

MTS PJSC COUNTERPARTY CODE OF BUSINESS CONDUCT



Mobile TeleSystems
PJSC, 2021



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INTRODUCTION



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 any 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, and commitment to the highest standards. MTS consumers expect any persons/entities the Company deals with and especially our Counterparties to behave in 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.

MTS implements and maintains a risk-oriented program to train the Counterparties of MTS for the requirements set forth in the Code by way of a specially developed training system: on a regular basis in full-time, electronic or any other available format.

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 The Counterparty is any legal entity or individual, including a self-employed entrepreneur, 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; professional services providers; consultants; agents, mediators, subcontractors, and other third parties.





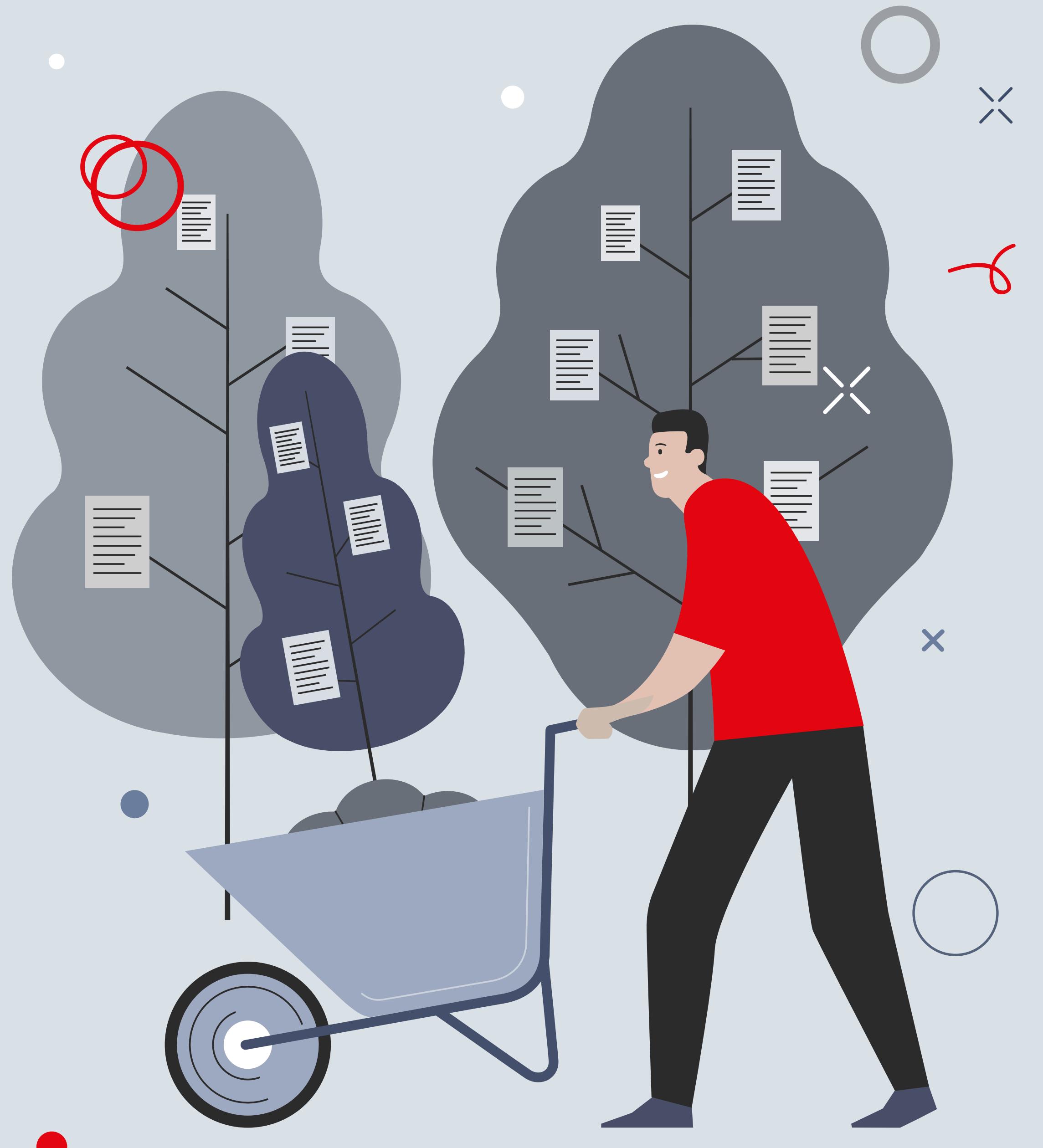
TO WHOM THE CODE APPLIES

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

The Company also expects that 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.

” By entering into business dealings with MTS, the Counterparty acknowledges that it is familiar 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 requirement to comply with the Code applies to any third party engaged by a Counterparty to act on behalf of and/or in the interests of the MTS Group. The Counterparty is responsible for the actions of such third parties.



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 <https://tenders.mts.ru/info>.

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

ETHICS OF DECISION MAKING



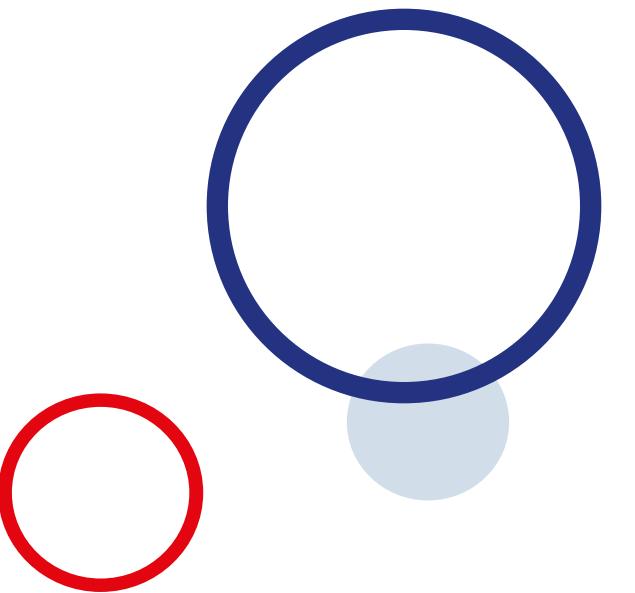
“ The Code sets out basic principles for behavior and decision making, however, it is impossible to foresee every situation that may arise.

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

- Is it lawful?
- Is it fair and honest?
- Does it serve the interests of MTS?
- Does it comply with the Company rules?
- Am I authorized to do it?
- 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 ('Reporting Violations').



RESPONSIBLE CONDUCTING OF BUSINESS



COOPERATION IN PURSUING MTS STRATEGY

“ MTS strategy – Customer Lifetime Value 2.0¹ – implies providing the customer with numerous digital services beyond the scope of telecommunications and is focused on creating a product ecosystem with a seamless transition between 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, providing favorable conditions while using a set of products, and 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 that the Counterparties' actions will be aimed at assisting MTS in achieving the strategic targets set.



¹ MTS Strategy is available on the MTS website at moskva.mts.ru/about/informaciya-o-mts/mts-v-rossii-i-v-mire/o-kompanii/missiya-i-strategiya

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 another 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 conflicts of interest by sending information to the Unified Hotline in accordance with Section 5 of the Code ('Reporting Violations') 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.



Can a Counterparty invite an MTS employee to an event held by the Counterparty?

Yes, it can if: the cost of the event lies within reasonable limits; the purpose of attending the event is business; and the costs will be paid either by MTS on its own or by the host party within reasonable limits on par with the other invited participants of the event, without granting any exclusive (additional) conditions for MTS.

”

At 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 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.

CONTRACTUAL RELATIONS AND DUE DILIGENCE OF 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 a contract/agreement/supplemental agreement/order.

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

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 a successful tenderer of the procedure; timely signing of an agreement/contract/supplemental agreement/order; 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.

When deciding whether to start or continue further interaction with a Counterparty, a risk-oriented approach shall be applied. MTS expects Counterparties to assist in the due diligence and provide, if necessary, reliable information as requested at any stage of interaction.

MTS expects that 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.

” The Counterparties are subjected to a comprehensive risk-oriented due diligence by MTS prior to concluding a contract.



GOOD BUSINESS PRACTICES

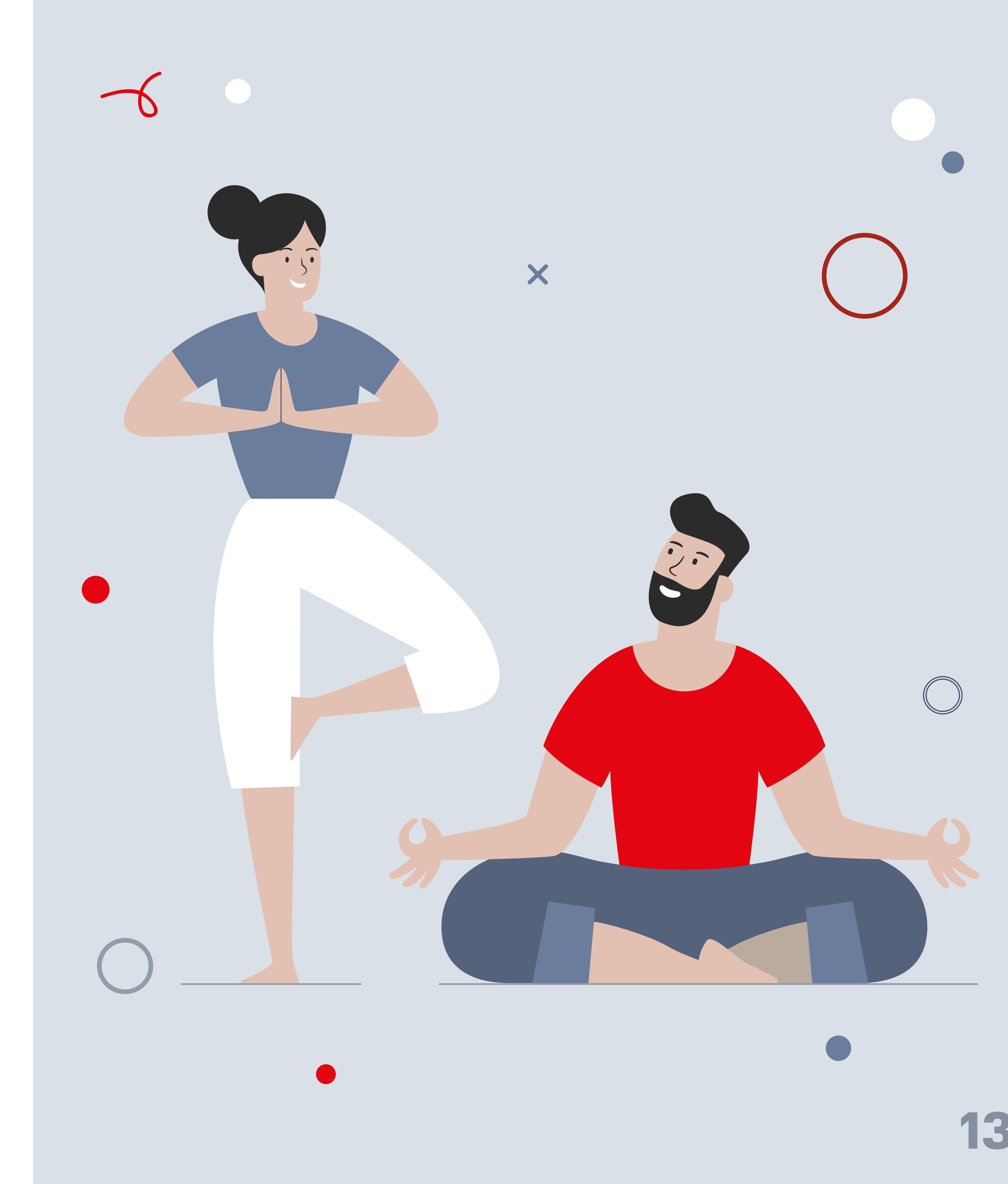
MTS hopes that Counterparties will also seek to develop the partnership relations in solving both strategic and current interaction issues. MTS expects Counterparties to provide information on any potential hazards, risks or possible lost profit of MTS that may be known to them.

According to the Company 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 website 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.

¹ MTS PJSC Code of Business Conduct and Ethics



PROTECTION OF MTS AND THIRD-PARTY 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.

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 a Counterparty believes that it was mistakenly granted access to MTS confidential information, this Counterparty shall immediately inform the MTS employee acting as an MTS contact person thereof, as well as refrain from further distributing such information.

” 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 comply with the intellectual property legal acts.

If a 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.

 A Counterparty possesses information concerning the MTS operations. Can it provide such information about the Company to any third parties?

 If the information is not confidential, it is already publicly available in the media, published on the official website of MTS, etc., such information may be transferred to third parties. If a Counterparty has got access to the MTS confidential information it must not share this information with anyone without written consent from MTS.

MTS expects that a 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, will consider this information as confidential, will not share this information with anyone else unless duly authorized by MTS, and will refrain from using this information if such use may cause harm or be undesirable in terms of protecting and serving the MTS interests.

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. Counterparties shall guarantee that the AI Technology developed for or jointly with the Company is 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.



IMPLEMENTATION OF THE LAW



COMPLIANCE WITH THE LAWS

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

PROHIBITION OF CORRUPTION AND BRIBERY IN ANY FORM

” The Company disagrees with any forms of bribery and corruption¹.

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 compliance², 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 Counterparties to deploy and implement an adequate and efficient anti-corruption compliance program.

¹Corruption 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.

²Anti-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 is a public company listed on the New York Stock Exchange since 2000. Registration on the American exchange imposes an obligation on foreign companies to comply with a number of requirements of local laws. Thus, along with the requirements to have in place an internal control system and to ensure reliability of financial statements, the requirements of the Foreign Corrupt Practices Act (FCPA) are also applied to the MTS operations.

Which countries’ laws are applicable to MTS?

These requirements prohibit American companies, as well as foreign companies whose shares are listed on the American stock exchange, to perform any corrupt actions with respect to foreign public officials. Likewise, the requirements of the UK anti-corruption legislation apply to the activities of MTS and its main shareholder. MTS is a subsidiary of a company listed on the London Stock Exchange, which, together with other factors, is the basis for applying the requirements of the UK Bribery Act to MTS.

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.

COMPLIANCE WITH ANTITRUST LEGISLATION

” MTS prohibits any agreements with Counterparties aimed at restricting or eliminating competition.

MTS expects that Counterparties will not interact with the MTS employees to enter into such agreements.

MTS expects that 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 that Counterparties will 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.



TRADE RESTRICTIONS

” MTS strictly complies with the applicable laws and regulations in international trading, including export control and trade restrictions.

MTS expects that Counterparties will 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.

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 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.



RESPONSIBLE LEADERSHIP FOR SUSTAINABLE DEVELOPMENT



SUSTAINABLE DEVELOPMENT AND IMPACT ON THE LOCAL COMMUNITY

MTS expects that in the course of their activities, Counterparties will set a common goal to maximize their contribution to sustainable development.

” MTS encourages 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 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 its Counterparties in their attempts to carry out activities in charity, social investment, corporate volunteering.

MTS encourages 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.



ENVIRONMENTAL PROTECTION

**” MTS welcomes environmental friendliness of Counterparties.
MTS expects its Counterparties to have an efficient
environmental protection policy and comply with the applicable
environmental laws and regulations.**

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.

A Counterparty implements sustainable development and corporate social responsibility practices in its company, in particular, takes steps towards reduction of the greenhouse gas emission and the negative impact on the environment, and regularly reports on non-financial indicators of the company's activities. Should this information be provided to MTS?

MTS welcomes the implementation of sustainable development and corporate social responsibility practices, attached documents on certification, international assessments and ratings will help building a sustainable unified supply chain.

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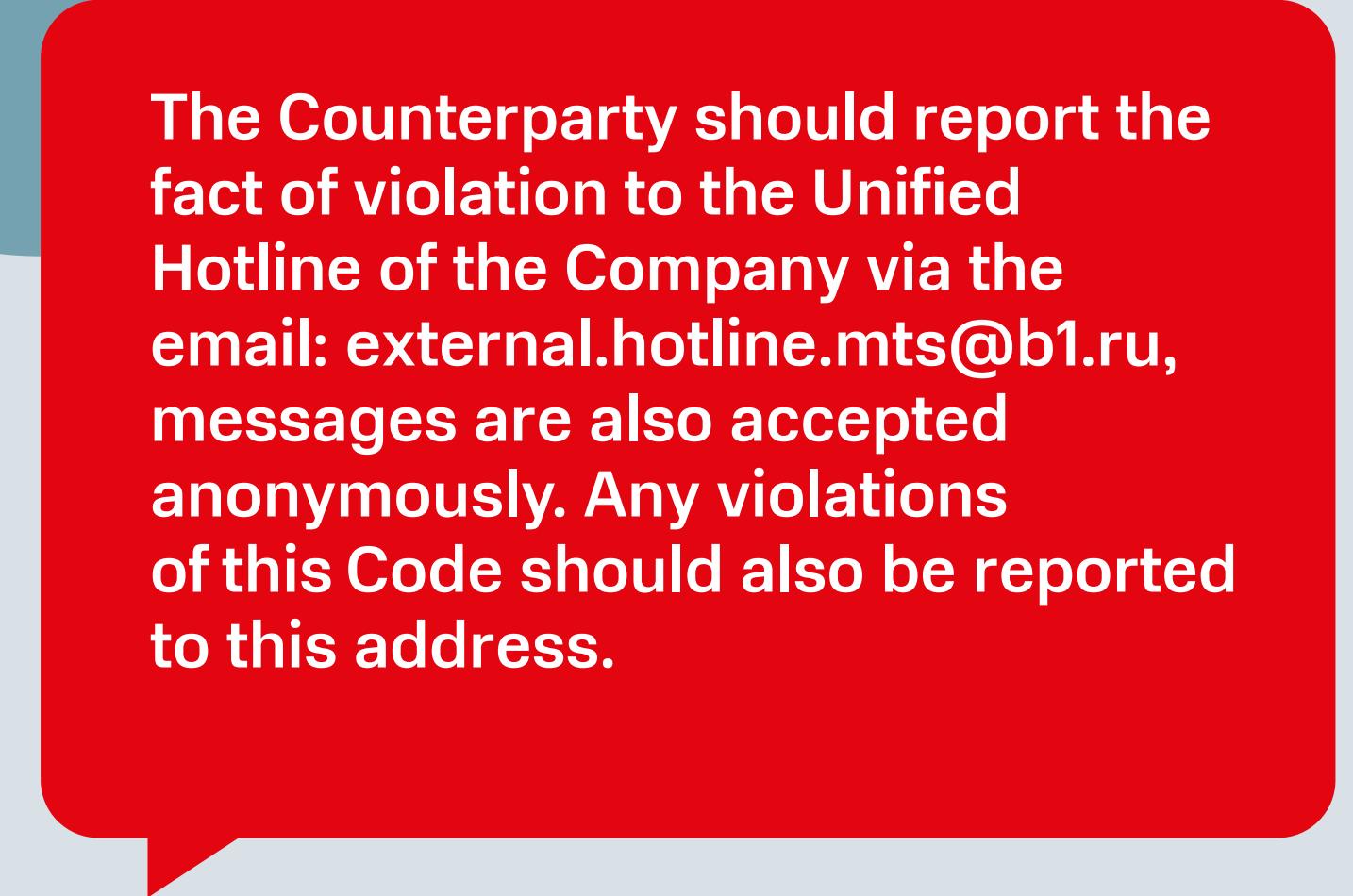
HUMAN RIGHTS

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

- payment of any taxes and all insurance contributions for mandatory pension, social and health insurance in good faith;
- providing equal opportunities for employees at all levels, irrespective of their skin color, race, sex, gender identity, age, ethnicity, national origin, sexual identity, marital status, religious identity, disability or other features that are not related to their business proficiency;
- labor remuneration that is sufficient to satisfy at least the basic needs of employees;
- providing employees with the opportunities for advanced training;
- adhering to the working hours prescribed by the law and overtime compensation in accordance with the local statutory regulations;
- having respect for the legitimate freedom of associations for employees;
- recognizing all legitimate rights to hold negotiations and to enter into a collective employment agreement;
- 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.



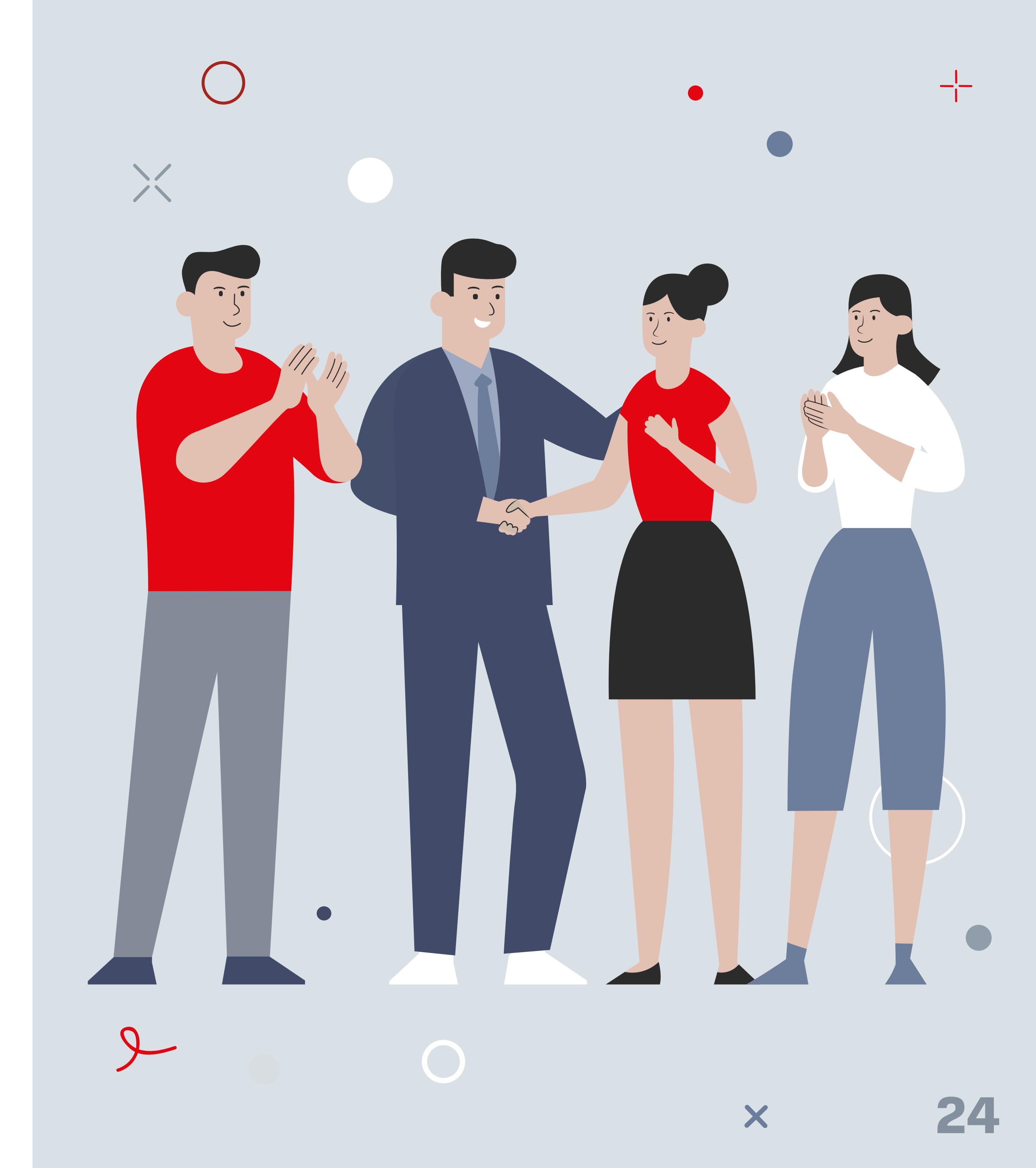
A Counterparty has become aware of repeated violations of human rights in the Company, how can the Counterparty report the violations?



The Counterparty should report the fact of violation to the Unified Hotline of the Company via the email: external.hotline.mts@b1.ru, messages are also accepted anonymously. Any violations of this Code should also be reported to this address.

” MTS does not tolerate 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 appropriate measures in order to prevent their own Counterparties from applying such methods of treatment of employees.



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 a Counterparty subject to confidentiality preservation and personal data security; MTS expects that the Counterparty will continue cooperation in the course of such check-up.

If a 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 that 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 or other situations affecting material interests of MTS or related to ethical conduct or physical security of the Company's employees.

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

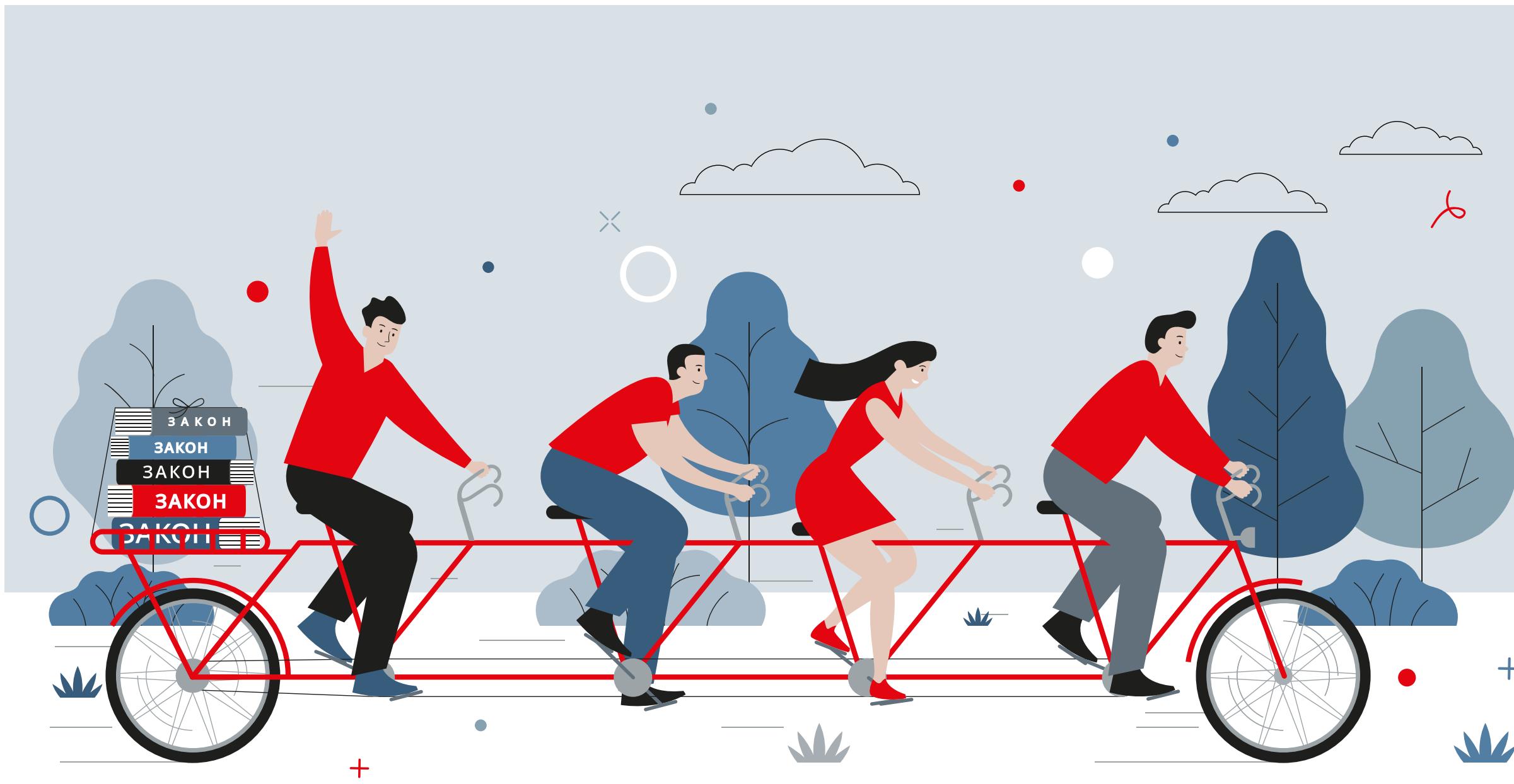
- to the Unified Hotline e-mail: external.hotline.mts@b1.ru;
- by phone 8 (800) 234 44 18 (Russian Federation);
- via the Unified Hotline electronic form available on MTS PJSC official website (anonymously or publicly).

Phone numbers of the Unified 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.



Please report any Counterparty Code
of Conduct violations by contacting
the Unified Hotline at:

external.hotline.mts@b1.ru

