

APPROVED
Resolution of the Board of Directors of MegaFon PJSC

Minutes No. 289 (353) dated August 15, 2018

Code of Ethics and Corporate Conduct of MegaFon PJSC

New version

Moscow, 2018

Happy Customer starts with you

Leadership starts with you

Team starts with you

1. Code Purpose

“MegaFon. Starts with you” – that is the motto and brand promise. It is not only a message for our customers it is also the basis of our business ethics and corporate conduct. Because happy customer, leadership and team – are our key values. And they start with us.

MegaFon's goal is to become choice No.1 and main life partner. We change the world and people's life for the better and we see our mission in making our customers happy. That is why our company is striving to become digital market leader.

Constant progression – that part of MegaFon's DNA. We set the tone, risk and set the highest targets. All of the above would never been possible without the solid team. You can achieve success only through teamwork and mutual support. Our corporate values – is not a slogan and declaration. These are main business milestones that define our relations with customers, colleagues and partners.

It is impossible to provide guidance for every situation that Company's employee may face in real life. That is why we expect you to follow Company's values at all times, use common sense and comply with general standards provided herein.

This Code of Ethics and Corporate Conduct (hereinafter – the Code) sets out the business conduct principles to be followed by all employees and Directors of MegaFon PJSC and its subsidiaries (hereinafter – the Company). MegaFon encourages its subsidiaries and affiliates in which it holds a less than 100% interest to follow these provisions and to include them in their own Codes.

2. Customer Relations

“With MegaFon I discover and use all opportunities that life gives me” - we want our customers to be convinced of this and that their beliefs correspond with reality.

That is why all our activities goals are to create products and services designed to make happy lives of our customers.

We can be sure we are moving in the right direction if we:

- Are inspired by our customers while searching for new ideas.
- Put long term customer relations above instant profit.
- Listen, hear and try to understand the needs and interests of our customers.
- Create product that the customer would really want to use.

Our impact on our customers' lives has to be responsible. Therefore, we:

- Strive to provide our customers with all the required data at all points of interaction with them in the most complete, transparent and timely manner.
- Respect customer privacy and safeguard customer data in accordance with the legislation.
- Always make sure that not only adults, but children could use our products and services safely.

We value our customers and we think that our service should be excellent. In order to ensure this, we use the following principles:

- It is very important for us to support and timely help our customers to solve their problems.
- Customers' complaints give us opportunities for improvement of our service.
- We do everything to exceed our customers' expectations.
- If we promise something to our customers we always keep our promises.

3. Employee Relations

People – key asset of the Company. We provide an environment where our employees can fully realize their potential while enabling the Company to achieve its goals.

Each employee or applicant for employment will be given an equal opportunity to exercise their labor rights to the fullest.

No-one will be restricted in the enjoyment of such rights and freedoms or given any advantage by reason of gender or sexual preference, race, age, skin color, nationality, language, origin, material, marital, social and official status, place of residence, religious views, belief, membership in (or failure to join) particular public associations or social groups, or any other circumstances which are unconnected with the job requirements.

Employees of the Company should respect each other, work in teams, avoid a bureaucratic mindset, be prepared to take the initiative and demonstrate leadership skills while always acting in compliance with values and internal policies of the Company and aim for the quickest results without compromising on quality in the performance of their responsibilities.

We do not encourage the employment and direct reporting of close relatives of senior management of the Company. If an employee is or becomes aware that a close relative is working at the Company, he/she is required to report this to the Head of HR of his/her branch or the Director for Corporate Development and HR. Same approach should be applied to employees already working in the Company.

For these purposes "close relatives" of an employee means the parents, husbands and wives, children, brothers and sisters of such employee, as well as the brothers, sisters, parents and children of such parties, and the husbands and wives of such children.

It is strictly prohibited for any employee to be at his/her workplace, or at any other Company premises or worksite, while under the influence of alcohol, drugs or any other toxic substance. Employees, who are in direct contact with customers, should be particularly careful when drinking alcohol beverages outside of working hours and make sure

that there are no signs of alcohol intake when they are at a workplace. Smoking is not allowed on Company premises (except in designated areas) or within 15 meters from entrances to offices/shops.

We expect that outside of working hours all of our employees will act with discretion and always in compliance with the law, bearing in mind that the consequences of their actions may negatively impact the Company's reputation.

Abusive behavior, insults and any form of harassment between employees are forbidden. In particular, any actions that could be construed by another employee as sexual harassment, and which are not normal displays of courtesy or attention or part of cultural traditions, are not allowed. Employees should report the occurrence of any impermissible actions in the manner specified in the section «Whom to contact?».

4. Relations with suppliers, partners and competitors

We are a reliable, conscientious partner to our counterparties and we aim for long-term trust-based relations and cooperation with them. We expect our partners to follow principles which are similar to those described in the Code.

We ensure confidentiality for all information provided to us by our partners.

We select suppliers pursuant to our approved procurement procedures in order to provide maximum benefit to the Company, our customers and shareholders, always complying with previously established standards for quality, price, reliability, reputation and other criteria described in the procurement procedures.

In order to prevent conflicts of interest all employees shall inform his/her line manager and compliance advisor or, in exceptional cases his/her Branch Director or CEO about all instances where such employee holds a direct or indirect participation in or a position with any institution which has business relations with the Company. Employees shall also inform the parties mentioned above in the event that the persons participating or holding positions in such institutions are close relatives. This obligation to report participating interests shall not apply to the ownership of 1 (one) per cent or less of the total issued stock of publicly traded companies.

Employees shall inform the parties mentioned above about any other instances when a conflict of interest could arise. Conflicts of interest could arise when an employee has personal relations, property rights or other interests which could prevent him/her from acting (or being perceived to act) impartially and solely in the interests of the Company. Conflicts of interest can also occur when an employee or a member of the employee's family uses the employee's position with the Company to realize inappropriate personal profit.

We do not enter into agreements with our competitors which lead or could lead to a limitation of competition or are otherwise forbidden by law.

We gather information on our competitors in full compliance with the law, using publicly available resources or specific agreements for the legitimate exchange of information. We respect our competitors and try to be as objective as possible about them in our public and internal communications.

5. Government relations and public relations

We comply with all requirements of Russian and International legislation, and also with foreign legislation applicable to the Company. Our employees are forbidden to take actions (or to fail to take actions) if this would result in a breach of the requirements of such laws.

We contribute to the social, technological and economic development of the countries where we operate by investing in infrastructure, creating jobs, paying taxes and duties, offering up-to-date communication services, supporting sport, and engaging in charity. We aspire to make the Company's activities safe for all people's health and environment.

We do not support political parties and political leaders, we do not give political donations and we expect that our employees will not participate in the political process during working hours or using tangible or intangible resources provided by the Company. If an employee participates in the political process outside working hours, he/she shall understand and, if necessary, make clear, that he/she speaks and acts on his/her own behalf and not on behalf of the Company, and he/she shall not play up or otherwise lay undue emphasis on the fact that he/she has a relationship with the Company.

We express our opinion on legislative initiatives which may affect our business. We participate in the process of working out relevant legislative solutions in workshops and committees created by state bodies for such purpose, and also by working through professional associations.

We strive to improve our reputation through active dialogue with mass media, analysts, investors, shareholders, social network users and other interested parties. All public announcements or actions on behalf of the Company can only be made by employees specifically authorized to do so in accordance with the procedures adopted by the Company. If any employee plans to make a public reference to the Company on his/her own behalf (e.g., in social networks, blogs, discussion groups or other public events), he/she shall take great care in making such reference to avoid negative impact on the Company and shall first clear such reference with the Company's PR function.

6. Relations with shareholders and investors

Our objective is to increase the efficiency of the Company's operations and to grow shareholder value. We also strive to follow the best corporate governance practices at all times.

We issue our financial statements and provide other full and accurate information to our shareholders, investors and the market in the manner and within the time limits set out by our internal policies, the laws of the Russian Federation and other laws and regulations, exchanges' rules, applicable to the Company.

We treat all of our shareholders alike, and provide equal access to the information.

7. Asset protection

We carefully protect all of our financial, physical, intellectual and informational assets and resources so that they can be deployed to maximum effect.

All employees who have access to confidential information are required to maintain its secrecy in compliance with their labor agreements and the Company's Regulation on Commercial Secrets, Information security policy, Regulation on insider information¹, Share listing policy and the other policies of the Company. Any use or disclosure of financial or other information is to be made only by authorized employees strictly in compliance with the Company's internal policies and applicable law.

Employees should act responsibly towards, and not allow improper use or waste of, the Company's assets. Employees' attitude towards Company assets directly influences the profitability of the Company. Accordingly, the Company's assets should be used only for lawful activity in accordance with its business goals. Fixed assets and software provided to an employee, such as computers, telephones, copiers, printers, email accounts and other Company software may be used for personal purposes, only if such usage is lawful, episodic and immaterial, and does not interfere with the employee's duties.

All property, including intellectual property or other work product, created or generated by an employee during the term of his/her labor agreement are and remain the Company's property at all times, if the creation or generation of such property was part of the employee's responsibilities for which he/she was compensated by the Company.

The Company's assets include all data and correspondence sent or received by employees via the Company's electronic communication system (telecommunications, email, fax), as well as with the use of mobile devices and portable data storage devices (memory cards, flash-drives and other) connected to the Company's computer equipment. Subject to any applicable legislation, the Company reserves the right to monitor the use of this information.

While closing transactions and executing other agreements, employees should act only within their powers and not make any deeds (acts or omissions), which may cause damage to the Company.

8. Anti-bribery and anti-corruption

We do not tolerate any form of bribery or corruption, and in addition we expect our partners to follow the same principles. Company employees should not promise, allow or give bribes of any kind, nor should they request, agree to receive or accept them. More details regarding the Company's principles on this subject are set forth in its Anti-bribery policy.

¹ Regulation on the procedure for access to PJSC MegaFon's insider information, rules for protection of confidentiality of such information and control of compliance with statutory requirements for counteracting the unlawful use of insider information and market manipulation

We do not prohibit giving and accepting reasonable and commensurate gifts and hospitality, so long as they are clearly not intended as an act of corruption. The main principles which an employee making a decision whether to give or accept gifts or hospitality should follow are set forth in the Company's Anti-bribery policy, as well as in its specific Gifts/Hospitality Policy.

9. Code violation responsibility

In the event of violations of the Code, an employee will be subject to disciplinary proceedings, up to and including dismissal, and will be required to indemnify the Company for all financial damage caused by the violation. In addition, employees should be aware that violations of certain terms of the Code may result in administrative or criminal responsibility.

10. Whom to contact?

If an employee has questions regarding the application of the Code or has information regarding any violations of the Code, he/she should contact his/her Line manager. If the employee thinks that this is impractical or inappropriate, he/she may contact any of: his/her department head, the Head of Internal Audit of his/her branch or the Internal Audit Director, the Head of HR of his/her branch or the Director for Corporate Development and HR, his/her Branch Director or Chief Executive Officer, or any other person he/she considers appropriate, or such employee may use the Hotline. For information about using the Hotline please visit «Business Ethics» on the corporate intranet portal. Suppliers and other third parties can also report on the Code violations (please visit «Business Ethics» on the official corporate website).

We expect that employees reporting violations do this because of their best intentions and we assure employees who report violations that they will not be punished nor suffer any repercussion for these actions, directly or indirectly.

We realize that in certain circumstances an employee reporting a violation may need to remain anonymous, and the Company will take all possible measures to ensure such anonymity and will only seek to compromise anonymity in cases where it is necessary in order to respond to a possible illegal act or uncover necessary details of violations to ensure compliance with the Code.

11. Final provisions

The Code shall come into effect starting from the date when it is approved by the Company's Board of Directors. From the effective date of this version of the Code the previous one approved by the Company's Board of Directors on November 12, 2013 (Minutes No. 200(264) dated November 12, 2013) shall become invalid.