

Policy

“Anti-corruption legislation compliance”

PL-MBD-020-2

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| Party responsible for ND application | Compliance Coordinator |
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1. INFORMATION ON THE DOCUMENT

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| The purpose of the document | <p>This Policy of the Company, its Management establish the following goals:</p> <ul style="list-style-type: none"> • To set measures aimed at improvement of corporate culture of the Company, introduction and development of best practices of corporate governance in the Company, as well as the standards of responsible business conduct; • Ensure Company’s adherence to the principles of legality, transparency and social responsibility with a view of upholding business reputation in front of the state, shareholders, clients, partners, competitors and entire society. • define principles of preventing corruption acts by (towards) the Company and (or) its employees, as well as principles of observance of, irrespective of circumstances, anti-corruption legislation during the Company’s economic activities in any country. |
| Brief summary of the document | <ul style="list-style-type: none"> • Anticorruption legislation compliance policy is a document of company-wide significance. • The present Policy establishes basic compliance principles and requirements for MobiDram CJSC, its members of governing bodies and employees, as well as all the third parties, acting on behalf or in the name of MobiDram CJSC the provisions of anticorruption legislation applicable for MTS Armenia CJSC. |
| Access restriction: | No |

2. RESPONSIBILITY AND FIELD OF APPLICATION

The present document regulates the activities of the following subdivisions and officials, including role performers:

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| Subdivision/position/role title |
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| Subdivision/position/role title |
| All the subdivisions and heads of All the subdivisions of the Company |

3. DEFINITION OF TERMS, ABBREVIATIONS AND ROLES

3.1. Definitions of terms and abbreviations

| Term | Abbreviation | Definition of the term (abbreviation deciphering) |
|--|--------------|---|
| Introduced definitions: | | |
| Employees (according to this Policy) | | Physical entities, having concluded employment or service contract with the Company |
| Acting anticorruption legislation | | Armenian Criminal code, FCPA, the UK Bribery Act and analogous legislation of states on the territories of which the Company conducts its business activities. |
| Foreign Corrupt Practices Act | FCPA | US Foreign Corrupt Practices Act 1977 (FCPA) (adopted by US Congress in 1977); |
| The UK Bribery Act | | UK Bribery Act 2010 («UKBA») (adopted by the Great Britain Parliament in 2010); |
| State bodies, authorities and organizations | | State authorities of RA and foreign countries, their entities and local authorities (including state ministries, services, agencies, state departments and their structural subdivisions), political parties as well as all legal entities directly or indirectly governed by the state. |
| Anti-corruption compliance (anti-corruption compliance system) | | A system of measures and processes developed by the Company with an aim to ensure observance of anti-corruption legislation requirements applied to the Company. |
| Current definitions: | | |
| Company | | MobiDram CJSC which shareholder is “MTS Armenia” CJSC, which, in its turn, is the subsidiary of “Mobilnie Telesistemi” public stock company |
| State official | SO | Any Armenian or foreign, appointed or selected person occupying any position in legislative, executive, administrative or judicial authorities or international organization; any person fulfilling public function for the state, as well as for State bodies, authorities or organizations; leading politicians, officials of political parties, including candidates for political positions, ambassadors, influential org-men in nationalized industrial fields or natural monopolies; managers and employees of State authorities, institutions and organizations, including doctors, military servants, municipal officials etc.; persons who have relative, familiar or business relations with state officials. |

3.2. Definitions of Roles

| Role Title | Definition of Role |
|--------------------------------|--------------------|
| Introduced definitions: | |
| N/A | N/A |
| Current definitions: | |
| N/A | N/A |

4. OBJECTIVES OF THE POLICY

The present Policy regulates the following practical issues for meeting the Policy purpose:

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- Ensure that the Managers, heads of the subdivisions and, employees of the Company are informed of their obligations to know and observe the key principles of anti-corruption legislation stipulated by the present Policy, as well as measures and procedures applied by the Company to prevent corruption;
- Define the obligations of the Management of the Company to ensure and control the development and implementation of efficient system of anti-corruption legislation compliance;
- Prevent participation of the Company, Managers, heads of the subdivisions and employees of the Company in corruption activities.
- Mitigate the risk of bringing the Company, its Managers, heads of the subdivisions and employees to criminal, administrative or civil responsibility;
- Develop a common understanding by the Managers, heads of the subdivisions and employees of the Company about the Company’s policy against any form of corruption.
- Improve the measures of ensuring reliability and transparency of Company’s financial reporting, as well as lawful and effective use of its assets.

5. ACTING ANTICORRUPTION LEGISLATION

The present Policy is developed pursuant to the requirements of RA anticorruption legislation, Foreign Corrupt Practices Act 1977, adopted by US Congress in 1977, The UK Bribery Act 2010, adopted by the Parliament of Great Britain in 2010, recommendations of regulatory bodies as well as the Charter, the Code of Ethics and other internal documents of the Company.

6. KEY PRINCIPLES

The Company adheres to the principles of anticorruption legislation and ethical business conduct in all types of business relations, regardless of the country where the Company runs its business. The principles and requirements of the present Policy are mandatory for implementation by all the companies of MTS Armenia, including their employees, board members and Representatives.

The Company adheres to the principle of exclusion of corruption in any form and their manifestations either in daily activities or implementation of strategic projects.

Therefore, all the Employees and board members of the Company, as well as any third party acting in the name and/or on behalf of the Company are not allowed to:

- Propose, promise, authorize or make payments in monetary form or other valuables, including, but not limited to, business gifts, compensation of expenses, discounts, entertainments, etc., as well as any financial and other benefit or privilege to any State official, representative of commercial organization or any other person aiming to affect the actions of the latter (ensure inaction) and impel to improper implementation of official responsibilities and/or get improper commercial privilege;
- Offer, provide facilitation payments or grease payments: payments made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action / obtain services that, under normal conditions, should be provided in any event.

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- Solicit, agree to receive or receive any payments in monetary form or any other valuable, as well as any financial or any other benefit or privilege, if receiving such payments, benefit or privileges is considered improper implementation of official or other duties envisaged by law, or is considered as compensation for improper implementation of such duties;
- Serving as intermediary in bribery or corrupt payment, namely directly give bribe on behalf of the briber or bribe-taker, or otherwise contribute to the briber and/or bribe-taker in achieving or implementing the agreement between them on receiving and giving bribes or committing commercial bribery.

6.1. Mission of the management

The management, heads of the subdivisions of the Company should be a model of ethical behavior, and by such behavior shall mould intolerant attitude of the employees towards any form and manifestation of corruption which shall become the integral part of corporate culture and daily business practice of Company employees.

The management, heads of the subdivisions of the Company are acquainted with the content of anti-corruption compliance system and provide necessary means for their implementation, as well as carry out general control over its implementation, disciplinary execution and operational efficiency.

6.2. Management Reputation

The Company undertakes all the required measures to prevent the involvement in managing job positions and governing bodies of people that are or have been involved in illegal activities.

6.3. Consistency of the Policy

The Company consistently ensures the observance of the applied anti-corruption legislation, especially the rules of business conduct and particularly promotes the observance of principles of the present Policy by Company employees and representatives, and in case of any violation of the provisions of the present Policy, certain sanctions shall be imposed.

6.4. Regular evaluation and minimization of risks

The Company on yearly basis performs activities for revelation, assessment and reassessment of corruption risks with special focus on risks specific to its activities, operations area, as well as potentially vulnerable business-processes.

Based on the results of risks assessment and reassessment, the Company develops and implements anticorruption procedure which reasonably and adequately meet the level and nature of revealed risks.

6.5. Informing and training

The Company openly announces about its zero tolerance approach to corruption and demands from its employees, Managers, heads of the subdivisions, to strictly adhere to the principles and requirements of the present Policy.

The Company continuously follows all the amendments in normative requirements and practice of enforcement of anticorruption legislation and timely informs all the stakeholders on the respective changes and trends.

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The Company implements training program for Managers, heads of the subdivisions and employees on the principles and standards of anticorruption compliance by means of a special training system. Trainings are conducted for the employees newly recruited in the Company; on daily basis in electronic form; on regular basis by personal attendance, but not less than once in two years; as well as if need arises or in case of amendments in anticorruption legislation or in anticorruption procedures of the Company.

By means of information and conducting trainings the Company boosts the corporate culture level, awareness about anticorruption issues and ethical business conduct.

6.6. Monitoring and control

The Company performs efficiency monitoring of implemented anticorruption procedures, controls observance of such procedures, and if necessary improves them.

MobiDram shall revise and amend the Anti-corruption legislation compliance Policy in case of changes in applicable legislation, law enforcement practices, best international anti-corruption practices, other external and internal factors in business-activities leading to changes in the corruption risk level and existing policies and procedures.

6.7. Official and Dedicated Experts in Charge

In order to ensure observance of anti-corruption legislation in force, the Company has appointed an official acting under direct supervision of the Company General Manager, who is in charge of implementation and improvement of anticorruption compliance system. Compliance Coordinator is independent, possesses required experience and authorities, as well as resources necessary for the provision of effective application and improvement of corporate system in compliance with the requirements of anti-corruption legislation.

6.8. Reporting and dedicated collective bodies

Periodically, as well as upon necessity, Compliance coordinator submits a report to the General Manager, Council of Company of the company regarding the application and/or improvement of anti-corruption compliance, violations revealed within the reporting period of compliance process, handled internal investigations, weak points of internal compliance management, carrying out measures related to the latter, as well as the general state and efficiency of the system.

7. CONTRACTUAL POLICY

7.1. Ban on extra-contractual agreements

The Company prohibits to conclude in the name or on behalf thereof any non-contractual agreements with any contractor, namely any written or oral agreements, not included in the main text of the contract with contractor or the annexes thereto, or any other form, but not processed through standard agreement procedures adopted in the Company.

Any contract or agreement concluded by the Company in its written form, including the annexes thereto are deemed the integral part of the document which shall contain all the terms and agreements on the basis of which the contract or agreement is concluded.

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7.2. Anticorruption Clause

With the purpose of ensuring compliance with anti-corruption legislation, as well as mitigating the risk of accountability as a result of Company’s involvement in corruption, the Company initiates inclusion of anticorruption clause in any contract/agreements to be concluded.

8. GIFTS AND REPRESENTATION EXPENSES

As per the anticorruption legislation in force, presents, hospitality expenses, including sums envisaged for business treats, the Employees may give or are given in the name of the Company to other physical entities or legal entities, or which the Employees, due to their work in the Company, may receive from other entities and organizations, in certain circumstances may be interpreted as unlawful. With this regard any presents and entertainment expenses shall meet the following criteria:

- (1) be directly linked with lawful goals of Company activities, for instance, with presentation or completion of business-projects, promotion of goods or services, successful implementation of contracts, or with commonly accepted holidays, such as Christmas and New Year, International Women's day, memorable dates, anniversaries etc.;
- (2) be reasonably substantiated, modest and not to be luxury goods;
- (3) not to compromise the ability of the recipient to receive impartial and fair decisions in connection with the assigned job and official authorities (duties), namely, but not limited to, provide in return for information, preferential attitude or opportunities that would not otherwise be provided;
- (4) not to be considered a concealed fee for service, action, inaction, connivance, patronage, granting of rights, making certain decisions about a deal, agreement, license, permit, etc. or attempt to influence the recipient for any other illegal or unethical purpose;
- (5) should not be risky for the Company reputation in case information on such presents or representation expenses is revealed;
- (6) should not be prohibited by the legislation applied to the recipient, as well as by other procedures and policies;
- (7) should not create any moral obligation for the recipient;
- (8) should not contradict the principles and requirements of the present Policy, Code of business conduct and ethics, other internal documents of the Company and the norms of anticorruption legislation in force;
- (9) should pass through all the coordinated stages formed inside the Company, should be provided with all the necessary documents and allowed by the management.

All the above-mentioned criteria also apply to the expenses made in the name of the Company and/or at the expense of the latter for promoting consumption activeness, acquisition, retention of customers, as well as for demonstration of Company activities in relations with the society, Mass media, investment and specialized companies.

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It is prohibited to give presents in the name of the Company, its Managers, heads of the subdivisions and , employees to any third parties in the form of monetary means, either cash or non-cash, or in a currency equivalent to the latter.

The same restriction applies to gifts received by the employees from the third parties within performance of their duties in the Company.

The rules and restrictions established in MobiDram CJSC regarding accepting and presenting gifts, as well as organization of entertainment and participation in them is regulated by the Attachment “On Gifts and Entertainments” (Attachment 1).

9. FINANCING POLITICAL ACTIVITIES

As per the present Policy, the Company shall not finance or otherwise support political parties or members thereof, including candidates for public posts, their election campaigns or political activities, as well as any other political organizations or movements.

At the same time, the Company recognizes the right of its employees to be personally involved in political activities at their free time, if such participation:

- is carried out at employees’ personal expense (without using funds and resources of the Company);
- is not associated with the Company and its activities;
- does not contradict the employees’ rights and duties in the course of their employment in the Company.

10. MEDIATED PAYMENTS OR PAYMENTS IN FAVOR OF THIRD PARTIES

The Company, members of the Board of Directors and employees are prohibited to involve or use the representatives of the Company, third parties in activities which contradict the principles and requirements of the present Policy or the norms of anti-corruption legislation in force.

The Company, members of the Board of Directors and employees are prohibited to make payments in favor of the representatives of the Company, joint ventures or third parties if it is known (or should be known) that the whole payment or a part thereof is aimed to be used for corruption purposes.

The Company periodically performs check-ups aimed at preventing and/or discovering the above-mentioned violations at the Representatives, joint ventures or third parties, with the objective to minimize the risk of Company participating in corruption activities.

11. ACCOUNTING RECORD-KEEPING

It is necessary to ensure that all the expenditures of the Company with regard to any state official or other party, irrespective of the sum of such transaction, is precisely documented and are available for any kind of check-ups.

Internal activities of financial control are validated in the Company, ensuring the following:

- (1) Making all financial transactions by a general or special permission of the Management;
- (2) Making precise and detailed accounting records so as to make it possible to compile reports compliant with financial (accounting) standards;

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- (3) Managing assets only by a general or special permission of the Management;
- (4) The accounting records on the composition and price of the assets should regularly be compared with the actual price and composition, and if necessary undertake respective measures.

Certain employees are appointed in the Company with the obligation to compile and submit complete and reliable accounting records within the time period envisaged by legislation.

Failure to observe or attempt to violate the procedure of internal financial control, distortion or forgery of accounting records of the Company is strictly prohibited and is considered violation of respective legislation.

12. AUDIT AND CONTROL

The company implements financial and economic audits on the regular basis by the means of the third party auditors as well as the Internal Audit and Control Unit of the Shareholder Company. In addition, uninterrupted control is ensured over completeness and accuracy of all the business operations in accounting records and observance of the principles and requirements of legislation in force and internal normative documents of the Company, including the principles and requirements stipulated by the present Policy.

13. PROCEDURE OF NOTIFICATION ON VIOLATIONS

The Company ensures the objective and timely consideration of all the messages received via Hotline and guarantees the confidentiality of the message author's identity who provided substantial and reliable information on the violation to the Hotline, except as provided by applicable law.

If information regarding the violation (or signs of violations) or facts of disposition to commit such violations has become known to any employee of the Company, irrespective of his/her job position, as well as to any Managers or heads of the subdivisions, with respect to the provisions of the present Policy and/or anti-corruption legislation in force that have been performed by Company employees, Managers, heads of the subdivisions or third parties, they are obliged to notify of the above-mentioned in the following way:

- (1) notify via “Unified Hot Line” of the MTS Armenia CJSC or by directly sending a message to the following e-mail address: hotline@mts.am (the e-mail address under the subordination of the Governance Risk and Control Department), including anonymous messages (sent from an email address not belonging to the Company),
- (2) notify his/her line manager of any level, and in case the facts refer to the latter, than the higher level manager should be notified;
- (3) notify Compliance Coordinator

The Company, within the limits of its authorizations, is obliged to ensure the protection of employees that have conscientiously notified about violations (or suspecting of such violations) of anti-corruption legislation in force or the provisions of the present Policy, preventing their prosecution or any other type of discrimination by the party against whom the respective message was submitted.

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At the same time, the Company guarantees that no sanctions (including dismissing from job, demotion, deprivation from bonus, etc.) shall be imposed on the employee who has conscientiously notified of supposed corruption act or that has refused to accept, give a bribe or act as mediator in bribery, even if in the result of the latter the Company has lost any profit or has failed to get competitive or commercial privilege.

The guarantee of not imposing sanctions by the Company does not apply to guilty employees, as well as to the cases when during internal research of the Company it has been proven that the message was an intentional fraud, defamation, false testimony.

14. RESPONSIBILITIES

As certain sanctions may be imposed on the Company for the participation of the employees, its Managers, heads of the subdivisions , and other parties related to the Company in acts of corruption, basing on each reasonable suspicion or proven fact, internal investigation shall be carried out according to the legislation in force for regulating similar investigations in compliance with the internal legal acts of the Company.

On the initiative of the Company, law enforcement authorities or other parties, certain disciplinary, administrative, civil or criminal liability may be imposed on the parties that are blamed for violating the present Policy and anti-corruption legislation in force, according to the procedure and grounds stipulated by the Company charter, internal legal acts, employment agreements, as well as in respective situations in case of availability of required bases in accordance with anti-corruption legislation in force and based on other similar foreign legal acts.

15. POLICY FULFILLMENT

Compliance Coordinator is the owner of the present Policy and is also in charge of the development, application and improvement of the latter, as well as the anti-corruption compliance system monitoring of the Company.

Within the frames of its responsibility, the Company’s Management is responsible for observance and efficiency of complete corporate compliance system, as well as introduction and implementation of anti-corruption compliance system and the processes.

The Management, heads of the subdivisions and Company employees, irrespective of their job position, bear personal responsibility for observance of the present Policy, principles and requirements of anti-corruption legislation in force, as well as for the actions (inactions) of their subordinates that have violated the mentioned principles and requirements.

16. INFORMATION SOURCES

In case Employees have any questions regarding the interpretation of the content of the present Policy, including any of its provisions, principles of implementation of compliance procedures stipulated by the present Policy, including the applicability of such principles and processes in certain situations or business procedures of the Company, as well as in case of having suspicion in legality or ethical nature of his/her conduct, the employee may turn to Compliance Coordinator.

Compliance Coordinator will thoroughly analyze the situation and promptly provide the employee with necessary information and consultation (within a period not exceed 5 working days).

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Additional information regarding the procedures of anti-corruption compliance system of the Company, answers to frequently asked questions, as well as the text of anti-corruption clause are presented in the single information web-portal of the Company: Company Profile/Compliance and Business Ethics.

17. NORMATIVE REFERENCES

17.1. External documents

| № | Document Title | Link in the internal portal |
|---|--|-----------------------------|
| | Criminal Code of the RA clauses 200, 201.1, 201.2, 201.3, 201.4, 312, 312.1, 312, 313, dated 13.06.1996 | |
| | US Foreign Corrupt Practices Act 1977 (FCPA) (adopted by US Congress in 1977); | |
| | UK Bribery Act 2010 («UKBA») (adopted by the Great Britain Parliament in 2010); | |
| | US Federal Sentencing Guidelines Manual, §8B2.1., 2010 | |
| | The Bribery Act 2010 Guidance, 2011 | |
| | A Resource Guide to the U.S. Foreign Corrupt Practices Act, 2012 | |
| | Convention of the Organization for Economic Cooperation and Development (OECD) on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997. | |
| | The United Nations Convention against Corruption, 2003. | |
| | Convention on criminal liability for corruption, 1999. | |
| | Guidelines for organizations regarding the development and adoption of measures to prevent and fight against corruption, 2013 (Ministry of Labour and Social Protection of the Russian Federation) | |

17.2. Internal normative and regulatory documents

| № | ND number or RD type, RD number, RD date | Document Title |
|---|--|----------------|
| 1 | | |

18. DOCUMENT VERSION CONTROL

| Version number | Date of version creation | Full name of developer in charge | Brief description of changes in the document |
|----------------|--------------------------|--|--|
| 1.0 | 20.08.2018 | Compliance coordinator Zaruhi Petrosyan | Document adaptation |
| 1.0 | 16.10.2018 | Compliance coordinator Zaruhi Petrosyan | Changes in Attachment 1 |
| 2.0 | 21.06.2019 | Compliance coordinator Zaruhi Petrosyan | Document updating |
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19. ATTACHMENTS

Amendment to the present attachments shall be coordinated and approved in a Simplified order. Attachments are presented in a separate file and are considered the integral part of the given regulation.

PL-MBD-020-2 Attachment 1. Statement on Gifts & Entertainment Activities

PL-MBD-020-2 Attachment 1.1 Gifts register

| | Job title |
|-------------|------------------------|
| Approved by | General Manager |
| Agreed by | Compliance Coordinator |