

CODE OF BUSINESS CONDUCT OF THE SUPPLIER OF MTS PJSC

MTS PJSC (hereinafter - MTS or the Company) supports such principles of cooperation as aspiration for genuine partnership relations, fair competition in the process of determining the opportunity of being a supplier or a buyer, good faith and honesty, progressive development of partners. Our consumers expect the same type of conduct from everybody we work with, and from our suppliers in particular.

MTS strives to create partnership relations in the first place between companies as organizations notwithstanding change of managers or non-managerial employees of companies.

To implement the above mentioned principles MTS takes active actions aimed at enhancing healthy business relations both inside the Company and in relations with suppliers.

Among internal measures implemented by MTS there is creation of transparent decision making system and process of interaction with suppliers, establishment of control over expenses, staff training and development, as well as many other things.

To streamline interaction with suppliers MTS implements its own system of assessment and classification of suppliers. The rank and score assigned to supplier's operation will be taken into account in future in the process of supplier selection, of development of supplier interaction strategy, as well as in the process of making decisions about development of relations with suppliers.

The provisions of this Code set forth minimal standards, adherence to which is expected from MTS's suppliers.

The Supplier is an individual or a legal entity that is capable of providing goods that MTS needs, performing required works, or providing needed services, and that participates in procurement procedures. The Supplier also should ensure compliance with rules of this Code by management, employees, contractors, sub-contractors and agents.

By signing this Code the Supplier acknowledges that all existing and future agreements and business relations with MTS will be subject to provisions of this Code.

1. Suppliers' assistance in performing the MTS mission

Work style in MTS is very dynamic. All Company's employees strive to achieve the best result and understand that business success depends on contribution of each person at the working place.

THE MTS MISSION - "We create the best customer experience".

It means that every decision is made in favour of millions of our customers. MTS's employees clearly understand customer requirements to quality of services and goods. As MTS operates in a technically challenging industry it is capable of making high technologies available for millions of people. MTS thinks a step ahead setting new standards of customer experience and opening new perspectives for communication and our customers and partners' business development.

MTS hopes that all Suppliers will strive to operate within the framework of assistance to MTS in achieving the set goal.

MTS expects that Suppliers' actions will not contradict the Code of Business Conduct and Ethics of MTS.

2. Good faith in commercial operations

The Supplier operates in accordance with the laws of the RF and other countries on the territory of which the Supplier conducts its business.

Provision of only trustworthy information. In case of detecting the fact that the Supplier provided knowingly false information MTS reserves the right to suspend or cease cooperation on current issues (under the existing laws), as well as to draw respective conclusions regarding future cooperation.

Adherence to rules for participation in procurement procedures in accordance with requirements of the laws of the RF: the proposal should remain valid after the Supplier is approved as the winning bidder; signing the agreement/ contract/ addendum/ order in time.

The Supplier operates in compliance with the applicable anti-corruption legislation and MTS's requirements in the sphere of business ethics. MTS demands that its Suppliers should unconditionally stick to principles of legality and transparency, as well as expects that the Suppliers will provide assistance to MTS in supporting the culture that does not permit any illegal or unethical business conduct both during participation in procurement procedures organized by MTS and in the process of further business operations with MTS, which includes operations for it and on its behalf.

MTS demands that its Suppliers should strictly adhere to provisions of the applicable anti-corruption legislation and should not take any actions that may violate statutes of anti-corruption legislation or become a reason of such violation by MTS, among other things they should not offer, authorize, promise or make illegal payments directly or via third parties including (but not limited to) bribes in monetary or in any other form to any individuals or legal entities including (but not limited to) commercial entities, government and local authorities, government officials, private companies and their representatives.

The Supplier should also assist MTS in its complying with applicable anti-corruption legislation and business ethics requirements by means of providing all necessary information and assurances in this sphere requested in accordance with procurement procedures (Supplier's Questionnaire).

Adherence to the principle of absence of "Conflict of interests" by Suppliers. The "Conflict of Interests" means situations in which arise or may arise contradiction between a personal interest of Supplier's employees and legal interests of the Supplier itself/ and or the Company including situations that can lead to use of the job position by Supplier's employees to get benefits or advantages for themselves or other parties that can contradict legal interests of the Supplier /and or the Company, as well as have an impact on objective and efficient performance by the above mentioned employees of their job responsibilities.

Performance of terms and conditions of the agreement on time and properly: MTS hopes that all Suppliers are interested in supplying products (rendering services/ performing works) precisely on time according to the approved schedule in accordance with the order (contract, agreement)

Timely fulfillment of warranty service conditions, of SLA in full and properly.

3. Honesty in commercial operations

Interaction with MTS's employees only within the framework of performance of their job responsibilities and only in favour of MTS. The Company strongly disapproves of any undue influence on employees in order to make them act in favour of some Supplier against Company's interests or with a different purpose by offering them monetary (or other pecuniary) compensation, by means of threats or any other illegal actions.

In case of detecting information on the fact or attempt of undue influence on MTS's employee on the part of the Supplier the Company reserves the right under the existing laws to suspend or cease cooperation, as well as to draw respective conclusions regarding future cooperation. MTS also reserves the right to send information on such fact to the relevant state agencies.

In the event the Supplier in the process of interaction with MTS's employees detects the facts or receives information on improper performance of job responsibilities by Company's employee we kindly ask you to send such information to the Company.

MTS shares the opinion that it is necessary to build transparent partnership relations in the first place between organizations as such notwithstanding change of managers or non-managerial employees of organizations.

Compliance with the rules of giving and receiving presents, holding events by the Supplier.

Presents and souvenirs of reasonable cost can be received in connection with generally accepted events in accordance with the Regulation on gifts and entertainment events of the company. At the same time MTS asks you not to forget that the presence or absence of the gift will not and should not by any means influence the actions, favourable or unfavourable attitude of MTS's employee to whom the present was or was not made by the Supplier. In its internal policy MTS demands that employees should return the present to the Supplier if the present does not meet the above mentioned requirements. At the same time the employee should specify that the reason for return of the present is non-compliance with Company's corporate policy. MTS hopes for your understanding and guarantees that the return of the present will not in any way influence future cooperation and will not have an impact on managerial decision making procedure concerning selection of the Supplier and interaction with it.

In their turn MTS's employees can not give presents to Supplier's employees according to company's internal rules. At the same time MTS asks you to remember that presence or absence of the gift on the part of MTS's employees will not in any way be confirmation of MTS's favourable or unfavourable attitude to the exact Supplier.

MTS's employees can from time to time accept or give invitations for lunch, dinner or other entertainment events if: the cost of lunch, dinner or entertainment event is reasonable; the purpose of the meeting or event attendance is business; expenses will be covered by MTS as proper business expenses unless they are covered by the other party. Entertainment events of reasonable cost can include lunch, dinner or attendance of sports and cultural events if they are usually also offered to other customers or Suppliers.

4. Aspiration to find mutually beneficial solution

MTS hopes that the Supplier also strives to develop partnership relations to solve both strategic and current interaction issues. The Company counts on getting from the Suppliers information on possible dangers, risks, or possible lost profit that can threaten the Company and are known to them. To make mutually beneficial decisions MTS encourages transparency of Supplier's internal business processes (such as system of quality assurance, customs clearance of goods, logistics structure, procedure of tax calculation and payment, etc.)

5. Protection of confidential information

The Suppliers that get access to confidential information in the process of business relations should not share this information with anybody unless they get consent to do so from MTS. The Suppliers should not make trade transactions with securities or assist somebody else in doing so based on confidential information received from MTS. If the Supplier thinks that it received access to MTS's confidential information by mistake, the Supplier should immediately inform Company's employee who was its point of contact in the Company about it and to abstain from further distribution of the information. Likewise, the Supplier should not share information with MTS that concerns some other company and / or organization if the Supplier is under contractual or legal obligations not to disclose such information.

Meetings, discussions, or negotiations during which the issues that are related to MTS's commercial operations are discussed should be held only in meeting rooms or in offices of Company's heads.

6. Corporate and social responsibility

MTS expects that the Suppliers in the process of implementation of their social responsibility set maximum increase in contribution in sustainable development as their general target. MTS encourages integration of social responsibility into Suppliers' operation with due account for interests of key parties concerned. Social responsibility of the Suppliers assumes transparent and ethical behaviour that contributes to sustainable development, correlates with the applicable laws and is in line with international standards of conduct.

The environment

MTS encourages Suppliers' environmental friendliness. MTS expects that its Suppliers have efficient environmental protection policy and also comply with the effective legislation and regulations regarding environmental protection. The Suppliers should apply preventive approach to ecological issues, implement initiatives that contribute to enhancement of ecological responsibility and promote expansion of technologies that are favourable to preservation of the environment and to use of rational methods of implementation of product life cycle.

Decent work

The MTS Company complies and strives to work with business partners that also comply with the following standards specified in the applicable legislation:

- good faith tax payment;
- assurance of equal opportunities to employees of all levels notwithstanding skin colour, race, gender identity, age, ethnicity, national origin, sexual orientation, marital status, religious affiliation, disability, or other characteristics protected by law;
- payment for labour that can meet at least the main demands of employees;
- granting opportunities of skills upgrade to employees;
- compliance with labour hours envisaged by the law and compensation for overtime hours in accordance with statutes of the local laws;
- respect for legal freedom of association for employees;
- recognition of all legal rights to negotiate and conclude a collective labour agreement;
- development, implementation, and support of the policy in the sphere of job safety, analysis and control over risks connected with job safety and caused by organization's operation;

We expect that the Suppliers that do business with the MTS Company will comply with health and safety rules adopted in our Company and create healthy work environment and safe labour conditions for all its employees. Besides, any Supplier's representative that provides services on site on the territory of the MTS Company should comply with safety regulations set by the MTS Company.

Human rights

MTS unexceptionally respects and promotes protection of human rights reflected in The Universal Declaration of Human Rights. MTS disapproves of the use of illegal child labour, forced labour, debt bondage, human traffic, and all forms of exploitation. The Company does not cooperate with any Suppliers notorious for the use of unacceptable methods of workers' treatment, such as corporal punishment, degrading treatment, forced labour or other forms of unacceptable workers' treatment. The MTS Company expects that its Suppliers will take appropriate steps to ensure that their own Suppliers do not use similar methods of workers' treatment.

Charity

MTS cooperates with the government and the public from local communities where we do business to improve opportunities in the sphere of education, culture, economy, and social security for the public from these communities. MTS encourages Suppliers' actions in the sphere of corporate charity, social investments, corporate volunteering.

Transparency and reporting

The Suppliers of the MTS Company should comply with all applicable laws and regulations in all countries where we operate and acquire goods and services, including the laws governing business operations, product quality, environmental, health and safety standards, as well as working and employment conditions.

MTS encourages publishing public reporting on sustainable development/ corporate social responsibility by Suppliers in accordance with international standards that contains information on their compliance with the above mentioned aspects, as well as on the impact on environment, economy and society.

MTS encourages conducting self-assessment on the issues of corporate social responsibility by Suppliers according to the questionnaire offered by MTS within the framework of annual supplier survey.

Breach of the Code of Supplier's Conduct

The MTS Company reserves the right to check the compliance with this Code of Supplier's Business Conduct.

In case of Supplier's non-compliance with these standards, relevant laws and rules the Company reserves the right under the existing legislation to suspend or cease cooperation to the extent of cancellation of contracts, as well as to draw respective conclusions regarding future cooperation.

The Company anticipates that Suppliers will inform the Company on serious breaches related to compliance with the standards specified in this Code via e-mail: control&audit@mts.ru. A serious breach means the fact of any breach of standards specified in clauses 2-6 of this Code.

Company's Suppliers may inform on their suspicion regarding non-compliance with these standards or other fears that concern finances, accounting, audit, corruption, or fraud in the Company or on other serious situations that affect MTS's material interests or concern moral stand or physical security of our employees via e-mail: control&audit@mts.ru.

MTS hopes that the above mentioned principles of work will help us with creation, development, and support of partnership relations that ensure mutually beneficial cooperation.