

Approved by
the Board of Directors
of Sistema JSFC
30.10.2015

CODE OF ETHICS
of Open Joint-Stock Company
Sistema Joint-Stock Financial Corporation

Moscow, 2015

**ADDRESS OF THE CHAIRMAN
OF THE BOARD OF DIRECTORS OF SISTEMA JSFC**

Dear colleagues,

Business ethics in relations with shareholders, investors, government authorities, business partners and employees have always been on top of Sistema's priorities.

Our business practice is based on the widely accepted principles of sustainable development and corporate social responsibility; and Sistema has proven its commitment to these principles back in 2003, when it became one of the first Russian companies to join the World Business Council for Sustainable Development.

We fully share the key ethical norms and principles of the Russian Code of Business Ethics (the Russian Chamber of Commerce and Industry, 1998), the Charter of Corporate Business Ethics (the Russian Union of Industrialists and Entrepreneurs, 2003), the Anticorruption Charter of the Russian Business (the Russian Union of Industrialists and Entrepreneurs, the Russian Chamber of Commerce and Industry, 2012) and the Corporate Governance Code (the Russian Central Bank, 2014).

With the purpose of continued development, introduction of and compliance with the best international and Russian standards in corporate governance, this Code sets forth the basic principles of collective and individual conduct which should be followed by Sistema and its employees in their daily business operations and when implementing projects in any area where Sistema is present.

The Code of Ethics reflects the position taken by the management of Sistema JSFC with respect to fundamental values of corporate culture and social responsibility that are designed to ensure open, honest and ethical conduct of business.

In those cases when the Code of Ethics sets standards of conduct that are higher than those set forth in the applicable legislation or usual business practice, Sistema and its employees should adhere to the standards, rules, requirements and principles envisaged this Code of Ethics.

Adherence to business ethics principles enhances Sistema's reputation today and ensures its sustainable development in the future, and this is why compliance with the Code of Ethics should become a priority for all members of Sistema's governance bodies and for all employees.

Chairman of the Board of Directors
of Sistema JSFC

V. V. Evtushenkov

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1. THE PURPOSE OF THE CODE OF ETHICS

- 1.1. This Code of Ethics of Sistema JSFC (hereinafter, the "Code of Ethics") is a fundamental regulation of Sistema JSFC (hereinafter also the "Corporation") that determines:
 - 1.1.1. the key norms, rules, requirements and principles aimed at setting uniform ethical standards for the operations of the Corporation and its Employees with regard to the Corporation's key business processes, as well as in relations with government officials, business partners, shareholders and mass media;
 - 1.1.2. responsibility of the members of the Board of Directors, the President, the members of the Management Board and Employees of the Corporation, irrespective of their positions, to know and comply with the principles and requirements of the Code of Ethics;
 - 1.1.3. the procedure for communicating the requirements of the Code of Ethics to the Corporation's Employees;
 - 1.1.4. procedures for monitoring compliance with the norms, rules, requirements and principles of the Code of Ethics by the Corporation's Employees (ethics assessment);
 - 1.1.5. the procedure for reporting identified or probable breach of the Code of Ethics to the Corporation's management;
 - 1.1.6. accountability of the Corporation's Employees for failure to comply with the Code of Ethics.
- 1.2. This Code of Ethics has been developed in compliance with the laws of the Russian Federation, the Charter and other internal regulations of the Corporation, taking into account applicable laws, requirements of the stock market regulators and best practices of the countries where the Corporation conducts operations and/or where its securities are listed on stock exchanges.

2. APPLICATION AREA

- 2.1. The Code of Ethics reflects the commitment of the Corporation and its management to high ethical standards of conducting open and fair business with the aim of improving corporate culture, following best practices of corporate governance and maintaining the business reputation of the Corporation and companies of Sistema Group.
- 2.2. All the Employees of the Corporation shall be guided by this Code of Ethics and shall strictly abide by its principles and requirements in daily business operations and when implementing any projects of the Corporation.
- 2.3. The documents of the Corporation, including those that govern relations with the government agencies, business partners, shareholders and Employees of the Corporation, shall be developed and approved with due regard to the principles and requirements of this Code of Ethics.
- 2.4. Certain provisions of the Code of Ethics and procedures for their implementation are covered in more detail in other internal regulations of the Corporation, including policies, codes, regulations, provisions, job descriptions, and employment contracts of the Corporation's Employees.
- 2.5. All subsidiaries and affiliates of the Corporation (hereinafter - S/As) are recommended to implement and comply with the provisions of this Code of Ethics.
- 2.6. The principles and requirements of the Code of Ethics are applied to all operations and business processes of the Corporation, including the following:

- 2.6.1. respect to legitimate rights and interests of the shareholders and investors of the Corporation, timely and accurate disclosure of information;
- 2.6.2. corruption prevention;
- 2.6.3. fair competition;
- 2.6.4. interaction with government authorities and government officials;
- 2.6.5. adherence to the rules for work with insider information and unacceptability of insider deals;
- 2.6.6. identification and resolution of conflicts of interest;
- 2.6.7. adequacy of entertainment expenses and business gifts;
- 2.6.8. protection of confidential information;
- 2.6.9. use of the Corporation's assets;
- 2.6.10. mutual respect and assistance of Employees of the Corporation and its S/As.

3. THE GOVERNING ETHICAL PRINCIPLES OF THE CORPORATION

- 3.1. **Trust:** over the time of its existence the Corporation has managed to win the trust of contractors and customers by building strong partnerships with its shareholders, investors and Employees. The Corporation is committed to maintaining, strengthening and developing these relationships.
- 3.2. **Transparency:** the transparent information policy of the Corporation does not only guarantee the right of all interested parties to receive reliable and relevant information about the Corporation's business, but is also one of the most important elements of our corporate culture.
- 3.3. **Respect to people:** the HR policy of the Corporation is aimed at ensuring equal opportunities for all Employees irrespective of their nationality or religion, political views or personal convictions, sex or age.
- 3.4. **Professionalism:** all decisions at the Corporation are made based on duly checked information and professionally considered judgment.
- 3.5. **Fairness and impartiality:** all decisions at the Corporation, including choice of counterparties, partners, terms of interaction with them, staff and administrative decisions are made on transparent and fair market conditions without unjustified preferences and prejudices and also on the basis of professionally considered judgment.
- 3.6. **Zero tolerance of corruption and unfair competition:** the Corporation does not participate in unethical, unlawful or unfair business activities and also takes reasonable efforts and measures aimed at ensuring that its business partners, contractors, Employees and S/As adhere to the same high ethical standards in business relations.

4. INFORMATION, EDUCATION AND MONITORING

- 4.1. Employees shall be informed of the requirements of this Code of Ethics and confirm the receipt of this information with their signature prior to employment. This information shall also be made freely available on the Corporation's official website. After the launch of the corporate social network, Employees of the Corporation will be notified about the requirements of the Code of Ethics through this network.
- 4.2. To ensure proper understanding and compliance with the requirements of the Code of Ethics by Employees of the Corporation, Sistema's HR Department shall develop and get approved plans for training sessions and seminars and for preparation of training tools for the Employees on compliance with the Code of Ethics.

- 4.3. All Employees of the Corporation shall undergo training in compliance with the Code of Ethics at least once in two or three years and also in case of material amendments made to the Code of Ethics and/or applicable legislation.
- 4.4. The Corporation has introduced mandatory annual ethics assessment, which includes filling in and analysis of the Ethics and Conflict of Interest Declaration (See Annex 1) for all Employees of the Corporation included in the long-term incentive programme (hereinafter, the "LTI programme").
- 4.5. Employees of the Corporation included in the LTI programme shall fill in the Ethics and Conflict of Interest Declaration and submit it to the Internal Control and Audit Department of Sistema prior to employment, annually or as conflicts of interest arise during the reporting year.
- 4.6. The Internal Control and Audit Department of Sistema shall analyse submitted Ethics and Conflict of Interest Declarations and prepare a report, which should include declared cases of conflicts of interest and proposed measures to resolve them.
- 4.7. The report is submitted to the President of Sistema for information and to the Ethics and Control Committee of Sistema's Board of Directors for making decisions on resolving conflicts of interests cited in the report.
- 4.8. If a correspondent decision of the Ethics and Control Committee of Sistema's Board of Directors has been made, Employees of the Corporation shall take all the necessary steps to resolve the conflict of interest within one month after receiving excerpts from the minutes of the Ethics and Control Committee of Sistema's Board of Directors.
- 4.9. A detailed description of mandatory annual ethics assessment is given in the Internal Control and Audit Code of Sistema.
- 4.10. The Corporation complies with applicable legislation with regard to confidential information given by Employees of the Corporation in the Ethics and Conflict of Interest Declaration.
- 4.11. The Internal Control and Audit Department of Sistema conducts regular checks for compliance with applicable legislation and the Corporation's internal regulations, including the principles and requirements set by this Code of Ethics.

5. RELATIONS BETWEEN CORPORATION AND EMPLOYEES

- 5.1. The management of the Corporation shall be responsible for shaping ethical standards and creating conditions for Employees and counterparties of the Corporation to know and understand the key principles of the Code of Ethics and to see their practical implementation by Employees of the Corporation.
- 5.2. The Corporation builds relations with its Employees on the basis of common goals, mutual respect, long-term cooperation, accommodation of mutual interests, good faith, neutrality, and takes on the following obligations to its Employees:
 - 5.2.1. to abide by the labour laws of the Russian Federation and the terms and conditions of employment contracts;
 - 5.2.2. to respect human rights and freedoms;
 - 5.2.3. to maintain the atmosphere of amicability, mutual understanding and stability;
 - 5.2.4. to allow no discrimination or harassment;
 - 5.2.5. to provide a decent level of compensation and workplace safety;
 - 5.2.6. to create conditions for safe and productive work;
 - 5.2.7. to encourage success and achievements at work;

- 5.2.8. to take objective human resources management decisions based on the performance;
 - 5.2.9. to provide opportunities of professional and personal growth;
 - 5.2.10. to take into account the opinion of Employees and to arrange for feedback channels;
 - 5.2.11. to support initiatives aimed at improving business process efficiency;
 - 5.2.12. to develop and improve training and motivation systems;
 - 5.2.13. to respond to proposals, ideas, requests and complaints;
 - 5.2.14. to prevent unauthorised disclosure of personal data;
 - 5.2.15. to respect cultural traditions of the countries and regions where the Corporation operates.
- 5.3. All Employees of the Corporation must abide by the following ethical principles and standards:
- 5.3.1. to comply with the requirements of applicable laws and the Corporation's internal documents;
 - 5.3.2. to take care of the reputation of the Corporation and to be guided by its interests in their professional activities;
 - 5.3.3. to refrain from unfair competition and business practices;
 - 5.3.4. to abide by the principle of zero tolerance of corruption in any form;
 - 5.3.5. to set a personal example of ethical behavior;
 - 5.3.6. to demonstrate good faith and integrity in business and personal relations;
 - 5.3.7. to be respectful and polite with colleagues and counterparties of the Corporation;
 - 5.3.8. not to derogate from the dignity of reports and colleagues;
 - 5.3.9. not to allow unjustified or unfair human resources management decisions;
 - 5.3.10. to cut short any actions that are doubtful from the legal and the ethical viewpoint;
 - 5.3.11. not to abuse one's office, confidential or insider information, tangible or intangible assets of the Corporation to elicit personal benefit;
 - 5.3.12. not to mislead their colleagues or the Corporation's business partners and not to furnish unreliable or unverified information;
 - 5.3.13. to take decisions only after the situation has been comprehensively examined in view of the social responsibility to society and the state;
 - 5.3.14. to perform assignments given by the management and respond to requests of colleagues and counterparties in a timely manner;
 - 5.3.15. to take care of ongoing improvement of one's professional skills;
 - 5.3.16. to perform one's job duties as effectively as possible;
 - 5.3.17. to take into account the interests of all stakeholders in business relations;
 - 5.3.18. to share experience and information with colleagues and reports;
 - 5.3.19. to perform assignments from the management and requests from colleagues in a timely manner;
 - 5.3.20. to abstain from actions or omissions that cause a conflict of interest;

- 5.3.21. to strive to achieve compromises and amicable settlements of disputes;
 - 5.3.22. to inform the management of property and reputational risks of the Corporation;
 - 5.3.23. to avoid decisions that result in unjustified reduction of employment at the Corporation;
 - 5.3.24. to use one's own working time and the time of one's colleagues effectively.
- 5.4. In order to develop corporate culture and promote compliance with the principles set out in this Code of Ethics, the management of the Corporation shall:
- 5.4.1. serve as an example of compliance with applicable laws and business ethics norms in daily business activities of the Corporation and in their decision-making;
 - 5.4.2. make sure that Employees understand and comply with the requirements of this Code of Ethics;
 - 5.4.3. report any breach or potential breach of applicable laws and ethical norms.
- 5.5. Every Employee of the Corporation shall familiarise themselves with this Code of Ethics and undergo corresponding training in accordance with the procedures and timelines set by the HR Department of Sistema, and also report any breach of the principles of the Code of Ethics by other Employees or counterparties of the Corporation.
- 5.6. An Employee of the Corporation shall not be punished or prosecuted for initiating or discussing ethical issues with his/her colleagues and supervisors and shall be guaranteed confidentiality.

6. APPROACH TO IMPLEMENTING ETHICAL PRINCIPLES OF THE CORPORATION

- 6.1. **Respect to legitimate rights and interests of the shareholders and investors of the Corporation, timely and accurate disclosure of information**
- 6.1.1. The members of the Board of Directors, the President and the members of the Management Board of Sistema JSFC should in their decision-making equally take into account the rights and maintain the balance of interests of all the shareholders and investors of the Corporation, the relations with which are based on trust and mutual respect.
 - 6.1.2. The key principles of interaction with shareholders and investors are compliance with the high standards of corporate governance, informational openness and reliability of the financial statements of the Corporation that ensure that all the shareholders and investors are granted equal opportunities, including protection of their rights and timely access to information.
 - 6.1.3. In order to maintain the high standards of corporate governance at the Corporation, the General Meeting of shareholders and the Board of Directors of Sistema approved documents that set out procedures for decision-making and the powers of the Corporation's governance and control bodies.
 - 6.1.4. In order to provide free and equal access to information for all shareholders, investors and other stakeholders, the Corporation organises timely and reliable public disclosure of insider information in accordance with applicable legislation and rules of stock market regulators in Russia and countries where the Corporation's securities are listed on stock exchanges.
 - 6.1.5. By the end of the reporting period, the Corporation makes public disclosures of data on the financial results and risk factors, provides analysis of indicators for previous periods, description of the main events, data on credit ratings and

corporate governance ratings, calendar of activities that are important for the investment community and other material facts, and issues press releases when necessary and arranges conferences with analysts and mass media representatives.

How this is done at the Corporation

- 6.1.6. In accordance with Russian Federal Law No.39-FZ "On the stock market" dd 22 April 1996, Russian Federal Law No.224-FZ "On preventing illegitimate use of insider information and market manipulation and on amending certain acts of law of the Russian Federation" dd 27 July 2010, the Listing Rules of the Moscow Exchange, the UK Listing Rules, the Disclosure and Transparency Rules of UK FSA, the Corporate Governance Codes of Russia and the UK and other applicable laws and/or instructions of Russian and UK regulators, the Corporation discloses certain information about its activities (including insider information, material facts, financial statements, annual reports, quarterly reports and lists of affiliates).
- 6.1.7. Insider information disclosed by the Corporation shall be reliable, relevant and disclosed in accordance with applicable laws and regulators' requirements; negative information shall be disclosed immediately and in a reasonably sufficient amount, as well as positive information.
- 6.1.8. Coordination of work with the investment community, Russian and foreign mass media, unless otherwise specified in the Corporation's internal regulations, falls within the powers of the Corporate Communications Function of Sistema and authorised Employees of the Corporation.
- 6.1.9. To ensure a reliable, open and professional dialog, official statements on the Corporation's current financial situation, its prospects and development plans, as well as answers to requests from the investment community (shareholders, brokers, investment analysts, etc.) may be given only by Employees of the Corporation who authorised to do so by internal regulations.

Responsibilities of the Corporation's Employees

- 6.1.10. When making management decisions and participating in the work of governance bodies of the Corporation, Employees of the Corporation shall comply with the norms and requirements of applicable laws and internal regulations of the Corporation.
- 6.1.11. Employees of the Corporation that are owners of business processes must report all known facts and events that are subject to disclosure to the Corporate Secretary of Sistema.
- 6.1.12. Employees of the Corporation that do not have powers for interacting with mass media and/or regulators are prohibited from having direct or indirect contacts with mass media and/or the investment community on any issue related to the activities of the Corporation or its S/As, including giving any comments or making any statements on behalf of the Corporation, S/As or in their name as Employees of the Corporation or S/A without preliminary consent of the Corporate Communications Function of Sistema.
- 6.1.13. When interacting with mass media, the investment community and regulators, all Employees of the Corporation and structural divisions shall be guided by internal regulations of the Corporation related to work with and disclosure of information, including documents regulating work with information that constitutes a trade secret and/or insider information.

6.2. Preventing corruption

- 6.2.1. The Corporation firmly adheres to the principle of zero tolerance of corruption in any of its forms and manifestations, including in relations with shareholders, contractors, representatives of government agencies, local governments, political parties, S/As and other parties, when conducting daily business and implementing projects in any area where the Corporation is present.
- 6.2.2. Sistema's Anticorruption Policy is based on the following fundamental principles:
- a) The management of the Corporation sets an example of ethical conduct;
 - b) The risks of corruption are assessed on a regular basis;
 - c) Anticorruption procedures are implemented, followed and improved;
 - d) The credibility of contractors is checked;
 - e) Employees of the Corporation are provided with information and training;
 - f) Monitoring and control are conducted.
- 6.2.3. In case of a breach of applicable anticorruption legislation and/or Sistema's Anticorruption Policy, penalties envisaged by applicable legislation, this Code of Ethics and other internal regulations of the Corporation may be imposed on any Employee of the Corporation.

How this is done at the Corporation

- 6.2.4. In accordance with Sistema's Anticorruption Policy and other internal documents of the Corporation:
- a) The Corporation does not finance charitable or sponsor projects with the purpose of obtaining commercial advantages in specific projects of the Corporation and S/As;
 - b) The Corporation does not finance political parties, organisations and movements with the purpose of obtaining commercial advantages in specific projects of the Corporation and S/As;
 - c) The Corporation does not cover any expenses of government officials and their close relatives (or in their interests) with the purpose of obtaining commercial advantages in specific projects of the Corporation and S/As, including expenses for transport, accommodation, catering, entertainment, PR campaigns, etc. or other benefits at the expense of the Corporation;
 - d) The Corporation takes reasonable efforts and measures to minimise risks of business relations with unreliable counterparties and of the Corporation and/or its Employees and/or members of governance bodies being involved in corrupt practices. For this purpose, the Corporation examines the business reputation and reliability of counterparties, includes anticorruption clauses in agreements, contracts, letters and other documents, including those that govern the Corporation's relations with its business partners;
 - e) The Corporation examines the business reputation and reliability of candidates for vacant positions at the Corporation. Prior to employment at the Corporation, every Employee shall familiarise himself/herself with the Corporation's internal regulations, including the Code of Ethics and Sistema's Anticorruption Policy (confirming the fact with his/her signature);
 - f) The Corporation provides regular training to all Employees on issues of ethics and anticorruption procedures adopted by the Corporation and applicable anticorruption legislation; it also organises annual ethics assessment for top and middle-level Employees of the Corporation;
 - g) The Corporation has a functioning whistleblowing programme, SISTEMA'S HOTLINE.

6.2.5. The Corporation regularly monitors compliance with anticorruption procedures by all Employees of the Corporation, including through regular audits conducted by the Internal Control and Audit Department of Sistema. In case of uncovered breaches, the Security and IT Department of Sistema initiates an internal investigation and develops a set of measures for preventing similar situations in the future.

Responsibilities of the Corporation's Employees

6.2.6. Employees of the Corporation shall comply with anticorruption laws of the Russian Federation, including the Russian Criminal Code, the Administrative Violations Code, Russian Federal Law No.273-FZ "On prevention of corruption" dd 25 December 2008 and other Russian anticorruption regulations. Employees of the Corporation shall also comply with anticorruption legislation in the countries of the Corporation's presence, the key requirements of which are prohibition of giving and receiving bribes, corporate bribery and mediation in bribery.

6.2.7. Employees of the Corporation shall comply with the provisions of the Corporation's internal regulations aimed at preventing and minimising corruption risks.

6.2.8. Employees of the Corporation must report all risks and episodes of corruption to their direct supervisor or to the whistleblowing programme SISTEMA'S HOTLINE.

6.3. Fair competition

6.3.1. The Corporation builds its relationship with competitors following the principles of mutual respect, abstains from unfair competition, unethical methods of obtaining competitive advantages and abusing professional powers by trying to settle potential disputes by good-faith negotiations and finding mutually beneficial solutions.

6.3.2. When entering into contracts, the Corporation tries to fairly distribute risks between the parties and abstains from including provisions that unreasonably restrict competition into such contracts.

How this is done at the Corporation

6.3.3. The Corporation does not provide to mass media or the investment community:

- a) Ungrounded negative comments about the activities of the Corporation's competitors and business partners;
- b) Unreliable information about the Corporation's activities.

6.3.4. In accordance with the Corporation's internal regulations of procurement activities, the Corporation's procurement principles are:

- a) The principle of competition, achieved through implementation of procedures aimed at creating a reasonable level of competition among potential suppliers;
- b) The principle of economic viability, achieved through assessment of the need for procurement in terms of economic viability at any stage of the procurement process;
- c) The principle of openness in relations with suppliers, achieved through use of open competitive procedures as a priority form of procurement;
- d) The principle of transparent procurement procedures, achieved through possibility to monitor and control procurement at any stage;

- e) The principle of compliance with the key provisions and requirements of Sistema's Anticorruption Policy, achieved through inclusion of anticorruption provisions in agreements, contracts, letters and other documents, including those governing the Corporation's relations with its business partners.

Responsibilities of the Corporation's Employees

- 6.3.5. Employees of the Corporation should avoid making statements that damage the business reputation of competitors and business partners and they should not unfairly criticise their actions, products or services.
- 6.3.6. In the procurement process, Employees of the Corporation shall be governed by the Tender Procedures and Procurement Code of Sistema.

6.4. Interaction with government authorities and government officials

- 6.4.1. The Corporation and its Employees do their best to build and support constructive, open and transparent relations with the government authorities and government officials in the format that rules out any conflict of interest.
- 6.4.2. The Corporation does not give any gifts or cover any expenses of government officials and their close relatives (or in their interests) with the purpose of obtaining commercial advantages in specific projects of the Corporation and S/As, including expenses for transport, accommodation, entertainment, PR campaigns etc.

How this is done at the Corporation

- 6.4.3. Coordination of work with government authorities, unless the Corporation's internal documents envisage otherwise, falls within the powers of the Corporate Communications Function of Sistema, which is responsible for developing mechanisms and carrying out interaction with government authorities for efficient promotion of the Corporation's stance and protection of its interests.
- 6.4.4. The key principles, payment procedures and limits on entertainment expenses, including accounting for entertainment expenses in favour of government officials, as well as procedures for presenting business gifts, are set out in the Administrative Support Code.
- 6.4.5. The key principles and procedures for organising corporate events, including those involving government officials, are set out in Sistema's Anticorruption Policy and other internal regulations of the Corporation.

Responsibilities of the Corporation's Employees

- 6.4.6. All Employees of the Corporation shall assist the Corporate Communications Function of Sistema in exercise of its powers to coordinate work with government authorities.
- 6.4.7. When interacting with government authorities and government officials, Employees of the Corporation must comply with the requirements of the Code of Ethics, the Administrative Support Code, Sistema's Anticorruption Policy and other internal regulations of the Corporation.

6.5. Compliance with the rules for work with insider information and unacceptability of insider deals

- 6.5.1. insider information about the Corporation may have a significant impact on the price of the Corporation's securities and give unfair commercial advantages to those who possess it.

- 6.5.2. The Corporation discloses insider information according to the procedure established by the stock exchanges and regulators.
- 6.5.3. Employees of the Corporation are strictly prohibited from conducting transactions with the securities of the Corporation and S/As based on insider information personally or via representatives or to provide it to third parties except on the need-to-know basis and provided that certain rules, restrictions and conditions set out in the Corporation's internal regulations are observed.

How this is done at the Corporation

- 6.5.4. In order to minimise the risk of insider deals, the Corporation keeps and regularly updates the list of persons having access to insider information (hereinafter, the "List of Insiders") and regularly introduces a moratorium for Employees on transactions with the Corporation's securities ahead of disclosure of quarterly and annual financial statements.
- 6.5.5. The Corporation provides the List of Insiders in accordance with the requirements of regulators and stock exchanges of the Russian Federation and the countries where its securities are listed.
- 6.5.6. Employees of the Corporation that plan to conduct a transaction(s) with the Corporation's securities at any time must notify the Corporate Secretary of Sistema about their intention to conduct such transaction(s) and about the actual closure of such transaction(s).

Responsibilities of the Corporation's Employees

- 6.5.7. When creating, receiving, processing or transferring any documents (including by e-mail), every Employee of the Corporation shall analyse whether they contain insider information.
- 6.5.8. Employees of the Corporation shall not disclose insider information, except on the need-to-know basis and provided certain rules, restrictions and conditions set out in the Corporation's internal documents are observed.
- 6.5.9. Employees of the Corporation shall keep documents with insider information only on carriers registered with the Corporation and only in protected places.
- 6.5.10. All Employees of the Corporation working with agreements, transactions, projects, etc. shall:
 - a) monitor transfer of insider information to counterparties, including S/As, when preparing, concluding and implementing agreements/transactions/projects of which they are in charge or of which they have been notified;
 - b) immediately report to the Secretariat of Sistema's Board of Directors information about the status of provision of insider information to a counterparty(ies), including S/As, on agreements/transactions/projects in the specified format;
 - c) monthly confirm the current status of provision of insider information to counterparty(ies), including S/As, on agreements/transactions/projects of which they are in charge.

6.6. Identification and resolution of conflicts of interest

- 6.6.1. In accordance with the Russian legislation, internal regulations of the Corporation and employment contracts of Employees of the Corporation, Employees of the Corporation shall act in good faith and reasonably in the best interests of the Corporation when performing their job duties. One of the key conditions for

Employees of the Corporation being able to perform their duties in good faith is absence of a conflict of interest.

- 6.6.2. A conflict of interest arises or may arise when personal interests of an Employee of the Corporation, including financial, familial, friendly and other interests, influence or may influence the performance of their job duties in good faith and/or result in the use of their position in the Corporation for obtaining a gain or advantage for themselves or other persons due to the mismatch between their interests and the interests of the Corporation and/or S/As. For example, when Employees of the Corporation:
- a) may use their position in the Corporation to obtain a gain in form of cash, valuables, other property, other benefits or services (including travel, vacation, treatment, entertainment, etc., or benefit in form of achieving personal goals, even if it does not result in a financial gain) for themselves, their close relatives¹, friends and/or other persons;
 - b) may use business opportunities, assets, property and/or information of the Corporation for their own purposes;
 - c) compete with the Corporation, including competition in transactions and projects, in personal interests or interests of their close relatives, friends or third persons;
 - d) have a significant shareholding² (through ownership or otherwise, with regards to shares, units, etc.) in a company that is a competitor of the Corporation or a party in a material legal proceeding or arbitration with the Corporation;
 - e) have a significant shareholding (through ownership or otherwise, with regards to shares, units, etc.) in a company that is a counterparty of the Corporation, if the position of the Employees gives them the opportunity to make or influence decisions involving such counterparty;
 - f) are an employee, consultant, agent, representative, service provider, CEO, including a sole executive body, member of governance bodies or a committee of a counterparty and/or a competitor and/or a party in a material legal proceeding or arbitration with the Corporation or another company whose interests are reasonably likely to conflict with the interests of the Corporation and S/As;
 - g) obtain loans or guarantees on personal liabilities on non-market terms from a company or conclude financial transactions with a company that is a counterparty or a competitor of the Corporation or S/As or a party in a material legal proceeding or arbitration with the Corporation or S/As³;
 - h) borrow funds from the Corporation or any S/A of the Corporation on non-market terms or conduct any other activities that violate the incentive system in place at the Corporation without prior approval by the authorised bodies or the President of Sistema;
 - i) borrow funds from the Corporation or any S/A of the Corporation on market terms, if the purpose of such loan is to support and develop an own business

¹ Close relatives include parents, spouses, children, siblings and half-siblings, adoptive parents and adopted children.

² A significant shareholding means, without limitation, (i) holding over 2% of shares or (ii) investment in equity exceeding 5% of the total value of the Employee's property.

³ This example does not apply to Employees' transactions with lending institutions, brokerages and other financial institutions that are concluded on market terms in the course of ordinary business operations.

of the Employee, which is not within Sistema Group's perimeter and does not have any business relations with the Corporation;

- j) are or were during the previous two years government/municipal officials, government officers or employees of an organisation with prevailing state/municipal ownership or employees of an organisation where the government or a municipality has the golden share;
- k) participate in commercial and/or business operations that may negatively affect performance of the Employee's job duties or which entail use of the Corporation's assets and resources, insider information and confidential information obtained during work at the Corporation to the benefit of a third party;
- l) have close relatives as their reports at the Corporation or S/As and/or are reporting to their close relatives;
- m) make decisions that may influence decision-making on transactions with counterparties with which the Employees of the Corporation are bound by personal, business or other interests and relations (including work at a counterparty in previous years);
- n) conduct own operations with securities, financial tools, foreign currency or goods using insider information or other confidential information obtained while working at the Corporation;
- o) combine executive and controlling functions at the Corporation that allow using job duties for a personal gain;
- p) initiate, approve or participate in hiring of their close relatives to the Corporation or S/As, determining their job duties, paying bonuses, raising wages, providing benefits, financial aid, etc.

How this is done at the Corporation

- 6.6.3. The Corporation uses legitimate ways to monitor, identify and resolve situations that represent or may represent a conflict of interest and is entitled to demand that Employees of the Corporation resolve such situations if they pose a threat to the interests and/or reputation of the Corporation, affect proper performance of the Employee's job duties and may pose a risk of corruption.
- 6.6.4. All Employees of the Corporation included in the LTI programme, including those that are about to be employed, undergo ethics assessment in form of filling in of the Ethics and Conflict of Interest Declaration (See Annex 1) to collect and analyse information about signs of presence or absence of conflicts of interest and compliance with this Code of Ethics during the reporting period.
- 6.6.5. In all cases, conflicts of interest are resolved by the Corporation in accordance with the requirements of the labour law of the Russian Federation and taking into account the balance of interests of the Corporation and its Employees.

Responsibilities of the Corporation's Employees

- 6.6.6. Employees of the Corporation shall minimise risks of conflicts of interest, including by avoiding situations which result or may result in:
 - a) a mismatch between personal interests of the Employee and the interests of the Corporation;
 - b) use by the Employees of their position at the Corporation for the purpose of obtaining a gain or benefit for themselves, their relatives, friends or third parties;
 - c) circumstances affecting fair and impartial performance by Employees of

their job duties at the Corporation.

- 6.6.7. When making decisions on issues arising from their work at the Corporation, Employees of the Corporation shall:
- a) be guided by the interests of the Corporation;
 - b) avoid any situation that is or may be a conflict of interest;
 - c) act so as to not allow personal interests, familial and friendly relations, personal likes and dislikes to influence the impartiality and objectivity of management and business decisions made in connection with their work at the Corporation;
 - d) immediately notify their direct supervisor in writing about any potential or actual conflict of interest with the Corporation and assist in resolving such conflict of interest;
 - e) be responsible for:
 - failure to protect or improper protection of the Corporation's interests in case of a conflict of interests;
 - concealing a conflict of interest from the Corporation;
 - failure to take measures or refusal to act to prevent and/or resolve a conflict of interest.
- 6.6.8. All Employees of the Corporation that are included in the LTI programme shall annually fill in and sign the Ethics and Conflict of Interest Declaration and submit it to the Internal Control and Audit Department of Sistema for further analysis.
- 6.6.9. If at any moment an Employee of the Corporation has reason to believe that he/she has or may have a conflict of interest, such Employee shall immediately submit a filled in and signed Ethics and Conflict of Interest Declaration (See Annex 1 for the template) to the Internal Control and Audit Department of Sistema and assist with prompt resolution of such conflict of interest in accordance with recommendations and requirements of the Corporation and the laws of the Russian Federation.
- 6.6.10. It is recommended that the Corporation's employees having a conflict of interest refrain from taking any decisions at their own discretion and from voting on collective decisions about to the Corporation's activities related to the source of the said conflict of interest until full settlement of such conflict of interest. Before such settlement of a conflict of interest any decisions about the Corporation's activities related to the source of the said conflict of interest (such as deals, choice of suppliers, talks, etc.) shall be made by another person or the Corporation's other collective body having full authority to make such decisions based on the Corporation's internal regulations. The said conflict of interest shall be settled according to the normal procedure as set out in cl.4.7-4.8 hereof. The final decisions on the settlement of the conflict shall be made by the Ethics and Control Committee of the Corporation's Board of Directors.
- 6.6.11. If an Employee of the Corporation doubts whether he/she has a conflict or interest or how such assessment should be made, such Employee shall immediately contact the Internal Control and Audit Department or the Legal Function of Sistema for explanations.

6.7. Adequacy of entertainment expenses and business gifts

- 6.7.1. In accordance with Sistema's Anticorruption Policy, gifts and entertainment expenses, including business hospitality expenses, that the Employees may

provide to other persons or organisations on behalf of the Corporation, or which the Employees may receive from other persons and organisations in connection with their work at the Corporation, should meet all of the following criteria:

- a) be directly related to the legitimate goals of the Corporation, e.g. presentation or completion of business projects, successful fulfillment of contracts, or generally recognised festive occasions, such as Christmas and the New Year, the International Women's Day, memorable dates, anniversaries;
- b) be reasonable, commensurate and be no article of luxury;
- c) be no concealed reward for a service, action, omission, connivance, patronage, granting rights, taking a specific decision on a transaction, agreement, licence, permission etc. and no attempt to influence the recipient with some other illegal or unethical purpose;
- d) create no reputational risks for the Corporation, Employees of the Corporation or other persons in the event the information on gifts or entertainment expenses is disclosed;
- e) be in no conflict with the principles and requirements of this Code of Ethics, other internal documents of the Corporation and provisions of applicable laws.

How this is done at the Corporation

- 6.7.2. The HR Department of Sistema shall inform all Employees of the Corporation about the provisions of the Code of Ethics and Sistema's Anticorruption Policy (the receipt of which information they shall confirm with their signature), including definition of what is considered acceptable and unacceptable with regard to business gifts and business hospitality, and also ways for reporting breaches of the key principles with regard to business gifts and entertainment.
- 6.7.3. No gifts in the form of money, either cash or non-cash, in any currency, are allowed to be given or received on behalf of the Corporation, its Employees or representatives.
- 6.7.4. Business gifts on behalf of the Corporation or its executives and/or Employees at the expense of the Corporation for representatives of government authorities and government officials of any country, as well as entertainment and other related costs in interaction with representatives of government authorities and government officials of any country are allowed only in cases and within the scope envisaged by the Russian laws, applicable foreign laws and internal regulations of the Corporation (notably, Sistema's Anticorruption Policy and the Administrative Support Code).

Responsibilities of the Corporation's Employees

- 6.7.5. Timely report any breach of key principles with regard to business gifts and entertainment to the whistleblowing programme SISTEMA'S HOTLINE.
- 6.7.6. In case of doubt about the relevance of a business gift, holding/attending an entertainment/business event or accepting business hospitality, Employees of the Corporation shall ask their direct supervisor or the Legal Function of Sistema for advice.

6.8. Protection of confidential information

- 6.8.1. Employees that have access to confidential and/or insider information of the Corporation, personal data of Employees shall use such information only for

performing their job duties and may disclose it to other Employees of the Corporation, counterparties or other persons only on the need-to-know basis, provided certain rules, restrictions and conditions set out in internal regulations of the Corporation are observed.

- 6.8.2. All Employees of the Corporation shall not disclose, comment on in mass media or transfer such information (including after the termination of their employment with the Corporation) to any companies or persons (including relatives), except for cases when its disclosure, commenting or transfer has been authorised by the governance bodies or with internal documents of the Corporation or is required by law.

How this is done at the Corporation

- 6.8.3. Detailed information about the Corporation's policy with regard to information protection is given in the Security Code of Sistema and other internal regulations of the Corporation.

Responsibilities of the Corporation's Employees

- 6.8.4. Employees of the Corporation shall keep secret and not disclose any confidential information, both during their employment at the Corporation and after dismissal. Employees may disclose confidential information only with prior permission of the management or in accordance with procedures set by internal regulations of the Corporation.

6.9. Use of the Corporation's assets

- 6.9.1. The Employees should treat the Corporation's assets and property with due care and provide for their efficient use for legitimate business purposes, prevent embezzlement, damage, misappropriation, negligence, use for illegal or unethical purposes, while minimizing the risk of potential losses and damage to the business reputation of the Corporation.

- 6.9.2. The Corporation's assets and property include tangible assets, cash resources, intellectual property rights, know-hows, data on business processes, network resources and written correspondence and data transferred or received via email or other communication systems of the Corporation or contained in them.

How this is done at the Corporation

- 6.9.3. Internal regulations of the Corporation (the Administrative Support Code and the Security Code of Sistema) set out requirements for use and preservation of the property, including:

- a) personal responsibility of Employees of the Corporation for ensuring preservation of the Corporation's property they received for use and the need to report any improper use of the Corporation's property by third parties (the whistleblowing programme SISTEMA'S HOTLINE);
- b) protection of the Corporation's money from misappropriation, loss, fraud and theft.

- 6.9.4. The Internal Control and Audit Department of Sistema conducts regular checks of the use of the Corporation's assets and property for compliance with the declared purpose and the provisions of this Code of Ethics and other internal regulations of the Corporation.

Responsibilities of the Corporation's Employees

- 6.9.5. Every Employee of the Corporation is responsible for preservation and proper use of the Corporation's assets and property.

7. ORGANISATION OF THE WHISTLEBLOWING PROGRAMME 'SISTEMA'S HOTLINE'

- 7.1. In order to prevent potential abuse, fraud, corrupted practices, omissions and deficiencies, the Corporation has organised the whistleblowing programme SISTEMA'S HOTLINE.
- 7.2. Should any of the Employees of the Corporation have doubts about the ethics or the legitimacy of their actions, as well as actions, omissions or suggestions of other Employees, counterparties or other persons that interact with the Corporation, they can report that (including leaving an anonymous message) to the Corporation's hotline, including:
 - 7.2.1. by sending an email to report@sistema.ru;
 - 7.2.2. by leaving a message on an answering machine at +7 (495) 228-15-02;
 - 7.2.3. by posting a letter or sending it with a courier to: 13 Mokhovaya St., bld.1, 125009 Moscow, Russia, Attn.: Head of Internal Control and Audit Department (IC&AD), to mark: "Private and Confidential: HOTLINE";
 - 7.2.4. by sending a text message via www.sistema.ru on the HOTLINE page.
- 7.3. No sanctions will be applied to any Employee if they have reported actual or suspected instances of non-compliance with the Code of Ethics or other irregularities.

8. AMENDMENTS

- 8.1. In the event of changes in (a) the requirements of Russian or foreign laws, or (b) applicable provisions of international laws, (c) best practices, (d) interests of the Corporation or its shareholders, investors, partners, creditors, or (e) if some of the provisions of this Code of Ethics are found to be insufficiently effective and in other cases, the Board of Directors of Sistema JSFC shall have the right to make corresponding amendments to the Code of Ethics, which, however, should not impair the high standards of business at the Corporation.

9. RESPONSIBILITY FOR NON-COMPLIANCE (IMPROPER COMPLIANCE) WITH THE CODE OF ETHICS

- 9.1. Regardless of the position they occupy, Employees may bear personal responsibility for failure to comply with the principles and requirements of this Code of Ethics and for actions (omissions) of their reports that infringe on these principles and requirements, done with their knowledge or connivance.
- 9.2. If necessary, a breach of this Code of Ethics by an Employee and his/her responsibility may be submitted for review by the Discipline Committee under the President of the Corporation.
- 9.3. Persons that have committed or allowed actions (omissions) violating the provisions of this Code of Ethics may on due grounds be liable (dependent on the circumstances and the nature of the infringement) to disciplinary, administrative, civil or criminal penalties, including those initiated by the Corporation.

10. CONCLUSION

- 10.1. The Code of Ethics is not an exhaustive body of rules and does not provide recommendations for all possible situations that the Employees may face while performing their job duties and running the business of the Corporation.
- 10.2. If it is necessary to make a sensitive business decision in a situation that is not explicitly set out in this Code of Ethics, each Employee should try to answer the following questions:
 - 10.2.1. Is this legal?

- 10.2.2. Is this fair and honest?
 - 10.2.3. Is this in line with the interests of the Corporation?
 - 10.2.4. Does this meet ethical principles and values of the Corporation?
 - 10.2.5. Will it have a negative impact on the Corporation's reputation as a company with high standards of business ethics?
 - 10.2.6. Do I have the authority?
 - 10.2.7. Will my action set a good example for other Employees of the Corporation?
 - 10.2.8. Will I feel comfortable if the shareholders and the management of the Corporation learn about my actions or if such information is published in mass media?
- 10.3. If the answer to any of these questions is negative or if you have questions about interpreting or applying the Code of Ethics, you should immediately discuss the situation with your direct supervisor, employees of the Legal Function of Sistema or contact the Ethics and Control Committee of Sistema's Board of Directors.