PJSC, subsidiaries and affiliates of MTS PJSC, as well as all companies directly or indirectly controlled by MTS PJSC.

<sup>2</sup> Counterparty is any legal entity or individual, including an individual entrepreneur, involved to perform actions on behalf of and/or in the interests of MTS Group or to deliver goods or provide 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; professional services providers; consultants; agents, mediators and other third parties as well as subsidiaries and affiliates thereof.

<sup>3</sup> MTS Strategy is available on the MTS website at: <https://moskva.mts.ru/about/informaciya-o-mts/mts-v-rossii-i-v-mire/o-kompanii/missiya-i-strategiya>

regulations in all countries where MTS operates or acquires goods and services, including the laws regulating business conduct, product quality, environmental standards, health and safety standards, working conditions and employment terms. Where the Code runs counter to the applicable legislation, the higher standard of conduct and more strict provisions shall apply.

## Interaction with Public Officials

As part of its activities, MTS interacts with public agencies and public officials. In case any interaction between the Counterparty and public agencies and/or public officials is provided for within performance of agreements between MTS and the Counterparty<sup>4</sup>, such interaction shall be carried out solely in compliance with the current legislation. The position of the Counterparty acting on behalf of and/or in the interests of MTS in relations with public agencies and/or public officials shall be based on the law, transparent and ethical for the avoidance of implementation of any financial and reputational risks for the Company.

## Counteracting Corruption and Bribery

The Company is intolerant to any forms of bribery and corruption.

Corruption means an action undertaken by an individual or a legal entity that is related to offering funds, any financial benefits, advantages or value 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 act (omission) of the taker and to induce to perform the employment 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. Keeping of financial statements that record the relevant transactions inaccurately and incorrectly and fail to prevent effecting corrupt payments is considered to be a form of corruption.

MTS expects its Counterparties to carry out their activities in strict compliance with the provisions of the effective anti-corruption legislation and requirements in the field of the business ethics and anti-corruption compliance<sup>5</sup>, as well as to refrain from any actions capable of violating the provisions of such legislation and causing such violation by MTS.

The Company expects the Counterparties to launch and implement a sufficient and effective anti-corruption compliance program. Where appropriate, the Company may provide training of the Counterparties on the issues of compliance with the requirements of the applicable anti-corruption legislation and business ethics on a gratuitous basis.

## Gifts and Entertainment Expenses

The acts of giving and receiving of gifts, as well as attending official and entertainment events is common business practice, yet this practice may expose the MTS business to serious risk in certain situations.

It is permissible in the Company to give and receive gifts and souvenirs of reasonable cost with respect to the commonly accepted cases, provided it is justified, promotes business targets and meets the Company's anti-corruption rules. Herewith, MTS requests not to consider availability or unavailability of a gift or refusal to take a gift as an attempt to influence any actions (omission) or as evidence of favorable or unfavorable attitude to the Counterparty, the grantor or the grantee. Pursuant to the internal regulations, MTS requires the employees to return a gift if it fails to meet the requirements specified therein. In this case an employee shall state a reason for returning the gift as non-compliance with the Company's corporate policy. MTS hopes for understanding of the Counterparties and guarantees that the return of the gift will have no impact on further cooperation or affect taking management decisions on the issues related to the choice of and interacting with the Counterparty.

MTS employees may from time to time accept invitations or invite the Counterparty's representatives to lunch, dinner or any other entertainment event, provided that: the cost of such lunch, dinner or other

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<sup>4</sup> A public official shall be understood as:

- any Russian or foreign person appointed or elected holding any position in the legislative, executive, administrative or judicial body or international organization;
- any person performing any public function for the state, including for a state body, institution or enterprise;
- leading political figures, political parties' officials, including candidates to political posts, ambassadors, influential functionaries in nationalized industries or natural monopolies;
- managers and employees of state bodies, institutions and enterprises, including doctors, military personnel, municipal employees, etc.;
- persons who are known to be related to a public official by kin or in terms of friendly or business relationships and (or) who act on behalf of and (or) in the interests of a public official.

<sup>5</sup> Anti-corruption compliance (Anti-corruption compliance system) is a system of actions and procedures developed by the Company for ensuring compliance with the requirements of the anti-corruption legislation applicable to MTS.

entertainment event is within the reasonable limits; the meeting or event is attended with a business purpose; and the costs will be paid up either by MTS at its own expense as appropriate business costs or by the inviting party within the reasonable limits on an equal basis with the other guests of the event without any exclusive (supplementary) conditions presented to MTS.

## Prevention of Conflict of Interest

The "Conflict of Interest" shall be understood as the situations where a contradiction arises or may arise between personal interest of the Counterparty's employees and legitimate interests of the Counterparty and/or the Company itself, including the situations that may result in appropriation by the Counterparty's employees of corporate opportunities for gaining benefits or advantages for itself or other persons, which may contradict the legitimate interests of the Counterparty and/or the Company and impact the impartial and efficient performance of work duties by the said employees.

## Counterparties Due Diligence

To improve interaction with the Counterparties, MTS introduces its own appropriate and risk-based system of periodic Counterparties due diligence. The Counterparties shall undergo such due diligence prior to entering into an agreement. MTS expects the Counterparties to provide assistance in the due diligence and to present, where necessary, accurate and reliable information as requested, including the information on the ownership structure and affiliates. The Counterparty due diligence results will be taken into account in the further selection procedures, working out the cooperation strategy, as well as when making decisions on the development of further relations.

MTS expects the Counterparties to apply a bona fide approach when selecting any third parties engaged to carry out any actions on behalf of and/or in the interests of MTS Group and to apply the principles set forth herein in respect of such parties.

## Artificial Intelligence

While developing and integrating autonomous, intelligence systems or other similar technology, including the 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 the safety standards, and expects the same from its Counterparties. The Counterparties must guarantee that AI Technology developed for or jointly with the Company are in conformity with the internationally recognized ethical standards. Such AI Technology development results shall not be used for any unlawful purposes.

## Protection of Intellectual Property

MTS recognizes that intellectual property is one of the most valuable assets of the Company. Unauthorized use of intellectual property can result in its loss or reduction in its value, as well as entail criminal, as well as civil and legal liability for the violators.

MTS protects its intellectual property and respects the intellectual property of other market participants.

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

## Counteracting Laundering of Proceeds of Crimes

The Company fulfills its obligations related to legitimization (laundering) of proceeds of crimes and terrorist financing (Anti-money laundering (AML)/Terrorist financing (TF)) in the manner prescribed by the applicable legislation and expects the same from its Counterparties.

# 3. Fairness in Commercial Activities

## Provision of Reliable Information

If it is found that the Counterparty has provided the information known to be false, MTS reserves the right to suspend or terminate cooperation on the current matters within the current legislation and to draw adequate conclusions as to any further cooperation.

## Following the Rules for Participation in the Counterparty Selection Procedures

MTS expects the Counterparties to 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 the winner of the procedure; timely signing of an agreement/contract/addendum/order. The Company anticipates assistance in supporting the culture that precludes any illegal or unethical business conduct both when participating in the selection of the Counterparty organized by MTS and when doing business with MTS, including while acting on behalf of and in the interests of MTS by providing the required representations and warranties.

## Contractual Relationship

MTS prohibits any non-contractual relationship, in particular any written or verbal agreements 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 internal procedures of the Company.

MTS is projecting hope that all Counterparties are interested in full, timely and proper performance of the terms and conditions of the order (contract, agreement).

MTS expects the Counterparties to fulfill the warranty maintenance conditions in time. SLA (Service Level Agreement) in full and with proper quality.

## Communication with MTS Employees

According to the Company's requirements, communication with the MTS employees shall be made solely within performance by them of their work duties and for the benefit of MTS only. The Company strongly disagrees with any undue influence on the employees aiming 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 financial) compensation, by threats or by any other wrongful acts.

At MTS, commitment to the business ethics principles is the foundation of the corporate culture. The Company has a valid Code of Business Conduct and Ethics of MTS publicly available on the MTS website<sup>6</sup> that states the basic principles, standards and rules for interaction with colleagues, customers, partners and external audiences. MTS expects that the actions taken by the Counterparties will never be contrary to the Code of Business Conduct and Ethics.

## Striving to Find a Mutually Advantageous Solution

MTS hopes that the Counterparty also seeks to develop the partnership relations in solving both strategic and current interaction issues. MTS expects to receive from the Counterparties the information on any potential hazards, risks or possible lost profit of MTS that is known to them. In order to take mutually advantageous decisions, MTS welcomes the transparency of the Counterparty's internal business processes (such as the system of quality assurance, customs clearance of goods, logistics structure, tax calculation and payment procedure, etc.).

## 4. Confidential Information Protection

The Counterparties having been granted access to the confidential information in the course of business relations shall not share such information with anybody, unless MTS authorization is provided to such disclosure. The Counterparties shall neither execute any trading transactions involving securities nor encourage other persons to do so, based on the confidential information received from MTS. If the Counterparty is of an opinion that it was granted access to the MTS confidential information by mistake, the Counterparty shall immediately inform the MTS employee being their MTS contact about it, as well as refrain from further distribution of the information. Likewise, the Counterparty shall not disclose to MTS any information relating to any other company and/or organization, provided the Counterparty is bound by the confidentiality obligation in respect thereof under the contract or by virtue of law.

## 5. Compliance with Antitrust Legislation

Certain methods of sale and agreements with Counterparties may become the reason for allegations of violation of the antitrust legislation or competition laws, if they restrict the same unfairly. The Company abides by the applicable antitrust legislation. Violation of the antitrust legislation and competition laws

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<sup>6</sup> [https://moskva.mts.ru/upload/contents/10647/MTS\\_Code\\_of\\_Business\\_Conduct\\_and\\_Ethics\\_2018\\_rus.pdf](https://moskva.mts.ru/upload/contents/10647/MTS_Code_of_Business_Conduct_and_Ethics_2018_rus.pdf)

entails severe consequences. MTS expects the Counterparties to strictly comply with the antitrust legislation provisions.

## 6. Trade Restrictions

MTS carefully follows the applicable laws and regulations in international trading, including in the field of export control and trade restrictions. MTS expects the Counterparty to provide assistance in supporting the culture that precludes any violation of rules in international trading while conducting business with MTS, including while acting on its behalf or in its interests, by presenting the required representations and warranties.

## 7. Sustainable Development and Charity

MTS expects that the Counterparties have a common target of maximally increasing the contribution to the sustainable development in their ordinary course of business. MTS encourages the sustainable development and corporate social responsibility principles being integrated into the Counterparties' activities considering the interests of the key stakeholders. Corporate social responsibility of the Counterparties implies transparent and ethical conduct that makes contribution to the sustainable development, is in compliance with the applicable legislation and in conformity with the international rules of conduct.

The Company cooperates with local communities (including the governing bodies thereof) where it operates in order to enhance the opportunities in the field of education, culture, economy and social welfare for the population of such communities. MTS supports the activities carried out by the Counterparties in the field of charity, social investment, corporate volunteer services.

MTS approves of the Counterparties holding events related to the effective management in sustainable development and CSR, including self-assessment on the corporate social responsibility matters and preparing non-financial reports according to the GRI international standards.

### Environment

MTS welcomes environmental friendliness on the part of the Counterparties. MTS expects that its Counterparties have an effective environmental protection policy and comply with the applicable environment protection laws and regulations. The Counterparties shall apply preventive approach to environmental issues, implement the initiatives promoting environmental responsibility and help spread the technology supporting environmental protection and usage of rational methods for product life cycle implementation.

### Decent Work

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

- payment of taxes and any insurance contributions in good faith for mandatory pension, social and medical insurance;
- ensuring equal opportunities for employees of all levels, irrespective of the skin color, race, sex, gender identity, age, ethnic affiliation, ethnic background, sexual identity, marital status, religious identity, disability and other features protected by law;
- labor remuneration that is capable of satisfying at least the basic needs of employees;
- providing employees with the opportunities for competence development;
- respecting the working hours prescribed by law and compensating for overtime in accordance with the local legislation provisions;
- respecting the legitimate freedom of association for employees;
- recognizing all lawful rights to hold negotiations and to enter into the collective bargaining agreement;
- development, implementation and maintenance of the occupational safety policy, analysis and control of the risks related to the occupational safety and caused by the company's activities.

MTS expects the Counterparties conducting business with MTS to comply with the occupational health and safety standards adopted at MTS and to create healthy job environment and safe labor conditions for all their employees. Moreover, any representative of the Counterparty providing services at the facility located in the territory of MTS must observe the occupational safety standards established in MTS.

## Human Rights

MTS consistently respects and promotes protection of the human rights recorded in the Universal Declaration of Human Rights. MTS considers to be unacceptable any unlawful use of child labor, forced labor, debt burden, human trafficking and all forms of exploitation. MTS does not cooperate with any Counterparties that are known as using unacceptable employee treatment methods, such as corporal punishment, humiliating treatment, forced labor and other forms of unacceptable treatment of employees. MTS expects its Counterparties to take the appropriate measures to ensure that their own counterparties do not use such methods of treatment of employees.

## 8. Code Violation

MTS reserves the right to check on compliance with this Code by, inter alia, requesting documents and clarifications within the contractual relationship with the Counterparty subject to confidentiality preservation and personal data protection and expects the Counterparty to continue 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 cooperation within the current legislation to the extent of termination of contracts, and to draw adequate conclusions as to any further cooperation.

The Company expects the Counterparties to advise of any suspected violations of these standards, applicable legislation, finance, accounting, audit provisions, as well as of any alleged or actual cases of corruption or fraud within the Company and of any other situations affecting material interests of MTS or related to ethical conduct or physical safety of the Company employees. Please feel free to communicate any possible violations to the “Single Hotline” of the Company at: [control&audit@mts.ru](mailto:control&audit@mts.ru), including on a no-name basis.

The Company guarantees that it will consider the reports on all alleged violations in a timely and careful manner under the local regulations of MTS. The Company also guarantees protection from prosecution (enforcement actions) against the persons who reported any possible violations in good faith.

**MTS hopes that the above interaction principles will facilitate creation, development and maintenance of business partnership relations providing for the mutually beneficial cooperation.**