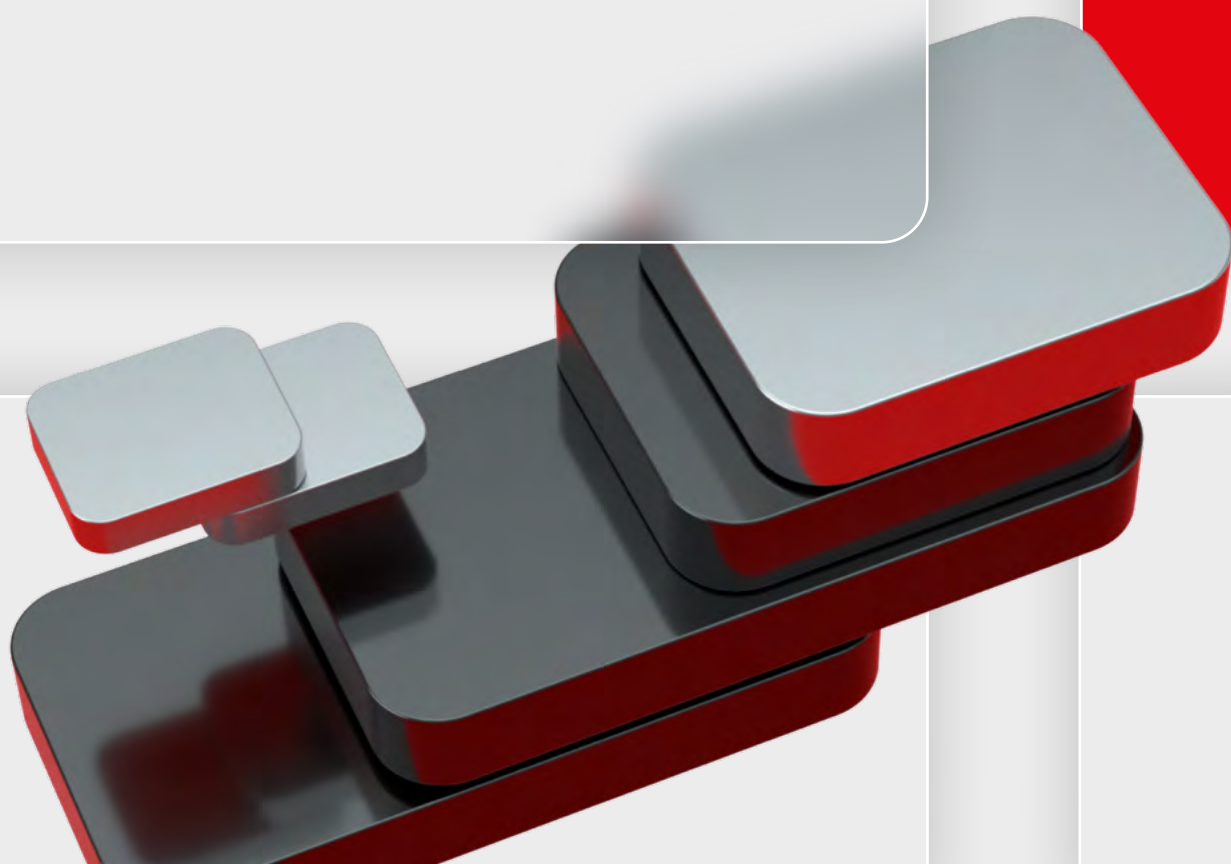


CORPORATE GOVERNANCE

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REPORT BY THE BOARD OF DIRECTORS

ON THE RESULTS OF MTS DEVELOPMENT IN TERMS OF PRIORITY AREAS OF BUSINESS

Summary of the annual performance and activity of management in the context of strategy implementation

During implementation of the Customer Lifetime Value 2.0 (CLV 2.0) strategy, MTS is evolving from a mono-industry (telecommunications) player into a multi-industry company operating in several markets that develops the diversified business areas at different stages of maturity and with different scales and dynamics. Under such conditions, one of the key tasks facing the Board of Directors and top management is to find the best format for the business area management system, which is reflected in the process of transforming the company's management structure.

The Company began its activity in 2021 with a fully elaborated structure that meets the new business configuration and created the necessary conditions in the business vertical and horizontal directions for productive collaboration and fulfillment of set business tasks. The above made it possible to focus on solving a higher-level problem: how to translate growing competencies, expanding product content and increasing value offered by us to customers into an increase in the shareholder value of MTS Group. Based on a comprehensive analysis, we have made a strategic decision on the practicability of strengthening the independence of promising business areas up to their segregation into independent assets. Such an approach allows us to simultaneously solve several problems: ensure better motivation for teams of business areas, simplify the implementa-

tion of business processes specific to each particular area, and make management better focus on solving the task of development of a high-quality product. However, the most important effect that we want to achieve is the assessment by the investment community of the business areas being part of the MTS Group at fair multipliers inherent in each specific type of business, which, in their entirety, will significantly increase the overall investment assessment of the MTS Group and positively affect the growth of shareholder value. The adoption and implementation of this concept is a key strategic decision made by the corporate governance bodies and management of the Company in 2021.

The first specific decisions adopted by the Board of Directors in this area were the spin-off of cell tower infrastructure to Tower Infrastructure Company LLC, as well as the transfer of a significant part of the infrastructure equipment to MTS Web Services ISC. Strategies in relation to assets being segregated can vary significantly depending on a number of factors, such as growth dynamics, the degree of influence on the implementation of strategic goals and objectives, the possibility of external monetization, complementarity with the ecosystem, etc. However, in any case, all our actions in relation to assets will be aimed at the ultimate increase of the shareholder value of the MTS Group.

The results of business operations of the Company in 2021 are the evidence of high productivity of management's actions in the main business areas, which as a result made it possible to achieve target levels for all key performance indicators of the MTS Group. Among the most striking achievements of individual business areas, the following can be mentioned.

- > **Telecom.** High dynamics of 4G network expansion: more than 25,000 base stations were put into operation (30% increase). In the course of the network design, income level modeling and forecasting are arranged based on Big Data and AI mechanics, which clearly illustrates the natural symbiosis of ecosystem verticals and horizontal. The fixed network modernization program is being successfully implemented; by the end of the year, customers could take advantage of speeds up to 1 Gb/s on the territory over 60% of its coverage. Steady growth in the number of users of the MTS Premium subscription, which is an important marketing tool to attract customers to the MTS ecosystem offers.
- > **FinTech** Made a significant contribution to the growth of MTS Group's revenue in 2021: 34%. To a great extent, this became possible due to the growth of the retail portfolio (more than 60% on annual basis), in particular, a two-fold increase in sales of credit products. Significant progress in the deployment of MTS Payment service (including a complete refactoring of the technical solution), which is designed to become the main payment instrument for the MTS Group ecosystem.
- > **Media.** In April 2021, the KION streaming service based on the MTS TV OTT platform was launched, which was a distinctive addition to the MTS ecosystem offer. The KION Originals content line, which features original exclusive projects, has become an important competitive differentiating element of the KION project.

More detailed information on the annual performance results by the MTS main business areas is available in the section "Development of the MTS ecosystem".

In 2021, the Board of Directors of MTS decided to systematize the existing ESG practices in the company and at the same time raise the profile of ESG area in line with its growing importance. In particular, the ESG Committee has been transformed from the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors

of MTS PJSC (hereinafter referred to as the "Committee") was established, the goals and objectives of the Committee were determined, the Regulations on the Committee were approved, and a decision was made to develop an ESG strategy for MTS PJSC, which in October 2021 was approved at the level of the Committee of the Board of Directors.

In the field of M&A, the Board of Directors considered and made decisions on membership in a number of companies in order to strengthen the position of MTS in the telecom sector, as well as on participation in promising projects in new digital business areas. Given the circumstances that already existed in 2022, we expect that such issues will be considered more actively and intend to take advantage of the favorable background for strategic investments in promising digital areas.

In pursuance of protection of the rights and interests of shareholders, the Board of Directors, in particular, arranged measures to ensure control over compliance with the Regulations on Dividend Policy adopted by the Company and took the necessary decisions to pay the approved amount of dividends¹. Besides, decisions were made to directly buy back the company's shares from shareholders who did not express their consent to the segregation of the part of the MTS Group's assets into separate legal entities. Therefore, we emphasize that regardless of the degree of investor support for our strategic initiatives, respect for the rights and interests of shareholders is a top priority for us.

MTS PJSC adheres to responsible business conduct and the principles of zero tolerance for violations of the rules of business conduct and ethics. The Board of Directors supports the development of an ethical culture and compliance program as a fundamental element of good business practice. The compliance culture research conducted in 2021 demonstrated the correctness of the growth direction chosen and highlighted further ways for the development of compliance in MTS.

The following can be noted among other issues considered by the MTS Board of Directors in 2021 and the respective decisions made.

- > The Board of Directors reviewed and adopted decisions regarding the overall strategy of the MTS Group and the strategies of individual business areas. Furthermore, promoting MTS right to build its position as a shareholder, the Board of Directors reviewed reports on performance results and strategies of subsidiaries and affiliated companies.

¹ For detailed information see section "Dividends and Share Redemption Program".

- > Following the best corporate governance practices, the Board of Directors considered a number of issues related to functioning of the internal audit, control and compliance system, as well as the risk management system in MTS.
- > Necessary decisions were made regarding the composition of the Management Board of MTS PJSC.
- > An assessment was made with regard to the achievement in 2020 of the target KPIs by President and members of the Management Board of MTS, and the target levels of KPIs for 2021 for these management bodies were approved.
- > The results of execution of the MTS 2020 budget and the capital expenditure program, as well as the MTS 2022 budget and capital expenditure program, were considered and approved.
- > Exercising the right to build the position of MTS as a member of subsidiaries, the Board of Directors ensured the formation of corporate management bodies of MTS subsidiaries.
- > Within the framework of ensuring MTS shareholders' rights and interests, all necessary procedures for convening general meetings of shareholders were carried out by the Board of Directors; the data and materials were prepared and recommendations were submitted on all issues requiring shareholders' approval.
- > A program of motivation and long-term material incentives for MTS employees was considered and adopted by the Board of Directors in order to ensure a high level of personnel motivation and the quality of company management.

EFFICIENCY OF MTS CORPORATE GOVERNANCE SYSTEM

High-quality corporate governance is the foundation of any company, lacking which it is impossible to achieve sustainable development of society and build a successful business nowadays. MTS has always paid great attention to the development of its corporate governance and strived to ensure that MTS corporate governance practices meet the best standards.

Key MTS corporate governance principles include:

- > comprehensive protection of shareholder rights and interests;
- > information openness and transparency;
- > single corporate policy in respect of subsidiaries;
- > independence of the Board of Directors when defining the Company's strategy, approving business plans, and making other important decisions;
- > control over management activities;
- > observance of business ethics when doing business;
- > doing socially responsible business aimed at ensuring the sustainable development of the Company and its welfare.

Best practices of 2021:

- > independent directors constitute the majority in the MTS Board of Directors;
- > deputy Chairman of MTS Board of Directors is an independent director;
- > MTS manages to maintain a high level of transparency;
- > assessment of performance of the MTS Board of Directors (including with the involvement of

a third party independent consultant) is carried out regularly;

- > high level of attention to the ESG agenda.

With adoption of the restated Corporate Governance Code (hereinafter referred to as the "CGC") in 2014, MTS began work on introducing the principles and recommendations of the CGC into the Company's practices, for which a Roadmap was developed in 2014-2015.

As part of implementation of the principles and recommendations of the CGC, the following activities were implemented, among other things.

- > Procedures to hold a shareholders meeting have been finalized (hotline, online broadcasting of the meeting etc.).
- > The scope of information disclosed on the website is increased (equity capital structure, information about the main subsidiaries etc.).
- > Corporate procedures have been finalized (monitoring of the information disclosure processes, preliminary review of the corporate documents etc.) were finalized.
- > New practices have been introduced (BoD performance assessment, submission of committees' work reports to the BoD etc.).
- > Top-level corporate documents have been revised (Charter, Regulations on the General Meeting of Shareholders, on BoD etc.).
- > Since the approval of the Roadmap for the implementation of principles and recommendations of the CGC, more than 300 events have been realized, and MTS has achieved compliance with 89% of the principles and recommendations of the CGC.

Since 2015, MTS has been demonstrating a consistently high level of compliance with the main recommendations of the CGC.

In 2021, the level of compliance with the MTS CGC remained high, and we will strive to maintain a consistently high level of compliance with the CGC in the future.

Corporate governance index

Based on the 2021 results, MTS has remained in the top 10 companies of the National Corporate Governance Index for the fourth year in a row.

In 2021, the Telecommunications industry was the leader in terms of disclosure of information on compliance with corporate governance principles.

The National Corporate Governance Index research includes several key components, namely:

- > rights of shareholders, major corporate actions;
- > Board of Directors, Corporate Secretary and Executive Management;
- > Risk management and internal control;
- > disclosure of information;
- > sustainable development..

Since 2021, the index has included a new research component, i.e. "Sustainable Development". Even before the introduction of this component, we were committed to the principles and standards of sustainable development, and strived to implement the best practices.

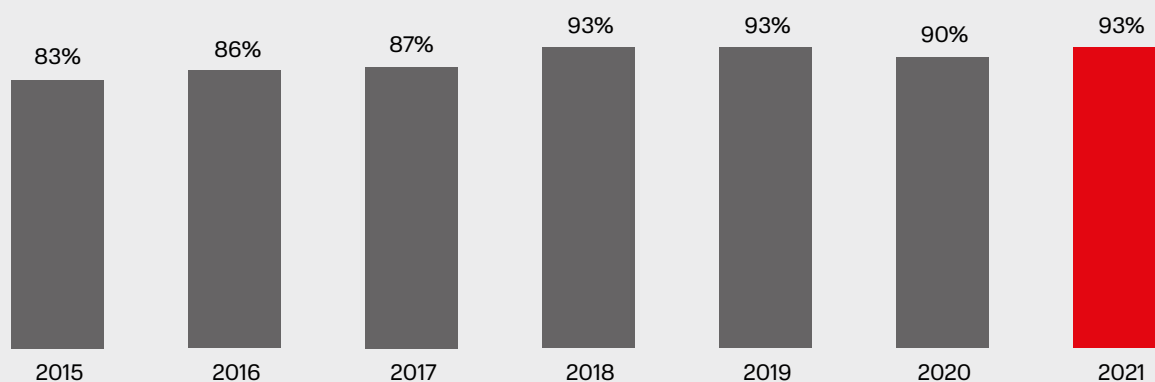
Thus, prior to the 2021 research, the Corporate Governance Committee of the Board of Directors of MTS was transformed into the Corporate Governance, Environmental and Social Responsibility Committee. An ESG strategy was also developed and the Diversity, Equity and Inclusion Policy was approved.



[Corporate governance index](#)

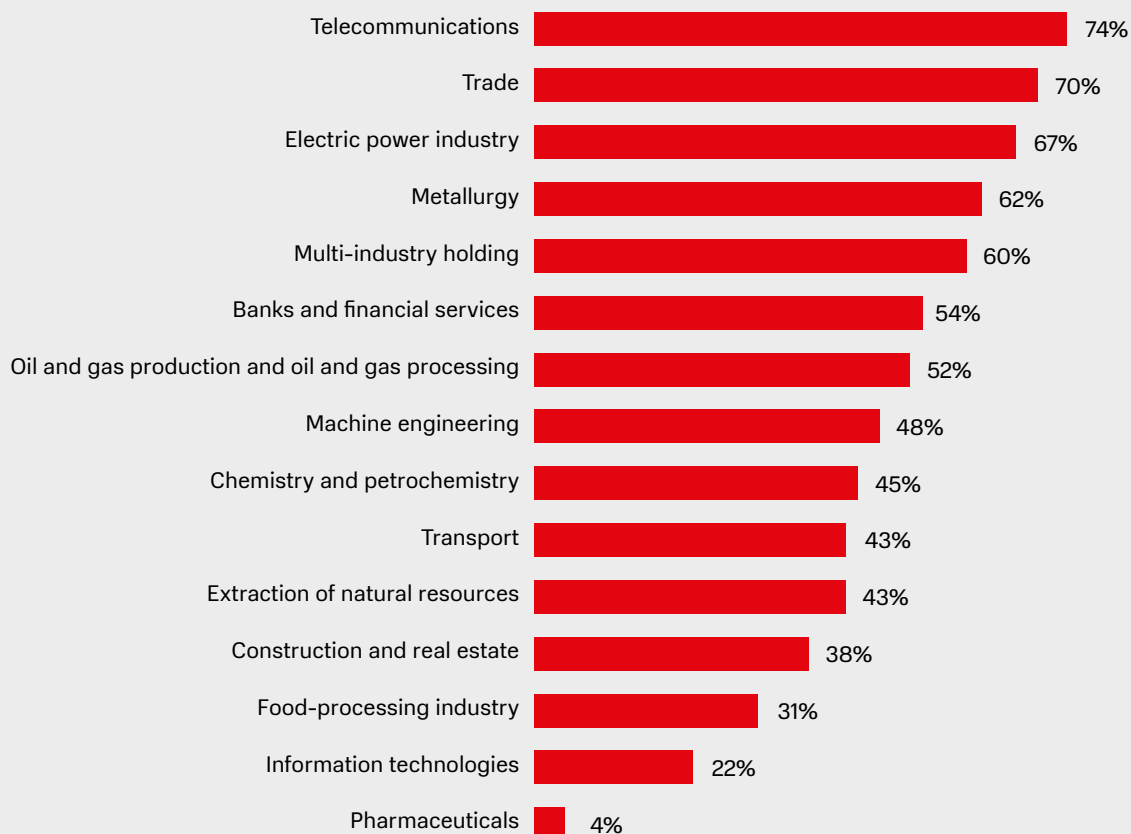
Level of compliance with the recommendations of the Corporate Governance Code, recommended by the Bank of Russia, provided for by the Report on Compliance with the Corporate Governance Code, from 2015 to 2021

%



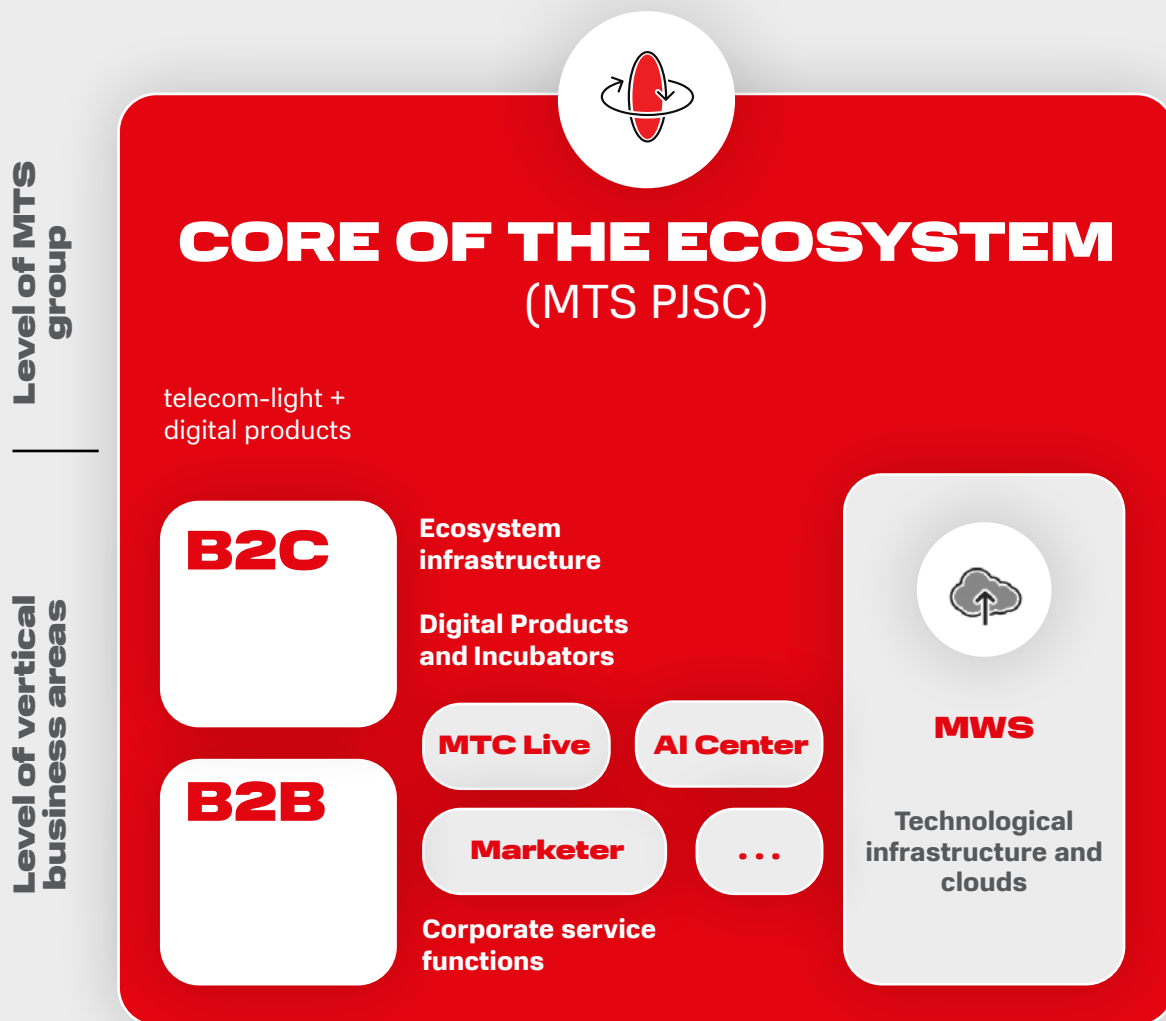
Level of disclosure of information on compliance with corporate governance principles by industry in 2021¹

%



¹ According to the Corporate governance Index

MTS GROUP GOVERNANCE SYSTEM



Core / telecom provide funding for the development of new products and promising areas

As part of the strategy, the development of the MTS ecosystem continues. However, at the same time, there is a transformation into a Group of individual legal entities, many of which will have independent access to the capital market and valuation

Group

Segregation of business areas with independent value into “satellites”

Non-core assets



Fintech



Media



RTC



Towers

**Armenia
Belarus**

Upon reaching the required level of maturity, business areas enter the capital market and thereby create a new independent source of funding for their development (including inorganic)

Management of subsidiaries of the MTS Group, as well as the exercise by the MTS Group of participant rights in relation to other companies

Corporate governance at the MTS Group is aimed at strict observance of the rights and legitimate interests of all MTS shareholders, ensuring the sustainable functioning and development of business, the MTS ecosystem, and achievement of the strategic goals of the MTS Group.

The corporate governance system is aimed at ensuring the effective use of shareholders' investments and their protection, assists in development of the digital ecosystem of MTS products and implementation of strategic goals throughout the MTS Group, taking into account the interconnected relationships and succession in decisions made by the MTS governing bodies.

Corporate governance approaches depend on the share of ownership of persons from the MTS Group in the authorized capital of the company and the ability of the MTS Group to otherwise influence the decisions in relation to such a company.

In the course of managing subsidiaries (hereinafter referred to as the "SC"), MTS adheres to the following principles:

- > management of SC and control over them is carried out through representatives of the MTS, elected to the management bodies of SC;
- > with respect to SC, the uniform standards of corporate governance of the MTS Group are applied, including unified internal decision-making procedures and standard corporate documents, as well as uniform standards and procedures of the MTS Group in the field of anti-corruption compliance.

SC management implies the ability to determine the composition of the Board of Directors and determining strategic and priority decisions taken by the Boards of Directors of SC.

The MTS Board of Directors is the center for strategic decisions which are transmitted to SC through MTS representatives in management bodies, including the following issues:

- > Strategy and investments;
- > Business plan and budget;

- > Functional strategies;
- > Remuneration system;
- > Management control, audit, compliance;
- > Asset control.

The Remuneration and Nomination Committee of the MTS Board of Directors approves the list of SC, for which it considers information on the formation and change of the composition of the Boards of Directors.

The following points are taken into account when forming Boards of Directors in subsidiaries:

- > importance of the company for the overall strategy of the MTS Group
- > current and target scale of the company's business;
- > sector / industry of the company;
- > requirements of laws, regulators and exchanges;
- > balance between the personal and numerical composition of the Board of Directors.

The following criteria are taken into account when selecting candidates for members of the Board of Directors of subsidiaries:

- > personal skills, qualifications, experience;
- > knowledge of industry and sector of the SC;
- > total employment, including in other management bodies of companies;
- > exclusion of a possible conflict of interest;

- > candidate's consent, including consent to meet anti-corruption compliance requirements;
- > positive opinion based on the candidate's inspection results;

Candidates to the Boards of Directors of SC are nominated by MTS primarily on the basis of their competencies required by the Board of Directors of SC, taking into account their strategic goals.

Training of MTS representatives is carried out in accordance with the regulatory internal documents of MTS. MTS representatives participate in the work of subsidiary management bodies, guided by the norms of SC internal documents.

In order to effectively fulfill their duties, the representatives:

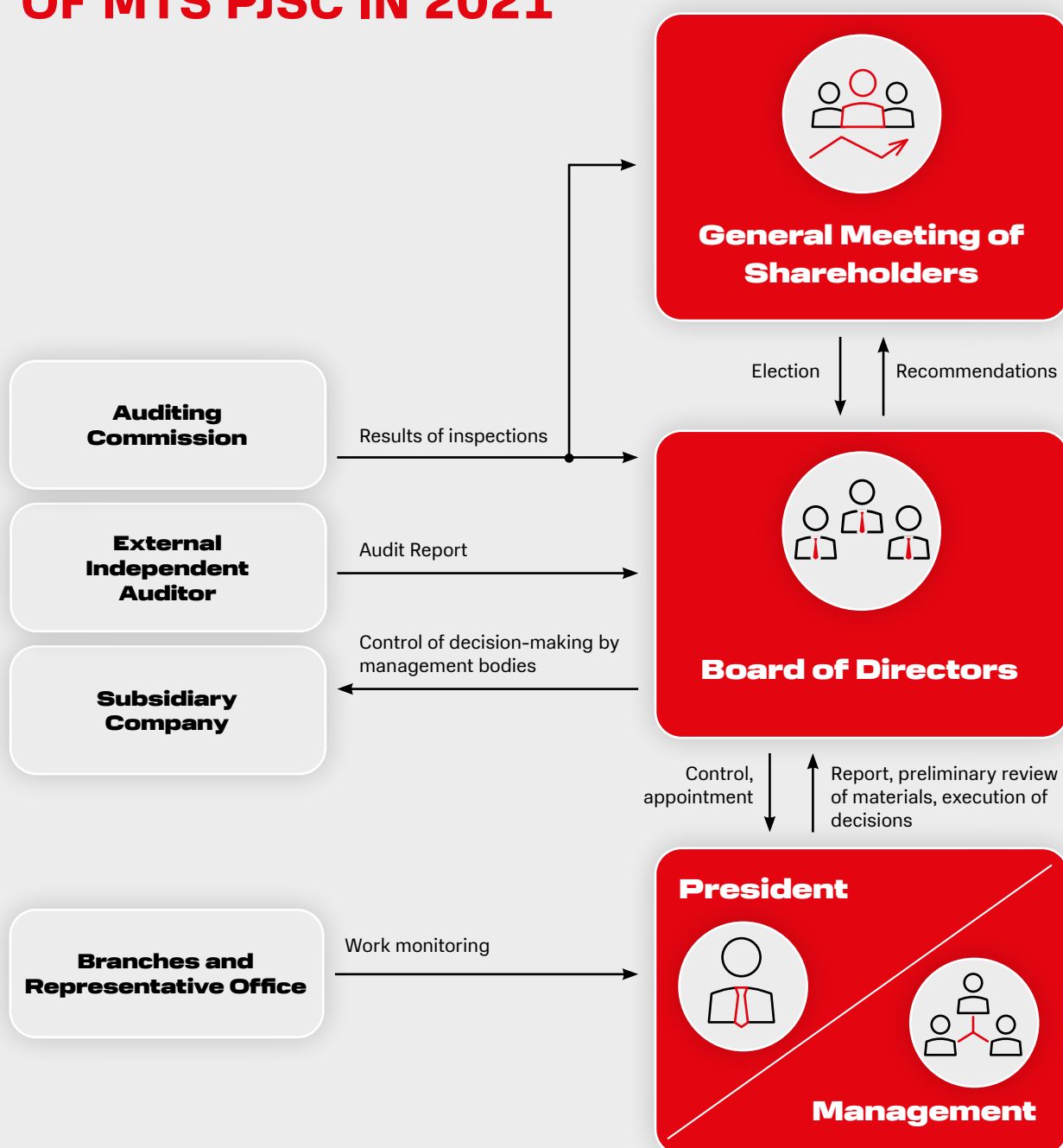
- > receive and analyze information about the company's activities;
- > initiate issues to be included in the agenda of management bodies;
- > take active part in meetings of management bodies;
- > vote taking into account the position of the MTS management bodies, determined in accordance with the MTS Articles of Association;

- > control the implementation of decisions made;
- > participate in developing a culture of ethical business conduct and compliance with applicable anti-corruption laws;
- > inform MTS about the occurrence of a conflict of interest and possible violations of the requirements of the applicable anti-corruption legislation by the company.

Management of companies not controlled by the MTS Group, in respect of which persons from the MTS Group have the rights of a participant, involves protecting the interests of MTS in terms of target parameters of profitability, strategy priorities, property rights of shareholders (participants). The degree of integration of corporate governance standards and anti-corruption compliance of the MTS Group in such companies is influenced by the share of participation of entities being part of the MTS Group and/or the terms of the corporate agreement entered into in relation to such a company. At the same time, MTS Group makes reasonable efforts to ensure compliance with and application of these standards in companies not controlled by the MTS Group..

CORPORATE GOVERNANCE BODIES

/ STRUCTURE OF MANAGEMENT AND SUPERVISORY BODIES OF MTS PJSC IN 2021



Committees of the Board of Directors:

Remuneration and Nomination Committee

Audit Committee

Strategy Committee

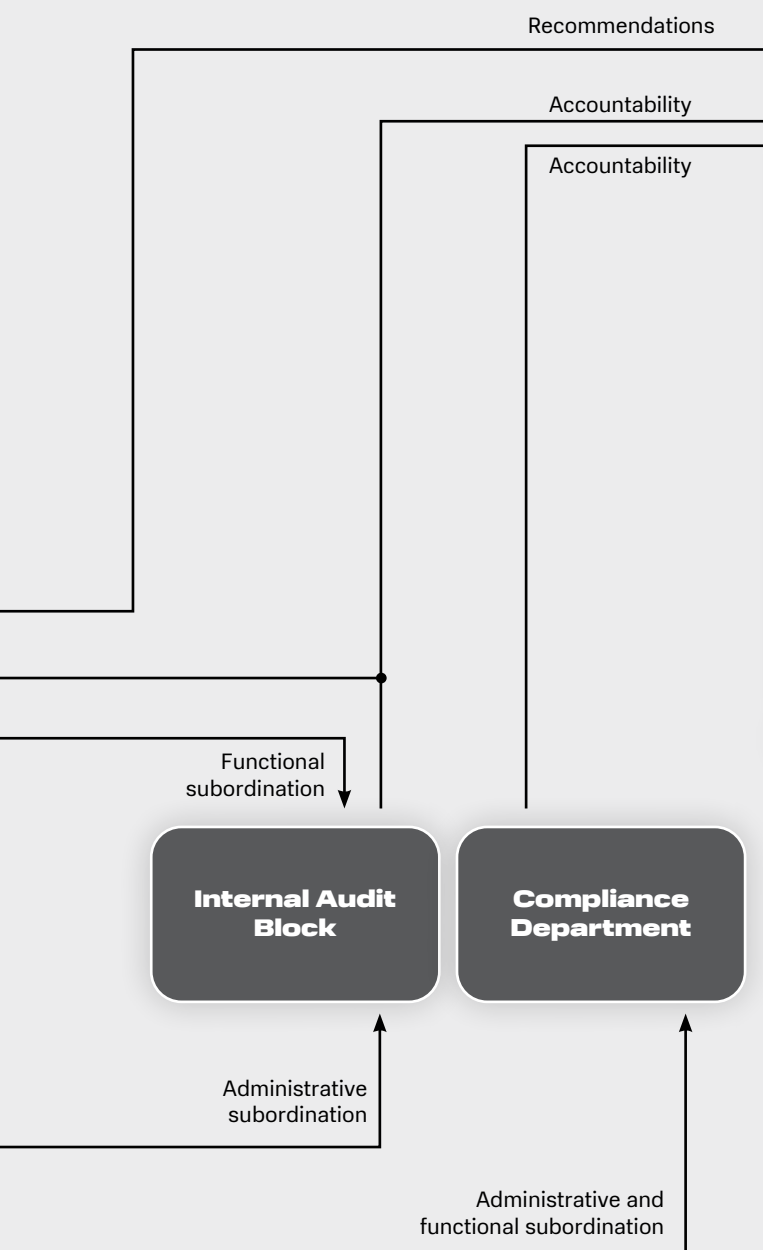
Corporate Governance, Environmental and Social Responsibility Committee

Special Committee on Compliance

Special Committee for the project of MTS's staff co-location in Moscow in the united office space

Special Committee of the Board of Directors

Special Committee of the Board of Directors for the Development of Cloud and Infrastructure Assets



Management bodies

General meeting of shareholders	<p>Higher Governance Body of MTS PJSC.</p> <p>Procedure for holding the General Meeting of Shareholders is aimed at ensuring the adherence to the rights of shareholders, and meets all the requirements of the Russian Federation legislation.</p> <p>Procedure for the preparation, convocation, holding and summarizing of results of the General Meeting of Shareholders is defined by the Chart and the Regulations on the General Meeting of Shareholders of MTS PJSC¹.</p>
Board of Directors	<p>The Board of Directors carries out general management of MTS PJSC activities.</p> <p>It is a key element of the Company's corporate governance system, representing the interests of shareholders through an effective management organization.</p> <p>Establishment procedure, status, composition, functions, tasks and objectives, powers of the Board of Directors, its operating procedure and interaction with other management bodies of the company are determined by the Charter and the Regulations on the Board of Directors of MTS PJSC².</p>
Management Board	<p>Collective executive body of MTS PJSC.</p> <p>It organizes the effective day-to-day management of the Company's current activities, including the implementation of decisions taken by the Board of Directors within its current competences.</p> <p>The number and identities of the Management Board members shall be approved by the Board of Directors upon a proposal by the President. The Management Board Chairman is the President of the Company.</p> <p>The Management Board follows the Charter and the Regulations on the Management Board of MTS PJSC in its activities³.</p>
President	<p>The sole executive body of MTS PJSC who exercises a day-to-day management of the company's current activities.</p> <p>The activities of the President should ensure the profitability and competitiveness of the Company, its financial and economic stability, enforcement of rights of the shareholders and social guarantees of Company's employees.</p> <p>The President governs the Company's activities in accordance with the Charter and the Regulation on President of MTS PJSC⁴.</p>

Internal Control System

Audit Committee of the Board of Directors	<p>The Audit Committee is a collective advisory body of the Board of Directors of MTS PJSC that reviews issues related to the monitoring of risk-management and internal-control system's performance, compliance and corporate governance system, reliability of the financial statements of the MTS Group, the independence and objectivity of internal and external audit functions performance, consideration of nominees and assessment of the performance of external auditors, and also provides recommendations to the Board of Directors of MTS PJSC for it to make decisions on such issues.</p>
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¹ [Regulations on the General Meeting of Shareholders of MTS PJSC — Moscow \(mts.ru\)](#).

² [Regulations on the Board of Directors of MTS PJSC — Moscow \(mts.ru\)](#).

³ [Regulations on the Management Board of MTS PJSC — Moscow \(mts.ru\)](#).

⁴ [Regulations on the President of MTS PJSC — Moscow \(mts.ru\)](#).

Auditing Commission

The Auditing Commission is a permanent elective body of the Company, exercising periodic control over the financial and economic activities of the Company, and the activities of its management bodies and executive officers.

Its activities are regulated by the Charter and the Regulations on the Auditing Commission of MTS PJSC¹.

Internal Audit Block (IAB)

The Internal Audit Block is a standalone structural division of MTS PJSC and consists of the Corporate Interaction Department, the Special Audit Department, and the Process Audit Department². Head of the Internal Audit Block is the Director for Internal Audit who is functionally subordinated to the Board of Directors of MTS PJSC, and administratively subordinated directly to the President of MTS PJSC.

The objectives, tasks, obligations, principles of functioning and powers of the Internal Audit Block are set forth in the “Internal Control and Audit” Policy³. The Internal Audit Block carries out its activities while complying with the mandatory guidance of the international Institute of Internal Auditors, which includes the Main Principles of Professional Practice of Internal Audit, Code of Ethics, International Professional Standards of Internal Audit and Internal Audit Definition.

Internal Control Systems Department (ICSD)

The Internal Control Systems Department is a structural division to be a part of the Finance Block of the Corporate Center of MTS PJSC and consists of the ICS development department for the key business, the ICS development department for integrator business, the ICS development department for financial technologies and commerce, the Functional Group for Certification and General ICS Methodology. The Department of Internal Control Systems is headed by the director of the department, who is directly subordinated to the Member of the Management Board and Vice President for Finance of MTS PJSC and reports to the Audit Committee of the Board of Directors of MTS PJSC.

Business Ethics & Compliance Department

The Ethics and Compliance Department is a standalone structural division, consisting of the Periodic Risk Assessment, Monitoring and Testing Functional Group, the Transactional Compliance and Integration of Compliance with SC Functional Group, Center for Interaction with Regulatory Authorities, Regulatory Control, Compliance Communications and Training Functional Group, Internal Investigations Functional Group, Regional Support Division. The Vice President for Ethics and Compliance is directly subordinated to the President of MTS PJSC and reports to the Audit Committee of the Board of Directors and the Board of Directors of MTS PJSC.

The activities of the department are regulated by the Regulations on the Ethics and Compliance Department.

Auditor

In order to audit and approve the annual financial statements of the Company, the General Meeting of Shareholders of MTS PJSC annually approves the Auditor. The auditor conducts independent assessment of reliability of accounting (financial) statements of the Company.

¹ [Regulations on the Auditing Commission of MTS PJSC — Moscow \(mts.ru\)](#).

² [Control and audit — Moscow \(mts.ru\)](#).

³ [“Internal Control and Audit” Policy — Moscow \(mts.ru\)](#).

/ GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme management body of the Company, exercising its activities in accordance with provisions of the Company's Charter, Regulations on the General Meeting of Shareholders of MTS PJSC¹, and the requirements of the legislation of the Russian Federation.

In making decisions at the General Meeting of Shareholders, the Company's shareholders take part in governance over the Company and may significantly influence its business. In particular, powers of the General Meeting of Shareholders on their meetings encompass the approval of an annual report and financial statements, distribution of profit, including payment of dividends, election of key management and control bodies of the Company, adoption of decisions on reorganization of the Company and a number of other important matters.

Procedure for holding the General Meeting of Shareholders is aimed at ensuring the adherence to the rights of shareholders, and meets all the requirements of the Russian Federation legislation

Informing shareholders about the General Meeting of Shareholders, as well as providing shareholders with access to information and materials of the General Meeting of Shareholders

Shareholders shall be notified on holding of the General Meeting of Shareholders through publication of this information on the official website of the Company² at least thirty (30) calendar days prior to its date.

The message on holding of the General Meeting of Shareholders may be additionally sent to the persons entitled to participate in the General Meeting of Shareholders and registered in the Company's shareholders register, by registered mail to the address specified in the register of the Company's shareholders, or delivered personally to such persons against signature simultaneously with sending or handing over the voting ballots. The information

and files on the agenda of the General Meeting of Shareholders are provided to persons registering their rights to the Company's shares in a depository by providing them to the Company's registrar for direction to a nominee holder entered in the register of shareholders in accordance with the Russian Law on securities.

With regard to recommendation of the Corporate Governance Code, aimed at creation for the shareholders of best possible conditions for participation in the general meeting, a model proxy form for voting shall be published on the official website of the Company.

Within the framework of preparation to the General Meeting of MTS Shareholders, the shareholders get the opportunity to ask members of executive bodies and the Board of Directors on issues of the agenda of the General Meeting of Shareholders, and to voice their opinion on issues of the Meeting's agenda by sending e-mails to the address: shareholder@mts.ru.

The Company aims to present materials for the General Meeting in a comprehensible form. To achieve that, a special section (microsite) is created dedicated to the annual General Meeting of Shareholders, which contains materials on the agenda of the meeting (certificates, presentations, documents, comments thereto, extended information about candidates), and also provides access to the online broadcast of the annual General Meeting.

Holding of the General Meeting of Shareholders

Shareholders may implement their voting right by most simple and convenient for them ways without any encumbrance. Voting at General Meetings of

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozenie-obobshhem-sobranii-akcionerov-paomts/>.

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/obshhie-sobraniya-akcionerov/resheniya-obshhih-sobraniy-akcionerov-paomts/>.

Shareholders is carried out by direct participation in the meeting or by filling out and sending to the Company (as well as its registrar) ballots on agenda items or by filling out an electronic form of voting ballots on the MTS website www.mts.ru/shareholder/ via electronic services.

The General Meetings of Shareholders shall be organized and held in a way allowing for easy access of all the shareholders. General meetings held in the form of joint attendance shall be organized at locations convenient for coming and personal participation of the shareholders and their representatives. During the registration and during the break, the innovative technologies of MTS are demonstrated to shareholders, and the shareholders are also provided with an opportunity to receive the necessary consultations on various projects of the Company.

Over the past years, the Company has been giving its shareholders the opportunity to follow the meeting in real time on the MTS website. Video record of the meeting is available after the end of the meeting on the MTS website in the “General Meetings of Shareholders” section¹.

General Meetings of Shareholders in 2021

The experience previously gained in terms of on-line support for shareholders during the Annual General Meeting of Shareholders has strengthened the trend for remote communication with shareholders and had a positive impact on the format of the AGMS 2021.

On June 23, 2021, MTS PJSC held the Annual General Meeting of Shareholders (AGMS) using the E-Voting services of the National Settlement Depository (NSD) and Registry-Online of “Reestr” JSC.

According to the recommendation of the Bank of Russia, aimed at containment of the spread of coronavirus, the MTS AGMS was held in absentia. The shareholders were provided with the most comfort-

able conditions for exercising their rights, with the possibility to choose the electronic voting system.

On June 24, an online conference following the results of the 2021 AGMS was held on the dedicated website named “2021 AGMS”, and the top management of MTS presented their speeches with a detailed review of the results of MTS work in 2020 and answers to questions in real time.

Electronic services for shareholders

In 2021, the successful experience in using e-voting through the internet when holding shareholder meetings was continued. For the first time, MTS shareholders voted electronically at the extraordinary general meeting of shareholders on September 30, 2016. For the last years of using e-voting, the number of shareholders voting through the Internet has increased substantially. At the annual General Meeting of Shareholders held on June 23, 2021, 99% of those participating in the meeting voted electronically.

Our services help MTS shareholders save time!

We have created digital products and services targeted at our shareholders.

State-of-the-art technologies make it possible not to waste time attending offline events, but to vote in comfortable conditions right from home.

Results of the 2021 General Meetings of Shareholders

Extraordinary general meeting of shareholders of MTS PJSC on February 15, 2021 — [Report \(mts.ru\)](#).

Annual general meeting of shareholders of MTS PJSC on June 14, 2021 — [Report \(mts.ru\)](#).

Extraordinary general meeting of shareholders of MTS PJSC on September 30, 2021 — [Report \(mts.ru\)](#).

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/obshhie-sobraniya-akcionerov/>.

/ BOARD OF DIRECTORS

The Board of Directors is a strategic management body, whose main objective is to implement general management of the company's activities, as well as to exercise supervisory and overseeing functions. First of all, its competences include the most important issues of the Company's management, such as strategy definition, investment and budget planning, developing management motivation and assessment system, as well as supervision of the company's assets, reliability and effectiveness of risk management systems, internal control, internal audit and corporate governance system.

The Board of Directors of MTS PJSC exercises general governance over the Company's activities in accordance with the provisions of the Company's Charter, the Regulations on the Board of Directors of MTS PJSC¹, and the requirements of the legislation of the Russian Federation.

The primary goals of the Board of Directors include:

- > developing and analyzing general corporate strategy, and exercising control over its implementation;
- > providing for the control over executive bodies and chief executive officers of the Company, and assessing their activities;
- > increasing the Company's capitalization, expanding its market positions, achieving and preserving the Company's competitiveness;
- > maintaining financial stability, and increasing revenues and profitability;
- > protecting rights and lawful interests of the Company's shareholders.

Composition of the Board of Directors

The composition and structure of the Board of Directors affects its performance, and thus performance of the entire Company; with that, the important aspect is the balance of the composition in terms of qualifications of its members, their experience, knowledge and business qualities.

A member of the Board of Directors should, first of all, be able to communicate effectively with people, participate efficiently in a discussion, understand a difficult situation based on information prepared by management, relying on their experience and ability to quickly analyze information.

The present members of the Board of Directors were elected at the annual General Meeting of Shareholders of MTS PJSC on June 23, 2021.

Throughout 2021, the Board of Directors consisted of nine members. Such number of members of

the Board of Directors makes it possible to form the composition, which is balanced from the point of view of professional qualification, experience and business skills of the members of the Board of Directors, and to provide high efficiency of work, and it fully meets the needs of the Company and the interests of its shareholders. Issues related to the needs of the Board of Directors in the area of professional qualification, background and business skills of the members of the Board of Directors, and also to the numerical composition, were considered within the framework of the procedure for assessing the Board of Directors' work (for more details, see section "Assessment of the Performance of the Board of Directors").

A high-quality corporate governance system and an efficiently operating Board of Directors are the most important prerequisites for long-term sustainable development of a modern company.

¹ [Regulations on the Board of Directors of MTS PJSC, Moscow \(mts.ru\).](#)

Boards of Directors' compositions effective in 2021

June 24, 2020 — June 23, 2021

Felix Evtuschenkov —
Chairman of the Board of Directors,
Non-Executive Director

Artem Zassoursky —
Non-Executive Director

Aleksey Kornya —
Executive Director¹

Regina von Flemming —
Independent Director

Shaygan Kheradpir —
Independent Director

Thomas Holtrop —
Independent Director

Nadia Shouraboura —
Independent Director

Konstantin Ernst —
Independent Director⁴

Valentin Yumashev —
Independent Director

June 23, 2021 — December 31, 2021

Felix Evtuschenkov —
Chairman of the Board of Directors

Artem Zassoursky —
Non-Executive Director

Vyacheslav Nikolaev —
Executive Director²

Regina von Flemming —
Independent Director³

Shaygan Kheradpir —
Independent Director

Thomas Holtrop —
Independent Director

Nadia Shouraboura —
Independent Director

Konstantin Ernst —
Independent Director⁴

Valentin Yumashev —
Independent Director

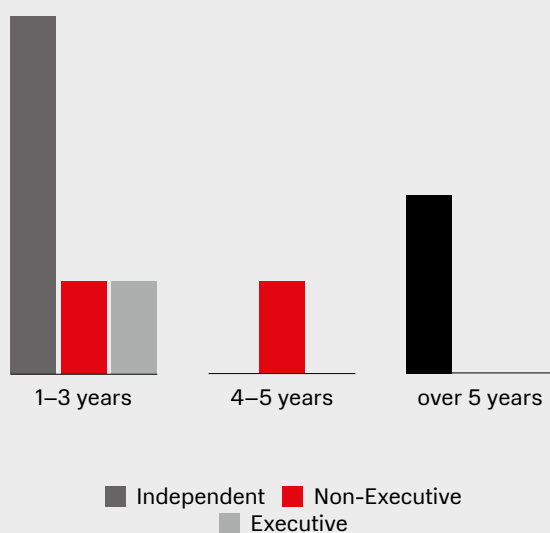
¹ By decision of the Annual General Meeting of Shareholders dated June 23, 2021, the powers of the following member of the Board of Directors were terminated.

² By decision of the Annual General Meeting of Shareholders dated June 23, 2021, the following member was elected.

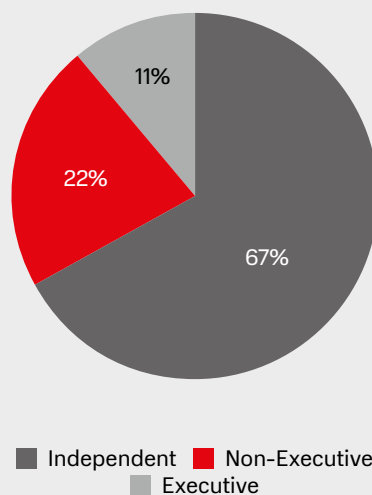
³ From June 24, 2021 — Deputy Chairperson of the Board of Directors.

⁴ Retired member of the Board of Directors of MTS PJSC. Voluntarily resigned as a member of the Board of Directors of MTS PJSC based on application dated March 17, 2022.

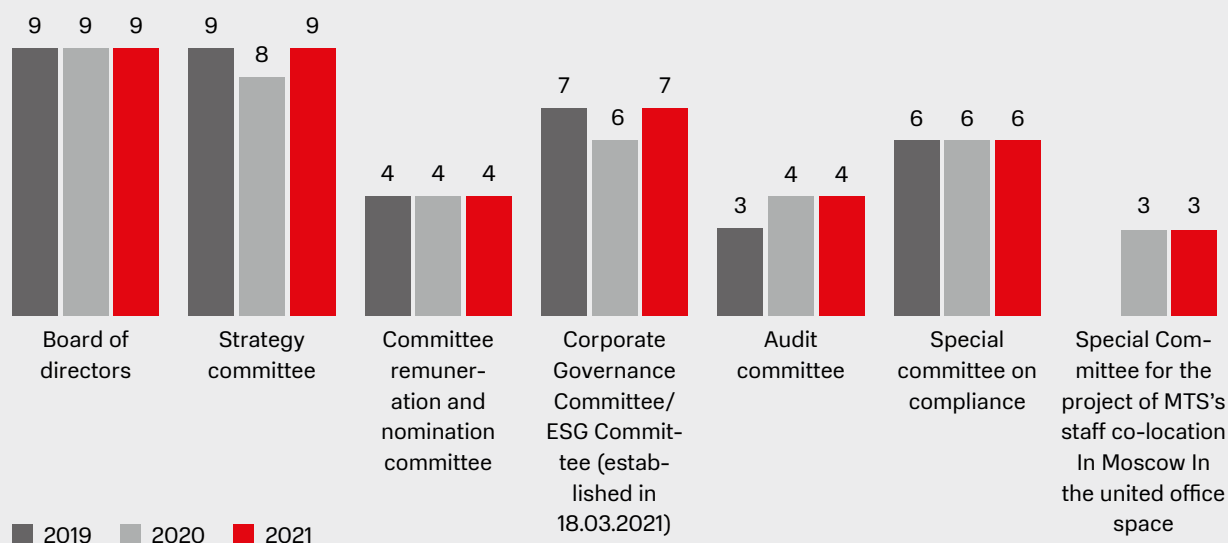
Duration of work in the Board of Directors of MTS



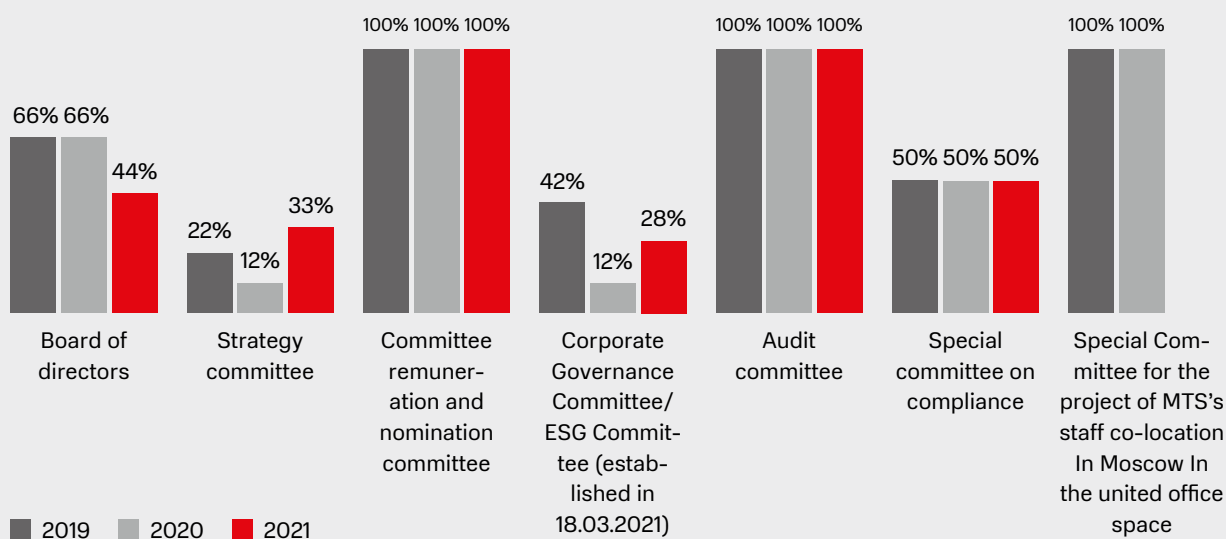
Composition of the Board of Directors of MTS as of December 31, 2021



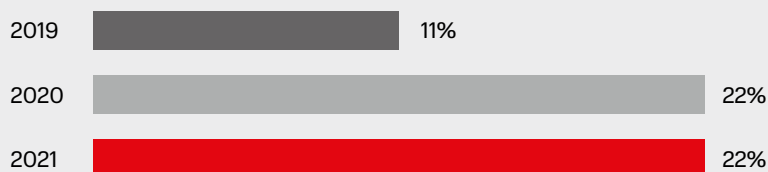
Numerical composition of the Board of Directors of MTS and Committees in 2019 to 2021



Share of Independent Directors in the composition of the Board of Directors of MTS and Committees in 2019 to 2021



Share of female directors in the composition of the Board of Directors of MTS in 2019 to 2021



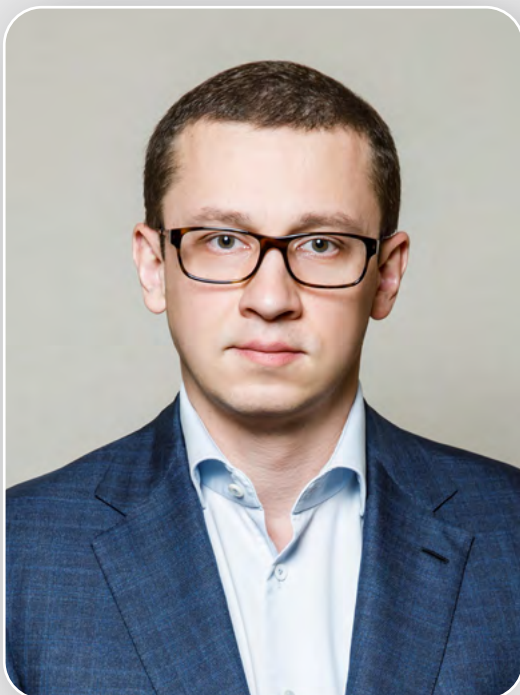
Key competences of the Board of Directors of MTS members

Member of the Board of Directors	Duration of work in the Board of Directors	Key competences							
		Strategy	Finance and Auditing	Industry Specialization (telecoms)	Legal Issues and Corporate Governance	Risk Management	Risk Management	M&A	GR/IR
Felix Evtuschenkov	3 years (from June 2019)	+	+	+	+	+	+	+	+
Artem Zassoursky	5 years (from June 2017)	+	+	+	+	+	+	+	+
Vyacheslav Nikolaev	1 year (from June 2021)	+	+	+	+	+	+	+	+
Regina von Flemming	7 years (from June 2015)	+	+	+	+	+			+
Shaygan Kheradpir	2 years (from June 2020)	+		+			+		
Thomas Holtrop	9 years (from February 2013)	+	+	+	+	+	+	+	
Nadia Shouraboura	2 years (from June 2020)	+						+	
Konstantin Ernst ¹	2 years (from June 2020)	+							
Valentin Yumashev	3 years (from June 2019)	+			+	+	+		+

¹ Retired member of the Board of Directors of MTS PJSC. Voluntarily resigned as a member of the Board of Directors of MTS PJSC based on application dated March 17, 2022.

- > During mandatory disclosure process, a number of situations of conflict of interest of members of governing bodies were resolved.
- > Board of Directors members did not make transactions with the Company's shares in the reporting year.
- > None of the Board of Directors members received loans (credits) from the Company in 2021.
- > Claims were not brought against members of the Board of Directors by the Company.

Information on members of the Board of Directors of MTS as of December 31, 2021



Felix Evtuschenkov

Non-Executive Director

Chairman of the Board of Directors

Chairman of the Strategy Committee of the Board of Directors

He was born in 1978, in Moscow.

In 2000, he graduated from the Griboedov Institute of International Law and Economics, majoring in Law.

Professional experience

1999–2000 — Assistant to the President of Sistema-Invest CJSC, Executive Director of the Industry Department of Sistema PJSC.

2000–2006 — Deputy General Director, General Director of Sistema-Gals CJSC.

2006–2008 — President of Sistema-Gals OJSC.

2008–2011 — Vice President, Head of the Consumer Assets Business Unit of Sistema PJSC.

2011–2012 — First Vice President, Head of the Basic Assets Business Unit of Sistema PJSC.

2012–2018 — First Vice President of Sistema PJSC.

2018–2020 — Chairman of the Board of Sistema Charitable Fund.

2020 — till present — Chairman of the Board of Trustees of Sistema Charitable Fund.

2018 - 2021 - Director of Sistema PJSC.

2021 - present time - Managing Partner of Sistema PJSC.

Citizenship: Russian Federation.

Member of the Board of Directors of Sistema PJSC, Element JSC, OZON HOLDING PLC and other companies.

Member of the Board of Directors of MTS PJSC in 2011 to 2012.

He was reelected as a member of MTS PJSC Board of Directors at the General Meeting of Shareholders on June 27, 2019.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Artem Zassoursky

Non-Executive Director

Member of the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors

Member of the Strategy Committee of the Board of Directors

Member of the Special Committee of MTS PJSC Board of Directors on compliance

He was born in October 1979, in Moscow.

In 2005, he graduated from the fellowship of the Faculty of Journalism in the Lomonosov Moscow State University.

In 2001, he graduated from the Lomonosov Moscow State University with a degree in "Social and Economic Geography of Foreign Countries, Translator/Interpreter".

Professional experience

2002–2003 — Director, Directorate of Development Department, Crossmedia Solutions LLC.

2003–2005 — founder of several companies in the field of digital services and content.

2005–2006 — Executive Director of Game Territory, LLC.

2007–2011 — General Director, Dragonara LLC.

2011–2011 — Development Director, Stream LLC.

2012–2013 — Vice President for Development, SMM OJSC.

2013–2016 — CEO, Stream LLC.

2016–2018 — Vice President, Head of the Strategy Complex, Sistema PJSC.

2018–2020 — Vice President for Strategy of the Strategy Department, Sistema PJSC.

2020 — till present — Vice President, Strategy and Development, Sistema PJSC.

Member of the Board of Directors of Medsi Group of Companies JSC, Sistema Asia Capital PTE, LTD, ALIUM JSC.

Citizenship: Russian Federation.

He was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 29, 2017.

As of December 31, 2020, he did not own shares in MTS PJSC (directly/indirectly).



Vyacheslav Nikolaev

President, Management Board
Chairman of MTS PJSC

He was born in 1970 in Moscow.

In 1992, he graduated from the Faculty of Computational Mathematics and Cybernetics of the Lomonosov Moscow State University.

In 1994, he completed management training at the Kriebel Institute, Washington, DC.

Professional experience

1994–1999 — international consulting company European Public Policy Advisers, Senior Advisor.

1999–2000 — J'son and Partners (telecommunications consulting), Advisor.

2000–2003 — investment bank Renaissance Capital, Telecommunications Analyst.

2003–2004 — investment bank Trust, Vice President, Stock Market Research Department.

2004–2006 — MTS PJSC, Director, Scheduling and Analysis Department, Sales and Subscriber Service Block.

2006–2008 — MTS PJSC, Director, Regional Management Department.

2008–2011: MTS PJSC, Deputy Director, Business Unit Russia for Regional Development and Operations Support.

2011–2017 — MTS PJSC, Director for Consumer Market Marketing.

2017–2019 — MTS PJSC, Management Board member — Vice President for Marketing.

2019–2020 — MTS PJSC, First Vice President for Customer Experience and Marketing, Management Board member.

2017–2019 — MTS PJSC, First Vice President for Client Experience, Marketing and Ecosystem Development, Management Board member.

2021 – till present — MTS PJSC, President, Management Board Chairman.

Board of Directors member at RTC JSC, MTS Bank PJSC, MTS Media LLC, MTS AI LLC and other companies.

Member of the Management Board of MTS PJSC since 2017.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.0058%.



Regina von Flemming

Deputy Chairperson of the Board of Directors

Independent Director

Chairperson of the Remuneration and Nomination Committee of the Board of Directors

Chairperson of the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors

Member of the Audit Committee of the Board of Directors

Member of the Strategy Committee of the Board of Directors

Member of the Special Committee of MTS PJSC Board of Directors on compliance

Member of the Special Committee under BoD on the project of uniting the personnel of MTS PJSC in Moscow in a single office space

She was born in 1965, in Lubeck.

In 1992, she graduated from the Free University of Berlin with a specialty in Political Science, and from the Institute for Political Studies (Paris).

In 1993, she was a fellow of INSEAD Business School (Paris), and also completed an advanced training course at the German Development and Trade Institute (Germany).

Professional experience

1996–1999 — CEO of Krone Russia.

1999–2000 — CEO of Ehrmann AG.

2000–2003 — Vice President of the American-Russian Investment Fund “Delta Capital”.

2003–2009 — founder and owner of the consulting company Flemming&Partner GmbH Berlin.

2005–2015 — CEO of Axel Springer Russia Publishing House.

2014–2018 — Advisor to ANK company.

2018 — till present — Advisor to the General Director of ACCENTURE LLC.

2020–2020 — Weinstube LLC, Marketing Director.

Member of the Board of Directors of Raspadskaya PJSC, member of the Board of Trustees of the Russian Standard Charitable Foundation.

Citizenship: Germany.

She was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 25, 2015.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00285%.



Shaygan Kheradpir

Independent Director

Deputy Chairman of the Remuneration and Nomination Committee of the Board of Directors

Member of the Audit Committee of the Board of Directors

Member of the Special Committee of MTS PJSC Board of Directors on compliance

Member of the Special Committee of the Board of Directors

He was born in 1960, in London.

Graduated from the Cornell University (USA) with BA/MA and PhD in Electrical Engineering.

Professional experience

2015–2018 — Coriant Inc., President, Chairman of the Board of Directors.

2014–2014 — Juniper Networks, CEO.

2011–2014 — Barclays Bank, COO.

2000–2010 — Verizon, Vice President for Engineering, previously IT Director.

2020 — till present — President of Shaygan Technology Partners.

Chairman of the Board of Directors of Live Earth, Member of the Board of Directors of MTN Group, Aura Network Systems, Pivotal Commware and other companies.

Citizenship: USA

He was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 24, 2020.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00075%.



Thomas Holtrop

Independent Director

Finance Expert

Chairman of the Audit Committee of the Board of Directors

Chairman of the Special Committee of MTS PJSC Board of Directors on compliance

Chairman of the Special Committee for the project of MTS's staff co-location in Moscow in the united office space

Member of the Special Committee of the Board of Directors

Member of the Remuneration and Nomination Committee of the Board of Directors

He was born in 1954, in Dortmund.

He studied psychology at the University of Freiburg and business administration with a specialty in economics and production organization at the German Academy of Civil Employees.

Professional experience

1990 – 1999 — Vice President of American Express International Inc. in New York, Frankfurt and London, member of the Board of Directors at Bank 24 AG and Deutsche Bank 24 AG.

2001–2004 — President of T-Online International AG.

2002 – 2004 — member of Deutsche Telekom AG Board of Directors.

2005–2006 — Chief Executive Officer of Thomas Cook AG.

2005–2011 — member of the Supervisory Board of Gruner + Jahr Publishing House (Hamburg).

2009 – 2011 — member of Komstar-OTS OJSC Board of Directors, Chairman of the Audit Committee, the Strategy Committee and the Remuneration and Nomination Committee of the Board of Directors of Komstar-OTS OJSC.

Citizenship: Germany.

He was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on February 14, 2013.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00231%.



Nadia Shouraboura

Independent Director

Finance Expert

Chairperson of the Special Committee for the Development of Cloud and Infrastructure Assets

Deputy Chairperson of the Audit Committee of the Board of Directors

Member of the Strategy Committee of the Board of Directors

Member of the Special Committee of the Board of Directors

She was born in 1970, in Moscow.

1990 — M.V. Lomonosov Moscow State University, Faculty of Mathematics and Cybernetics

1991 — Tel Aviv University (Israel), master

1994 — Princeton University (USA), PhD in Mathematics

Professional experience

1994–2001 — Diamond Management & Technology (USA), chief principal.

2002–2004 — Exelon Corporation (USA), Head of Energy Trading Systems Development.

2004–2012 — AMAZON (USA), Vice President for Technology (Supply Chain/Fulfillment Global Platform).

2012–2018 — HOINTER (USA), founder and CEO.

Member of the Board of Directors of TOSCA, FERGUSON PLC, Blue Yonder and other companies.

Citizenship: USD.

She was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 24, 2020.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00075%.



Valentin Yumashev

Independent Director

Deputy Chairman of the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors

Member of the Remuneration and Nomination Committee of the Board of Directors

Member of the Special Committee under BoD on the project of uniting the personnel of MTS PJSC in Moscow in a single office space

Born in 1957 in Perm.

In 1984, he graduated from the Lomonosov Moscow State University, Faculty of Journalism.

Professional experience

1987–1995 — Member of the editorial board, editor of department, deputy chief editor, general director of the magazine Ogoniok.

1996–1997 — Advisor to the President of the Russian Federation on interaction with the media.

1997–1998 — Head of the Administration of the Russian Federation President.

2006 — till present: Millhouse LLC, General Director's Office, Advisor

In 2000 he became one of the founders of the Fund of the first Russian president B.N. Yeltsin, currently called the Yeltsin Presidential Center Foundation, or the Yeltsin Center.

He is an advisor to the Fund and since 2009 he has been a management board member of the Yeltsin Presidential Center .

He was twice honored with Commendation by the President of the Russian Federation (1996, 1997).

Citizenship: Russian Federation.

He was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 27, 2019.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00183%.

Chairman of the Board of Directors

The Chairman of the Board of Directors of MTS PJSC bears the main responsibility for ensuring the implementation of the rights and interests of the shareholders and achieving a balance between the short-term financial result and the long-term strategic positioning of the business.

In terms of the personal qualities of the chairman, this means the ability to combine pragmatism and specificity in solving tactical issues with the role of a strategist and visionary who deeply understands the processes occurring in the company and has a clear vision of the local market situation. The Chairman of the Board of Directors has the highest level of personal responsibility for the long-term sustainability of the business and strives to ensure the growth of shareholder value.

Felix Vladimirovich Evtuschenkov was elected Chairman of the Board of Directors of MTS by unanimous decision of the MTS Board of Directors on June 23, 2021.

According to members of the MTS Board of Directors, the nomination of Felix Evtuschenkov is most suitable for fulfilling the role of the Company's Chairman of the Board of Directors, defined by corporate law, the Corporate Governance Code and the Regulations on the Board of Directors of MTS.

The Chairman of the Board of Directors of MTS is not an independent director, however, on June 24, 2021, an independent director, Ms. Regina von Flemming, was elected Deputy Chairperson of the Board of Directors of MTS. The Board of Directors of MTS considered the election of Ms. Flemming to this position appropriate, since Regina von Flemming has the status of an "independent director" for a long period of time; involved in the work of committees of the Board of Directors and the Board of Directors;

has specialized expertise in important ecosystem areas — telecom, media, digital, tech, compliance; is recognized by the professional and business community. In this position, Ms. Flemming, in fact, replacing the senior independent director, performs all of its functions provided for by the Corporate Governance Code — coordinating the work of independent directors and implementing (organizing) the interaction of independent directors with the Chairman of the Board of Directors of MTS.

The Board of Directors is a well-coordinated mechanism, a united team, where everyone contributes to the management decision-making process. Within the MTS Board of Directors, there is a strong independent block of directors, and six places out of nine have been occupied by independent directors for the last years. The Board of Directors is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members. Each member of the Board of Directors is a high level professional possessing industry-specific knowledge and business expertise, and a generator of advanced ideas. The Chairman is the leader, the central figure of the Board whose main task is to make the subordinated team of professionals work as efficiently as possible. In the course of establishing business-oriented, dynamic, positive atmosphere of work of the Board of Directors, the Chairman moderates the discussion so that each participant can show their best qualities while ensuring that the result of discussions is a unified, balanced, justified and specific managerial decision.

Independent directors

Independent directors shall be members of the Board of Directors for the purpose of effective implementation of its functions and making informed, grounded decisions, ensuring control over management for the benefit of the company's shareholders. Independent directors make it possible to ensure a reasonable balance of interests of all the parties concerned: the Company itself, its shareholders and other stakeholders. For the independent directors to be able to influence the decisions taken by the Board of Directors, their number shall equal at least one third of the total composition of the Board of Directors.

In June 2020, the number of independent directors in the Board of Directors was increased to six directors. The increase of the independent directors' number allows the independent standpoint within the Board of Directors to exercise greater influence on the business decisions taken, on the Company's corporate policy and strategy. In addition, for the first time in the history of our Company, two female independent directors became members in the Board of Directors.

Criteria of independence of the Board of Directors' members are defined in the Regulations on the Board of Directors of MTS PJSC¹ and correspond to advanced international practices of corporate governance.

NYSE listing also adds additional obligations for us related to the composition of the Board of Directors: the Company is required to have at least one member of the Board of Directors (in the Audit Committee) with expertise in accounting or relevant financial management experience (financial expert). The Audit Committee of the Board of Directors is headed by Thomas Holtrop, who has experience and knowledge in the preparation, analysis, evaluation and audit of financial statements.

According to recommendations of the Code, the key committees of the Board of Directors (Audit, Remuneration and Nomination) are formed exclusively from independent directors. Other committees include at least one or two independent directors.

For key projects, Special Committees are established, which also include independent directors. For example, in 2019, a Special Committee on Compliance was established, and in 2020 — a Special Committee of Independent Directors on the project for uniting the personnel of MTS PJSC in the integrated office space in Moscow, and at the beginning of 2022 — Special Committee for the Development of Cloud and Infrastructure Assets.

A large proportion of independent directors contributes to an increase in the efficiency of representing the interests of MTS shareholders.

When holding strategic sessions where issues of updating the Company's strategy are discussed with the participation of members of the Board of Directors, representatives of shareholders and the Company's management, independent directors contribute to the objective control of the strategic planning process.

Independent directors are actively involved in preliminary discussions of many related party transactions that are significant to the Company. The Company has also introduced the practice of preliminary consideration of a number of related party transactions, including transactions with companies being part of the Sistema Group, at a meeting of the Audit Committee of the Board of Directors, which consists exclusively of independent directors. As common practice shows, this noticeably facilitates the work of independent BoD members as to approval of and agreeing upon transactions.

Our independent directors are professional managers, whose experience and knowledge make a significant contribution to the development of the Company's corporate governance system. Mastering of the best practices, great managerial experience, understanding of business needs and HR management specifics, proactive approach, strategic thinking, openness in discussions: all this makes an invaluable contribution not only to the results of the activity of the Board of Directors, but also to those of the Company in general.

¹ [Regulations on the Board of Directors of MTS PJSC, Moscow \(mts.ru\)](#).

Informing newly elected members of the Board of Directors about the Company's operation

In accordance with best corporate governance practices for newly elected members of the Board of Directors an orientation (information) course in the format of interactive presentation in Russian and English is held. This course enables to shortly familiarise new members of the Board of Directors with Company's development history, operation of the Board of Directors, main documents governing Company's operations, annual financial reporting,

development strategy, Company's management structure etc.

The President, Company's management and secretary of the Board of Directors take part in the presentation. Individual meetings with senior functional management of the Company are also offered to members of the Board of Directors, at which members of the Board of Directors may obtain any information required for their work.

The role of the Board of Directors in the organization of an efficient risk management and internal control system¹

Within its competences, the Board of Directors is responsible for monitoring the effectiveness of the structure and functioning of the Company's systems for risk management, compliance and internal control; twice a year it reviews and approves the reports of the Audit Committee on the work of internal audit, business ethics, compliance and risk management units and the internal control system, as well as reports on risk management in the MTS

Group and reports on the development of the Unified Compliance System, reports on the development of the anti-corruption compliance system at MTS PJSC and its subsidiaries.

Today, an efficiently-operating risk management, compliance and internal control system is in place designed to ensure a reasonable level of confidence in the company achieving its objectives.

Organization of the Board of Directors activities

At least six in-person meetings shall be conducted each year in accordance with the approved plan of meetings of the Board of Directors. If necessary, it is possible to participate in a joint meeting through video conferencing. Extraordinary meetings shall be convened to take decisions on urgent matters. Meetings in the form of absentee voting shall be conducted to vote on issues that members of the Board of Directors do not have significant contradictions over.

Plan of the Board of Directors activities for the next year shall be approved in December of the current year. Dates, periods and locations of meetings shall be determined according to the schedules of activities of the Board of Directors members in order to provide for participation of all the directors.

Traditionally, the plan of activities includes the main issues of the Company's operation: strategy, finances, budget and risks, HR. Such a plan shall be prepared with regard to the suggestions of the Board of Directors members and the Company's management. All issues on the BoD meeting agenda shall normally be reviewed by dedicated committees, allowing to discuss and draw up recommendations for a final decision of the Board of Directors.

In-person meetings of the Board of Directors are usually held in Moscow head office. First meeting of the newly elected Board of Directors shall be held with personal attendance, on the day of the General Shareholders' Meeting which decided on election of the Board of Directors.

¹ More complete information is provided in the section "Risk Management".

In order to hold a meeting in the company's headquarters it is necessary to plan and approve the schedule of activities for two days: meetings of committees of the Board of Directors, a meeting of the Board of Directors, and to make all practical arrangements: on simultaneous translation, hotel booking services, transfers, catering, etc.

More frequent use of the remote forms of communication influenced the format of holding meetings of the Board of Directors of our Company in 2021. All meetings were held in an online format.

The Chairman of the Board of Directors holds monthly meetings/consultations with representa-

tives of shareholders and/or management of the Company. Main topic of such meetings is a matter of the management of strategic changes. This allows to initiate global strategic changes outside of routine management and to change the focus of a common perception of the Company's systems and processes.

The Company believes it is a good practice allowing to share ideas and observations from our experience of working with other companies and businesses, which eventually enriches our discussions in the Board of Directors and forms a strong base for right decisions to be made by the senior executives.

Corporate Secretary¹

The Corporate Secretary shall ensure effective current interaction with the shareholders, coordinate the Company's activities for protection of rights and interests of shareholders, and support effective work of the Board of Directors.

The functions of the Corporate Secretary at MTS PJSC are performed by a dedicated structural subdivision — the Corporate Governance Department, whose main functions, rights and obligations are defined in the Regulations on the Corporate Governance Department².

The Functions of the Corporate Governance Department at MTS PJSC include:

- > participating in the improvement of the Company's corporate governance system and practice;
- > participating in the organization of the preparation and holding of the Company's general meetings of shareholders;
- > supporting the work of the Board of Directors and Committees of the Board of Directors of the Company;
- > participating in the implementation of the Company's policy on information disclosure, and also ensuring storage of the Company's corporate documents;
- > ensuring the Company's interaction with its shareholders and participating in the prevention of corporate conflicts;

- > ensuring the implementation of the procedures established by the law and the Company's internal documents, ensuring the rights and legitimate interests of shareholders and control over their use;
- > ensuring the Company's interaction with regulators, trade organizers, the registrar, other professional participants of the securities market within the powers assigned to the Corporate Secretary;
- > immediately notifying the Board of Directors of all identified violations of the law and the Company's internal documents, the observance of which is within the functions of the Corporate Governance Department.

The Corporate Governance Department is headed by the Director of Corporate Governance, an officer of the Company reporting to the Company's Board of Directors.

The Board of Directors approves the nominated Director of Corporate Governance as the manager of the unit serving as the Corporate Secretary.

Roman Safronov, Director for Corporate Governance of MTS PJSC, was the Director of Corporate Governance Department in the reporting period.

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/departament-korporativno-go-upravleniya..>

² http://static.mts.ru/uploadmsk/contents/1655/Regulations_on_MTS_CG_Department-rus.pdf.

Secretary of the Board of Directors

Main purpose of the BoD Secretary of MTS PJSC is to ensure compliance of the Company's management bodies with the requirements of legislation and internal regulations of the Company which guarantee the enforcement of rights and interests of its shareholders.

Secretary of the Board of Directors performs its functions in accordance with the Charter, Regulations on the Board of Directors of MTS PJSC¹.

Secretary of the Board of Directors:

- > carries out an onboarding of newly elected members of the Company's Board of Directors;
- > informs members of the Board of Directors and invited persons on forthcoming meetings of the Board of Directors;
- > sends to members of the Board of Directors materials on issues of the Board of Directors agenda;
- > upon request, provides to members of the Board of Directors an additional information on the Company's activities;
- > calculates the votes on issues put to a vote and keeps record of the Board of Directors meetings;
- > ensures storage of the Board of Directors documents;
- > controls the implementation of the Board of Directors decisions;
- > assists the Chairman of the Board of Directors in planning for activities of the Board;
- > ensures communication of members of the Board of Directors with management;
- > assists in solving organizational and technical issues.

Since 19, the Board of Directors Secretary has been the Corporate Governance Director of MTS PJSC, Roman Safronov.

¹ [Regulations on the Board of Directors of MTS PJSC — Moscow \(mts.ru\)](https://mts.ru).



Roman Safronov

Director for Corporate Governance
of MTS PJSC

Director of Corporate Governance
Department

Secretary of the Board of Directors
Corporate Secretary

Born in 1980.

In 2003 he graduated from Moscow State Open University with the specialty in Law.

In 2014 he graduated from University of London Diploma in the Common Law.

In 2016, he received a certificate of corporate secretary from the National Association of Corporate Lawyers.

Professional experience

MTS PJSC — Corporate Governance Director (2021 — present date)

Chelyabinsk Pipe Rolling Plant, PJSC — Corporate Secretary (2011–2021)

ARKLEY CAPITAL — senior lawyer (2005–2011)

Chelyabinsk Zinc Plant, JSC — Corporate Secretary (2005–2007)

RDTs PARITET, JSC - (specialized registrar) legal adviser (2003-2005)

The Corporate Governance Director of MTS PJSC is also responsible for:

- > preparation and holding of meetings with the shareholders of MTS PJSC;
- > management of subsidiaries of the MTS Group;
- > ensuring the timely disclosure of information in accordance with the requirements of the securities market legislation;
- > development of the Corporate Governance System of the MTS Group;
- > integrated management of intangible assets;
- > other functions.

Citizenship: Russian Federation.

He owns (directly/indirectly) neither MTS PJSC shares nor stocks or shares in MTS PJSC subsidiaries; he is not a relative of any persons who are members of management and/or control bodies overseeing financial and business activities of MTS PJSC.

According to the information available to the Company, in the reporting year, there were no conflicts of interest among the Secretary of the Board of Directors, including those related to his participation in the management bodies of competitors of MTS PJSC.

Report on the Work of the Board of Directors

In 2021, 19 meetings of the Board of Directors were held, including eight in-person and six in the form of absentee voting.

Participation of the directors in meetings of the Board of Directors of MTS in 2021

Director	In-person meeting	In-absentia meeting
Felix Evtuschenkov	11/11	7/8
Artem Zassoursky	11/11	7/8
Vyacheslav Nikolaev¹	7/7	4/4
Alexey Valeryevich Kornya²	4/4	4/4
Regina von Flemming Independent Director, not a member of MTS PJSC executive management	10/11 ³	8/8
Shaygan Kheradpir Independent Director, not a member of MTS PJSC executive management	11/11	8/8
Thomas Holtrop Independent Director, not a member of MTS PJSC executive management	11/11	8/8
Nadia Shouraboura Independent Director, not a member of MTS PJSC executive management	11/11	8/8
Konstantin Ernst Independent Director, not a member of MTS PJSC executive management	9/11	8/8
Valentin Yumashev Independent Director, not a member of MTS PJSC executive management	10/11 ⁴	8/8

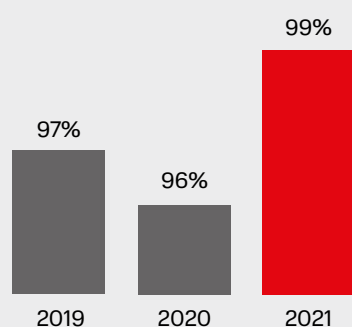
¹ Elected as a member of the Board of Directors on June 23, 2021.

² Powers of the Board of Directors member terminated on June 23, 2021.

³ A member of the Board of Directors abstained from participating in the meeting due to the potential for a conflict of interest.

⁴ A member of the Board of Directors abstained from participating in the meeting due to the potential for a conflict of interest.

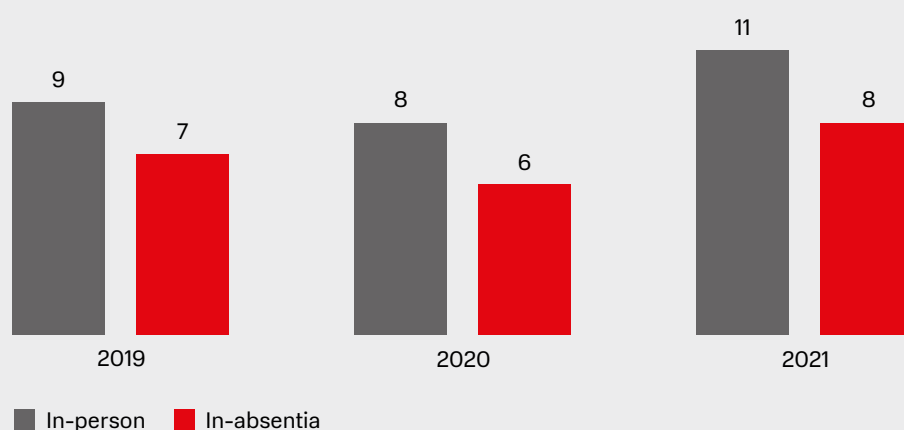
Average percentage of participation the Board of Directors of MTS members in the 2019–2021 meetings



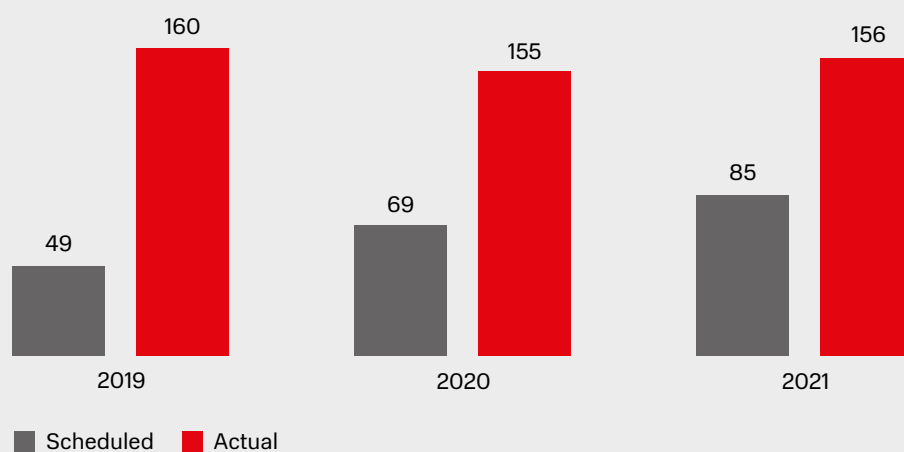
>99%

of meetings of the Board of Directors of MTS were held with 100% participation by the Board of Directors members.

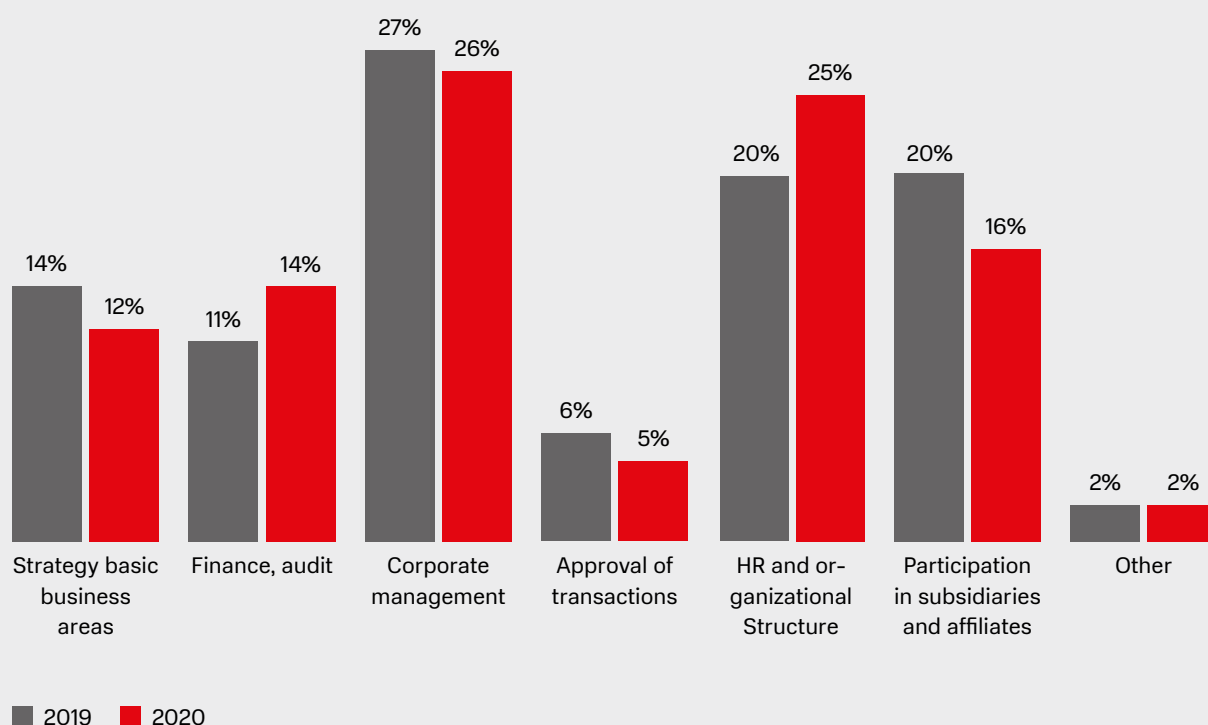
Number of meetings of the Board of Directors of MTS in 2019–2021



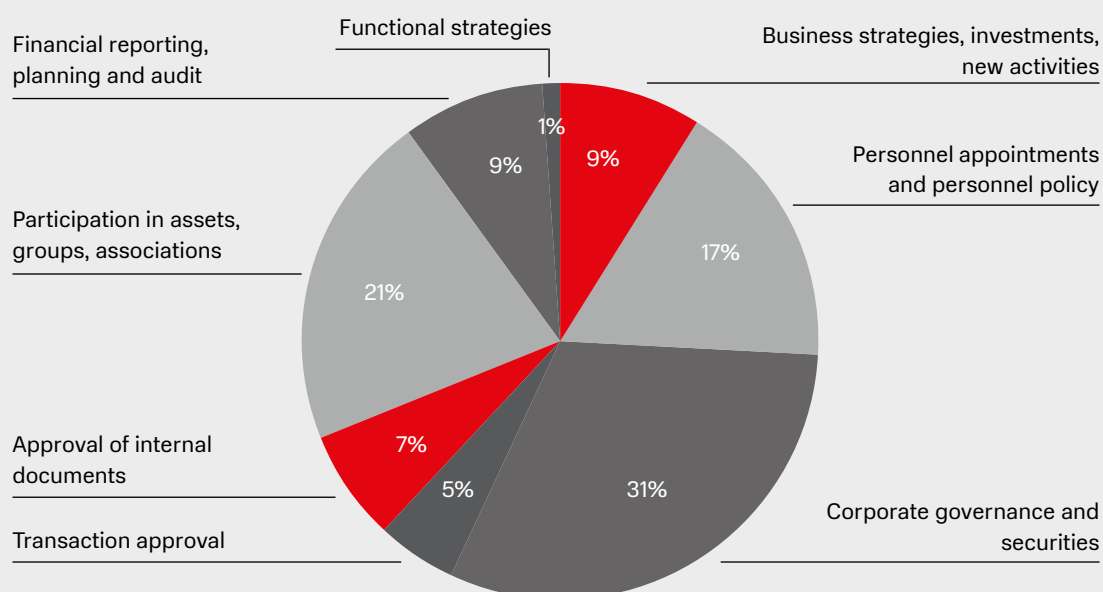
Number of issues considered at meetings of the Board of Directors of MTS in 2019–2021



Structure of issues reviewed at meetings of the Board of Directors in 2019–2020



Structure of issues reviewed at meetings of the Board of Directors in 2021



Significant items on the agenda of the MTS PJSC Board of Directors meetings in 2021

1. On the progress of implementing the MTS strategy and the main business risks related thereto.
2. On the investors' opinion re: transformation of telecommunications companies / digital ecosystems and their impact on multipliers.
3. On measures for the continuous improvement of MTS compliance control procedures.
4. Review of the key customer projects of the MTS ecosystem.
5. On critical MTS Group budget items for 2022.
6. On implementation of the ESG principles in Russian and foreign companies and the prospects for the establishment of the ESG Committee of the MTS Board of Directors.
7. On the preparation of the ESG strategy of MTS PJSC.
8. On approval of key performance indicators of the President and members of the MTS PJSC Management Board in 2021.
9. On the development of the anticorruption compliance system at MTS PJSC and subsidiaries in 2020.
10. On MTS Group Strategy for 2022 – 2024.
11. On consideration of MTS Technological (IT) Strategy.
12. On the development of the inside compliance system of MTS PJSC.
13. On assessing the level of business ethics and compliance culture in the MTS Group.
14. Recommendations of the Board of Directors on payment of dividends for 2020 and first half of 2021.
15. On approval of Policy of Succession of Members of MTS PJSC Board of Directors.
16. On approval of Policy of Succession of the President of MTS.
17. On the progress of establishment and development of MWS JSC.
18. On approval of the MTS policy in the field of diversity and inclusion
19. Issues associated with convening the annual and extraordinary general meetings of MTS PJSC shareholders.
20. On approval of the share redemption price and the report on the results of MTS PJSC shares presented for redemption.
21. Acquisition of subsidiaries, participation of MTS PJSC in other organizations.
22. On organizational changes.
23. Review of reports:
 - > on preliminary results of execution of the MTS Group budget for 2020 and the forecast for 2021;
 - > on execution of MTS Group budget and CAPEX program for 2020, as well as the current forecast of budget execution for 2021.
 - > on risk management;
 - > on work of the Corporate Governance Department;
 - > on evaluation of KPI fulfillment and completion of individual tasks by the President and Management Board members;
 - > on performance assessment of MTS PJSC Board of Directors.
 - > on the fulfilment of compliance controls;
 - > on the operation of the units for internal audit, control and compliance, including the report on the efficiency of the risk management system.

Assessment of Board of Directors performance

The Methodology defines the approach to the assessment, aimed to improve the performance of the Board of Directors, its committees, Board of Directors members, and to enhance the quality of corporate governance at MTS as a whole.

The objects of the assessment include:

- > activities of the Board of Directors;
- > activities of committees of the Board of Directors;
- > individual performance of each member of the Board of Directors and committees, including their chairmen;
- > activities of the Corporate Secretary.

The purpose of the Board of Directors performance assessment is to maximize the Board of Directors contribution to the successful development and growth of the company's value by solving such tasks as:

- > ensuring a balanced composition of the Board of Directors from the point of view of professional experience, knowledge, skills and personal qualities of its members;
- > analysis of effective approaches and procedures used by the Board of Directors and Committees in their work;
- > tracking the presence and level of motivation of the Board of Directors members;
- > confirmation of sufficient control from the Board of Directors over operations of the organization and determination of the quality of interrelations between the Board of Directors and the management;
- > determination of the Board of Directors contribution to development of the MTS corporate governance system and ensuring efficient cooperation of its subjects.

The main objective of the Board of Directors performance assessment is definition of their efficiency in preliminary elaboration of issues and assistance to the Board of Directors in the decision-making process. This objective can be achieved by solving such tasks as:

- > confirmation of the role, function and objectives of the Committee;
- > inspection of the balanced composition of the Committee from the point of view of number of its members, their knowledge, professional experience and competences;
- > analysis of the quality and efficiency of the Committee's interaction with the Board of Directors and the management.

The individual assessment of members of the Board of Directors is designed to maximize their contribution to operations of the Board of Directors and Committees, and also to detect directors' need for upgrade or development of certain skills enabling more effective operation of the Board of Directors and the Committees.

The assessment is carried out on a regular basis (annually) and can be conducted both independently (by questionnaire method) and with the involvement of an independent consultant.

Results of independent assessment of performance of the Board of Directors for 2020/2021

In 2021, MTS conducted an assessment of performance of the Board of Directors of MTS in the form of a self-assessment. A questionnaire survey was conducted to evaluate the performance of the Board of Directors and its committees. All members of the Board of Directors of MTS and 17 representatives of management, members and invited experts of committees of the Board of Directors of MTS took part in the questionnaire survey.

Based on the results of the questionnaire survey, the Corporate Governance Director submitted for consideration by the ESG Committee of the Board of Directors of MTS the Preliminary Report on the results of the assessment. The final report was presented to the MTS Board of Directors.

The results of the assessment proved that the principles of work of the Board of Directors of MTS correspond to the best practice. At the same time, some areas for improvement and increasing the efficiency of the Board of Directors performance have been outlined:

In line with international best practice, the Board of Directors will continue conducting self-assessment of its performance on an annual basis, as well as an external independent assessment every three years in order to ensure continuous improvement of the performance by the Board of Directors, its committees and directors.

Liability insurance for Board members Directors, officials of MTS and MTS Group companies

The sum insured under the liability insurance contract for members of the Boards of Directors, officials of MTS and MTS Group companies (hereinafter referred to as the “Insurance Contract”) shall be 35 million US dollars.

The insurance contract enables us to ensure the protection of members of the Board of Directors, Management Board and management of MTS PJSC and its subsidiary companies (hereinafter, the “Executive Officers”) and to provide coverage for:

- > indemnification of Executive Officers, in connection with actions or claims submitted against them or their persecution by authorized state authorities for their actions/omissions while they exercise office duties in the office held, namely:

- compensation of expenses of Executive Officers for lawyers and legal protection in connection with the above actions or claims;

- indemnification of damages caused to plaintiffs by inadvertent actions/omission of Executive Officers (in the event that the lawsuit is satisfied by the court);

indemnification of damages of MTS PJSC and subsidiaries of MTS PJSC for claims related to securities (except for lawsuits related to new IPO of American depositary receipts).

/ COMMITTEES OF THE BOARD

Committees of the Board of Directors serve as a tool for the preliminary in-depth study of issues before they are submitted to the meeting of the Board of Directors. Committee members thoroughly study an issue under consideration and propose to the members of the Board of Directors the elaborated alternative decisions, making it possible for them to join the discussion of the issue more promptly.

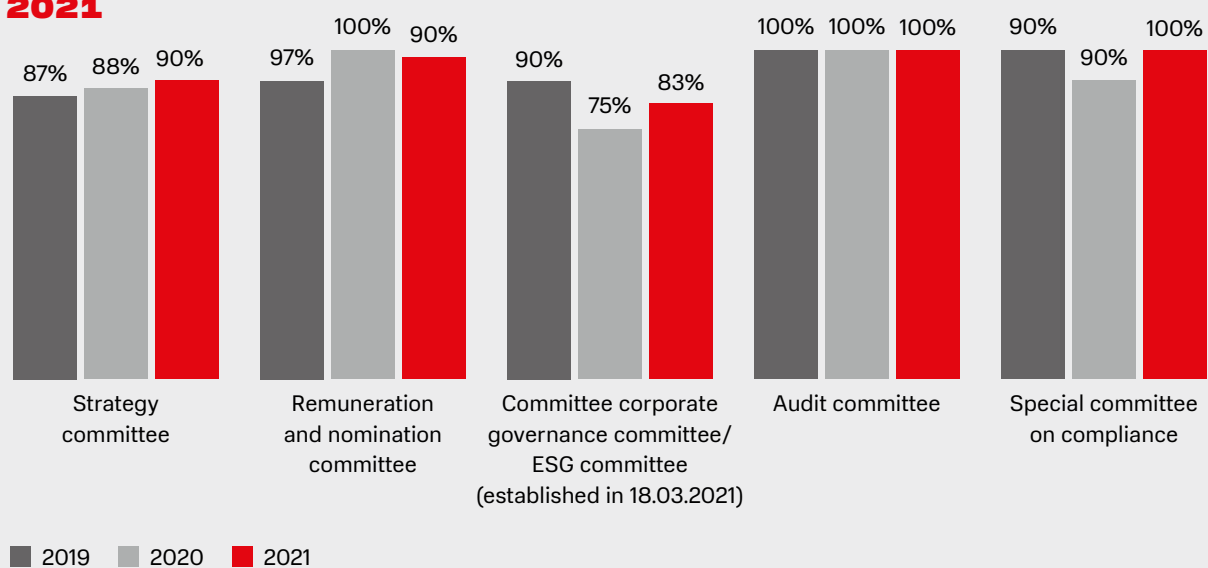
Committees of the Board of Directors increase the effectiveness of decisions made by the Board of Directors, since important issues within the competence of the Board of Directors are preliminarily considered by committees of the Board of Directors. At the end of 2021, the following committees were active: Audit Committee, Remuneration and Nomination Committee, ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee), Strategy Committee, Special Committee on Compliance, Special Committee for the project of MTS's staff co-location in Moscow in the united office space.

Powers of and requirements to compositions of the committees shall be determined by regulations on the committees approved by the Board of Directors. The committees may involve external experts and consultants to carry out their tasks. The results of reviews of agenda issues by the Committees are communicated to the Board of Directors members prior to every meeting of the Board of Directors.

Management representatives can take part in committee meetings to accompany agenda items with detailed explanations, if necessary.

Committee	Committee tasks overview
Audit Committee	Preparation of recommendations to the Board of Directors with respect to supervision over the Company's financial and operational activities
Remuneration and Nomination Committee	Preparation of recommendations to the Board of Directors on issues of HR policy, determination of the incentive and remuneration system, generation of the Company's corporate culture development strategy
ESG Committee (Corporate Governance and Environmental and Social Responsibility Committee)	The Committee was established to control the implementation of the principles of sustainable development, as well as to assist the management bodies of MTS PJSC in the development of a common strategy regarding corporate governance, environmental and social responsibility
Strategy Committee	Preparation of recommendations to the Board of Directors upon review of a strategic development of key functions, projects and the Company in general, and implementation of investment projects and long-term investment programs
Special Committee on Compliance	Overall supervision in the sphere of compliance, review of issues and preparation of recommendations for the Board of Directors on compliance issues.
Special Committee for the project of MTS's staff co-location in Moscow in the united office space	The Committee was established to ensure that the terms of the project of MTS's staff co-location in Moscow in the united office space meet the interests of the Company and all its shareholders

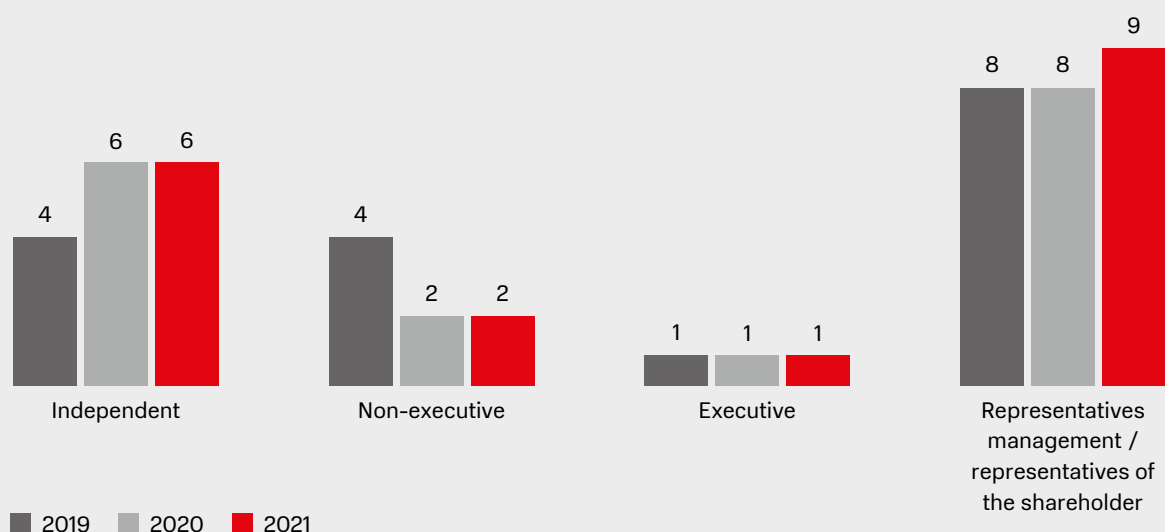
Average level of attendance of the meetings of the Committees of the Board of Directors of MTS in 2019–2021



Number of committees of the Board of Directors of MTS in 2019–2021



Composition of the committees of the Board of Directors of MTS in 2019–2020



Attendance of Committee meetings in 2021¹

Committee Member	Audit Committee	Remuneration and Nomination Committee	Strategy Committee	Corporate Governance, Environmental and Social Responsibility Committee (ESG Committee)	Meeting of the Remuneration and Nomination Committee and ESG Committee	Special Committee on Compliance
	(26 meetings, including 20 in-person meetings and 6 meetings in the form of absentee voting)	(15 meetings, including 12 in-person meetings and 3 meetings in the form of absentee voting)	(12 in-person meetings)	(12 meetings, including 9 in-person meetings and 3 meetings in the form of absentee voting)	(2 in-person meetings)	(4 in-person meetings)
Felix Evtuschenkov			8/12			
Artem Zassoursky			11/12	8/12	1/2	2/4
Regina von Flemming² Independent Director, not a member of executive management MTS PJSC	24/26	15/15	7/8	12/12	2/2	4/4
Shaygan Kheradpir³ Independent Director, not a member of executive management MTS PJSC	26/26	15/15			2/2	4/4
Thomas Holtrop Independent Director, not a member of executive management MTS PJSC	26/26	15/15			didn't participate in the meetings	4/4
Nadia Shouraboura⁴ Independent Director, not a member of executive management MTS PJSC	26/26		12/12			
Konstantin Ernst⁵ Independent Director, not a member of executive management MTS PJSC				6/12	didn't participate in the meetings	
Valentin Yumashev⁶ Independent Director, not a member of executive management MTS PJSC		15/15		12/12	2/2	

¹ As of 31.12.2021.

² Elected as Strategy Committee member since June 20, 2021.

³ Elected Deputy Chairman of the Remuneration and Nomination Committee of the Board of Directors since 24.06.2021

⁴ Elected Deputy Chairperson of the Audit Committee since June 24, 2021.

⁵ Retired member of the Board of Directors of MTS PJSC. Voluntarily resigned as a member of the Board of Directors of MTS PJSC and ceased work in the Committee based on application dated March 17, 2022.

⁶ Elected Deputy Chairman of the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors since 24.06.2021.

Committee Member	Audit Committee	Remuneration and Nomination Committee	Strategy Committee	Corporate Governance, Environmental and Social Responsibility Committee (ESG Committee)	Meeting of the Remuneration and Nomination Committee and ESG Committee	Special Committee on Compliance
	(26 meetings, including 20 in-person meetings and 6 meetings in the form of absentee voting)	(15 meetings, including 12 in-person meetings and 3 meetings in the form of absentee voting)	(12 in-person meetings)	(12 meetings, including 9 in-person meetings and 3 meetings in the form of absentee voting)	(2 in-person meetings)	(4 in-person meetings)
Alexey Barsegian				12/12	2/2	4/4
Ruslan Ibragimov				5/5	2/3	
Alexey Katkov¹			10/12			
Victor Klimovich			12/12			
Leyda Lukiyanova						4/4
Vladimir Travkov²			2/4			
Alexander Khanin			12/12			
Mikhail Khanov			12/12			
Yury Misnik³			5/8			
Elena Kokhanovskaya⁴				10/12	2/2	
Polina Ugryumova				12/12	2/2	

¹ Elected Deputy Chairman of the Strategy Committee from May 20, 2021.

² Powers of the Strategy Committee member terminated on May 20, 2021.

³ Elected as a member of the Strategy Committee since May 20, 2021.

⁴ The powers of a member of the Corporate Governance, Environmental and Social Responsibility Committee were terminated from February 10, 2022.

Audit Committee

The Audit Committee is an auxiliary, collective advisory body of the Company's Board of Directors. The committee was established for the purposes of assisting in efficient implementation of functions of the Board of Directors in terms of control over financial and economic activities of the Company.

In their activities, the Committee members are guided by the applicable law, the Charter and the internal documents of the Company, the Corporate Governance Code¹, the Code of Business Conduct and Ethics of MTS PJSC, decisions of the Company's management bodies, and the Regulations on the Audit Committee².

The main task of the Committee is to assist the Board of Directors in performing its oversight functions in relation to financial reporting, risk management, internal controls system, compliance, adherence to the Code of Business Conduct and Ethics of MTS PJSC, conducting internal and external audits, counteracting unfair actions committed by the members of management bodies and employees of MTS PJSC and its subsidiaries (hereinafter referred to as the "Group" or "MTS Group") and third parties.

Key functions of the Committee:

- > overseeing the control over completeness, accuracy and reliability of the financial statements of the MTS Group; review and analysis, together

with the management and the external auditor, of the annual financial statements, interim financial data of the Group and related documents submitted to the SEC, the Central Bank of the Russian Federation and other regulatory bodies; consideration of reports on the financial and operating performance of the MTS Group before issue of press releases;

- > overseeing the process of ensuring the effectiveness of risk management, the internal control system and corporate governance of the MTS Group; assessment of implementation of the procedures used by the MTS Group to identify the main risks, and the corresponding control procedures in order to determine their adequacy and efficiency; overseeing the implementation of procedures to ensure that the MTS Group complies with the requirements of the Sarbanes-Oxley Act; consideration, together with the management, internal and external audit, of any cases of violation of the law, possible cases of fraud and significant deficiencies in internal control and risk management procedures;

¹ The Corporate Governance Code recommended for use by the Bank of Russia (Letter No. 06-52/2463 dd. April 10, 2014).

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozhenie-o-komitete-po-auditu/>



In 2021, the Audit Committee focused on assessing and monitoring the implementation of procedures in the field of risk management, compliance and the internal control system. The Committee monitors the development of promising digital areas of the Company and compliance with corporate governance rules, compliance regulations, as well as ensuring the effectiveness of the risk management and internal control system.

The Audit Committee plays a key role in ensuring the effective functioning of the internal audit service and the external auditor, monitoring their independence and objectivity, and overseeing the quality of their activities.

The Committee continued its work together with the management to ensure the completeness and reliability of the financial statements of MTS Group, including monitoring the disclosure of relevant information.



Thomas Holtrop,
Chairman of the Audit Committee

- > overseeing the updating, communicating the Code of Business Conduct and Ethics of MTS PJSC (hereinafter referred to as the "Code") to the persons whose activity is regulated by the Code; consideration of measures taken by the management of MTS PJSC to increase the level of corporate, compliance and risk culture, awareness of persons whose activity is regulated by the Code, about the requirements of the Code and the consequences of its violation; consideration of the proposed measures to resolve the conflict of interests of members of the management bodies of MTS PJSC;
- > ensuring independence and objectivity of the internal audit function; review and approval of the internal audit policy, internal audit strategy, annual audit schedule and major changes to the schedule during the calendar year; review, jointly with the Director for Internal Audit and approval of the resource plan, budget and KPIs for internal audit; assessing the effectiveness of internal audit activities and meeting KPIs;
- > assessment of the independence, impartiality and lack of conflict of interests among the Group's external auditors, including the assessment of candidates for the Group's auditors, development of proposals for the appointment, re-election and removal of the Group's external auditors, payment for their services and conditions for their involvement; supervision of the external audit and assessment of the audit quality and audit opinions; supervision over the fulfilment of the Group's procedures determining the principles of rendering and combining by the auditor of audit and non-audit services;
- > oversight of the effectiveness of the reporting system on the potential cases of fraud of the Group's employees (including violation of anti-corruption policy, unfair use of insider and confidential information) and of third parties, as well as other violations in the Group; consideration of reports on the work of the MTS Group Unified Hotline, as well as the results of internal audits and investigations;
- > other functions.

Number and identities of members

There were no changes in the composition of the Committee during the reporting year.

The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2021.

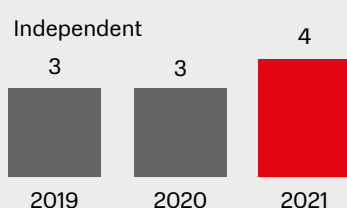
Members of the Committee in 2021

Committee Member	From June 25, 2020	From June 24, 2021
Thomas Holtrop , Chairman, Independent Director	●	●
Nadia Shurabura , Deputy Chairperson ¹ , Independent Director	●	●
Regina von Flemming , Independent Director	●	●
Shaygan Kheradpir , Independent Director	●	●

● person was/is a committee member
○ person was/is not a committee member

¹ Elected Chairperson of the Audit Committee of the Board of Directors since 24.06.2021.

Composition of the Audit Committee in 2019–2021



Meetings

Committee activities were based on the approved action plan according to the main functions assigned to the Committee. In the reporting year, 26 meetings of the Committee took place: 20 in person form, 6 in the form of absentee voting.

Besides these meetings, the Committee members held meetings with financial executives of the Company and managers responsible for the risk management, internal control system, internal audit, business ethics and compliance, as well as with external advisors of the Company on a number of issues.

Participation of the Committee members in meetings in 2021

Committee Member	22.01 In-ab- sencia	10.02	03.03	16.03	18.03	29.03 In-ab- sencia	06.04 In-ab- sencia	14.04
Thomas Holtrop	●	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	●	●	●
Nadia Shouraboura	●	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●	●

Committee Member	17.05	11.06 In-ab- sencia	22.06	29.06.	14.07.	28.07.	17.08.	31.08 In-ab- sencia
Thomas Holtrop	●	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	●	●	●
Nadia Shouraboura	●	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●	●

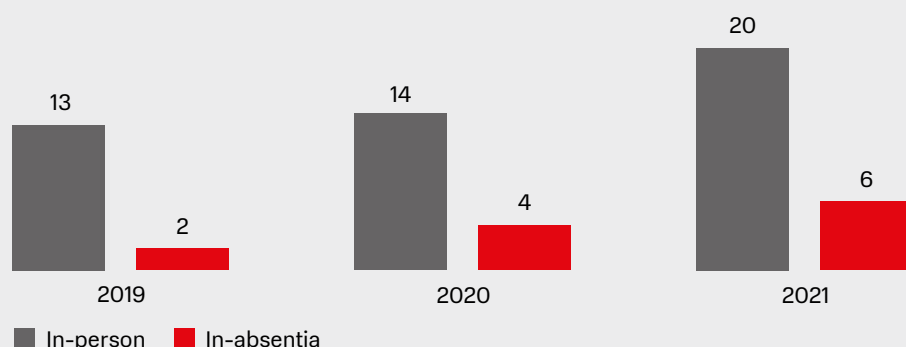
Committee Member	06.09 In-ab- sencia	07.09.	14.09.	20.10.	15.11.	22.11.	29.11.	09.12.	16.12.	21.12.
Thomas Holtrop	●	●	●	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	○ ¹	○ ²	●	●	●
Nadia Shouraboura	●	●	●	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●	●	●	●

- committee member participated in the meeting
- committee member did not participate in the meeting

¹ A member of the Committee abstained from participating in the meeting due to the potential for a conflict of interest.

² A member of the Committee abstained from participating in the meeting due to the potential for a conflict of interest.

Meetings of the Audit Committee in 2019–2021



Key areas of the Audit Committee's activities and matters considered in 2021

In financial reporting

During 2021, the Audit Committee reviewed the interim financial data of the MTS Group for the Q1, Q2, Q3 of 2021 in order to determine the completeness, consistency of information and presentation of reasonable assessment of financial standing, performance indicators and prospects of the MTS Group.

The consolidated financial statements of the MTS Group for 2021, prepared in accordance with the international financial reporting standards, and the financial statements of MTS PJSC for 2021, prepared in accordance with the Russian accounting and reporting standards, were considered, and an analysis of audit results was carried out together with the management and the external auditor.

The reports on the financial and operating performance of the MTS Group for Q1, Q2, Q3, Q4 and 2021 as a whole were reviewed and recommended for subsequent disclosure.

In risk management, internal controls and corporate governance system

During 2021, the Audit Committee monitored the effectiveness of risk management, the internal control system and corporate governance of the MTS Group.

The Committee reviewed the 20-F report for 2021 and the reports on risk management at MTS PJSC for the first six months and 20, gave positive assessment of work in the field of risk management at the MTS Group in 2021.

Based on the instructions given by the Audit Committee, a third party consultant completed a project to analyze the level of maturity of the information security management processes of the MTS Group. The Audit Committee gave relevant instructions to the management of MTS and will continue to oversee the development of the information security program in MTS PJSC and its key subsidiaries.

During 2021, the Committee controlled the procedures providing for the Group's compliance with the requirements of Sarbanes-Oxley Act. Plan for 2021 and the results of activities of the Internal Control Systems Department for the first six months of the year and for 2021 as a whole were reviewed, including the results of testing and certification of the internal control system for reliability of the financial statements of the MTS Group. The Committee gave a positive assessment of the unit performance results.

The Committee discussed and took note of the report of the Internal Audit Unit on the results of assessing the effectiveness of the internal control system, risk management and corporate governance of the MTS Group for 2021.

During 2021, the Committee conducted a preliminary review of MTS PJSC transactions with related parties, including materials on upcoming mergers and

acquisitions, and subsequent review of transactions of MTS Bank, PJSC, MGTS PJSC, MTS Armenia CJSC and RTC JSC with related parties in accordance with the procedure described in the Regulations on the Audit Committee. The results of analysis of economic feasibility and compliance with the requirements of the regulations when making such transactions carried out by the Internal Audit Block of CC of the MTS Group and subsidiary companies, respectively, were discussed and taken into account.

In compliance and observance of the standards of business conduct and ethics

The restated Code of Business Conduct and Ethics of MTS PJSC was reviewed by the Audit Committee and recommended for approval by the Board of Directors.

The Committee considered the report on development of the Unified Compliance System of MTS PJSC for 2021.

The Committee reviewed and approved the functional strategy of the MTS Group in the field of business ethics and compliance for 2021. The report on implementation of the corporate anti-corruption compliance program of MTS PJSC and subsidiaries based on the results of the first six months of the year and for 2021 as a whole was reviewed. The Committee gave a positive assessment to the performance results of the Ethics and Compliance Department. In December 2021, the Committee reviewed and took note of the 2022 plan for the development of a corporate anti-corruption compliance program at MTS PJSC and subsidiary companies.

In 2021, the Committee reviewed and took note of the reports on the implementation of the compliance program at MTS Belarus JLLC.

During the year, the committee reviewed information on the status of conflict of interest management of members of governing bodies, as well as a number of other issues in the field of compliance, compliance with business conduct and ethics of MTS PJSC and subsidiaries in accordance with the Regulations on the Audit Committee.

In the field of internal audit

In 2021, the Audit Committee reviewed the progress of implementation of strategic initiatives in the field of internal audit, including optimization of internal audit processes, improvement of the audit methodology and the process of eliminating deficiencies identified by internal audit in MTS PJSC and its

subsidiaries, expansion of data analysis projects and other activities.

In August 2021, the Committee reviewed the main changes to the audit schedule and approved the revised audit schedule for 2021.

Based on the instructions given by the Audit Committee, in 2021 an external assessment of the quality of internal audit activities was carried out, following the results of which its activities were recognized as complying with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors and effective in fulfilling its goals and meeting the expectations of stakeholders.

The Committee reviewed and approved the performance results of the internal audit of MTS PJSC and subsidiary companies in the first six months and for 2021 as a whole. The Committee gave a positive assessment to the results of the internal audit performance and believes that the key performance indicators and objectives of the internal audit for 2021 have been achieved in full volume.

In December 2021, the Committee reviewed and approved the internal audit strategy, audit schedule, KPIs and budget for 2022, as well as took into account the audit schedules for 2022 of the internal audit units of significant subsidiaries.

In external audit

The Audit Committee recommended Deloitte JSC and Touche CIS as the auditor of financial statements of MTS PJSC for 2021, which was confirmed by the recommendation of the Board of Directors and by shareholders of the Company at the Annual General Meeting of Shareholders in June 2021. The Committee previously approved and recommended that the Board of Directors approve the remuneration of the auditor.

Evaluation of efficiency and quality of the audit process shall be prepared by the Committee according to the results of analysis of the auditor's reports. The Audit Committee discussed and took into account the results and conclusions of the external auditor based on the review of quarterly overviews of MTS Group financial information for Q1, Q2 and Q3 of 2021 and the annual audit, including conclusions on the effectiveness of the internal control system over the preparation of financial statements at the MTS Group.

At the end of 2021, the Committee gave a positive assessment of the quality of the audit and the auditor's opinions based on the results of the audit of

MTS PJSC financial statements for 2021 prepared in accordance with the Russian accounting standards, and consolidated financial statements of MTS PJSC and its subsidiaries for 2021 prepared in accordance with the international financial reporting standards.

The Committee exercised supervision over compliance of the auditors with the independence principles. During 2021, the Committee considered information on permissible auditing and non-auditing services, which was provided by the external auditor, and discussed with the auditor a possible impact of the service on independence of the auditor. Permissible auditing and non-auditing services were preliminarily approved by the Committee in accordance with the procedure described in the Regulation on Audit Committee.

In prevention of fraud of the Group's employees and third parties

The Audit Committee reviewed and took note of the main initiatives to improve the administration of the MTS Group Unified Hotline and the conduct of internal investigations, as well as the disciplinary action.

The Committee reviewed the results of work of the Unified Hotline of the MTS Group of Companies in the first six months and for 2021 as a whole.

The Audit Committee made recommendations to the Board of Directors regarding the consideration and approval of the following items:

- > restated Code of Business Conduct and Ethics of MTS PJSC.

- > report on implementation of the corporate anti-corruption compliance program of MTS PJSC and subsidiaries for 2021;
- > risk management reports of MTS PJSC for the first six months and for 2021 and assessment of the risk management performance of the MTS Group in 2021;
- > nominations of the auditor and remuneration of Deloitte & Touche CIS JSC for audit services in 2021;
- > major transactions and M&A transactions, with interest falling within the competences of review by the Board of Directors.

Work results in 2021

In the reporting year, the Audit Committee remained focused on the effectiveness of the systems for internal control, risk management, corporate governance, business ethics and compliance, overseeing the ensuring of completeness and reliability of the financial statements of the MTS Group.

The Audit Committee continues its activities aimed at ensuring the effective functioning of the internal audit service and the external auditor, monitoring their independence and objectivity, and overseeing the quality of their activities.

The Audit Committee developed an operation plan for the next year in the main functional areas and approved it in December 2021.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is an auxiliary collective deliberative body of the Board of Directors. Main purposes of the Committee are: formulation of HR policy of the Company, determination of the system for remuneration of chief officers of the Company, shaping the strategy for development of corporate culture in MTS Group.

Committee members follow leading international practices and trends in preparation of effective solutions within the terms of their reference.

In its activities the committee follows the recommendations and requirements of the relevant legislation, the Charter and internal documents of the Company, Code of Ethics and Business Conduct, decisions of management bodies of the Company, and Regulation on the Committee¹.

Tasks

- > Development and updating of the HR Policy of MTS PJSC, preparation of a succession pool for the positions of chief officers;
- > Drawing up proposals on candidates and on the determination of significant conditions for remuneration of the chief executives, and proposals on an early termination of office;

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozenie-o-komitete-po-voznagrazhdeniyam-i-naznacheniyam>



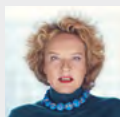
In 2021, the Remuneration and Nomination Committee performed its assigned function as a consultant to the Board of Directors of MTS PJSC in priority areas of personnel management, relying on international experience of corporate governance and best professional practices in its work.

The task of the committee is to help ensure that the MTS policy in the field of personnel management and corporate culture serve as important factors that retain and attract the best market professionals to the Company. In view of the above, the Committee monitors the implementation of all strategic initiatives for the development of MTS aimed at fulfillment of this task, and gives recommendations to the management and the Board of Directors of MTS, based on deep expertise and practical experience of the Committee members.

The key tasks of the Committee in the past reporting year were:

- approval of new long-term employee motivation programs, including a separate motivation program for product teams. The reconfiguration of the LTI programs and the implementation of OKRs became an integral part of the culture transformation and change management program;
- approval of the CEO succession policy and launch of succession programs for the CEO and members of the Board of Directors of MTS PJSC;
- ensuring the efficient membership of the Boards of Directors of MTS subsidiaries and engaging third party experts — recommending and considering nominations of independent candidates;
- Ensuring adhering to compliance requirements in HR management processes, including the implementation of compliance indicators and compliance triggers in the Company's bonus policy (together with the Audit Committee).

The activities of the Remuneration and Nomination Committee and its contribution to building the MTS ecosystem are highly appreciated by the members of the Board of Directors of MTS PJSC.



Regina von Flemming,
Chairperson of the Remuneration and Nomination Committee

- > Evaluation of performance results of the Company's President and Management Board members, direct subordinates of the Company's President for the reporting period and preparation of proposals on their reappointment and appointment of the Corporate Secretary;
- > Development and submission for BoD review of internal documents related to the implementation of the Company's Options Plan;
- > Control over meeting the requirements of the effective legislation, MTS PJSC Charter and internal regulatory acts of MTS PJSC as to compliance with the Company's HR Policy, standards and procedures in the sphere of remuneration and appointments;
- > Determining methods and evaluation of performance of the Company's Board of Directors;
- > The Committee preliminarily addresses the issues reviewed at meetings of the Company's Board of Directors in the sphere of appointment and remuneration of top managers of the Company.

Number and identities of members

There were no changes in the composition of the Committee during the reporting year.

The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2021.

Members of the Committee in 2021

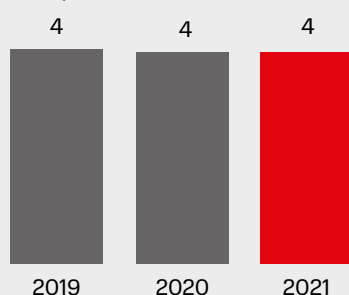
Committee Member	From June 25, 2020	From June 24, 2021
Regina von Flemming , Chairperson, Independent Director	●	●
Thomas Holtrop , Independent Director	●	●
Valentin Yumashev , Independent Director	●	●
Shaygan Kheradpir , Independent Director, deputy Chairman ¹	●	●

● person was/is a committee member
 ○ person was/is not a committee member

¹ Elected Deputy Chairman of the Remuneration and Nomination Committee of the Board of Directors since 24.06.2021.

Composition of the Remuneration and Nomination Committee for 2019–2021

Independent



Meetings

In the reporting year, 15 committee meetings were held: 12 in-person meetings and 3 meetings in the form of absentee voting.

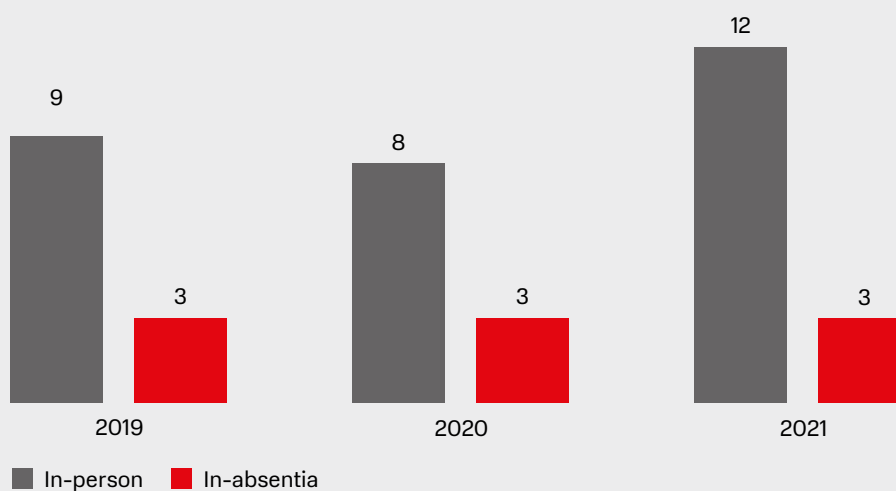
Participation of the Committee members in meetings in 2021

Committee Member	09.02	10.02 In-ab- sencia	04.03	16.03	13.04	19.05	26.05	15.06 In-ab- sencia
Regina von Flemming	●	●	●	●	●	●	●	●
Thomas Holtrop	●	●	●	●	●	●	●	●
Valentin Yumashev	●	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●	●

Committee Member	21.06	30.06 In-ab- sencia	25.08	16.09	27.10	17.11	20.12
Regina von Flemming	●	●	●	●	●	●	●
Thomas Holtrop	●	●	●	●	●	●	●
Valentin Yumashev	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●

- committee member participated in the meeting
- committee member did not participate in the meeting

Meetings of the Remuneration and Nomination Committee in 2019–2021



Main areas of activities of the Remuneration and Nomination Committee in 2021

1. Issues in the field of appointment to the management and control bodies of MTS

Recommendations to the Board of Directors regarding candidates for the positions of members of the Management Board, President and other key employees of the Company.

Elaboration of proposals on the essential terms of employment contracts concluded with key employees of the Company.

2. Issues in the field of organizational structure, system of motivation and remuneration of employees of the Company and members of the management and control bodies of the Company

Preparation of recommendations to the Board of Directors on approval of the organizational structure of the Company.

Preliminary review of provisions on short-term and long-term motivation of members of the Company's executive bodies.

Preliminary review of internal documents related to the implementation of the Company's option program.

3. Issues related to personnel policy and remuneration strategy of the Company

Consideration of a set of measures aimed at implementing the personnel policy at MTS PJSC and providing relevant recommendations to the Board of Directors.

Discussion of ecosystem issues affecting the Company's personnel development strategy.

4. Assessment of the Board of Directors and Committees of the Board of Directors

Preliminary consideration of the Report on the annual assessment of performance of the Board of Directors and Committees of the Board of Directors.

5. Succession planning for members of the Board of Directors and key employees of the Company

Consideration of organization of the succession planning process for members of the Board of Directors and key employees of the Company, including the annual analysis of the composition of the Board of Directors in terms of the needs of the Company, updating the succession plan, participation in the selection of candidates for members of the Board of Directors.

The Committee has provided the following recommendations to the Board of Directors

On all of the issues discussed, the Committee provided recommendations for appropriate decisions in accordance with the best world practices, the current business environment and the Company's development strategy.

Work results in 2021

In the reporting year, the Committee reviewed all the necessary issues related to the competences of the Committee required to effectively support the Company's activities and its development.

The key topics for discussion at the Committee meetings were the launch of succession programs for members of the Board of Directors and the President of MTS PJSC, approval of a new long-term incentive program for MTS management.

ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee)

The ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) was established to ensure compliance with the principles of environmental, social and corporate responsibility in the activities of the MTS Group.

Within its competence, the committee takes part in the development of initiatives and policies of MTS in the field of sustainable development, monitors the implementation of the principles of sustainable development in the Company, carries out a preliminary review of the most important issues in the field of corporate governance and sustainable development, falling within the competence of the Board of Directors, and prepares recommendations for the Board of Directors to take appropriate decisions.

The committee follows in its activities the recommendations and requirements of the relevant legislation, the Charter and internal documents of the Company, Code of Ethics and Business Conduct,

decisions of management bodies of the Company, Regulations on the Audit Committee¹ and best global practices of ESG-agenda management.

Number and identities of members

The composition of the Committee was changed during the reporting year.

Composition of the Committee was approved at the meeting of the Board of Directors dated March 18, 2021.

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenti-pao-mts/polozenie-o-komitete-po-korporativnomu-upravleniyu-ekologicheskoy-i-socialnoj-otvetstvennosti/>.



In the reporting year, MTS made significant steps in the development of the agenda in the company. The decision adopted by the Board of Directors to transform the Corporate Governance Committee into the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS, was an important milestone in this ESG process. The decision was aimed at ensuring the integrated and comprehensive review at one site of the MTS corporate governance (“G”) issues, environmental (“E”) issues as well as social (“S”) responsibility issues. This change was not accidental. An increasing number of stakeholders are considering these three areas - corporate governance, environmental and social responsibility, on an aggregate basis. This is an important step for all of us, which will allow us to focus on our long-term goals and determine the ways of their efficient achievement.

In 2021, the main work of the committee was focused on the development of the MTS ESG strategy as a whole and its individual areas. The Company also continued to develop best corporate governance practices, including the assessment of performance of the Board of Directors. We believe that a comprehensive coverage of sustainability issues is one of the important elements of the Company's business strategy, while the involvement of the Board of Directors and the relevant committee in the consideration of ESG agenda issues emphasizes the importance thereof in the management of the Company.



Regina von Flemming,
Chairperson of the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee)

Members of the Committee in 2021

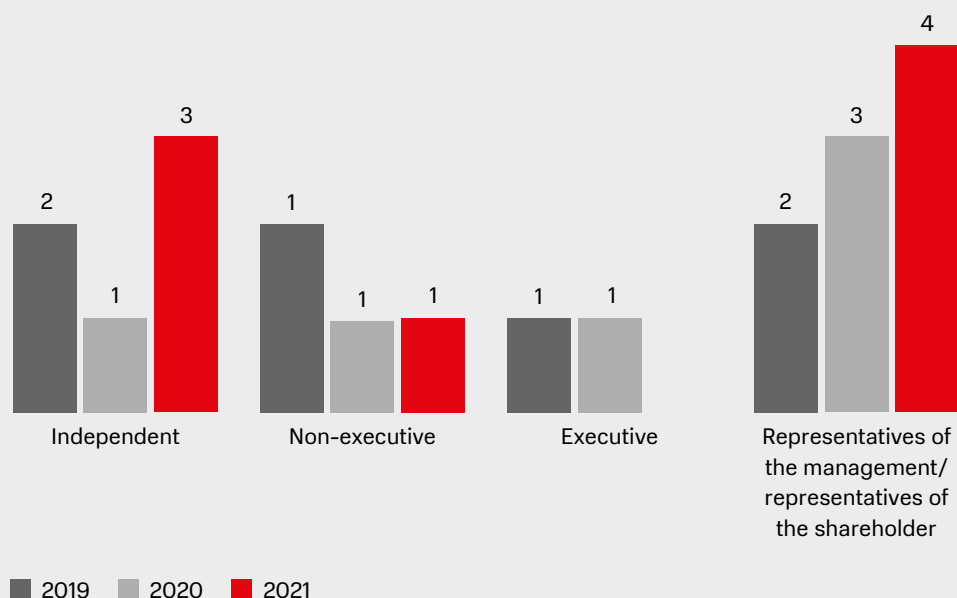
Committee Member	From March 18, 2021	From June 24, 2021
Regina von Flemming , Chairperson of the Committee, Independent Director	●	●
Valentin Yumashev , Deputy Chairman of the Committee, Independent Director ¹	●	●
Artem Zassoursky , Non-Executive Director	●	●
Konstantin Ernst , Independent Director ²	●	●
Alexey Barsegian , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●
Polina Ugryumova , Director for Investor Relations.	●	●
Elena Kokhanovskaya , Director for External Communications and Public Relations ³	●	●
● person was/is a committee member ○ person was/is not a committee member		

¹ Elected Deputy Chairman of the Corporate Governance, Environmental and Social Responsibility Committee of the Board of Directors since 24.06.2021.

² Retired member of the Board of Directors of MTS PJSC. Voluntarily resigned as a member of the Board of Directors of MTS PJSC and terminated his work in the committee on the basis of an application dated March 17, 2022.

³ The powers of a member of the Corporate Governance, Environmental and Social Responsibility Committee were terminated from February 10, 2022.

Composition of the ESG Committee in 2019–2021



Meetings

In the reporting year, 12 meetings were held: 9 in-person meetings and 3 meetings in the form of absentee voting.

Participation of the Committee members in meetings in 2021

Committee Member	10.02 ¹	15.03 ²	12.04	14.04	14.05	17.06	26.07 In-absentia
Artem Zassoursky	●	●	○	●	○	●	●
Alexey Barsegian	●	●	●	●	●	●	●
Regina von Flemming	⊗	⊗	●	●	●	●	●
Valentin Yumashev	⊗	⊗	●	●	●	●	●
Konstantin Ernst	⊗	⊗	●	○	●	●	●
Polina Ugryumova	⊗	⊗	●	●	●	●	●
Elena Kokhanovskaya	⊗	⊗	●	○	●	●	●
Thomas Holtrop	●	●	⊗	⊗	⊗	⊗	⊗
Alexey Kornya	●	●	⊗	⊗	⊗	⊗	⊗
Ruslan Ibragimov	●	●	⊗	⊗	⊗	⊗	⊗
Andrey Shmakov	●	●	⊗	⊗	⊗	⊗	⊗

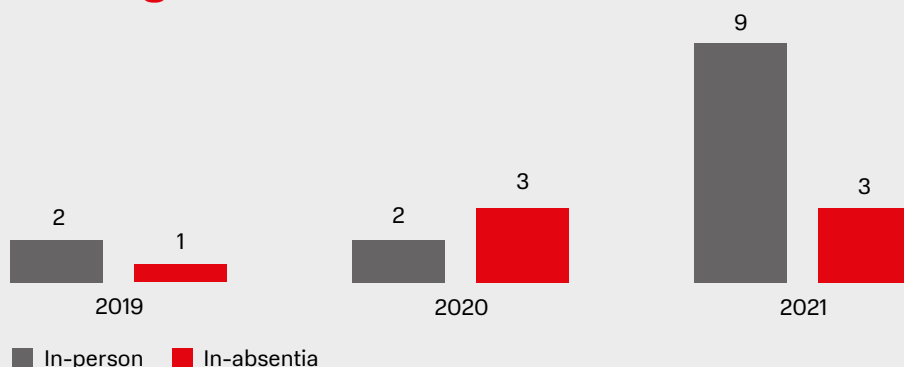
Committee Member	28.07	23.08 In-absentia	13.09	11.10 In-absentia	26.10	15.11	17.12
Artem Zassoursky	●	○	●	○	●	○	○
Alexey Barsegian	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	●	●
Valentin Yumashev	●	●	●	●	●	●	●
Konstantin Ernst	○	●	○	●	○	○	○
Polina Ugryumova	●	●	●	●	●	●	●
Elena Kokhanovskaya	●	○	●	●	●	●	●
Thomas Holtrop	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Alexey Kornya	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Ruslan Ibragimov	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Andrey Shmakov	⊗	⊗	⊗	⊗	⊗	⊗	⊗

- committee member participated in the meeting
- committee member did not participate in the meeting
- ⊗ not a committee member

¹ Participation of members of the Corporate Governance Committee in meetings (18.03.2021 transformed into the Corporate Governance, Environmental and Social Responsibility Committee)

² Participation of members of the Corporate Governance Committee in meetings (18.03.2021 transformed into the Corporate Governance, Environmental and Social Responsibility Committee)

Meetings of the ESG Committee in 2019–2021



Attendance at joint meetings of the ESG Committee and Remuneration and Nomination Committee in 2021¹

Committee Member	14.05	26.10
Artem Zassoursky	○	●
Alexey Barsegian	●	●
Thomas Holtrop	○	○
Regina von Flemming	●	●
Valentin Yumashev	●	●
Konstantin Ernst	○	○
Polina Ugryumova	●	●
Elena Kokhanovskaya	●	●
Shaygan Kheradpir	●	●

● committee member participated in the meeting
 ○ committee member did not participate in the meeting

- > The DE&I policy developed by MTS, taking into account the best Russian and international practices, was considered. The policy was approved by the MTS Board of Directors.
- > The main strategic initiatives of MTS PJSC in the field of DE&I were determined.
- > The main directions of the social responsibility strategy of MTS PJSC for 2022 were considered and taken into account.
- > Monitoring and assessment of the level of culture of business ethics and compliance at the MTS Group were carried out.
- > The procedural issues were considered as part of the annual assessment of the Board of Directors' performance.
- > Materials for meetings of shareholders were considered.
- > The Annual Report and the Sustainability Report (SR) for 2020 were considered.

Issues reviewed in 2021:

- > Members of the ESG Committee and external international experts were presented with the current status of the project to develop the MTS ESG strategy. The main components of the developed ESG strategy were reviewed by the ESG Committee and included in the overall strategy of MTS PJSC.
- > Materials on the social profile of MTS Group employees were considered.

Work results in 2021

In the reporting year, the main focus of the Committee's work was aimed at identifying and developing key strategic initiatives in the field of ESG, including the development of an ESG strategy, determining development directions in DE&I and other areas of social responsibility. The Committee also considered all the necessary issues related to the development of corporate governance in the Company, including the assessment of the Board of Directors's performance. Besides, the Committee considered the development of the compliance system and the formation of a culture of business ethics in the MTS Group.

¹ As of 31.12.2021.

Strategy Committee

The Committee is an auxiliary body of the MTS PJSC Board of Directors for the preparation of recommendations to the Board of Directors upon review of general strategy issues of the MTS Group, strategic development of key functions, projects and the Company in general, and the implementation of M&A transactions and investment projects.

Tasks

- > preliminary review and provision of recommendations to the Board of Directors on issues falling within the competence of the Strategy Committee;
- > discussion and drawing up of recommendations on strategic activity areas and projects of the Company.

Number and identities of members

The composition of the Committee was changed during the reporting year.

New composition of the Board of Directors was approved at the meeting of the Board of Directors dated May 20, 2021. The number of members of the committee has increased from 8 to 9.

Members of the Committee in 2021

Committee Member	Since November 19, 2020	Since May 20, 2021	Since June 24, 2021
Felix Evtushenkov , Committee Chairman, Non-Executive Director	●	●	●
Artem Zassoursky , Non-Executive Director	●	●	●
Alexey Katkov , Deputy Chairman of the Committee, Managing partner of Sistema JSFC ¹	●	●	●
Regina von Flemming , Independent Director ²	○	●	●
Nadia Shouraboura , Independent Director	●	●	●
Alexander Khanin , Management Board Member — Vice President for Artificial Intelligence of MTS PJSC	●	●	●
Victor Klimovich , Director of the Shareholding Strategy Department of MTS PJSC	●	●	●
Mikhail Khanov , Independent Director	●	●	●
Yury Misnik , Independent Director ³	○	●	●
Vladimir Travkov , Vice President for Finance of Sistema JSFC ⁴	●	○	○

● person was/is a committee member
 ○ person was/is not a committee member

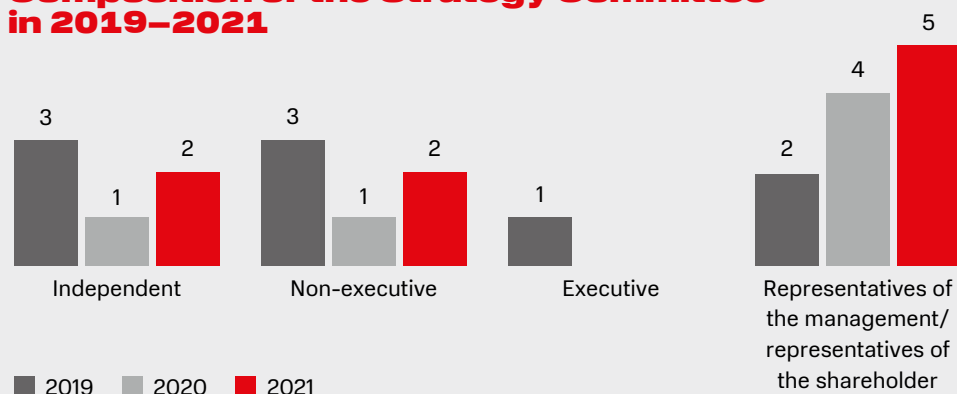
¹ Elected Deputy Chairman of the Strategy Committee from May 20, 2021..

² Elected as Strategy Committee member since May 20, 2021.

³ Elected as Strategy Committee member since May 20, 2021.

⁴ Powers of the Strategy Committee member terminated on May 20, 2021.

Composition of the Strategy Committee in 2019–2021



Meetings

In the reporting year, 12 in-person meetings were held.

Participation of the Committee members in meetings in 2021

Committee members	04.02	08.02	15.03	12.04	17.06	23.08	13.09	25.10	16.11	24.11	16.12	23.12
Felix Evtushenkov	●	○	●	●	●	○	○	●	●	○	●	●
Artem Zassoursky	●	●	●	○	●	●	●	●	●	●	●	●
Alexey Katkov	●	●	●	●	●	●	●	●	○	●	○	●
Victor Klimovich	●	●	●	●	●	●	●	●	●	●	●	●
Yury Misnik	○	○	○	○	●	●	●	●	○	○	○	●
Vladimir Travkov	○	●	○	●	○	○	○	○	○	○	○	○
Regina von Flemming	○	○	○	○	●	●	●	●	●	●	○	●
Alexander Khanin	●	●	●	●	●	●	●	●	●	●	●	●
Mikhail Khanov	●	●	●	●	●	●	●	●	●	●	●	●
Nadia Shouraboura	●	●	●	●	●	●	●	●	●	●	●	●

● committee member participated in the meeting
 ○ committee member did not participate in the meeting

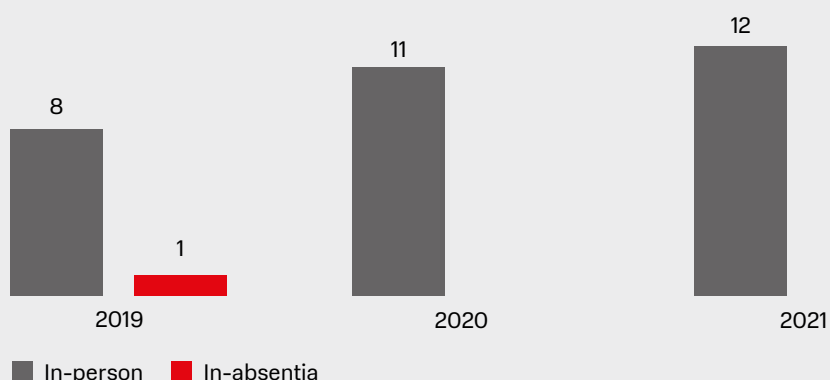


At the meetings of the Strategy Committee under the MTS Board of Directors in 2021, we considered the strategy of the MTS Group's ecosystem and individual functional and business areas of the Company, M&A transactions, the practicability of developing the MTS ecosystem in new directions, organizational and cultural transformation issues. A particular focus was made on discussing the vertical and functional horizontal strategies of the ecosystem and individual potential M&A transactions as part of implementation of these strategies.



Felix Evtushenkov,
Chairman of the Strategy Committee

Meetings of the Strategy Committee in 2019–2021



Main issues reviewed by the Committee in 2021

- > MTS Group Strategy for 2022–2024.
- > Strategies for business verticals and key functional horizontals.
- > MTS cultural reorganization plan.
- > Approval of the MTS Group budget for 2022.
- > Reports on the current fulfilment of the budget.
- > On acquisition and sale of assets.
- > On reorganization of MTS PJSC in the form of acquisition of its subsidiaries.

The Committee has provided the following recommendations to the Company's Board of Directors and management, including but not limited to:

- > finalizing and approving the strategy of the MTS Group for 2022–2024;
- > finalizing business vertical strategies;
- > approving transactions;
- > approving the MTS Group budget for 2022.

Work results in 2021

In the reporting year, the Committee considered issues related to the process of strategic planning of the Company's operations, strategies on the business verticals and key functional areas, M&A transactions and financial issues. Several recommendations were provided to the Company's Board of Directors and management following the review of issues.

Special Committee on Compliance

The objective of the Special Committee is overall supervision in the sphere of compliance, review of issues and preparation of recommendations for the Board of Directors on compliance issues.

Number and identities of members

There were no changes in the composition of the Committee during the reporting year.

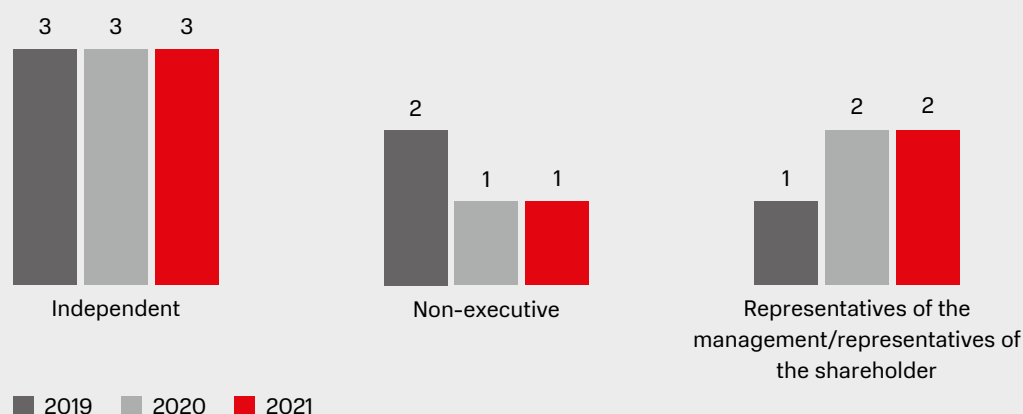
The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2021.

Members of the Committee in 2021

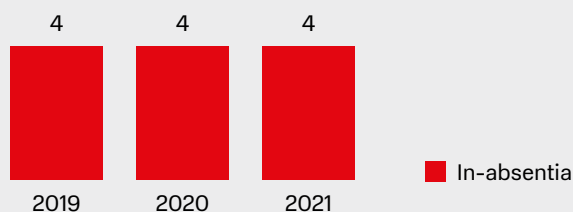
Committee Member	From June 25, 2020	From June 24, 2021
Thomas Holtrop , Chairman, Independent Director	●	●
Regina von Flemming , Independent Director	●	●
Artem Zassoursky , Non-Executive Director	●	●
Shaygan Kheradpir , Independent Director	●	●
Alexey Barsegian , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●
Leyda Lukiyanova , Vice President for Business Ethics and Compliance of MTS PJSC	●	●

● person was/is a committee member
 ○ person was/is not a committee member

Composition of the Special Committee on Compliance in 2019–2021



Meetings of the Special Committee on Compliance in 2019–2021



Meetings

In the reporting year, 4 in-person Committee meetings were held.

Participation of the Committee members in meetings in 2021

Committee Member	14.04	17.05	22.06	25.10
Thomas Holtrop , Chairman, Independent Director	●	●	●	●
Regina von Flemming , Independent Director	●	●	●	●
Artem Zassoursky , Non-Executive Director	●	●	○	○
Shaygan Kheradpir , Independent Director	●	●	●	●
Alexey Barsegian , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●	●	●
Leyda Lukiyanova , Vice President for Business Ethics and Compliance of MTS PJSC	●	●	●	●

● committee member participated in the meeting
 ○ committee member did not participate in the meeting

Issues and recommendations reviewed

In 2021, the work of the Special Committee on Compliance was focused on promoting the effective improvement of the compliance system at MTS in accordance with the best Russian and international practices, including with the participation of parties independent of the Company.

Work results in 2021

In the reporting year, the Committee reviewed issues related to compliance supervision measures implemented by the Company.

The Committee provided the following recommendations to the Company's Board of Directors

None.

Events after the reporting date

By passing the resolution of the Board of Directors of MTS PJSC on January 20, 2022, the following decisions were made.

1. To establish the Special Committee of the Board of Directors of MTS PJSC.

2. To elect the following persons to the Committee:

- > Thomas Holtrop;
- > Konstantin Ernst¹;
- > Nadia Shouraboura;
- > Shaygan Kheradpir.

¹ Retired member of the Board of Directors of MTS PJSC. Voluntarily resigned as a member of the Board of Directors of MTS PJSC and ceased work in the committee on the basis of an application on March 17, 2022.

By passing the resolution of the Board of Directors of MTS PJSC on February 10, 2022, the following decisions were made.

1. To establish the Special Committee for the Development of Cloud and Infrastructure Assets.

2. To elect the following persons to the Committee:

- > Nadia Shouraboura;
- > Yury Misnik.

3. To approve the following personal composition of the Corporate Governance, Environmental and Social Responsibility Committee (ESG Committee) of the Board of Directors of MTS PJSC consisting of seven (7) members since February 10, 2022:

- > Regina von Flemming — Chairperson of the Committee;
- > Valentin Yumashev;
- > Konstantin Ernst;
- > Artem Zassoursky;
- > Alexey Barsegian;
- > Olga Ziborova;
- > Polina Ugryumova.

Remuneration paid to members of the Board of Directors

The procedure and terms of remuneration payment to members of the Board of Directors of MTS PJSC are defined in accordance with the Regulations on remunerations and compensations paid to members of the Board of Directors of MTS PJSC¹.

The remuneration system applicable to the members of the Board of Directors provides for approach of financial interests of directors with long-term financial interests of shareholders.

Detailed information is disclosed in clause 4.2.1 of the Report on Fulfilment of the Principles and Recommendations of the Corporate Governance Code.

Remuneration paid to members of the Board of Directors in 2021

Indicator name	Total, RUB
Remuneration for participation in operations of the management body	177,208,924.50
Cost compensations	267,177.66
TOTAL	177,476,102.16

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozenie-ovoynagrazhdenii-chlenov-soveta-direktorov-paomts/>.

Remuneration Components:



Total amount of remuneration may not exceed:
\$500,000 — to the Chairperson
\$400,000 — to the Director

¹ **Mandatory Committees:** Audit Committee, Remuneration and Nomination Committee, ESG Committee, Strategy Committee.

Special committees: Special Committee on Compliance, Special Committee for the project of MTS's staff co-location in Moscow in the united office space, Special Committee for Cloud & Infrastructure Development, Special Committee.

² Director may dispose of the shares/ADR received starting from the fourth year after receiving the first stock of shares.

PRESIDENT AND MANAGEMENT BOARD OF MTS

A key role in pursuing the selected strategy, organizing efficient implementation of resolutions of the Board of Directors and managing current operations of the Company is played by the Company's Executive Bodies: The President (sole executive body) and the Management Board (collective executive body).

The executive bodies are accountable to the Board of Directors and the General Meeting of Shareholders.

The executive bodies of the Company shall be established by the Board of Directors.

The President and the Management Board act on the basis of the Charter of MTS PJSC, the Regulations on the President of MTS PJSC¹ and the Regulations on the Management Board of MTS PJSC².

Executive bodies:

- > shall organize the Company's activities and be responsible for results of these activities, ensure the enforcement of decisions made by the General Meetings of Shareholders and by the Board of Directors;
- > shall assure establishment and maintenance of operation of the efficient risk management and internal control system at the Company, are responsible for implementation of resolutions of the Board of Directors in terms of organization of the risk management and internal control system;
- > are responsible for the effective economic, financial, scientific and technical and social policies of the Company.

The Board of Directors is entitled at any time to adopt a resolution on the early termination of a President's powers, as well as on the termination of the powers of an individual member of the Management Board or all members of the Management Board and on establishment of new Executive Bodies.

Duties of the President of MTS PJSC since March 13, 2021 have been performed by **Vyacheslav Nikolaev**.

Before March 13, 2021 the duties of the President of MTS PJSC were performed by **Alexey Kornya**.

Composition of the Management Board in 2021

Alexey Barsegian (has been a member of the Management Board since 2020)
 Viktor Belov (has been a member of the Management Board since 2021)
 Sergey Belyakov (has been a member of the Management Board since June 16, 2021)
 Pavel Voronin (has been a member of the Management Board since 2021)
 Inessa Galaktionova (has been a member of the Management Board since 2019)
 Alexander Gorbunov (has been a member of the Management Board since 2018)
 Igor Egorov (has been a member of the Management Board since 2021)
 Olga Ziborova (has been a member of the Management Board since 2021)
 Ruslan Ibragimov (has been a member of the Management Board since 2007)
 Farid Kamalov (has been a member of the Management Board since 2021)
 Andrey Kamenskiy (has been a member of the Management Board since 2018)
 Alexey Kornya (has been a member of the Management Board since March 12, 2021)
 Igor Mishin (has been a member of the Management Board since 2019)
 Vyacheslav Nikolaev (has been a member of the Management Board since 2017)
 Ilya Filatov (has been a member of the Management Board since 2019)
 Dmitry Khalin (has been a member of the Management Board before June 30, 2021)
 Alexander Khanin (has been a member of the Management Board since 2020)
 Dmitry Khomchenko (has been a member of the Management Board before June 16, 2021)
 Tatiana Chernyshova (has been a member of the Management Board before June 30, 2021)

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozhenie-o-prezidente-pao-mts/>

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/polozhenie-opravlenii-paomts/>

Information about the President and members of the Management Board as of December 31, 2021



Vyacheslav Nikolaev

President, Chairman of the Management Board of MTS PJSC (since March 13, 2021)

He was born in 1970 in Moscow.

In 1992, he graduated from the Faculty of Computational Mathematics and Cybernetics of the Lomonosov Moscow State University.

In 1994, he completed management training at the Kriebel Institute, Washington, DC.

Professional experience

1994–1999 — international consulting company European Public Policy Advisers, Senior Advisor.

1999–2000 — J'son and Partners (telecommunications consulting), Advisor.

2000–2003 — investment bank Renaissance Capital, Telecommunications Analyst.

2003–2004 — investment bank Trust, Vice President, Stock Market Research Department.

2004–2006 — MTS PJSC, Director, Scheduling and Analysis Department, Sales and Subscriber Service Block.

2006–2008 — MTS PJSC, Director, Regional Management Department.

2008–2011: MTS PJSC, Deputy Director, Business Unit Russia for Regional Development and Operations Support.

2011–2017 — MTS PJSC, Director for Consumer Market Marketing.

2017–2019 — MTS PJSC, Management Board member — Vice President for Marketing.

2019–2020 — MTS PJSC, First Vice President for Customer Experience and Marketing, Management Board member.

2017–2019 — MTS PJSC, First Vice President for Client Experience, Marketing and Ecosystem Development, Management Board member.

2021 – to present — MTS PJSC, President, Management Board Chairman.

Board of Directors member at RTK JSC, MTS Bank PJSC, MTS Media LLC, MTS AI LLC and other companies.

Member of the Management Board of MTS PJSC since 2017.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.0058%.



Alexey Barsegian

Management Board Member —
Vice President for Corporate and
Legal Issues

Born in 1973.

In 2017, he completed a professional retraining course at the Faculty of Economics of the Lomonosov Moscow State University under the “Corporate Director” program.

In 2011, he received an MBA certificate from the American Institute of Business and Economics.

In 2002, he graduated from MGIMO University with a degree in Jurisprudence, International Trade Law.

Professional experience

2003–2011 — Sistema PJSFC, held positions from legal advisor of the Legal Department to Deputy Director of the Department.

2011–2013 — Sistema PJSFC, Director of the Legal Department.

2013–2018 — Sistema PJSFC, Executive Vice President for Legal Issues.

2018–2019 — Sistema PJSFC, Executive Director for Legal Issues.

2019–2020 — MTS PJSC, Vice President for Corporate and Legal Issues.

2020 — to present — MTS PJSC, Management Board Member — Vice President for Corporate and Legal Issues.

Member of the Board of Directors of MGTS PJSC, MTS Armenia CJSC, MTS AI LLC, member of the Board of Trustees of Sistema Charity Fund.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Victor Belov

Management Board Member —
Vice President for Engineering

He was born in 1975 in Moscow

In 1998 he graduated from the Moscow State Institute of Radio Engineering, Electronics and Automatics majoring in computing machines, complexes, systems and networks

Professional experience

1998 — 2008 — held managing positions in MTU-Intel CJSC, System Multimedia LLC, Enterprise of Business Communications JSC, Zenon N.S.P. LLC.

2009–2011 — Komstar-OTS JSC, Director for development of service networks and platforms.

2011–2018 MTS OJSC Director of Backbone and Internet Network

2018–2020 MTS PJSC Director for Converged and Transport Networks

2020 — 2021 — MTS PJSC, Vice President for Engineering

2022 to present — MTS PJSC, member of the Management Board — Vice-President for Engineering

Member of the Board of Directors of MGTS PJSC, METRO-TELECOM JSC, MTS-TM Business Entity and other companies.

Has been a member of the Management Board of MTS since 2021.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,00002%.



Pavel Voronin

Management Board Member —
First Vice President for
Technologies

He was born in 1991 in Moscow.

He graduated from Moscow State University with the specialty in mathematics

Professional experience

2016 — 2020 — S7 Group, the first deputy Chief Executive Officer for information technology

2020–2021 — SBER, Vice President for technological development of subsidiaries and affiliates.

2021 — 2022 — MTS PJSC, Management Board Member — Vice President for Technology

2022 to present — MTS PJSC, First Vice President for Technology — Member of the Management Board

Has been a member of the Management Board of MTS PJSC since 2021.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Inessa Galaktionova

Management Board Member —
First Vice President for Telecommu-
nication Business

She was born in 1974, in Vilnius.

In 1997, she graduated from the Vilnius State University's Depart-
ment of Economics.

Professional experience

1996–2009 — PHILIPS LLC, Marketing Director, Chairperson of the
Brand Development Council of the Philips representative office in
Russia, Director for Video and Television Business.

2009–2013 — Tele2 Russia OJSC, Commercial Director.

2013–2019 — FSUE Post of Russia, Deputy General Director.

2019–2019 — FSUE Post of Russia, Advisor to the General Director.

2019 — to present — MTS PJSC, first Vice President for Telecommu-
nications Business, MTS PJSC Management Board Member.

Board of Directors member in RTK JSC, MGTS PJSC, MTS AI LLC,
MTS Armenia CJSC.

Member of the Management Board of MTS PJSC since 2019.

As of December 31, 2021, the share in the authorized capital of MTS
PJSC and the share of ordinary shares held is 0,0008%.



Alexander Gorbunov

Management Board Member —
Vice President for Strategy &
Development

He was born in 1967 in Moscow.

He graduated from Moscow Engineering Physics Institute with specialty in experimental nuclear physics and plasma physics.

In 1999, he earned an MBA from the Harvard University.

Professional experience

2002–2003 — NTP Intellect Telecom OJSC, Deputy General Director.

2003–2005 — MTS OJSC, head of the Strategic Analysis Service, Chief Strategy Officer of the Strategic Analysis Department.

2005–2006 — Sistema PJSFC, head of the Corporate Development Department, acting First Vice President and the Director of Strategy and Development Complex.

2006–2010 — Komstar-OTS OJSC, Vice President for Strategy and Development.

2010–2012 — Sitronics OJSC, Counselor of the President.

2010–2012 — Sistema PJSFC, Executive Vice President for Telecommunication Assets Development of “Basic Assets” Business Unit.

2012–2015 — Sistema PJSFC, Executive Vice President (Investment Portfolio).

2015–2018 — Sistema PJSFC, Vice President, manager of telecommunication assets.

2018 – to present — MTS PJSC, Management Board Member, Vice President for Strategy and Development.

Member of the Board of Directors of YUODO WEB TECHNOLOGIES LIMITED, member of the Board of Directors, member of the Strategy and Risk Management Committee of MTS Bank PJSC.

Member of the Management Board of MTS PJSC since 2018.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Igor Egorov

Management Board Member —
Vice President for Infrastructure
Development

He was born in 1968, in Irkutsk town

He graduated from:

1993 — St. Petersburg State Electrotechnical University, Automated Control Systems

2010 — State Educational Institution of Higher Vocational Education Academy of National Economy under the Government of the Russian Federation, Moscow, MBA, Master of Business Administration

Professional experience

2006–2007 — MTS OJSC, Director of Branch in Chita Region

2007–2008 — MTS OJSC, Director of Marketing, MR Far East

2008–2011 — MTS OJSC, Commercial Director for Retail Market, MR Far East

2011–2014 — MTS OJSC, Director of MR Far East

2014–2016 — MTS OJSC, Director of MR Center

2016–2019 — MTS PJSC, Member of the Management Board — Director of the Moscow Region

2019–2021 — MTS PJSC, Vice President for Regional Development

2021 – to present — MTS PJSC, Management Board Member — Vice President for Infrastructure Development

2021 – to present — MVS JSC, CEO

Member of the Board of Directors of MGTS PJSC, GDC ENERGY GROUP LLC.

Has been a member of the Management Board of MTS PJSC since 2021.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,0112%.



Olga Ziborova

Management Board Member —
Vice President for Ecosystem
Development and Marketing

She was born in 1964, in Novgorod

In 1986 she graduated from the Leningrad Order of Lenin and Order of the Red Banner of Labor State University named after A.A. Zhdanov majoring in chemistry

Professional experience

2013–2020 — MTS PJSC, Director of Marketing Department

2020–2021 — MTS PJSC, Director of Ecosystem Marketing

2021 — to present — MTS PJSC, member of the Management Board — Vice President for Ecosystem Development and Marketing

Board of Directors member in RTK JSC, MTS AI LLC, MTS Armenia CJSC and other companies.

Has been a member of the Management Board of MTS since 2021.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,0001%.



Ruslan Ibragimov

Management Board Member —
Vice President for Government
Relations

He was born in 1963 in the town of Taldykorgan.

In 1986, he graduated from the faculty of law of the Lomonosov Moscow State University.

In 1992, he completed postgraduate studies in Lumumba RUDN (Peoples' Friendship University of Russia), with a Ph.D. in Law.

Professional experience

1992–1996 — he worked in commercial banks, headed legal services.

1996–2002 — RSM Top Audit, took the office of the director of legal service, director-partner, deputy general director, head of the department of tax and legal advice, director, partner, tax and legal consulting.

2002–2004 — he worked as a lawyer in various bar associations.

2004–2006 — Moscow bar association "Ibbragimov, Kagan and partners", associate.

2006–2007 — MTS PJSC, Director of Legal Department, he was then transferred to the post of the Chief Legal Officer.

2007–2008 — MTS PJSC, Vice President for Corporate and Legal Issues.

2008–2019 — MTS PJSC, Management Board Member — Vice-President, Corporate and Legal Issues.

2019 — 2021 — MTS PJSC, Management Board member — Vice President for Government and Public Relations.

2021 — to present — MTS PJSC, Management Board Member, Vice President for Government Relations.

Member of the Management Board, Vice President of the Association of Corporate Lawyers Non-profit Partnership, Member of the All-Russian Non-Governmental Organization Association of Layers of Russia, Senior Director of the Association of Independent Directors, Member of the Supervisory Board of the Autonomous Non-Profit Organization Digital Economy, Independent Director of Vysshaya Shkola Publishing House JSC.

Has been a member of the Management Board of MTS since 2007.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,0197%.



Farid Kamalov

Management Board Member —
Vice President for Retail Business
Development

He was born in 1980 in Moscow

In 2003 he graduated from the Moscow State Institute of Electronic Technology (TU), majoring in Microelectronics and Solid State Electronics

In 2016 he graduated from the Moscow International Higher School of Business, MBA “strategic management and innovations”

Professional experience

2003 — 2010 — MVideo-Management LLC, salesman, manager, store director

2010 — 2012 — Korablik-R LLC — Head of Retail Sales

2012 — 2021 — Detsky Mir PJSC — Deputy Director for Regional Management, Director of Trade Management Department, COO Deputy CEO for Operations, COO, Member of the Management Board

2021 – to present — MTS PJSC, Management Board Member — Vice President for Retail Business Development

2021 — to — RTK CJSC, CEO

Member of the Board of Directors of RTK JSC.

Has been a member of the Management Board of MTS PJSC since 2021.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Andrey Kamenskiy

Management Board Member —
Vice President for Finance

He was born in 1972, in Moscow.

In 1995, he graduated from the Moscow State University of Geodesics and Cartography and in 1999 — from the Financial Academy under the Government of the Russian Federation majoring in “Financial Credit”.

Professional experience

1997–2011 — managerial positions in the field of finances at Trade House Perekrestok, SAN InBev, ING Bank (Eurasia).

2011–2018 — Sistema PJSC, Executive Vice President for Finance and Economics.

2018–2019 — MTS PJSC, Member of the Management Board — Vice President for Finance and Investment, Mergers and Acquisitions.

2019 — to present — MTS PJSC, Management Board member, Vice President for Finance.

Member of the Board of Directors of RTK ISC, MTS Media LLC, MTS AI LLC, Mobile TeleSystems JLLC.

Member of the Management Board of MTS PJSC since 2018.

As of December 31, 2020, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,0035%.



Igor Mishin

Management Board Member —
Vice President of MTS Media

He was born in 1962 in Yekaterinburg.

In 1985, he graduated from the Gorky Ural State University, majoring in philosophy.

Professional experience

1991–2007 — founder and President of Channel Four, the largest private regional media holding.

In 1995, he became one of the founders of the Independent Broadcasting System association of non-state regional television companies (REN-TV/NVS network).

1997–2002 — participated in creation of TNT-Teleset OJSC.

2005–2007 — founder and General Director of National Television Syndicate OJSC.

2006–2007 — General Director of Amedia CJSC.

In 2008, he became a shareholder of Media-1 company that became a part of YuTV Holding in 2010, where he took over the position of general producer of TV Service CJSC (Muz-TV channel).

2011–2014 — head of A-One Concept Media Inc.

2014–2016 — General Director of TNT-Teleset OJSC.

2019 — to present — MTS PJSC, Management Board member, Vice President of MTS Media.

Producer, Vice President of the Academy of Russian Television, Member of the European Film Academy, recipient of the Prize of the Russian Federation Government in Science and Technology, Chairman of the Board of Trustees of the Street Cinema Festival. From 2008 to present — film producer, developer of the author's methodology for public protection of film projects, a teacher in film schools.

General Director and member of the Board of Directors of MTS Media LLC, President of City Quarter LLC, General Director of MIG PiCTURES Cinema Company LLC, Chairman of the Board of Guardians of MEDIAMIR Cultural Projects and Cinematic Art Support Foundation, member of the Management Board of the Association of Cinema and TV Producers.

Has been a member of Management Board of MTS since 2019.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).



Ilya Filatov

Management Board Member —
Vice President for Financial
Services

Born in 1976 in Klin.

In 1998, he graduated from the Moscow State Academy of Water Transport; in 2009, he received an MBA degree from the Higher School of International Business Economics at the Academy of National Economy under the Government of the Russian Federation.

Professional experience

2005–2014 — BANK URALSIB PJSC, held managerial positions, including the position of Deputy Chairman of the Management Board of the Bank since 2008.

2014–2015 — MTS Bank PJSC, First Deputy Chairman of the Management Board.

2015 — to present — MTS Bank PJSC, Chairman of the Management Board.

2019 — to present — MTS PJSC, Management Board member, Vice President for Financial Services.

Member of the Board of Directors of MTS Bank PJSC, RTK JSC, Sistema Capital MC LLC.

Has been a member of Management Board of MTS since 2019.

As of December 31, 2021, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0,165%.



Alexander Khanin

Management Board Member —
Vice President for Artificial
Intelligence

Was born in 1987 in Nevinnomyssk.

Graduated from the Bauman Moscow State Technical University with a degree in Robotics.

Professional experience

2012–2020 — CEO of VisionLabs.

2009–2012 — Head of Department at VNIINS named after V.V. Solomatin.

2020 — to present — MTS PJSC, Management Board member, Vice President for Artificial Intelligence.

2020 — to present — MTS AI LLC, CEO.

Founder of VisionLabs — one of the world leaders in the development of software and devices using biometric facial personal characteristics and video analytics.

Chairman of the Board of Directors of VisionLabs, LLC and VL Solutions LLC, Chairman of the Supervisory Board of VisionLabs, member of the Board of Directors of Intema S.a r.l.

Member of the Management Board of MTS PJSC since 2020.

As of December 31, 2021, he did not own shares in MTS PJSC (directly/indirectly).

Events after the reporting date

By the resolution of the Board of Directors of MTS PJSC dated March 17, 2022 (minutes No.329) since April 05, 2022 the following composition of the MTS PJSC Management Board is defined consisting of 15 people:

- > Vyacheslav Nikolaev — Chairman of the Management Board
- > Alexey Barsegian
- > Victor Belov
- > Larisa Bodyagina
- > Pavel Voronin
- > Inessa Galaktionova
- > Alexander Gorbunov
- > Igor Egorov
- > Olga Ziborova
- > Ruslan Ibragimov
- > Farid Kamalov
- > Andrey Kamenskiy
- > Igor Mishin
- > Ilya Filatov
- > Alexander Khanin

Key competences of the Management Board Members¹

Management Board member	Duration of work as Management Board Member	Key competences										
		Strategy	Finance and Auditing	Telecom	Marketing	Legal Matters and Corporate Governance	Personnel Management	Risk Management	M&A	GR/IR	Media	IT/ Technology/ Artificial Intelligence
Vyacheslav Nikolaev	4 years (from July 2017)	•		•	•		•	•	•	•		
Alexey Barsegian	1 year and 2 months (from October 2020)	•		•		•	•	•	•	•		
Victor Belov	less than 1 year (from October 2021)	•		•								•
Pavel Voronin	less than 1 year (from June 2021)	•	•	•			•	•	•	•	•	•
Inessa Galaktionova	2 years (from February 2019)	•		•	•		•	•	•	•		
Alexander Gorbunov	3 years (from April 2018)	•		•		•			•			
Igor Egorov	less than 1 year (since July 2021)	•		•	•		•	•	•	•		•
Olga Ziborova	less than 1 year (from April 2021)	•		•	•		•	•				
Ruslan Ibragimov	13 years (from April 2007)	•		•		•	•	•	•	•		
Farid Kamalov	less than 1 year (from June 2021)	•	•			•	•					
Andrey Kamenskiy	3 years (from April 2018)	•	•	•			•	•	•	•		
Igor Mishin	2 years (from September 2019)	•			•	•	•	•		•	•	
Ilya Filatov	2 years (from August 2019)	•	•	•	•	•	•	•	•	•		
Alexander Khanin	1 year (from October 2020)	•					•		•	•		

During mandatory disclosure process, a number of situations of conflict of interest of members of governing bodies were resolved.

Management Board members did not make transactions with the Company's shares in the reporting year.

The Company did not grant loans (credits) to any of the members of the Management Board in 2021.

No claims were raised against the president and management board members of the Company.

¹ Composition of the Management Board as of December 31, 2021.

Report on the work of the Management Board in 2021

Over the past 2021, 46 meetings were held: 41 in-person meetings and 5 meetings in the form of absentee voting.

Participation of Management Board members in meetings of the Management Board in 2021

Management Board member	In-person meetings	In-absentia meetings
Alexey Barsegian	40/41	5/5
Sergey Belyakov ¹	14/21	1/2
Victor Belov ²	7/9	1/1
Pavel Voronin ³	21/22	3/3
Inessa Galaktionova	37/41	5/5
Alexander Gorbunov	41/41	5/5
Igor Egorov ⁴	21/21	2/2
Olga Ziborova ⁵	30/30	3/3
Ruslan Ibragimov	32/41	5/5
Farid Kamalov ⁶	21/22	3/3
Andrey Kamenskiy	39/41	5/5
Alexey Kornya ⁷	8/8	1/1
Igor Mishin	17/41	5/5
Vyacheslav Nikolaev	41/41	5/5
Ilya Filatov	31/41	5/5
Alexander Khanin	39/41	5/5
Dmitry Khalin ⁸	19/21	3/3
Dmitry Khomchenko ⁹	19/19	2/2
Tatiana Chernysheva ¹⁰	19/22	3/3

¹ The powers of the Management Board member were terminated on June 17, 2021.

² Elected a member of the Management Board on October 29, 2021.

³ Elected a Management Board member on June 17, 2021.

⁴ Elected a management board member on July 1, 2021.

⁵ Elected a Management Board member since April 16, 2021.

⁶ Elected a Management Board member on June 17, 2021.

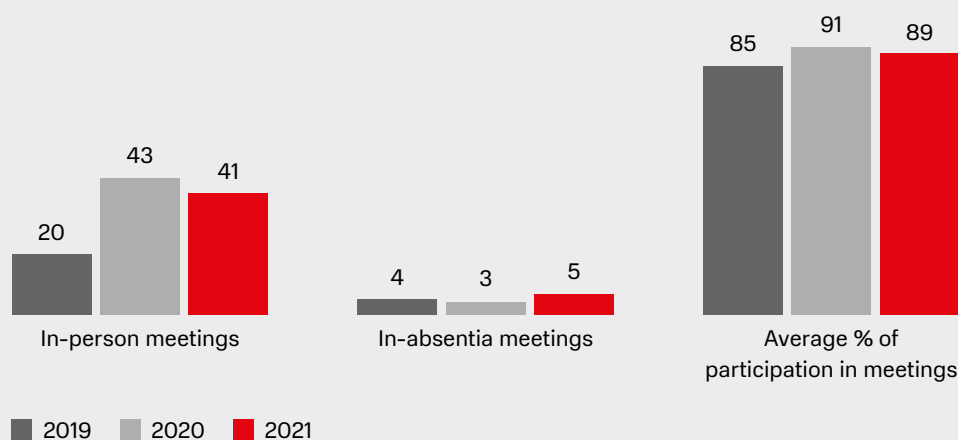
⁷ Powers of the member of the Management Board terminated from March 12, 2021.

⁸ The powers of the Management Board member were terminated on July 1, 2021.

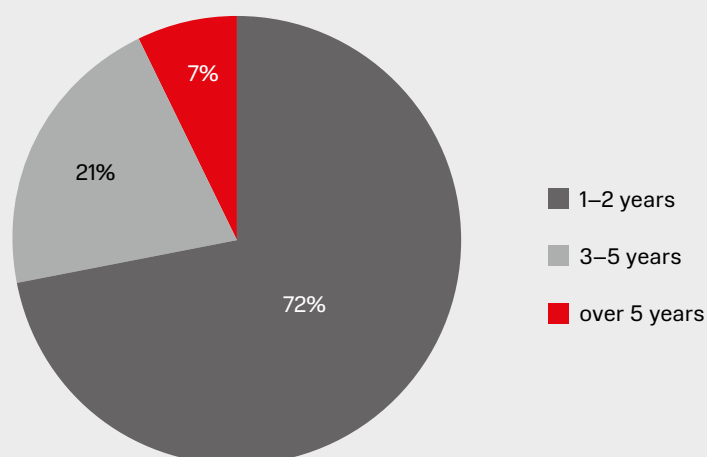
⁹ The powers of the Management Board member were terminated on June 17, 2021.

¹⁰ The powers of the Management Board member were terminated on July 1, 2021.

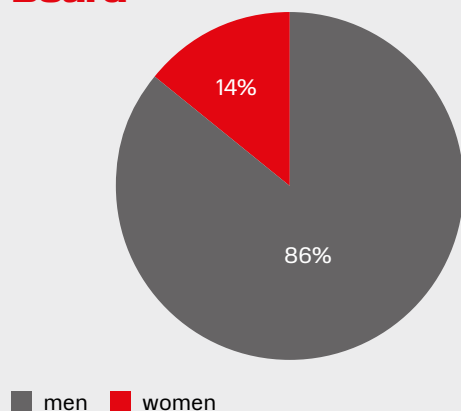
Statistics of the Management Board performance for 2019–2021



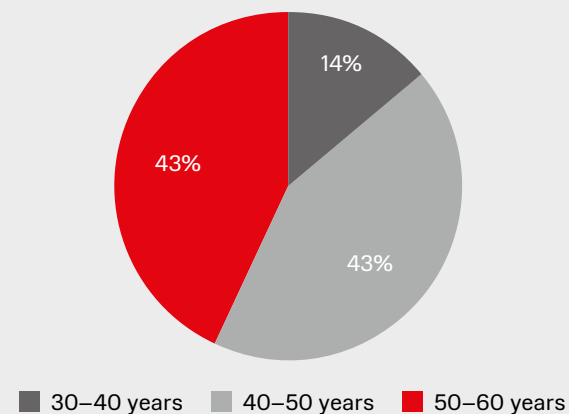
Duration of work in the Management Board



Gender composition of the Management Board



Age composition of the Management Board



Significant issues considered at the meetings of the Management Board of MTS PJSC in 2021

1. On preliminary consideration of materials for the meetings of the Strategy Committee, Audit Committee, EGS-Committee of the Board of Directors of MTS PJSC.
2. Preliminary consideration of materials for the meetings of the Board of Directors of MTS PJSC
3. On consideration of issues related to the operation of the MTS PJSC ecosystem.
4. Controlling reports on MTS Group for Q4 2020 and 2020, Q1, Q2 and Q3 of 2021.
5. On review of reports for 2020 about implementation of the technology strategy, strategy in the field of corporate social responsibility.
6. On review of the report on MTS PJSC Network and Service Quality Status vs Competitors in 1H 2021.
7. On status of fulfillment of recommendations provided by a third-party compliance Monitor.
8. On determination of MTS PJSC position on participation of MTS Media LLC in non-profit organizations.
9. On approval of the amount of the MTS PJSC membership fee in the Telecom Infra Project (TIP) Association.
10. On approval of the MTS PJSC membership fee amount for the Association of the Organizations for Development of Open Communication Networks "Open Network Technology".
11. On termination of MTS PJSC participation in Non-Profit Partnership "Assistance to Development and Use of Navigation Technology" (NPP GLONASS).
12. On termination of NIS JSC participation in Non-Profit Partnership "Assistance to Development and Use of Navigation Technology" (NPP GLONASS).
13. On the Regulation and composition of the Venture Committee for Artificial Intelligence of MTS PJSC.
14. Approval of the Regulation on the branch of MTS PJSC in Saint Petersburg in new revision.
15. On the plan of cultural transformation in MTS PJSC.
16. On payroll management in MTS PJSC.
17. On principles of MTS PJSC motivation principles.
18. On making additions to KPI system of MTS PJSC employees for 2021.
19. On the situation with COVID-19 prevalence in MTS Group.
20. On purchase of share in the amount of at least 6% in AKADEMIA PEREMEN LTD by MTS VENTURES LIMITED.
21. On purchase of share in the amount of at least 17% in KONNEKTU LTD by MTS VENTURES LIMITED.
22. On purchase of share in the amount of at least 17% in TOLKFINANS LLC by MTS VENTURES LIMITED.
23. On MTS VENTURES LIMITED granting a convertible loan in the amount of not more than RUB 60 million to AYRO LLC.
24. On amendment of the technology management model in MTS PJSC.
25. On improvement of contractual work in MTS PJSC.
26. On MTS PJSC strategy in the field of identification and authorization.
27. On MTS PJSC strategy in the field of smart devices under its own brand.
28. On approval of the list of key transformation projects.
29. On approval of the business plan of the MTS Group for 2022.
30. On approval of the work plan of the Management Board of MTS PJSC for 2022.

Remuneration of Management Board members and senior executive officers

Principles of remuneration of Management Board members and senior executive officers

A contract is entered into with every Management Board member, which defines labour terms, procedure for definition of the amount of remuneration, terms of compensation of expenses connected with execution of duties of the Management Board member and contract termination procedure. The contract shall be signed on behalf of the Company by the Chairperson of the Board of Directors of the Company or by a person authorized by the Board of Directors. The Board of Directors is entitled at any time to terminate the contract with a member of the Company's Management Board. Terms and conditions of the contract shall be approved by the Board of Directors of the Company.

Remuneration of senior executive officers is fixed and calculated based on the Policy for labor payment of employees of MTS PJSC and meets the following principles:

- > observation of fairness and competitiveness of remuneration;
- > connection of remuneration with personal contribution and final work results in the Company in general;
- > motivation for achievement of target business development parameters in accordance with strategic development guidelines approved by the Board of Directors.

The system of remuneration to senior executive officers includes elements of base remuneration and variable premium part:

- > base remuneration — monthly official salary;
- > variable part of remuneration is determined by the results of the Company's business in the reporting period in accordance with the Company's internal regulations and approved by the Company's Board of Directors and consists of:

— short-term motivation system is an annual premium paid for fulfilment of key performance indicators ("KPI") fixed in general for the Com-

pany for a corresponding reporting period, as well as for fulfilment of functional individual tasks defined by the Board of Directors.

— the long-term material incentive program is aimed at increasing the Company's shareholder value, acceleration of its capitalization growth, as well as preserving long-term labor and corporate relations between the Company and its management.

MTS PJSC Business Key Performance Indicators System

- > Ecosystem indicators, which are formed on the basis of the Company's business plan and include the main financial and economic, industrial and strategic indicators. They reflect the general corporate responsibility for the results of the MTS Group business and make it possible to track the generalized results of the Company's business and adjust the strategy.
- > Functional indicators, which are formed on the basis of business unit performance strategies.
- > Individual indicators of performance are formed on the basis of strategic objectives of a specific director of the Company.

The list of indicators and their target values for the Company's directors are approved by the Board of Directors of the Company with preliminary discussion at the dedicated committees on an annual basis.

The list of corporate performance indicators of the MTS PJSC President includes such indicators as:

- > OIBDA;
- > income;
- > ecosystem indicators;
- > integral assessment of the implementation of strategic projects and business development.

Structure of remuneration for top management in 2021

The remuneration structure consists of base and variable payments and depends on the level of the position in the structure of the Company.

Achievement of the established KPIs is the basis for being entitled to receive a variable payment, as it pertains to long-term payments, including an increase in the shareholder value of the Company and growth of its capitalization.

Evaluation of performance of the President and members of the Management Board

One of the tasks of the Board of Directors is to assure control of operation of the President and members of the Management Board, as well as to evaluate their performance which is performed based on materials approved by the Remuneration and Appointment Committee.

The assessment of the President and members of the Management Board for 2021 was performed in accordance with an existing method based on fulfilment of key performance indicators of the Company in general, functional individual tasks and competence development level.

Remuneration for members of the Management Board and senior executive officers based on 2021 results

Remuneration paid to members of the Management Board in 2021

Indicator name	Total, RUB
Salary	279,888,418
Bonuses	713,103,972
Cost compensations	34,697,976
Other remuneration types	3,689,786
TOTAL	1,031,380,152

Remuneration paid to senior executive officers in 2021¹

Indicator name	Total, RUB
Salary	397,140,020
Bonuses	807,307,830
Cost compensations	41,410,241
Other remuneration types	8,478,447
TOTAL	1,254,336,539

¹ Includes information on remuneration of 31 top officials of the Company (including members of the Management Board).

Remuneration paid to the top officials in 2021 is below the amount of the remuneration paid in 2020, in connection with payment of a portion of the 2020 annual bonus in December 2020.

Events after the reporting date

In February 2022, the amount of participatory interest of some members of the Management Board in the authorized capital of MTS PJSC changed.

Management Board member	Size of the share of the corresponding person in the charter capital of MTS PJSC before the transaction	Amount of the share of the corresponding person in the authorized capital after the transaction	Date, from which the share of the corresponding person in the authorized capital of MTS PJSC
Vyacheslav Nikolaev President, Chairman of the Management Board	0.0051%	1.022%	24.03.2022 ¹
Alexey Barsegian Management Board Member — Vice President for Corporate and Legal Issues	did not own shares	0.0019%	25.02.2022
Victor Belov Member of the Management Board — Vice President for Engineering	0.00002%	0.0019%	25.02.2022
Pavel Voronin First Vice President for Technology — Management Board member	did not own shares	0.0037%	25.02.2022
Inessa Galaktionova First Vice President for Telecommunication Business — Management Board Member	0.0008%	0.0063%	25.02.2022
Alexander Gorbunov Management Board Member — Vice President for Strategy & Development	did not own shares	0.0019%	25.02.2022
Igor Egorov Member of the Management Board — Vice President for Infrastructure Development	0.0112%	0.0134%	25.02.2022
Olga Ziborova Member of the Management Board — Vice President for Ecosystem Development and Marketing	0.0001%	0.0026%	25.02.2022
Ruslan Ibragimov Member of the Management Board — Vice President for Government Relations	0.0197%	0.0216%	25.02.2022
Farid Kamalov Member of the Management Board — Vice President for Retail Business Development	did not own shares	0.0019%	25.02.2022
Andrey Kamenskiy Member of the Management Board — Vice President for Finance	0.0035%	0.0054%	25.02.2022
Alexander Khanin Management Board member — Vice President for Artificial Intelligence	did not own shares	0.0031%	25.02.2022

¹ Information that may have a significant impact on the value of the issuer's securities (mts.ru).

MONITORING AND AUDIT

/ INTERNAL CONTROL SYSTEM

The internal control system of MTS PJSC (ICS) represents a combination of internal-control processes implemented by ICS entities based on the existing organizational structure, internal policies and regulations, internal-control and risk-management procedures and methods applied within the Company at all management levels and as part of all functional areas.

The establishment and efficient operation of the internal control system are designed to ensure reasonable confidence in the achievement of objectives set by the Company and to ensure proper control over the financial and economic activities of the Company, as well as its efficiency.

The internal control system of MTS PJSC represents a combination of interrelated components, the structure of which meets the general accepted methodology COSO Internal Control — Integrated Framework 2013. In accordance with COSO model, a control environment is established, the risk assessment system is applied, control procedures are implemented and their performance is monitored, and changes in organizational structure and business processes are monitored.

Under the internal control system, a range of anti-corruption measures mitigating reputational risks and risks of sanctions for bribery of officials against MTS PJSC. For the purposes of counteraction to abuses, authorization of transactions and operations, distinction of powers and rotation of duties, control over the actual availability and condition of facilities is implemented.

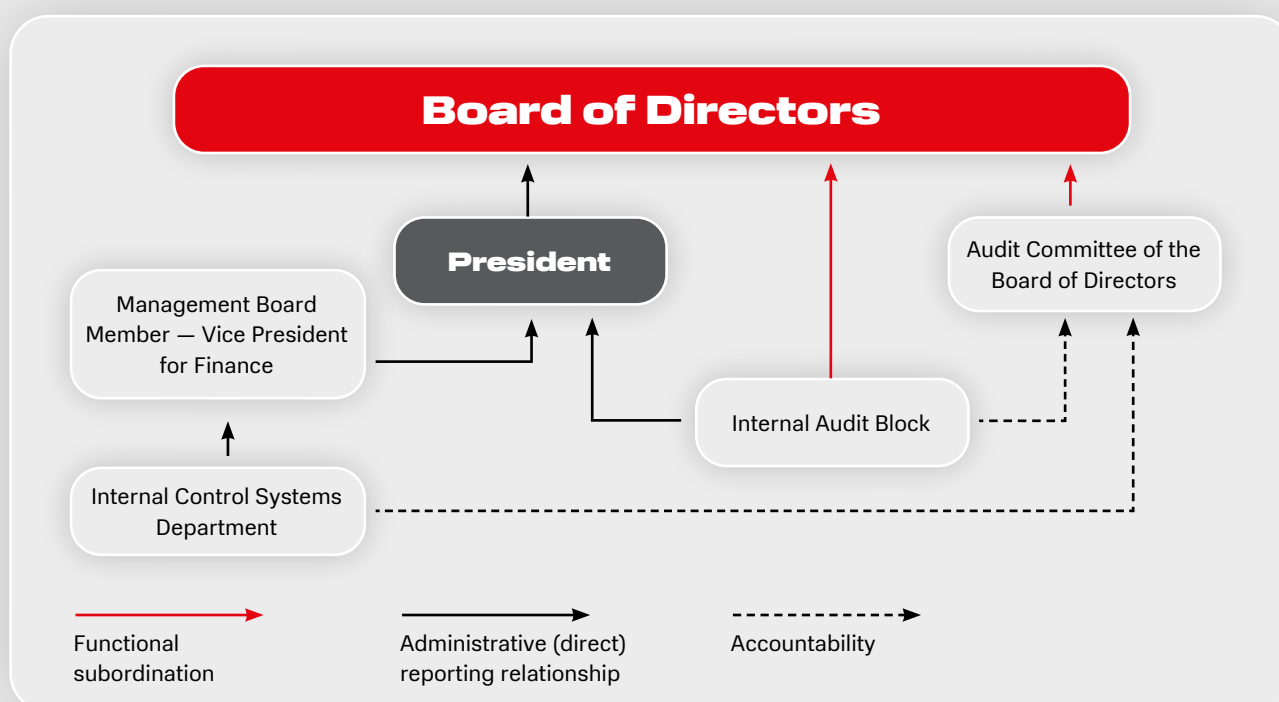
MTS PJSC approved the Policy for complying with anti-corruption legislation defining measures aimed at establishing elements of the corporate culture, organizational structure, rules and procedures assuring non-admission of corruption.

For a comprehensive, independent evaluation of the reliability and efficiency of the risk-management and internal-control system and of the corporate-governance practice of MTS PJSC, the Internal Audit

Block (IAB) of MTS PJSC uses the results of the completed audits to generate a report on the level of maturity within the Company as a whole. The Internal Audit Block is an individual structural division of MTS PJSC functionally reporting to the Board of Directors and administratively — directly to the President of MTS PJSC.

For some areas, the Internal Audit Block of MTS not only holds the leading positions in Russia, but also meets the strictest global standards of quality in terms of setting objectives and performance of tasks, communications building, and also organization of the work and status of the Internal Audit Service. The Internal Audit Block of MTS successfully underwent an external independent evaluation – activities of the subdivision were recognized as compliant with the International Professional Standards of Internal Audit and Code of Ethics, Institute of Internal Auditors, the reputable international professional association.

Following the results of 2021, an employee of the Internal Audit Block of MTS won the nomination “Internal Auditor of the Year” as a part of the IX National Prize organized by the Institute of Internal Auditors Association with the support of the Russian Union of Industrialists and Entrepreneurs and the Moscow Exchange. The national award is an integral part of the promotion of the internal auditor profession in our country, and an important component in assessing the personal contribution of internal auditors and internal audit services to the development of the profession.



The Audit Committee at the Board of Directors of MTS PJSC biannually reviews reports on the operation of the Internal Audit Block, Internal Control Systems Department, Ethics & Compliance Department and Risk Management Unit and generates conclusions on the efficiency of the internal control and audit function, risk management, compliance and internal control of MTS PJSC.

The Audit Committee positively evaluates the work of the Internal Audit Block in terms of evaluation of internal control, risk management, compliance and corporate governance system efficiency, and believes that the objectives of the Unit were met in full compliance with the expected results and recognizes the function as efficient.

The Audit Committee positively evaluates the work of the Internal Control Systems Department with regard to the creation, implementation and development of an effective system of internal control over the reliability of generation of financial statements for the MTS Group, including in new businesses, for 2021.

The Audit Committee positively assesses performance of the Risk Management Function as effective and fit for its purposes at the moment.

The Audit Committee positively assesses the work of the Ethics and Compliance Department and believes that the tasks of the division have been completed in full compliance with the expected results.

On a quarterly basis, the Audit Committee reviews the reports of external auditor Deloitte and Touche CIS JSC approving their performance.

The Board of Directors of MTS PJSC defines the policy in respect to internal control and audit and twice per year considers the report of the Audit Committee following the results of performance of the internal audit, risk management, business ethics, compliance and internal control functions of MTS PJSC with analysis of the existing control system and identified violations.

The Report of the Audit Commission is annually attached to the materials of the annual General Shareholders' Meeting of MTS PJSC.

Audit Committee of the Board of Directors

The Audit Committee is a collective deliberative body of the Board of Directors. The committee was established for the purposes of assisting in efficient implementation of functions of the Board of Directors in terms of control over financial and economic activities of the Company.

For detailed information about the Audit Committee's work results in the reporting year see the section "Committees of the Board of Directors".

Results of evaluation by the Audit Committee of the external and internal audit process efficiency: are specified in the section "Report on the work of the Audit Committee".

Auditing Commission

On June 23, 2021, the followings persons were elected as members of the Auditing Commission at the annual General Shareholder Meeting of MTS PJSC:

- 1) Irina Radomirovna Borisenkova, born in 1963, holds the position of the Chief Accountant, managing director of the Finance and Investment Complex of Sistema PJSC;
- 2) Natalya Andreevna Mikheeva, born in 1983, holds the position of Director for Internal Audit of MTS PJSC;
- 3) Evgeny Leonidovich Madorsky, born in 1975, holds the position of the Chief Auditor of Sistema PJSC.

the Company for 2020. The Auditing Commission did not record material facts of violation of accounting and financial statements submission procedures while carrying out financial and economic activities of the Company.

The Auditing Commission confirmed that the financial statements of the Company for 2020 and the Annual report on the Company's activities for 2020, in terms of the Company's financial statements, are authentic.

In April 2022, the Auditing Commission plans an audit of the financial and economic activities of the Company for 2021. The opinion report of the Auditing Commission will be submitted for the approval of the Annual General Shareholder Meeting of MTS in June 2022.

Report on the operation of the Auditing Commission

In April 2021, the Auditing Commission carried out an audit of the financial and economic activities of

Internal Audit Block (IAB)

The Internal Audit Block (IAB) is an independent structural division headed by the Director for Internal Audit who is functionally subordinated to the Chairman of the Audit Committee of the Board of Directors of MTS OJSC, and administratively subordinated directly to the President of MTS PJSC.

The Internal Audit Block performs the following functions:

- > assessment of the efficiency of the internal control system, risk management and corporate governance processes by analyzing the Company's operating activities and its information systems, achieving the Company's strategic goals, the effectiveness and progress of projects and products, the reliability and integrity of information on the Company's operation, the safety of assets, compliance with internal regulations, and external requirements;
- > development of recommendations for improvement of internal control, risk management and corporate governance procedures, and assistance to the management in development of corrective measures based on the results of performed audits;
- > monitoring of execution of recommendations for rectification of violations and deficiencies discovered based on audit results;
- > development and implementation of IT analytics for the purpose of continuous monitoring

of risk indicators based on data from business processes and increasing the efficiency of audit procedures;

- > improvement of the internal audit methodology and the audit quality control system;
- > analysis and improvement of efficiency of the Internal Audit Block, coordination of joint work of the Block units and internal audit functions in subsidiaries;
- > registration and coordination of investigation of messages received via the Unified Hotline;
- > providing consulting services.

The IAB maintains a program to ensure and improve the quality of internal audit designed to assess the conformity of IAB with international professional standards of internal audit and the use by the IAB staff of the Institute of Internal Auditors Code of Ethics (The IIA)

Report on operation of the Internal Audit Block

During 2021, the Internal Audit Block operated in accordance with the set objectives, tasks and performed functions.

The Audit Committee reviewed the progress of implementation of strategic initiatives in the field of internal audit, including optimization of internal audit processes, improvement of the audit methodology and the process of eliminating deficiencies identified by internal audit in MTS PJSC and its subsidiaries, expansion of data analysis projects and other activities. The results of the Internal Audit Block's operation for the first six months and in general for 2021 were inspected and approved by the Audit Committee.

In 2021 an external assessment of the quality of Internal Audit Block activities was carried out, following the results of which its activities were recognized as complying with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors and effective in fulfilling its goals and meeting the expectations of stakeholders.

The Committee gave a positive assessment to the results of the Internal Audit Block performance and believes that the objectives of the internal audit for 2021 have been achieved in full volume.

In December 2021 the committee considered and approved the internal audit strategy, the audit plan, the key performance indicators and the budget for 2022.

Internal Control Systems Department (ICSD)

In 2021, within the framework of development of the internal control system for proving the accuracy of preparation of financial statements of MTS Group of Companies, including creation and implementation of internal control in new business types, as well as taking into account the results of management testing and external audit for 2020, changes in the organizational structure and business processes, works were performed to update and formalize control procedures aimed at coverage of essential risks, documented for SOX purposes.

Since 2018, ICSD has changed the strategy for implementing and developing ICS in new subsidiaries — management of the ICS function in subsidiaries is carried out from the CC level. This approach was maintained in 2021 as applicable to all subsidiaries included in the SOX scope of work. The strategy has proven to be effective in terms of efficient and flexible allocation of resources and optimizing the time to support the ICS in subsidiaries.

Within the framework of the works in MTS Group, more than a thousand control procedures were up-

dated and tested. The internal control system for the purposes of 2021 financial statements reliability for MTS Group was recognized effective, no material or significant shortcomings were identified. The trend for reduction of the total number of shortcomings that do not have a significant or material impact on the MTS Group was maintained.

Significant events/projects of ICSD carried out in 2021 include the following.

- > ICS update, testing, assessment and certification were completed in the automated information system of ICS and risk management.
- > The norms of testing of the Internal Control Systems Department for the MTS Group were revised.
- > The adaptation of the regulatory documents of the Internal Control Systems Departments for subsidiaries was completed.

- > The perimeter of using the robotized solution for revision of the access rights in SOX-critical systems was expanded. Following the results of using the specified solution in the second half of 2021, the revision of the access rights of employees was completed for 8 SOX-critical systems already. Within the framework of extension of the algorithm usage field in 2022, the analysis of critical powers will also be spread over some new subsidiaries and will cover the processes for providing/maintaining access when the employees migrate between the companies of the Group. Closure of extra powers also helps to more efficiently manage the costs for purchase of software licenses.

In accordance with the approved methodology for managing the separation of powers in SOX-essential information systems, works were completed to identify and reduce conflicts of roles and powers (SOD) in the companies of MTS Group, the registers of compensating control procedures (CCP) were updated.

- > In the key ERP system of MTS PJSC, the number of SOD risks at the level of business processes was reduced in 2021 due to the analysis of the created functions/powers of the current year. The stage of automated solution development for SOD-risk matrix and powers assigned to users is in progress.
- > The automated solution was introduced to grant access rights and to do SOD-analysis in the billing system of the system using the robot by HelpDesk requests for all critical roles in real time mode. The technical analysis of the "Conflicts within the role" and conflicts between the roles was completed. The CCP register was updated.

- > For some information systems the existing role models were analyzed ahead of schedule (roles, functions, powers), as well as the primary assessment of roles and powers of the users was completed. SOD-matrices were developed at the technical and business level, recommendations were given to eliminate and reduce SOD-conflicts from the side. Works were completed to introduce recommendations and CCP.
- > Procedures were completed to mitigate SOD-risks in MTS Bank PJSC, roles were analyzed in the processing center system, the SOD-matrix was developed and introduced. Following the results of work, there are no SOD-conflicts. Works in the ERP-system continue.
- > Roles were analyzed for MGTS PJSC billing systems by extent of their impact. Excessive powers were recalled from the users, non-relevant roles were removed. As a result of the analysis, the register of potential SOD-conflicts was prepared. Identified risks were closed by existing CCP. Works were planned to establish an SOD-matrix in 2022.

The MTS Group internal control system is tested and certified in accordance with the article 404 of the Sarbanes and Oxley Act.

Based on the results of the internal evaluation and external audit opinion, the internal control system for proving the accuracy of preparation of financial statements of the MTS Group as of December 31, 2021 was found to be efficient and to have no material and significant deficiencies.

/ EXTERNAL AUDIT

Auditor

On June 23, 2021, the Annual General Meeting of shareholders of MTS PJSC approved Deloitte & Touche CIS Joint Stock Company as the auditor (hereinafter referred to as the "Auditor" (Location: 125047, Russian Federation, Moscow, Lesnaya Str., 5), OGRN 1027700425444, certificate of membership in the Self-Regulatory Organization of Auditors of the Association "Commonwealth" (Association) of January 31, 2020, ORNZ 12006020384.

Deloitte and Touche CIS CISC is one of the leading audit and consulting firms providing services in the field of audit, management and financing consulting, risk management, taxation and accompanying services. It is a member of the international association Deloitte Touche Tohmatsu Limited, one of the world's leading providers of professional services, with more than 345 thousand employees in more than 150 countries.

In the reporting year, the Auditor performed:

- > an audit of annual financial statements of MTS PJSC for 2021 prepared in accordance with the Russian Accounting Standards as per the International Audit Standards (IAS);
- > audit of consolidated financial statements of MTS PJSC and its subsidiaries prepared in accordance with IFRS for 2021, as per the International Audit Standards;
- > an integrated audit of consolidated financial statements of MTS PJSC and its subsidiaries prepared in accordance with IFRS for 2021 and efficiency of the internal control system over its preparation as of December 31, 2021, conducted in accordance with the standards of the US Public Company Accounting Oversight Board.

In March and April 2022, the Audit Committee approved the results of the external auditor based on the results of audits for 2021, including conclusions on the effectiveness of the internal control system over the formation of financial statements at the MTS Group.

Based on the results of the audits, the MTS PJSC auditor expressed opinions on the reliability of the financial statements of MTS PJSC for 2021 prepared in accordance with Russian accounting standards, and the consolidated financial statements of MTS PJSC and its subsidiaries for 2021 prepared in compliance with the IFRS.

Procedure for the selection of the issuer's auditor

A tender for selection of the external auditor of MTS PJSC is conducted at least once every five years. To conduct the tender, MTS PJSC establishes a tender commission. Based on tender results, the tender commission generates recommendations for selection of the external auditor which are submitted for approval to members of the Audit Committee of the Board of Directors of MTS PJSC.

In the event that the auditor's candidacy is approved by the Audit Committee, Board of Directors and General Shareholder Meeting of the Company, a contract for financial statements audit services shall be signed with an auditing company.

The remuneration of the auditor for the audit of the accounts of MTS PJSC and its subsidiaries for 2021 is approved by the Board of Directors of MTS PJSC and according to the results of 2021 amounted to 167,045 million rubles, excluding VAT and overhead expenses, including audit of reports of MTS PJSC In the amount of 15 million rubles.

/ SETTLEMENT OF POSSIBLE CONFLICTS OF INTEREST OF MANAGEMENT BODIES AT MTS PJSC

For the purposes of non-admission of conflicts of interests, the Company holds an annual knowledge testing and certification of compliance with norms of the Code of Business Conduct and Ethics for executives and top management, the result of which are reviewed at the Audit Committee at the Board of Directors of MTS PJSC.

Members of the Management Board and employees are not entitled to participate in approval, agreement, other decision-making in respect of transactions concluded by the Company if they are or may be under the influence of the conflict of interests.

During managing a conflict of interests the Company is guided by the principles of lawfulness, confidentiality, impartiality, objectiveness and reasonable sufficiency, obligatory immediate disclosure of information by Company's employees about an actual or potential conflict of interests or likelihood of such a conflict.

Procedures preventing a possible conflict of interests of directors are also established at our Company. Members of the Board of Directors must refrain from actions which may result in appearance of a conflict of interests and, if such a situation exists or arises, disclose information about it to the Board of Directors and not participate in voting on conflict agenda items.

Members of the Board of Directors, who have interest in agenda items of the Board of Directors, do not take part in discussion and voting on the specified agenda items.

During 2021, no conflict of interests of members of the Management Board of MTS PJSC was found.

RISK MANAGEMENT

Risk Management System

Risk management is carried out at the MTS Group within the accepted conceptual risk management frameworks¹. The integrated risk management process is functioning efficiently in accordance with the needs of the Group and international standards. Risk management policy aims to minimize unexpected losses from risks and to maximize capitalization, taking into account the relation between risk and return on investments acceptable to the shareholders and the management of the MTS Group.

The Risk Management Department of the Corporate Center (RMD CC) assesses the most significant risks on the basis of long-term financial model and regularly conducts simulations for obtaining key financial indicators considering the risk and probability distributions of these indicators. RMD CC applies econometric techniques for the analysis of individual risks.

A report on the status of the MTS Group risks is reviewed regularly by the Risk Committee, which discusses the key company risks and makes collective decision on the elaboration of measures for their mitigation. The Chairman of the Risk Committee is the MTS President. The committee includes Management Board members, Vice Presidents, and other managers. The competences and responsibilities of

the committee include consideration and approval of the following: objectives for development of the process of integrated MTS risk management; risk-management methodology; MTS risk portfolio and priority of actions to manage risks with account of the feasibility of their costs and restriction of resources; MTS risk-portfolio management strategy, etc.

Notification of the MTS Group management is carried out taking into account the whole risk spectrum to ensure the completeness, quality and comparability of the information provided for each level of decision-making.

Based on the results of evaluating the effectiveness of MTS Group's internal control systems in 2021, the risk management process was deemed effective.

¹ "Enterprise Risk Management. Integrated Model" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The main principles of the risk management

INTEGRATION PRINCIPLE

envisions a systemic approach to management of all types of risks inherent in MTS business, in all organizational structure and geography of MTS Group presence. Cross-functional collaboration and coordination of business units is maintained to manage risks outside the framework of their specialization, as well as accounting of mutual effect of risks from various units. A single company management notification channel is provided for the whole risk spectrum to guarantee the completeness, quality and comparability of the information provided for each level of decision-making;

CONTINUITY PRINCIPLE

consists of the implementation of a set of ordered risk management procedures on a regular basis;

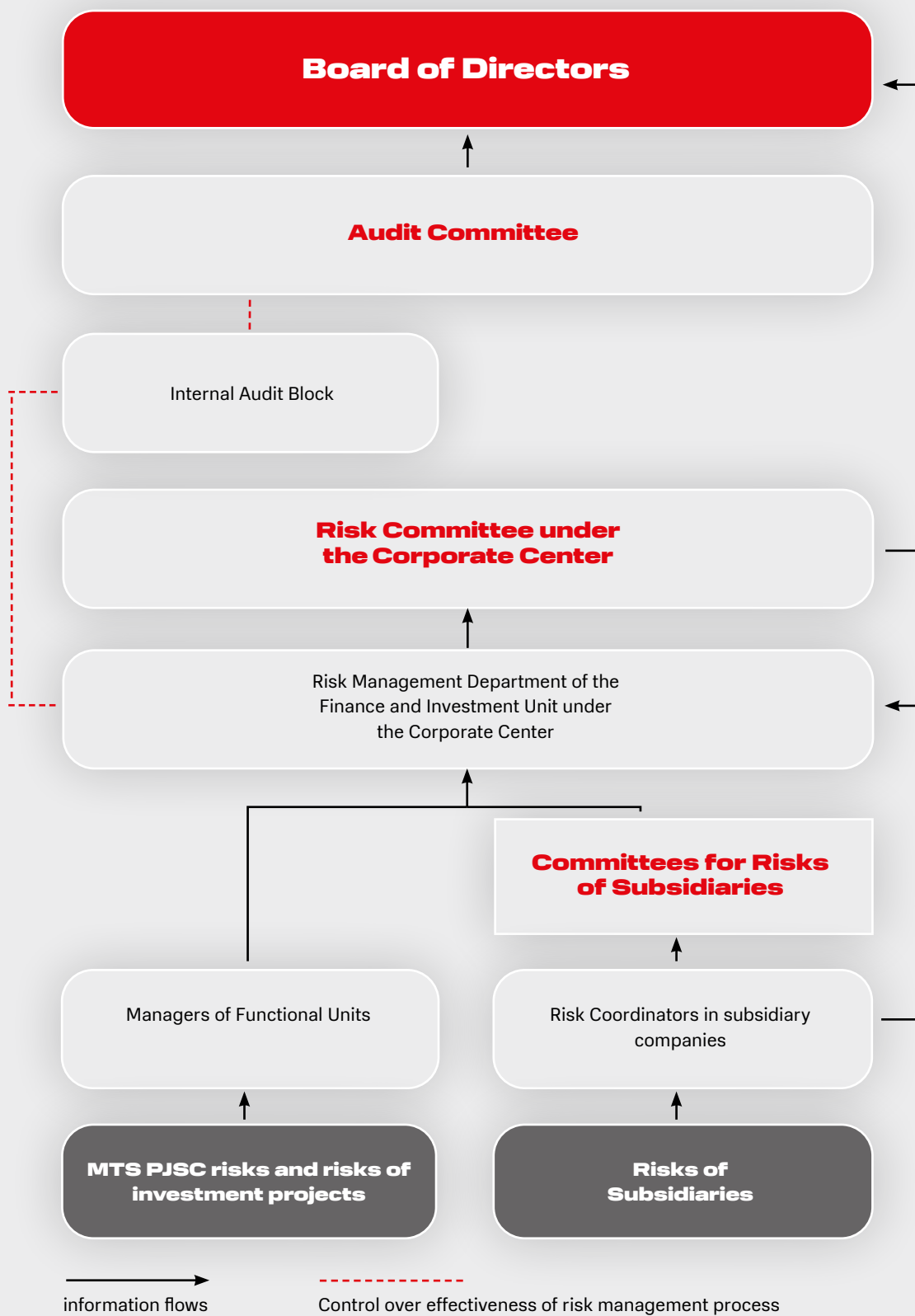
JUSTIFICATION PRINCIPLE

envisions an analysis of the ratio between costs for risk assessment reduction and potential damage from their occurrence.

An efficient system of integrated risk management makes it possible to solve the following tasks on a regular basis

- > Identification and systematic analysis of the risks faced by the Company,
- > Obligatory consideration of significant risks when making management decisions,
- > Distribution of responsibility for risk management
- > Development of additional measures and plans for responding to significant risks and monitoring their implementation
- > Monitoring of risks and their management effectiveness
- > Accumulation of knowledge in the field of integrated risk management

Organizational Risk Management Support



Risk management activity is distributed among the functional units of the Company.

- > RMD CC is responsible for developing a risk assessment methodology, regular collection of information and reporting the results of this assessment to the Risk Committee and the company executives. The Department also carries out operational control of the process and provides cross-functional interaction between units within the integrated risk management at the Company. Cross-functional interaction with the risk owners at subsidiaries is provided by the risk coordinators at such subsidiaries.
- > The risk owners are the heads of functional units, whose achievement of goals is affected by the risks. The owners are responsible for the analysis, evaluation, implementation of risk management measures and reporting on the activity within the process of integrated risk management.
- > The Risk Committee makes collective decisions in the field of integrated risk management.
- > The efficiency of the risk management process is estimated by the Internal Control Block, this information is also presented to the Audit Committee for consideration.
- > The Audit Committee monitors the risk management efficiency, as well as the assessment of procedures used by MTS Group to identify the principal risks and evaluation of appropriate control procedures (including the procedures for loss control and risk insurance) in order to determine their adequacy and efficiency.
- > The Board of Directors operates directly or through its committees within its competences and resolves the issues of assessing the political, financial and other risks affecting the Company's operation. The MTS Board of Directors delegates monitoring of risk management efficiency to the MTS Audit Committee, and also reviews the Audit Committee's reports.

Integration of risk management into decision-making processes

Risk management is an integral part of all processes of the Company: policy development, strategic, business, budget and investment planning, change management, and procurement procedures.

Strategic planning

- > Identification of risks related to various conditions of environment.
- > Analysis and accounting of key risks within the framework of the selected macro scenario.
- > Definition of substantial risks influencing strategic objectives, but not resulting in their revision, and development of actions to manage such risks

Business planning and budgeting

- > Analysis and accounting of risks related to failure to achieve the main financial KPIs.

Investment planning

- > Analysis and accounting of project risks related to failure to achieve NPV and other parameters of projects.

Procurement procedures

- > Analysis and accounting of risks in choice of suppliers.

The risk management process passed all stages of implementation, automation and integration into the company's business processes (into strategic and investment planning, as well as into the cross-functional projects and the preparation of external reporting), which now makes it possible to identify and consider the risks when making key decisions for the guaranteed achievement of goals and strengthening of business leadership..

2021 Key Activities

- > Risk Committees of the MTS, MGTS and RTK CCs were held based on the results of risk monitoring in each quarter of 2021. Risk reports for the first half of 2021 and for 2021 were also submitted for consideration by the Audit Committee and the Board of Directors.
- > CC RMD assessed the main risks in the framework of the MTS Group's strategic session, including assessing the impact of risks on the MTS Group's financial figures over a five-year period. The results were reviewed by the MTS PJSC Board of Directors
- > Large-scale training of employees was completed to increase the risk-oriented thinking in part of detection, assessment, management and mitigation of the risks influencing the objectives of the divisions.

Plans for 2022

In 2022, there are plans to update the risk section for external reporting (20-F for the New York Stock Exchange, reports of the issuer for the Central Bank of the Russian Federation) and regularly hold Risk

Committee meetings. Continuous monitoring of the situation related to the geopolitical situation is also planned to identify, assess and further mitigate the risks.

Key risk factors

The most significant risk factors that may potentially influence MTS PJSC business results are provided below. Details on these and other risks see in the section "Item 3 – Key Information – D. Risk Factors" of the Annual Report according to the form 20-F¹, and in reports of MTS PJSC².

¹ <http://ir.mts.ru/investors/financial-center/annual-reports-and-form-20-f/default.aspx>.

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii/otchet-emitenta-emissionnyh-cennyh-bumag/>.

Strategic risks

Risks	Mitigation Measures	Impact on Objectives
<p>Depreciation of services provided by the Company and loss of competitiveness, difficulties in developing additional sources of income</p> <p>Continuous improvement of technology, development of new products and services, increased competition associated with the emergence of new players in the market, in particular, new mobile operators, government-backed operators, mobile virtual network operators, alternative fixed-line and satellite TV operators, as well as strengthening of existing companies and increased use of IP-telephony and other services provided via the internet, may adversely affect the ability to maintain subscriber base, lead to a reduction in market share and operating margin.</p> <p>Besides, in September 2021 the extraordinary general meeting of shareholders resolved to separate the tower infrastructure of MTS PJSC and a considerable part of the network and digital infrastructure of MTS PJSC into 100% subsidiaries of MTS PJSC. Inability to realize the expected benefits of this separation may have unfavorable impact on the business, financial position, business results and prospects of MTS PJSC</p>	<p>To ensure the highest level of quality of our basic communication services, MTS is systematically increasing the capacity and bandwidth throughput of the network, which is extremely important in the context of the observed continuous increase in the volume of data traffic consumption. The company is comprehensively approaching the issue of network development, making the necessary investments in 3G and 4G infrastructure, ensuring the possibility of further network evolution in the direction of the fifth generation, including deployment and operation of 5G test zones, and carrying out pilot projects in the NB-IoT area. From the point of view of marketing activity, an effective method for leveling the adverse impact of VOIP-solutions are integrated V&D rates that combine voice and data services.</p> <p>The key tool to maintain direct contact with the end user and increase the average level of income from the subscriber in the near future will be a gradually developing portfolio of high-level digital services aimed at meeting various customer needs. Both our own developments and high-quality partner products will participate in the formation of such a digital environment.</p>	<ul style="list-style-type: none"> > Retention of basic mobile revenue > Compensation for traditional telecoms revenues decrease caused by active development of digital products portfolio > Leadership in the mobile internet and data services segment
<p>Loss of control over activities and assets in the countries of operation</p> <p>The risk of termination, suspension of operation or claims by regulators may adversely affect business, financial state and results of operations</p>	<p>MTS is monitoring the political situation in the markets of operation of the Group of Companies, striving to respond quickly to changing conditions in the markets</p>	<ul style="list-style-type: none"> > Achievement of sustainable business development
<p>Risks of acquisitions, investments and mergers with other companies</p> <p>New acquisitions make it possible to diversify the business of MTS PJSC.</p> <p>At the same time, there may be additional risks associated with the obligations of the acquired companies, as well as risks of failure to achieve the initial financial and operational goals, problems with the integration of acquired assets, risks associated with a lack of experience in new markets, including political, economic, social, legal and regulatory risks, competition risks, etc.</p>	<p>MTS sees opportunities for growth through the participation in promising new businesses in the digital economy, which enables the company to significantly expand the range of services provided and to enter new markets. When closing transactions in the field of M&A, MTS conducts a thorough audit of companies, where the company plans to participate as a shareholder. Assessment of the feasibility of investments occurs with the involvement of independent consulting companies and takes into account the strategic position, financial results and features of the operating activities of such companies. Further implementation of MTS rights as a shareholder in them corresponds to the best practices of corporate governance. Integration of the acquired business into the management structure of MTS (if such decision is made) is carried out by a special unit with a wealth of experience of this kind</p>	<ul style="list-style-type: none"> > Expansion of the Company's business and faster entrance into new markets; > Product line expansion > Achieving operational synergies between different business areas > Mutual exchange of best practices in management and operations

Risks	Mitigation Measures	Impact on Objectives
<p>Inability to successfully develop the network</p> <p>Due to the development, construction and maintenance of the communications network, MTS needs to make purchases of equipment and software, which is associated with significant capital investments.</p> <p>In addition, limitation of the frequency spectrum available for the development may prevent gaining all the expected benefits from network construction and weaken expansion effect.</p> <p>Network deployment may be connected with difficulties to obtain sites for base stations on commercially viable terms, to collect permits and certificates for telecommunications equipment and/or import and export permits for certain network equipment, which may delay procurement and interfere with network development plans.</p> <p>Starting from 2017, the issue of frequency resource allocation for the deployment of next-generation (5G) networks has been actively discussed in the telecommunications environment of Russia (including the relevant state authorities). The regulator's final decisions on spectrum distribution paths for 5G networks will significantly affect the development of the entire mobile communications market and may lead to a number of risks, including (but not limited to) increasing the time required for putting 5G networks into operation, increasing the level of capital and operating costs, the inability to exploit all the technological advantages of 5G due to the separation of 5G infrastructure and networks of earlier generations, the exploitation of market advantages by individual players due to the non-equal distribution of frequency resource or receiving other technological advantages associated with its distribution</p>	<p>While further investing into the development of infrastructure, the Company sees the opportunity for gradual reduction of our capital expenditures with maintained quality of the services provided. MTS with a number of partners conducts joint procurement procedures, as well as carries out joint construction and operation of network infrastructure elements. In addition to the economic benefits, within the framework of cooperation, technical and functional requirements, approaches and methods are unified.</p> <p>The company maintains ongoing contacts and closely interacts with representatives of regulatory bodies, industry associations, manufacturers of network equipment and other participants in the telecommunications market. Such interaction on the part of MTS is aimed at upholding the interests of the Company, maintaining an atmosphere of healthy market competition, dynamic and timely development of the state-of-the-art technological solutions and, as a result, at the formation of advanced and diverse customer experience. MTS PJSC is confident that all actions of the regulating authorities, in particular making decisions on the mechanism for deployment of 5G networks, shall be aimed at maintaining the long-term sustainability of the industry and take into account the interests of all parties, including consumers of services and operators.</p>	<ul style="list-style-type: none"> > Increasing network capacity and data rates to meet growing demand; > Effective network planning and investment optimization > Upholding the interests of the Company in matters of frequency resource allocation
<p>Inability to realize the benefits of investing in radio communications systems</p> <p>Key risks:</p> <ul style="list-style-type: none"> > impossibility to build 4G networks (including NB-IoT) and 5G networks in accordance with the planned terms or in accordance with the terms stipulated by the license conditions; > difficulties in ensuring quality and required level of service; > demand for 4G services (including NB-IoT) and 5G services in the markets of operation of MTS PJSC and its subsidiaries will be lower than expected. 	<p>MTS has significant experience in dealing with hardware and software vendors, as well as with regulatory authorities. This enables us to reach agreements under the most comfortable conditions for us, including in terms of delivery times and construction. The Company takes all necessary measures to comply with licensing conditions and other regulatory requirements, as well as carry out timely renewal of licenses and permits.</p> <p>MTS conducts regular monitoring of communication quality parameters and promptly reacts in case of identifying the need for additional capacity and bandwidth throughput in local areas of the network, which enables the company to maintain a consistently high level of service quality. With the help of marketing tools, MTS stimulates usage of data transfer services, thus increasing the degree of network resource utilization</p>	<ul style="list-style-type: none"> > Ensuring the best compliance with IoT technology requirements and infrastructure readiness for 5G implementation > Efficient capital expenditures planning > Increased operational efficiency by optimizing the operating costs associated with network operation

Risks	Mitigation Measures	Impact on Objectives
<p>In August 2021 the State Committee of Radio Frequencies extended for 10 years the duration of the decision on allocation of radio frequency bands in the ranges of 700, 800 and 2600 MHz for construction of LTE networks. The main conditions of the extension were the following:</p> <ul style="list-style-type: none"> > for the bands in the ranges of 800 and 2600 MHz: ensuring coverage of settlements with population of 1000 and more people and public motor roads of federal importance until September 2031 with the time schedule; > for the bands in the range of 700 MHz in case of their redistribution for mobile communications: ensuring coverage of settlements with population of 500 and more people and regional motor roads until the end of 2031 with the time schedule; > obligation to use domestic equipment since 2023. <p>In March 2022 the State Committee of Radio Frequencies moved the established time schedules for compliance with the conditions in part of ensuring coverage of settlements a year forward.</p> <p>The combination of the above changes, on the one hand, makes it possible to continue using the necessary radio frequency resource, and on the other hand, may result in additional costs for construction of the network infrastructure.</p>		

External environment risks

Risks	Mitigation Measures	Impact on Objectives
<p>Economic and social instability</p> <p>Economic and social instability, just like possible future downturns or a slowdown of economic growth in the countries where we operate may lead to a decrease in demand for the provided services, and have a negative impact on the financial condition of our corporate customers and partners, including financial institutions, which could lead to a decrease in our revenues and performance indicators and adversely affect the security of our assets.</p> <p>For example, an outbreak of a previously unknown strain of coronavirus (COVID-19) negatively affected the global economy, disrupted supply chains, created significant volatility in the financial markets and destabilized them. A coronavirus pandemic, among other things, can lead to a decrease in demand for MTS PJSC products and services, including international roaming services, higher prices from suppliers, as well as their refusal to finance purchases</p>	<p>MTS is monitoring the macroeconomic situation in the markets of operation of the Group companies, promptly and effectively responding to changes in the general economic background with the help of, first and foremost, rate tools. The Company is aimed at ongoing expansion of the range of services provided and is stimulating consumption, increasing the level of satisfaction of our customers in the corporate and mass segments. MTS pays great attention to ensuring optimal conditions for raising outside financing for the company, controlling the level, cost and structure of debentures, which makes it possible, in particular, to neutralize the negative effects of currency exchange rates variations under conditions of high volatility of foreign exchange markets.</p>	<ul style="list-style-type: none"> > Achievement of sustainable business development

Risks	Mitigation Measures	Impact on Objectives
<p>, reduction in production or untimely supplies of equipment, subscriber devices and the delays in provision of services. Given the high uncertainty due to the current epidemiological situation, including measures to counter the spread of the virus, we are not able to reliably and fully assess its potential impact on business of MTS PJSC, however, we admit that the current situation may negatively affect business, financial standing and performance of MTS PJSC.</p>		
<p>Besides, at the beginning of 2022, as a result of the continuing geopolitical conflict in Ukraine, the European Union, USA, UK and some other countries introduced new significant sanctions and export control in respect to Russia (territorial sanctions), certain economic sectors of Russia and some Russian and Belorussian individuals and entities. Continuation or expansion of such restrictions, as well as factors of uncertainty in connection with the regulatory environment change in Russia may put the additional compliance and operating tasks before the Company and adversely impact the business of the Company and its customers.</p>		
<p>Besides, some Western companies and stock exchanges suspended, stopped or limited their business in Russia not because of the laws applicable thereto, but at their own initiative. On February 28 the trading in all issuable securities (including ordinary shares of the Company) at the Moscow Stock Exchange were suspended until partial recovery of trading in shares on March 24, 2022 and complete recovery of trading at the Moscow Stock Exchange on March 28, 2022. Besides, on February 28 the New York Stock Exchange suspended trading in American Depositary Receipts (ADR) of the Company and some other Russian companies.</p>		
<p>It is difficult to predict further development of the above events, the circumstances may change very fast and often without a prior notice. In general the situation development is beyond the control of the Group. Besides, the risk that any member of the Group or individuals holding positions in the Group, or contractors of the Group are impacted by the future sanctions may not be excluded as well. Risks also include the risk of restriction and complete closure of access to the capital markets and the opportunity to obtain financing under the commercially justified terms (or to obtain any financing at all), risk of restrictions to import of certain equipment and software, and risk of RUB devaluation vs. other currencies, which may impact the Company. Besides, increase of the interest rate by the Central Bank of Russia will increase and may further continue increasing the cost of financing for the Company because of impact at credit facilities with the floating interest rate</p>		

Risks	Mitigation Measures	Impact on Objectives
<p>Regulatory risks</p> <p>Our business in the countries where we operate is regulated by governments; in particular, through licensing and laws. Legislation in the field of communication services is constantly changing.</p> <p>For example, the Ministry of Communications of the Russian Federation is currently considering the possibility of changing the concept and regulation of inter-operator interaction. In addition, an issue on changes in the existing approaches and rules in the field of regulating prices for the services of interconnection and traffic transit is being considered.</p> <p>In July 2021 the President of the Russian Federation signed the Law on implementation of Affordable Internet project (Federal Law No.319-FZ). According to the Law, since December 2021 free access shall be provided to socially important Internet resources, including websites of state authorities, non-budgetary foundations, portals of state and municipal services, and to other websites that will be determined by the Governmental Commission. To fulfil the above Federal Law, the Government of the Russian Federation made Resolutions No.2531 dated December 29, 2021 and No.2469 dated December 25, 2021, which contain the Rules for keeping</p> <p>a list of domestic socially important information resources and establish the Government Commission, also defining its objectives, rights and procedure for resolution adoption. The terms for the operator to provide free access are established by the rules for communication services provision. In January 2022 the Government Commission formed a List of domestic socially important resources, having included VKontakte social network and Unified Portal of State Services therein. In accordance with the legislation, MTS PJSC provides free access to such resources in the mobile network. This may significantly impact our business, financial position and the results of our activities, consequences for our business, financial position and the results of our activities.</p> <p>Federal Law dated December 30, 2020 No. 533-FZ (effective since June 1, 2021) amended Federal Law "On Communication", including by establishing a list of requirements to check personal data of subscribers for the cellular communication providers</p>	<p>MTS conducts regular monitoring of the legislation in order to meet the requirements set.</p> <p>As market representatives, the Company participates together with the regulatory authorities in working groups on the optimization of the regulatory framework in the communication industry.</p> <p>Regulatory risks are given special attention within the framework of strategic planning.</p>	<p>> Achievement of good operating indicators</p> <p>> Ensuring compliance with regulatory requirements</p>

Operational risks

Risks	Mitigation Measures	Impact on Objectives
<p>Financial risks</p> <p>A considerable part of the Company's expenses, including capital expenses, may be denominated in USD and/or EUR, while a large portion of income is denominated in the local currency of the countries where the Company operates.</p> <p>The situation in the Company's markets, including stability of the banking system, inflation, changes in the exchange rates of local currencies against USD and/or EUR, and the possibility for free conversion of currencies and making currency payments impacts the Company's operating performance and business results. Additional information is specified in the external environment risks — "Economic and Social Insecurity".</p> <p>The rate of the Company's development and its financial standing, among other factors depend on debt financing. Crises on financial markets, external limitations and sanction may restrict the ability of the Company to raise debt financing.</p>	<p>A number of portfolio structuring measures have been taken in order to reduce dependence on exchange rate fluctuations, including implementation of currency risk hedging program with the use of swaps (Eurobonds) as instruments</p>	<p>> Maintaining investment attractiveness by ensuring investment and operational efficiency growth</p>
<p>The contracts related to certain issues of MTS bonds, and also some loan agreements include restrictive provisions that limit the opportunities to raise loans and engage in various activities. Failure to comply with these contractual provisions could have resulted in default and, as a result, in a request to immediately repay the debt, which could have negative effects on business of the Company.</p>	<p>MTS is monitoring the implementation of the provisions of contracts and agreements for granting loans in order to comply with the financial covenants contained in the loan documentation.</p>	<p>> Maintaining investment attractiveness by maintaining an optimal level of debt</p>
<p>Risks of technological failures</p> <p>The ability to continuously provide communications services is one of the basic conditions of licenses and subscription contracts. An occurrence of process failures on our network and information resources due to a system malfunction, accident, or a violation of the network's security or information systems can adversely affect the ability to provide services to subscribers or affect other business processes, which can lead to significant negative consequences for the business, performance results and reputation of MTS PJSC.</p>	<p>In order to ensure stability of the network and continuity of communication services rendering, the network management system is centralized, and the telecommunication network operation system provides for regular maintenance and use of the backup telecommunications equipment.</p> <p>In order to protect and be able to restore data from information resources for critical facilities, the use of backup equipment is ensured, including that with a geographical distribution, and procedures for data recovery testing.</p> <p>Processes and systems for ensuring quality of information systems, as well as change monitoring and control are used on a regular basis in order to protect integrated information systems under the conditions of continuous changes.</p> <p>Information security in network management is provided by a complex system of technical and organizational information security measures.</p>	<p>> Achievement of good operating indicators</p> <p>> Achievement of sustainable business development</p> <p>> Ensuring compliance with the requirements of FZ-126, FZ-152 and other.</p>

Compliance with requirements

Risks	Mitigation Measures	Impact on Objectives
<p>Compliance risks</p> <p>MTS securities are traded on the U.S. stock market, and we are subject not only to Russian, but also to American anti-corruption legislation (US Foreign Corrupt Practices Act), and potentially to the anti-corruption law of the UK (UK Bribery Act). If an inconsistency of our actions or actions of third parties acting on behalf of or in our interests with these requirements is revealed, this may result in criminal and/or civil law sanctions against us.</p> <p>In March 2014, MTS PJSC received a request for information from the US Securities and Exchange Commission and the US Department of Justice regarding the investigation of the former subsidiary in Uzbekistan.</p> <p>In February 2019, the MTS Group reached a settlement with the US Department of Justice (DOJ) and Securities and Exchange Commission (SEC) in relation to the previously initiated investigation into the activities of the former subsidiary of the Group in Uzbekistan.</p> <p>The Group agreed with a restraint order issued by the US Securities and Exchange Commission ("Order").</p> <p>The district court of the Southern District of New York, USA, approved the deferred prosecution agreement (the "Agreement") concluded by the Group and the agreement on admission of guilt concluded by the Group subsidiary company in Uzbekistan. According to the terms of the agreements with the US Department of Justice, we agreed to pay the United States a fine of \$ 850 million (59,1 billion rubles as of December 31, 2018). The Group has accrued a provision for payment of the fine in the amount of USD 850 million (55,8 billion rubles as of the date of accrual) reflecting it as a loss caused by ceased operations in the consolidated profit and loss statement for the year ending on December 2018, 2018.</p> <p>In accordance with the terms of the Agreement and the Order, the Group agreed to introduction of independent supervision (monitoring) over compliance with their requirements. According to the terms of the Agreement and the Order, monitoring had to be first conducted for three years from the date of its establishment and the monitoring period could have been reduced or extended depending on certain circumstances. The final decision in this regard shall be made by the United States Department of Justice and the United States Securities and Exchange Commission. We received no notice about any violations of the Order or the Agreement from the US Department of Justice or the US Securities and Exchange Commission or the third-party compliance Monitor. Nevertheless, with account of some factors, including the COVID-19 pandemic, we agreed with the US Securities and Exchange Commission and the US Department of Justice to extend the duration of monitoring for one year, in order to provide (i) the Group with sufficient time for introduction of the</p>	<p>Starting from 2012, when a separate compliance division was established at MTS, the Company has been systematically developing a system for anti-corruption compliance in accordance with the best international practices.</p> <p>The Company has special rules and procedures in place for the prevention of corrupt practices, both on the part of employees and with respect to contractors¹.</p> <p>The main documents governing anti-corruption requirements within MTS are the Code of Business Conduct and Ethics, 2Policy "Compliance with anti-corruption legislation"³. Besides, procedures for assuring compliance with anti-corruption legislation are fixed in the regulations of the company's business processes.</p>	<p>> Support of fair and ethical business conduct and abuse prevention</p>

¹ For more information, see the section "Compliance and Ethical Culture".

² https://static.ssl.mts.ru/uploadmsk/contents/1655/Code_of_Business_Conduct_and_Ethics_illustrated.pdf

³ https://static.ssl.mts.ru/mts_rf/contents/537/Anti_Corruption_Laws_Compliance_Policy_rus.pdf

Risks	Mitigation Measures	Impact on Objectives
<p>necessary improvements into certain important elements of the business ethics and anti-corruption compliance program, (ii) the opportunity to complete the inspection of the Group actions, including introduction of the Monitor's recommendations and assessment of the resistance of actions taken by the Group. Therefore, the duration of the third-party compliance monitoring will last until September 2023</p>		
<p>Tax risks</p> <p>The system of taxation in the countries where MTS operates is undergoing constant changes; legislation in this area may be interpreted ambiguously. For example, poorly drafted Russian transfer pricing rules may increase the risk of price adjustment by tax authorities and lead to additional tax burden within transfer pricing control. This may complicate tax planning and related business processes, and may also have adverse material impact on MTS PJSC business, financial standing and operating results.</p>	<p>MTS meets the requirements of tax legislation in the countries of the Group's presence, is responding quickly to any changes and following the current trends in law-making, as well as the tax laws of Russia and foreign jurisdictions, which allows us to make timely integrated decisions in the field of tax planning and customs regulation. The Company regularly uses the experience of qualified consultants</p>	<p>> Achievement of sustainable business development</p> <p>> Compliance with requirements</p>



System for managing the key risks associated with the social aspects of business

The ability of MTS PJSC to maintain its position in the competition and implement its business strategy largely depends on the work of its employees. Care for employees is one of the main priorities of the Company, determining the success of its activities in the contemporary market. The Company is constantly improving social and labor relations in the following areas: occupational safety and health of employees, social support, opportunities for career and personal growth¹.

For effective communication with personnel, a number of opportunities are provided to enable any employee of the Company to contact the management, as well as express their views on the prospects and plans of MTS development, to submit proposals for optimizing certain business processes and services, and introducing new services. To assess the internal climate of the Company, we regularly conduct sociological studies that enable us to verify the strategy and tactics of HR work with the actual expectations of our employees.

The safety of employees and ensuring compliance with their rights at the workplace are the main com-

ponents of the corporate social responsibility of the Company.

Labor protection activities carried out by MTS PJSC are aimed at:

- > ensuring the priority of preserving life and health in the workplace;
- > improving the OSH management system;
- > Timely training of managers and specialists on labor protection;
- > Organization of preventive and periodical medical examinations of employees;
- > Timely provision of employees with special clothing and other personal protective equipment;
- > organizing production control and assessment of the special conditions of employment.

Risks related to violations in the field of health and safety

Description of risks

Possible risks of violations in the field of health and safety associated with training of employees, medical examination, provision of personal protective equipment, compliance with sanitary and epidemiological requirements, special assessment of working conditions, etc.

Mitigation Measures

MTS PJSC operates a GOST R ISO 45001-2020 (ISO 45001:2018) certified Occupational Health and Safety Management System (OHSMS). OHSMS includes the following: organizational structure; planning; distribution of responsibility; procedures; processes and resources for developing, implementing goals, analyzing the effectiveness of health and safety policies and measures. The main objectives of OHSMS include monitoring compliance with laws and other regulatory legal acts on health and safety. Health and safety specialists are regularly trained.

In 2020, MTS PJSC organized testing of employees for coronavirus and blood testing for antibodies; employees were regularly provided with protective masks, gloves, disinfectants; interaction with the bodies of Rospotrebnadzor was carried out.

MTS adopted a number of local regulations governing the main issues in the field of health and safety. The documents contain all the basic requirements and instructions in the field of health and safety, including the procedure for conducting internal control over status of working conditions.

The Company strictly adheres to the requirements of labor legislation and tries to take into account the interests of personnel as much as possible. The H&S

management system at MTS PJSC has been recognized at the regional and district levels.

¹ Detailed information is presented in the section "Sustainability", as well as in the Sustainability Report of MTS for 2021.

Risks associated with human rights violations

Description of risks	Mitigation Measures
Possible risks of human rights violations related to compliance with labor laws, non-discriminatory and ethical conduct, public statements, insurance deductions, observance of the rights of socially vulnerable groups, etc.	<p>MTS recognizes that a person, its life and health are the highest value.</p> <p>MTS services help to provide equal opportunities for education, development and self-fulfilment.</p> <p>MTS does not bear with discrimination in any form and manifestation, strives to create an inclusive and diverse environment and tries to adhere to the best world practices.</p> <p>Therefore, in 2021:</p> <ul style="list-style-type: none"> > the MTS policy in the sphere of social responsibility, diversity and inclusiveness was adopted; > ESG Committee under the MTS PJSC BoD was established; > the ESG strategy was adopted, which defines the main areas of the Company's social activities; > workplaces and offices of the Company were audited from the position of accessibility; > cooperation with Employment Centers (EC) of Moscow and regions was expanded; > employment of people with disabilities and middle aged persons for mass positions was started; > the program for working with the disabled, MTS Inclusion, was scaled, and employees and recruiters were adapted within such program; > research and surveys were conducted among the employees with special needs for their satisfaction with the employer's activities; > a new type of volunteering activity — Digital-volunteerism — was established as an important mechanism in the implementation of socially responsible actions under the conditions of COVID-19 pandemic; > the company increased the number of offers for pensioners and disabled people with the functionality of the eHealth line. <p>Risks in the field of human rights observance are regularly digitized according to the recommendations received based on the results of the external annual audit of compliance programs and the results of assessment of compliance risks at the level of business processes.</p> <p>MTS adopted local regulations governing the main issues of observance of human rights in the workplace. The documents consolidate key principles of respect for human rights and conduct of the Company's employees.</p>

There is a Unified Hotline at MTS, through which employees can file an appeal on issues of complex work situations¹.

¹ Information about requests received at the hotline is given in the section "Unified Compliance System of MTS PJSC".

System of managing the key risks associated with the environmental aspects of business

For the purposes of compliance with the requirements of nature-conservation legislation and ensuring environmental safety at MTS facilities, the Company developed the Policy of Environmental Safety and Protection, the fundamental principles of which were:

- > compliance with the requirements of the nature-conservation legislation of the Russian Federation;
- > compliance with the requirements of national and international standards in the field of environmental protection;

- > improved level of environmental awareness and education of all Company employees;
- > implementation of environmental socially significant projects;
- > openness and availability of environmental information;
- > reduced level of negative impact at environment and aspiration for sustainability.

The principle of respect for nature forms the basis of social responsibility of the MTS business: The company strives to have a minimal impact on the environment and reduce it as much as possible².

Risks related to violations in the field of ecology

Description of risks	Mitigation Measures
<ul style="list-style-type: none"> — Failure to meet the requirements of environmental reporting provision. — Doing business without state registration of a facility with a negative environmental impact. — Failure to meet the requirements in the field of environmental control and monitoring. — Doing business without permits issued in accordance with the established procedure for emissions of pollutants into the atmosphere, waste handling 	<p>The Environmental Safety and Environmental Protection Policy has fixed/provided for a set of processes that ensure compliance with environmental legislation. Namely: the need for issuing permits and updating data, objectives for planning, financing and logistical support for implementation of environmental programs and environmental protection (EP) measures, the need to undergo training in the field of environmental protection, conducting industrial environmental monitoring (a set of preventive actions aimed at eliminating the possibility of an emergency and damage to the environment).</p> <p>At the level of CC and the regions, changes in the requirements of environmental legislation are monitored.</p> <p>MTS regularly makes the payment provided for by the legislation for adverse impact at the environment, bears the costs associated with waste management and atmospheric air protection, as well as with the reduction of risks associated with government regulation in the field of environmental protection and maintaining the image of the Company's environmental sustainability.</p> <p>MTS regularly reports under the forms of the state reporting and prepares non-financial reporting on the activities of MTS Group of Companies in the field of environmental responsibility and safety at the level of the Committee for Sustainable Development and CSR under the President of MTS and within the framework of the working group on environmental issues and responsible finance</p>

The work on environmental protection is aimed at the implementation of measures of an organizational, technological and sanitary-hygienic nature with

the aim to prevent and reduce the harmful effects of economic activities on the nature and health of people.

¹ Detailed information is presented in the section "Sustainability", as well as in the Sustainability Report of MTS for 2021.

CAPITAL AND SECURITIES

/ SHARE CAPITAL

The authorized capital of the Company comprises

RUB
199,838,157.50

and is divided into 1,998,381,575 ordinary voting shares with par value of 0.1 rubles each. No preferred shares were issued.

Placed and declared shares in MTS PJSC as of May 17, 2022¹

Share categories (types)	Placed shares	
	Quantity (pcs.)	Nominal value of one share (RUB)
Ordinary shares	1,998,381,575	0.1
Voting shares	1,998,381,575	0.1
Preferred shares	0	0

Share categories (types)	Declared shares	
	Quantity (pcs.)	Nominal value of one share (RUB)
Ordinary shares	100,000,000	0.1

¹ Date of preliminary approval of the 2021 Annual Report of MTS PJSC by the Board of Directors of MTS PJSC.

Information about persons owning shares in MTS PJSC as of May 17, 2022¹

	Number of ordinary shares	Interest of authorized capital
Sistema PJSC ^{2,3}	841,019,563	42.085% ⁴
MGTS PJSC ⁵	5,452,327	0.273%
Stream Digital LLC ⁴	87,245,832	4.366%
Bastion LLC ⁴	182,613,298	9.138%
MTS PJSC	38,709,168	1.937%
Shares in free circulation ⁶	843,341,387	42.201%
Total	1,998,381,575	100%

¹ Date of preliminary approval of the 2021 Annual Report of MTS PJSC by the Board of Directors of MTS PJSC.

² Stake of Sistema PJSC also includes the stake of its subsidiary Sistema Telecom Assets LLC (11.03% shares of MTS PJSC).

³ The beneficial owner of Sistema PJSC, who owns 49.2% of the authorized capital, is Vladimir Petrovich Evtushenkov, a citizen of the Russian Federation.

⁴ The effective participation share Sistema PJSC in the authorized capital of MTS PJSC is less than 50%.

⁵ MGTS PJSC, Stream Digital LLC and Bastion LLC are subsidiaries of MTS PJSC.

⁶ Includes 16.74% of shares in MTS PJSC and ADR for 25.47% of shares in MTS PJSC.

Information on the number of shareholders

Total number of persons registered in the shareholder register of the issuer as of the end of Q1 2022: **980**.

Total number of persons included in the list of persons compiled by the latter (as of August 27, 2021) having a right to exercise (implement) rights to shares of MTS PJSC and for compilation of which

nominal issuer's shareholders presented data on persons, for the benefit of whom they owned (own) shares of MTS PJSC: **402,017**.

The management of MTS PJSC has no information¹ about existing share ownership interests exceeding 5% of authorized capital of MTS PJSC apart from the above-mentioned.

¹ Information is understood as documented data received by (transferred to) the management.

For updated information about the shareholder capital structure visit the Company's website



[Structure of Shareholder Capital of MTS PJSC — Moscow \(mts.ru\)](https://mts.ru)

/ INFORMATION ABOUT SECURITIES

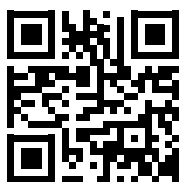
Shares

Shares of MTS PJSC are circulated on the leading Russian platform — Moscow stock exchange (MOEX) and are listed on the New-York stock exchange in the form of American Depositary Receipts — ADR (ratio: 1 ADR to 2 shares). From October 3, 2003, shares in MTS PJSC were included in the list of non-listed securities of the Moscow Interbank Currency Exchange. In December 2003, shares in MTS PJSC were included in “B” quotation list at MICEX. Since October 2010, shares have been traded in the “A1” quotation list. Since June 2014, shares in MTS PJSC have been traded in the first level of the MICEX securities list.

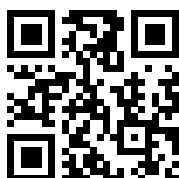
The ordinary shares in MTS PJSC gives for its owner (shareholder) a given volume of property rights, including the right to participate in the Company's management, the right to obtain a portion of Company's profits in the form of a dividend as well as the right to obtain a portion of the property left after Company's liquidation.

The Company's issued and placed shares are ordinary registered shares in the same par value.

Information about current lists and transaction prices



<http://www.moex.com>



<http://www.nyse.com>

Information about the circulation of shares in MTS PJSC on stock exchanges

Trading Platform Name	Issuer Code
NYSE, New York	MBT
MOEX, Moscow	MTSS

Price and volume of shares in MTS PJSC (RUB), 2021

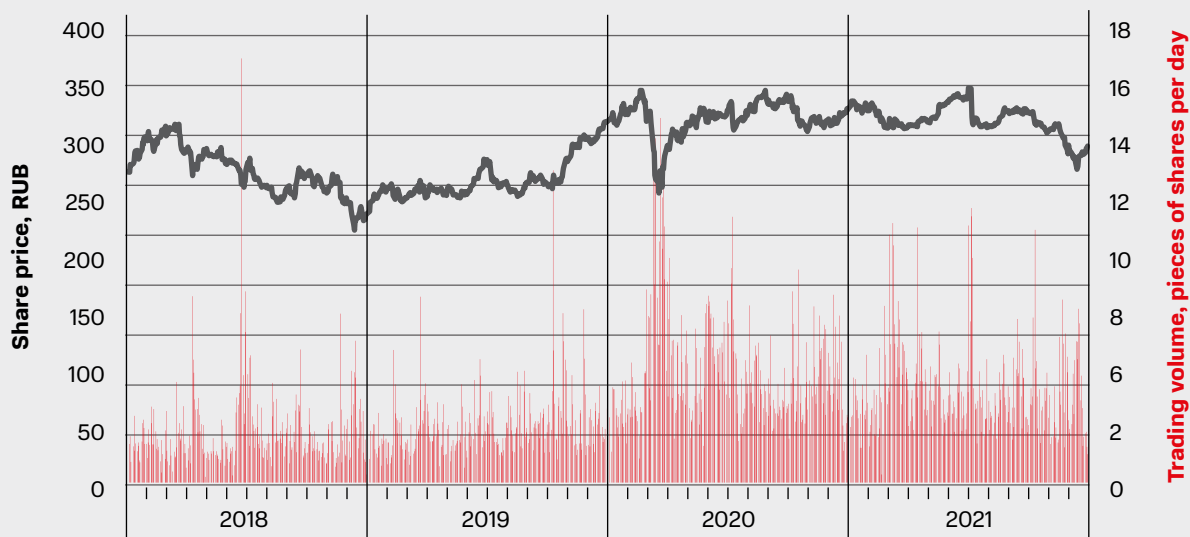
MICEX	Price (RUB)
Minimum share price	265.7
Maximum share price	350.95
Average daily trade volume (pcs.)	3,681,277
Price as of December 31, 2021	298.6

Price and volume of American Depositary Receipts of MTS PJSC (USD), 2021

NYSE	Price (USD)
Minimum ADR price	7.47
Maximum ADR price	10.08
Average daily trade volume (pcs.)	2,850,828
Price as of December 31, 2021	7.95

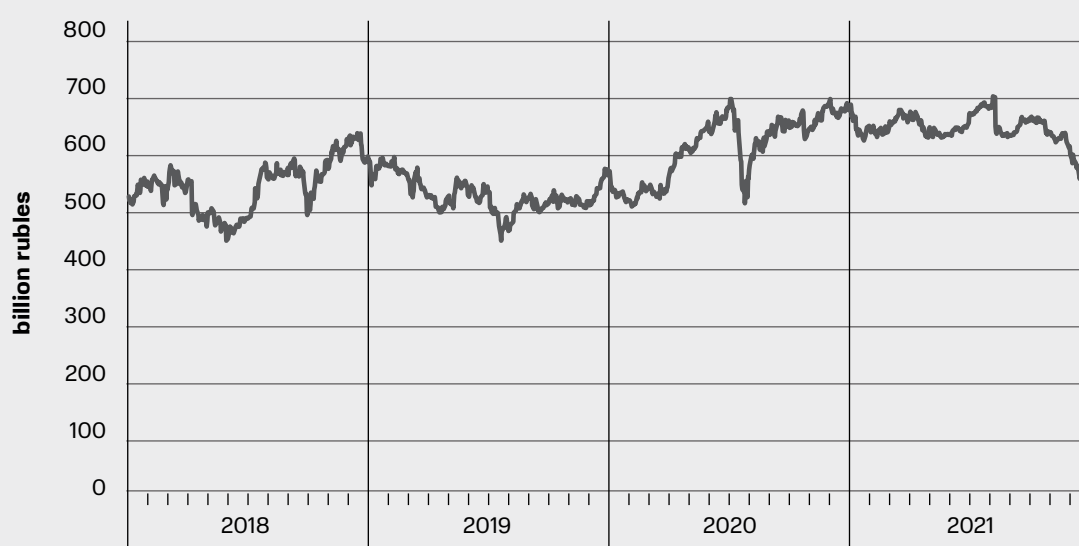
Dynamics of prices and volume of trading in MTS PJSC common shares

Trading platform: MOEX (Moscow), issuer code MTSS



Market capitalization of MTS PJSC¹

Trading platform: MOEX (Moscow), issuer code MTSS



¹ Bloomberg data.

American Depositary Receipts

On June 30, 2000, MTS successfully floated the issue of American Depositary Receipts (ADRs) of the third level at the New York Stock Exchange. MTS PJSC became the second company in Russia to implement the ADR program of the highest level.

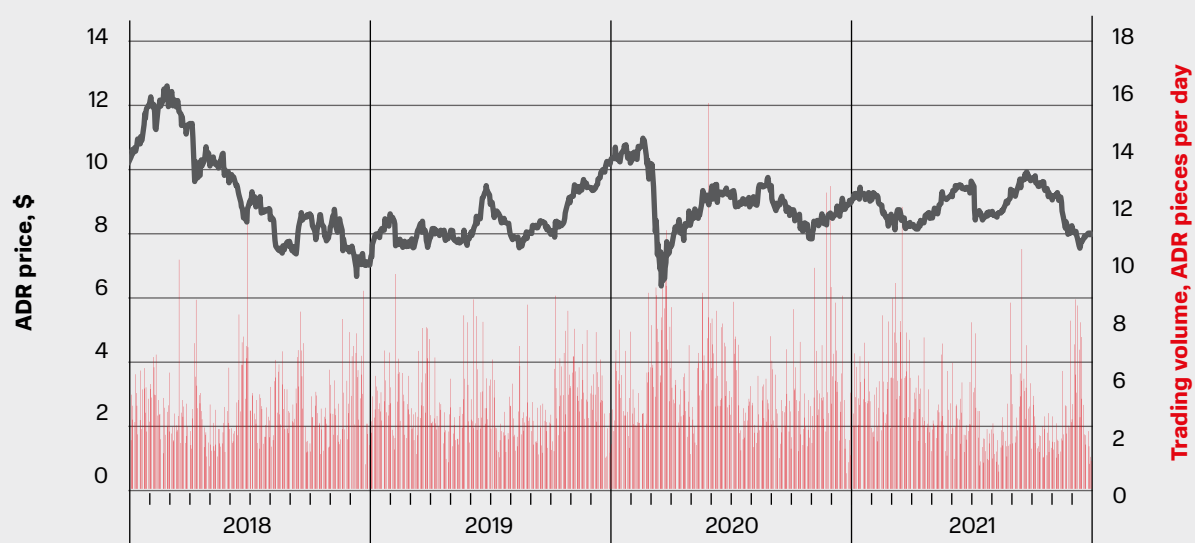
On April 20, 2010, MTS PJSC announced a change in the ratio between ADRs and company shares starting from May 3, 2010. As a result of this change, the ratio of ADRs to ordinary shares was changed from 1:5 to 1:2. Thus, holders of MTS ADRs registered at the end of the work day of April 28, 2010 received additional 1,5 ADRs for every available ADR.

As of December 31, 2021 the total number of ADRs for ordinary registered share without treasury shares amounted to 254,453,786 ADRs, which makes up 508,907,572 ordinary registered shares or 30,61% of the Company's shares beyond the Group.

A depository under the ADR program and shareholder of MTS PJSC is JP Morgan Chase Bank, N.A., to which a depository account of depository programs was opened.

Dynamics of prices and volume of trading in American Depositary Receipts of MTS PJSC

Trading platform: NYSE (New York), issuer code MBT



/ DIVIDENDS AND SHARE REDEMPTION PROGRAM

History of dividend payment in 2021

For the calendar year 2021, the total amount of dividends was 37.06 rubles per ordinary share of MTS (74.12 rubles per ADR¹). The total amount of payments amounted to 74.1 billion rubles.

More detailed information on payment of dividends is available on the MTS website at:



Dividends — Moscow
(mts.ru).

Share buyback in 2021

In March 2021, MTS launched a program of buyback of own ordinary shares and American depository shares for a total amount not exceeding RUB 15 billion. In July 2021, MTS completed the share buyback program announced on March 31, 2021.

From the moment of announcement of the Program for Acquisition of Ordinary Shares and American Depository Shares (ADS) implemented by a 100% subsidiary of MTS PJSC — Bastion LLC, 45,401,921 ordinary shares were bought back (including ADS) for the total amount of around 15 billion rubles, which amounts to 2.27% of the total number of placed shares of MTS PJSC. This number includes 22,796,040 ordinary shares (including ADS) purchased from Sistema PJSC and its subsidiaries: Sistema Telecom Assets LLC and Sistema Finance S.A.

In December 2021 MTS completed buyback of shares in connection with the extraordinary general meeting of shareholders (EGMS) held on September 30, 2021. In accordance with the legislation of the Russian Federation, the owners of MTS ordinary shares who abstained from voting or voted against certain items on reorganization at the extraordinary general meeting of shareholders, had the right to present its shares for buyback. In total in Q4 MTS PJSC bought back 28,504,570 ordinary shares for the amount of 9.3 billion rubles.

Dividend Policy

The current dividend policy for 2019–2021 was approved on March 21, 2019 by the MTS Board of Directors, in accordance with the policy, the target dividend yield is at least 28.0 rubles per ordinary share of MTS PJSC (56.0 rubles per ADR) per during each calendar year.

The dividend policy provided for dividend payment in two instalments during a calendar year — annual payments based on the results of the previous year and payment of interim dividends for the first six months of the current year. When determining dividend payments, MTS takes into account a number of factors, including operating cash flow, capital expenditures and debt position.

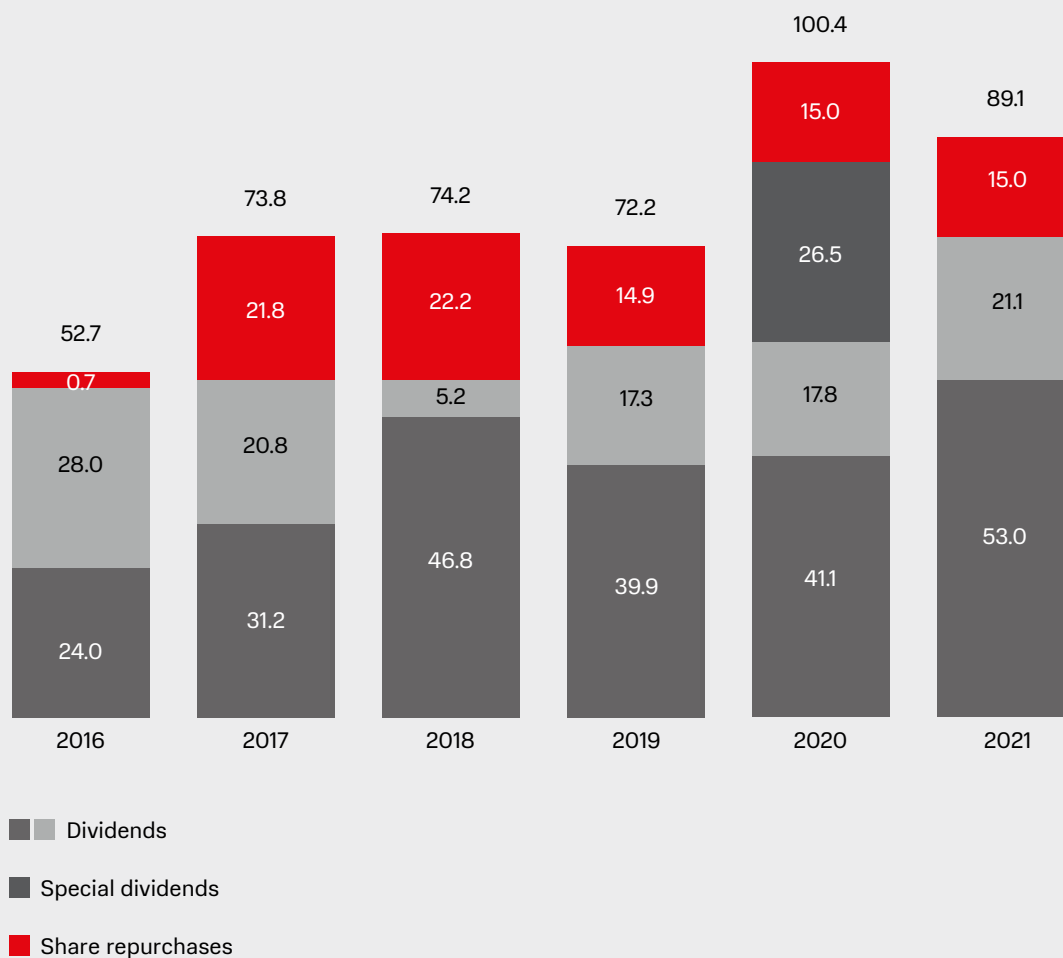
In addition to regular payments within the framework of the dividend policy, the Company may increase the shareholders' benefit by implementing a program of share redemption in the open market. When deciding on the launch and size of the redemption program, the Board of Directors takes into account the current availability of funds, operating performance indicators, the amount of debt, the Company's future cash requirements and the overall market situation.

¹ American Depository Shares

/ DIVIDEND POLICY

Dividends and buyback of shares ¹

RUB billion



¹ Dividend payment includes dividend paid on quasi-treasury stock. The amount may vary due to rounding of individual digits. Share buyback according to the Program of Share Buyback.

74.1
RUB billion

Total dividend payout for 2021

/ BONDS

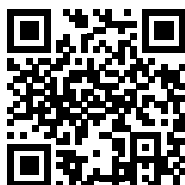
MTS PJSC is one of the largest issuers of corporate bonds in Russia. The Company uses funds from

bonds' placement for debt portfolio refinancing and implementation of its investment program.

For the period of 2021, the following bond issues were issued / redeemed.

2021	RUB 4.5 billion	The eighteenth issue of exchange-traded bonds 001P-18 with the maturity term of 3 years
	RUB 10 billion	Bonds of series 001P-02 were fully redeemed
	RUB 10 billion	Bonds of series 001P-05 were fully redeemed

Detailed information on previous bond issues can be found on the websites:



<http://www.disclosure.ru/issuer/7740000076/>



<https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii/vipusk-cennih-bumag>

Issue of bonds in 2021

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-18 series
Coupon	Coupon 1–6 — 6,5% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	4,500,000,000
Placement date	March 26, 2021
Date of maturity	March 22, 2024
ISIN Reg No	RU000A102VL3
Offer	-

/ INTERACTION WITH SHAREHOLDERS AND INVESTORS

One of the most important goals of MTS is to maintain strong trustful relationships with shareholders and investors, based on the principles of direct dialog in accordance with the relevant legislation and prevalent international practices.

The current information disclosure system is built taking into account the requirements of listing rules of the Moscow and New-York stock exchanges, operates in the Company and ensures compliance with the transparency principle.

In order to improve its activities in the sphere of compliance with the interests of investors and shareholders, and the establishment of trusting relations with partners, MTS continuously strives to improve the level of its transparency and openness.

In accordance with the principle of general availability, the Company publishes announcements of significant events on the website of the US Securities and Exchange Commission¹, on the website of the Russian Information Agency (news feed)², on the official website of MTS: for shareholders³ and investors⁴.

MTS also publishes other information on its official website. The "For investors and shareholders"⁵ section includes internal corporate documents, annual reports, sustainability reports, materials for shareholder meetings, information on the registrar and auditor, information on dividend policies, quarterly financial statements under IFRS and RAS, and information on quoted prices of shares and bonds. The Company's management is involved in the maintenance and development of an effective dialog with equity market participants. MTS representatives regularly participate in international conferences, hold meetings with investors, and organize days of analysts. Quarterly publication of financial results is carried out with phone conferences or webcasts involving MTS top managers. Financial statements are published as supported by presentation materials

for better coverage of achieved results and presentation of the Company's strategy.

In 2021, the MTS IR team issued more than 90 press releases and blog posts, as well as held more than 100 in person and online meetings with representatives of leading institutional funds and investment banks, inter alia within the framework of 15 international conferences. In 2021 the Company's business was still impacted by the pandemic and related restrictive measures, therefore MTS built efficient communications with the investors in online format.

Company's management and IR-team are continuously improving their interaction with investors and shareholders, using the best experience of other companies and monitoring the latest legislation changes and key standards in this area.

In order to promptly respond to stakeholder appeals to the Company, the information resource "Unified Hotline" has been created. The subject of communications covers a wide range of issues related to the various activities of MTS and its subsidiaries. A single hotline enables all stakeholders to receive comprehensive information on topics of interest.

The list of the main stakeholders of MTS PJSC includes shareholders, investors, employees, customers / subscribers, mass media, the state, local communities, business.

In case of questions related to MTS activities, investors may contact the services on interaction with shareholders and relations with investors.

¹ <http://www.sec.gov>.

² <http://www.disclosure.ru>.

³ <http://www.company.mts.ru/comp/ir/control/data/>.

⁴ <http://www.ir.mts.ru>.

⁵ <https://moskva.mts.ru/about/investoram-i-akcioneram/>.

Contact information for investors and shareholders

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Investor's calendar for 2022

The investor's calendar is posted on the MTS website at:



[Investors.calendar.moscow.mts.ru](https://investors.calendar.moscow.mts.ru)

Matters of interest for investors

The issues that interested investors in 2021 can be divided into three main blocks.

Macroeconomic matters:

- > the impact of the pandemic on the Company's business;
- > investment appeal of the Russian market;
- > main macroeconomic parameters and their impact on the company's business.

Industrial matters:

- > main trends and drivers of the industry;
- > competitive environment;
- > pricing policy;
- > recovery of roaming;
- > frequency distribution, the beginning of construction of 5G networks in Russia;
- > regulatory environment.

Matters related directly to the company's business and performance:

- > the Company's development strategy;
- > allocation of tower assets for subsequent sale;
- > allocation of active infrastructure and cloud assets in MTS Web Services JSC;
- > capital investments, Yarovaya Law;
- > dividend policy and share buyback program;
- > development of the ecosystem, including Fintech and Media verticals;
- > launch of new services and products, partnerships;
- > ESG Strategy.