



**2021**

**ANNUAL  
REPORT**



PRE-APPROVED

by the resolution of the Board of Directors of MTS PJSC  
on May 17, 2022, Minutes No. 232

APPROVED

by Annual General Meeting of Shareholders of MTS PJSC  
on June 22, 2022, Minutes No. 54

## DISCLAIMER

This Annual Report has been prepared by MTS PJSC solely for information purposes and may contain statements based on predicted data or forecasts. Such statements or forecasts relate to matters other than historical facts or statements, and reflect the Company's intentions, beliefs or current expectations concerning, inter alia, performance results, financial condition, liquidity, efficiency, prospects, growth rates, and strategies of the Company and the industry in which it operates. The nature of the statements based on predicted data and forecasts implies risk and uncertainty, as they relate to events and depend on circumstances that may, or may not arise in the future. The Company cautions that statements based on predicted data and forecasts do not guarantee future performance and that actual performance results, the financial condition and liquidity of the Company, as well as changes in the industry in which the Company operates may differ significantly from those stated or assumed in the statements based on predicted data or forecasts contained

in this report. Factors that may lead to material differences between the actual results and the assumptions contained in statements based on predicted data or forecasts include general economic conditions prevailing in the markets in which the Company operates, competitive environment and risks associated with operating in such markets, market change in the industry and related industries, as well as other risks affecting the Company and its activities. Moreover, even if the Company's performance results, financial condition and liquidity and the changes taking place in the industry in which the Company operates match those set forth in the statements based on predicted data or forecasts presented herein, those results or changes may not be illustrative of the results or changes in future periods. The Company does not undertake any obligation to review or confirm expectations or estimates, or update any statements based on predicted data or forecasts to reflect the events or circumstances occurring or arising after the date of this report.

# INFORMATION ABOUT MTS<sup>1</sup>

Mobile TeleSystems Public Joint Stock Company (MTS PJSC) is a leading company in Russia and the CIS providing mobile and fixed telephony services, data transfer and internet access, cable and satellite TV broadcasting, provider of digital services, including fintech and media within ecosystems and mobile apps; provider of IT solutions in the field of unified communications, the Internet of Things, monitoring, data processing and cloud computing. More than 88 million subscribers in Russia, Belarus and Armenia use mobile communication services delivered by MTS Group. MTS holds a leading position in the Russian mobile business market by servicing the largest subscriber base accounting for 80 million users. MTS fixed-line services being telephony, Internet access and TV broadcasting cover more than 10 million households, pay TV services in various environments — more than 8 million users, ecosystem

services — almost 9 million subscribers, services of the subsidiary MTS Bank — about 3 million customers. The company has a retail chain of 5,630 retail outlets in Russia delivering customer service, mobile device sales and financial services. The largest shareholder of MTS is Sistema PJSC. MTS stock has been listed on the New York Stock Exchange in the form of American depository receipts under MBT code, on the Moscow exchange — under MTSS code.



[Detailed information about MTS — Moscow \(mts.ru\)](https://www.mts.ru)

<sup>1</sup> In this Annual Report, the terms “MTS PJSC”, “MTS” and the “Company” should be understood as Mobile TeleSystems Public Joint Stock Company, and the terms the “MTS Group”. “Group” should be understood as a group of companies consisting of MTS PJSC and its subsidiaries. The figures contained in this Annual Report are as of December 31, 2021, unless other periods or dates are expressly indicated.

## WHERE TO FIND THE ANNUAL REPORT

**The Annual Report is available online (interactive version) and in PDF format**



[Annual statements — Moscow \(mts.ru\)](https://www.mts.ru)

**In addition, MTS publishes sustainable development reports on an annual basis**



[Sustainable Development Report — Moscow \(mts.ru\)](https://www.mts.ru)

# WELCOME TO THE 2021 MTS PJSC ANNUAL REPORT!

We would like to bring to your attention the Annual Report of MTS PJSC following the results of 2021.

This is the 22th report — we have been preparing them for you, starting from 2001.

## Purpose of the 2021 Annual Report

The MTS Annual Report is a tool of our openness and transparency that allows making investors and shareholders, as well as customers aware of the important solutions and Company operation results. It is also one of our mechanisms for internal evaluation of effectiveness and efficiency of the management processes and product offers, which allows us to maintain a high level of resilience to the arising challenges, competitiveness and market leadership.

The Report provides consolidated information on the main results of the Company's business in accordance with its strategic goals and objectives for the short, medium and long run.

## Key topics of the Report

As part of the Annual Report, we inform shareholders, the investment community and all stakeholders as openly as possible about the condition and prospects of our business. We strive to provide comprehensive and unbiased information about the Company, the environment where we operate, a general situation in the markets of our presence and the trends that we observe there. Our primary goal is to help shareholders understand the specifics of our business, our strategic priorities and demonstrate the results of yearly operations in the context of the strategy implementation. Thus, we contribute to correct assessment of the risks and benefits of investing in MTS and, as a result, to informed investment decisions made by the market participants.

In addition to this general obligatory part, we focus on two key separate topics in the 2021 Annual Report.

- > The first results of MTS transformation into an IT company with a large-scale ecosystem of digital

products. Since the adoption of the new CLV 2.0 strategy in 2019, we have been implementing multi-service solutions allowing us to attract new customers and meet the growing needs of the existing ones. During this time, MTS has been able to strengthen its leadership in telecom, while simultaneously developing a new business.

- > In 2021, MTS systematized the ongoing ESG initiatives, which resulted in the approval of MTS ESG strategy. In this Report, the Company's activities in the field of sustainable development are viewed through the prism of the new ESG strategy, which determined the main directions for optimizing business processes and launching the initiatives contributing to sustainable development of the Company.

In 2021, the MTS Strategy for Sustainable Development and Corporate Social Responsibility<sup>1</sup> was updated, that fixed the Company's strategic priorities in this area for the period up to 2025. In accordance with the document, MTS assumes obligations to act proactively in the interests of achieving 14 of the 17 established UN Sustainable Development Goals (UN SDGs)<sup>2</sup>, corresponding to the Company's capabilities within its industry specifics and social role. With regard to the other three UN SDGs, the Company undertakes to act at the request of stakeholders and additionally consider the possibility of participating in activities to achieve them.

The Report has been prepared in accordance with the statutory requirements of the Russian Federation, as well as the regulatory requirements applicable to MTS:

- > Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995;
- > Bank of Russia Regulations No. 714-P dated March 27, 2020 "On Disclosure of Information by Issuers of Equity Securities";
- > recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2014.

In addition, when preparing the Annual Report, the Company was guided by international standards and best practices in the area of public annual reporting.

<sup>1</sup> <https://moskva.mts.ru/about/mts-dlya-obshchestva/principy-korporativnoj-socialnoj-otvetstvennosti/socialnaya-otvetstvennost/strategiya-socialnoj-otvetstvennosti>

<sup>2</sup> The UN Sustainable development goals are the 17 Goals adopted by all UN Member States in 2015 as part of the Agenda for sustainable development for the period till 2030, which sets out a 15-year plan to achieve them ([Home - United Nations Sustainable Development](https://www.un.org/sustainabledevelopment/)).

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# MESSAGE FROM THE BOARD OF DIRECTORS' CHAIRMAN

**Dear shareholders,**

**Hereby, I present to your attention the following Annual Report, in which we will cover the operations of MTS PJSC throughout 2021, the results of our activity in the key business areas and those of MTS Group in general.**

Two years ago, at the very beginning of the pandemic, facing extreme uncertainty about the future, we spoke about the fact that the results of our company operations are of particular importance for ensuring the continuity of the activities of enterprises and government bodies, for normalizing public life, mitigating the economic and social consequences of the challenge faced by our country and the global community. This understanding encouraged us to adapt to the new conditions quite fast, we learned how to be efficient subject to seriously limited personal communications, while a flexible approach to the work format and the technical and organizational measures taken made it possible for thousands of our employees to work remotely to the fullest extent. Where the need for direct physical contact remains, we have ensured maximum physical security for the customers and the company employees. All this provided complete continuity of business processes enabling us to meet all the tasks we faced and reach our targets.

Under the current unfavorable conditions, we saw not only threats, but also opportunities, consisting in accelerating digitalization processes and growing demand for telecom and digital services. We took advantage of these opportunities thanks to the vigorous work of the Company management and all employees, which I would like to highlight separately. Our efforts resulted in a logical outcome — we managed not only to keep our existing positions, but also to ensure business growth in general, as well as to achieve the target levels in terms of key operational performance indicators. As a result, during 2021, revenue growth for MTS Group amounted to 8% with OIBDA growth at 6.6%, while the capital expenditure

program in the amount of BRUB 111 as implemented in full.

Last year, MTS continued to work on filling its own ecosystem offer. We see the customers' growing interest in our digital services, in convergent products and MTS Premium subscription, we notice a steady increase in the number of their active users. Moreover, 2021 has become a landmark year for us in this sense, as more than a half of the revenue growth of the Group was provided by the contribution of digital products not related to the telecom part of our business.

Separately, I would like to mention one more 2021 result not directly related to our marketing initiatives and, probably, not attracting close attention of a wide audience. Nevertheless, its importance for the further MTS Group development cannot be overestimated. I refer to the adoption of the strategic principle of giving promising business areas maximum independence, up to their separation into separate companies in the medium and long run, at the level of senior executives and the Board of Directors. Due to this, we plan to achieve the following: greater focus of direction management on creating high-quality products, transparency and flexibility in building internal interaction and strengthening the motivation of product teams. The ultimate strategic goal of implementing this approach is to liberate digital areas from being evaluated by investors using conservative telecom multipliers and to achieve their fair evaluation in accordance with industry specifics and their operation results. It shall be noted that, even with area allocation to independent companies, we intend to provide such conditions that will pre-

**534**  
**billion RUB**

**Revenue of MTS Group**

**+8%**

**229**  
**billion RUB**

**OIBDA of the Group**

**+6.6%**

serve the ecosystem links between them, which will help maximize the overall synergy. In any case, MTS will remain a full-fledged Group, where all businesses operate in unison based on common strategic guidelines. We believe that this approach will help change the perception of us by the investment community and significantly increase the fundamental shareholder value of MTS Group.

Over the past year, the Company has made a number of appointments relating to positions of senior executives, which were evolutionary in nature and were part of our managerial rotation practice. The most striking was the appointment of Vyacheslav Nikolaev to the position of President of MTS in March 2021. Mr. Nikolaev has been a member of our team for many years, he is one of the company management structure architects, he is fluent in the Company functioning features and deeply immersed in all key business processes. I am pleased to welcome Mr. Nikolaev in his new position and I also would like to thank Alexey Kornya, who previously held this position, for his contribution to the development of MTS, for his efforts aimed at establishing MTS as a digital player.

The beginning of 2022 brought new challenges that we cannot have a significant impact on, but that do have a significant impact on us. The format of my message does not allow me to delve into analyzing the situation and its possible consequences, so I will limit myself to the key theses on the matter.

- > The majority of our business is focused on the domestic Russian market, and the markets of our operation are subject to limited exposure to external impacts and do not experience a significant decrease in demand or a radical change in conditions for the companies operating in them. This is especially true of our telecom core, which sets us apart from other digital players whose

business model was built around the sources of value that are more subject to current changes.

- > We pay special attention to potentially problematic areas, such as hardware and software supplies, logistics, and partnership projects. We quickly react to the changing situation and ensure continuity of all key business processes.
- > Our strong financial position, efficient debt management process and convenient leverage level provide us with a good safety and stability margin.
- > The fact of foreign players leaving the market opens up a wide window of opportunities for us, primarily in the field of digital services, with which we associate the principal prospects for our growth.
- > The general complication of access to funding for the Russian companies opens up additional opportunities for us in the field of M&A and participation in promising projects, which we intend to take advantage of.

Separately, I would like to note that, thanks to a balanced HR policy, we do not observe a churn of employees in any areas or functions. Moreover, a positive factor in staff retention is the remote work practice implemented in the company, which has been actively promoted by us in connection with the threats of the pandemic, and now allows employees to fully participate in the Company operations in the conditions most favorable for them without loss of efficiency. As for senior executives, we continue to act in a coordinated manner, as a single team, with all the managers performing their functions to the fullest extent. I would like to thank all the employees of our company, who, despite the high degree of emotional stress, continue to demonstrate unity, do



their job well and are looking for new ways to develop the current projects.

In terms of the investment community's assessment of MTS Group as an asset, we are obviously in a "turbulent" state; we understand that the current quotes are subject to external factors and emotional decisions not related to the real fundamental and business value. This is not the first time we are facing such a situation, and, just as before, for some, it's a time of hardship, while for others, it's a time of opportunity. I would like to wish our investors to stay wise in making decisions and take into account the fact that we have proven multiple times that we always act in the best interests of our shareholders and aim at long-term growth of the shareholder value of the Company.

In conclusion, I would like to emphasize again that our business is in excellent shape and the history of our company has repeatedly proven the ability to demonstrate consistently good results, regardless of the conditions and challenges that we face. The tele-

com core is a stabilizing factor for us, as this market shows the least drop in demand, which has already been observed during the crisis. The promising digital areas, with which we associate the prospects of growth in the current conditions, open up a number of opportunities for us, which, as a result, may outweigh the negative impact of the environment. We have an efficient and balanced strategy aimed at long-term value growth. Depending on external conditions, we are ready to locally adjust the targets, review the framework for implementing some projects, yet, at the moment we do not see the need for radical strategy changes. We continue to think positively, while acting pragmatically and vigorously. We are facing another challenge that mobilizes us and we perceive the next crisis as an opportunity to enter a new development round, which is what we are striving for.

**Felix Evtuschenkov,**  
**Chairman of MTS Board of Directors**



**MESSAGE FROM  
THE PRESIDENT**

## Dear friends and colleagues,

Together with the entire MTS team, we were lucky to get an interesting and ambitious task: we are creating a sustainable, competitive and dynamically developing digital ecosystem based on the strongest telecom brand in Russia. This is a big challenge in the current competitive environment and an equally big responsibility to our shareholders, customers and employees.

In 2021, we managed to implement a number of important strategic initiatives and achieve sustainable financial performance in terms of both revenue and net income. MTS grew at a rate faster than the market rate and increased its year-on-year consolidated revenue by 8% to 534.4 BRUB and net income by 3.4% to 63.5 BRUB, respectively. Our core telecom business went on demonstrating stable and strong growth in both mobile and fixed-line segments. The launch of KION online cinema provided MTS with a strategic breakthrough in the field of media, the retail chain demonstrated increased sales of smartphones and accessories. The revenue in the cloud technologies segment almost doubled year-on-year; while the reliability of MTS Bank's business strategy allowed it to quickly achieve a significant scale and autonomy in the financial transactions market.

We are proud of the actively developing system of partnerships for creating new digital products. In 2021, the number of users of the MTS digital ecosystem increased by 40% accounting for almost 9 million of them today. I would like to note that, in 2021, the MTS Premium subscription, the number of users of which has doubled over the year, is recognized in Russia as one of the ecosystem subscription leaders.

We see the efficiency of the Company's long-term development strategy aimed at creating the best user experience for dozens of millions of private and corporate customers. Our operating results made it possible to demonstrate a decent level of return for our shareholders: in 2021, MTS completed the implementation of a three-year dividend policy and a share buyback program at the end of the year.

For the past two years, we have lived and developed our business in the tough pandemic conditions. This time has become an important stage in the internal MTS transformation: we have dramatically accelerat-

ed digitalization and adapted our business processes to the new realities. The Company structure has been significantly updated reflecting both the ongoing changes in the processes to meet new challenges, and the gradual business verticals' development. In 2021, we separated out MTS tower and network infrastructure into separate areas of importance. We also continue expanding the ecosystem and creating additional competencies in the existing areas through acquisitions: we closed the deal of acquiring Interregional TransitTelecom, a federal provider of intelligent telecom and IT solutions for business; we strengthened the AI vertical by acquiring VisionLabs, one of the global leaders in creating computer vision- and machine learning-based services. In order to expand the ecosystem of financial services, MTS Group acquired Factorin, one of the leading blockchain systems for trade funding, and consolidated 100% of the shares of MC Sistema Capital.

Today, while the market condition remains uncertain, we are elaborating various scenarios so that possible trade and technological restrictions would not affect the quality of services, network upgrades and business development. This complicated task is relevant for any company, but the MTS business has a large margin of safety and feels confident even in unstable conditions, since our products and services are in demand by users. We have a strong strategy, which we believe in, and a sustainable business model quickly and effectively adapting to external factors, which, the practice of recent years has proven. The dynamically developing MTS Bank has a significant liquidity reserve. Today, MTS has a very strong team able to address new challenges quickly and flexibly. The company continues its active transformation to increase its competitiveness, we continue to hire and are open to the best specialists, especially in IT.

Most importantly, we have millions of loyal customers. The ability to create high-quality and reliable digital products for them, to help solve everyday and business problems is an important contribution of MTS to maintaining the sustainability of our society in general.

Sincerely,

**Vyacheslav Nikolaev,**  
President of MTS

**ECOSYSTEM**  
**TRANSFORMATION**  
**OVERVIEW**

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# MTS GROUP IN 2021

**534**

**billion RUB**

Revenue of MTS Group

**8.8**

**million**

Ecosystem customers

**229**

**billion RUB**

OIBDA of the Group

**+72%**

increase in registered users of MTS Cashback service by 2020

**206**

**billion RUB**

Issuing loans to individuals

**>51%**

contribution of non-telecom areas to the Group's revenue growth

**80.4**  
**million**

**Mobile business  
customer base  
in Russia**

**8.4**  
**million**

**Pay TV users**

**1/3**

**new subscribers –  
choosing MTS  
convergent offers**

**Nº 1**

**Leader in mobile business  
customer base in all  
countries of operation**

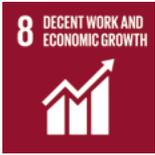
**Nº 1**

**By BBA subscriber base  
growth rate**

**2x**

**multiple growth of MTS  
Premium paid subscription  
users**

# / MTS ECOSYSTEM VERTICALS AND POSITION IN THE RUSSIAN MARKET



## Key markets by verticals

### Telecom

**The largest mobile operator in Russia and a dynamically developing ecosystem.**

- > 80%+ of the population of the Russian Federation are in the LTE coverage area
- > A total of 3 million sq. km covered by 2G/3G/4G networks
- > 25+ pilot zones of 5G networks deployed in 10+ regions of the Russian Federation
- > 35% of active base stations are 5G-ready
- > Growth in the IoT connections amount exceeded 30%
- > Coverage in 83 Russian regions supports NB-IoT
- > In terms of market share of fixed-line services, MTS is second only to Rostelecom (MTS share is 11%)

### FinTech

**MTS Bank is a fast-growing digital bank focused on developing its own mobile apps as a communication channel or breakthrough financial services.**

The MTS FinTech vertical includes the areas of MTS Bank, mobile commerce, insurance, factoring and credit broker.

- > MTS Bank is a dynamically developing digital bank forming a part of the MTS ecosystem
- > The main strategic focus segment is retail lending, e-banking
- > In 2021, almost 12 million users used the Bank's products, of which 25% are clients of MTS Bank
- > The share of online services for the Bank's main products (lending to individuals and servicing credit cards) exceeded 60% in 2021

- > The MTS Bank Big Data capabilities allow using advanced credit scoring models to control risks, while keeping the share of bad loans within 10%

### Media

**Leading video streaming service (KION) and entertainment content provider MTS Media produces and distributes its own and licensed VOD and TV content via cable/IPTV, satellite channels and OTT platforms.**

Priority areas for MTS Media development:

- > Developing the KION streaming platform — deep integration into the MTS ecosystem, improving the quality of the content offered through high-quality own content and exclusive partner content
- > Subscriber base growth in the OTT and IPTV segments at a faster pace than the market
- > Using Big Data toolkit to improve the customized interface convenience and the quality of TV content recommendations and, as a result, to improve the subscriber's lifetime value

### Retail

**All-Russian consumer electronics retail chain (B&M + e-commerce ) with a long-term strategy for sustainable rate of return. The largest telecom retailer in the Russian Federation (in sales of mobile phones). A strong brand built on trust and goodwill.**

Vectors of the MTS retail chain strategic development:

- > 100% omnichannel approach
- > Delivery services
- > MTS ecosystem entry point
- > Expansion of the product range

- > Expansion of financial services (+online)
- > Introduction of the best industry practices

## Entertainment

**MTS Entertainment is a division within the MTS Group responsible for asset management and development of the Company's entertainment projects. The management perimeter of MTS Entertainment included ticket services Ticketland and MTS Live.**

In 2021, sales at MTS ticket windows grew by 84.5% year-on-year. The total number of tickets sold was 3.5 million.

Partnerships have been signed with major theaters and the MTS Live Hall in Yekaterinburg, the opening of the MTS Live Arena in Moscow and the launch of a network of its own concert venues in key regions are planned, investments have been made in our own productions and musicals. The hall and bar in the Moscow Youth Palace (Moscow) were rebranded.

MTS Live customers get access to all the benefits of the MTS ecosystem: from convenient authorization using MTS Login or easy payment for MTS Pay in a mobile application to special MTS Premium subscription offers and the ability to accumulate or write off MTS Cashback program points.

## MTS Marketer

**MTS Marketer is a service for independent targeted messaging and Internet advertising launch. The service is based on MTS Big Data: depersonalized data about the operator's subscribers, which allow displaying advertising only to the audience that is most likely to be interested in the services or goods advertised.**

2021 key MTS Marketer business results:

- > Revenue growth amounted to +89%
- > Growth in the volume of implemented advertising campaigns amounted to +211% year-on-year
- > 3.7 thousand – customer base with at least one advertising campaign launched
- > The Digital revenue share of MTS Marketer reached 40%

## MTS Belarus

**In Belarus, the 2021 revenue indicator reached BYN 1,357 million (an increase of 11.0% by 2020) mainly due to the growth of income from communication services and income from the sale of phones and accessories. OIBDA grew by 8.4%, reaching BYN 694 million in 2021. The main growth driver of the indicator is income from communication services. The subscriber base remained largely unchanged at the level of 5.7 million users at year-end 2021.**

The principal development vectors are as follows:

- > Optimized 4G investment pending 5G solution
- > Continuing the strategy of maintaining leadership in the mobile business while strengthening the No. 1 position in retail
- > Continued Cloud area development, as well as strengthening of the IoT and digital products (BATC, MAAS, Big Data) area
- > Continued development of the products forming the ecosystem basis: My MTS, FinTech, Online cinema

## MTS Armenia

**In Armenia, 2021 revenue reached AMD 49.0 billion (an increase of 0.9% compared to 2020), which is mainly due to revenue from providing communication services. The OIBDA indicator for 2021 reached AMD 25.8 billion (an increase of 3.5% compared to 2020). The subscriber base volume at year-end 2021 amounted to 2.2 million users, which is approximately equal to the value a year earlier.**

The priority development areas are Telecom, TV and Content, Cloud, partnerships, and financial services.

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Throughout 2021, the Company was demonstrating strong growth in line with the previously approved CLV 2.0 strategy. The growth in revenue indicators was driven by positive contributions from all business segments, including Telecom, FinTech and Media. Over the past year, significant progress has been made in developing priority business areas.

In the Telecom vertical, strong and steady growth continues in the areas of mobile and fixed-line businesses. The priority vectors for developing fixed-line business are penetration into new households by



building and upgrading our own network, as well as by launching sales of new equipment along with the classic service bundles (mobile+fix+TV), using new ways to attract customers: KION, Smart Home. At the end of 2021, about 11% of households in Russia used fixed-line services from MTS

Significant steps were taken in the Media areas: the launch of the KION platform, which is confidently strengthening its position through creating its own content, exclusive partnerships, vertical integration of production processes, distribution, management of all types of rights; as well as in the FinTech area (according to Frank RG, MTS Bank became the fastest growing bank in terms of loan portfolio growth in the unsecured lending segment — 83%. The Bank became the market leader in POS lending occupying the leading position in terms of lending and third place in terms of POS lending portfolio in 2021).

There has been a deepening of integration within the expanding digital ecosystem. One of the most important factors for successful implementation of a long-term corporate development strategy, in particular, is the growth of the lifetime value of the customer base. Within the interconnection of the

products of the verticals, the Premium subscription was further developed and the conditions for the MTS Cashback loyalty program were improved.

MTS Premium and the services integrated (Music, Spam Blocking and KION) are a significant factor of the ecosystem base growth in 2021. Among the 2.9 million active Premium users, involvement in MTS products (MTS Bank, MTS Cashback, MTS Music, KION) is growing every month of their use.

MTS Cashback is yet another efficient tool to involve customers into the ecosystem. In 2021, 4 million program participants have tried those Ecosystem products that were new to them. Cashback is natively integrated into all mart products and the main component of success is a constant influx of points from all product verticals, together with the implementation of a convenient bonus accumulation/write-off mechanism for all Ecosystem products.

The versatile Ecosystem mart is the My MTS app, which provides the customer with easy access to the entire range of ecosystem products and services (Premium, MTS Cashback, Telecom, Bank, etc.).



## Key Quantitative Indicators by MTS Business Segment

### ECOSYSTEM

**8.8 million**

Ecosystem customers reached 8.8 million at the end of 2021, which is 40% more than a year earlier

**2.9 million**

The number of customers with an MTS Premium subscription doubled reaching 2.9 million people

**25.1 million**

The number of 1M active users of the My MTS app reached 25.1 million users at year-end 2021

### FINTECH

**5 RUB billion**

The 2021 net income of MTS Bank amounted to RUB 5 billion

**3.0 million**

The number of MTS Bank customers amounted to 3.0 million at year-end 2021

**1.8 million**

The number of 3M active MTS Bank mobile app users amounted to 1.8 million at year-end 2021

### TELECOM

**416.5 RUB billion**

Revenue from providing communication services in Russia grew by 5.1% in 2021 reaching RUB 416.5 billion

**80.4 million**

The customer base of mobile business in Russia increased to 80.4 million users as of year-end 2021

**68.9 RUB billion**

Sales of phones and accessories increased by 10.2% reaching RUB 68.9 billion at year-end 2021

### MEDIA

**13.7 RUB billion**

In 2021, MTS Media revenue amounted to RUB 13.7 billion, an increase of 30% as compared to 2020

**4.0 million**

The number of KION users reached 4.0 million as of year-end 2021, the growth dynamics reached 160% as compared to 2020

**8.4 million**

The cumulative number of Pay TV subscribers reached 8.4 million at year-end 2021

## / 2021 HIGHLIGHTS

### Corporate News

- > **Vyacheslav Nikolaev**, who previously held the position of MTS First Vice President for Customer Experience, Marketing and Ecosystem Development, has been appointed **President of MTS since March 13, 2021**.
- > **In Q2 2021**, Olga Ziborova, who previously held the position of MTS Ecosystem Marketing Director, was appointed Vice President for Ecosystem Development and Marketing.
- > **In June 2021**, the MTS Board of Directors elected Felix Evtushenkov as Chairman of the Board of Directors of MTS PJSC.
- > **In 2021**, the General Meeting of Shareholders approved the following:
  - separation of MTS tower infrastructure (towers and related assets) into a 100% subsidiary of MTS being Tower Infrastructure Company LLC (BIK LLC) with an authorized capital of RUB 25 million. Alexander Teremetsky, MTS Director for Tower Infrastructure development, was appointed CEO of the company;
  - separation of a significant part of the network and digital infrastructure of MTS (radio subsystem, switching, transport and fixed-line networks, data centers, cloud infrastructure) into a 100% subsidiary of MTS being MTS Web Services JSC (MWS JSC), which will be headed by Igor Egorov, MTS Vice President for Infrastructure Development.

### Mergers and Acquisitions

- > **In June 2021**, MTS announced the closing of the transaction for acquiring a 100% stake in Interregional TransitTelecom OJSC (MTT), a federal provider of smart telecom and IT solutions for business, one of the top 10 largest telecom companies in Russia, for RUB 5.0 billion, excluding net debt. In addition to classic B2B and inter-operator telecom services, MTT occupies a leading position in Russia in providing smart services for business customers based on CPaaS communication platforms and API communication application programming interface.
- > **In December 2021**, MTS announced the signing of binding documentation on the transaction to acquire VisionLabs B.V for RUB 6.5 billion. VisionLabs is one of the global leaders in the field of creating products computer vision- and machine learning-based products. The company has implemented more than 500 projects in the field of computer vision in 37 countries for more than 270 customers from the financial, telecom, retail, transport, and energy sectors. Over 1.7 million cameras worldwide use VisionLabs software. The 2020 revenue of the company exceeded RUB 1.1 billion.

### Bonds and Loans

- > **In July 2021**, MTS announced that it was raising a loan from Sberbank PJSC for RUB 30 billion. The loan maturing in 2024 was raised under a revolving line of credit from Sberbank opened in May 2018 with a total limit of RUB 150 billion. After the transaction, the total volume of the existing MTS loans raised from Sberbank will amount to RUB 115 billion.

## Leadership in Telecommunications

- > **In February 2021**, MTS announced construction of three private LTE networks: 1) a commercial private 5G-ready network for the steel and mining company EVRAZ; 2) a pilot underground LTE network to support mining operations of Russia's Uralkali, one of the world's largest potassium producers; 3) a network in the territory of the Kochubeevskaya wind farm of NovaWind JSC that unites wind energy assets of Rosatom.
- > **In February 2021**, MTS deployed the NB-IoT network at Russia's Antarctic Station "Progress" to transmit data from the device complex of the Arctic and Antarctic Research Institute. Trackers, multi-sensors and sensors powered by the network will make it possible to study glacier and snow movement, as well as to monitor the integrity of snow runways and the microclimate in living accommodations and working premises.
- > **In July 2021**, MTS MediaTek, international semiconductor developer, and Ericsson demonstrated the world's first two-carrier frequency aggregation in the n79 band (4.8–5.0 GHz) in the 5G pilot network. As a result of testing aggregation of the 5G spectrum with a total width of 180 MHz combined with two bands of LTE 1800 (20 MHz) and LTE 2100 (15 MHz), a record-setting data transfer rate for the n79 band in Russia of up to 2.9 Gbps was reached.
- > **In July 2021**, MTS and Ericsson announced successful testing of aggregating five carrier frequencies with a total bandwidth of 75 MHz on the LTE network in Ufa. Based on the test results, the data transfer rates of up to 1.4 Gbps were achieved on a 4G commercial network. The aggregation demonstrates the potential of the 4G MTS network after reformatting the GSM 1,800 MHz and UMTS 2,100 MHz bands.

## MTS Digital Ecosystem

- > **In April 2021**, MTS introduced KION, a new online cinema, the catalog of which includes more than 200 TV channels, thousands of films, series, cartoons and documentary projects. The online cinema's own original films and series, as well as a new content format being film stories, became an important aspect thereof.
- > **In June 2021**, MTS announced investment in the TalkBank FinTech platform by the MTS Corporate Venture Fund. The total investment in the round will amount to RUB 218.36 million. The share of MTS investments exceeded a half of the total amount in the round.
- > **In June 2021**, MTS launched the MTS IoT HUB Internet of Things platform. The service allows developers, startups and large companies creating their own products and IoT solutions based on a ready-made set of tools. MTS IoT HUB operates on the PaaS (Platform as a Service) model and makes it possible to connect any IoT devices, monitor their status and manage them, as well as collect data from third-party platforms.

The solution is compatible with any communication networks and protocols, including MQTT, TCP/IP, CoAP, NIDD.

- > **In June 2021**, MTS AI launched the MTS GROM supercomputer whose performance reaches 2.26 petaflops, making it the third most powerful supercomputer in Russia. MTS will use MTS GROM for the digital ecosystem development. The supercomputer will accelerate the creation and market launch of products in the field of machine vision and industrial analytics, natural language processing and smart video surveillance. Universities, large scientific and medical centers will be able to use MTS GROM in their research involving the modeling of complex processes.
- > **In August 2021**, MTS opened a representative office of the MTS StartUp Hub, an innovation and investment center, in Nizhny Novgorod. The center will select, test solutions and accelerate tech companies and startups in the Volga Region for their further scaling at the regional and federal levels.

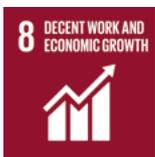


## Partnerships

- > **In January 2021**, MTS launched a partnership program to search for startups for third-party companies. Scouts from the MTS StartUp Hub innovation and investment center will select projects which take advantage of the 5G technology to offer their developments to partner corporations. Selected startups undergo an incubation program at the MTS 5G Center at VDNKh (Exhibition of Economic Achievements), which provides them with training, test sites, access to API, as well as other development tools, based on the company infrastructure.
- > **In June 2021**, MTS President Vyacheslav Nikolaev was elected a member of the Global GSM Association Board for 2021–2023. The GSM Association Board consists of 25 representatives of the world’s largest carrier groups, such as AT&T, China Mobile, Deutsche Telekom, Orange Group, TURKCELL, Verizon, and others.
- > **In June 2021**, MTS and Avtodor Group of Companies signed an agreement on cooperation in constructing a telecom infrastructure and providing mobile communication services along federal high-speed toll roads, including the M-4 Don, the Central Ring Road in the Moscow Region, the M-12 Moscow — Kazan and its continuation from Kazan to Yekaterinburg. Under the terms of the agreement, Avtodor Group of Companies will install antenna-mast structures and arrange entrances to them providing power connection to communication facilities along the entire length of high-speed roads, while MTS will place communication equipment on the telecom infrastructure constructed.
- > **In June 2021**, MTS and FSUE Morsvyazspunik, operator of the transarctic FOCL, signed a strategic partnership agreement for planning

and implementing infrastructure projects based on the construction of an underwater transarctic fiber optic communication line along the Murmansk-Vladivostok route with exit points along the Northern Sea Route (Polar Express project).

- > **In July 2021**, MTS, jointly with the Moscow Institute of Physics and Technology and the SKOLKOVO Business School, launched the Digital Technologies in Business master’s program for technical degree bachelors of the Russian universities. The two-year master’s program combines obtaining technical and managerial knowledge and skills with an internship at MTS and working on real business issues as part of term papers and theses.
- > **In November 2021**, MTS joined the 5G Future Forum (5GFF) international association of telecom carriers, whose task is to develop specifications and introduce advanced solutions based on 5G tech and edge computing (Multi-access Edge Computing — MEC). 5GFF was established in January 2020 by América Móvil, KT Corporation, Rogers, Telstra, Verizon, and Vodafone to develop common specifications, share best practices, manage intellectual property and participate in R&D projects aimed at implementing and globally scaling commercial solutions based on 5G and MEC technologies.
- > **In February 2022**, MTS and KT Corporation (KT), a leading company in the field of information and communication technologies in the Republic of Korea, signed a memorandum of strategic cooperation in developing new business areas, including the establishment of data centers and creation of joint AI-based solutions, as well as media content.



## Cloud and Digital Solutions for Business

- > **In January 2021**, #CloudMTS provider launched a line of cloud project solutions for business with MTS experts providing strategic IT advice services, designing the digital environment of an enterprise and drafting a roadmap for business development based on cloud technologies (customer cloud journey), as well as implementing complex infrastructure projects.

# / SIGNIFICANT EVENTS AFTER THE REPORTING DATEЫ

## Corporate News

- > **In February 2022**, the MTS Board of Directors established a Special Committee for Cloud Technologies and Infrastructure Development, which was headed by Nadia Shouraboura, an independent director. Moreover, the Management Board made changes to the composition of the ESG Committee under the MTS Board of Directors.

## Credit Rating

- > **In January 2022**, NCR, the Russian rating agency ("National Credit Ratings"), confirmed the AAA.ru credit rating of MTS with a stable forecast. In the report, the NCR noted a number of key factors in MTS activities that impacted the rating confirmation: low systematic risk of MTS operations; moderate debt load, high debt service margin, significant operating profitability, as well as a sufficient business liquidity level; positive quality assessment of management and strategic planning.

## Partnerships

- > **In February 2022**, MTS and KT Corporation (KT), a leading company in the field of information and communication technologies in the Republic of Korea, signed a memorandum of strategic cooperation in developing new business areas, including the establishment of data centers and creation of joint AI-based solutions, as well as media content.

## Private LTE/5G Zones

- > **In January 2022**, MTS announced the world's first uplink aggregation tests in a 5G pilot network built on the basis of virtualizing network functions on a vRAN radio access network. vRAN solutions will be widely used in 5G networks and in the open radio access architecture (Open RAN).

# MTS BRAND

## EFFIE AWARDS RUSSIA 2021 AWARD in the Ecosystem Brands nomination

**>99%**

Brand awareness among  
Russian consumers

**70%**

of consumers are ready  
to try new MTS services

## BRAND FINANCE RUSSIA 50 2021

For the fifth time since 2017, the MTS brand  
was included in the TOP-10 most valuable and  
strongest<sup>1</sup> brands in Russia



**2<sup>nd</sup>**

among all brands in Russia  
in terms of brand strength

**9<sup>th</sup>**

in brand value ranking

## BRAND FINANCE TELECOMS 150 2022

For the fourth time since 2019, the MTS  
brand was included in the TOP-10 strongest  
telecom brands in the world.



**4<sup>th</sup>**

in brand strength ranking

**64<sup>th</sup>**

in brand value ranking

<sup>1</sup> Brand strength is assessed using a balanced system of indicators (Brand Strength Index (BSI)), which takes into account marketing investment, equity and business performance.

## MTS RATINGS



### Credit Ratings

- > **In January 2021, the Russian National Rating Agency assigned MTS an AAA.ru rating with a stable outlook, the highest possible credit rating according to the agency's scale,** which points to a number of score-determining positive factors, including the company's high operating profitability, low level of leveraged capital, sufficient liquidity and stable leadership positions in the Russian mobile communications market. In addition, the National Rating Agency separately assigned MTS Bank an A.ru rating with a stable forecast.
- > **In March 2021, Expert RA agency upgraded the MTS Bank credit rating to ruA** – with a stable forecast taking into account the increasing role of the Bank in the MTS digital ecosystem.

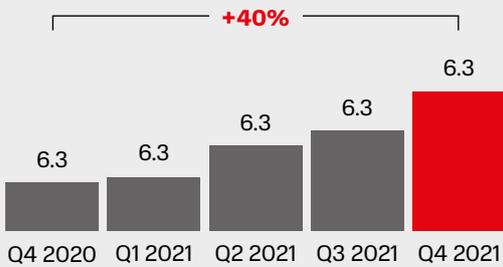
### Sustainable Development Ratings

- > **In October 2021, the Russian AK&M agency awarded MTS the highest rating in the ESG reporting** rating upon noticing the completeness of information in the field of corporate sustainability and ESG reporting. AK&M analysts upgraded the position of MTS in the ESG reporting rating to RESG1 from RESG2 a year earlier noting the highest degree of information disclosure regarding sustainable development in MTS public reports, as well as the company's successful work in the social sphere and elaboration of a sustainable development strategy until 2025.
- > **In December 2021, MTS was awarded the highest A+ category of the Leaders in Corporate Charity rating,** which is annually issued by the Donor Forum Association of Grant-Giving Organizations to identify the best practices of corporate social investment and charity and promote them in the business environment and society. In 2021, MTS became the only tech company to receive the highest A+ rating category, which indicates the highest possible results in all the evaluation regarding criteria.
- > **In December 2021, MTS announced the receipt of a Governance (B) rating from CDP,** an international non-profit organization operating the world's leading environmental impact disclosure platform. MTS started reporting through the CDP platform in 2019 within the GSMA initiative to develop a roadmap for the telecom industry actions to achieve zero greenhouse gas emissions by 2050 pursuant to the Paris Agreement. MTS currently discloses a wide range of environmentally important data about its operations, including resource consumption and direct and indirect greenhouse gas emissions.

# MTS ECOSYSTEM DEVELOPMENT

## / GROWTH IN ECOSYSTEM USER BASE

**Ecosystem customers<sup>1</sup>**  
million



**Average number of products used by one customer**

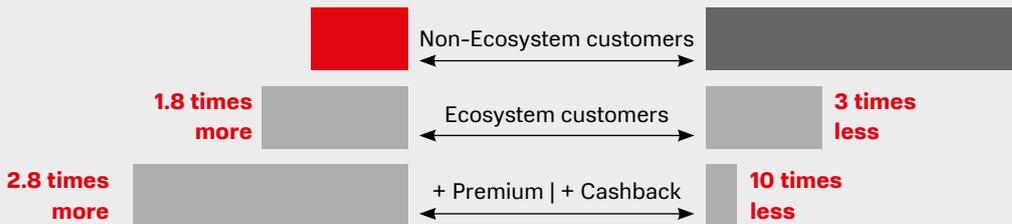


**Ecosystem revenue growth in Q4 2021, year on year**

**+27%**

### NPS

### Churn



## / INDICATORS OF NEW ECOSYSTEM AREAS

### Media, RUB billion, year-on-year



### FinTech, RUB billion, year-on-year



### Retail, RUB billion, year-on-year



Contribution of non-telecom areas to the revenue growth of the Group amounted more

more than **51%**

# / TELECOM

## Mobile Business

### Mass Market

In 2021, we actively developed and offered our customers favorable data plans, in which each customer could choose a set of standard telecom services, as well as a wide range of ecosystem digital products, best suitable for them.

The range of ecosystem services and integration with Big Data to deeply understand our customers' preferences allow us to perform the transition from traditional price competition in telecom products to the creation of offers for consumer segments. This helps increase customer loyalty and emotional attachment to the brand, as well as improve customer experience.

The MTS Premium subscription, which has existed since 2020, sets itself the task of the Company penetration into the daily life of the customer. Within the ecosystem project, in January 2021, a partnership was signed with Yandex.Plus, and in April, the KION online cinema was launched with original series of its own production. For MTS Premium subscribers, priority service is available at the MTS and MTS Bank offices as well.

The launch of convergent services is a part of the MTS ecosystem development program. Convergent products are one of the key tools to retain subscribers and increase their loyalty. Combining the capabilities of fixed-line and mobile communications, the MTS designs and continues to develop convergent services. MTS intends to significantly increase the number of convergent subscribers. All MTS data plan is a bundle of services in three telecommunication areas: home internet + TV + mobile communications. The Company is the only operator in Russia, which, in addition to standard telephony, internet, cable or IPTV, also allows connection to satellite TV services. The development of convergent products is one of the main drivers of fixed-line communication sales growth, which allows MTS to maintain the rates of subscriber base growth for fixed-line communication services outstripping the market.

In 2021, we launched more than 10 different subscriber offers combining a beneficial offer for equipment purchase (phones, watches, laptops) and MTS ecosystem products. MTS opened new formats of retail outlets under the franchise scheme aimed at expanding distribution in small towns. Also, togeth-

er with the partners (Xiaomi, BQ manufacturers), MTS opened a number of co-branded retail outlets presenting a wide range of equipment and services included in the MTS ecosystem.

### Retail Distribution

The MTS retail chain remains the main channel for attracting MTS subscribers. More than 40% of SIM card sales are carried out through MTS retail outlets. MTS own network demonstrates high rates in the number and quality of SIM card connections.

At MTS offices, subscribers receive a full range of services provided by the operator, including services involving broadband access to the internet and television. Being points of contact with the MTS ecosystem, MTS outlets allow increasing cross-sales. Any new service released by the Company automatically becomes available for sale in the retail chain office. Furthermore, we offer the customers an extensive list of financial services, such as: consumer lending, money transfers, credit repayment, life insurance (voluntary medical insurance), product insurance and MTS Money cards.

Our own sales channel enables us to more effectively manage the number and quality of activations, as well as to maintain our level of service.

### Mobile Business Network

MTS increased the network development pace to ensure a consistent level of coverage and high quality of mobile Internet, alongside with executing a record-setting volume of construction of new base stations (BS) in 2021.

In 2021, more than 25,000 4G BSs were commissioned (network growth totaled 30%). Construction volumes in 2021 exceeded those of 2020 by almost 30% and the growth of 4G BS in the Moscow Region was 2.7 times ahead of 2020 volumes. In key regions, the LTE network grew by 40%.

In addition to the classical capacity increase methods, the redistribution of the use of the 2G/3G frequency resource to LTE technology (Moscow, St. Petersburg, the coast of the Krasnodar Territory, etc.) is actively applied, which allows for the most efficient



use of the current network resources and provides subscribers with high-quality services.

**Smart Rollout**

The approach to investment planning has changed. When making decisions, the perception of subscribers comes to the foreground in relation to the technical specifications of the network.

Big Data has taught AI to predict the income of planned sites, which allows finding the most efficient locations for investment.

**Fixed-Line Business**

**B2C Fixed-Line Business**

In 2021, MTS continued to implement a large-scale program for modernization and construction of fixed networks; the project affected more than 47 cities — at year-end 2021, data plans with Internet access speeds of up to 2021 Gbps became available for 61% of MTS network. The development of a new TV platform continued as well, expanding the capabilities of traditional TV with interactive components. Interactive TV products (IP TV and Hybrid TV) were relaunched in all cities of fixed business presence.

As part of the investment program for the development of fixed networks, it is planned to modernize more than 80% of the capacity by 2023. In 2021,

**5G**

MTS is strengthening its leadership position in terms of new technologies. The company was the first in Russia to launch 5G test zones for mass market subscribers: Moscow (29 sites) and St. Petersburg (23 sites).

**Innovative Projects**

MTS is also developing advanced digital solutions based on the current LTE network. In 2021, work was carried out on 20 projects (of which 18 are private LTE networks). At the end of the calendar year, certificates of successful technical testing were signed for the SUEK Izykhsky and EVRAZ Sheregeshskaaya projects.

MTS also expanded the geography of its fixed business presence both through the construction of its own networks and acquisition of Green Point Group of Companies.

The share of Internet BBA penetration into the telecom market of the Russian Federation in 2021 remained at the level of 61%. The subscriber base grew by only 0.8% (earlier in 2020 — by 2.1%) — the growth rates slowed down against the backdrop of high market saturation. A significant impact on the BBA market growth in 2021 was caused by the spread of convergent products of operators.

Revenue of the Russian telecom market in 2021 grew significantly higher than in 2020 — by 3.0% against



**EXPANSION OF GEOGRAPHY**

**Own construction 2020–2021:**

**Yakutsk — Republic of Sakha (Yakutia);**

**Aprelevka, Zvenigorod, Domodedovo, Lytkarino, Noginsk, Podolsk — Moscow Region.**

**Purchase of an asset (Green Point Group of Companies):**

**Stavropol, Nevinnomyssk — Stavropol Territory;**

**Elista — Republic of Kalmykia.**

1.1% a year before. One of the positive factors was an increase in sales due to convergent products, as well as targeted revision of commercial conditions in certain BBA market segments.

The growth of the Pay TV market almost stopped: at year-end 2021, the subscriber base increased by only 0.5% (against 1.8% a year before) and reached 46.4 million. The service penetration was recorded at 82%. The churn in the cable TV segment was somewhat slowed down by the COVID-19 pandemic: low mobility of citizens and increased interest in TV (as one of the principal leisure types). In turn, the growth in the number of competing offers from non-operator video services had a negative impact on the pay TV subscriber base dynamics.

At year-end 2021, the increase in the BBA and TV subscriber base at MTS was 10% and 7%, respectively (including the Green Point Group of Companies). MTS retains its market leader position in terms of revenue growth year-on-year: by 13% in the BBA segment and by 10% in the TV segment. In the market saturation conditions, MTS continues to keep its leadership in the telecom market of the Russian Federation due to intensive subscriber attraction and retention, as well as due to extensive (synergy of the effect from taking over the Green Point Group of Companies) factors.

### Fixed-Line Network

The pace of developing fixed-line access networks in 2020–2021 was several times higher than in 2019. The wave program for upgrading the fixed-line network, approved in 2020 and designed to provide subscribers with high-speed broadband Internet access data plans, continued.

TV services for subscribers also underwent active development: the IP TV technology distribution providing high image quality, ease of connection and the opportunity for flexible changes in the rate policy

commenced. By the end of 2021, it became possible to connect to the IPTV service for subscribers of more than 2/3 of the fixed-line MTS network.

Regional network construction and upgrade projects using GPON technology are being actively implemented. New construction projects were launched in the regions of no presence of a fixed-line MTS network, such as Yakutia and Bashkiria.

In 2021, due to the difficult economic situation in the metal and plastic market, calculations of the rise in the cost of certain items of rate and price indicators (RPI) were made and the RPI indexation mechanism was introduced. This made it possible to retain the majority of contractors on MTS FB projects and not to slow down the high work pace.

In 2021, the FB projects were implemented to construct a new network (538,000 households) and upgrade the existing network (1.7 million households).

### Convergent

The company continues to develop offers for the Family segment —We Are MTS and We Are MTS+ data plans, which include mobile communications, home Internet and TV, as well as the ability to share traffic with family members (up to five SIM cards).

In 2021, MTS launched a partnership scheme for providing convergent subscriptions, within which it became possible to launch convergent services in settlements where MTS does not have its own fixed-line network. Within this product, the subscriber gets the opportunity to take advantage of all the benefits of a convergent paying for all mobile and fixed-line services using a single personal account, while remaining a subscriber of his/her home communications service provider. At year-end 2021, this scheme was implemented in five regions of the Russian Federation.

# B2B/B2G

## B2B

In 2021, MTS demonstrated a revenue growth rate exceeding 16%. The main contribution to revenue growth was made by the sale of equipment, socially significant facilities (SSF), A2P, Digital advertising, Cloud, Collocation and SCN services.

The growth of mobile business and international roaming revenues shall be noted as well.

### 2021 Key Projects

- > Socially significant facilities — more than 5 thousand facilities connected.
- > In 2021, the MTS B2B team filled 100% of the Advantage Data Center.

A new modern design of the MTS Business Personal Account to manage corporate numbers was also implemented. The MAU of the MTS Business Personal Account increased to 65% (+36 p.p.) by the end of 2021.

At the St. Petersburg International Economic Forum (SPIEF), MTS signed agreements on strategic partnership and cooperation with the Roscosmos Corporation, the operator Morsvyazsputnik, as well as a memorandum of cooperation with NOVATEK.

## B2G

Revenue in the B2G segment increased by 36%. In 2021, revenue growth was ensured by implementation of federal and regional infrastructure projects,



## Service development for B2B/B2G

 <p><b>Private LTEs</b></p> <p><b>More than 15</b> projects of corporate LTE/5G networks for leading Russian companies</p>	 <p><b>Services for unified communications</b></p> <p>Virtual PBX, call tracking and voice robots. The largest Telecom API platform</p> <p><b>No. 1 in Russia, market share ~ 30%<sup>1</sup></b></p>	 <p><b>Cloud solutions</b></p> <p>Cloud &amp; Data Center revenue growth <b>+95%</b> year-on-year</p>
 <p><b>MTS Marketer</b></p> <p>Smart Targeted Advertising Service, <b>58 thousand</b> advertising campaigns launched in 2021</p>	 <p><b>Geo-analytics</b></p> <p>16% revenue growth in 2021, projects launched in <b>46</b> regions of Russia</p>	 <p><b>Smart digital city/region</b></p> <p><b>42</b> agreements on digital upgrade of cities and regions as of year-end 2021</p>

<sup>1</sup> Based on company data and market analysis.

as well as digital projects for federal and regional government customers. For the coming years, MTS sets a goal to keep the rate of revenue growth in the B2G segment by strengthening participation in national programs and federal government projects, as well as developing a line of digital products.

In 2021, government contracts for connecting socially significant facilities of the Russian Federation to the Internet within the Digital Economy of the Russian Federation national program were successfully implemented to the fullest extent, 5,354 facilities were connected.

Successful implementation of government contracts led to connecting additional customers.

Infrastructure projects were implemented jointly with regional authorities, including the projects for constructing communication facilities in small towns. As an example, a project was implemented with the Pskov Region administration, just as similar projects were implemented in the Novosibirsk and Voronezh Regions, as well as in the Krasnoyarsk Territory. These projects are also socially significant for the regions in terms of the regional work to eliminate the digital divide in small towns.

In 2021, the implementation of digital projects, such as the provision of geoanalytics and BD services to customers, continued.

## B2B Products

### Mobile Business

In the corporate market, the most highly demanded and sold offer since the time of launch to the present is the range of Smart Business data plans. For a subscription fee, the rate includes bundles of minutes, Internet traffic, SMS and useful tools for work. One may choose a rate from the range for any type of business, employee tasks and communication budget. Within the selected rate, the customer can set the ratio of minutes and gigabytes required at the moment through his/her personal account or mobile app.

In 2021, following market trends and customer convenience, MTS expanded the possibilities of unlimited communication within the data plans: now, in addition to calls to MTS Russia and messengers, all users can use social media and navigation services unlimitedly. Separate data plans provide for unlimited video services and the Second Memory service for cloud data storage.

During the year, MTS offered its customers the opportunity to double the bundles of minutes and

gigabytes without increasing the monthly fee within the Double Benefit campaign, as well as receive the Mobile Employees Promo service for 12 months when activating the Smart Business data plans.

### Fixed-Line Business

In 2021, MTS completed the second stage of the transaction to acquire the assets of Green Point Group of Companies, which provides broadband Internet access and digital television services in 12 cities of Russia: MTS bought the remaining 49% in the authorized capital of six regional fixed-line communication operators of Green Point Group of Companies in Stavropol, Mikhailovsk, Nevinnomyssk, Elista and Tambov. Consolidation of the assets of the acquired company allowed MTS to accelerate the development of convergent offers combining fixed-line and mobile communications, as well as to provide modern digital solutions for business.

In March 2021, MTS completed the commissioning of a BBA node — LESS was launched in the Chechen Republic. The implementation of this project will allow MTS to develop fixed-line communication in six regions of the North Caucasus. The first project implemented in 2021 thanks to launching LESS was the project for the provision of fixed-line communication services in the Grozny Mall shopping center. Moreover, each of the six republics already has both implemented and elaborated projects for a range of fixed-line communications services.

A project to provide socially significant facilities with fixed Internet access in eight regions being Moscow, Amur, Kemerovo, Kaliningrad, Leningrad, Tambov, Tver and Yaroslavl Regions was completed.

MTS is able to offer a turnkey solution as early as within one business day. Equipment is part of the service, including, among other things, a system for its operation monitoring, to enable the client to identify the root cause in case of a failure. The service allows you to generate basic network settings in your personal account and then apply them on the customer's terminal equipment.

### Convergent Rate (mobile services + fixed internet)

MTS offers the customers bundle solutions that help develop their business through

- > receiving a full range of services to solve business problems from one operator;
- > saving when buying a bundle.

Within the Business where You Are campaign, the customers could receive free mobile communi-

cations and up to 40% discounts on value-added services when purchasing wired Internet. The participants of the Save Once, Save Twice campaign received a 35% discount on mobile communication when purchasing multi-channel telephony (automatic attendant, VPBX or 8-800).

**DDoS**

During the pandemic, the number of DDoS attacks in Russia and globally has increased many times over. This also affected MTS customers. The DDoS protection service helped repel attacks against a number of large Russian companies. This service was also connected by customers from the government, including regional administrations.

The service allows you to protect customers' web resources (website, store, personal account, etc.) and infrastructure from malicious attacks. When the service is connected, the Internet traffic entering the protected resources undergoes constant behavioral analysis for the occurrence of volumes that are not characteristic of the given resource (both bigger and smaller) or requests. When an attack is detected, the traffic is redirected to the clearing center, after which the customer receives legitimate requests only.

**SCN**

In October 2021, MTS launched the High Season — High Sales campaign: 8-800 number and 100 minutes for RUB 299 per month. This offer helped small businesses increase sales during a period of high business activity and seasonal demand for goods and services around Black Friday, New Year's Eve and gender-related holidays.

**Auto Attendant**

Virtual multichannel telephony services based on "Auto Attendant" (federal and city numbers) and "Free 8800 call" (8-800 format numbers) proved to be essential for remote work. The services allow

deploy telephony at the company without wires and special equipment, since PBX functionality is organized on the side of MTS virtual platform.

Successful project of 2021 under the "Auto Attendant / Free 8-800 call" service: when developing joint projects, two companies from the IT and advertisement placement sector purchased from MTS 250 thousand new numbers with the Auto Attendant service;

**Contribution of MTT JSC**

In June 2021, MTS closed the transaction for acquiring a 100% stake in Interregional TransitTelecom OJSC (MTT).

Virtual PBX (VPBX) from MTT combines complementary communication services for business: convergent fixed-line and mobile communication (FMC SIM cards), Calltracking service, Callback service, business process automation (CRM), call recording, messaging, mobile apps, etc. It is possible to connect subscribers to the system, regardless of where they are and what devices they use (computer, laptop, tablet, smartphone).

With the help of an open API, it is possible to implement new functionality required for a particular business in VPBX and make the product use even more convenient. The open API provides additional options for corporate telephony users. Thanks to it, one can integrate any third-party apps and information systems into the VPBX.

According to the study conducted by TMT Consulting Agency "The Russian Virtual PBX Market — 2021 Results" and "The Russian Market of the Toll-Free Call Service (8800) — 2021 Results", MTS (together with MGTS and MTT) topped the ratings of digital VPBX and 8-800 services for the first time displacing in these segments the traditional leaders of previous years.

## Business in the Markets of Operation

### Armenia

MTS Armenia CJSC (MTS Armenia) is a 100% subsidiary of MTS PJSC and the largest of the three mobile operators working in the Armenian market.

Under the Viva-MTS trademark, the company provides mobile and fixed telephony services, as well as offers cloud and financial services (payments and transfers are carried out by the Mobidram CJSC subsidiary) for its subscribers.

MTS Armenia is the leader in the mobile communications market of Armenia by the number of subscribers and revenue.

MTS Armenia's own retail chain is the main channel for attracting subscribers with 73 sales and service offices, covering all regions and key cities of Armenia.

MTS 2G communication covers 69.4% of the territory of Armenia, where 99.3% of the country's population lives. MTS 3G communication covers 71.3% of the territory of Armenia, where 99.8% of the country's population lives. The MTS 4G-LTE network is available on 69.4% of the territory of Armenia to 99.3% of the country's residents.

MTS Armenia closed 2021 with a 59.67% (+0.79 p.p. year-on-year) market share by subscribers in Q4 2021, the market share by revenue in 2021 was 57.8% (-1.5 p.p. year-on-year due to the ongoing pandemic restrictions, which led to the revision of the inter-operator roaming and interconnect agreement). The market share of subscribers of bundled data plans reached 82% (+6 p.p. year-on-year) and the share of subscribers using data transfer in Q4 2021 amounts to 78.9%. The average volume of calls per one MTS Armenia subscriber in Q4 2021 amounted to 724 minutes per month and the use of data transfer amounted to 6.3 gigabytes per month (+36% year-on-year).

MTS Armenia is a confident leader in the Net Promoter Score (NPS) on the market, significantly ahead of competitors.

In 2021, MTS Armenia expanded its LTE network by building more than 399 stations in the 800 MHz LTE band.

2021 was a year of recovery for MTS in Armenia after a tough 2020 due to COVID-19 and the conflict in Nagorno-Karabakh. In 2020, the coronavirus pandemic had a negative impact on the Armenian

economy. The most significant consequences of the pandemic for MTS Armenia were a decrease in roaming revenue, temporary closure of retail outlets, and a decrease in the subscriber base. In 2021, MTS managed to restore the subscriber base in Armenia and ensure normal operation of retail outlets, however, the fall in roaming revenues continued throughout 2021.

### Belarus

Mobile TeleSystems JLLC (MTS Belarus) was established in 2002 by the Russian MTS PJSC (49%) and the Belarusian Beltelecom RUE. The company operates under the MTS brand and is the largest mobile communications operator in the Republic of Belarus. Its main competitors are BeST CJSC ('life' trademark) and A1 UE (Unitary Enterprise).

In Belarus, MTS provides mobile communication services of GSM 900/1800, UMTS 900/2100 and 4G standards (including 2600/800), home Internet and TV services, offers cloud services and products for business and financial services in partnership (MTS Money).

MTS Belarus is the leader in the mobile communications market of Belarus with the largest market share in terms of the number of subscribers and revenue.

MTS Belarus' own retail chain together with single-brand stores of the partners is the main channel to attract subscribers. The chain of sales and service offices consists of 93 own offices and 257 single-brand partner retail outlets, allowing to connect subscribers and provide service operations in all regions and key cities of Belarus.

MTS 2G communication covers 98.0% of the territory of Belarus, where 99.9% of the country's population lives. MTS 3G communication covers 96.5% of the territory of Belarus, where 99.9% of the country's population lives. MTS 4G-LTE communication covers 47.1% of the territory of Belarus, where 85.6% of the country's population lives. In 2021, MTS Belarus continued to expand access and provide new 4G network opportunities to the residents of Belarus through developing coverage in the 800 MHz LTE band. The new band made it possible to provide high-speed communication to wider areas, including the suburbs, remote villages, highways in the Gomel, Mogilev, Vitebsk and Minsk Regions of the country.

MTS Belarus retained its leading position and a significant market lead over its competitors and

terminated 2021 with a market share by subscribers in Q4 2021 of 47.1% (-0.1 p.p. year-on-year), in terms of mobile business revenue — 51.0% (0 p.p. year-on-year), revenue — 51.9% (-0.2 p.p. year-on-year). The share of subscribers of V&D data plans reached 63% (+1 p.p. year-on-year) and the share of subscribers using data transmission reached 69% (+1 p.p. year-on-year). The average volume of calls per one MTS Belarus subscriber in Q4 2021 stayed at the last year level of 603 minutes per month (-0,5% year-on-year) and the use of data transfer amounted to 17 Gb per month (+14% year-on-year).

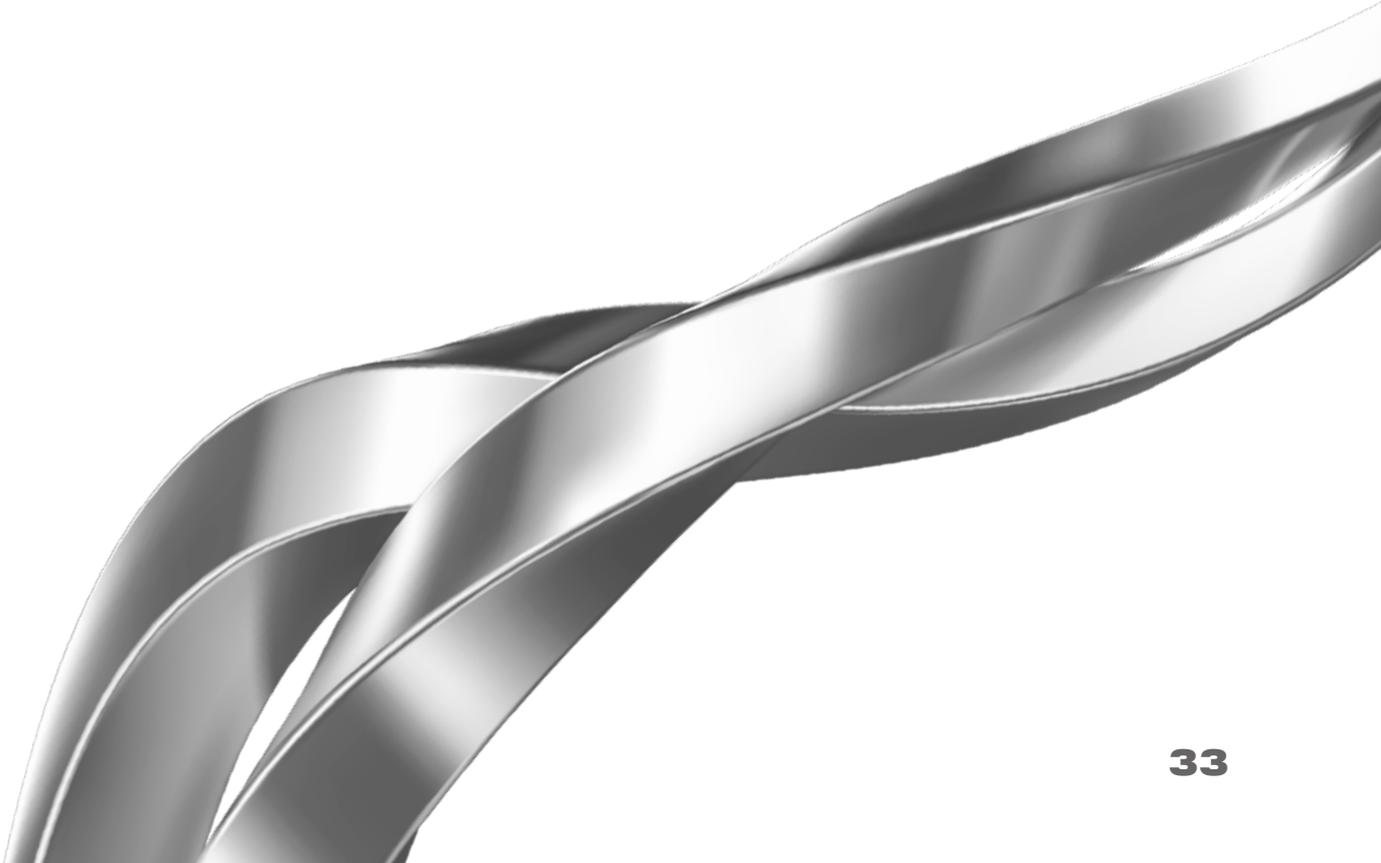
The company is leading in terms of the net promoter score (NPS) in the telecommunications market of Belarus. According to internal marketing research of MTS, Belarus is the leader in satisfaction with the quality of mobile Internet and perception of reputation/image.

In 2021, MTS Belarus expanded its LTE network by using the assistance of an infrastructure operator to

launch 578 LTE base stations in the 800 MHz band in order to cover rural areas and more than 336 base stations in the 1,800 and 2,600 MHz bands in order to increase capacity and maintain consistent coverage of the LTE network.

In 2021, MTS Belarus actively developed the cloud area in working with business customers, the revenue from which grew by 2.3 times last year. MTS Belarus provides the services for creating private and hybrid clouds, IaaS-based disaster recovery and backup services are provided. Moreover, SD-WAN, BaaS, DRaaS services are available to the customers.

Also, MTS Belarus continued to expand its network coverage for the Internet of Things in Belarus last year. Minsk, regional centers and cities with a population exceeding 50,000 people are provided with NB-IoT communication. In the future, the systematic expansion of the NB-IoT network coverage area by MTS Belarus in rural areas will go on.



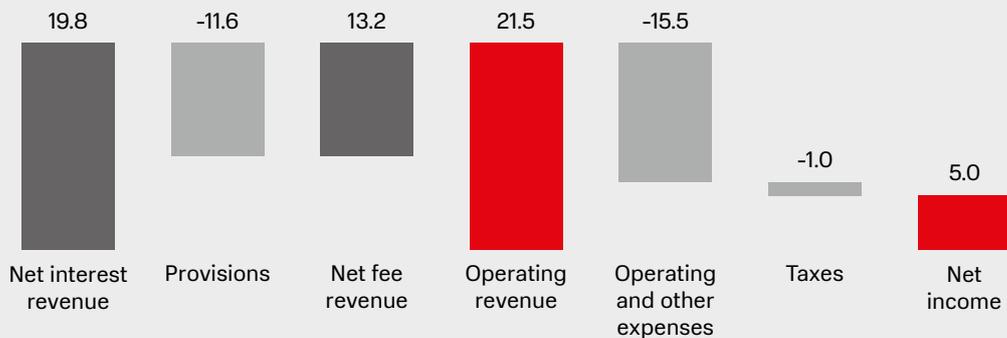
## / FINTECH

MTS Bank-based FinTech became a significant driver of revenue growth for the entire MTS group. At year-end 2021, the FinTech contribution to the growth in the MTS group revenue amounted 34%, and to the growth of OIBDA – 29%.

### / MTS BANK RATE OF RETURN AND PROFITABILITY

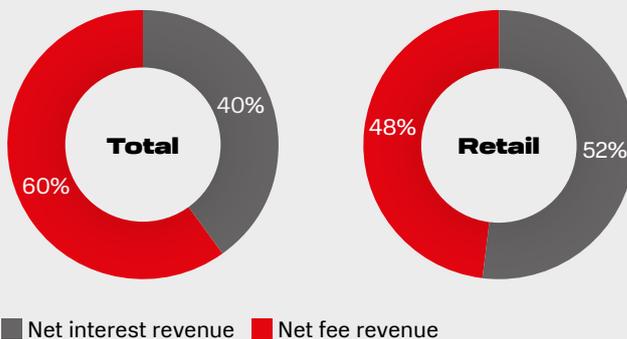
#### MTS Bank revenues

RUB billion



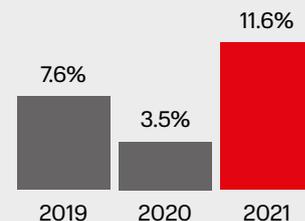
#### Source of revenue, 2021

% of operating income before deducting the provisions



#### Return on equity<sup>1</sup>

%



<sup>1</sup> Management accounting data of MTS Bank

<sup>2</sup> IFRS data

- > The NCR rating agency assigned an **A.ru rating** to MTS Bank with a stable forecast, Fitch improved the forecast for the rating of MTS Bank to **“Positive”**
- > Over 2021, the Bank’s operating revenue before deducting the provisions increased by **47%**.

In 2021, MTS Bank demonstrated impressive growth rates. The net income of the Bank, according to the MTS Group data<sup>1</sup>, at year-end 2021 amounted to RUB 5 billion as per IFRS, which is almost five times more than the indicator of last year.

The net interest revenue of MTS Bank for the reporting period reached RUB 19.8 billion, an increase of 28% compared to 2020. The net fee revenue reached RUB 13.2 billion increasing by 88% year-on-year. The operating revenue before deducting the provisions increased by 44% year-on-year to RUB 33 billion.

MTS Bank is actively increasing the contribution of transaction services, settlements and payments to operating revenue paying great attention to the fee revenue growth. Thus, in 2021, the ratio of net interest and fee revenue in the operating revenue structure amounted 60% to 40%, respectively, against 70% to 30% a year ago. The profitability of average capital increased to 11.6% in 2021 due to the net income growth in 2021 against 3.5% in 2020.

The retail portfolio of MTS Bank grew by 62% year-on-year and amounted to RUB 244 billion.

According to Frank RG, MTS Bank became the fastest growing bank in terms of loan portfolio growth in the unsecured lending segment — 83%. The Bank became the market leader in POS lending occupying the leading position in terms of lending and third place in terms of POS lending portfolio in 2021. The share of the Bank in terms of the volume of POS loans issued was 18.2%. General consumer loans still make up the major part of the portfolio; as of the end of Q4, the share of the GCL reached 55% of the total retail loan portfolio. The Bank doubled the sales of loan products during the reporting period.

Due to the loan portfolio growth (77% of assets), the growth of MTS Bank's assets in 2021 reached 33%; as of December 31, 2021, the assets of MTS Bank amounted to RUB 289.1 billion.

The loan portfolio active growth is supported by the growth of deposits and customer accounts. As at December 31, 2021, the term deposits of the customers amounted to RUB 158.2 billion, 55% of the liabilities of the Bank. The customer accounts amounted to RUB 42.7 billion.

In order to diversify the passive base in 2021, the Bank issued debut bonds for RUB 5 billion, while the demand for bookbuilding exceeded supply by more than four times.

Herewith, the loan portfolio quality is one of the best on the market. Following the pandemic-driven NPL increase in 2020, we are observing a steady improvement in the retail loan portfolio quality; as of December 31, 2021, the NPL share decreased by 4.3 p.p. to 5.7%, while the coverage of retail non-performing loans by provisions increased to 162%.

As of December 31, 2021, the capital of the Bank reached RUB 51.1 billion, which is 42% higher than at year-end 2020. As of January 1, 2022, the capital adequacy ratio H1.0 reached 12.5%, which provides for a moderate capital stock compared to the minimum regulatory requirement, taking into account the surcharges of 10.5%.

## Product Development and Launch

MTS Bank offers its customers a wide range of retail and corporate lending products. The development of retail lending and transactional services became a driver for the growth of the loan portfolio and revenues of MTS Bank in 2021.

In terms of **general consumer loans**, MTS Bank actively developed its partner base and product solutions. In 2021, the Bank showed an outstanding growth in selling general loans, compared to 2020, the figure increased by 2.9 times. The main sales growth drivers in 2021 were as follows:

- > reducing and improving customer journeys on the Bank's digital platforms;
- > improving the processes for generation and sale of fully approved offers for the "Cash Loan" and "Refinancing" products;
- > development of "visit-free" technologies for issuing a loan, including the loan delivery.

Already in Q4 2021, 67% of general loans were issued through remote channels without visiting the physical channels. The share of sales of fully approved offers reached 72%.

In terms of **POS lending**, over the previous two years, the Bank became the market leader and was ranked first in terms of the volume and number of POS loans issued in 2021.

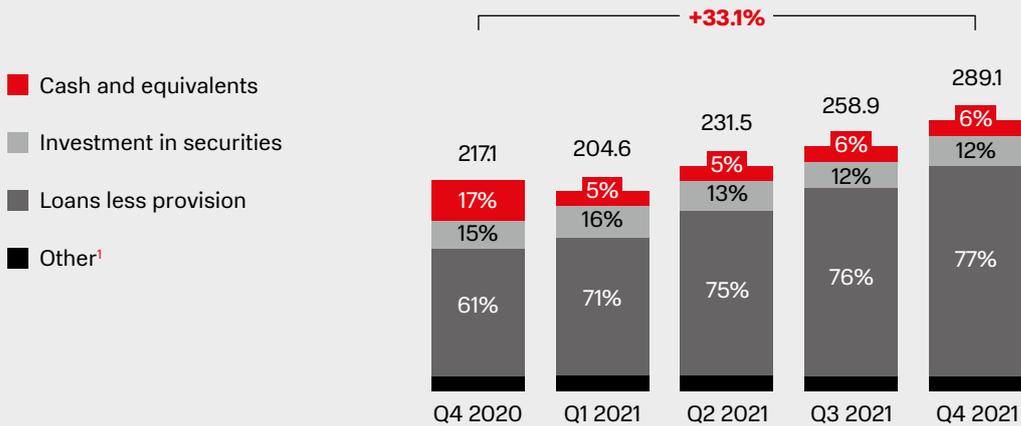
In 2021, the Bank grew 2.5 times faster than the market, with a 65% year-on-year increase in loan volumes. The POS lending market has gradually recovered after the pandemic. In 2021, MTS Bank

<sup>1</sup> Including intra-group adjustments.

# / CONTINUING GROWTH OF THE LOAN PORTFOLIO OF MTS BANK

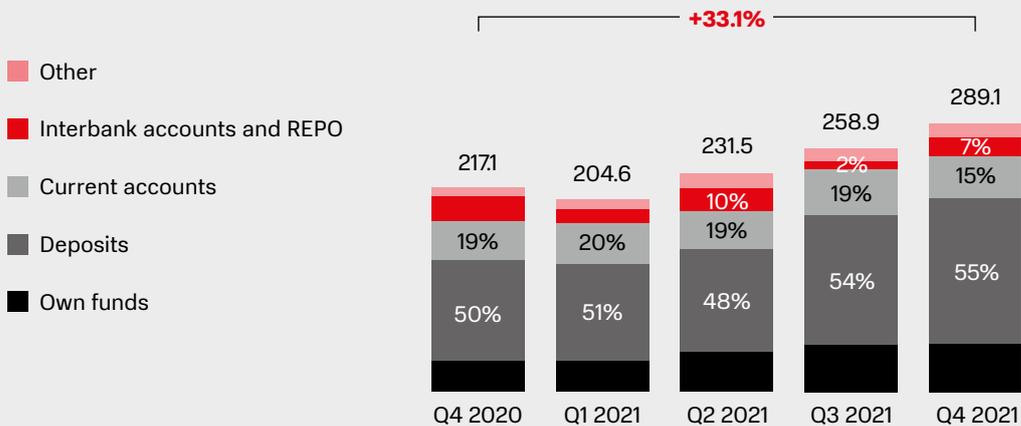
## Assets

billion RUB at the end of period



## Liquidity sources

billion RUB at the end of period

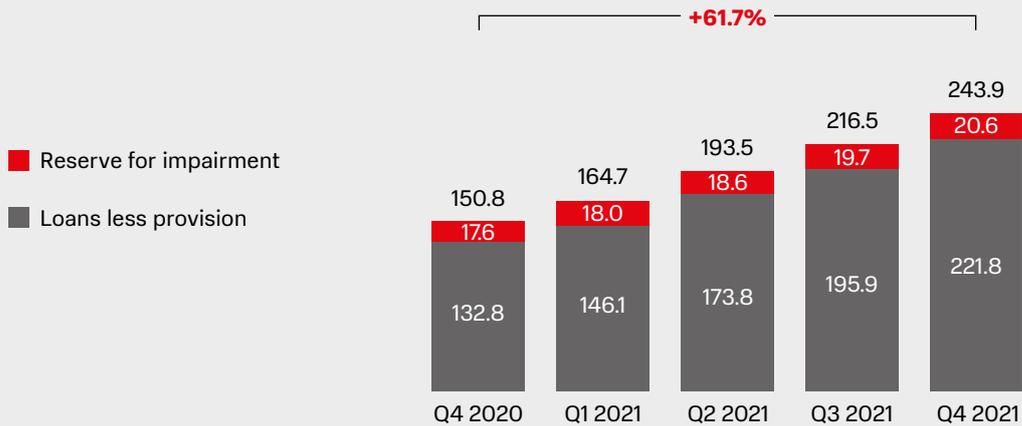


> **The Bank's retail portfolio grew by 75% year-on-year. At the end of Q4 2021, the share of general consumer loans reached 55% of the total retail loan portfolio. The 2021 loan product sales more than doubled year-on-year. The share of issuance of credit cards and general loans in digital channels exceeds 60%**

<sup>1</sup> Other assets include real estate, property, plant and equipment, deferred tax, intangible assets and other assets.

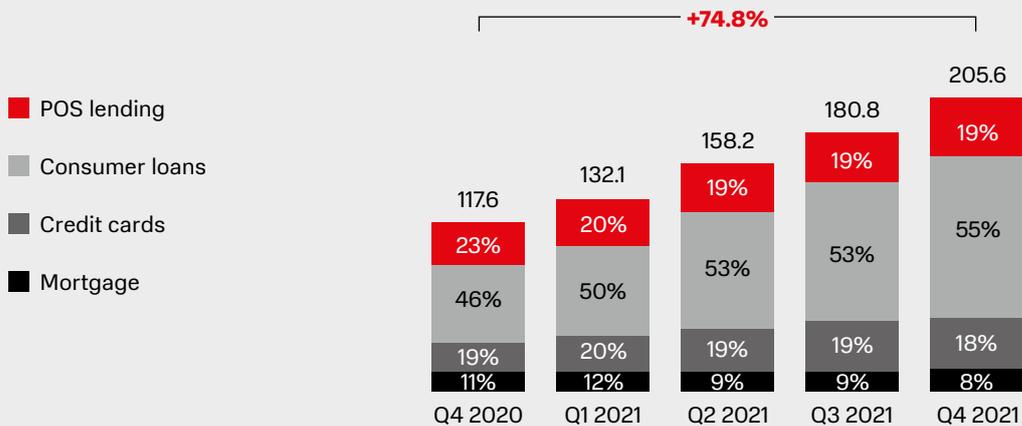
### Total loan portfolio

billion RUB at the end of period



### Personal loans

billion RUB at the end of period

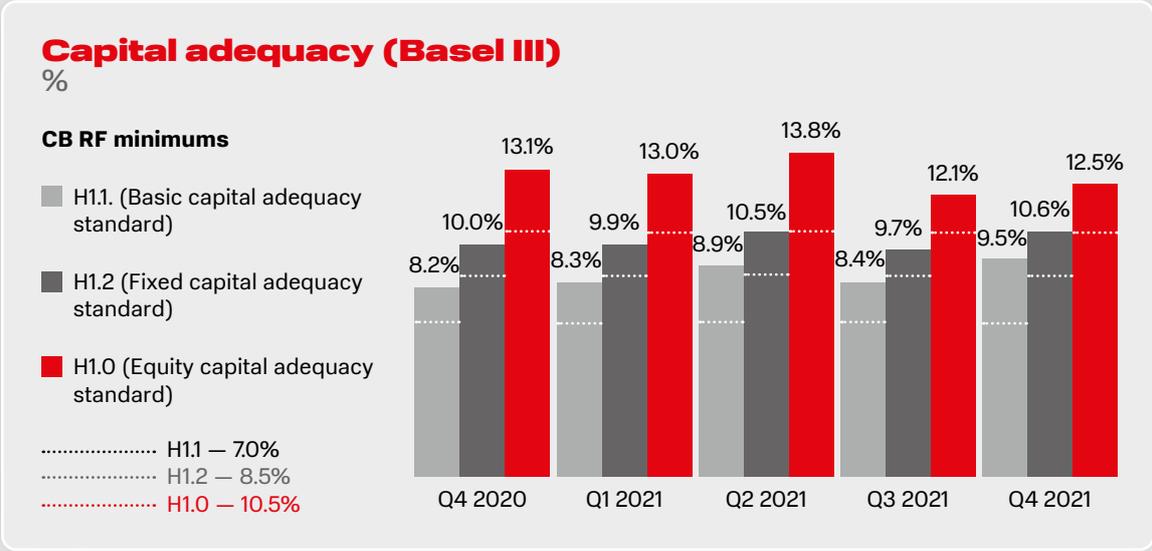
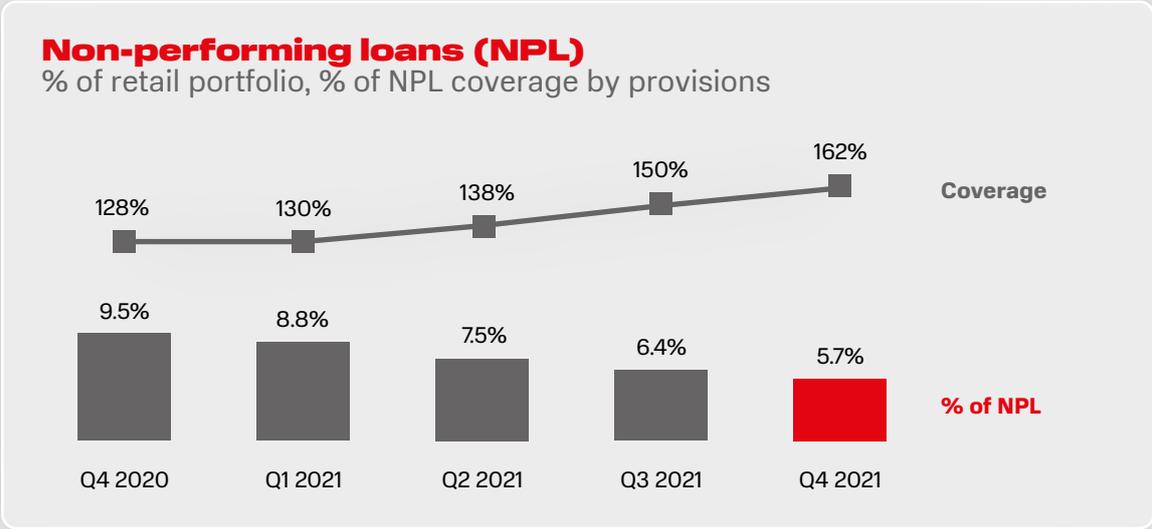
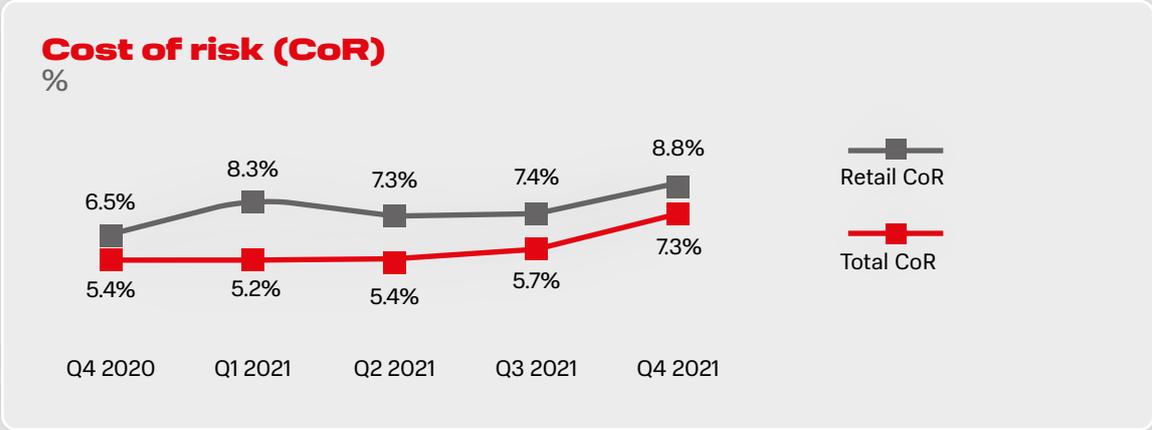


> **The bank ranks 1st in terms of issuance and 3rd in terms of POS portfolio in 2021<sup>1</sup>. The growth of market share in terms of issuance amounted to +4.5 p.p. year-on-year**

> **At the end of 2021, MTS Bank entered the TOP-3 ranking of mobile banks and the TOP-10 best mobile banks for day-to-day tasks in the published Markswobb rating of bank mobile apps**

<sup>1</sup> Frank Research

# / FOCUS ON LOAN QUALITY



launched a number of new partnerships and projects that contributed to achieving high results:

- > beginning of cooperation with Inventive Retail Group — a chain of ReStore, Xiaomi and Samsung retail stores;
- > start of cooperation with Maria Kitchens within a pilot project without photographing the customer in retail stores;
- > launch of lending in Ascona and Asus online stores;
- > integration with the personal broker of DNS, one of the leaders in the electronics and household appliances market in Russia;
- > implementation of our own solution for lending to customers in partner online stores.

The bank is actively developing the **daily banking**, area represented by a wide range of FinTech products for day-to-day operations for retail customers. It includes five key areas:

- > cards and deposits;
- > transactional business;
- > investment and personal finance;
- > money transfer system;
- > development of payment technologies and processing.

The Bank continued expanding its product range, improving the quality of services rendered and increasing brand awareness.

2021 Highlights in terms of **Credit Cards**:

- > MTS Bank entered the top 7 in terms of the gross portfolio of credit cards, leaving behind Home Credit, Russian Standard, OTP Bank, Raiffeisenbank and Citibank banks;
- > the Bank held the third place in credit card portfolio growth with a result of 68.1% (December 2021 to December 2020);
- > the MTS Cashback card became the leader of the Frank RG rating of the best bank cards in the “Best Credit Card with a Grace Period” nomination;
- > the bank continued to increase sales in digital channels. The share of credit card sales there amounted to 47% as compared to 30% in 2020;

- > despite high competition, the number of credit cards sold by MTS Bank in 2021 amounted to 637 thousand units, which is 24% more than a year earlier.

Separately, it is worth highlighting the development of **virtual cards**, of which 457,000 were issued in 2021. MTS Bank is developing new digital channels for issuing virtual cards: through the website with instant issuance, in popular messengers Telegram and WhatsApp, together with a Fintech Platform TalkBank is the first robot bank of MTS Bank Now; through the MTS Cashback mobile app. Within the virtual card development, the MTS Bank team developed the virtual card issuance within the MTS Premium subscription, the launch of a new co-branded MTS Bank-Magnit card with loyalty program in the Magnit retail chain, the launch of a new prepaid virtual card MTS Cashback Lite Mir (the first easy card combining two loyalty programs), the launch of a virtual card to the personal account of an MTS subscriber — MTS Cashback Mobile, the launch of the process of issuing virtual debit cards for the incoming stream of POS loans, for which more than 1 million cards have been issued.

In 2021, the launch of the best loyalty offer on the bank card market being 5% in supermarkets with an MTS Premium subscription became another significant event.

MTS Bank is actively developing **payment and transfer services** for MTS subscribers and MTS Bank customers, both in online channels and through retail chains featuring its own chain of MTS retail outlets, Bank offices and partner chains. The 2021 key product areas were as follows:

- > acceptance of payments in favor of MTS Group of Companies;
- > payments in favor of individuals and legal entities.

The main focus in developing the services is aimed at increasing the penetration of using services in online channels on in-house marts — My MTS and MTS Bank apps, the MTS Money mart (payment.mts.ru). In 2021, we managed to achieve significant results in this area: the volume of transfers and payments in the online channel grew by 1.9 times to RUB 208 billion and the number of 3MAU customers, users of payment and transfer services, grew by 1.6 times and reached 7.2 million people.

By the end of 2021, the turnover on in-house marts in favor of MTS Group of Companies reached RUB 28 billion, which is 56% more than the corresponding indicator for the previous year, and amounted to

about 10% of the total volume of payments in favor of MTS Group of Companies.

By the end of the year, the number of connected auto payments amounted to 1.9 million, which is 27% more than the corresponding indicator for the previous year.

The penetration of in-house marts into the MTS Bank customer base paying for the services of MTS Group of Companies increased from 22% at the beginning of the year to 47% at the end of 2021.

One of the main **local transfer service** tasks is to provide functionality to top up debit and credit cards, repay loans.

The 2021 key achievements within the product development of customer services were as follows:

- > expanding the set of payment tools for loan repayment services of MTS Bank;
- > launching transfers to Sberbank using a phone number;
- > implementing the me2me pull functionality for transfers via Faster Payments System;
- > topping up MTS Bank brokerage accounts.

As a result of active service development and quality improvement, it was possible to achieve growth by more than 155% over the year in terms of turnover and an increase in the service penetration into the Bank's active customer base to 45% in December compared to 12% in January 2021.

One of the priority areas for developing products for foreign citizens, as well as residents who have relatives and friends abroad, is the creation of **cross-border transfer services**.

In 2021, the Bank launched the following customer services and brought them to its own online channels — the MTS Bank app, namely:

- > transfers using international money transfer systems Western Union, Unistream and Contact;
- > transfers by card number to national cards of the CIS countries under direct agreements: Uzcard/Humo, Korti Milli, Elcart;
- > transfers by phone number to Tajikistan and Kyrgyzstan;
- > payment for mobile communication of the CIS countries.

In 2021, MTS Bank cardholders got access to more than 30 services in Kazakhstan, Armenia, Tajikistan, Uzbekistan and Kyrgyzstan: mobile operators, providers, loan repayment, e-wallet top-up, transfers to cards of foreign banks through Visa and Mastercard payment systems and national systems, payment for patents.

In December 2021, the Bank announced the start of issuing MTS Cashback debit cards to individuals not being residents of the Russian Federation from the CIS countries in the chain of MTS Bank branches, as well as launched cooperation with the Unified Migration Center in St. Petersburg. A plastic card for ruble currency with free annual service can be issued on the same day at any MTS Bank branch throughout Russia. The card allows executing money transfers to the cards of national payment systems in CIS countries with cashback accrual.

The card for non-residents of the Russian Federation is the Bank's flagship product for foreign citizens in the MTS ecosystem. The implementation of this service has a high potential to engage a huge number of new customers: 12.9 million people are non-residents of the Russian Federation, which is 9% of the population of the country. MTS Bank pays special attention to customer support and communication in national languages. The IVR service, SMS communication and push notifications in national languages are already functioning. In March 2022, the Bank announced the launch of a chat bot in the Telegram channel.

## Acquiring Services

In 2021, the total acquiring turnover of the Bank increased by 28% and reached RUB 117 billion, while the number of retail and service outlets increased by more than 80%, largely due to developing partner sales channels. 2021 total net fee revenue from merchant and Internet acquiring amounted to about RUB 170 million.

Within the development of payment services, the Bank implemented the following projects:

- > Internet acquiring in Ozon;
- > Faster Payments System payment functionality both through the Bank's payment terminals and through the partner's cash equipment (chain of MTS communication retail outlets);
- > finalization within the Visa Micro-Merchant program, which made it possible to receive additional income (~RUB 2 million per month) for the companies in the micro and small business segment.

## MTS Payment

MTS Payment is a payment service for the MTS ecosystem and subsidiaries. Today, the principal module value lies in a single payment CJM (Customer Journey Map), centralized card storage and an easy onboarding process (business and technology), which allows starting payment in a matter of a few days.

In 2021, the Bank made a complete technical solution refactoring: it abandoned vendor development, generated the basic microservice architecture of the solution, formed an integrated approach to solving the issues of monetization and payment with the corporate architecture of the company. In the middle of the year, jointly with KION, the Bank launched a pilot project.

The MTS Payment product aims to reach satisfaction with the payment service on the part of the customers of the products.

For 2021, MTS Payment was integrated in the following products of MTS Group of Companies:

- > MTS Cashback
- > e-Sim
- > MTS Premium
- > MTS Finstory

In 2021, MTS Payment switched to payment within a single CJM (Customer Journey Map):

- > MTS At home
- > MTS Insurance

By 2023, MTS Payment plans to transfer 16 previously connected partners to payment within a single CJM. More than 12 new ecosystem products expressed their wish to integrate MTS Payment.

## Mobile Commerce

In 2021, the turnover of payments on partner marts amounted to RUB 18 billion. The customer involvement in payments from personal accounts amounted to 8.6 million unique users. A number of qualitative achievements contributed to the growth in demand for payment services using a personal account:

- > connection of 500+ new trade and service enterprises to MTS Bank through aggregators and directly;
- > the product was fully transferred to a single processing solution of PCEC, all partners are connected to the single platform solution;
- > restoration of contractual binding with telecom operators Tele2 and Beeline through Single Cash Desk NSCA settlement organization;
- > integration of mobile commerce with the payment solution of MTS Bank (RBS) for the possibility of payments using the MTS personal account;
- > work to audit the activities of counterparties in terms of compliance with the requirements of No. 115-FZ "On Countering the Legalization (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism" and regulatory legal acts of the Central Bank of the Russian Federation was intensified.

Today, 4 million MTS subscribers regularly, at least once in three months, use the opportunity to make payments and transfers from their subscriber account.

## / MTS RETAIL CHAIN

**The retail chain is the MTS ecosystem mart promoting the ecosystem products.**

Through its 100% subsidiary RTC JSC (RTC), MTS PJSC has one of the largest non-food retail chains in Russia, which includes about 3,413 retail outlets selling telecom equipment and communication services, customer service, financial and banking services.

Developing on an omnichannel basis, implementing a single approach to the customer at all points of contact and the interconnectedness of communication channels, RTC interacts with 120 million customers a year. Live communication, personal contact, expert knowledge of RTC employees help familiarize the buyers with the best MTS ecosystem products.

About 80% of new customers of the MTS ecosystem who visited RTC retail outlets and learned about the MTS Premium subscription signed up for the program.

More than 200,000 new customers who learned about MTS convergent products at RTC selected a product combining Satellite TV and fixed-line communication.

The number of participants engaged in the MTS Cashback program through RTC almost doubled, as

compared to 2020. 70% thereof are new participants registered in the program for the first time. In addition, more than 20% of the service members converted the points received into a repeated purchase.

The MTS online store (shop.mts.ru) is implementing an “endless shelf” project, the essence of which is that the goods not fitting in a physical retail outlet are available for purchase digitally. The buyers have the opportunity to place an order with delivery to a specific address or to any MTS retail outlet / point of issue of the order.

RTC is constantly working on reducing the time of customer service without losing the quality, improving the software operation and optimizing organizational processes; much attention is paid to the professional training of first-line employees.

**During the pandemic, the RTC retail chain was not only able to quickly transform the processes within the company while maintaining its main strategic priorities, but also strengthened those its parts that allowed minimizing losses in such unprecedented circumstances.**

# / KION/MEDIA

**On April 20, 2021, a new online cinema KION was created and launched on the basis of the MTS TV OTT platform and became a part of the MTS product ecosystem.**

The MTS Media LLC (MTS Media) subscriber base dynamics is positive Y-t-Y +27%, the main increase was due to online cinema subscribers (+58%):

- > KION video service rebranding;
- > launch of KION Originals;
- > implementation of MTS Media marketing campaigns: 100/100, KION for 199, as well as MTS Premium ecosystem products and convergent.

The flagship area of the KION platform is the KION Originals content line: exclusive series, feature films and documentaries. In the originals pool of the KION online cinema, there are such well-known film and series projects as “Crystal”, “Kidney”, “My Mom’s Penguins”, “Secrets of Family Life”, “Durov”, “Clinic of Happiness” and many others.

In total, KION released 21 original projects in 2021.

In 2021, the release of original content became possible thanks to strategic partnerships with key federal TV channels (Channel One, NTV) and cooperation with the leading production companies: Look-Film, Sreda, Bazelevs, Mediaslovo, VISH Media, etc.

Projects and works released by KION online cinema were awarded Russian and foreign awards (to date, KION series and films have received more than 18 film awards), including:

- > the “Clinic of Happiness” series received the Bolshaya Tsifra national award in the “OTT Originals: Content Created Specifically for Online Cinema” nomination;
- > KION online cinema received the 2021 Bolshaya Tsifra national award in the “Discovery of the Year” nomination;
- > KION original series “The Spit” won the New York International Film Festival (INYFF) in the “Best TV / Web Series” category;

- > the “Secrets of Family Life” project won The Digital Reporter Special Prize at the Realist Web Fest;
- > KION original series “Father Sergius” was awarded at the third annual Pilot festival of TV shows for “masterful genre mix-up”;
- > promo videos of the series “The Spit”, the movie “Sakharov. Two Lives” and branding of KinoJam TV channels were awarded at the ninth Media-Brand competition;
- > victory of the KION online cinema commercial “Frenchman” at MIXX Russia, ADCE, Eurobest, Red Apple and ADCR Rewards (bronze in the “TV/Cinema Commercials” category; silver in the “Online Videos” category; gold in the “Craft — direction, cinematography and editing” category);
- > KION original series “Secrets of Family Life” was acknowledged as the “Best Comedy Series” at WEBFEST BERLIN.

Regular citation in top business and specialized media, PR and GR events, co-producing of feature films with a high social response, release of our own high-rated series content, as well as a focus on content promotion, made it possible to increase KION brand awareness to 30% by the end of the year.

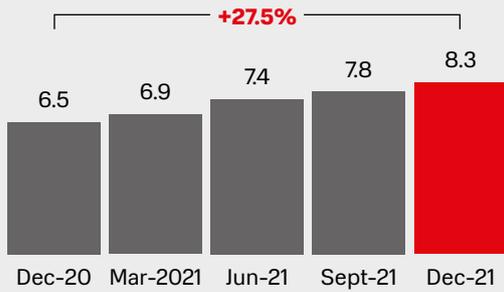
Thanks to the service restart and rhythmic original content releases, the share of VOD library viewing on the service increased significantly (three times), just as the time spent watching content on the service.

In 2021, MTS Media continued to work on its own TV channels with Russian and foreign content: KinoJam1 and KinoJam2 streaming HD movies and series. The KinoJam1 TV channel is dedicated exclusively to domestic cinema, while the KinoJam2 channel focuses on popular foreign TV series and films.

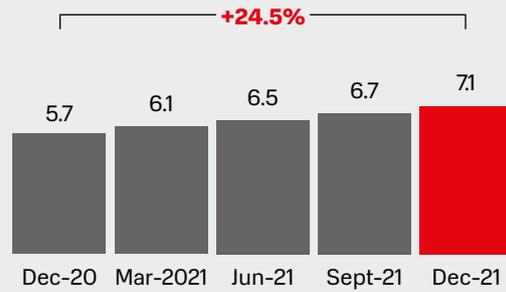


# / DEVELOPMENT OF KION, THE LEADING ONLINE CINEMA

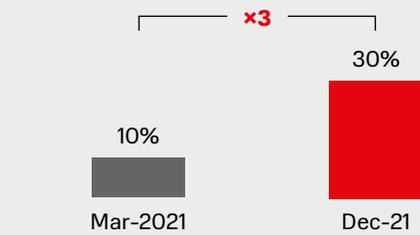
**3M TV subscribers**  
million subscribers



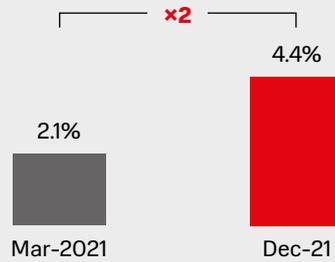
**Paying 3M**  
million subscribers



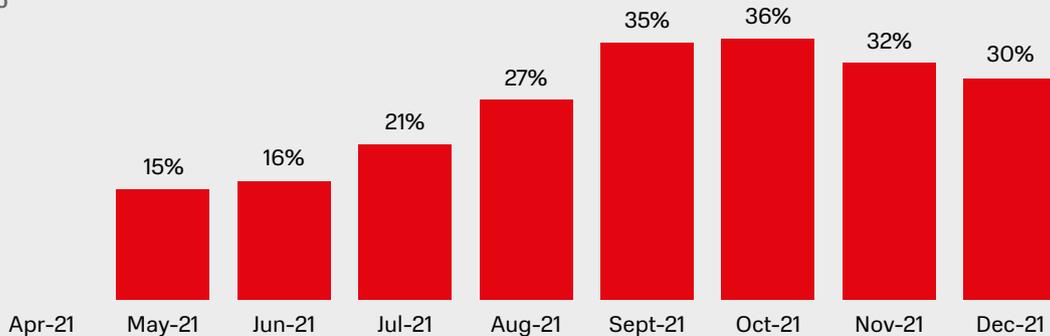
**The share of time spent watching VOD content in the total time spent watching on the service (TVT)**  
%

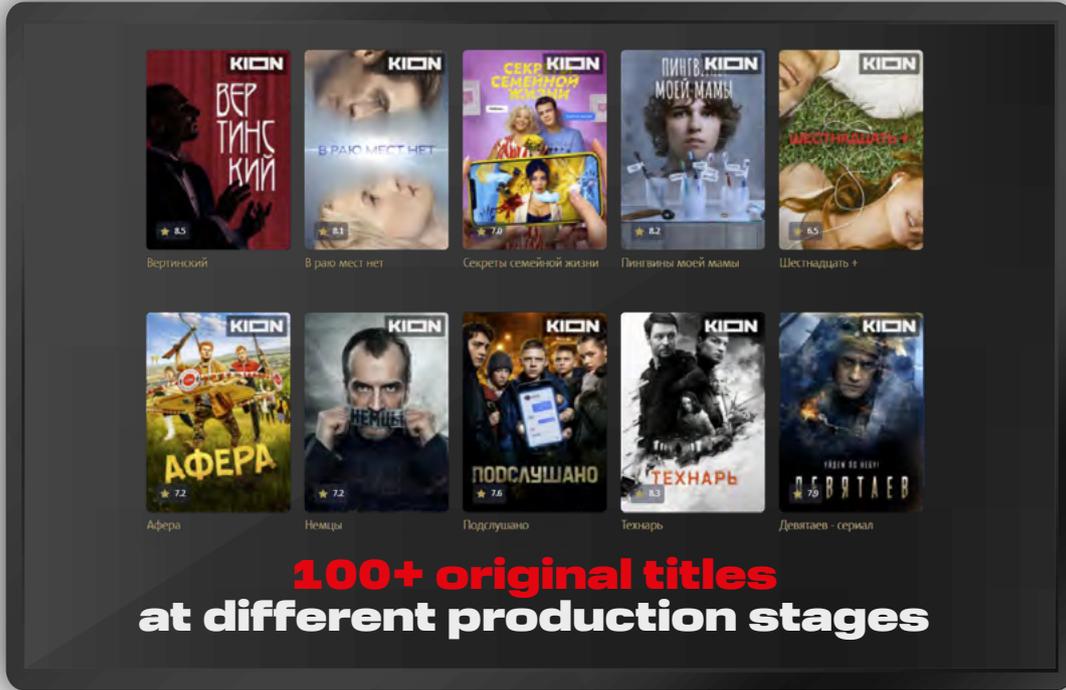


**KION watching by an active subscriber per week (TVTU)**  
hours

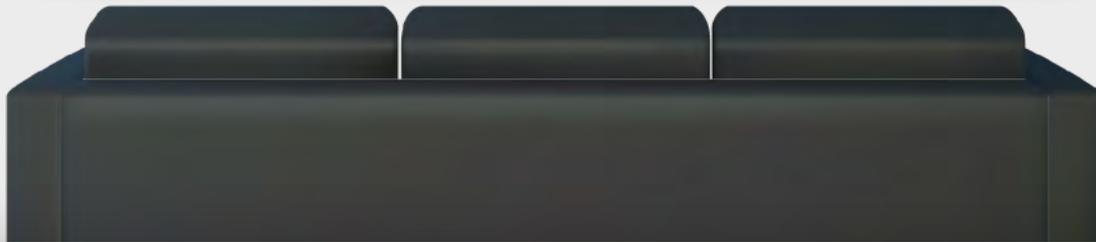


**KION brand awareness**  
%





**100+ original titles**  
at different production stages



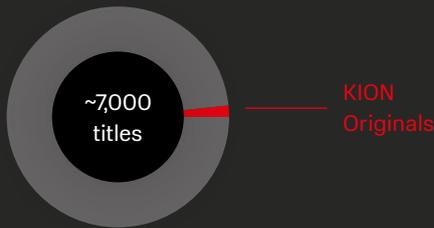
**Original content**

**21** title **x3** MAU **x2** TVTU

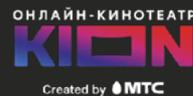
Main driver — VOD

Partnering with OZON e-commerce platform is a new source of user base growth (starting Dec'21)

**VOD Library**



**Positive audience feedback**



Leading feedback aggregator

- ★ 9.2 ..... Crystal ..... ★ 8.1
- ★ 8.6 ..... Clinic of Happiness ..... ★ 6.7
- ★ 7.7 ..... Devyataev ..... ★ 6.2
- ★ 6.6 ..... Secrets of Family Life ..... ★ 6.5
- ★ 7.2 ..... The Spit ..... ★ 5.6
- ★ 7.0 ..... Heard It on the ..... ★ 6.1
- ★ 6.7 ..... Scam ..... ★ 5.0
- ★ 8.1 ..... Durov ..... ★ 6.3

## / QUALITY AND CUSTOMER EXPERIENCE AND SERVICE IMPROVEMENT

**In 2021, we continued our work to increase customer satisfaction with the company services and provide the best customer experience in the MTS ecosystem. To this end, we are working on building a unified omnichannel customer experience, where our customer receives a high-quality product and seamless service, regardless of the product or point of contact.**

The customer has been and remains our company value. In 2021, we actively developed the customer ecosystem. We arranged the work with each customer in such a way that he/she would receive maximum support using any of our services.

Particular attention was paid to the development of convenient customer service tools. Based on AI, we created speech and text analytics, and now we understand much better the way the customer communicates with Help Desk personnel. We see what is already working well and what is subject to improvement. Moreover, we made sure that contact center employees feel comfortable in the new pandemic reality. For security reasons, more than 50% of employees worked remotely from a comfortable home office being equipped with everything required for work.

In 2021, we went on developing the automatic voice assistant (IVR). We connected an internal intellectual platform thereto and now we offer the customer such scenarios that are best for him/her. IVR efficiency increased to 65%.

In 2021, customer service was launched in the popular WhatsApp, Telegram and Apple Messages messengers; we also actively developed the chat bot. The bot solves more than 50% of incoming questions on its own, without transferring to operators. New services have also appeared: we inform the customer about the terms for executing his/her application, as well as about the terms and status of reviewing his/her claim. The bonuses for those customers who got affected by network outages are provided automatically.

Attention was paid to the retail chain as well. Employees act according to the new MTS ecosystem customer service scenarios, they have a chat with a built-in smart chat bot for additional support.

All our activities are targeted at improving the customer service quality, this is an important part of the MTS CLV 2.0. strategy. Also, we get feedback on the changes introduced through a predictive scoring model. This tool shows the exact customer needs, as well as the approach capable of quickly and efficiently solve his/her problem. Thanks to this data, we become even better, and the customer appreciates it staying with us for years.

In 2021, an important area for improving customer experience became increasing communication transparency regarding the company data plans and services. This is a key component for strengthening the trust of customers using the products and services of the MTS ecosystem. CJM (Customer Journey Map) audits for popular data plans and services were conducted. The result of the work carried out for the customer was an increase in the transparency of information on charges, including the implementation of SMS/Push-notifications containing the recommended amount for payment, the construction of unified CJMs and the provision of up-to-date and unified financial information at the main points of contact.

High competition in the telecom services market requires a reduction in time-to-market and an increase in the quality of new data plans for services and subscriptions that meet the needs of different user categories. In order to accelerate the launch of new high-quality products on the market, the company developed an updated automated testing system. Using the new system, we will be able to more than triplicate the amount of processes tested at peak performance, thus increasing the number of products tested simultaneously. Increased system performance will have a positive effect on the maximum throughput capacity, while improving the quality of the products launched.

We successfully use and go on developing the portal for alpha and beta testing of MTS products. In 2021,

we introduced a system to motivate our customers with various offers for the company products. The motivation system not only helps us engage new users, but also expands the number of the MTS ecosystem customers. Thanks to the portal, we provide high quality products, taking into account the needs and opinions of our end users.

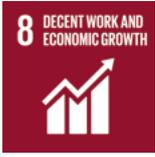
In 2021, we expanded the coverage of digital products by customer and technological quality metrics by 88%, which made it possible to comprehensively assess customer satisfaction with MTS ecosystem products and understand the customer needs better. An approach to assess the quality of individual components of digital products being the modules providing convenient and seamless customer experience at every point of contact between the customer and digital products was introduced. Comprehensive improvement and optimization of mts.ru website performance was carried out, due to which it was possible to reduce the time for the complete website upload by 41%. In general, due to the ongoing activities, it was possible to increase the

customer satisfaction indicator with our website by 3.5 times in H2 2021.

The Closed Loop project continues to develop, within which the customers are additionally contacted based on the results of satisfaction surveys to help resolve their issues. During the year, we expanded the Closed Loop areas by adding MTS and MTS Bank chat customers, as well as the users of banking products, to the project. The ecosystem services, such as MTS Premium, MTS Library and MTS Music, began to be used as loyalty tools when communicating with the customers. Upon the Closed Loop execution, the customer satisfaction doubles. This project helps adjust the existing business processes to ensure customer satisfaction with interacting with the company.

In 2021, we actively worked with the number and frequency of customer opinion surveys. As a result, it was possible to reduce the survey load on the ecosystem customers by elaborating a harmonious contact strategy within the entire ecosystem.

## / BIG DATA



### **Big Data develops and supports the majority of MTS products and solutions using technology platforms (recommendations, scoring, lead generation, dynamic pricing) and big data analytics competencies.**

Big Data developments make it possible to provide the customers with more customized offers, which increases competitiveness, frequency and duration of customer contact with the product.

Big data processing technologies also allow to optimize processes within the company and increase the efficiency of investment in the initiation of business.

In addition, big data underlie individual services: a solution for individual organization of advertising campaigns by business customers of MTS Marketer, geanalytics for Smart City (MTS Region), anti-spam services and others.

In 2021, a tool for automatic subscriber segmentation was developed for the MTS Marketer product, due to which the number of sold ad-hoc segments was increased by 2.5 times without increasing the staff or losing quality and meeting the set deadlines. Also, MTS Research, a marketing research product, was launched, within which a line of reports was developed to analyze the customer base, the campaign launch results (post-campaign) and to conduct other marketing research.

Big Data continues to develop FinTech areas in partnership with colleagues from MTS Bank and the MTS ecosystem. At the end of 2021, it was possible to increase the accuracy of segments and reduce the time of delivering offers to the customer by three times, introduce additional scoring models for "risks", launch Full Approve loans, as well as

integrate a recommending system for payments and transfers into RB.

MTS goes on utilizing big data analytics to efficiently plan the development of telecommunications infrastructure (Smart Rollout project). In 2021, the focus of developing the use of Big Data technologies was shifted to finding more efficient locations for new coverage. Within this activity, it was possible to increase the coverage of the analyzed facilities by seven times and to double the accuracy of models for predicting the revenue of locations due to machine learning algorithms and the ability to analyze a large number of factors. In addition, it was possible to clarify the methodology for assessing locations with low quality indicators on the basis of big data.

In 2021, the spam protection service was scaled to more than a third of the telecom business customers, which required a significant increase in the coverage and speed rate for detecting spam numbers. Together with our colleagues from the MTS ecosystem and the AI team, a service for short communication with spammers was launched, which allows the customer to receive the text of the advertising call and listen to it, if necessary.

In 2021, the Big Data team continued to cooperate with government agencies (the Situation Center of the Ministry of Digital Development, Communications and Mass Media of the Russian Federation) on the subject of fighting COVID-19 and its consequences in terms of supplying data on compliance with self-isolation regimes.



# / ARTIFICIAL INTELLIGENCE

## MTS Artificial Intelligence Center

The MTS Artificial Intelligence Center has been operating since 2017. The AI Center specialists create and introduce AI solutions within the MTS ecosystem. Developments of the Center complement the existing services with new features, improve customer experience: solutions in the field of computer vision (cloud video surveillance and video analytics), natural language understanding (chat bots, voice bots, virtual assistants, speech analytics), speech synthesis, industrial analytics.

MTS is a member of the Artificial Intelligence Alliance that develops the said technologies in Russia. Other members of the Alliance are Sberbank, Yandex, Mail.ru Group, Gazprom Neft and the Russian Direct Investment Fund (RDIF).

In March 2021, MTS announced investment of around USD 10 million in a startup of Kneron, a

group of companies that develops and sells microchips used for accelerated and power-efficient processing of AI algorithms and related software.

In June 2021, the AI Center launched startup accelerator and venture fund. The authors of AI projects demonstrating a strong idea, solution prototype and development may apply to the accelerator. Currently, 13 startups from 10 countries have been selected with funding of up to USD 100 thousand approved for each project.

MTS has entered into agreements on strategic partnership in the field of AI with 30 international companies.

The MTS AI Center combines its own expert opinion with the world's leading developments in the AI field so that our solutions are in demand not only in the Russian market, but also in the global one.



# / DEVELOPING NEW SERVICES/APPS, PARTNERSHIPS



## MTC Live

In 2021, MTS Live was actively developing due to the theatrical direction and support of the Russian cultural sector: we entered into partnerships with major theaters (for example, the Mossovet Theater), invested in our own productions and musicals.

The share of MTS ticket services in the dropped market was increased by strengthening its leadership in Moscow and initiating business in the regions (agreements were concluded with 130 new counterparties), as well as active participation in the Pushkin Card program. In 2021, sales on MTS ticket marts grew by 84.5% year-on-year. In 2021, the total number of tickets sold amounted to 3.5 million.

Despite the restrictions imposed on mass and cultural events, the MTS promotion department managed to hold 341 events and concerts with more than 250,000 tickets sold in total in 2021.

A partnership was signed with the MTS Live Hall in Yekaterinburg, the opening of the MTS Live Arena in Moscow and the launch of a chain of own concert venues in the key regions were planned. The hall and bar in the Moscow Palace of Youth (Moscow) were rebranded.

MTS Live customers get access to all the MTS ecosystem benefits: from convenient seamless authorization using MTS Login or easy MTS Pay payment in the mobile app to special MTS Premium subscription offers and the ability to accumulate or write off MTS Cashback program points.

## Partnerships

The number of active joint projects with major partners reached 50:

Apple, Microsoft, Samsung, Google, HP, Xiaomi, GazpromMedia, VK Group and others.

The partner infrastructure is improving, partner connection time has been reduced, which leads to an

improvement in NSAT being an indicator of satisfaction with MTS as a business partner: 18 p.p. to 27 p.p.

10 partners were added as part of MTS ecosystem products: MTS Cashback or MTS Premium, X5 retail group (Perekrestok Vprok), Ozon, Airo, Urent, Medsi, VK Group (Uchi.ru), Lukoil, Aeroflot, Wargaming, PUBG mobile, IGG.

Contracts with five key strategic partners were extended in terms of services (Apple Music, Yandex. Plus, MTS Music, Tinder).

## Eco-modules

In 2021, we covered 90% of the top (TOP-30) ecosystem products with the major ecosystem modules (Login (MTS ID)), Profile, Design System, Help, Markup.

Seamless authorization for ecosystem products was developed and is being introduced.

A unified help system and a unified design system in code, which reduce the time for making product changes, were developed and introduced.

We developed and commenced the introduction of a system of cascade (Push, SMS, e-mail) user communication.

## My MTS

My MTS becomes the versatile Ecosystem mart, which provides the customer with easy access to the entire range of ecosystem products and services (Premium subscription, MTS Cashback, telecom, bank, online store, etc.).

The customer now sees a set of widgets for digital products activated on the main page of the My MTS app and can easily manage his/her subscriptions.

Now, on average, more than 5 million customers visit the app daily (a million customers more than at the beginning of 2021).



## / PARTNERSHIPS WITH MTS ECOSYSTEM

**>1000**  
partners



**Integration into  
MTS ecosystem  
in one week**

**>10** million  
customers

MTS engaged for our  
partners over the course of  
four years



**Electronic  
document  
management**

**>50**  
RUB billion

MTS earned together  
with its partners

**9 out of 10**  
companies

are ready to recommend  
MTS as a business partner

### Segmenets:

**BIG DIGITAL/  
Worldwide**



Partnership for new  
product launch-  
es by international  
companies

**BIG DIGITAL/  
Russia**



Cross-promotion,  
integration into loyalty  
programs

**NON DIGITAL/  
Russia**



Combining products  
of offline partners with  
MTS digital products

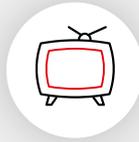
**Minority  
participation**



Obtaining expertise in  
the areas new to MTS

# / MTS BUSINESS MODEL: VALUE CREATION TRIANGLE

## ECOSYSTEM



**Multi-product customers: churn reduction, increased return per customer, additional sale of services**



- > seamless customer experience
- > customization
- > subscription model flexibility
- > unified loyalty program
- > assistance in launching new services



value creating tools

## GROUP



M&A



IPO

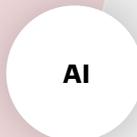
**Growth in the fundamental value of the Group through the spin-off of major business areas and growth in their value**



- > quality and flexibility of management through the business area autonomy
- > raising of external capital in business areas (strategic investors, IPO)
- > M&A of required assets
- > capital redistribution between business areas
- > interaction management within of the Group

₽

## COMPETENCIES



**Accumulation and development of competencies is a source of efficiency and competitiveness growth for all businesses of the Group**



- > reuse of competencies in other business areas increases their competitiveness
- > The Group creates sufficient domestic demand to develop the “expensive” competencies

# LOOKING INTO THE FUTURE

The hype associated with ecosystems and digital platforms is gradually disappearing both globally and in Russia: the focus is shifting to the articulating a clear benefit for a customer or business partner. In the future, the emergence of new players (including those based on telecom operators) is unlikely. Cross-country differences will persist, if not increase: the Russian market will be one of the few where multi-industry companies developing local ecosystems will continue to develop. Herewith, a scenario of “rational” coexistence of ecosystems, digital platforms and marketplaces is likely, both in terms of competition between them, and in terms of consumer choice. Thus, we can expect that there will not be any significant number of mono-customers: on the contrary, people will strive to obtain the maximum utility by consuming the products and services of several ecosystems. Within this approach, we expect continued penetration of subscription consumption models and, simultaneously, a significant share of multi-subscriptions among consumers: it will also be rational, if the ecosystems strive to complement each other (even within the same service category, for example, different filling of online cinemas with exclusive content or increased cashback for different products). Thus, in the near future, a significant part of the population of the country will be covered by the principal ecosystems fighting for customer retention (for example, within the subscription model) and not competing with each other “head-on” for tugging customers to their respective side and exclusive “rights” to them.

In the field of technological development, over the next few years there will be a convergence of telecommunications and IT infrastructure: a distributed multi-level network of backbone, edge and far edge data centers connected both with each other and with the customers by high-speed FOCL-based channels, private and public 4G/5G-networks, will not only improve the quality of the existing solutions, but will also allow to create new nationwide scalable products and services, for example, in the areas of AR, VR, cloud games, vehicle remote control. It is in order to fully live up to potential of this trend and the synergy of the assets existing in the Group that MTS allocates cloud and telecom infrastructure to a separate company (MTS Web Services, MWS).

The linear TV replacement with online cinema services continues in the video content market. Competition in this market, both globally and in the Russian market, has only intensified over the past few years, but in the future, a decrease in competition and industry consolidation cannot be ruled out. Consolidation can take place not only as leaving or merging individual players, but also, for example, as generating partnerships (for joint production of content being a key and scarce resource in this market) or using the white label model (providing services in the interests of other ecosystems or digital platforms not having their own media products). Regardless of the industry development scenario, MTS continues to develop its key business area in this field being KION, which combines a full set of linear TV channels and an online cinema.

The pandemic gave a drastic nudge to the development of remote service formats: the share of online trading in the total retail trade turnover has grown and ready-made food delivery services continue to gain popularity. A number of large companies and ecosystems in Russia are developing their trading platforms (marketplaces), the competition here remains high, while developing such projects still consumes significant resources. Thus, having this kind of business area in the ecosystem will not only have its advantages, but also disadvantages, at least in the medium term. MTS, for historical reasons, has a strong offline retail chain (RTC), in which the share of online sales is also growing rapidly, and the Group will continue its organic development both as an independent business, and as a universal omni-channel tool for sales and service in the interests of the MTS ecosystem and its partners. Continued introduction of CRM, Big Data and AI tools (developed within the Group) will allow MTS to increase sales and customer service quality cost-efficiently. Separately, in the context of retail and mobile operators, it is necessary to highlight the e-SIM technology, the potential of which has not yet been fully disclosed and due to which, in the future, it may be possible to change the structure of operations in the chain of PoS and sales, as well as to reduce the cost of purchasing physical SIM cards.

Financial services are usually one of the key elements of most ecosystems, at least in Russia.

The Russian market is considered one of the most progressive and dynamic, and now, with international payment systems having left, it has almost completely switched to domestic payment solutions, which in this regard makes the market similar to the Chinese one. In the short term, we can expect further growth in the penetration of solutions based on Mir cards and Faster Payments System. From the point of view of global trends, it is necessary to single out the increasingly popular BaaS (Banking as a Service) model, within which the partners provide financial services (separately or within a cart of financial and non-financial products) to end consumers. The prospects for the widespread use of this business model in Russia are not so obvious, since the leading banks themselves are trying to expand the range of services they provide to the fullest extent possible; however, the attempts to use this concept will be probably made in the Russian Federation as well.

“Smart Home” is one of the most promising markets in Russia, which is still at the initial growth stage (compared to a number of other large countries). Generally speaking, this market is still too segmented — many large companies operating in the consumer electronics markets are building their own ecosystems not always compatible with each other, although the unification of protocols and standards would not only be convenient for users, but would also increase revenue and profit for all players. A certain hope in this matter can be given by the Matter project and family of protocols of the same name, if they are successful. However, in any case, the main obstacle to the growth of penetration of Smart Home products lies not in the presence of unified protocols and compatibility of equipment from different manufacturers, but in the absence of a selection of convenient and functioning use cases bringing real benefits to the customer. Thus, statistics on using

Smart Speakers in a number of countries shows that the main use cases are primarily related to listening to music, searching for information and content, and not only and not so much to controlling Smart Home devices. Herewith, the growth in the penetration of typical Smart Home devices (light bulbs, sockets, cameras) in a number of developed markets has already stopped at a rather low level. It can be expected that a new breakthrough will be made once new use cases are found. Herewith, it is likely that typical mass use cases will be different for different countries: something in great demand in the US (for example, a heating/air conditioning control system for private homes providing energy savings) may be of little interest to an average Russian.

Significant changes are expected in the digital advertising market. Large-scale changes thereon will be caused by the concurrence of a number of factors. The ban on cookies in the Chrome browser and the new privacy features in iOS are directly transforming the digital advertising market. The willingness of young people to share data about themselves creates long-term motivation for elaborating new tools for more precise targeting. Marketing is actively shifting into social and entertainment mechanics (including through UGC platforms). An additional Russian market feature was the withdrawal or ban of a number of foreign players, which will provide new opportunities for local companies (for example, RuTube, VK) in the advertising market. MTS will also increase its presence on it, primarily by developing MTS Marketer, as well as, for instance, by introducing an advertising model in WASD.TV. It is also important to note that, in a broad sense, the possibility of targeted sales of additional services (own and partner) to the customers underlies the MTS ecosystem construction ideology.

# OUR STRATEGY



**Since 2019, MTS has been following the Customer Lifetime Value 2.0 (CLV 2.0) strategy aimed at building a sustainable digital ecosystem business on the solid telecom leader foundation. This wording means that the Customer, to whom we provide a wide range of digital services, is at the center of our value proposition. We strive to extend the customer’s “Lifetime” as much as possible (Lifetime is the time, during which the customer uses our services), creating and gradually strengthening emotional affection for the brand, and increasing the degree of satisfaction and customer loyalty. We focus on offering greater Value to the customer and at the same time we maximize the value that we will receive from the customer in the long run. “2.0” symbolizes our transition from the ideology of operating on a single telecommunications market (which we conventionally denote as “1.0”) to the ideology of a digital service environment with a comprehensive offer including products and services of different markets to meet the needs of the customers in various spheres of their lives.**

We are confident that going beyond the boundaries of the telecom business to new markets, for example, the markets of financial services and media/entertainment, with the functional support of such digital areas as Big Data and AI, will allow us to transform into a multi-service digital company. We will build up a portfolio of digital products based on our own developments, as well as by involving independent developers and service providers as partners. These mutually beneficial partnerships will allow us to bring more value to the lives of our customers, offering them more innovative, diverse and convenient services. We are planning to gradually expand capabilities of our programs, increase the number of partnerships and become the best possible choice in the market for companies looking to expand their customer base and gain additional value.

The Russian digital service market is unique to a certain degree, since local players in most segments who successfully compete with global giants occupy leading positions. This situation is down to a number of fundamental reasons, ranging from consumer preferences and language specifics to regulatory requirements and the structure of the borrowed capital market. This allows large Russian business groups, representatives of areas such as

the banking sector, retail, high-tech sphere and telecommunications, to actively develop new business directions in the digital environment, relying on the ecosystem approach in their strategies. In our opinion, the Russian market is now entering a new period of competition for the share in expenses and attention of the customer.

We are confident in the strength of our position in the context of this kind of competition. Our strong brand and deep customer knowledge, supported by powerful analytical tools based on AI and Big Data, will allow us to provide users with a seamless, deeply customized and personalized customer experience in a wide range of digital services. Even now, we are witnessing a significant synergistic effect from the joint offer of telecommunication, banking and media products, which allows us using marketing tools more efficiently and allows us to gain more and more knowledge about our customers. At the same time, the customers using several types of services bring us more value, demonstrate a greater brand commitment, a higher level of loyalty, and a greater degree of satisfaction. Our key priorities for developing the ecosystem in the upcoming years are: increasing the ecosystem customer base, developing and improving high-quality digital products and expanding the pool of partner companies.

In 2021, as the company's operating structure was brought in line with the CLV 2.0 concept principles, the efforts of MTS' senior executives and corporate governance bodies were aimed at finding the optimal "format" for key business verticals to ensure their efficient development and access to fair evaluation by the market. A comprehensive analysis helped us come to the conclusion that some of our business areas have reached such a scale and maturity level that allow them to become a driver of growth in the MTS Group fundamental value. Therefore, we intend to gradually allocate such areas into independent structures, separate companies that will freely operate on the market, raise external funding and become full-fledged entities for the investment community.

We are sure that such an approach will provide high motivation for teams of business areas, will allow to set up internal business processes in the best way and in accordance with the specifics of each of the areas, which, in turn, will ensure high dynamics in developing the products qualitatively corresponding to the level of market leaders. It will also simplify the process of raising external funding, allow new promising digital business lines to go beyond market valuation by telecom segment multiples and fully unlock the growth potential of their shareholder value. In this sense, we are striving to move away from the market seeing the MTS Group as a single inert entity to perceiving it as a "sum of parts", where each part is evaluated fairly in accordance with the results of its operation and the multipliers accepted by the market for each specific area.

The first step towards the implementation of these strategic initiatives is the separation and, in the medium term, the sale of tower infrastructure, which is currently rather a passive element of our business

not causing any significant impact on the ecosystem agenda. The funds from its implementation can be directed to developing dynamically growing business areas, in which we can count on a high return on investment.

In the next few years (depending on the situation in the financial markets), we aim to give independence to the FinTech area represented by MTS Bank, which has been demonstrating high dynamics over the past two years approaching the sector leaders not only in size, but, even more importantly, in a set of products and the degree of business digitalization in general. Other business areas, such as retail, media, cloud and infrastructure services, also have the potential to independently enter the open financial market and engage co-investors or strategic partnerships in the long term.

We would like to emphasize that the formation of independent companies does not mean our transformation into a holding of weakly connected businesses. We are still a Group and go on cultivating ecosystem links between individual areas. We see the following aspects as the main connecting forces: clear and detailed agreements on company interaction within the Group, common marketing and brand management (not necessarily unified), sharing knowledge about the customers, Big Data and AI mechanics, following the unified CLV logic, which remains decisive for all businesses, while maximizing CLV is their main strategic benchmark. In addition to ecosystem connections, in the Group, we pay special attention to the formation of competencies related to generating digital products and the ecosystem in general, as well as the mutual exchange of such competencies between areas and structural divisions of the MTS Group corporate center.

# / OUR STRATEGIC PRIORITIES

## MTS ECOSYSTEM

RADICAL TRANSFORMATION OF THE BUSINESS MODEL



**SINGLE UMBRELLA BRAND OF MTS**



**SET OF RELATED PRODUCTS**

mutual reinforcement and a seamless



**PARTNER OFFERS**

convenient for customers, beneficial for partners





# STRATEGY CLV 2.0

## Customer

- a user of connected digital storefronts, seamlessly receiving services from MTS and partners
- customer-centric approach: we look through the eyes of the client, and not through the prism of individual products and services
- best customer experience with a deep, personalized approach (AI / Big Data)

## Lifetime

- focus on a long-term customer relationship
- we maximize the total long-term profit from the customer, and not the current revenue for individual products
- focus on maintaining loyalty and emotional attachment, including through socially and environmentally responsible actions by the Company
- focus on NPS and Love brand

## Value

- high class products (including from partners)
- a convenient technology platform for effective interaction with partners and the best customer experience
- creation of new value outside telecom (including monetization through advertising and lead generation)

# / IMPLEMENTATION OF THE STRATEGY IN 2021

**In 2021, the efforts of MTS were focused on developing priority digital ecosystem areas, which we perceive as the main source of growth for our business. As a result, the target levels for all key performance indicators were achieved, which confirms the correctness of the approach we have chosen and the efficiency of our strategy.**

While striving to ensure long-term sustainable business growth, MTS implements the CLV 2.0 strategy and continues to build an ecosystem of digital services based on the core telecom business. At the current stage, the key strategic tasks for us are to expand the ecosystem market offering to provide more value to the customers and increase the ecosystem customer base.

The MTS Premium subscription is an important marketing tool with which we encourage our customers to use the new services in addition to those they used before. With product offer expansion, the value a subscriber receives expands as well, and we are pleased to note that our customers understand this. This is evidenced by the fact that during the year we saw a twofold quarterly increase in the amount of paid subscription users.

As for the product offer expansion, the most striking event in 2021 was the launch of the updated KION online streaming platform, which contributed greatly to the growth in the Media segment in terms of all

key indicators: number of users, viewing volumes and revenue. It may be noted that in Q4 2021, 30% of the new KION users became MTS Premium subscribers and users of convergent products, which again testifies to the customer awareness of the value of the MTS subscription model and their readiness and desire to use the capabilities of our growing ecosystem more comprehensively.

The number of MTS ecosystem customers — those actively and consciously using two or more of our services — reached 8.8 million at year-end 2021 being an increase of 40% as compared to 2020. The average number of ecosystem products per customer increased from 1.31 in 2020 to 1.43 in 2021. The growth of the ecosystem customer base, just as we expected, impacted revenue growth positively, while concurrently lowering the impact on our cost level — due to higher costs of ecosystem customers, along with lower churn and high NPS.

The past year has become a milestone for us in a sense, since new digital segments not being a part

## Company's Key Performance Indicators

Indicator (MTS Group)	2021		2020		2019	
	Target	Actual	Target	Actual	Target	Actual
Change in revenue, %	High-single-digit growth+	+8	>3	+5.2 <sup>2</sup>	+6–7	>7 <sup>4</sup>
Change OIBDA, %	≥6	+6.6 <sup>1</sup>	up to +2	+1.7 <sup>2</sup>	+4–5	>4 <sup>4</sup>
CAPEX, RUB billion <sup>2</sup>	~110	111	~90	91.6 <sup>3</sup>	~90	90.7

<sup>1</sup> The adjusted OIBDA for 2020 does not include a loss from depreciation of non-current assets in the amount of RUB 2.088 billion.

<sup>2</sup> Taking into account NVision Group deconsolidation. The adjusted OIBDA for 2020 does not include a loss from depreciation of non-current assets in the amount of RUB 2.023 billion.

<sup>3</sup> Including cash receipts under swap contracts related to the changes in foreign exchange rates against the ruble.

<sup>4</sup> Revenues and adjusted OIBDA include the estimated impact for the 12 months of 2019 of the Group's operating activities in Ukraine based on the financial results for 11 months of 2019 and MTS internal forecast for December 2019.

of the telecom jointly provided more than half of the revenue growth of the entire MTS Group. The largest contribution to this growth was made by the FinTech area represented by MTS Bank, largely due to the consumer lending portfolio growth. In 2021, the sales of credit products more than doubled, with the share of disbursements in digital channels of credit cards and general loans exceeding 60%. At year-end 2021, the number of MTS Bank customers reached 3 million and the monthly number of active users of the MTS Bank mobile app amounted to 1.8 million, with 51% of Daily Banking customers using other products of the MTS ecosystem.

In September 2021, within the implementation of the strategic asset spin-off principle, we received shareholder approval to separate a significant part of the passive and active network infrastructure into separate legal entities. This decision is aimed at finding new opportunities for MTS Group capitalization growth and concurrently it will increase the operational target of the core business, focus more on the customer, the product offer expansion and improvement of producibility of business operations, including through digital tools. such as AI and Big Data.

In 2021, we continued targeted M&A activity in order to strengthen the telecom core and expand our presence in the promising areas, in particular:

- > acquired Interregional TransitTelecom OJSC (MTT), a federal provider of smart telecom and IT solutions for business, one of the top 10 largest telecom companies in Russia;
- > completed the second stage of the transaction to acquire the assets of Green Point Group of Companies, which provides broadband Internet

access and digital television services in 12 cities of Russia;

- > acquired GDC Energy Group LLC, which owns GreenBushDC, one of the largest data centers in Russia;
- > and also entered a number of high-tech digital projects: VisionLabs is one of the world leaders in the field of creating products computer vision- and machine learning-based products; Factorin is a high-tech blockchain platform for trade funding; Academy of Change is an educational online platform; KonnektU is a customer data management platform.

It shall be noted that we are selective about the level of our participation in new companies and projects, we do not prioritize control over the asset, but rather the long-term possibility of expanding our product portfolio with high-quality services. We understand that in many cases participation as a partner or a minority investor is the best format for ensuring dynamic independent project development with a fair sharing of risks.

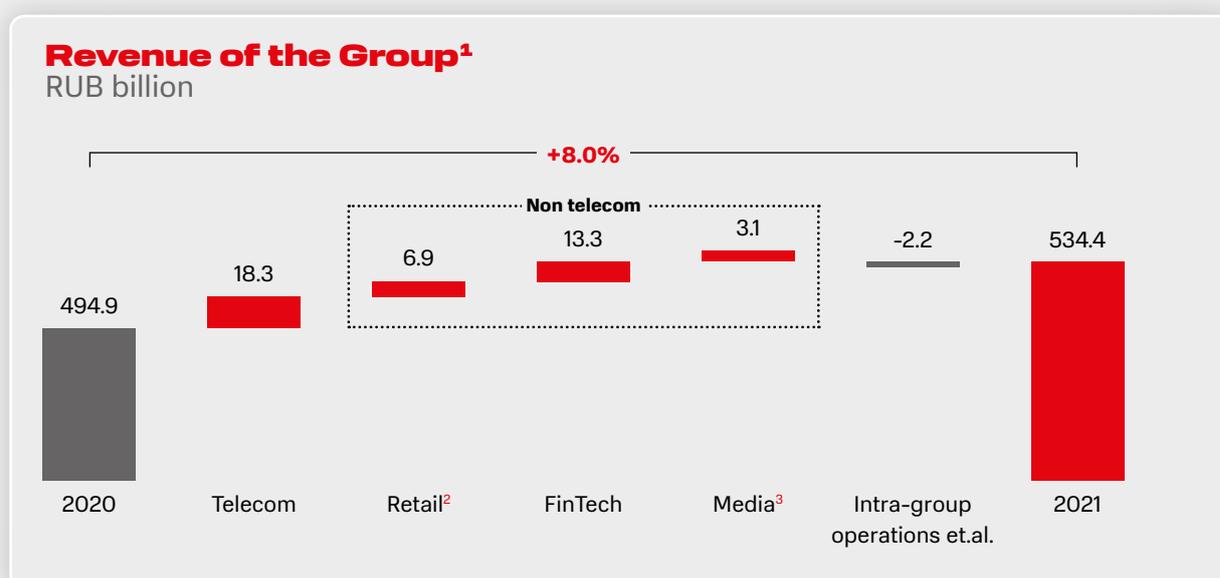
Partnerships are the most important tool for us to fill the ecosystem offer, increase the business scale and the value received by the customers, partners and MTS. We are building a partner program being guided by the principles of openness and freedom in interaction with other companies and ecosystems, as well as striving for mutually beneficial cooperation. Currently, we are interacting with more than 1,000 partners who have engaged more than 10 million customers through MTS marketing channels over the past four years. A well-deserved assessment of our efforts in this area is the fact that nine out of ten companies are ready to recommend MTS as a business partner.

# **FINANCIAL OVERVIEW**

- 64** Revenue Of The Group
  - 66** OIBDA Of The Group
  - 68** Net income indicators
  - 69** Principal business in Russia
  - 70** Investment
  - 71** Financial strength
- 
- A decorative graphic at the bottom of the page consists of several interlocking, 3D-rendered metallic rings. The rings are highly reflective, showing highlights and shadows, and are arranged in a complex, overlapping pattern that spans across the bottom right portion of the page.

# REVENUE OF THE GROUP

## GROWTH OF THE CORE BUSINESS AND NEW AREAS



### Positive results of MTS Group in 2021 due to:

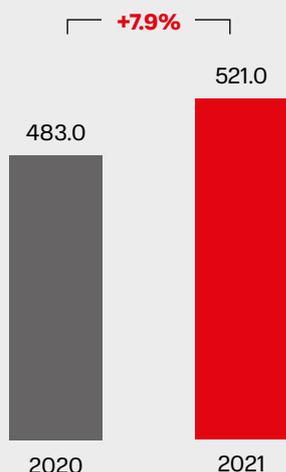
- > **growth of mobile revenue in Russia related to the growth of Internet traffic and communication services consumption,**
- > **growth of consumption of ecosystem services, in particular, FinTech and media,**
- > **increase in sales of mobile phones and accessories, as well as increase in the efficiency of the MTS retail chain.**

<sup>1</sup> The revenue is calculated taking into account intra-group transactions. The amount may vary due to rounding of individual digits.

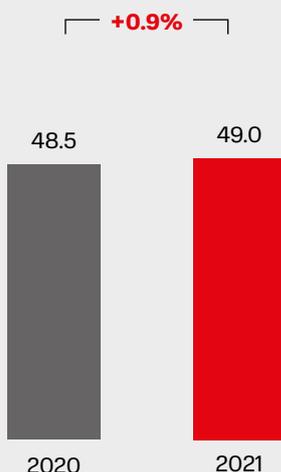
<sup>2</sup> Retail — RTC JSC, 100% subsidiary of MTS, provides customer service and sells SIM cards, services, products of the MTS ecosystem, gadgets and other devices in retail stores.

<sup>3</sup> Information on the consolidated financial and operating results of MTS Group for Q4 2021 and entire 2021 is available on the company's website: [Financial and operating results of MTS Group for Q4 2021 and entire 2021 | MTS – Moscow \(mts.ru\)](https://www.mts.ru/financial-and-operating-results-of-mts-group-for-q4-2021-and-entire-2021).

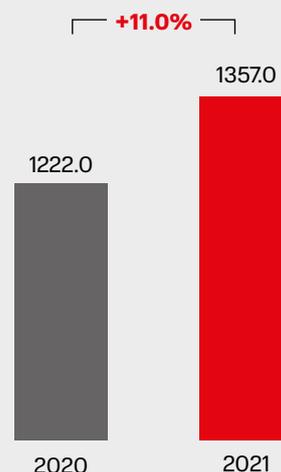
**Revenue in Russia**  
RUB billion



**Revenue in Armenia**  
AMD billion



**Revenue in Belarus**  
BYN million



2021 became a landmark year for MTS, as we managed to significantly accelerate the development of priority areas of our digital ecosystem. I am glad to report that we have achieved strong financial results in terms of both revenue and net income. The launch of the KION platform provided MTS with a key strategic breakthrough in the field of media, and the reliability of the business strategy of MTS Bank allowed it to quickly achieve significant scale and market autonomy. Our core telecom business went on demonstrating stable and strong growth in both mobile and fixed-line segments. These achievements further demonstrate the efficiency of our long-term strategy to ensure better user experience for our dozens of millions of customers.



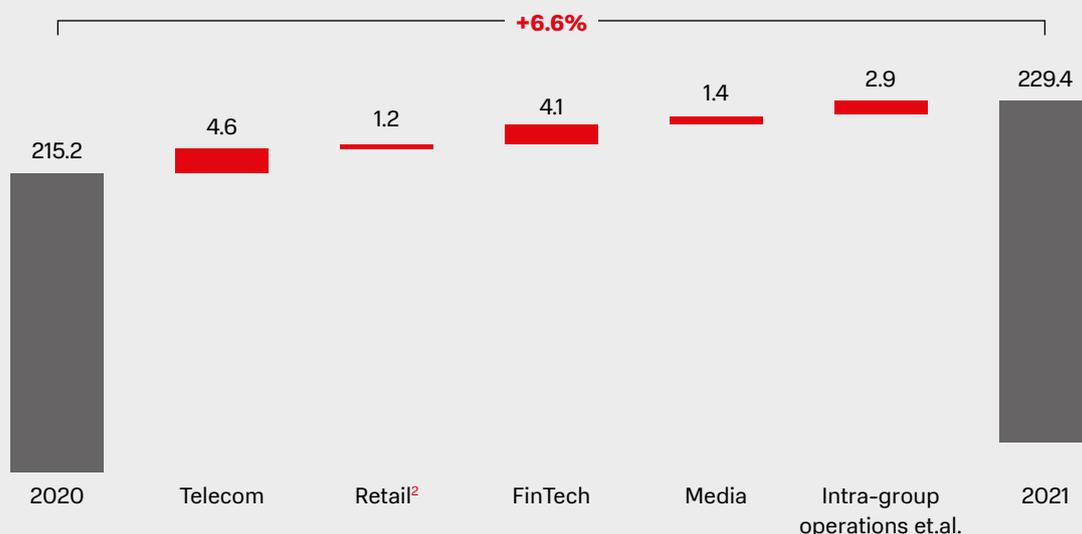
**Vyacheslav Nikolaev,**  
President of MTS

# OIBDA OF THE GROUP

## SUSTAINABILITY

### Factor analysis of adjusted<sup>1</sup> OIBDA of the Group

RUB billion



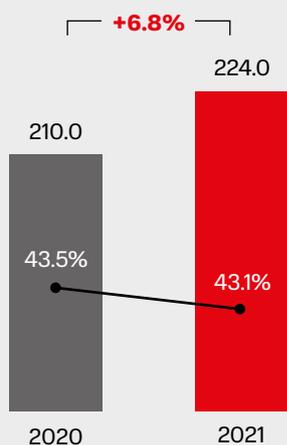
### The OIBDA growth was due to the following:

- > - high performance indicators in Russia,
- > - stable growth of income from telecom services, growth of consumption of financial services,
- > - recovery of the entertainment industry, as well as revision of the product portfolio in 2020.

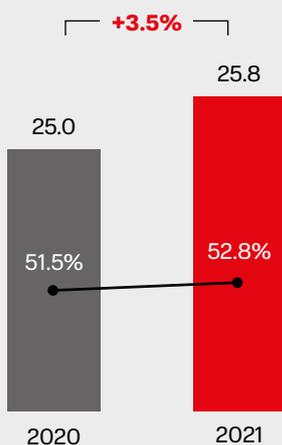
<sup>1</sup> Adjusted OIBDA does not include losses from impairment of non-current assets amounting to RUB 808 million for Q4 2020 and to RUB 2.088 billion for the entire 2020.

<sup>2</sup> Retail – RTC JSC, 100% subsidiary of MTS, provides customer service and sells SIM cards, services, products of the MTS ecosystem, gadgets and other devices in retail stores.

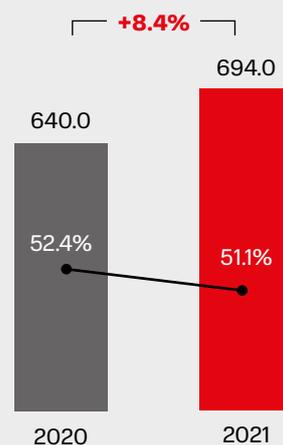
**Adjusted<sup>1</sup> OIBDA and margin in Russia**  
RUB billion



**OIBDA and margin in Armenia**  
AMD billion



**OIBDA and margin in Belarus**  
BYN million

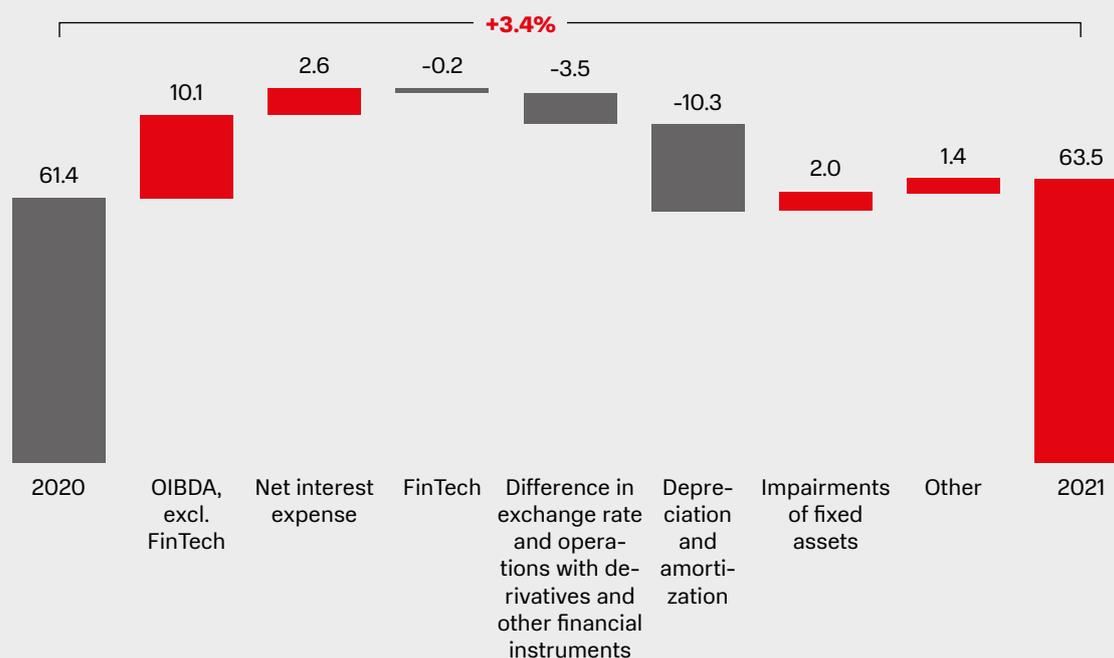


<sup>1</sup> Adjusted OIBDA does not include losses from impairment of non-current assets amounting to RUB 808 million for Q4 2020 and to RUB 2.088 billion for the entire 2020.

# NET INCOME INDICATORS

## Net income of the Group

RUB billion



**Net income of the Group for 2021 increased by 3.4% year-on-year to RUB 63.5 billion.**

### The income growth was ensured by the following:

- > **successful operation of the telecom vertical,**
- > **FinTech results.**

### The deterrent effect was caused by the following:

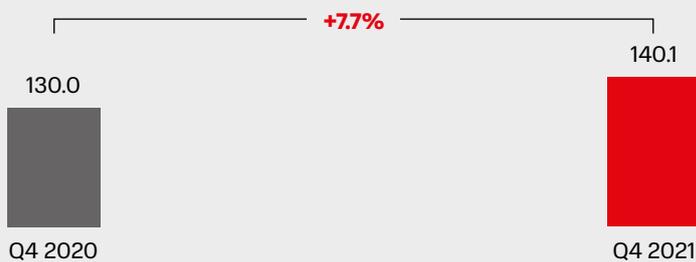
- > **increased depreciation due to increased capital investments and inorganic growth,**
- > **increased interest expenses against the backdrop of an increased key interest rate,**
- > **difference in exchange rate and operations with derivative financial instruments.**

# PRINCIPAL BUSINESS IN RUSSIA

## STABLE GROWTH

### Revenue growth in Russia

RUB billion

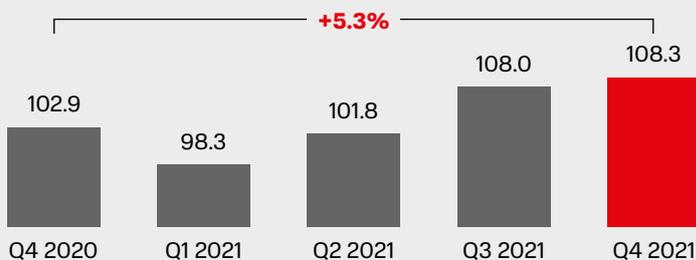


# +25%

convergent base  
growth, Q4 2021 to  
Q4 2020

### Growth of revenue from communication services in Russia

RUB billion

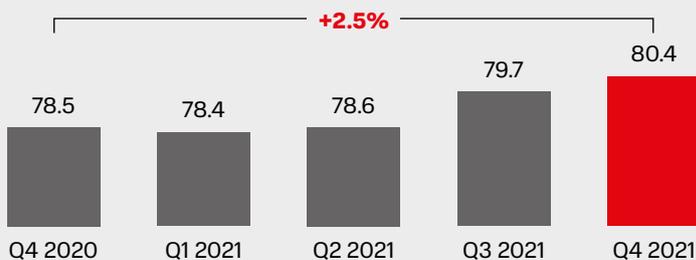


# +30%

growth in the 4G  
base stations'  
amount, 2021 to  
2020

### Subscriber base in Russia

million



# 51%

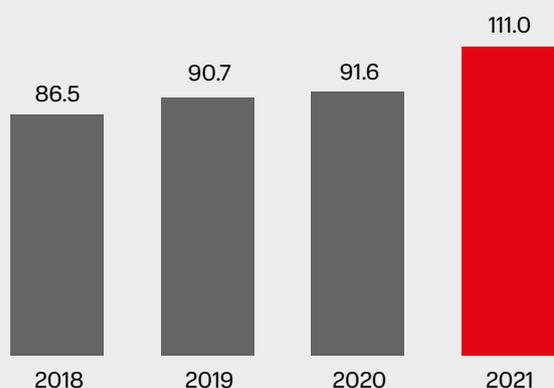
of households are  
covered by gigabit  
broadband Internet

# INVESTMENT

## INVESTMENT IN INFRASTRUCTURE FOR DIGITAL PRODUCTS

### Capital expenditures of the Group<sup>1</sup>

RUB billion



- > In Q4 2021, MTS Group launched **10,755** base stations in **81** regions of Russia, including **8,990** 4G standard stations
- > All in all, in 2021, MTS Group launched **27,320** base stations in **81** regions of Russia, including **26,364** 4G standard stations



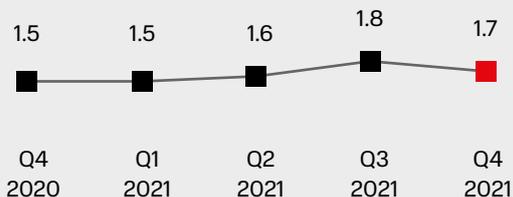
	2021		2020	
	Capital expenditures of the Group, RUB billion	As % of revenue	Capital expenditures of the Group, RUB billion	As % of revenue
<b>Russia<sup>2</sup></b>	109.0	21%	94.8	n/a
<b>Armenia</b>	1.7	24%	1.9	26%
<b>Czech Republic</b>	0.3	4%	0.3	5%
<b>Group<sup>2</sup></b>	<b>111.0</b>	<b>21%</b>	<b>96.9</b>	<b>n/a</b>

<sup>1</sup> CAPEX of the Group in 2020 was RUB 91.6 billion, taking into account money receipts under swap contracts related to changes in foreign exchange rates against the ruble; excluding this factor, CAPEX of the Group in 2020 was RUB 96.9 billion.

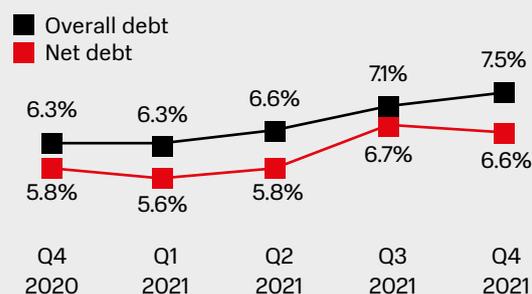
<sup>2</sup> Excluding money receipts under sharing agreements.

# FINANCIAL STRENGTH

## Net debt / LTM of adjusted OIBDA



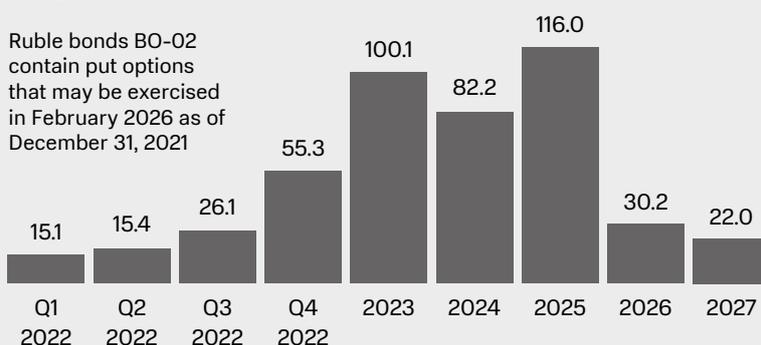
## Weighted average interest rates



## Debt payment schedule

RUB billion

Ruble bonds BO-02 contain put options that may be exercised in February 2026 as of December 31, 2021



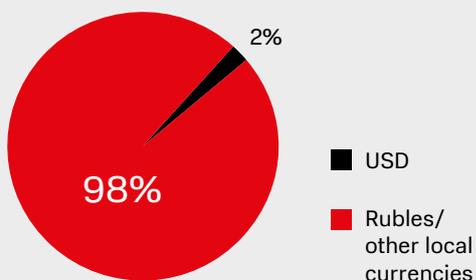
## Overall debt<sup>2</sup>

**462.3**  
RUB billion

## Net debt<sup>2</sup>

**389.5**  
RUB billion

## Structure of overall debt<sup>1</sup>



- > **Ratio of net debt to LTM of adjusted OIBDA remains at the comfortable level 1.7x, which makes it possible to maintain financial stability and capability of the company to both maintain the level of investment and high yield for shareholders**
- > **In Q4 2021, the weighted average interest rates of the net debt for MTS Group increased to 6.6 percent from 5.8 percent in Q4 2020, which followed an increase in ruble interest rates, as well as refinancing of previously raised liabilities**

<sup>1</sup> Excluding leasing obligations.

<sup>2</sup> Excluding borrowing costs.

**CORPORATE  
GOVERNANCE**

**74** Report by the Board of Directors

**77** Efficiency of MTS Corporate Governance System

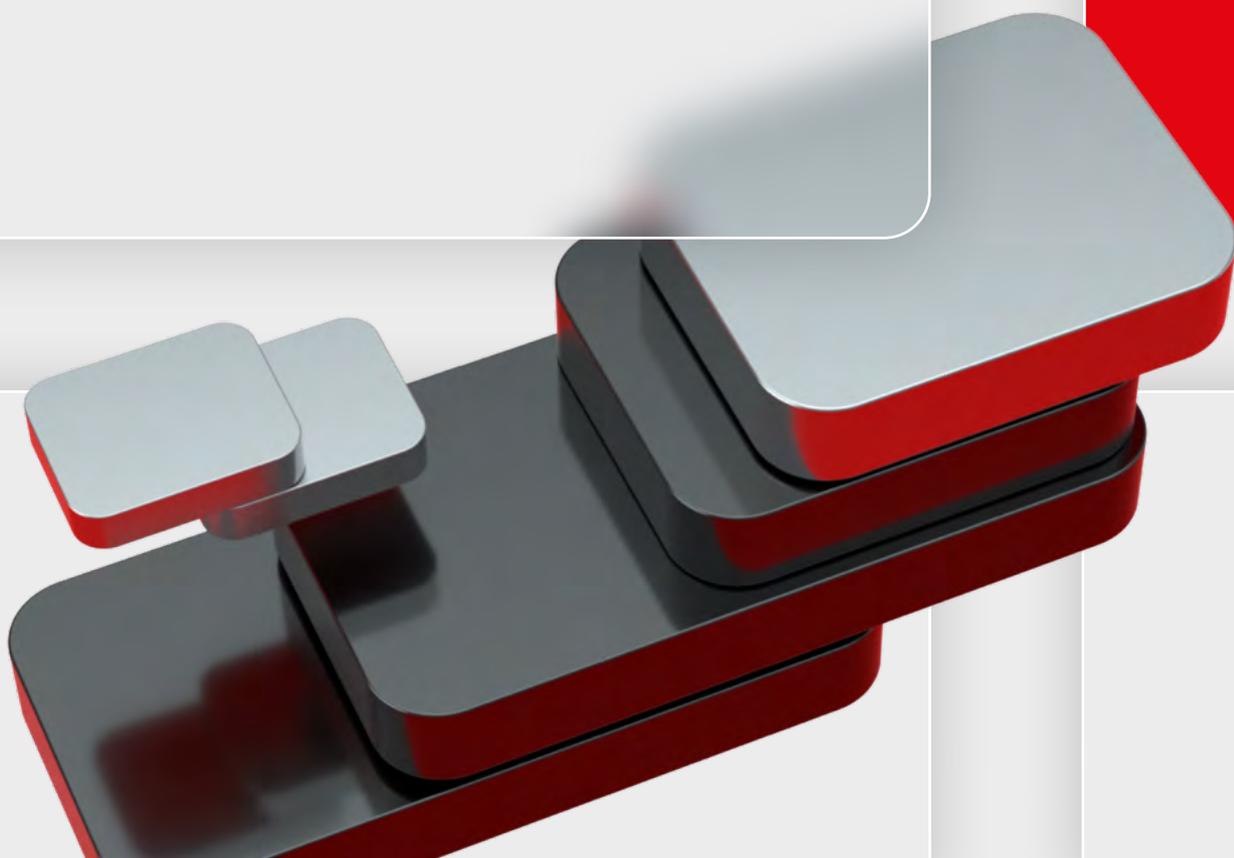
**80** MTS Group Governance System

**84** Corporate Governance Bodies

**162** Monitoring and Audit

**169** Risk Management

**185** Capital and Securities



# 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 dividends<sup>1</sup>. 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.

<sup>1</sup> 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.

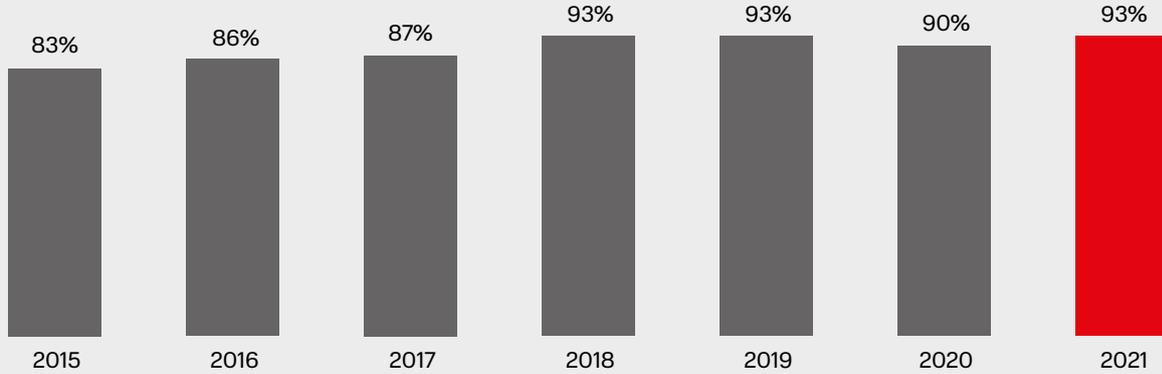
Thus, prior to the 2021 research, the Corporate Governance Committee of the Board of Directors of MTS was transformed into the Corporate Governance, Environmental and Social Responsibility Committee. An ESG strategy was also developed and the Diversity, Equity and Inclusion Policy was approved.



[Corporate.governance.index](#)

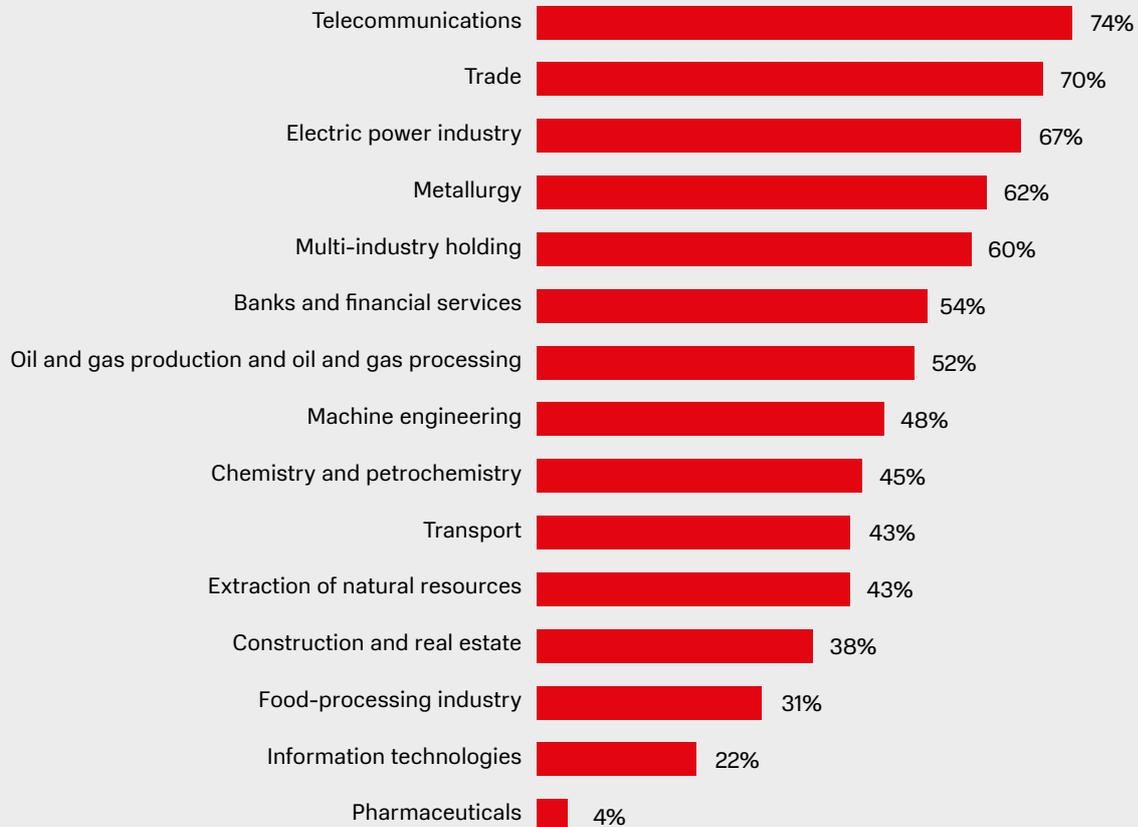
**Level of compliance with the recommendations of the Corporate Governance Code, recommended by the Bank of Russia, provided for by the Report on Compliance with the Corporate Governance Code, from 2015 to 2021**

%



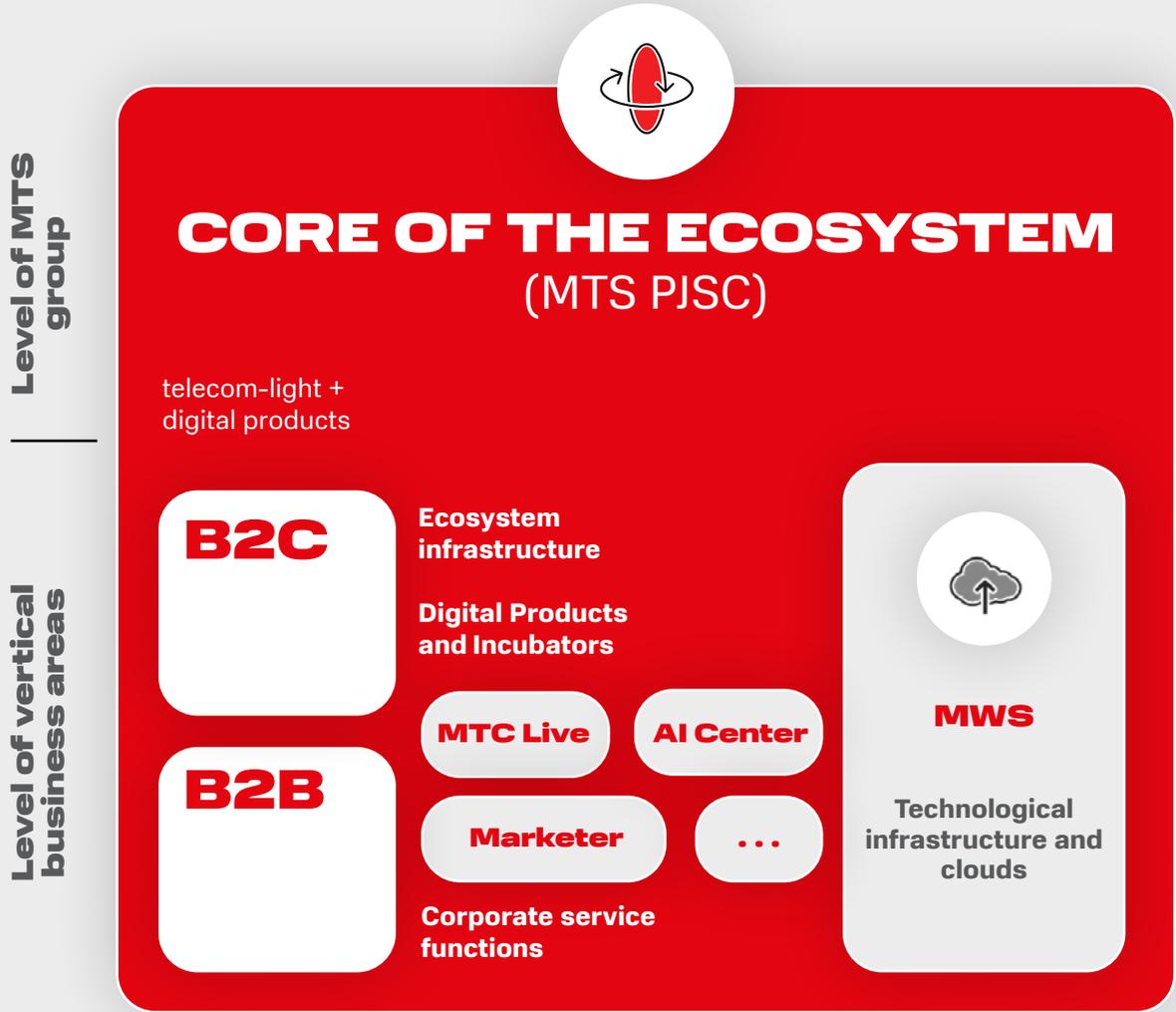
**Level of disclosure of information on compliance with corporate governance principles by industry in 2021<sup>1</sup>**

%



<sup>1</sup> According to the Corporate governance Index

# MTS GROUP GOVERNANCE SYSTEM



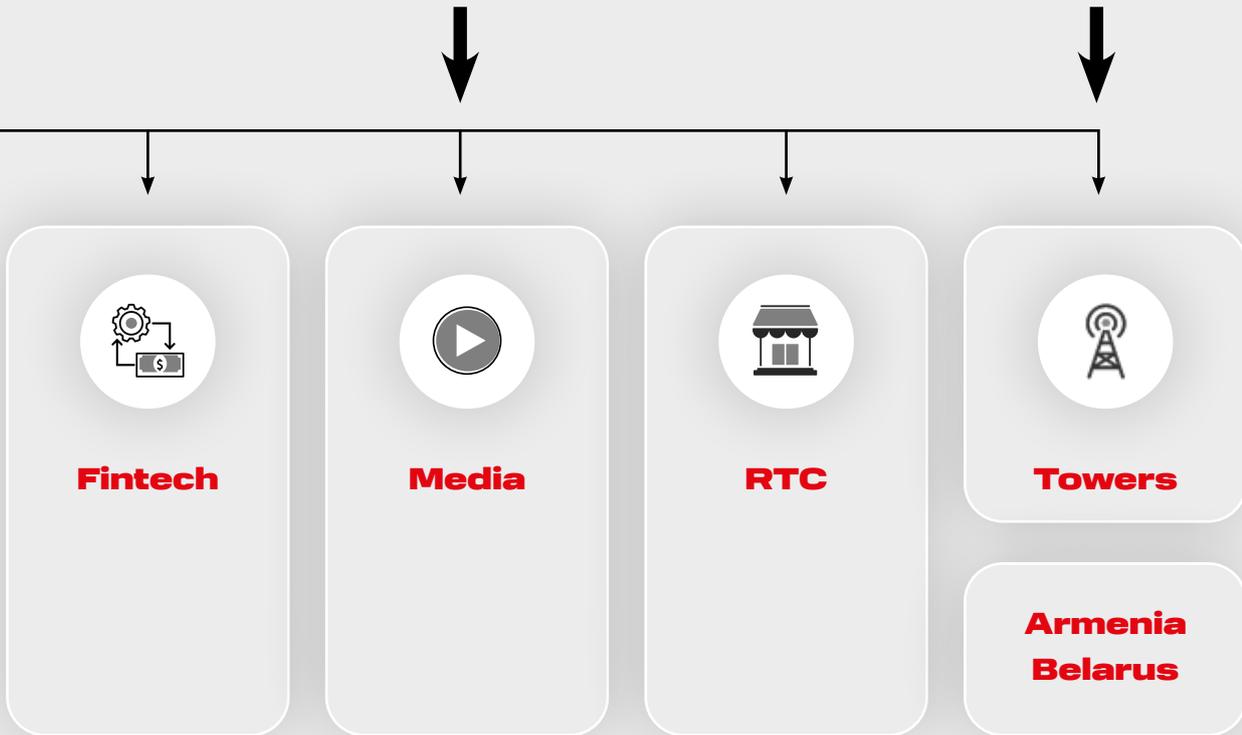
**Core / telecom provide funding for the development of new products and promising areas**

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**



**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:

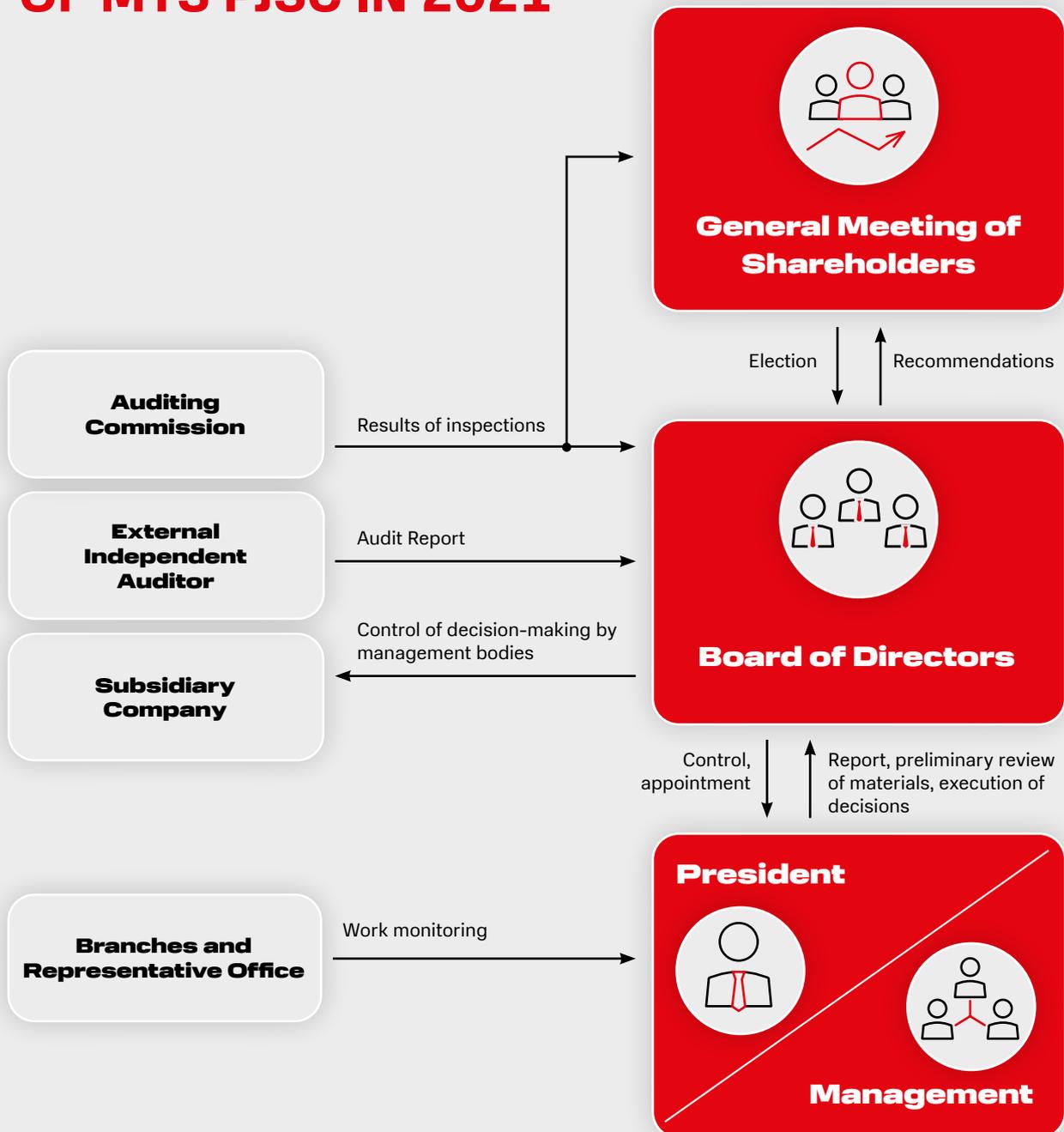
- > receive and analyze information about the company's activities;
- > initiate issues to be included in the agenda of management bodies;
- > take active part in meetings of management bodies;
- > vote taking into account the position of the MTS management bodies, determined in accordance with the MTS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

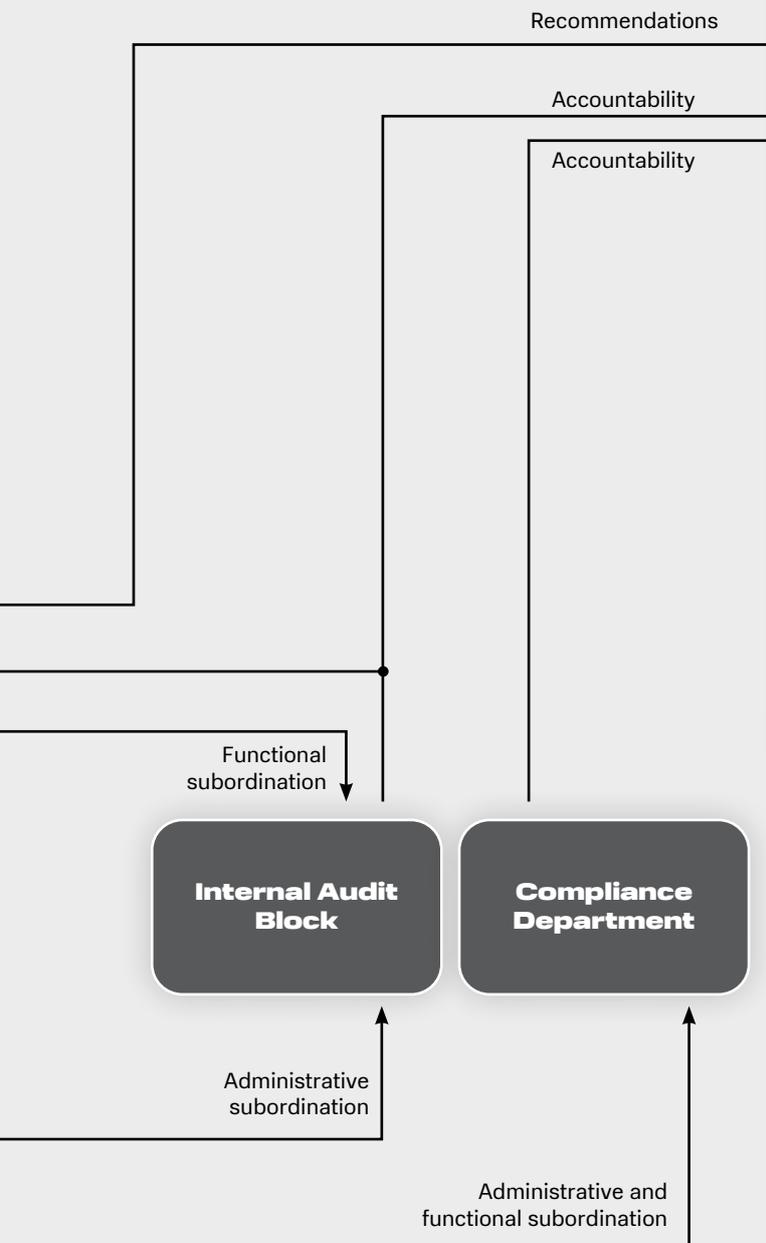
Corporate Governance, Environmental and Social Responsibility Committee

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** Higher Governance Body of MTS PJSC.

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.

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 PJSC<sup>1</sup>.

**Board of Directors** The Board of Directors carries out general management of MTS PJSC activities.

It is a key element of the Company's corporate governance system, representing the interests of shareholders through an effective management organization.

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 PJSC<sup>2</sup>.

**Management Board** Collective executive body of MTS PJSC.

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.

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.

The Management Board follows the Charter and the Regulations on the Management Board of MTS PJSC in its activities<sup>3</sup>.

**President** The sole executive body of MTS PJSC who exercises a day-to-day management of the company's current activities.

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.

The President governs the Company's activities in accordance with the Charter and the Regulation on President of MTS PJSC<sup>4</sup>.

## Internal Control System

**Audit Committee of the Board of Directors** 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.

<sup>1</sup> [Regulations on the General Meeting of Shareholders of MTS PJSC — Moscow \(mts.ru\)](#).

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

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

<sup>4</sup> [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 PJSC<sup>1</sup>.

**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 Department<sup>2</sup>. 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” Policy<sup>3</sup>. 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.

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

<sup>2</sup> [Control and audit — Moscow \(mts.ru\)](#).

<sup>3</sup> [“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 PJSC<sup>1</sup>, 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 Company<sup>2</sup> 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 depositary 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

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

<sup>2</sup> <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/obshhie-sobraniya-akcionerov/resheniya-obshhih-sobranii-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/](http://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” section<sup>1</sup>.

## 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 \(mts.ru\)](#).

<sup>1</sup> <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 PJSC<sup>1</sup>, 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.

<sup>1</sup> [Regulations on the Board of Directors of MTS PJSC, Moscow \(mts.ru\).](https://www.mts.ru/ru/regulations-on-the-board-of-directors-of-mts-pjsc-moscow)

## 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 Director<sup>1</sup>

**Regina von Flemming** —  
Independent Director

**Shaygan Kheradpir** —  
Independent Director

**Thomas Holtrop** —  
Independent Director

**Nadia Shouraboura** —  
Independent Director

**Konstantin Ernst** —  
Independent Director<sup>4</sup>

**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 Director<sup>2</sup>

**Regina von Flemming** —  
Independent Director<sup>3</sup>

**Shaygan Kheradpir** —  
Independent Director

**Thomas Holtrop** —  
Independent Director

**Nadia Shouraboura** —  
Independent Director

**Konstantin Ernst** —  
Independent Director<sup>4</sup>

**Valentin Yumashev** —  
Independent Director

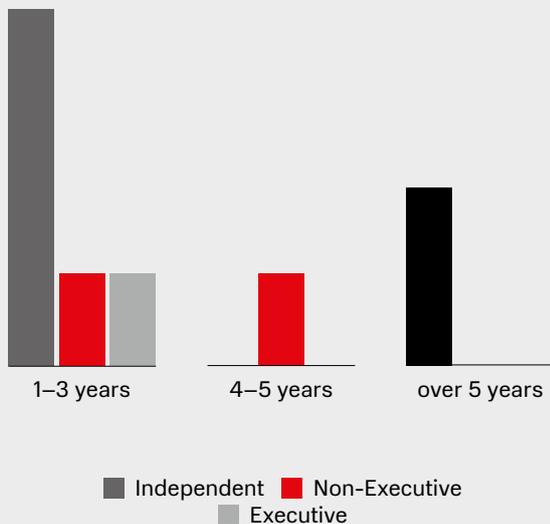
<sup>1</sup> By decision of the Annual General Meeting of Shareholders dated June 23, 2021, the powers of the following member of the Board of Directors were terminated.

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

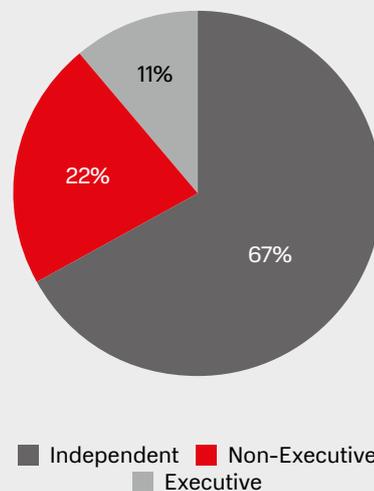
<sup>3</sup> From June 24, 2021 — Deputy Chairperson of the Board of Directors.

<sup>4</sup> 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.

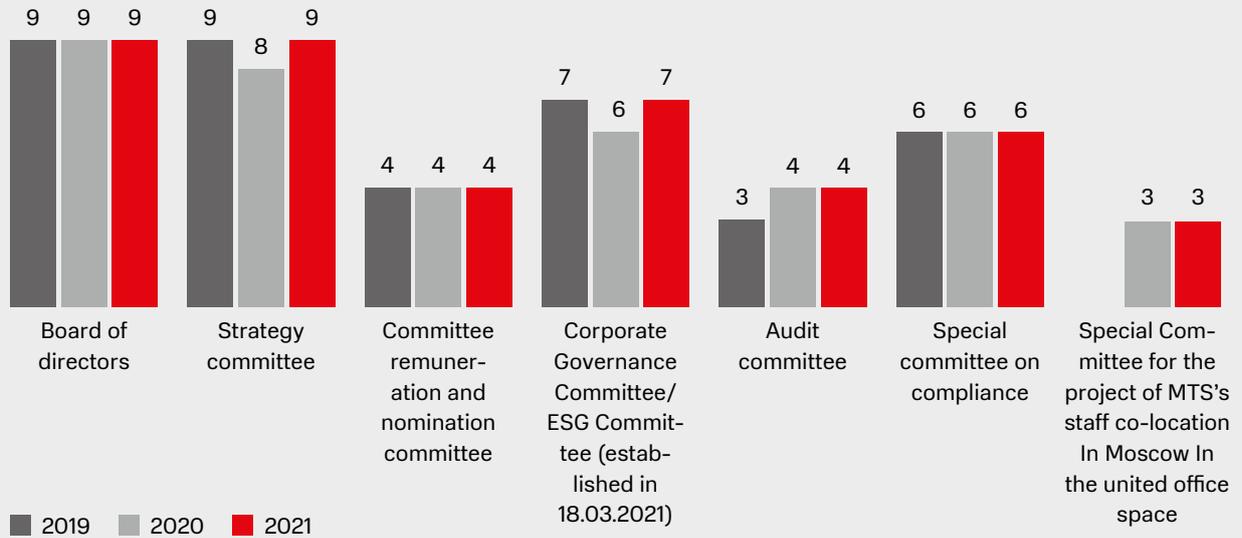
### Duration of work in the Board of Directors of MTS



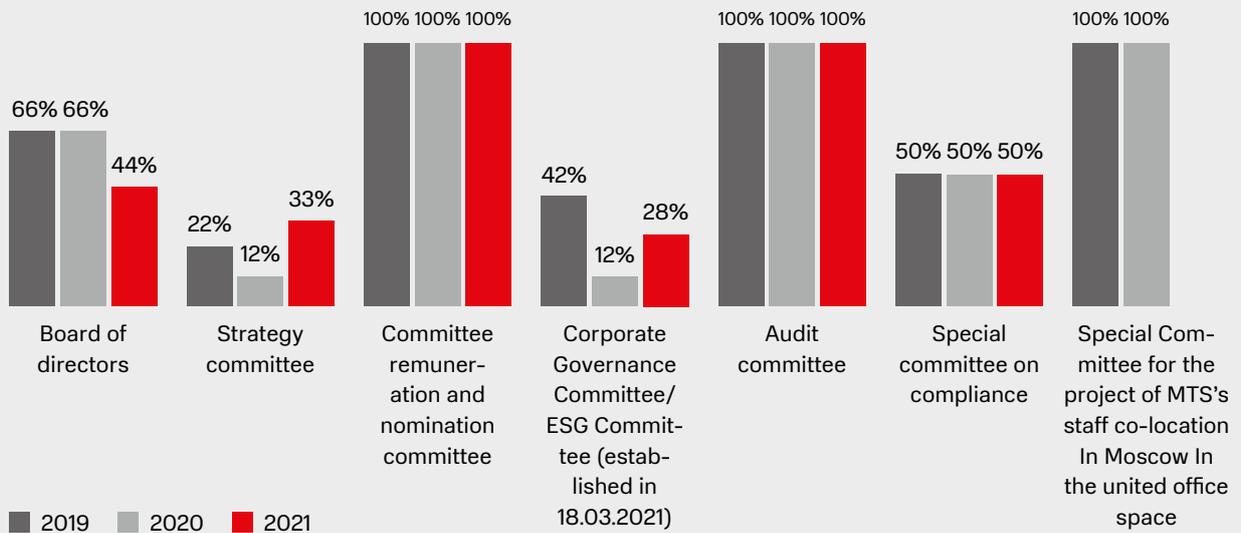
### Composition of the Board of Directors of MTS as of December 31, 2021



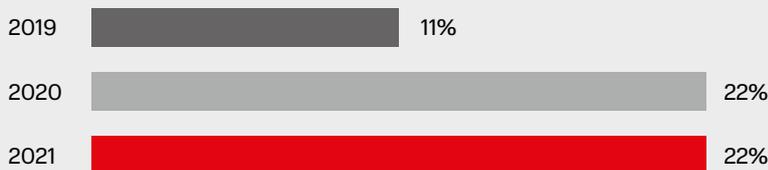
### Numerical composition of the Board of Directors of MTS and Committees in 2019 to 2021



### 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 (tele-coms)	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 <sup>1</sup>	2 years (from June 2020)	+							
Valentin Yumashev	3 years (from June 2019)	+			+	+	+		+

<sup>1</sup> 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 Fleming&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 PJSC<sup>1</sup> 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.

<sup>1</sup> [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 system<sup>1</sup>

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.

<sup>1</sup> 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 Secretary<sup>1</sup>

**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 Department<sup>2</sup>.

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.**

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

<sup>2</sup> [http://static.mts.ru/uploadmsk/contents/1655/Regulations\\_on\\_MTS\\_CG\\_Department-rus.pdf](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 PJSC<sup>1</sup>.

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.**

<sup>1</sup> [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
<b>Felix Evtuschenkov</b>	11/11	7/8
<b>Artem Zassoursky</b>	11/11	7/8
<b>Vyacheslav Nikolaev<sup>1</sup></b>	7/7	4/4
<b>Alexey Valeryevich Kornya<sup>2</sup></b>	4/4	4/4
<b>Regina von Flemming</b> Independent Director, not a member of MTS PJSC executive management	10/11 <sup>3</sup>	8/8
<b>Shaygan Kheradpir</b> Independent Director, not a member of MTS PJSC executive management	11/11	8/8
<b>Thomas Holtrop</b> Independent Director, not a member of MTS PJSC executive management	11/11	8/8
<b>Nadia Shouraboura</b> Independent Director, not a member of MTS PJSC executive management	11/11	8/8
<b>Konstantin Ernst</b> Independent Director, not a member of MTS PJSC executive management	9/11	8/8
<b>Valentin Yumashev</b> Independent Director, not a member of MTS PJSC executive management	10/11 <sup>4</sup>	8/8

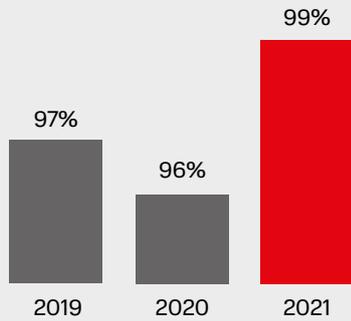
<sup>1</sup> Elected as a member of the Board of Directors on June 23, 2021.

<sup>2</sup> Powers of the Board of Directors member terminated on June 23, 2021.

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

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

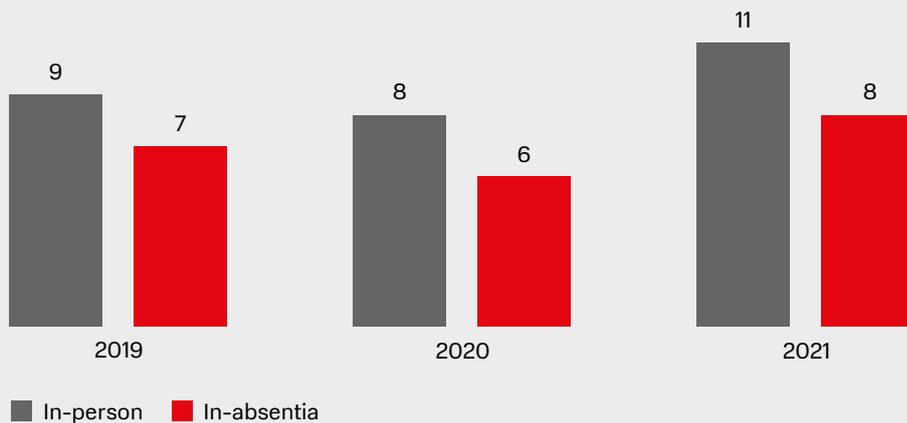
**Average percentage of participation the Board of Directors of MTS members in the 2019–2021 meetings**



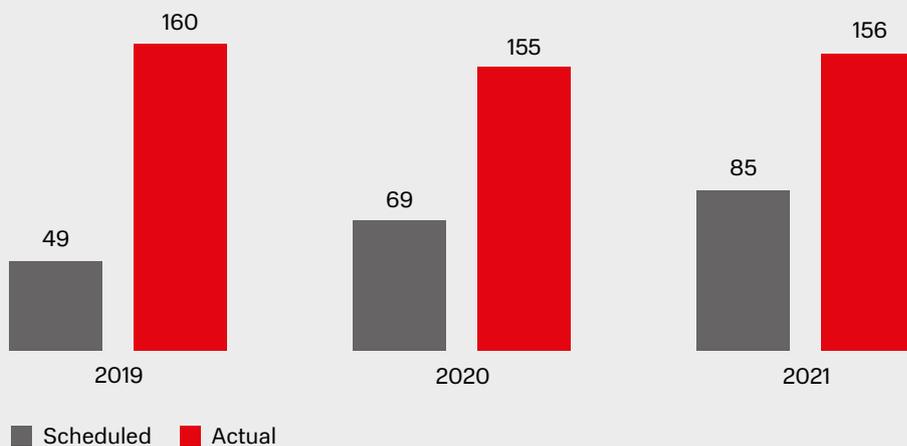
**>99%**

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

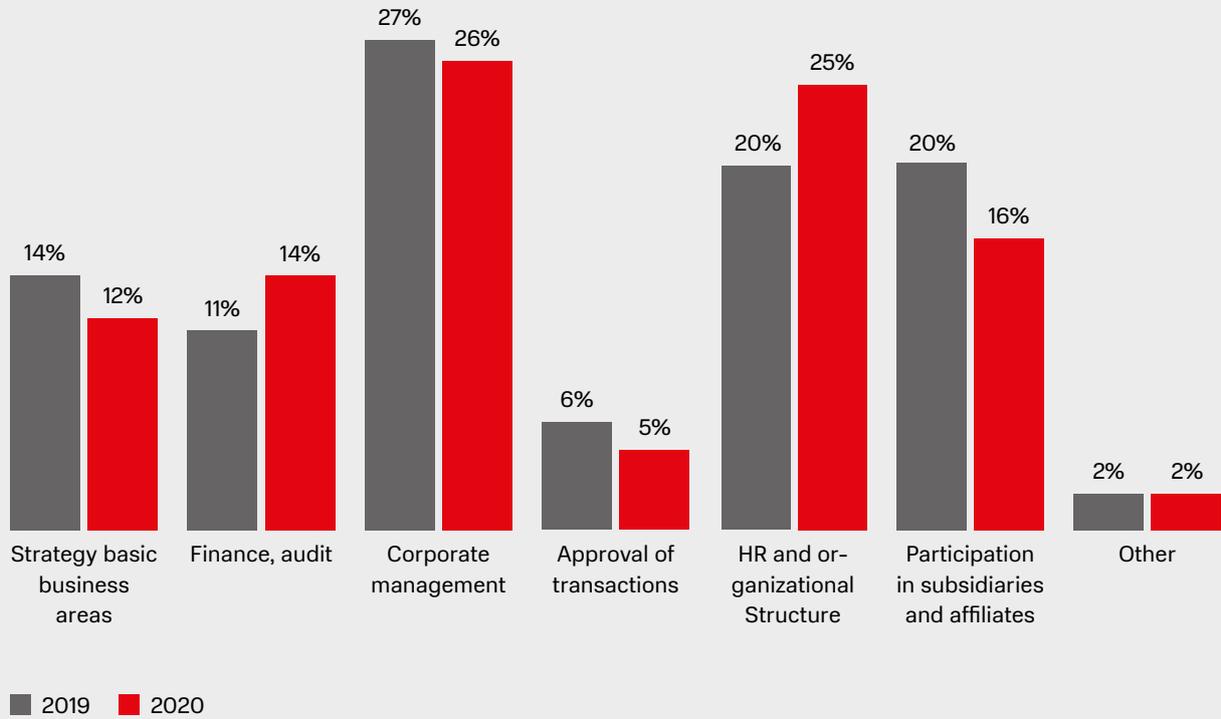
**Number of meetings of the Board of Directors of MTS in 2019–2021**



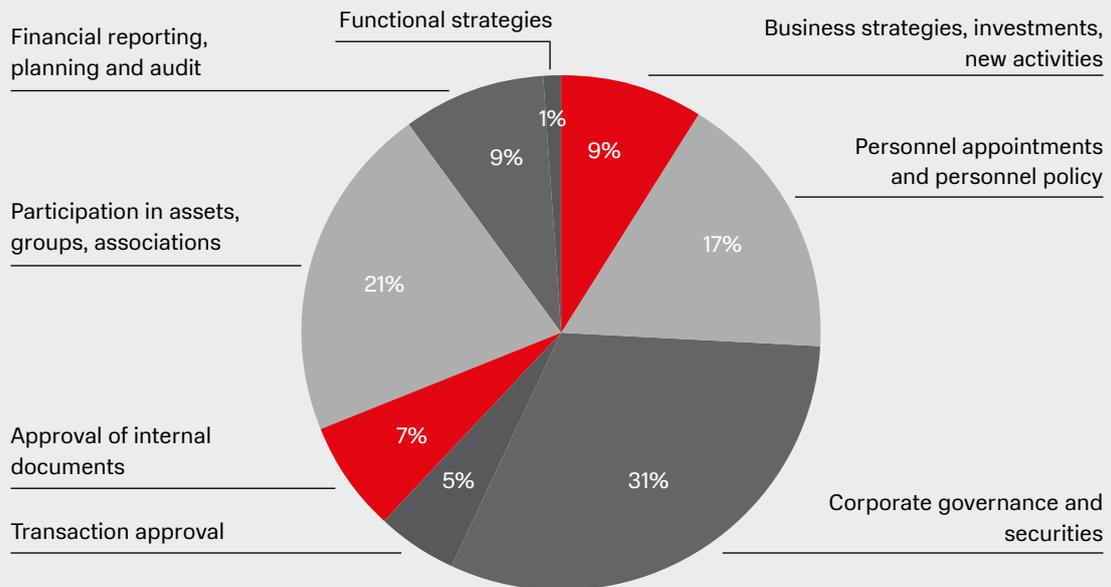
**Number of issues considered at meetings of the Board of Directors of MTS in 2019–2021**



**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 fulfillment 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.**

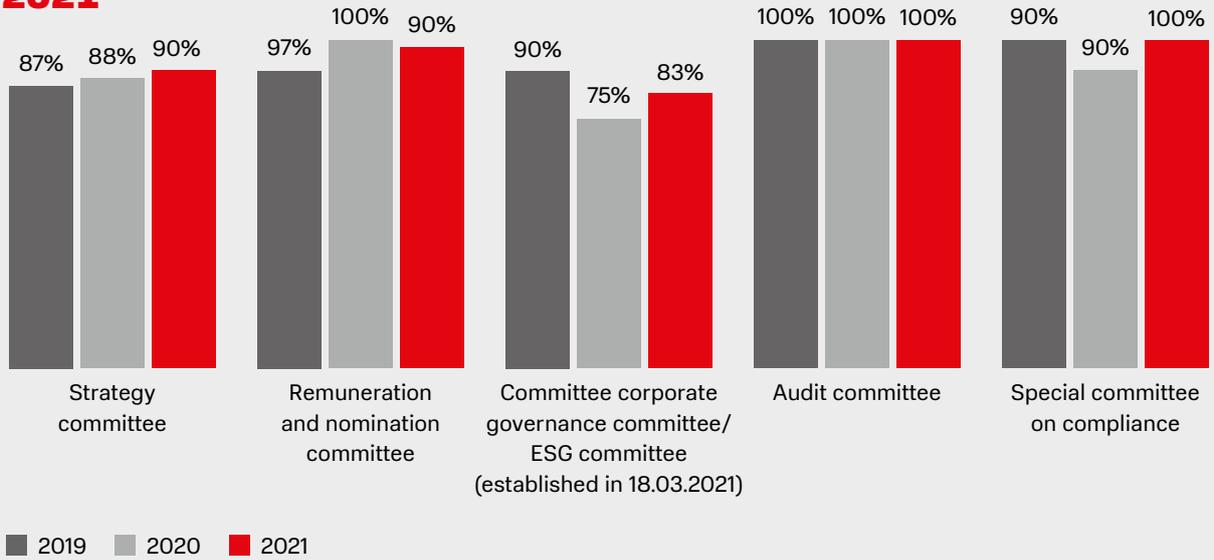
Committees of the Board of Directors increase the effectiveness of decisions made by the Board of Directors, since important issues within the competence of the Board of Directors are preliminarily considered by committees of the Board of Directors. At the end of 2021, the following committees were active: 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
<b>Audit Committee</b>	Preparation of recommendations to the Board of Directors with respect to supervision over the Company's financial and operational activities
<b>Remuneration and Nomination Committee</b>	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
<b>ESG Committee (Corporate Governance and Environmental and Social Responsibility Committee)</b>	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
<b>Strategy Committee</b>	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
<b>Special Committee on Compliance</b>	Overall supervision in the sphere of compliance, review of issues and preparation of recommendations for the Board of Directors on compliance issues.
<b>Special Committee for the project of MTS's staff co-location in Moscow in the united office space</b>	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

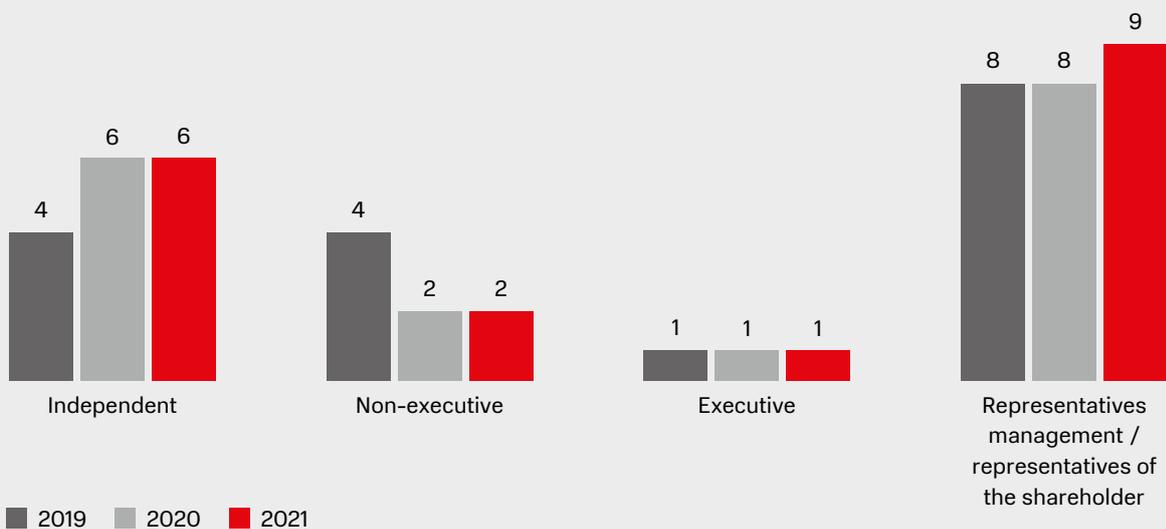
**Average level of attendance of the meetings of the Committees of the Board of Directors of MTS in 2019–2021**



**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 2021<sup>1</sup>

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)
<b>Felix Evtuschenkov</b>			8/12			
<b>Artem Zassoursky</b>			11/12	8/12	1/2	2/4
<b>Regina von Flemming<sup>2</sup></b> Independent Director, not a member of executive management MTS PJSC	24/26	15/15	7/8	12/12	2/2	4/4
<b>Shaygan Kheradpir<sup>3</sup></b> Independent Director, not a member of executive management MTS PJSC	26/26	15/15			2/2	4/4
<b>Thomas Holtrop</b> Independent Director, not a member of executive management MTS PJSC	26/26	15/15			didn't participate in the meetings	4/4
<b>Nadia Shouraboura<sup>4</sup></b> Independent Director, not a member of executive management MTS PJSC	26/26		12/12			
<b>Konstantin Ernst<sup>5</sup></b> Independent Director, not a member of executive management MTS PJSC				6/12	didn't participate in the meetings	
<b>Valentin Yumashev<sup>6</sup></b> Independent Director, not a member of executive management MTS PJSC		15/15		12/12	2/2	

<sup>1</sup> As of 31.12.2021.

<sup>2</sup> Elected as Strategy Committee member since June 20, 2021.

<sup>3</sup> Elected Deputy Chairman of the Remuneration and Nomination Committee of the Board of Directors since 24.06.2021

<sup>4</sup> Elected Deputy Chairperson of the Audit Committee since June 24, 2021.

<sup>5</sup> 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.

<sup>6</sup> 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)
<b>Alexey Barsegian</b>				12/12	2/2	4/4
<b>Ruslan Ibragimov</b>				5/5	2/3	
<b>Alexey Katkov<sup>1</sup></b>			10/12			
<b>Victor Klimovich</b>			12/12			
<b>Leyda Lukiyanova</b>						4/4
<b>Vladimir Travkov<sup>2</sup></b>			2/4			
<b>Alexander Khanin</b>			12/12			
<b>Mikhail Khanov</b>			12/12			
<b>Yury Misnik<sup>3</sup></b>			5/8			
<b>Elena Kokhanovskaya<sup>4</sup></b>				10/12	2/2	
<b>Polina Ugryumova</b>				12/12	2/2	

<sup>1</sup> Elected Deputy Chairman of the Strategy Committee from May 20, 2021.

<sup>2</sup> Powers of the Strategy Committee member terminated on May 20, 2021.

<sup>3</sup> Elected as a member of the Strategy Committee since May 20, 2021.

<sup>4</sup> 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 Code<sup>1</sup>, the Code of Business Conduct and Ethics of MTS PJSC, decisions of the Company's management bodies, and the Regulations on the Audit Committee<sup>2</sup>.

**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;

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

<sup>2</sup> <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.

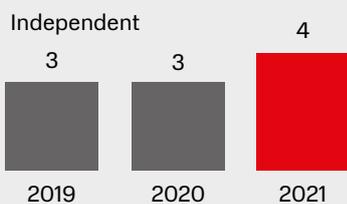
### Members of the Committee in 2021

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

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

<sup>1</sup> 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	●	●	●	●	●	●	●	●

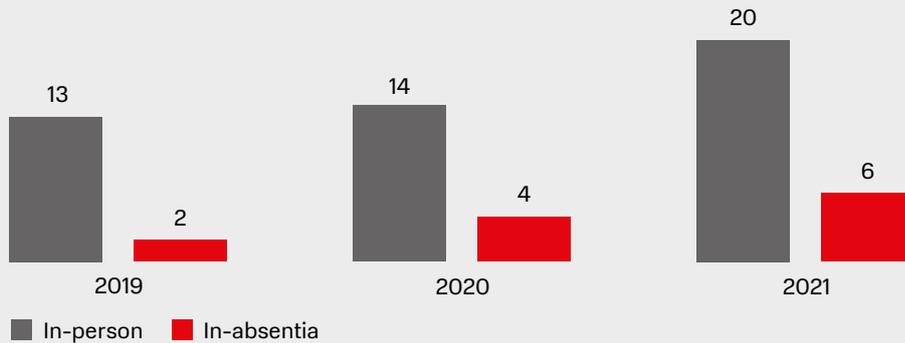
Committee Member	06.09 In-ab- sencia	07.09.	14.09.	20.10.	15.11.	22.11.	29.11.	09.12.	16.12.	21.12.
Thomas Holtrop	●	●	●	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	○ <sup>1</sup>	○ <sup>2</sup>	●	●	●
Nadia Shouraboura	●	●	●	●	●	●	●	●	●	●
Shaygan Kheradpir	●	●	●	●	●	●	●	●	●	●

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

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

<sup>2</sup> 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 Committee<sup>1</sup>.

### 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;

<sup>1</sup> <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenti-pao-mts/polozhenie-o-komitete-po-voznagrazhdeniyam-i-naznacheniym>



**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.

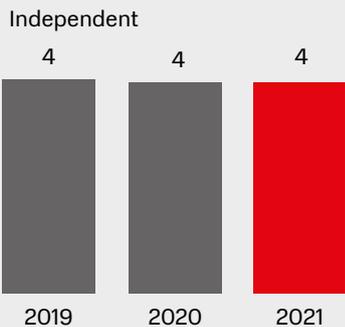
**Members of the Committee in 2021**

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

- person was/is a committee member
- person was/is not a committee member

<sup>1</sup> 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**



## Meetings

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

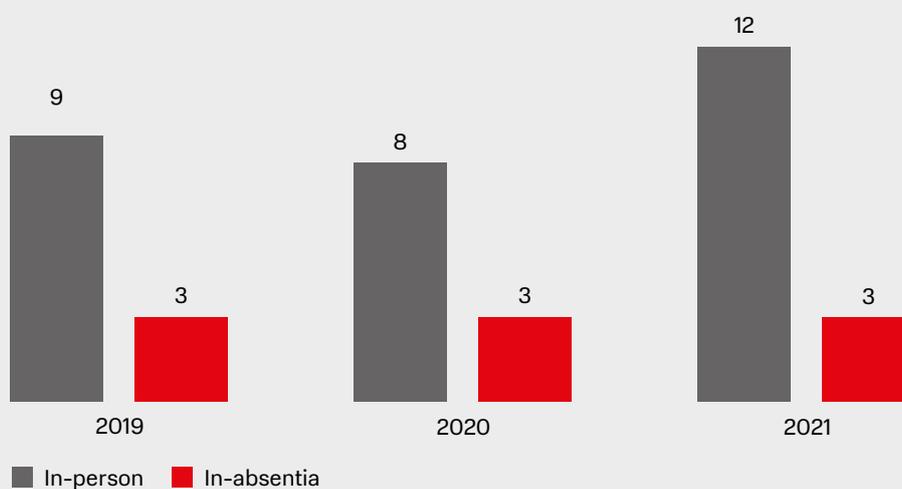
### Participation of the Committee members in meetings in 2021

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

Committee Member	21.06	30.06 In-ab- sentia	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 Committee<sup>1</sup> 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.

<sup>1</sup> <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenti-pao-mts/polozhenie-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
<b>Regina von Flemming</b> , Chairperson of the Committee, Independent Director	●	●
<b>Valentin Yumashev</b> , Deputy Chairman of the Committee, Independent Director <sup>1</sup>	●	●
<b>Artem Zassoursky</b> , Non-Executive Director	●	●
<b>Konstantin Ernst</b> , Independent Director <sup>2</sup>	●	●
<b>Alexey Barsegian</b> , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●
<b>Polina Ugryumova</b> , Director for Investor Relations.	●	●
<b>Elena Kokhanovskaya</b> , Director for External Communications and Public Relations <sup>3</sup>	●	●

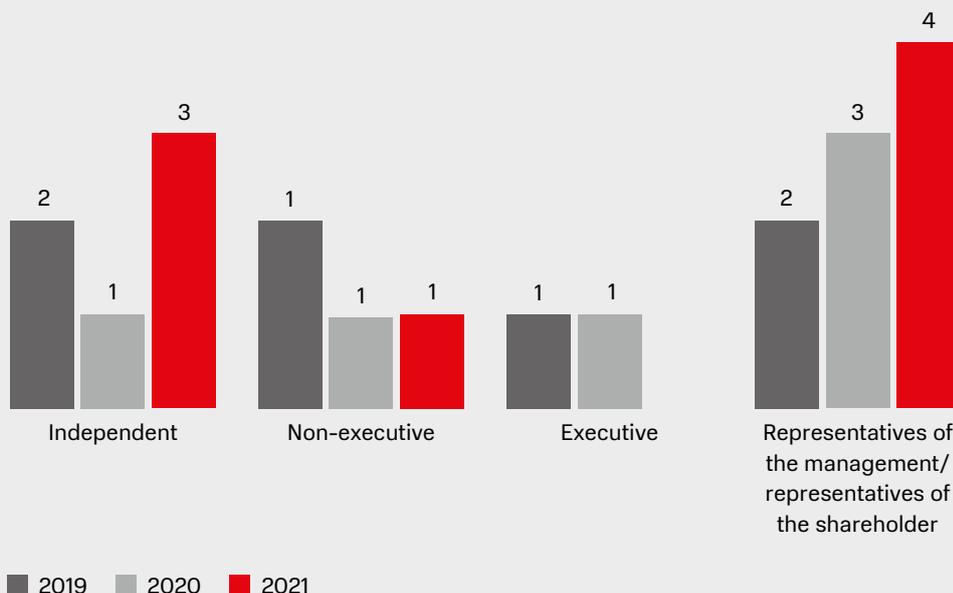
● person was/is a committee member  
○ person was/is not a committee member

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

<sup>2</sup> 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.

<sup>3</sup> 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 <sup>1</sup>	15.03 <sup>2</sup>	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	●	●	⊗	⊗	⊗	⊗	⊗

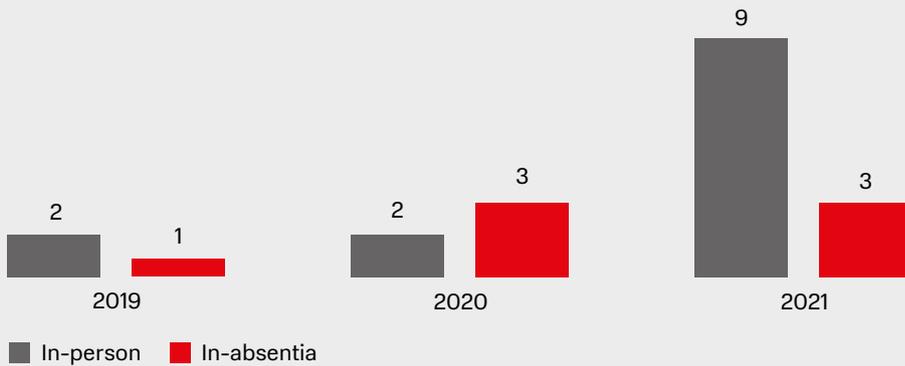
Committee Member	28.07	23.08 In-absentia	13.09	11.10 In-absentia	26.10	15.11	17.12
Artem Zassoursky	●	○	●	○	●	○	○
Alexey Barsegian	●	●	●	●	●	●	●
Regina von Flemming	●	●	●	●	●	●	●
Valentin Yumashev	●	●	●	●	●	●	●
Konstantin Ernst	○	●	○	●	○	○	○
Polina Ugryumova	●	●	●	●	●	●	●
Elena Kokhanovskaya	●	○	●	●	●	●	●
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

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

<sup>2</sup> 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 2021<sup>1</sup>

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.

<sup>1</sup> 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
<b>Felix Evtushenkov</b> , Committee Chairman, Non-Executive Director	●	●	●
<b>Artem Zassoursky</b> , Non-Executive Director	●	●	●
<b>Alexey Katkov</b> , Deputy Chairman of the Committee, Managing partner of Sistema JSFC <sup>1</sup>	●	●	●
<b>Regina von Flemming</b> , Independent Director <sup>2</sup>	○	●	●
<b>Nadia Shouraboura</b> , Independent Director	●	●	●
<b>Alexander Khanin</b> , Management Board Member – Vice President for Artificial Intelligence of MTS PJSC	●	●	●
<b>Victor Klimovich</b> , Director of the Shareholding Strategy Department of MTS PJSC	●	●	●
<b>Mikhail Khanov</b> , Independent Director	●	●	●
<b>Yury Misnik</b> , Independent Director <sup>3</sup>	○	●	●
<b>Vladimir Travkov</b> , Vice President for Finance of Sistema PJSC <sup>4</sup>	●	○	○

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

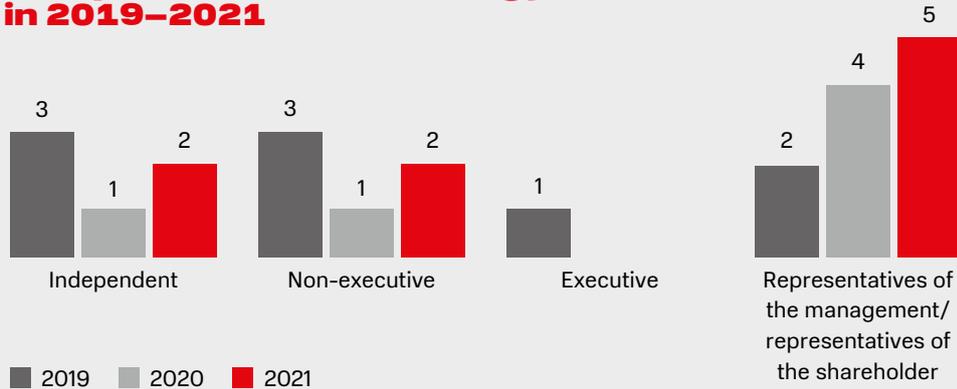
<sup>1</sup> Elected Deputy Chairman of the Strategy Committee from May 20, 2021..

<sup>2</sup> Elected as Strategy Committee member since May 20, 2021.

<sup>3</sup> Elected as Strategy Committee member since May 20, 2021.

<sup>4</sup> 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

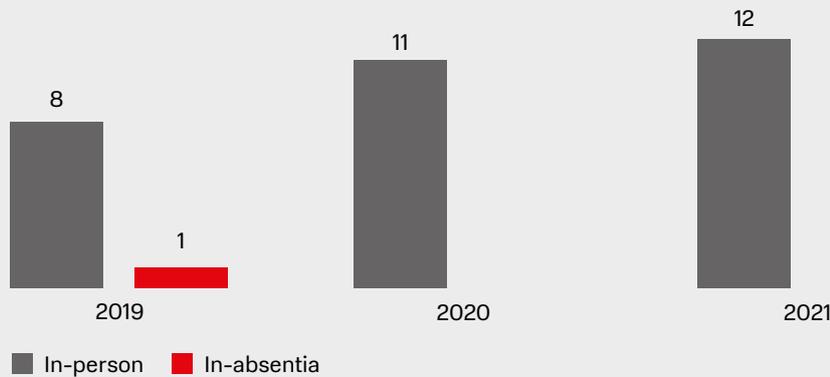


At the meetings of the Strategy Committee under the MTS Board of Directors in 2021, we considered the strategy of the MTS Group’s ecosystem and individual functional and business areas of the Company, M&A transactions, the practicability of developing the MTS ecosystem in new directions, organizational 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

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

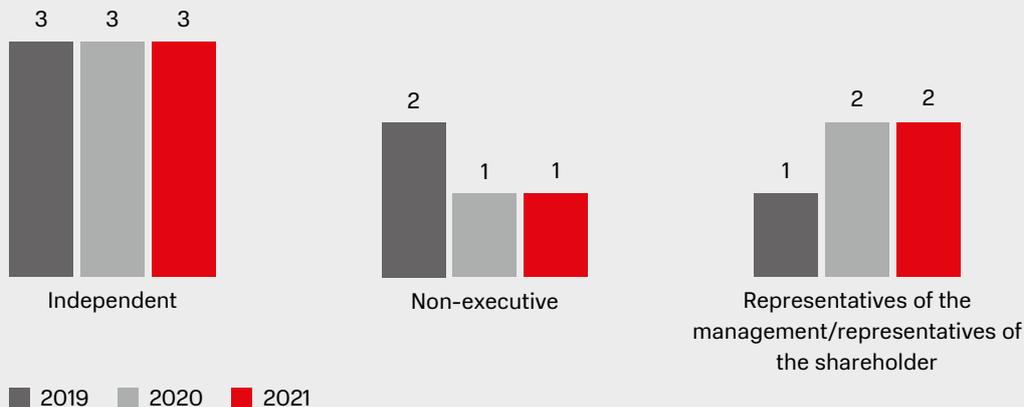
There were no changes in the composition of the Committee during the reporting year.

## Members of the Committee in 2021

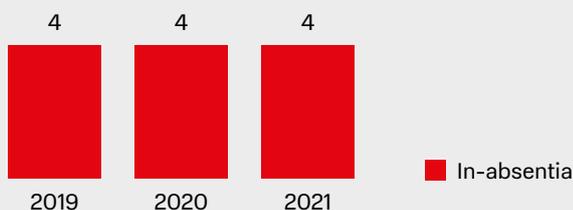
Committee Member	From June 25, 2020	From June 24, 2021
<b>Thomas Holtrop</b> , Chairman, Independent Director	●	●
<b>Regina von Flemming</b> , Independent Director	●	●
<b>Artem Zassoursky</b> , Non-Executive Director	●	●
<b>Shaygan Kheradpir</b> , Independent Director	●	●
<b>Alexey Barsegian</b> , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●
<b>Leyda Lukiyanova</b> , 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
<b>Thomas Holtrop</b> , Chairman, Independent Director	●	●	●	●
<b>Regina von Flemming</b> , Independent Director	●	●	●	●
<b>Artem Zassoursky</b> , Non-Executive Director	●	●	○	○
<b>Shaygan Kheradpir</b> , Independent Director	●	●	●	●
<b>Alexey Barsegian</b> , Management Board Member — Vice President for Corporate and Legal Issues of MTS PJSC	●	●	●	●
<b>Leyda Lukiyanova</b> , 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 Ernst<sup>1</sup>;
  - > Nadia Shouraboura;
  - > Shaygan Kheradpir.

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<sup>1</sup> 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 PJSC<sup>1</sup>.

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
<b>TOTAL</b>	<b>177,476,102.16</b>

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

### Remuneration Components:

1

**\$400,000** — to the Chairperson  
**\$300,000** — to the Director

**Base remuneration**  
paid for fulfilment of Director's duties during the corporate year and does not depend on the quantity of meetings attended

+

2

**\$50,000/\$30,000** for sitting on a mandatory committee  
**\$50,000/\$30,000** for sitting on a special committee  
**\$30,000/\$25,000** for sitting on another committee

**Remuneration for sitting on Committees<sup>1</sup>**  
paid for fulfilment of additional obligations related to the work in BoD Committees

+

3

**\$100,000**

**Granting of shares/ADR**  
additional remuneration in the form of remuneration with shares is paid following work results for the corporate year. There are restrictions in respect to shares<sup>2</sup>.

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

<sup>1</sup> **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.

<sup>2</sup> 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 PJSC<sup>1</sup> and the Regulations on the Management Board of MTS PJSC<sup>2</sup>.

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)

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

<sup>2</sup> <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 Department 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 Telecommunications 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 YOUDO 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 “Ibragimov, 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 JSC, 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 Members<sup>1</sup>

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
<b>Vyacheslav Nikolaev</b>	4 years (from July 2017)	●		●	●			●	●	●	●	
<b>Alexey Barsegian</b>	1 year and 2 months (from October 2020)	●		●		●	●	●	●	●		
<b>Victor Belov</b>	less than 1 year (from October 2021)	●		●								●
<b>Pavel Voronin</b>	less than 1 year (from June 2021)	●	●	●			●	●	●	●	●	●
<b>Inessa Galaktionova</b>	2 years (from February 2019)	●		●	●		●	●	●	●		
<b>Alexander Gorbunov</b>	3 years (from April 2018)	●		●		●			●			
<b>Igor Egorov</b>	less than 1 year (since July 2021)	●		●	●		●	●	●	●		●
<b>Olga Ziborova</b>	less than 1 year (from April 2021)	●		●	●		●	●				
<b>Ruslan Ibragimov</b>	13 years (from April 2007)	●		●		●	●	●	●	●		
<b>Farid Kamalov</b>	less than 1 year (from June 2021)	●	●			●	●					
<b>Andrey Kamenskiy</b>	3 years (from April 2018)	●	●	●			●	●	●	●		
<b>Igor Mishin</b>	2 years (from September 2019)	●			●	●	●	●		●	●	
<b>Ilya Filatov</b>	2 years (from August 2019)	●	●	●	●	●	●	●	●	●		
<b>Alexander Khanin</b>	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.

<sup>1</sup> 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 <sup>1</sup>	14/21	1/2
Victor Belov <sup>2</sup>	7/9	1/1
Pavel Voronin <sup>3</sup>	21/22	3/3
Inessa Galaktionova	37/41	5/5
Alexander Gorbunov	41/41	5/5
Igor Egorov <sup>4</sup>	21/21	2/2
Olga Ziborova <sup>5</sup>	30/30	3/3
Ruslan Ibragimov	32/41	5/5
Farid Kamalov <sup>6</sup>	21/22	3/3
Andrey Kamenskiy	39/41	5/5
Alexey Kornya <sup>7</sup>	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 <sup>8</sup>	19/21	3/3
Dmitry Khomchenko <sup>9</sup>	19/19	2/2
Tatiana Chernysheva <sup>10</sup>	19/22	3/3

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

<sup>2</sup> Elected a member of the Management Board on October 29, 2021.

<sup>3</sup> Elected a Management Board member on June 17, 2021.

<sup>4</sup> Elected a management board member on July 1, 2021.

<sup>5</sup> Elected a Management Board member since April 16, 2021.

<sup>6</sup> Elected a Management Board member on June 17, 2021.

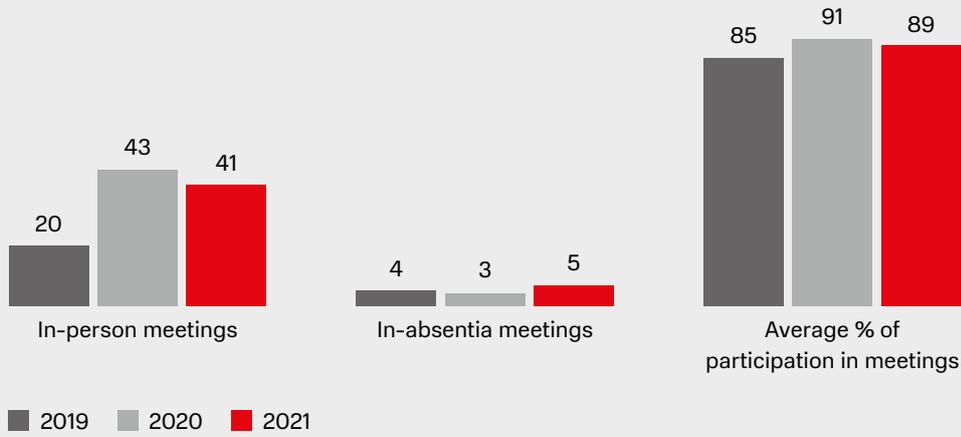
<sup>7</sup> Powers of the member of the Management Board terminated from March 12, 2021.

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

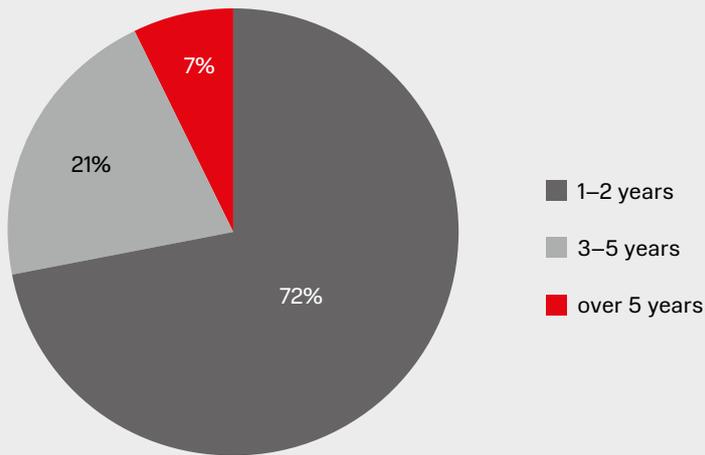
<sup>9</sup> The powers of the Management Board member were terminated on June 17, 2021.

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

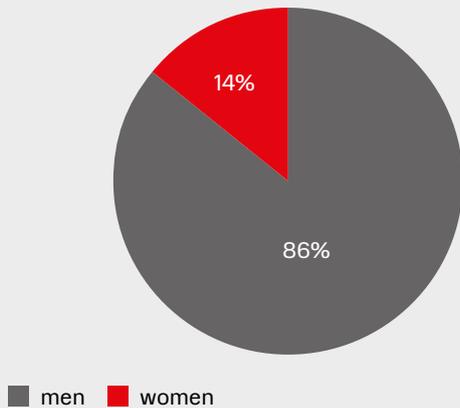
**Statistics of the Management Board performance for 2019–2021**



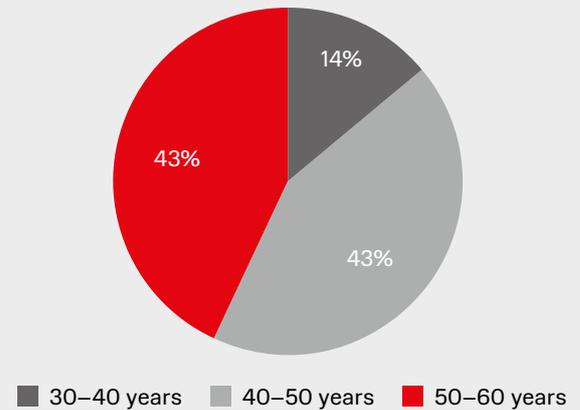
**Duration of work in the Management Board**



**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 fulfillment 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
<b>TOTAL</b>	<b>1,031,380,152</b>

### Remuneration paid to senior executive officers in 2021<sup>1</sup>

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

<sup>1</sup> 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
<b>Vyacheslav Nikolaev</b> President, Chairman of the Management Board	0.0051%	1.022%	24.03.2022 <sup>1</sup>
<b>Alexey Barsegian</b> Management Board Member — Vice President for Corporate and Legal Issues	did not own shares	0.0019%	25.02.2022
<b>Victor Belov</b> Member of the Management Board — Vice President for Engineering	0.00002%	0.0019%	25.02.2022
<b>Pavel Voronin</b> First Vice President for Technology — Management Board member	did not own shares	0.0037%	25.02.2022
<b>Inessa Galaktionova</b> First Vice President for Telecommunication Business — Management Board Member	0.0008%	0.0063%	25.02.2022
<b>Alexander Gorbunov</b> Management Board Member — Vice President for Strategy & Development	did not own shares	0.0019%	25.02.2022
<b>Igor Egorov</b> Member of the Management Board — Vice President for Infrastructure Development	0.0112%	0.0134%	25.02.2022
<b>Olga Ziborova</b> Member of the Management Board — Vice President for Ecosystem Development and Marketing	0.0001%	0.0026%	25.02.2022
<b>Ruslan Ibragimov</b> Member of the Management Board — Vice President for Government Relations	0.0197%	0.0216%	25.02.2022
<b>Farid Kamalov</b> Member of the Management Board — Vice President for Retail Business Development	did not own shares	0.0019%	25.02.2022
<b>Andrey Kamenskiy</b> Member of the Management Board — Vice President for Finance	0.0035%	0.0054%	25.02.2022
<b>Alexander Khanin</b> Management Board member — Vice President for Artificial Intelligence	did not own shares	0.0031%	25.02.2022

<sup>1</sup> 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.

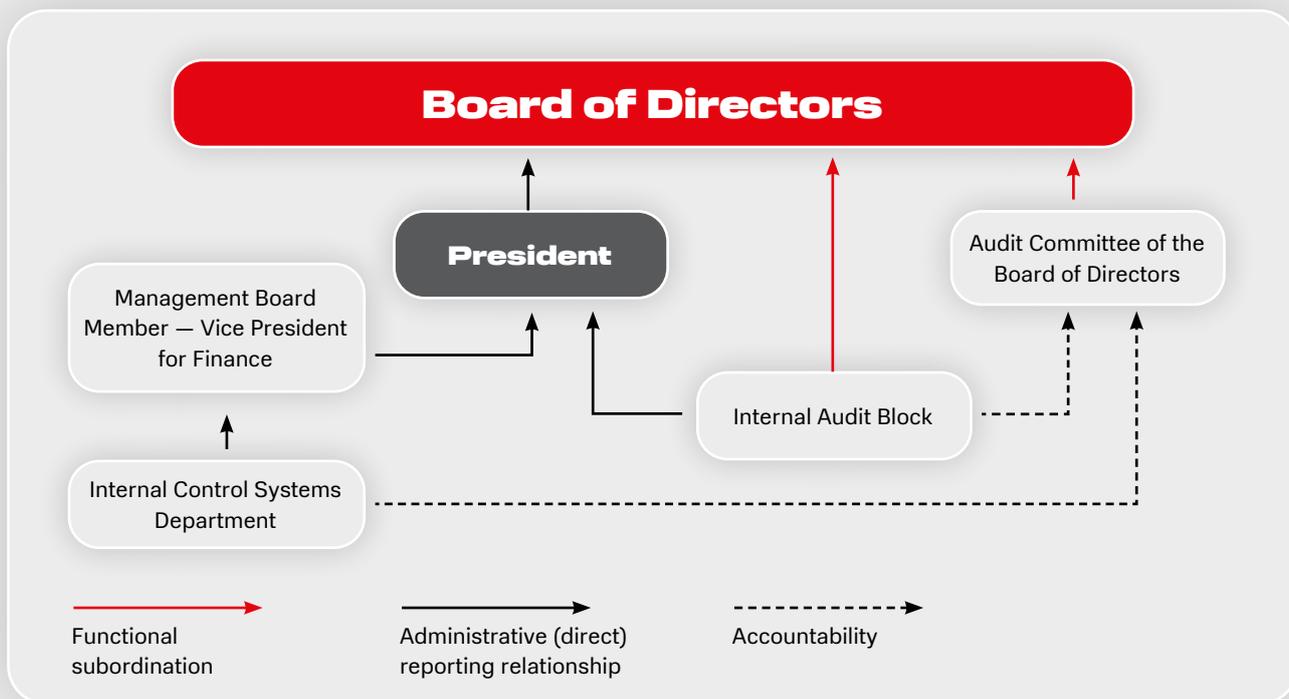
MTS PJSC approved the Policy for complying with anti-corruption legislation defining measures aimed at establishing elements of the corporate culture, organizational structure, rules and procedures assuring non-admission of corruption.

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 infor-

mation 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 PISC 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 frameworks<sup>1</sup>. 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.

<sup>1</sup> "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;

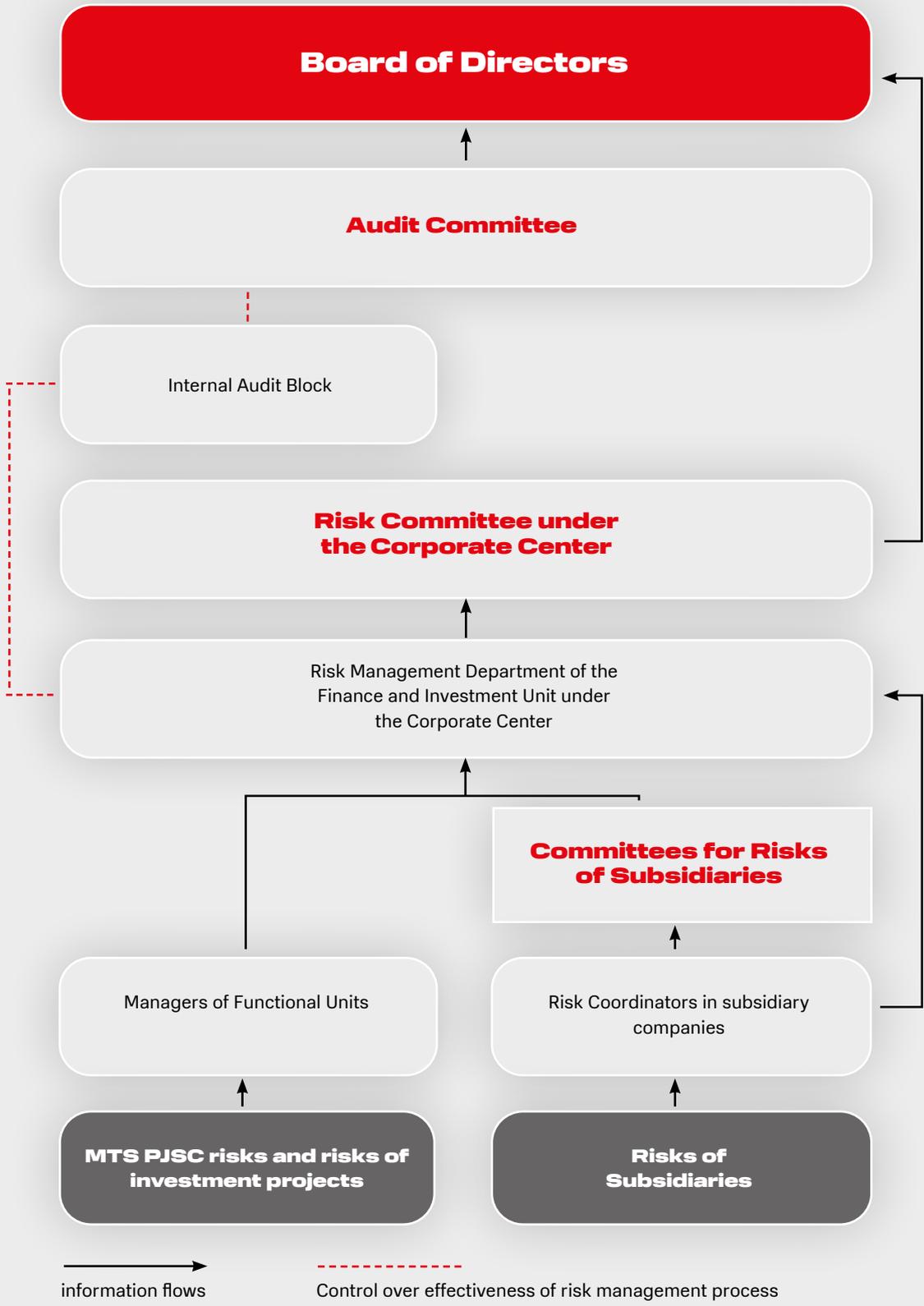
### JUSTIFICATION PRINCIPLE

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-F<sup>1</sup>, and in reports of MTS PJSC<sup>2</sup>.

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

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

## Strategic risks

Risks	Mitigation Measures	Impact on Objectives
<p><b>Depreciation of services provided by the Company and loss of competitiveness, difficulties in developing additional sources of income</b></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&amp;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"> <li>&gt; Retention of basic mobile revenue</li> <li>&gt; Compensation for traditional telecoms revenues decrease caused by active development of digital products portfolio</li> <li>&gt; Leadership in the mobile internet and data services segment</li> </ul>
<p><b>Loss of control over activities and assets in the countries of operation</b></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"> <li>&gt; Achievement of sustainable business development</li> </ul>
<p><b>Risks of acquisitions, investments and mergers with other companies</b></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&amp;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"> <li>&gt; Expansion of the Company's business and faster entrance into new markets;</li> <li>&gt; Product line expansion</li> <li>&gt; Achieving operational synergies between different business areas</li> <li>&gt; Mutual exchange of best practices in management and operations</li> </ul>

Risks	Mitigation Measures	Impact on Objectives
<p><b>Inability to successfully develop the network</b></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"> <li>&gt; Increasing network capacity and data rates to meet growing demand;</li> <li>&gt; Effective network planning and investment optimization</li> <li>&gt; Upholding the interests of the Company in matters of frequency resource allocation</li> </ul>
<p><b>Inability to realize the benefits of investing in radio communications systems</b></p> <p>Key risks:</p> <ul style="list-style-type: none"> <li>&gt; 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;</li> <li>&gt; difficulties in ensuring quality and required level of service;</li> <li>&gt; 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.</li> </ul>	<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"> <li>&gt; Ensuring the best compliance with IoT technology requirements and infrastructure readiness for 5G implementation</li> <li>&gt; Efficient capital expenditures planning</li> <li>&gt; Increased operational efficiency by optimizing the operating costs associated with network operation</li> </ul>

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"> <li>&gt; 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;</li> <li>&gt; 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;</li> <li>&gt; obligation to use domestic equipment since 2023.</li> </ul> <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><b>Economic and social instability</b></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"> <li>&gt; Achievement of sustainable business development</li> </ul>

Risks	Mitigation Measures	Impact on Objectives
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, 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.

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.

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 Depository Receipts (ADR) of the Company and some other Russian companies.

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

Risks	Mitigation Measures	Impact on Objectives
<p><b>Regulatory risks</b></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>	<ul style="list-style-type: none"> <li>&gt; Achievement of good operating indicators</li> <li>&gt; Ensuring compliance with regulatory requirements</li> </ul>

## Operational risks

Risks	Mitigation Measures	Impact on Objectives
<p><b>Financial risks</b></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>&gt; 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>&gt; Maintaining investment attractiveness by maintaining an optimal level of debt</p>
<p><b>Risks of technological failures</b></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>&gt; Achievement of good operating indicators</p> <p>&gt; Achievement of sustainable business development</p> <p>&gt; Ensuring compliance with the requirements of FZ-126, FZ-152 and other.</p>

## Compliance with requirements

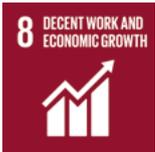
Risks	Mitigation Measures	Impact on Objectives
<p><b>Compliance risks</b></p> <p>MTS securities are traded on the U.S. stock market, and we are subject not only to Russian, but also to American anti-corruption legislation (US Foreign Corrupt Practices Act), and potentially to the anti-corruption law 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 contractors<sup>1</sup>.</p> <p>The main documents governing anti-corruption requirements within MTS are the Code of Business Conduct and Ethics, <sup>2</sup>Policy “Compliance with anti-corruption legislation”<sup>3</sup>. Besides, procedures for assuring compliance with anti-corruption legislation are fixed in the regulations of the company’s business processes.</p>	<p>&gt; Support of fair and ethical business conduct and abuse prevention</p>

<sup>1</sup> For more information, see the section “Compliance and Ethical Culture”.

<sup>2</sup> [https://static.ssl.mts.ru/uploadmsk/contents/1655/Code\\_of\\_Business\\_Conduct\\_and\\_Ethics\\_illustrated.pdf](https://static.ssl.mts.ru/uploadmsk/contents/1655/Code_of_Business_Conduct_and_Ethics_illustrated.pdf)

<sup>3</sup> [https://static.ssl.mts.ru/mts\\_rf/contents/537/Anti\\_Corruption\\_Laws\\_Compliance\\_Policy\\_rus.pdf](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><b>Tax risks</b></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>	<ul style="list-style-type: none"> <li data-bbox="1173 521 1434 600">&gt; Achievement of sustainable business development</li> <li data-bbox="1173 611 1434 689">&gt; Compliance with requirements</li> </ul>



## 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 growth<sup>1</sup>.

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	Mitigation Measures
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.	<p>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.</p> <p>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.</p> <p>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.</p>

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.

<sup>1</sup> 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"> <li>&gt; the MTS policy in the sphere of social responsibility, diversity and inclusiveness was adopted;</li> <li>&gt; ESG Committee under the MTS PJSC BoD was established;</li> <li>&gt; the ESG strategy was adopted, which defines the main areas of the Company's social activities;</li> <li>&gt; workplaces and offices of the Company were audited from the position of accessibility;</li> <li>&gt; cooperation with Employment Centers (EC) of Moscow and regions was expanded;</li> <li>&gt; employment of people with disabilities and middle aged persons for mass positions was started;</li> <li>&gt; the program for working with the disabled, MTS Inclusion, was scaled, and employees and recruiters were adapted within such program;</li> <li>&gt; research and surveys were conducted among the employees with special needs for their satisfaction with the employer's activities;</li> <li>&gt; 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;</li> <li>&gt; the company increased the number of offers for pensioners and disabled people with the functionality of the eHealth line.</li> </ul> <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 situations<sup>1</sup>.

<sup>1</sup> 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 possible<sup>2</sup>.

### Risks related to violations in the field of ecology

Description of risks	Mitigation Measures
<ul style="list-style-type: none"> <li>– Failure to meet the requirements of environmental reporting provision.</li> <li>– Doing business without state registration of a facility with a negative environmental impact.</li> <li>– Failure to meet the requirements in the field of environmental control and monitoring.</li> <li>– Doing business without permits issued in accordance with the established procedure for emissions of pollutants into the atmosphere, waste handling</li> </ul>	<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.

<sup>1</sup> 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, 2022<sup>1</sup>

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

<sup>1</sup> 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, 2022<sup>1</sup>

	Number of ordinary shares	Interest of authorized capital
Sistema PJSC <sup>2,3</sup>	841,019,563	42.085% <sup>4</sup>
MGTS PJSC <sup>5</sup>	5,452,327	0.273%
Stream Digital LLC <sup>4</sup>	87,245,832	4.366%
Bastion LLC <sup>4</sup>	182,613,298	9.138%
MTS PJSC	38,709,168	1.937%
Shares in free circulation <sup>6</sup>	843,341,387	42.201%
<b>Total</b>	<b>1,998,381,575</b>	<b>100%</b>

<sup>1</sup> Date of preliminary approval of the 2021 Annual Report of MTS PJSC by the Board of Directors of MTS PJSC.

<sup>2</sup> Stake of Sistema PJSC also includes the stake of its subsidiary Sistema Telecom Assets LLC (11.03% shares of MTS PJSC).

<sup>3</sup> The beneficial owner of Sistema PJSC, who owns 49.2% of the authorized capital, is Vladimir Petrovich Evtushenkov, a citizen of the Russian Federation.

<sup>4</sup> The effective participation share Sistema PJSC in the authorized capital of MTS PJSC is less than 50%.

<sup>5</sup> MGTS PJSC, Stream Digital LLC and Bastion LLC are subsidiaries of MTS PJSC.

<sup>6</sup> 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 information<sup>1</sup> about existing share ownership interests exceeding 5% of authorized capital of MTS PJSC apart from the above-mentioned.

<sup>1</sup> 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

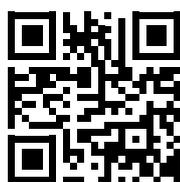
## Shares

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

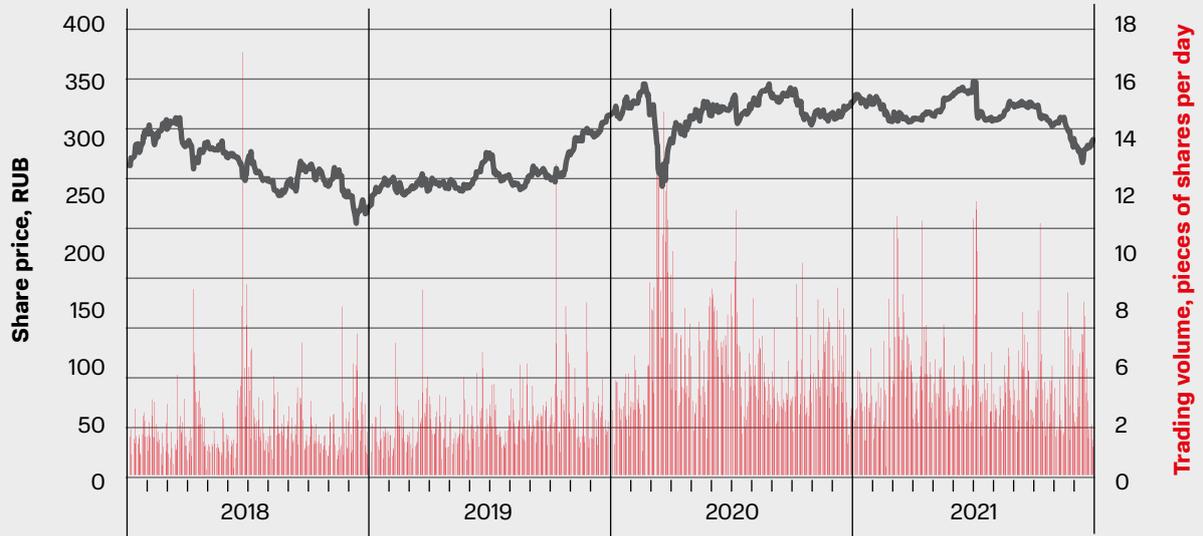
MICEX	Price (RUB)
Minimum share price	265.7
Maximum share price	350.95
Average daily trade volume (pcs.)	3,681,277
Price as of December 31, 2021	298.6

### 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

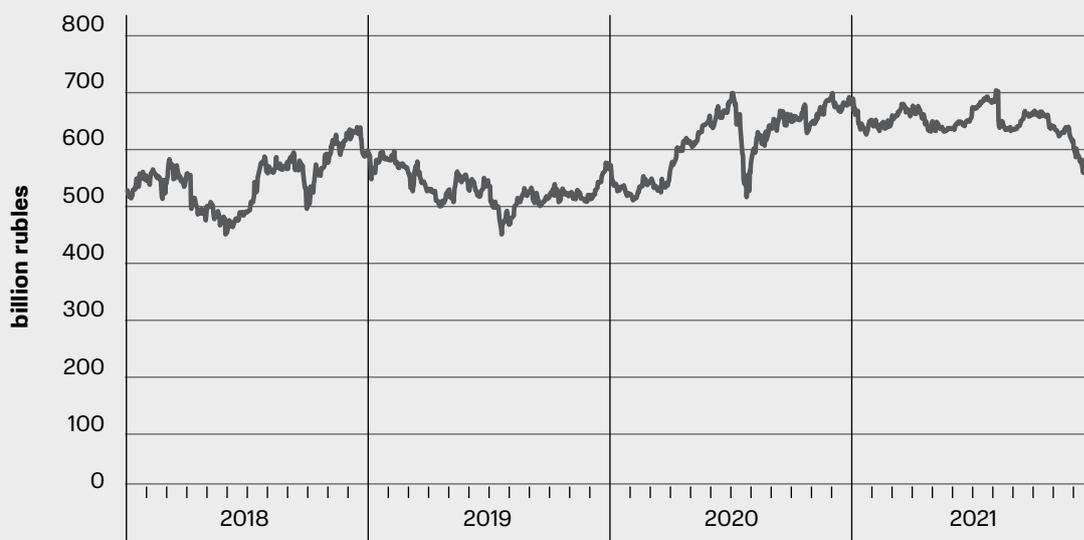
### Dynamics of prices and volume of trading in MTS PJSC common shares

Trading platform: MOEX (Moscow), issuer code MTSS



### Market capitalization of MTS PJSC<sup>1</sup>

Trading platform: MOEX (Moscow), issuer code MTSS



<sup>1</sup> Bloomberg data.

## American Depository Receipts

On June 30, 2000, MTS successfully floated the issue of American Depository 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.

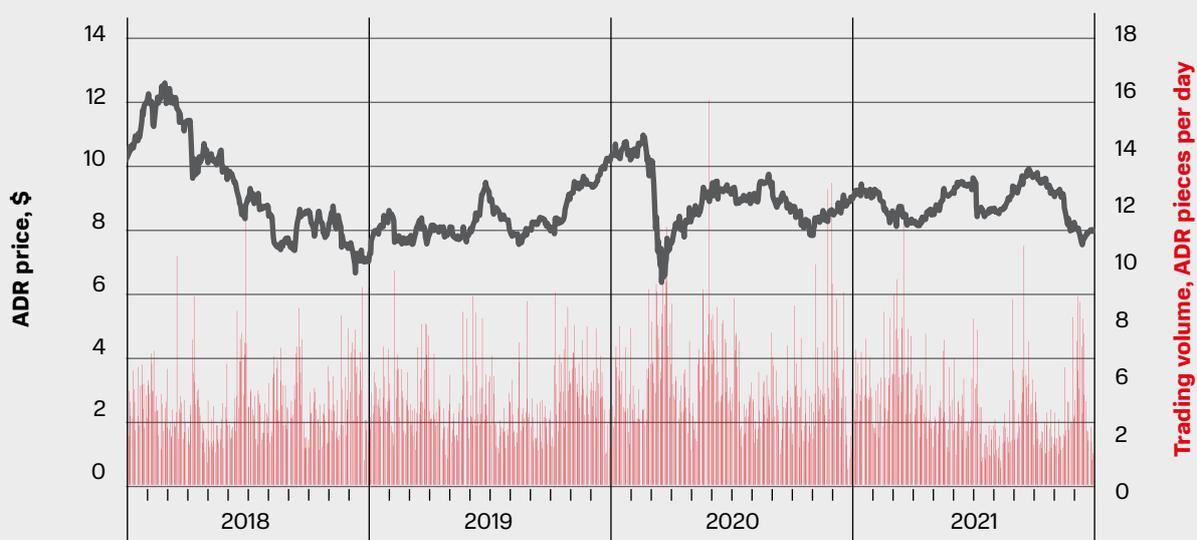
On April 20, 2010, MTS PJSC announced a change in the ratio between ADRs and company shares starting from May 3, 2010. As a result of this change, the ratio of ADRs to ordinary shares was changed from 1:5 to 1:2. Thus, holders of MTS ADRs registered at the end of the work day of April 28, 2010 received 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 Depository 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 ADR<sup>1</sup>). 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 \(mts.ru\)](https://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.

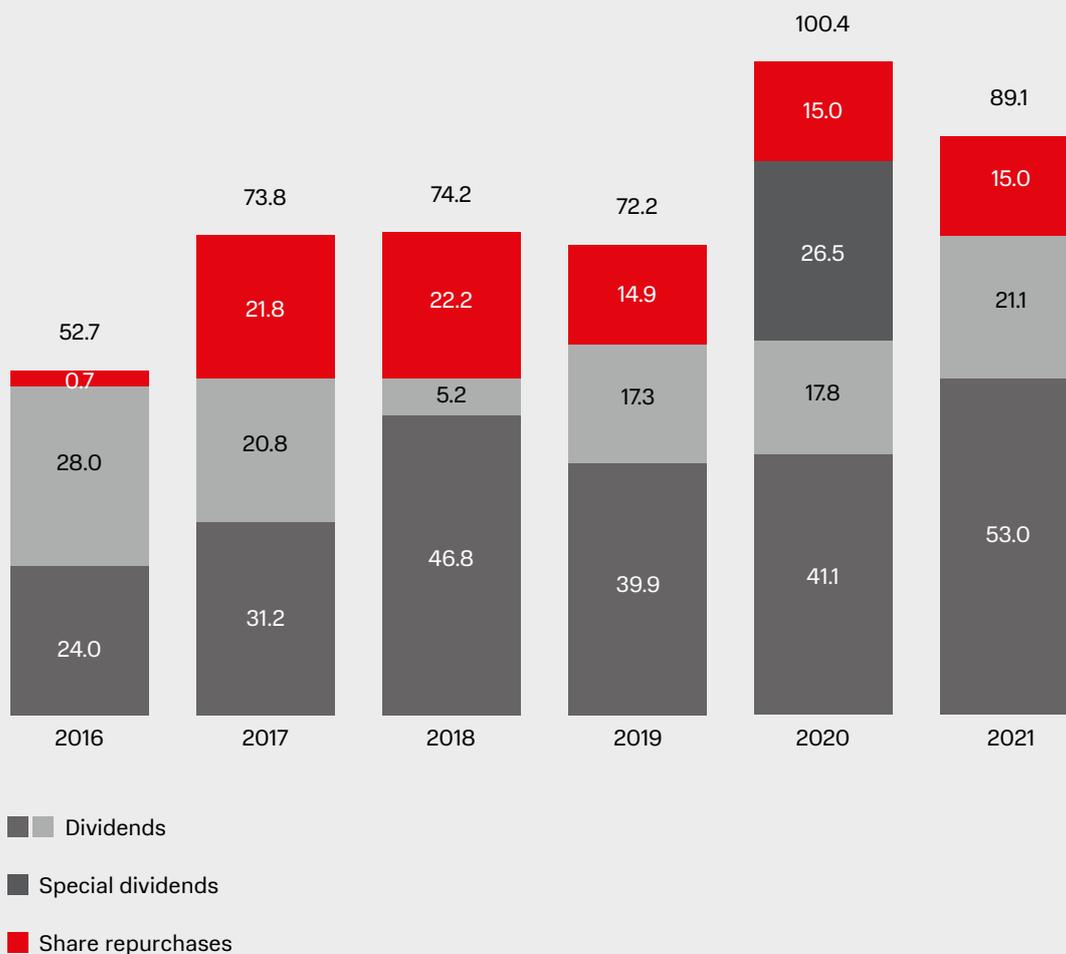
In addition to regular payments within the framework of the dividend policy, the Company may increase the shareholders' benefit by implementing a program of share redemption in the open market. When deciding on the launch and size of the redemption program, the Board of Directors takes into account the current availability of funds, operating performance indicators, the amount of debt, the Company's future cash requirements and the overall market situation.

<sup>1</sup> American Depository Shares

## / DIVIDEND POLICY

### Dividends and buyback of shares <sup>1</sup>

RUB billion



<sup>1</sup> 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

<b>Issuer</b>	<b>Mobile TeleSystems Public Joint Stock Company</b>
<b>Security type</b>	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-18 series
<b>Coupon</b>	Coupon 1–6 — 6,5% per annum
<b>Placement price</b>	100%
<b>Issue currency</b>	Ruble
<b>Issue amount</b>	4,500,000,000
<b>Placement date</b>	March 26, 2021
<b>Date of maturity</b>	March 22, 2024
<b>ISIN Reg No</b>	RU000A102VL3
<b>Offer</b>	-

## / 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 Commission<sup>1</sup>, on the website of the Russian Information Agency (news feed)<sup>2</sup>, on the official website of MTS: for shareholders<sup>3</sup> and investors<sup>4</sup>.

MTS also publishes other information on its official website. The "For investors and shareholders"<sup>5</sup> 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.

<sup>1</sup> <http://www.sec.gov>.

<sup>2</sup> <http://www.disclosure.ru>.

<sup>3</sup> <http://www.company.mts.ru/comp/ir/control/data/>.

<sup>4</sup> <http://www.ir.mts.ru>.

<sup>5</sup> <https://moskva.mts.ru/about/investoram-i-akcioneram/>.

## Contact information for investors and shareholders

### Corporate Governance Development of MTS PJSC:

Roman Safronov (Corporate Governance Director)

Phone: +7 (495) 911 6555. Fax: +7 (495) 911 6569.

E-mail: [shareholder@mts.ru](mailto:shareholder@mts.ru)

### Investor Relations Department, MTS PJSC:

Polina Ugryumova (Director of the Department)

Phone: +7 (495) 223 2025.

E-mail: [ir@mts.ru](mailto:ir@mts.ru)

## 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.

**SUSTAINABILITY**



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# APPROACH TOWARDS SUSTAINABILITY AND ESG

**MTS is distinguished by a long-term strategic approach to the implementation of social and environment-oriented projects, the Company is also mainstreaming responsible business practices into its business processes.**

The sustainability<sup>1</sup> of the Company is also reflected in terms of provision of confidentiality and security of clients' personal data, building a sustainable supply chain, providing social safeguards to employees, controlling the impact on the environment, and the positive impact of MTS Group's products and services on reducing the carbon footprint, as well as careful consumption of resources, support for volunteer, environmental, educational, inclusive programs and local communities, preservation of cultural heritage and development of areas of presence, etc.

The development of the social and economic sphere of the regions of presence, the improvement of the investment climate and the quality of life of the population by providing a wide range of innovations and digital services and facilities in the field of healthcare, education, ecology, urban infrastructure and others is also one of the priority tasks of the Company within the framework of sustainability.

Moving towards a stronger and higher potential in the area of sustainability and ESG, MTS demonstrates its commitment to achieve the objectives, which are critical for all our stakeholders. The Company timely introduces the relevant principles into the corporate culture and communicates them to stakeholders using accessible and convenient communication channels.

In March 2021, an ESG Committee of the Board of Directors of MTS was set up, which function is to control the introduction and implementation of principles of sustainability, as well as to assist the management bodies of MTS in the development of a common strategy regarding corporate governance, environmental and social responsibility. Independent director Regina von Flemming has been appointed the chair of the ESG Committee.

In 2021, the Company carried out a comprehensive analysis and systematization of ESG initiatives to be implemented and approved, at the meeting of the Board of Directors in December, an integrated ESG strategy of MTS, where it identified focus areas in the context of optimizing the Company's business processes and launching initiatives which facilitate the Company's sustainability. The integration of ESG principles into business processes allows not only to successfully complete strategic tasks but also to ensure proper consideration of interests and responsible behavior towards all MTS stakeholders.

The Strategy includes principal provisions, both those developing included in the similar strategy of the previous cycle and those that replaced them. The approaches to be improved until 2025 cover the three areas:

- > **organize** — remove gaps and use “what was underused”;
- > **multiply** — continue what has been started successfully;
- > **test** — check future opportunities.

For the purposes of efficient management of ESG activities, MTS ESG Center was established in February 2022.

The main tasks of which are:

- > development of business initiatives taking into account their impact on the Company's ESG agenda;

<sup>1</sup> Detailed information on MTS activities in the area of sustainability is published in the annual reports on sustainability of MTS Group on the Company's website at: <https://moskva.mts.ru/about/mts-dlya-obshchestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>.

# / MTS ESG STRATEGY

## Environmental care



- Energy efficiency management
- Carbon footprint monitoring
- Development of circular economy
- Ecological education

## Development of digital society



- Providing everyone with affordable products and services
- Digital skills training
- Development of skilled IT professionals
- Development of digital infrastructure

## Providing an inclusive environment



- Observance of human rights, decent working conditions, inclusion and diversity
- Providing everyone with accessible environment
- Volunteering
- Support of development of regions and communities

## Responsible Business Management



- Ethical business conduct
- Information security
- Efficient ESG agenda management
- ESG agenda development at the local and global level

■ Environmental sphere   ■ Social sphere   ■ Corporate governance



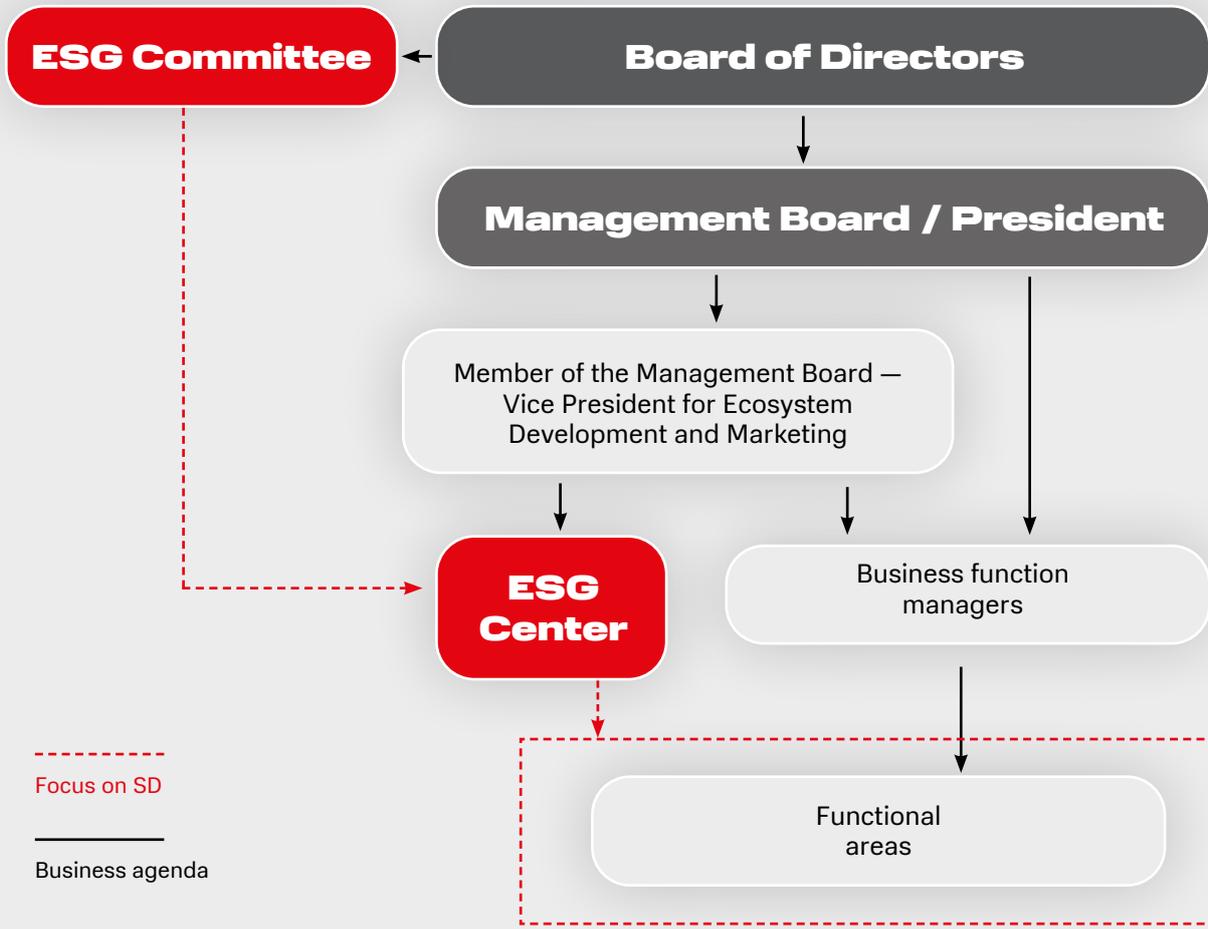
Thanks to the creation of the ESG Center, we plan to focus in a "single window" the work on tasks related to both the implementation of the MTS strategy for sustainability and systemic implementation of ESG initiatives to optimize the Company's business processes, and the expansion of the MTS product portfolio through innovative products and solutions aimed at increasing the sustainability of our partners and clients.

I am sure that it is the ability of technology companies to resolve challenging issues on the social and environmental agenda by launching and developing innovative IT solutions that will in many ways encourage the dialogue between society and business in Russia in the years to come.



**Olga Ziborova,**  
Vice President for Ecosystem Development and Marketing

**ESG Center in MTS structure**



- > integrated support of current socially-important and environment-oriented projects of MTS Group;
- > development and implementation of new ESG initiatives;
- > provision of internal consulting services in the area of ESG to business verticals of the MTS ecosystem;
- > replication of the best ESG practices in the MTS ecosystem;
- > regular assessment of the maturity level of ESG initiatives, monitoring and control, development of remedial measures;

- > interaction with external and internal stakeholders within the framework of the ESG agenda, reporting to the ESG Committee and other governing bodies.

The creation of the ESG Center completed the building of an efficient system to manage the implementation of the ESG strategy at MTS under the authority of the ESG Committee of MTS Board of Directors : together with the ESG Center, the Company has also in place a Social and Charity Program Center responsible for the implementation of the charity and social strategies of MTS, and the Center for Social Responsibility, Diversity and Inclusion, which is responsible for the implementation of the Company's strategy in the field of equality and inclusion.

## MTS Annual Conference “Sustainability and ESG. The Social Aspect”

At the end of 2021, MTS annual open online conference “Sustainability and ESG. The Social Aspect” took place with over 1700 participants throughout Russia. The role of the ESG strategy in the activities of companies, new approaches to creating affordable products and services, building efficient communications with all stakeholder groups, building a diverse and inclusive environment was discussed by ESG experts from Russian and international companies.



[Responsible business.  
\(mts.ru\)](https://responsible.business.mts.ru)

## ESG Results

- > In March 2021, MTS placed **social impact bonds amounting to RUB 4.5 billion** with a coupon rate of 6.5 % per annum fixed for the entire maturity period. Proceeds from the issue will be applied to finance a project for the connection of almost 5,000 socially significant facilities in Russia to the fixed-line Internet.
- > **The President of MTS Vyacheslav Nikolaev has been elected to the GSMA Board for 2021–2023.** The Board of the Association consists of 25 representatives of the largest global operator groups and representatives of regional operators.
- > In October 2021, MTS signed the **Code of Ethics for Artificial Intelligence**. The document confirms the basic AI implementation principles: transparency, truthfulness, responsibility, reliability, inclusion, impartiality, security and confidentiality. The principles are transboundary and supranational.
- > In November 2021, **MTS joined the international association of telecom operators 5G Future Forum (5GFF)**, whose task is to develop specifications and introduce advanced solutions on the basis of 5G and edge computing (Multi-access Edge Computing — MEC) technologies. The 5GFF association was established in January 2020 by América Móvil, KT Corporation, Rogers, Telstra, Verizon, and Vodafone to develop common specifications, share best practices, manage intellectual property and participate in R&D projects aimed at implementing and globally scaling commercial solutions based on 5G and MEC technologies.
- > In November 2021, **MTS joined the Digital Ethics of Childhood Charter**. The document was created by the Alliance for the Protection of Children in the Digital Environment, and MTS is one of the founders of the alliance, along with the largest Internet and IT companies in the country. The principles laid down in the Charter will allow to increase the level of digital literacy and protect children from potential threats on the Internet.
- > In December 2021, **Expert RA rating agency confirmed the credit rating of MTS at ruAAA** in the company's review for 2021. Expert RA noted the high level of predicted liquidity, in particular, that the operating flow, together with cash assets, is sufficient to cover any interest expenses. The Agency also made special mention of the high quality of the organization of risk management, strategic planning and the high level of the Company's information transparency.
- > In December 2021, MTS was awarded the **highest category A+ of the Leaders in Corporate Charity rating**, which is annually issued by the Association of Grant-Giving Organizations “Forum of Donors” in order to identify the best practices of corporate social investment and charity and promote them in the business environment and society.
- > In December 2021, **MTS announced it had received a B Management rating from CDP**, an international non-profit organization that runs the leading global disclosure platform to manage environmental impacts. The Company started reporting through the CDP platform in 2019 within the GSMA initiative to develop a roadmap for the

## Reporting rating ESG – 2021



**R<sub>ESG</sub> 1**

**83.8 points**

### SAKHALIN ENERGY

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**83.6 points**

### GAZPROM NEFT

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**81.8 points**

### ROSSETI NORTH WEST

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**81.0 points**

### MTS

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**80.6 points**

### NLMK

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**80.2 points**

### INTER RAO

The highest level of information disclosure regarding sustainability in reports



**R<sub>ESG</sub> 1**

**80.2 points**

### EVRAZ

The highest level of information disclosure regarding sustainability in reports

telecom industry to achieve zero greenhouse gas emissions by 2050. In accordance with the Paris Agreement, MTS discloses a wide range of environmentally important data about its operations, including resource consumption and direct and indirect greenhouse gas emissions.

- > In January 2022, the Russian rating agency **NCR (National Credit Ratings)** confirmed the

**AAA.ru credit rating of MTS with a stable forecast.** In the report, the NCR noted a number of key factors in MTS activities that impacted the rating confirmation: low systematic risk of MTS operations; moderate debt load, high debt service margin, significant operating profitability, as well as a sufficient business liquidity level; positive quality assessment of management and strategic planning.

## ESG Awards

**MTS demonstrates high return of social investment and is one of the leaders in this area, which is confirmed by the following achievements of the Company.**

- > The project “Day of MTS in Regional Job Centers of the Russian Federation” was recognized as “The Best Social Project” — 2021 in the “Corporate Projects” nomination. The project “Day of MTS in Regional Job Centers of the Russian Federation” is aimed at the socialization and employment of citizens with disabilities. As a result of the program implementation, more than 400 citizens with disabilities and applicants of 40+ and 50+ categories were socialized.
  - > MTS received the national award “Runet Prize 2021” for the project to support entrepreneurs “We Know Personally” in the nomination “For the Development of Small and Medium-Sized Businesses in the Runet”. “We Know Personally” is an interactive map of Russia, with the help of which entrepreneurs can tell a new audience about themselves, and clients can support local establishments: coffee houses, hairdressing saloons, non-chain cafes, car repair shops or beauty salons. Information is placed on the map free of charge, businessmen can leave a request on the website to add their contacts to the online service.
  - > MTS was the winner in the nomination “IoT Company of the Year in Russia” of the Awards 2021, a professional award in the field of IoT and related IoT technologies.
  - > MTS President Vyacheslav Nikolaev was the winner of “Top Managers of the National Business Communications Award” of the Association of Communications Agencies of Russia (ACAR) in the special nomination “Sustainable Success”. The award in the nomination is given out for building a system of highly efficient communications with customers, partners and investors in the company.
  - > MTS federal social and educational program of MTS “Urban Legends” won the Grand Prix of the international PROBA Awards 2021 for the most creative communication project. Creative Grand Prix is awarded to companies and communication programs with a bright idea and a unique creative solution that bring together a large number of participants and are highly-publized. The “Urban Legends” project also won in the “Promotion of Territories” nomination, which recognizes efficient and original practices to properly represent regions and cities of the country.
  - > In 2021, the United Nations (UN) recognized the MTS “Generation M” charity program to develop the creative potential of children as one of the best global sustainability practices and included the project in the global practices recognized by the UN as advanced in achieving sustainability goals.
  - > The comprehensive project “MTS Life Cycle Laboratory” was awarded a special Green Award in the “Brands” category. The award is organized by the Russian Environmental Operator to evaluate the activities of regions, regional operators in the field of municipal solid waste (MSW) management, as well as those of brands, cultural figures, public organizations, private initiatives and educational institutions in the field of conscious consumption and proper waste management.
  - > MTS won the “Best B2B Corporate Customer Experience. Telecommunication Services” CX World Awards 2021 with a case study on improving CJM and EJM during the pandemic.
  - > Regina von Flemming, an independent director on MTS Board of Directors, became the winner of the XV national award “Director of the Year” in the category “Independent Director”. The award recognizes achievements of directors of Russian companies in implementing high corporate governance standards.
- The remarkable thing is that MTS activities in the area of Sustainability in 2021 were carried out on the basis of the UN Sustainable Development Goals until 2030 (SDGs), recommendations of the international Standard ISO 26000 (Guidance on Corporate Social Responsibility), best Russian and global practices.

# RESPONSIBLE BUSINESS MANAGEMENT



## Code of Business Conduct and Ethics of MTS PJSC

The Code of Business Conduct and Ethics of MTS PJSC<sup>1</sup> (hereinafter referred to as the “Code”) includes key principles, a set of standards and requirements accepted at the Company with the purpose of maintaining fair and ethical business of MTS PJSC and preventing abuse. The Company complies with the legislation and generally accepted standards of business ethics and does not accept any other ways of doing business which are contrary to these rules.

The Code contains information about all compliance programs of the MTS PJSC Unified Compliance System. Due to the relaunch of the Code of Business Conduct and Ethics, a large-scale communication campaign was conducted in 2021 using an interactive material and a specially created platform. Supporting communications in the compliance community on the corporate portal were released as

interactive materials, including case studies; activities were created on the platform where employees could check their compliance karma and dispel myths through tests, spin the wheel of compliance balance and get acquainted with each section of the Code through infographics, comics, videos. Over 1,200 employees took part in the campaign.

The Board of Directors members, managers and employees of the Company are personally responsible for compliance with the Code.

All employees get acquainted with the Code when being hired at the Company and go through regular training. In 2021, more than 25,500 employees of MTS PJSC completed e-training in the Code of Business Conduct and Ethics.

## Code of Business Conduct of MTS PJSC Counterparty

In 2021, the Company updated the Code of Business Conduct of MTS PJSC Counterparty<sup>2</sup> (hereinafter referred to as the “Code”) in accordance with the best global practices, having updated the minimum standards that MTS counterparties are expected to comply with. The provisions of the Code apply to all counterparties of MTS, as well as any third parties involved by a counterparty to act on behalf and/or for the benefit of MTS Group. Familiarization with the Code and acceptance of its commitments are an integral part of the contractual relationship with the Company.

In order to provide timely training of counterparties, MTS implements and supports a risk-based training program through a specially developed training system. Since 2021, an e-training program for counterparties has been launched. Over 1,800 counterparties completed training in various formats during 2021.

Furthermore, an illustrated version of the Code of Business Conduct and Ethics was published on the external website of MTS and MTS Procurement to enhance the apperception of the information contained in the document.

<sup>1</sup> <https://spb.mts.ru/about/komplaens-i-delovaya-etika>.

<sup>2</sup> <https://spb.mts.ru/about/komplaens-i-delovaya-etika>.

# MTS PJSC Unified Compliance System

**Since 2016, the Company has been actively developing the Unified Compliance System on the basis of the norms of the applicable law, recommendations of regulatory authorities, the specific nature of the industry and best practices in this sphere.**

These compliance areas are supervised by the relevant functional units, each of which implements its compliance program and risk minimization system. Coordination of implementation and operation of the Unified Compliance System is entrusted to the Department of Business Ethics and Compliance of MTS PJSC.

In 2021, a scheduled work was carried out to reassess risks with the subsequent adaptation of compliance programs, including ecosystem and outsourcing risks. The risks of compliance programs are taken into account in the general risk management system of the Company. This makes it possible for the management and management bodies of the Company to gain a structured understanding of the existing compliance risks and to take these factors

into account when making management decisions, which positively affects the Company's overall performance.

In 2021, much attention was paid to measures to inform employees about the Unified Compliance System and compliance programs training. On the platform of MTS Corporate University, the list of training courses of the programs of the Unified Compliance System was updated. The Blog of the Unified Compliance System on the corporate portal regularly published announcements on all compliance programs of the Unified Compliance System according to the schedule. A survey of MTS employees was conducted on the compliance culture at the Company.

## MTS PJSC Unified Compliance System

**Anti-Corruption Compliance**

**Inside Compliance**

**Personal data processing organization**

**Antitrust Compliance**

**Health and Safety Management System**

**Observance of human rights at the workplace**

**Environment**

**Combatting laundering of criminal proceeds, financing of terrorism and financing of the spread of weapons of mass destruction (CML/FT/MDWSF)**

**A risk management system in the field of intellectual property / IP compliance has been**

**Information on violations of business ethics and compliance standards by MTS employees can be reported to the Unified Hotline<sup>1</sup>. All requests received are checked in accordance with the local regulation that determines the procedure for addressing such requests.**

The Unified Hotline of MTS Group of Companies is a safe, confidential and accessible method of informing the Audit Committee of the Board of Directors and the Internal Audit Block about violations of the law, internal procedures, the Code of Business Con-

<sup>1</sup> <https://hotline.mts.ru>.

duct and Ethics of MTS PJSC by any of its employees and (or) any member of a management body or authority supervising the financial and economic activities of MTS PJSC.

Proposals for improvement of anti-corruption procedures and other internal control procedures are received at the hotline addressed to the Audit Committee of the Board of Directors and the Internal Control Block. A person who has submitted relevant information is protected from any forms of pressure (including from dismissal, persecution, any forms of discrimination).

In 2021, the processing of reports received at the Unified Hotline (hereinafter referred to as the "UH") was carried out in accordance with the Regulations on Processing of Reports Received at the Unified Hotline of MTS Group. Conclusions and responses to messages' authors were prepared in a timely manner. Press releases on UH were posted on the corporate MTS information portal on a monthly basis in order to inform MTS Group employees about the UH operational results.

All situations of conflict of interest, violation of the provisions of the Code of Business Conduct and Ethics, anti-corruption legislation were settled in accordance with the Code of Business Conduct and Ethics, the Conflict of Interest Management Policy and the Anti-Corruption Law Compliance Policy approved by the Company. The employees who committed violations of the internal regulations of the Company, were informed of the necessity to eliminate the conflicts and prevent the repetition of similar situations in the future. Recommendations to address the identified defects were given.

**Number of messages received at the Unified Hotline of MTS Group**

<b>MTS Group companies</b>	<b>2021</b>
MTS PJSC	647
RTC JSC	534
MGTS PJSC	38
Mobile TeleSystems JLLC	16
MTS Digital LLC	15
MTS Armenia CJSC	14
MTS Bank PJSC	13
Green Point Group of Companies	12
Satellite TV LLC	5
MTS Entertainment LLC	1



**The Unified Hotline is an essential tool for promoting honest and ethical business, as well as preventing violations of the Code of Business Conduct and Ethics, internal company policies and procedures. This is an indicator of trust of employees and third parties who are ready to report violations in the Company and thereby contribute to their elimination.**

**Commitment to the principles of transparency will help us to develop and maintain an atmosphere of trust and comfortable working environment, where employees will perform their duties in good faith, without being afraid of getting involved in any unfavorable situation".**



**Natalia Mikheeva,**  
**Director for Internal Audit**

**Performance of the recertification audit of compliance of the Unified Compliance System of the Company with the standards ISO 37001:2016 and ISO 19600:2014 Preparation for a surveillance audit taking into account the requirements of the new standard ISO 37301:2021 (formerly ISO 19600:2014)**

In January 2021, a new three-year cycle of auditing the compliance with ISO standards began at MTS. At the conclusion of the audit, the Company received a certificate of conformity; in response to the identified

comments from the auditors, a plan was presented to eliminate inconsistencies and implement recommendations, which implementation was confirmed during the Supervisory Audit in 2022.

In October 2021, the Department of Business Ethics and Compliance organized an internal workshop for compliance program owners on the preparation for the Supervisory Audit 2022 in accordance with the requirements of the new ISO 37301:2021 standard “Compliance Management Systems” (previously ISO 19600:2014).

## Compliance Committee

In 2016, the Company established the Compliance Committee under the President of MTS PJSC, which included the President and executives reporting directly to the President. The Committee is chaired by the Vice President for Business Ethics and Compliance.

The Committee was established to make decisions on the setting-up and implementation of compliance programs that are part of the Unified Compliance System. The main tasks of the Committee are to implement a policy in the area of compliance risk management and to make proposals on the directions of development of MTS Group in this area.

In 2021, two Committee meetings were held where the following issues were considered, inter alia:

- > results of the UCS Certification Audit in 2021 for compliance with ISO 19600:2014 and ISO 37001:2016 standards, as well as approval of instructions for the execution of observations and recommendations of the Certification Audit;
- > setting compliance key performance indicators (KPIs) for compliance owners of compliance programs of the MTS Unified Compliance System.

## Day of Ethics and Compliance

Annually in October, the Company celebrates the corporate Day of Ethics and Compliance. On this day, MTS PJSC and subsidiaries of the Company in Russia and abroad conduct training sessions, master classes, and competitions on compliance issues. In 2021, the Day of Ethics was held under the slogan of “Course for Ethical Leadership”. Within the framework of the seventh annual Day of Ethics, an address of the Vice President for Business Ethics and Compliance was published on the importance of employees’ commitment to the principles of ethical business conduct. The following involving events were held: the Compliance Cup game among MTS Group employees; creative competitions; communication in the community to the effect: who is an ethical leader and what are his features, references to interviews with some branch directors about ethics and compliance; the second issue of the comics “Compliance. The Best Version of You. Conflict or No

Conflict: That is the Question”; exchange of stickers on the corporate portal and also in Telegram; as well as other events prepared by owners of the compliance programs of the MTS Unified Compliance System.



## Anti-corruption (Anti-corruption compliance and business ethics)

MTS PJSC, as a public company, is aware of the need to develop a favorable business environment in the markets of its presence, and makes efforts to promote the best compliance practices, and always adheres to high standards of business ethics, transparency and the rule of law.

The anti-corruption compliance program at MTS PJSC establishes measures to control regulatory risks, to protect the Company from any manifestations of corruption (both within the Company and attempts to involve the Company in corrupt activity from the outside), to improve the corporate culture, introduce and develop in the Company the best corporate governance practices, as well as standards of responsible and ethical behavior.

The Company has in place a process for investigating any suspicions or violations of business ethics and compliance standards, any suspicions of corruption and other compliance violations. The Company provides an independent and comprehensive investigation of all possible violations. The Discipline Committee of MTS is a permanent body of the Company that reviews cases of violations of compliance requirements and other significant violations, ensuring the observance of the principles of legality, justice, uniformity and reasonableness when making decisions on the application of disciplinary sanctions to employees, and develops sustainable corrective measures. Moreover, the Company has developed and applies compliance KPIs and compliance triggers that support the commitment of all employees to the business ethics and compliance standards.

### Projects and initiatives in the development of the anti-corruption compliance program and strengthening of the compliance culture in 2021

- > The study of the compliance culture conducted by Ethisphere Institute — an independent global leader in this sphere showed a high level of understanding of compliance controls, as well as employees' perception of the compliance culture in the Company generally.
- > All local regulations containing compliance controls have been reviewed and updated taking into account the risks identified.
- > A methodological framework has been developed and integrated in MTS Group to perform operational tasks in accordance with the requirements of the regulator and anti-bribery and anti-corruption best practices.
- > A new faculty of Compliance has been established on the basis of MTS Corporate University.
- > A new e-platform for employee training has been implemented, which provides easy access to training, assignment of courses and progress tracking including automatic notifications and training statistics.
- > Employees of the Company ensured the taking of mandatory compliance courses at the level of 99 %. More than 5.5 thousand employees completed targeted compliance training in 2021.
- > The top management of MTS continued to convey to employees its commitment to the principles of ethical business conduct (“tone-from-the-top”), as well as the “tone-in-the-middle” stream began to actively develop — demonstration of conscientious behavior by the middle management through personal example. Directors for regional development and directors of the branches spoke to the employees on the subject of compliance in person and reminded them of the importance of compliance training and conducted activities in the regions, discussed ethical dilemmas in teams. In 2021, more than 400 “tone-in-the-middle” events were held with the participation of more than 57.3 thousand employees.
- > Compliance topics were actively covered in internal communications, in particular: posts and information materials were posted in the compliance groups created within the Pulse corporate portal: in the group “Anti-corruption compliance. News” 47 posts were published in 2021 on the anti-corruption stream of compliance, in the group “Unified Compliance System. Blog”, 17 posts were published on other eight streams of the Unified Compliance System; interactive banners on the Pulse corporate portal, screensavers on the desktops of employees on compliance topics were used; the exchange of electronic compliance badges among employees was organized within the framework of the Day of Ethics and Compliance; instructions on the main compliance policies were drawn up; permanent communication columns were organized, namely “Compliance from A to Z” and “Lessons learned from Internal Investigations”; the second issue of

## The study of the compliance culture conducted

### General survey results

**89.0**

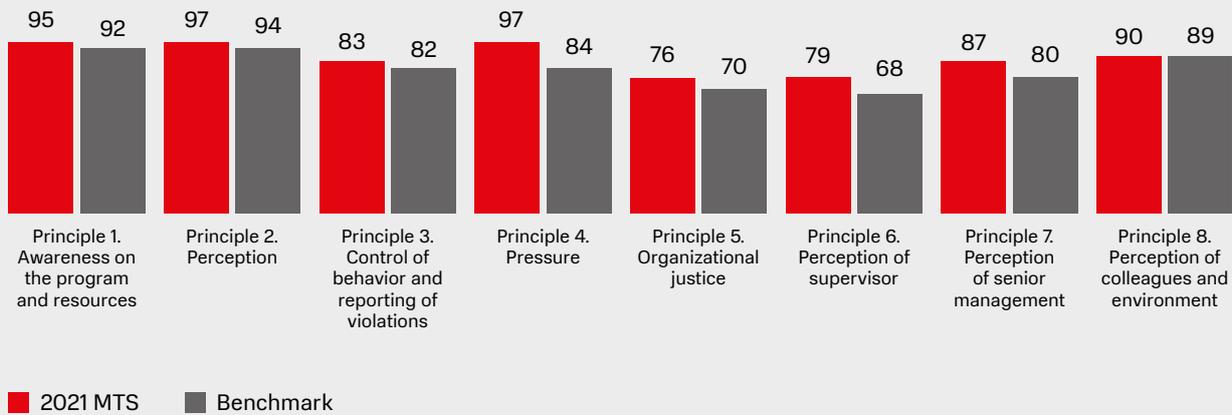
**General culture indicator in MTS Group**

**83.7**

**Benchmark**

**MTS Group exceeded the benchmark value by 5.3 points**

### Results with respect to each principle



the compliance comics about conflicts of interest was released.

- > For the purposes of spreading best compliance practices and sharing experience, in 2021, representatives of the Business Ethics and Compliance Department were speakers at 10

external compliance events, including: X Annual Conference “Compliance Manager: Profession and Purpose”, 8th Annual Conference “Compliance and Anti-corruption in Russia and the CIS”, meetings of the Anti-Corruption Activist Group of the Russian Corporate Counsel Association.

## Conflict of interest management

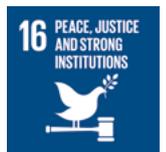
For the purposes of establishing a uniform and efficient actual and potential conflict of interest management system as well as determining the requirements for employees’ conduct, the observance of which enables to minimize risks of making decisions under the influence of personal interests and connections, the Company has introduced the Policy “Conflict of Interest Management”.

The Policy “Conflict of Interest Management”, as well as the instruction on the conflict of interest management at the Company are posted on the MTS

external website<sup>1</sup>, the corporate portal, and also in the My MTS mobile application.

Employees holding management positions are obliged to provide an example of law-abiding and ethical conduct and actively support execution of the Policy “Conflict of Interest Management”.

When being hired, all employees familiarize themselves with this Policy, fill in the form “Disclosure of information about the conflict of interest”. If and



<sup>1</sup> [https://static.ssl.mts.ru/mts\\_rf/contents/537/Conflict\\_of\\_Interest\\_Management\\_Policy\\_rus.pdf](https://static.ssl.mts.ru/mts_rf/contents/537/Conflict_of_Interest_Management_Policy_rus.pdf)

when a conflict of interests arises, each situation must be reviewed and settled.

In 2021, the annual management certification process was redesigned. During the year, 265 situations of the management's conflict of interest were considered. Furthermore, starting from 2021, members of MTS PJSC management bodies go through a

mandatory questionnaire procedure, twice a year, in terms of identifying conflicts of interest. Throughout 2021, information on 467 situations was audited and expert opinion was given in order to identify the presence of a conflict of interest. In 102 instances, the conflict of interest was not confirmed. 365 conflict of interest situations were settled.



## System of antimonopoly risk prevention (antimonopoly compliance)

Since 2015, the antimonopoly compliance at MTS PJSC has been successfully functioning and developing in the light of changes in antitrust laws and trends in the development of law enforcement practice. In 2021, the Company conducted a large-scale assessment of antitrust risks in subsidiaries, as a result of which the most risky companies received mandatory extensive antitrust training. Furthermore, with the involvement of legal advisors, an external audit of the effectiveness of the antimonopoly compliance system was conducted, which confirmed the high level of its development, and also measures for further improvement were proposed, which the Company will continue to implement in 2022.

The Company regularly communicates information about antitrust requirements to employees, using various formats of such communication to achieve maximum effect. The ultimate goal of this work is not only to provide employees with theoretical and practical knowledge in the field of antitrust regulation, but also to develop “zero tolerance” to violations of antitrust laws within the Company.

The antitrust risk prevention system is constantly optimizing in order to comply with the development of the MTS PJSC business strategy and with the changes in the regulatory environment.

## Inside Compliance

MTS PJSC, as a company with on-exchange trading of its financial instruments in Russia and the United States, pays great attention to maintaining an effective system of misuse of insider information and market manipulation.

The Company has a system of measures, procedures and processes aimed at preventing violations of legislation on the use of insider information, built taking into account the best Russian and international practices and based on three basic documents — Regulations on the principles and procedures regarding the prevention of transactions using MTS insider information, the Policy "On counteracting the misuse of insider information and market manipulation" and the "Conditions for transactions with financial instruments of MTS Group companies by individuals specified in paragraphs 7 and 13 of Article 4 Law on Insider Information<sup>1</sup>, included in the list of MTS insiders, and persons related to them. MTS PJSC local regulations determine the procedure for using insider information, the rules for protecting its confidentiality and monitoring compliance with

the requirements of legislation on the use of insider information in order to ensure fair pricing of financial instruments, protect the rights and property interests of all MTS shareholders and ensure equal rights of other investors in terms of timing and volume of information received, strengthening investor confidence and preventing abuse in the form of misuse of insider information and/or manipulation of market.

In accordance with the best practices, the Company set limits for all employees regarding the performance of operations involving MTS PJSC securities in so-called “closed” periods. The next “closed” period begins each time 14 calendar days before the scheduled date of publication of data on MTS financial results for the previous financial quarter and ends two business days after their publication.<sup>2</sup>

In order to ensure compliance with the requirements for “closed” periods, the system provides for quarterly reporting (twice per quarter) of employees and members of management bodies on their beginning and end. In addition, special calendar has been cre-

<sup>1</sup> Federal Law No. 224-FZ of July 27, 2010 “On counteracting the misuse of insider information and market manipulation and on amending certain legislative acts of the Russian Federation”.

ated in a special information system for members of the management bodies, which contains up-to-date information on the current “closed” or “open” period.

Since 2014, the Company has operated a full-time training system for all insiders who are employees of the Company. When being hired, each employee reads Company’s regulations aimed at preventing violations of insider laws.

The Company is aware of the severity of the sanctions which may be applied to any employee in case of a violation of insider legislation. Therefore, in order to prevent such negative consequences, in 2017, an interactive course was developed and launched for all company employees, dedicated to insider-law fundamentals. This course was updated in 2022.

Risks related to the violation of insider legislation are recorded in a specialized automated system and are reevaluated on a quarterly basis.

Russian regulation in the field of preventing insider trading has its own specifics. For example, the Company keeps a list of its insiders in this regard. It includes individuals and legal entities.

Pursuant to the requirements of the Insider Information Law, MTS approved the Internal Control Rules to Prevent, Detect and Suppress the Misuse of Insider Information and (or) Market Manipulation, and set up a working group to control compliance with the requirements of the insider information legislation and monitor its implementation. The Internal Control Rules establish the goals, objectives and methods of exercising internal control over MTS compliance with the requirements of the legislation on insider information, the procedure and terms for disclosing MTS insider information, the procedure for accessing insider information and the rules for protecting its confidentiality. The implementation of internal control over MTS compliance with the requirements of the legislation on insider information is included in the official duties of the responsible official holding the position of a member of the Management Board - Vice President for Corporate and Legal Affairs of the MTS Group CC, accountable to the person performing the functions of the sole executive body of MTS (MTS President), regarding the functions of monitoring compliance with the requirements of the legislation on insider information. MTS employees assist the responsible official in the implementation of internal control.

To maintain an effective insider compliance program, the Company audits program controls as necessary (taking into account a risk-based approach) by an internal audit unit headed by a person accountable to the Board of Directors.

## MTS PJSC principles with respect to transactions involving the use of insider information

**1. None of the executive officers, directors or employees of the Company possessing insider information relating to securities shall have the right to buy or sell these securities, directly or through relatives or other persons, irrespective of whether the issuer of such securities of the Company or any other public company.**

**2. None of the officers, directors or employees of the Company shall sell or buy securities of the Company during the period beginning 14 calendar days before the scheduled date of publication of MTS financial results for the previous financial quarter and ending two business days after their publication (hereinafter — “closed period”), with the exception of rare cases established by the Company’s local regulations.**

**3. Transactions involving securities of the Company may be made not earlier than on the third business day after public disclosure of financial results for the fiscal quarter and/or year, subject to other restrictions established by the legislation and local regulations of MTS.**

**4. Insider information shall under no circumstances be transferred by executive officers, directors and employees of the Company, directly or through other persons, to any third parties outside the Company or even to persons within the Company, except for those who need to know such information.**

**5. If a person has doubts as to whether it they are allowed to make a transaction or not, it is better to refrain from the transaction.**



## Personal data processing organization

In 2021, MTS Group continued its rapid movement towards the image of a digital up-to-date company, there was a strengthening of existing and a substantial development of new competencies in the field of IT and compliance. These changes required an appropriate response from the Information Security Department, which consisted in the adaptation and sometimes even complete revision of the processes in which its divisions are involved.

In order to achieve the consistency and integrated approach to the change of digital transformation processes, in which the divisions of the Information Security Department are involved, basic principles of change were determined:

- > customer focus (for information security divisions, product teams are customers, and product clients are clients);
- > continuous involvement (starting with the idea of the product and throughout the entire product life cycle, the involvement of information security must be ensured so that there are no misunderstandings or “catching up”);
- > assistance of product teams (just as the business works with product teams to help understand the specifics of the market, so product teams should help the information security divisions to understand the specifics of products);
- > simplicity (from equivalent optimization proposals, those the simplest are selected);
- > mutual trust with product teams (they all have the same goal: to support the business, under-

standing this must induce both parties to openness and constructive dialogue).

Significant work was carried out with regulatory documentation, which made it possible not only to meet new requirements of the law but also to simplify the work of employees with documentation, in particular, the Policy “Personal Data Processing at MTS PJSC” was modified, information security divisions actively participated in improving Process Regulations RP-151-14 “Staff Selection, Recruitment and Onboarding”, a standard form of consent to the dissemination of personal data was developed and approved.

In order to ensure mutual trust, transparency of work and involvement in the processes of the Company, the Information Security Department continues to raise the level of awareness of MTS employees regarding the personal data processing and the protection of confidential information. In 2021, 31,668 MTS employees completed training in “Personal Data Processing at MTS PJSC”.

Over the past 2021, the scope of providing the consulting and project appraisal service regarding compliance with the requirements of the legislation on personal data of the Russian Federation was expanded: the service was brought to the level of MTS Group.

Risks associated with violation of the legislation on personal data are taken into account in the Company’s risk management system and are reassessed quarterly.

# Combating the legalization (laundering) of criminal proceeds, the financing of terrorism and/or financing of the spread of weapons of mass destruction (CML/FT/MDWSF)



The CML/FT/MDWSF program has been developed pursuant to the requirements of the applicable legislation, which changes are monitored on a regular basis.

As part of the compliance program's activities implementation, the Department of Regional Security conducts a daily audit of all MTS subscribers to check whether some of the subscribers are included in the list of Rosfinmonitoring. When the Company's subscribers carry out high-risk transactions on personal accounts, in addition to checking against the lists of Rosfinmonitoring, an additional check is initiated against the database of invalid passports.

The Company also carries out daily monitoring of the termination of communication service contracts with repayment of the balance, as well as monitoring other suspicious subscriber transactions in accordance with Order No. 103 of the Federal Service for

Financial Monitoring dated May 08, 2009 "On the Approval of Recommendations for Development Criteria for the Definition and Identifying Signs of Unusual Transactions", newsletter of Rosfinmonitoring dd. October 2, 2019.

Events are held, on an ongoing basis, to inform regional leaders on the implementation of CML/TF/MDWSF legislation requirements.

In 2021, the Company:

- > updated local regulations developed for the purposes of CML/TF/MDWSF;
- > conducted scheduled training of the top management in the form of targeted briefing / raising the level of knowledge for the purpose of CML/TF/MDWSF.

## Health and Safety Management System<sup>1</sup>

When building the "Health and Safety Management System" compliance program, the Company is guided by the applicable Russian and international legislation, as well as by local regulations on labor protection.

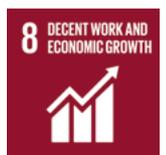
The Company operates a two-tier system of H&S management, focused on creating a safe working environment, prevention of occupational injuries and personnel training in safe work rules.

As part of the compliance program, the following activities were carried out in 2021:

- > special assessment of working conditions and production control;
- > procedures for identification, assessment and management of professional risks;
- > medical examinations;

- > training of employees and experts in the field of health-and-safety;
- > provision of the employees with the special clothing, safety shoes and other personal protective equipment;
- > various events and communications in order to increase employee awareness of health and safety;
- > control procedures of various levels;
- > interaction with regulatory authorities..

The costs of organizing occupational safety measures increase annually due to the staff expansion and the list of implemented measures. Thus, in 2021, a number of activities aimed at combating coronavirus infection were added to the OS activities.



<sup>1</sup> Detailed information on the program is contained in the section "Our Employees".



## Ecology

MTS considers environmental protection activities as an integral component of business and works in the area of environmental balance and stability maintenance. We are consistently reducing our ecological footprint, actively developing digital services using the Internet of Things, artificial intelligence, cloud technologies, Big Data, the introduction of which allows for structurally influencing the change in energy consumption and reducing emissions of hazardous substances in various industries, municipal services and the social sphere of the regions. In the course of implementing the compliance program “Ecology”, a video clip was created on the environmental responsibility of MTS, which all employees could see within the framework of the Day of Ethics and Compliance 2021.

We use our best endeavors to implement and digitize climate risks together with the risk management section. At the year-end 2021, climate risks were included in the issuer’s reports and 20F. Furthermore, in 2021, in order to constantly improve knowledge on environmental protection, periodic internal training was conducted for the employees responsible

for environmental safety; industrial environmental control was exercised at the negative impact facilities registered. For the purposes of improving the environmental culture, the Day of Ecology with MTS was traditionally held for all employees, which consisted of a set of environmental education and training events. In 2021, the Day of Ecology with MTS was held in two formats: online, which allowed to significantly expand the audience and make content available to people in all regions of MTS presence, and offline: undertaking compensatory plantings in five regions most affected by forest fires over the past five years.

**Detailed information on this area is disclosed in MTS PJSC Sustainability Report:**



[MTS PJSC Sustainability Report \(mts.ru\)](https://mts.ru/sustainability)



## Human rights at the workplace

In 2021, the Company continued work on development of the compliance program “Observance of Human Rights at the Workplace” 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.

The system to manage risks of human rights violations is a part of the integrated risk management process of MTS Group. An additional risk associated with violation of employee rights during the coronavirus pandemic was added.

Based on 2021 results:

- > for the purposes of raising awareness among employees, the section “Human Rights at the Workplace” was updated on the internal corporate web-portal;
- > the company developed and launched a training course “Human Rights at the Workplace” to be completed by all employees. The course covers aspects of applicable labor law and provides a clear understanding of how an employee shall act in the event of a violation of his/her rights at the workplace.

- > the Policy “MTS Activities in the Field of Diversity, Equality and Inclusion” has been developed and implemented;
- > within the framework of the “MTS Inclusion” program, training courses have been created on the topic: why people with disabilities are valuable employees for the team and why it is important to consider such candidates when hiring, as well as how to help a candidate with a disability adapt to working in a team and provide psychological comfort for all. Four educational courses have been developed for executives, recruiters and HR professionals, team members and employees with disabilities.

**Detailed information on this area is disclosed in MTS PJSC Sustainability Report**



[MTS PJSC Sustainability Report \(mts.ru\)](https://mts.ru/sustainability)

## Risk management system in the field of intellectual property

In 2021, the compliance program “Risk Management System in the Field of Intellectual Property” was certified according to ISO 19300 standard and continued to be developed.

In order to optimize the incorporation of the compliance program in business processes and adapt it throughout MTS Group, a new version of the Policy “Intellectual Property Management in MTS and Subsidiaries” was developed and approved. The Policy establishes the procedure for formalizing works made for hire created by the employees of the Company. To implement this procedure, in 2021, addenda to employment contracts were concluded with MTS employees, covering the provisions on intellectual rights.

In 2021, the Company became the winner of the IP Russia Awards 2021 in the field of intellectual property in the nomination “Best IT Protection Strategy”.

In the course of the project, which lasted several years, a service software (SW) registration process was developed, digitized and implemented, criteria for registration of SW and objects of patent law were developed, a quantity of software (Open Source Software) distributed on the basis of open licenses was analyzed to identify risks when borrowing a code in IT products.

The Company continued to work on projects for the risk prevention processes in the field of intellectual property.

Training events were delivered to employees of the Company and its subsidiaries on a regular basis on the issues related to risks in the field of intellectual property and dedicated to topical issues of intellectual property.

## Compliance training for members of MTS PJSC Board of Directors

In July 2021, the Vice President for Business Ethics and Compliance, L. E. Lukyanova conducted a series of trainings for members of MTS PJSC Board of Directors, Management Board and members of Committees of the Board of Directors on the topic “Code of Business Conduct and Ethics, Anti-Corruption Policy, Conflict of Interest and other Compliance Issues at MTS PJSC”, where she spoke about the principles of the anti-corruption compliance system, the interaction between the Board of Directors and

the compliance function, the “tone-from-the-top”, etc.

The training was attended by 100 % of the members of the Board of Directors, the Management Board and members of Committees of the Board of Directors. Furthermore, on October 28, 2021, the President of MTS PJSC Vyacheslav Nikolaev conducted a training on mandatory disclosure of information by the members of MTS PJSC Board of Directors.

# SECURITY

**In 2021, activities to ensure the corporate security and access control were conducted in accordance with the Functional Strategy of MTS PJSC in the Field of Ensuring Corporate Security for 2021 and the Action Plan for Ensuring Integrated Security of MTS PJSC for 2021.**

## Information security

Protection of the interests of MTS PJSC in the information sphere is ensured by implementing interrelated organizational and technical measures, which form a unified information security management and provision system of MTS Group. The integrated approach allowed to protect the MTS ecosystem from external and internal security threats, ensure its compliance with the legislative requirements of the Russian Federation and international standards, as well as prevent harm to the interests of MTS PJSC. The information security system has been developed with consideration of the best global practices on the basis of national and international standards. The Company is a licensee of the Federal Service for Technical and Export Control (FSTEC) and the Federal Security Service (FSB) of Russia for activities related to technical and cryptographic protection of confidential information and monitoring of information security (IS) events, and may provide respective services.

The personal data protection system provided the third level of protection as required by Russian legislation.

Protection of secrecy of communication in communication networks with information protection mechanisms built into communication facilities was compliant with the international standards and requirements of the industry regulator.

The corporate and commercial Operational Monitoring Centers operated 24x7. The IS incident monitoring and response service was provided to 15 commercial customers. Work was initiated, which involved the development of IS products (SOC services + industrial SOC, the creation of the Tread Intelligence platform, the creation of the Red Team).

The transition to a service model of work with product teams of the MTS ecosystem has been implemented. The planned development of IS platforms to be used in MTS Group was carried out. The availability of IS assessment was ensured in the development of products (services) and support of the production processes of digital products.

Work was carried out to create a security system for significant facilities of MTS PJSC critical information infrastructure.

For the third year of succession, the British Standards Institute confirmed the compliance of the information security management system with the requirements of the international standard ISO 27001:2013 Information technology — Security techniques — Information security management systems — Requirements. The certificate expanded the capabilities of MTS PJSC to offer services in the IS market.

The annual certification of the Internal Control System of MTS PJSC took place for compliance with the Sarbanes-Oxley Act (USA), which is mandatory for members of the New York Stock Exchange (NYSE: MBT). The company has been successfully certified. Deloitte's external auditor's report was issued without comment.

An assessment of the regulatory impact of 43 laws and regulations (L&R) and draft L&R on information protection was carried out with recommendations for minimizing risks. 15 proposals have been developed to make amendments to the legislation of the Russian Federation and information security standards.

Basic local regulations on information security have been updated and adapted for MTS ecosystem companies.

Information security experts were actively involved in the drawing up of new draft L&R in the area of information security in the MinTsifry (Ministry for Digital Technology, Communication and Mass Media) of Russia.

### Priority areas for ensuring information security in 2021

- > Compliance of the information security management system with the requirements of regulators, existing licenses and best practices.

- > Ensuring the security of restricted information (secrecy of communication, personal data, etc.).
- > Completion of the formation of a system for protecting the critical information infrastructure.
- > Introduction of digital technologies in information security protection processes.
- > Development of information security solutions and services for internal and external customers.
- > Support for the digital transformation of MTS Group (methodological, expert, technical support for the parties involved).

## SORM (Law Enforcement Support System, LESS)

In order to ensure the failure-proof operation of special complexes installed on MTS PJSC network, actions were organized and held on a permanent basis to maintain and support the equipment and software.

As part of fulfilling the tasks of implementing the requirements of Federal Law No. 374-FZ, work was performed on MTS PJSC network to implement and carry out acceptance tests of special complexes in accordance with the concept and deadlines for implementing the law agreed upon with the Federal Security Service (FSB) of Russia.

Special complexes have been installed on communication networks, the availability of which makes

it possible to provide new communication technologies (NB IoT, IMS, RCS, 5G, eSIM), as well as new convergent services (MTS Connect with Virtual Number and MultiAccount functionality, WiFi Calling, VoLTE/ViLTE, RCS IP Messaging, Virtual PBX, WiFi for business).

Work on the modernization of the special equipment supporting the activities of authorized state bodies was carried out on a scheduled basis, in accordance with the approved investment program and the requirements of laws and regulations (L&R). Scheduled events were held in full.

## Economic security and anti-corruption

The activities of the economic security and anti-corruption divisions of MTS PJSC are focused on identifying financial and economic risks, taking measure to mitigate them, and preventing reputational and material damage.

Taking into account the ongoing product transformation of the Company, the most important area of activity of the Economic Security and Anti-corruption Department (ESACD) was the improvement of processes for protecting the economic security.

As part of improving the efficiency of procurement processes, measures were taken to update local regulations (LRs) governing the procurement and investment activities of the Company. Measures have been implemented to strengthen the individual responsibility of procurement process participants.

In order to accelerate procurement processes, a planned transition of the ESACD participation format was carried out to the mode of monitoring and post-control of procurement procedures without direct participation in the procurement process but with the retention of the level of economic risks comparable to the current one.

For the purposes of improving the mechanism for checking counterparties, the process was automated: the impact of the subjective human factor on the results of checks was decreased, the terms were reduced significantly, and the frequency and depth of checks were increased. Furthermore, the automation of the functionality made it possible to organize verification activities in relation to the Company's clients, which will decrease the creation of accounts receivable in the future.

To obtain competitive advantages in the B2B area, a risk-based approach was adopted in developing scoring models that take into account the specifics of the business.

With regard to subsidiaries and affiliates, a model has been built for the provision of services to the economic security function according to the system of service contracts.

The ESACD actively participated in saturating management decisions with practical measures based on the results of internal audits and investigations. Activities to compensate for the damage caused to the Company and reduce overdue accounts receivable have been strengthened. Favorable results have been achieved mainly due to the maximum openness of the Department and the possibility of direct communication and discussion of problems between functional divisions.

### Priority areas for ensuring economic security and anti-corruption 2021

- > Ensuring a sustainable system of economic security in present-day conditions.
- > Prevention and suppression of economic and corruption offences, development of measures to minimize threats (risks).
- > Improvement of control mechanisms by shifting the focus to post-control.
- > Carrying out activities to verify information about candidates for employment, identify conflicts of interest and reduce the time of verification activities.
- > Improvement (updating) of local regulations in the field of protection of economic security and anti-corruption.

## Security of personnel and facilities

The work to ensure access control and intra-facility regime at MTS PJSC was based on Standard ST-053 "Requirements for Ensuring the Security of MTS PJSC Facilities". Access control at the Company's facilities was performed by employees of private security companies using engineering and technical security equipment, access control and management tools, Closed-Circuit Television System (CCTV), signaling and communication systems.

In 2021, the work continued to implement a technical solution for access using face recognition; the algorithms and modes of operation of face recognition terminals were optimized; it was ensured that temperature measurement results are recorded in automatic mode. The introduction of this technology in MTS PJSC branches has started. The introduction of new video analytics and thermal imaging technologies made it possible to reduce the time for employees to access facilities, ensure the protection of personnel during the pandemic and optimize costs.

In order to prevent the occurrence of vandalism and theft of inventory at the facilities of the radio subsystem and to provide uninterrupted communication services, activities were carried out to ensure the continuity of operation of the priority BS due to a significant increase in their equipping with security equipment.

As part of improving the confidential document flow, the trade secret protection and other confidential information, the requirements of RP-140 "Organization of Office Work with Physical Storage Media Constituting a Trade Secret and Other Confidential Information of MTS PJSC" were updated, and the use of a basic electronic signature for confidential office work was introduced.

In order to check the readiness of the security personnel of the private security company in terms of acting in the event of emergency at the facilities of MTS PJSC, fire-fighting and anti-terrorist trainings were conducted together with the employees of the Administrative Unit. Security officers in all regions of MTS PJSC operation traveled around base stations in order to check their anti-terrorist protection.

Scheduled measures were taken to identify and eliminate possible channels of leakage of speech information circulating in the premises of the Company's management through acoustic and technical channels.

In accordance with the legislation of the Russian Federation and the recommendations of the Ministry of Emergency Situations of Russia, as well as in accordance with the approved 2021 Action Plans for civil defense, prevention and response to emergency situations and ensuring fire safety, MTS Group took measures with respect to this area.

### Priority Areas in the Field of Personnel and Facility Safety

- > Improving the efficiency of the security system and anti-terrorism protection of personnel and facilities of MTS PJSC.
- > Implementing measures to prevent theft of equipment and inventory from the facilities of MTS PJSC.
- > Maintaining readiness for action of MTS PJSC system for emergency prevention and response under threats and emergency conditions.

## Antifraud

In April 2021, the Antifraud Department of the Security Block of MTS Group CC was established on the basis of Order No. 16/00112P dated April 12, 2021. On the basis of this order, the process of consolidating and coordinating the operations started as part of the fraud prevention for all fraud types.

The result of the activities of the newly established department was:

- > in the area of client fraud control: in 2021, penalties were imposed in the amount of RUB 478,350;
- > in the area of subscriber fraud: 827,902 facts of fraud were detected; the amount of prevented losses was RUB 159.947 million;
- > in the area of identifying the traffic terminated on the MTS network illegally: 77,330,368,152 calls were processed, of which 1,496,504,952 calls were blocked;
- > in the area of transactional fraud: for Q3 and Q4 2021, 49,564,972 transactions were processed, of which 723,087 transactions were blocked.
- > Results of projects on the basis on the Hexagon anti-fraud system:
- > suppression of the illegal traffic with A-number substitution: ~50 million calls per month;
- > blocking the illegal international traffic from associated operators, monthly: ~100 million calls;
- > prevention of losses in the amount of: ~RUB 4.5 million per month;
- > receipts from the Voice Antifraud service related to the protection of bank customers against fraudulent calls in 2021: RUB 13.9 million

Employees of the Antifraud Department regularly carried out activities aimed at identifying and suppressing the facts of illegal replacement of SIM cards, as well as preventing related financial and reputational losses of the Company.

A system for detecting, monitoring, analyzing, suppressing fraud and fraudulent activities has been

introduced to detect fraud and organize counteraction to illegal access to subscriber data and their disclosure to third parties, as well as to combat illegal replacement of subscribers' SIM cards.

Interaction with FinCERT of the Bank of Russia has been organized to immediately obtain information about MTS PISC numbering used by fraudsters.

A control procedure has been implemented, which is aimed at counteracting the transit of funds on the basis of the Intellinx anti-fraud system. The amount of citizens' funds saved was more than RUB 94 million.

### Priority areas of the Fraud Department 2021

- > Upgrade of RIM hardware-software complex to perform analytics within the framework of the investigation of fraudulent activities.
- > Ensuring the continuity of the operation of MTS PISC anti-fraud systems.
- > Development of MTS Fraud Detection Platform — MTS FDP system to upgrade and ensure the continuity of operation of the existing in-house solution in order to unify and expand the functionality of fraud management processes and increase their efficiency.
- > Development of a system of electronic interaction with law enforcement agencies.
- > Ensuring the availability of Intellinx IS.
- > Using the implemented system for detecting, monitoring and analyzing fraud and fraudulent activities to prevent fraudulent activities, both from external sources and from MTS Group employees.
- > Development of fraud monitoring in RTC JSC in order to automate anti-fraud processes.

# DEVELOPING AN INCLUSIVE ENVIRONMENT AND INFORMATION-ORIENTED SOCIETY

## MTS Policy in the Field of Diversity, Equality and Inclusiveness

In 2021, supporting the social objective of the Company's ESG strategy, the Board of Directors developed and approved MTS PJSC Policy PT-084-1 "MTS Activities in the Field of Diversity, Equality and Inclusiveness" with subsequent coverage of all MTS Group subsidiaries.

The Policy systematizes activities in the field of diversity, equality & inclusion (DE&I) and is aimed at creating conditions for sustainable business development considering the needs of society and the interests of MTS stakeholders.

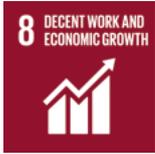
The document establishes the principles and areas of the Group's activities in the field of DE&I, the observance and implementation of which demonstrate to the stakeholders the goals of MTS in this area, contribute to the creation of an efficient mechanism for planning activities and reporting in the field of DE&I.

Being one of the tools for implementing the ESG strategy, the Policy is aimed at introducing advanced DE&I practices into the activities of all MTS Group companies and contributes to gaining competitive advantages in business.

The **priority areas** of the DE&I Policy include ensuring an inclusive environment and gender equality at all levels, development of an information-oriented society and learning, promotion of health and safety, social and economic development of regions and communities, as well as public reporting in the field of diversity, equality & inclusion.

The **basic principles** of the policy include: respect for the interests of stakeholders, compliance with applicable law and protection of human rights, ethical business conduct, equality and non-discrimination, development and implementation of innovative technologies, improvement of corporate governance system.

## / OUR EMPLOYEES



**MTS pays special attention to building and developing an effective and successful team of professionals.**

**MTS actively uses the best practices in the area of employee programs. New approaches to training staff, improving working conditions and communication channels, promoting a healthy lifestyle, conducting adaptation and retraining programs – this is just a part of the opportunities opened up to the employees.**

### Remuneration and social benefits

MTS has a competitive remuneration system. According to the data for 2021, the average salary at the Company is 27.7% higher than in the country as a whole.

In addition, MTS provides its employees with a substantial package of compensations and bene-

fits. Furthermore, the employees can take part in the “Benefit Cafeteria” program where a set of an employee’s benefits may be changed based on their individual decision. This approach enables us to qualitatively satisfy different employees’ needs with high cost effectiveness.

### Performance Evaluation

All of the Company’s employees participate annually in the performance evaluation procedure which includes both an evaluation of fulfilment of key performance indicators and the competence development level. During the evaluation process, managers provide extended feedback based on annual work results, and, following the results of the evaluation, a plan of development measures is drawn up for the employees.

In 2021, the work on the development and improvement of the KPI system was continued, including an increase in the number of cross-cutting team indicators which help effectively unite teams in order

to achieve common objectives. For the purpose of developing the employees’ potential, additional options have appeared for assessing the compliance with the Company values.

Thanks to a properly built personnel development system, approximately 80% of managerial vacancies in the company are closed through the involvement of in-house candidates. Using advanced distance learning platforms, while at the same time maintaining the quality, it has been possible to provide employees with opportunities for developing professional and personal competencies, as well as for studying new digital directions and retraining.

**>63**  
**thousand people**  
 the number of employees of MTS Group as of the end of the year (including non-personnel).

**More detailed information is available in MTS Group’s Sustainability Report for 2021: chapter “Corporate Social Responsibility”, section “Employees”**



[Sustainability Report ... Moscow \(mts.ru\)](#)

### Portrait of the company's average employee

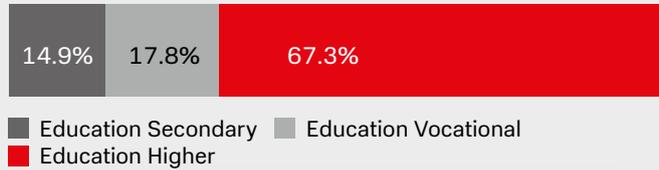


- M** Gender
- 36** Age
- 7** Work experience in the company

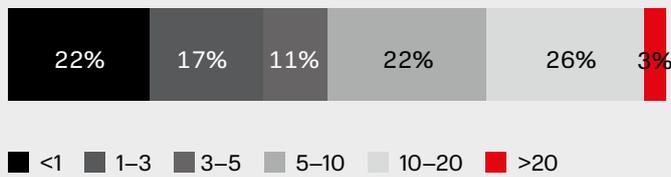
### Gender composition



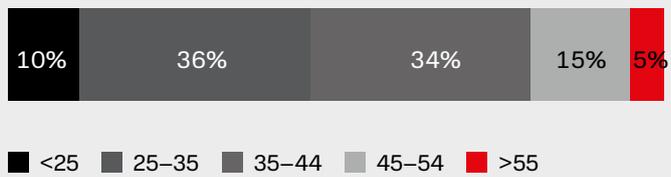
### Personnel structure by education



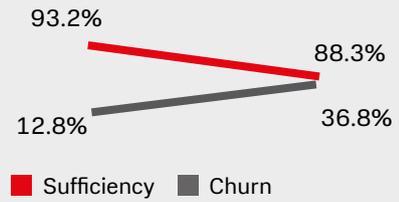
### Personnel structure by experience



### Personnel structure by age



### Closing of vacant positions



### Net churn dynamics





# Advanced training for personnel

## Remote training

**MTS Corporate University Department (CUD) is responsible for comprehensive training of the personnel.**

**The mission of the University is to create development opportunities in various formats, expanding the boundaries of business.**

**Experts from the Corporate University develop and maintain the distance learning system (Learning Management System), develop e-learning area, launch educational programs for blocks, hold trainings and support new employees.**

In 2021, the Department set itself the goal of improving the quality of employee training, as well as their loyalty to corporate training. The following changes were made.

- > The approach to producing educational content was changed. A single roadmap of creating an educational product was elaborated.
- > Changing UI/UX design, creating a design system and templates for the courses. This made it possible to bring all training to a single style.

- > We introduced new modules into the corporate LMS system: testing module, e-mail messaging module. These tools allow trying new learning formats to increase user engagement in the learning process.
- > Introducing new training formats: e-mail courses, gameplay videos with unusual scenarios, training courses on Tilda.
- > Generating of a new approach in communication with a business customer: receiving all requests and communicating on the DaVinci platform.

More than 1000 distance courses may be found in the catalogue — these are interactive presentations, longreads, video courses, webinar and online training records, books and memos.

Apart from single courses, methodologists from the Corporate University suggest studying programs — a series of courses with the same subject and the same end objective of training. Such an approach contributes to well-structured and holistic development.

## Distance learning in figures

Learning activity metrics	2019	2020	2021
Distance learning coverage (unique users who completed at least one course), %	76	90	96
Share of involved users who took more than three courses, %	31	62	79
Number of courses taken, pcs.	242,540	273,084	289,097

LMS performance metrics	References with other external solutions	MTS Corporate University platform
NSAT (Net Satisfaction)	67%	81.9%
DAU (Daily Active Users)	990	1,780
MAU (Monthly Active Users, unique users who visit LMS at least once/month)	9,750	22,780
NPS for Distance Learning (Alumni Loyalty)	63%	78%

**Savings from using in-house solution — up to RUB 5.7 per year (subject to unlimited number of users).**

## Faculty training

### Training formats

In 2021, the CUD developed and launched several mass distance courses and programs.

- > The content and design of the courses below mandatory for all employees were completely revised: Code of Business Conduct and Ethics; Managing the Conflict of Interest; Confidential information. Each of these courses was attended by 35,000 to 40,000 employees. 94 % of employees were trained before the deadline. In 2020, this figure was 60 %.
- > “Digital Etiquette” e-mail-course. About 3,000 people self-assigned it. The course pursues not only a business goal, but is also focused on the user needs. As a result, 92 % of students completed the “I Want to Study” e-mail course.
- > “Digital Etiquette” e-mail-course. Self-assigned and passed about 3,000 times.
- > We relaunched the first training course of the information educational environment (LMS) “Onboarding at a New Job in a Week”. The course was built on Tilda, so it became more user-friendly. The course was assigned to 35 thousand people.

- > **Knowledge marketing fest** is a knowledge festival for employees of the MTS Marketing and Customer Experience Unit;
- > **SELL OUT: partner sales training** is a training and development program for managers working with retail partners;
- > **Efficient recruiting** is a program for developing recruiters to build a system for hiring employees and analyze its efficiency;
- > **#TechTalk**. is a series of online meetings with the Convergent Networks and Services Operations Department;
- > **Summer School of Product Analytics** is an in-depth study of product analytics tools for developing digital products;
- > **T&D School (Training & Development) 2.0** is a series of synchronous webinars for trainers and all teaching roles on specialized topics:
  - “Engaging in learning through gamification and microlearning”;
  - “Gamification at minimum and maximum rates”;
  - “Master Mind as a tool for achieving success”;
  - “Technologies and evolutions of 5G”;
  - Program for experts “Basic knowledge transfer level”;

## Online trainings

In 2020, due to transition to remote working, 90 % of classroom trainings were changed to the online format by the Corporate University. Trainers held events for 2.5 hours in Skype for Business. Besides, the training format working in small groups and with the option to practice theory was maintained.

In addition, the “Management Thinking Beyond the Bounds” training was piloted in the messenger. For a week, the participants received tasks, discussed performance and shared experience on the basis of the corporate messenger. Willingness to recommend the training to colleagues: 9.6 out of 10.

## Development programs

The following training programs were launched for professional development of hard and soft skills of employees and for improved efficiency of business processes within the ecosystem development in 2021:

### Online trainings in 2021

**550** training events

**23,262** man-hours

**74%** NPS

### Development programs in 2021

**163** program participants

**124** completed training

**8.05** – Benefit evaluation

- > **“Experts” Project** is a program to preserve and reuse unique knowledge in the Company engaging internal experts and the MTS Blog platform;
- > **Digital HR** — for regional HRs, who are the agents of digital transformation and ambassadors of the MTS ecosystem. The objective of the program is to assist growth of digital culture and to create an innovative environment inside the business units;
- > **MTS Product Owners School (rounds 4 and 5)** — a comprehensive training program covering all stages of digital product creation and development.

### Personal consultations

In response to the challenges of the time, in June 2021, such a service of personal consultations as psychological counseling appeared.

We have also collected all the services of personal consultations (coaching, career counseling, psychological counseling) in one form. Now filing an application has become more convenient and the employee can choose the consultant he/she needs. The sessions are held online (in any convenient form). Face-to-face sessions are also possible, if the consultant and the employee are in the same city.

Informing internal customers was updated. Thanks to the targeted selection of tools and improving the quality of regular communications on the portal, the service NPS increased. Coaching — 84 %, Career consulting 100 %.

#### Personal consultations in 2021

**89** consultations

**85%** Service NPS

**62** coaching counseling sessions

**34** career counseling sessions

### E-libraries

In 2021, the corporate library Alpina Digital boasted 12,185 readers and 35,756 hours of reading time. All books are available as a desktop version or in the app.

Besides, the employees also read the periodicals library Public.ru with the best business publications: Forbes, “Kommersant”, RBK, “Profile”, “Expert”. The library also has magazines such as Psychologies, Geo, Computerworld Russia, “Zakon”, etc.

### Recruitment and adaptation

Onboarding of a new employee in the work and corporate culture is done through the adaptation measures. We continue walking the way of transformation and automation of the processes, using opportunities of product teams.

In 2021, corporate onboarding of new employees still takes place online. The first training takes place at the “Start” faculty in the MTS Corporate University. It contains the necessary minimum for newcomers and those who returned after a long vacation: the onboarding program consisting of seven courses (updated in 2021) contains the knowledge about the company culture and processes required for onboarding.

The “Onboarding at a New Job in a Week” program is automatically assigned to a new employee. On the first business week, he or she reviews the adaptation stages, history and strategy of the company, structure and products of the MTS ecosystem, rules of work and compliance principles. Easy and dynamic courses set for productive work and provide information necessary in the first days.

Also, within the onboarding, newcomers participate in the Welcome Day online event, where trainers immerse them into the company structure, introduce them to the strategy and opportunities, experts share success stories and answer questions. This is an informal online event designed for new employees, which is open for everyone at the same time. Even experienced employees are happy to get additional focusing on the Company’s strategy and experience of inspiring stories. In 2021, the Welcome Day program was redesigned, which made the event more informative and convenient for the new employees.

MTS strictly complies with the requirements of business ethics and compliance, therefore a newly recruited employee is given enough time to study the courses on respect for copyright and compliance with the antitrust legislation. They may independently distribute their load to undergo the necessary training within time assigned. After the training,

anything that seemed complicated or unclear to the employee, becomes simple and easy.

MTS was one of the first Russian companies to launch a mobile version of mandatory briefings (on health and safety, fire safety, local regulations, Civil Defense and Emergencies) during the pandemic. The Stark app is functioning giving the following opportunities to a candidate for employment:

- > full name and contacts of the HR employee (recruiter), who supervises the candidate;
- > date of registration at work;
- > addresses: registration place (HR), pass collection place, medical examination place;
- > review of the Company's local regulations (with confirmation of the fact of review);
- > attendance of onboarding briefings and courses;
- > brief information about the Company.

The app is being finalized and transformed into a more convenient version: Hello. Information is

provided dynamically depending on the company of employment and the city of employment. Currently, the Stark app provides the possibility of remote employment.

In 2021, there was a focus on making the onboarding personal for different categories of employees and a separate area of onboarding for product owners was highlighted: onboarding meetings for new software products are held, they are provided with personalized content to immerse themselves into the position. Materials of the School of Software are posted for product owners on the Corporate University website.

The messaging lists for new employees go on improving, now employees can get basic information from the onboarding letters. The mechanics of collecting feedback from new employees is also improved as the newcomer may share their impressions of the hiring and onboarding process during the trial period. Based on the newcomer assessment, it becomes possible to calculate the important indicators automatically: CES (Customer Effort Score is a support performance evaluation metric) for hiring and onboarding processes, tNPS (Transparency Net Promoter Score — loyalty index) of the company.

## Work with universities

### Internships

In 2021, MTS launched an updated MTS Intro internship program. Recruitment for the program lasted for a year, university students and graduates could complete an internship online, without considering the city of residence.

More than 450 interns from different areas were accepted for internship at MTS Intro: IT, Marketing, Product Management, Finance, HR, PR, Engineering, etc. More than 35 % of interns were transferred to the company staff, while the transfers to the IT staff amounted to about 60 %.

	2019	2020	2021
Number of students who completed internship in MTS, pers.	558	350	465

### Cooperation with universities

MTS Group cooperates with HSE University (Higher School of Economics), MIPT (Moscow Institute of

Physics and Technology), BMSTU (Bauman State Technical University), Plekhanov Russian University of Economics, Financial University, NNSTU (Nizhny Novgorod State Technical University), SibSUTIS (Siberian State University of Telecommunications and Information Science), Lomonosov State University, St. Petersburg State University, MAI (Moscow Aviation Institute), MISIS, Skoltech (Skolkovo Institute of Science and Technology), Kuban State University, Kuban State Technology University and other universities — around 30 in total.

The interaction with universities takes place in the following formats:

- > lectures and workshops;
- > project tasks;
- > participation in career days and organization of in-house career events;
- > master's degree education programs.

Partnership in master programs is traditionally developed with MAI, MIPT and Skolkovo. Laboratory practices at National Research University of Informa-

tion Technologies, Mechanics and Optics, dedicated courses with Innopolis University and Kazan Federal University.

## Moove program

Moove by Skolkovo x MTS — a program of additional education for students aimed at developing soft skills and product management skills.

- > Teachers — professionals of technology industries, including experts of MTS and business experts of Skolkovo, as well as professors from leading business schools of Europe.
- > Participants — masters of the first and second years, bachelors of the fourth year. These are ambitious students who want to play a major role in the economy of the future.

Program objectives:

- > contribute to the development of the Russian digital economy by training new leaders of the innovative environment;
- > create a unique educational program to combine management knowledge and skills of innovative product development;
- > train experts of a new format who are eager to be leaders in a new reality.

Training takes place according to the project method. From the first day, the participants are divided into teams and travel the route from generation of hypotheses to full-scale launch of a digital product. Mentors and trackers — entrepreneurs and managers from MTS and other IT companies — help the teams.

Thus, students turn into experts capable of working both in a large corporation and in a small startup. They spend less time for adaptation, move quicker through a career ladder and earn more.

In total 681 applications were received for the program in 2021, and the competition was record-breaking — 12.1 persons per position. As a result of the selection, 40 students joined the Moove program group (for 2021/22 academic year).

Graduates (2020/21) completed the program with a built up track of professional development.

Following the MTS program results, the employees:

- > know business models of modern digital companies;

- > are able to develop and launch a product in the market;
- > know how to monetize a business idea;
- > know trends, see the opportunities for technological business;
- > know how to work in a team;
- > know how to negotiate with different stakeholders and defend their opinion;
- > know how to manage a product portfolio;
- > know how to think strategically;
- > see the interconnections between various aspects of business and know how to manage those.

**Scale: we will graduate 138 students in three years.**

Graduate career paths:

- > ~47 % of graduates work in Digital Product Management;
- > ~15 % are engaged in developing their startup;
- > ~55 % of graduates demonstrate career growth: they changed two or three career levels and increased their revenue by more than one and a half times;
- > most program graduates build their careers in technology companies (Avito, Delimobil, Tinkoff, Sberbank, Alfa-Bank, Yandex), every seventh graduate is developing their startup, 10 graduates work at MTS.

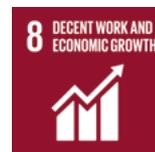
A community of students and alumni has been created and is developing (3,070 subscriptions in the Telegram channel, 8,000 people in the messaging list, 800 people in the information chat bot of the programs).

The program is designed for three years:

- > 1st stage (2019–2020) completed;
- > 2nd stage (November 2020 — July 2021) completed;
- > 3rd stage (September 2021— April 2022) — in progress.

## Occupational health and labor safety

**Number one priority for the Company is to preserve life and health of the employees, to provide favorable and safe labor conditions at MTS PJSC.**



Personnel safety, health and well-being are the main components of the Company's corporate social responsibility. Since 2020, MTS has joined the international approach Vision Zero, or "Zero Injuries" — this is a qualitatively new approach to organization of prevention, combining three areas: safety, workplace hygiene and well-being of employees at all production levels. Safe and healthy labor conditions are not only a moral and legal obligation, but also prove themselves economically. Investment into labor protection helps avoid people suffering and protect the most valuable thing we possess — our health, physical and psychological well-being. It is also crucial that they favorably influence motivation of the employees, the quality of work and products, the company's reputation, extent of the satisfaction of employees, managers and customers, and, therefore, economic indicators.

Improvement and development of the safety culture at the enterprise take place through an informed approach pursued by senior executives who implement consistent management and create an atmosphere of trust and cooperation at all levels of the Company. At this stage, MTS Group's Strategy in the field of safety, health and well-being for 2021–2023 is being implemented. The strategy implementation includes international practices and methods to introduce Vision Zero. It is evident that success in the implementation of the Strategy will depend on commitment of the company's managers, motivation of the line managers and awareness of the employees.

Work on the development of the safety culture implemented at MTS PJSC is aimed at:

- > providing relevant and high-quality training for managers and labor protection professionals;
- > encouraging the employees to comply with the safety rules and raising their awareness;
- > involving the Company's employees in the safety culture development.

Following the results of 2021, the analysis of the implementation of the planned activities on labor protection in the past year was performed. In total, MTS PJSC spent RUB 87.3 million on the labor protection activities in 2021, which made up 106 % of budget performance (RUB 69.5 million in 2020; RUB 99.4 million in 2019 and RUB 86.9 million in 2018).

The employees trained on health and safety are managers, experts, members of commissions on health and safety and other categories of employees. Various training systems are used for internal

- > preserving life and health of the employees in the workplace;
- > continuous improving the OSH management system;
- > accounting and analyzing occupational injuries, detecting and investigating root causes of accidents with the employees and contractors of the Company and carrying out activities to prevent occupational injuries and diseases;
- > continuously detecting and managing occupational risks;

### In 2021

- > MTS PJSC spent RUB 87.3 million on the labor protection activities in 2021, which made up 106 % of budget performance.
- > 17,478 employees passed external and internal labor protection training.
- > A special assessment of the working conditions was carried out in relation to 96 % of jobs in the Corporate Center of MTS Group and the branches of MTS PJSC (23,885 jobs).
- > Preventive and periodic medical examinations were taken by 1,332 and 5,163 employees, respectively. As a result of periodic medical examinations, 17 employees needed to be transferred to another job; health resort treatment was recommended to 17 employees (the opportunity of treatment was granted at the expense of the Company).

training on labor protection, such as the specially designed system on labor protection Colossus, including training on health and safety, fire safety, electric safety, and also the distance learning system for labor protection of MTS Corporate University “Virtual Academy”. The Company provides training on first aid to persons injured at production facilities. First aid training is a set of actions aimed at recovery or preservation of life and health of the injured. The main objective of the training is to practice employees’ independent actions and behavior aimed at preserving life of every injured, before arrival of rescue services.

One of the mandatory areas in labor protection is special assessment of the labor conditions. This process allows for identifying and evaluating the harmful and/or dangerous production factors in the workplace and planning the activities to improve working conditions. As of December 31, 2021, 23,885 workplaces (96 % of the total number of workplaces) have been estimated at MTS Corporate Center and MTS PJSC branches (24,556 workplaces were estimated following the results of 2020, 24,987 workplaces were estimated in 2019 and 23,926 workplaces — in 2018), and special assessment of the working conditions will continue in 2022.

Personal protective equipment (PPE) plays an important role in the prevention of employee’s direct exposure to harmful and/or hazardous production factors. MTS PJSC developed and approved norms of free issue of special clothing, footwear and other personal protective equipment to workers who are engaged in work with harmful and/or dangerous working conditions. Timely procurement of certified PPE is provided, deadlines for wearing and testing of personal protective equipment are met. Properly organized safekeeping of PPE is ensured.

MTS employees engaged in work with harmful and/or dangerous working conditions undergo preven-

tive (at employment) and periodic (during work) medical examinations. The purpose of the periodic medical examination is a dynamic monitoring of an employee’s health in the workplace, prevention and timely identification of the signs of occupational and general disease, and prevention of accidents. During the reporting period, MTS PJSC held preventive and periodic medical examinations of 1,332 and 5,163 employees, respectively. As a result of periodic medical examinations, 17 employees needed to transfer to another job, and health resort treatment was recommended to 17 employees.

Particular attention is paid to the organization of MTS activities to prevent occupational injuries and diseases. One of the main mechanisms to prevent production injuries is timely and proper assessment of professional risks that may arise at workplaces and their proper management. Since 2019, the “Requirements to investigation of accidents” standard has been in effect at the Company, which the branches use to take the corresponding actions.

Heads of units and representatives of employees participate in monitoring and in the development of annual H&S Safety Plans in branches for the next year, as well as in the development of the List of actions to improve the labor conditions and the safety culture. Actions aimed at supporting a new approach, Vision Zero, were scheduled for 2022.

In 2021, eight accidents took place at MTS PJSC, as a result of which eight employees were injured (two thereof were women). In terms of severity, all accidents fall within the category of minor accidents. As compared to 2020, there was a slight increase in the total number of injuries, but their severity decreased significantly.

Rate of injury, which is characterized by Accident Frequency Rate (AFR), was 0.25 in 2021 (0.20 in 2020, 0.17 in 2019 and 0.27 in 2018). Accident Sever-

## Rate of injury

Indicator	2018	2019	2020	2021
Accident Frequency Rate (AFR) <sup>1</sup>	0.27	0.17	0.20	0.25
Accident Severity Rate (ASR) <sup>2</sup>	106.6	107.4	55.7	30.4
Accident and Lost Work Time Rate (ALWTR)	0.03	0.02	0.09	0.06
Lost Work Day Rate (LWDR)	2.18	1.47	1.10	1.60
Absentee Rate (AR)	4.36	4.31	4.41	4.61

<sup>1</sup> Accident Frequency Rate (AFR) defines the number of accidents for the reporting period per 1,000 workers.

<sup>2</sup> Accident severity rate (ASR) defines number of disability days per one injury.

ity Rate (ASR) was 30.4 (55.7 in 2020, 107.4 in 2019 and 106.6 in 2018).

Accident and Lost Work Time Rate (ALWTR) in 2020 amounted to 0.06 (0.09 in 2020, 0.02 in 2019 and 0.03 in 2018), and Lost Work Day Rate (LWDR) — 1.60 (1.10 in 2020, 1.47 in 2019 and 2.18 in 2018). Absentee Rate (AR) — 4.61 (4.41 in 2020, 4.31 in 2019 and 4.36 in 2018). No occupational diseases were found in employees in 2021.

Drivers of vehicles and technical experts (work at height, work in electrical installations), who maintain the communication network, are employees with high accident rate.

Annually, MTS PJSC cooperates with the Social Insurance Fund of the Russian Federation (SIF RF) for financial support of preventive measures to reduce accident injury rate and occupational diseases among employees and to provide health resort treatment to employees working with hazardous and/or dangerous production factors, as well as to obtain discounts on insurance rate for compulsory social insurance against industrial accidents and occupational diseases. In 2021, the total amount received from this work made up RUB 10.2 million (RUB 8.9 million in 2020, RUB 6.2 million in 2019 and RUB 6.8 million in 2018).

At the expense of funds of the Social Insurance Fund of the Russian Federation:

- > medical examinations were conducted;
- > uniforms, safety shoes and other PPE were purchased;

- > special evaluation of labor conditions was performed.

Much attention is paid to the promotion of labor protection issues, and various forms of communications are used. Every year in April, in anticipation of the Global Labor Protection Day, various actions are taken to improve the labor conditions and protection of the Company's employees, and to prevent accident frequency rate and occupational diseases. In 2021, it was not possible to attend all offline events due to the epidemiological situation around the world.

One of the tools to promote the labor protection issues is to develop the safety culture for our employees and managers. Work in this area has been carried out at the Company since 2018. In particular, a distance learning video course "Safety Culture" was developed and placed in the Virtual Academy in the end of 2018 (the course has already been attended by more than 1,200 employees). Safety culture improvement is the informed change of employees' and managers' attitude to responsibility for creating safe working conditions at the Company.

Every year, the Company assesses the effectiveness of its OSH management system based on quantitative indicators that objectively evaluate the extent of implementation of its labor policy. The assessment is conducted for each region. As a result of evaluating the OSH management system effectiveness, analysis is carried out, and concrete measures on improvement of labor protection are planned.

**Detailed information on assessment results is available at**



[Labor.conditions.assessment.moscow.mts.ru](https://labor.conditions.assessment.moscow.mts.ru)

# / SOCIAL INVESTMENT IN DIGITAL DEVELOPMENT AND EDUCATION

## Social Investment<sup>1</sup> S – Social

**MTS implements a comprehensive social investment program and considers the matters of developing the territories of operation in a comprehensive paradigm with the aspects of supporting social, economic, cultural, financial and economic, investment and other areas.**

The strategic objective pursued by MTS in the area of social investment is to improve the quality of living, to digitalize, to increase digital safety through rendering a wide array of services and to develop innovations in the area of health care, education and urban infrastructure, as well as in other spheres. Engagement of the main target audiences in MTS social initiatives ensures long-term positive contact

with the Company and makes it possible to form emotional attachment to the brand.

MTS adheres to the following principles of social investment in human capital formed based on analyzing the current social needs, including in the regions where the Company operates, the Group expertise, as well as best practices in the field of sustainability:

**Continuity, sustainability**

MTS elaborates and consistently implements long-term programs aimed at achieving sustainable positive social changes. The Company focuses its efforts on implementing the UN goals in the most complementary business strategies of the Company.

**Public involvement**

The Company applies the mechanics of active wide audience involvement in programs. MTS provides an opportunity for personal contribution to solving relevant problems and creates conditions for implementation, thereby creating the highest quality and long-term contact with the public, which contributes to loyalty to MTS.

**Localization**

MTS implements social investment programs with a deep understanding of regional specifics, adapting each project at the local level, taking into account the context of a particular region.

**Partnership**

MTS develops the partnership and intersectoral interaction practice, which contributes to unifying the efforts of participants based on mutual interests in order to achieve synergy in solving socially important issues.

**Versatility**

MTS focuses its efforts on the efficient solution of social and environmental issues using technological tools and digital expertise.

**Efficiency**

The Company evaluates their implementation on a regular basis.

<sup>1</sup> More detailed information is available in the [MTS Group Sustainability Report for 2021](#): chapter “Corporate Social Responsibility”, section “Local Communities”

## Areas of MTS social programs



### Education

Children and youth intellectual and creative development



### Health and wellness

Support for socially vulnerable groups of the population, businesses and local communities



### Environment

Ecotourism development, promotion of ecological culture



### Culture

Preservation, promotion of unique cultural values



### Digital education

Training in the use of modern technologies  
People of all ages

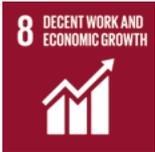


### Inclusion

Support for developing an inclusive environment

## Charitable activities of the Group are a continuation of the business strategy and social strategy of the company

- In 2021, the expenses on social and charitable projects, including social support for employees, amounted to RUB 627 million.
- In 2021, MTS implemented over 500 social projects.
- ~19.8 million people took part in MTS social projects (programs for developing creative abilities, environmental programs, career guidance programs, programs to support and train entrepreneurs, startups, including the AI accelerator, Startaup HUB), 4.2 million people thereof are engaged in MTS environmental education projects.
- In 2021, more than 6,500 materials about MTS social initiatives were published in the media.



# Most significant social projects of MTS in 2021

## Generation M

An art and charity project that combines the ideas of talented children development and help to severely ill children. The project mission is to give equal opportunities for creative education to people and teenagers regardless of the place of residence and social status. The project is implemented with support of the Ministry of Culture of the Russian Federation.

Educational courses are posted on official online sites of the project being the website [www.pokolenie.mts.ru](http://www.pokolenie.mts.ru) and the community in VKontakte in more than 15 creative areas: singing, choreography, fine arts, photography, movie making, journalism, acting, fashion design, etc. Children and teenagers from any region of the country can receive additional education free of charge, which contributes to developing their creative potential. Acknowledged masters of culture and representatives of well-known cultural and educational institutions work with children and

teenagers. Over the years of project implementation, Generation M educational courses have been viewed more than 30 million times.

Unique charity mechanics of the project brings up young philanthropists all over the country. All activities in groups and on the website of Generation M are converted into "live money", which MTS transfers for charity funds, program partners, treatment of seriously ill children. With their creative activities, the project participants generated more than RUB 22 million.

**In 2021, the program is included in the number of global practices recognized by the UN as advanced in achieving sustainability goals.**

In 2021, the project activities were adapted to the current conditions and held online (for more details, see the paragraph "MTS Contribution to Combatting COVID").

In 2021, the funds are distributed for the treatment of

**22 children**



[www.pokolenie.mts.ru](http://www.pokolenie.mts.ru)



## Power Place

In 2020, MTS launched a comprehensive federal project “Power Place”. In close cooperation with national parks, wildlife reserves and urban territories. Within the project, MTS develops technological products with the aim to develop ecotourism and promote cultural values in specially protected areas.

In 2021, 10 socially useful digital products (VR movies, audio guides, video monitoring systems with AI technology, educational materials with AR elements, interactive books about conservation districts, etc.) were created within the “Power Place” eco-program; 350 thousand active participants in five regions of Russia are involved in the project.



### Tools used:



VR – movies360°



Ecotrail audio guides



Trail cameras



New ecotrail routes



Eco classes for children



Interactive digital and printed books



Digital services for monitoring wild animals, preventing forest fires, poaching, vandalism



Inclusive projects



Educational materials with AR elements

### Results 2021

**10** socially useful digital products

VR movies, audio guides, video monitoring systems with AI technology, educational materials with AR elements, interactive books about conservation districts, etc. were created within the “Power Place” eco-program

**5** regions

geographical coverage

**350** thousand

active program participants involved creating and promoting the project products



## “Cultural Code”

“Culture Code” is a volunteer project of MTS, whose goal is to preserve and support cultural values and initiatives that are unique to the territories: developing creative technologies, preserving cultural monuments, supporting craft schools and unique craftsmen, initiative local communities and movements, as well as original regional events and exhibitions and art objects. One of the priority project formats is the digitalization of existing cultural and historical heritage sites for accessible online study and visiting, including with the help of VR technologies.

Within the project, MTS involves residents and volunteers of Russia, partners, corporate customers and government officials in preserving cultural values unique to the territories.

**At year-end 2021, the project covered 54 regions; 26,000 people and 4,000 volunteers took part in organizing the project events.**



### Main project areas

**Supporting craft schools and unique craftspeople**

**Holding and supporting authentic regional events, exhibitions, art installations, festivals in support of small ethnic groups and traditions of the region**

**Restoring cultural monuments and other places significant for the region**

**Digitizing existing cultural and historical heritage sites for accessible online study and visiting**

## Help to local communities

Since 2016, MTS has been implementing a comprehensive program of social investment and support to local communities. In this regard, we interact with independent groups of citizens who, not being charitable foundations or NGOs, try to solve social problems that are important for the region and territories.

Our approach involves deep immersion into the life of the community and providing assistance aimed at solving a specific issue that is important at that very moment. Once the issue of the community is identified, MTS offers assistance in various formats.

- > Volunteer help by our employees.
- > Purchase of equipment, inventory, payment for logistics to solve urgent community issues
- > Help with creating educational content for a wide audience.

In 2021, MTS provided assistance to volunteer communities and the most vulnerable population, for example, the Company supported the collection of food sets for the poor and sets for first-graders from large families. MTS also continued to arrange psychological assistance, including through free hot-lines in the regions, and supported Russian cultural and educational centers in organizing educational and helping online broadcasts. Within its ongoing work with communities, MTS also regularly offers their members helpful materials in various communication channels most relevant to a particular territory or region at a given moment.

In 2021, about 500 thousand people became the end beneficiaries of the program. While continuing long-term work with the community and involving its members in other own social projects, the Company becomes the head of a large-scale movement aimed at solving the social problems of the country inhabitants.



### General results of the program

**>1,800 communities**

from Russian regions have received assistance and continue their cooperation; with MTS

**77 regions**

involved in the implementation

**6,000 volunteers**

took part in the program

### ESG mentoring

MTS provides free tools to promote small businesses helping local entrepreneurs develop their business, get new customers, meet other entrepreneurs and active people in their city and find partners among them. MTS also offers small and micro businesses convenient digital solutions to simplify the process of resolving everyday business tasks.

“We Know Personally” is an interactive map of Russia, with the help of which entrepreneurs can tell a new audience about themselves, and clients can support local establishments: coffee houses, hairdressing saloons, non-chain cafes, car repair shops or beauty salons. Information is placed on the map free of charge, businessmen can leave a request on the website to add their contacts to the online service.

### Programs for support of small and medium business

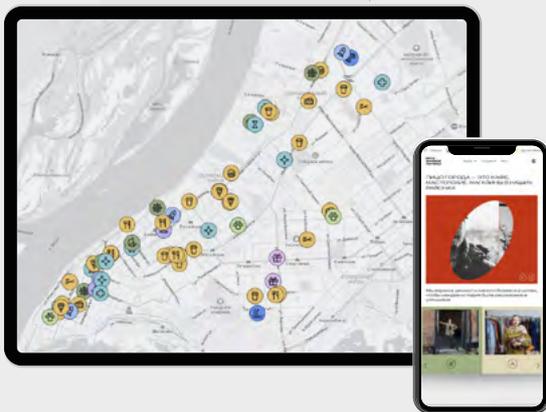
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Also, in order to eliminate gender inequality and support female entrepreneurs, MTS is holding “Lady 007” business accelerator in the Russian regions in partnership with the all-Russian public organization “Women of Business”. The two-month educational course helps participants open profitable businesses and start-ups, develop new ideas and improve the efficiency of their enterprise. The best projects get grants and regional support for business development. The project covered six cities in 2021, about 1,000 women became the accelerator participants.

## Znaem.mts.ru



Users can put an **“I’ve Been Here”** marker on the map showing their support for business

**The project to support entrepreneurs “We know personally” received the national award “Runet Prize 2021” in the nomination “For the Development of Small and Medium-sized businesses in the Runet”**

## Urban Legends

The “Urban Legends” project aims to support and develop domestic tourism and create modern digital services with unique content. Within the project, MTS engages residents of Russian cities to create unique “people’s” audio guides with a focus on places and events that are appreciated and loved by locals and that best reveal the city essence and features. You can use the guide even without Internet connection and at any convenient time.

**At the time of writing this report, MTS audio tours have been launched in 45 cities across the country. About 6.3 million Russians are involved in the program implementation. In 2021, the Urban Legends project is launched in 13 new cities.**

## Digital Literacy and Cybersecurity Projects

MTS has been consistently implementing comprehensive programs aimed at teaching digital literacy to two audiences: elderly people and young schoolchildren.

The [gramota.mts.ru](https://gramota.mts.ru) portal helps eliminate the digital divide, familiarize the older generation with the capabilities of modern mobile devices and the Internet, show modern technologies and services able to simplify a person’s life in a variety of life situations: from taking medications to sports activities and maintaining an active lifestyle. The project allows for involving people who were not previously familiar with technology into the country’s digital economy. Training on the portal is free, and the online format enables people with limited mobility or those who live in remote areas of Russia to learn mobile technology.

In order to protect children from negative content and fraudulent resources and at the same time teach them to use the Internet capabilities for study and development, MTS volunteers conduct digital literacy classes for schoolchildren in collaboration with representatives of educational institutions and psychologists.

In 2021, MTS, together with the largest representatives of the digital industry in the Russian Federation, became the founder of the Alliance for Protecting Children in the Digital Environment and joined the Digital Ethics of Childhood Charter created by the Alliance. The principles laid down in the document will allow to increase the level of digital literacy and protect children from potential threats on the Internet.

**The “Urban Legends” project received the Grand Prix of the international PROBA Awards 2021 as the most creative communication project, it also won in the “Promotion of Territories” nomination, which recognizes efficient and original practices to properly represent regions and cities of the country.**

## MTS Media educational platform

The corporate educational MTS media platform <https://media.mts.ru/> publishes informative, educational and helpful content. The main objective of such publications is to improve digital literacy and the quality of life of people, primarily through the capabilities of MTS high-tech products and services. We help save money, take care of the safety of our readers, tell how to solve everyday tasks related to everyday life, leisure and interaction between a person and the state faster and cheaper.

<https://media.mts.ru/>

The materials are in demand by the audience — in 2021, such publications on the MTS Media platform and in the Yandex.Zen channel of the same name got more than 17 million views, of which socially oriented materials received 3.4 million views, which is almost 80 % more than in 2020.

[https://zen.yandex.ru/mts\\_media](https://zen.yandex.ru/mts_media)





## Corporate Volunteering

A separate area of the Company's social investments is corporate volunteering. MTS volunteer movement "Simply Do Good!" has a long history bringing together 7,500 volunteer employees of the Group being an essential part of the internal corporate culture.

The most popular areas of volunteering among the surveyed MTS Group employees in 2021 are:

- > support and assistance to orphans (55 %);
- > support and assistance to elderly people (42 %);
- > support for environmental initiatives (42 %);
- > donation (39 %).

The major federal volunteer projects of MTS are "Going to School with MTS", "Christmas Trees for Children", "World of Knowledge with MTS", "Memory Across Generations", "Safe Internet Day", "To Grandparents with Love", "Accessibility for All" (for people with disabilities).

In 2021, within the MTS Best Social Projects competition, the winners in the following categories were awarded: "Health", "Inclusion and Mentoring", "Digital Volunteering", "Creative Volunteering", "Intellectual Volunteering", "Cultural Heritage Preservation", "Local Communities", "Ecology".



[volunteers.mts.ru](https://volunteers.mts.ru)



## Mobile Fairytale Puppet Theater

In 2022, Mobile Fairytale Puppet Theater, the MTS corporate volunteer puppet theater, will celebrate its 10th anniversary season.

Theater groups are actively working in Moscow, St. Petersburg and Krasnodar. The main theater audience is composed of the wards of children's social and rehabilitation centers, hospitals and nursing homes.

During the year, more than 50 thousand people became spectators of the theater; the theater proudly presents more than 18 performances featuring about 150 actors.

All performances translated into Russian sign language and equipped with subtitles are uploaded to the MTS KION online cinema.



[Performances and workshops are available on the theater's YouTube channel](#)



[Theater news in the VK community](#)



[www.puppet-mts.ru](http://www.puppet-mts.ru)

# ENVIRONMENTAL PROTECTION



## General approaches

In its activities, MTS strives to not only have a minimal impact on the environment, but also to reduce this impact. The Company is guided by applicable environmental legislation, as well as by the principles of responsible business conduct, and strives to improve the environmental culture of its employees and partners and to implement services based on advanced technologies.

The fundamental principles of the MTS Policy for Environmental Safety and Protection:

- > 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;
- > continuous improvement of MTS environmental management system;
- > reduced level of negative impact on environment and aspiration for sustainability.

Due to the introduction of a unified environmental management system, a process has been established to form a unified approach to ensuring compliance with and implementation of the standards and requirements of environmental legislation in MTS branches; the design of MTS network facilities provides for a “List of Environmental Protection Activities”, the development of which is carried out in accordance with the requirements of GOST R 21.1101-2013.

## Energy efficiency management

The “Strategy of Energy Savings and Energy Efficiency” effective at MTS is aimed at restricting growth and reducing electric energy specific consumption. MTS seeks not only to improve the energy efficiency of its facilities, but also to use environmentally friendly alternative power sources. Some of our base stations are equipped with backup power supplies based on hydrogen fuel cells and solar panels.

The MTS Energy Efficiency Program includes a set of measures:

- > activation of software logics on MTS network to disconnect transceivers of base stations in the period of low load;
- > use of base stations with passive cooling of transceivers and the maximum approximation of distribution panels to consumers in order to reduce losses in electrical wiring;
- > use of cables with copper cores.

In order to reduce power consumption by base stations, MTS:

- > replacement of fluorescent lighting with LED;
- > use of air conditioning systems with the free-cooling function and equipment corresponding to at least “C” energy efficiency class;
- > switches to light diode lamps in mast lighting systems;
- > uses conditioning systems with a free cooling function;

- > replaces equipment for more energy efficient;
- > uses equipment of at least C class;
- > installs equipment in compact telecom cabinets instead of equipment shelters;
- > uses software logics to disconnect transceivers of base stations in the period of low load;
- > introduces an automated system for commercial electric-power metering;
- > uses base stations with passive cooling of transceivers, when feederless external radio modules are used (active equipment is located directly on a pillar or tower), which does not require power consumption for cooling.

## Alternative energy

The number of MTS power plants using renewable energy sources (RES) is quite high. The first solar generation-based power supply system was deployed in 2015 at the Whale Fin Pass by the coast of the Sea of Japan in the Far East. Later on, in 2019, a base station powered only by photo panels was put into commercial operation in the Far East. The station is located in the popular recreation area of Spokoylnaya Bay. And in 2021, a solar power plant

equipped with remote system monitoring was launched in the Astrakhan Region.

The renewable energy sources used to ensure the stable operation of base stations in hard-to-reach areas have proven their efficiency due to their eco-friendliness and low operating cost. Moreover, this segment is a driver of technological innovation and has significant potential to reduce greenhouse gas emissions.

## Carbon management

In an effort to minimize even an insignificant impact on nature, MTS manages the sources of its own environmental impact. Since 2019, the Company has been implementing a comprehensive Carbon Management project, which determines the main climate risks and opportunities, goals and levers of decarbonization, areas of interaction with equipment suppliers regarding the assessment and reduction of greenhouse gas emissions.

roadmap for the telecom industry actions to achieve zero greenhouse gas emissions by 2050 pursuant to the Paris Agreement. Within this report, MTS discloses a wide range of environmentally important data about its operations, including resource consumption and direct and indirect greenhouse gas emissions. In 2021, MTS confirmed its high B (Management) score from the experts of the Carbon Disclosure Project (CDP)<sup>1</sup> significantly strengthening its position in terms of disclosing data on MTS Group's carbon footprint.

Also, in 2019, MTS started reporting through the CDP platform within the GSMA initiative to develop a

<sup>1</sup> The full 2021 climate impact questionnaire by MTS can be viewed on the CDP website upon logging on: <https://www.cdp.net/>.

## Development of circular economy

The Company is implementing a number of projects aimed at developing the circular economy

- > **Eco-Office Program** implemented since 2014 for the Company employees, involving implementation of the principles of rational use of electricity and consumables for office equipment, separate waste collection and environmentally friendly waste disposal, as well as programs to promote the attitude of care for the environment and healthy lifestyle; separate collection of paper, batteries and plastic was arranged. In 2021, >800 tons of batteries and spent power components, >82 tons of waste paper and >100 kg of plastic were transferred for recycling.
- > The program of disposing of telecommunication equipment, within which the spent devices are sold back to the manufacturer, sold to other

companies on a competitive basis, or agreements with specialized recycling companies are concluded.

- > 2020 was marked by the launch of the **Life Cycle Laboratory** ecosystem project aimed at consistent introduction of the circular economy principles into the business processes of MTS Group. The project is based on an integrated approach, including the collection and transfer of municipal solid waste for disposal and processing, a responsible attitude to e-waste, equipment that has served its time, office furniture and other types of waste, entering appropriate changes into business processes and holding an information campaign for active employee involvement into the project. An important component is the distribution of the best practices to MTS Group subsidiaries.

## Environmental education

Traditionally, MTS has implemented educational projects aimed at creating an environmental culture of employees and raising their awareness of the need for rational consumption of natural resources, the benefits of separate waste collection and the use of products from recycled materials.

- > One of the most large-scale initiatives is the annual ecological holiday **“Eco Day with MTS”**, which consists of a set of environmental awareness and educational events. As part of a series of educational events, employees, partners and their families get familiar with important topics, get the opportunity to learn about the “ecological footprint” concept and the ways it can and should be reduced.
- > As part of the **“Children Learning about Our Planet”** environmental education project, MTS conducts thematic workshops and eco-lessons. Since 2014, we have been implementing educational programs for children aimed at promoting attitude of care for the natural environment using modern technologies. Since the launch of the “Children Learning about Our Planet” project, more than 350 MTS lessons have been held attended by more than 9 thousand children of pri-

mary and secondary school age. MTS volunteers are conducting eco-lessons and thematic workshops for children of the MTS branch network employees and pupils of sponsored children’s social institutions throughout Russia.

- > Since 2020, the **“Power Place”** eco-educational project has been implemented aimed at creating and introducing modern tools for preserving natural heritage and developing eco-tourism, as well as raising the level of environmental culture in the country. Within the project, MTS: creates unique digital content narrating about the natural and other features of nature reserves and urban park areas; develops the infrastructure of nature reserves to increase their accessibility to a wide audience, create additional educational opportunities and preserve the unique wildlife species; supports and promotes the cultural values of specially protected areas.

We strive to attract the attention of business and the general public to environmental problems by setting our own example. In the regions of operation of the Company, the **“Simply Do Good!”** corporate volunteer movement annually organizes eco-community cleanups.

## External expert opinion

The high Company level in the field of environmental responsibility is annually assessed by rating agencies and awarded at international competitions and awards of various levels; thus, in 2021:

- > MTS entered the top 10 ESG RAEX-Europe ranking of Russian companies;
- > AK&M upgraded the position of MTS in the ESG reporting rating to RESG1 noting the highest degree of disclosure of information on sustainability in MTS public reports;
- > MTS became the winner of the ECObest Award 2021 with the Green Marathon project winning in “The Best Educational Eco-Project” category;
- > MTS became the winner of the “Green and Healthy Office 2021” award winning in “The Best Program for Environmental Education and Employee Training” category;
- > the comprehensive MTS project “MTS Life Cycle Laboratory” was awarded a special Green Award in the Brands category.

## Volume of the energy resources used by MTS in 2021<sup>1</sup>

Resource type	In kind			In monetary terms, RUB, w/o VAT		
	2021	2020	2019	2021	2020	2019
<b>Electric power</b>	1,790,749,070 kWh	1,825,672,357 kWh	1,357,524,418 kWh	10,581,623,209	9,704,113,640	8,576,729,397
<b>Heat power</b>	51,917,65 Gcal	46,155 Gcal	54,974 Gcal	89,136,940	79,066,870	78,597,150
<b>Water supply</b>	207,438 m <sup>3</sup>	192,763 m <sup>3</sup>	241,001 m <sup>3</sup>	10,354,721	9,768,375	12,670,363
<b>Gas supply</b>	765,747 m <sup>3</sup>	1,233,854 m <sup>3</sup>	690,946 m <sup>3</sup>	5,960,042	5,724,728	5,483,661
<b>Petrol</b>	3,014,865 liters	3,051,171 liters	3,214,327 liters	116,095,343	111,098,490	123,847,979
<b>Diesel fuel</b>	3,114,619 liters	2,811,481 liters	1,825,259 liters	129,176,696	111,451,360	61,940,038
<b>Liquid gas petroleum-propane</b>	28,511 liters	45,225 liters	1,357,524,418 liters	662,657	870,506	8,576,729,397

<sup>1</sup> Rounded data.

**More detailed information is available in the MTS Group Sustainability Report for 2021: chapter “Corporate Social Responsibility”, section “Ecology”.**



[Sustainability Report ...  
Moscow.\(mts.ru\)](#)

# MTS CONTRIBUTION TO COMBATTING COVID-19 AND CONSEQUENCES OF THE PANDEMIC

## SOCIAL PROJECTS

**In 2021, Russia and the world continued to live in the realities of the pandemic, therefore, MTS retained its focus on expanding the availability of its services and programs by integrating the online format, digital solutions and services.**

- > In 2021, when taking measures to combat COVID-19, a contract tender in St. Petersburg was won to operate a hotline and receive terminated calls to inform the citizens about COVID-19.
- > Based on MTS solutions, services to inform citizens via SMS about restrictive measures and measures to combat the spread of COVID-19, as well as services to generate digital and SMS passes for travel in the context of restrictive and quarantine measures, were operating.
- > At the beginning of 2021, support for the users traveling abroad continued: ability to make free calls to hotlines of major airlines, airports, the Russian Ministry of Foreign Affairs and COVID-19 lines.
- > Throughout the entire 2021, free access to information and hotlines for combating COVID-2021 was provided.
- > In terms of video surveillance, MTS offered its customers relevant solutions for identifying people with fever.
- > Throughout the entire 2021, MTS Bank performed disinfection at the places of detection of diseases with special means engaging certified disinfectors. Communication was carried out following the rules of conduct in public places and in the office, in terms of seating arrangement, online meetings and remote work, on a monthly basis. The Covid\_19@mtsbank.ru communication channel where one can promptly inform about their diseases is available, which helps the Bank to take all relevant measures to prevent the spread of the virus.
- > MTS presented more than 200 creative workshops on the online platform of “Generation M”, creative charity project by MTS, for children and teenagers who during the pandemic had limited access to attending organizations of extended education and educational events. School-children completed free training programs in visual arts, singing, acting, blogging, DJing, TV journalism and other creative areas. Within the “Generation M” environmental program, an online educational track was launched to introduce children to responsible consumption, as well as to promote healthy eco-habits for the younger generation.
- > During the lockdown, the creative curators of the “Generation M” project held a series of online auditions to the Russian Institute of Theater Arts (GITIS) for applicants to creative universities from the Russian regions.
- > Due to the epidemiological situation in 2021, many Russians preferred to stay in their home regions and explore local attractions. Thanks to the opportunities provided by MTS social projects contributing to the development of domestic tourism and ecotourism, they managed to “acquaint themselves” with their native places anew, as well as “virtually” visit other cities

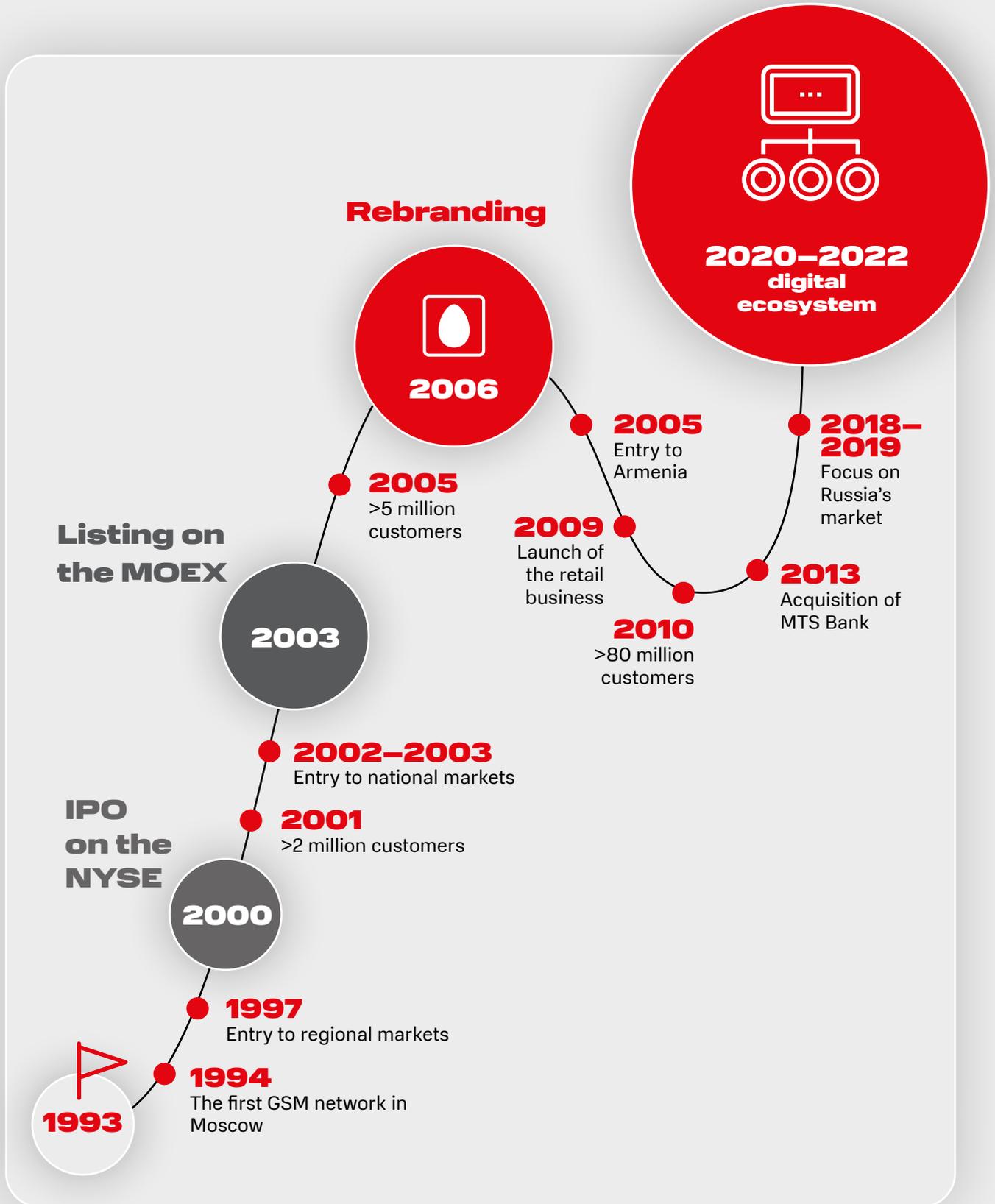
and national parks of Russia of their interest. In 2021, the “Urban Legends” MTS social and cultural project (unique people’s audio guides for Russian cities) was launched in 13 new cities, and the “Power Place” environmental education project to create digital content for virtual trips to national parks and nature reserves of the country was launched in five new national parks of Russia.

- > As part of the entrepreneurship support program, MTS provided small and micro businesses with free tools and services, Your Business and MTS Marketer, for development and promotion within the “We Know Personally” initiative. The “We Know Personally” interactive map covers 41 cities of Russia with more than 1,500 business points located. The project helps local entrepreneurs engage new customers and partners, as well as participate in the social life of the city, within the limits of restrictions. Additionally, MTS integrated the online format into the “Lady 007” business accelerator, which made it possible to expand the educational course to another five regions.
- > Within the “Cultural Code” project, MTS provided services for the digitalization of cultural and historical heritage sites for online study and visiting. The project covers 54 regions of Russia.
- > MTS is developing the MTS Media platform, where social-related texts are published on a regular basis. The main objective of such publications is to improve digital literacy and the quality of life of people, primarily through the capabilities of digital services. More than 50 materials with educational and helping content for different target audiences on the topics of health, safety, social assistance from the state, travel restrictions and rules, as well as digital literacy, relevant during the pandemic were published on the platform. These materials collected more than 11.8 million views.
- > The portal of the “Mobile Academy” free project for teaching digital literacy to elderly people implemented a series of educational online events that allowed people with limited mobility, those who live in remote areas of Russia or those who held on to the “home regime” to study.
- > MTS continued to provide assistance to volunteer communities and the most vulnerable population, for example, the Company supported the collection of food sets for the poor and sets for first-graders from large families; implemented a project to arrange psychological assistance, including through free hotlines in the regions, and supported Russian cultural and educational centers in organizing educational and helping online broadcasts.

**ADDITIONAL  
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# ACHIEVEMENT AND RETENTION OF LEADERSHIP



# CONTROLLED COMPANIES THAT ARE ESSENTIAL FOR MTS

## Russian Telephone Company Joint Stock Company

Location: 5 Vorontsovskaya St., building 2, 109147 Moscow, Russia

The share of MTS PJSC in the authorized capital of the controlled company, %: 100

Primary business: sales of MTS PJSC services

Sole executive body:

Farid Kamalov

Official website: <https://shop.mts.ru>

## Moscow City Telephone Network Public Joint Stock Company

Location: 25 Bolshaya Ordynka St., building 1, 119017 Moscow, Russia

The share of MTS PJSC in the authorized capital of the controlled company, %: 99.7037

The share of the controlled company in the authorized capital of MTS PJSC, %: 0.38

Primary business: rendering fixed telephony services within the territory of Moscow

Sole executive body: Albert Timurovich Gilmanov

Official website: <https://mgts.ru>

## MTS Bank Public Joint Stock Company

Location: 18 Andropova Ave., building 1, 115432 Moscow, Russia

The share of MTS PJSC in the authorized capital of the controlled company (indirect participation through the subsidiary of Mobile TeleSystems B.V. and MGTS PJSC), %: 99.98672

Primary business: banking operations

Sole executive body: Ilya Filatov

Official website: <https://www.mtsbank.ru/>

## Information on changes in the degree of control over the controlled legal entity that is essential for the Company

There were no changes made during the reporting period.

## Information on major transactions made by the controlled legal entities

MTS Bank PJSC and MGTS JSC made no major transactions during the reporting period.

Information on major transactions is provided in Appendix 3.

Information is available on MTS PJSC corporate website at: [Annual Statements – Moscow \(mts.ru\)](#).

## LIST OF MAJOR AND INTERESTED-PARTY TRANSACTIONS MADE BY MTS IN 2021

In 2021, MTS PJSC did not approve (made) any transactions which are recognized as major transactions in accordance with the Federal Law “On Joint Stock Companies”, as well as other transactions which shall be covered by the procedure for approval of major transactions in accordance with the Company’s Charter.

The list of transactions made by MTS PJSC in 2021 and recognized as interested-party transactions in accordance with the Federal Law “On Joint Stock Companies” which shall be approved by the authorized management body of the joint stock company pursuant to Chapter XI of the Federal Law “On Joint Stock Companies”.

**Information is available on MTS PJSC corporate website at:**



[Annual Statements – Moscow \(mts.ru\)](https://mts.ru)

# REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

The Board of Directors of MTS PJSC hereby represents that the principles of corporate governance stipulated by the Corporate Governance Code (hereinafter referred to as the Code) are complied with by the Company, excluding certain principles and recommendations of the Code specified in the Annex to this Representation.

This report on compliance with the principles and recommendations of the Corporate Governance Code in the Company was considered by the Board of Directors of MTS PJSC at the meeting on May 17, 2022, Minutes No. 332.

The Board of Directors of MTS PJSC acknowledges that the data given in this report contain full and valid information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2021, as well as for the period after the reporting date before the approval of the Annual Report of MTS PJSC by the Board of Directors of MTS PJSC<sup>1</sup>.

## **Brief description of most substantial aspects of the model and corporate governance practices at the Company**

The system (model) of corporate governance of the Company was built on the basis of the provisions of the applicable law of the Russian Federation, provisions of the Charter of the Company and principles recommended for use by the Corporate Governance Code, with account of the listing requirements of the Moscow Exchange and NYSE, and also takes into account the G20 corporate governance principles adopted by the Organization for Economic Cooperation and Development. Description of most substantial aspects of the corporate governance model and practices is provided in the section "Corporate Governance" of the Annual Report of MTS PJSC.

## **Description of the methodology, which the joint stock company used to assess compliance with principles of corporate governance set forth in the Corporate Governance Code**

Assessment of compliance with corporate governance principles set forth in the Code is implemented by the method of analysis and comparison of internal standards and procedures with the recommendations of the Code.

## **Planned (suggested) actions and measures of the joint stock company to improve the corporate governance model and practice**

In 2022, MTS plans to focus on tracking and analysing new international practices and trends in the field of corporate governance, as well as on introducing practices that will help increase the level of corporate governance at the Company. Particularly for these purposes, the Board of Directors of MTS PJSC adopted the resolution (as of March 18, 2021; Minutes No. 302) on the transformation of the Corporate Governance Committee of the MTS PJSC Board of Directors into the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS PJSC.

Detailed information on compliance with the principles of the Code as of the date of approval of the Annual Report of MTS PJSC by the Board of Directors of MTS PJSC, as well as on actions for further implementation of the Code recommendations is provided below in the Annex to this Representation.

Due to the spread of coronavirus infection (COVID-19), and in accordance with Article 2 of Federal Law No. 17-FZ dd. February 24, 2021, all General Meetings of Shareholders of MTS PJSC in 2021 were held in the form of absentee voting.

<sup>1</sup> The reporting year shall be specified, and if the report on compliance with the principles and recommendations of the Corporate Governance Code comprises data for the period that elapsed from the time of reporting year completion and to the date of preparation of this report, the date of preparation of this report shall be specified.

Annex to the Representation of the Board of Directors of MTS PJSC on compliance with the principles and recommendations of the Corporate Governance Code

## REPORT on Compliance with the Principles and Recommendations of the Corporate Governance Code

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of the deviation from criteria of assessment of compliance with the corporate governance principle
1	2	3	4	5
1.1	The Company shall ensure an equal and fair attitude towards all shareholders who exercise their right for participation in governance of the Company			
1.1.1	The Company creates the maximum favorable conditions for the shareholders to participate in the general meeting, conditions to generate a justified position on the general meeting agenda items, to coordinate their actions, as well as the opportunity to speak their opinion on the issues considered	<p>1. The Company provides an accessible method of communication with the Company, such as a hotline, e-mail or forum in the Internet, making it possible for shareholders to speak their opinion and send questions with respect to the agenda in the process of preparation for a general meeting.</p> <p>The specified communication methods were organized by the Company and provided to the shareholders when preparing for each general meeting held during the reporting period</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
1.1.2	The procedure of communicating the holding of a general meeting and providing materials for the general meeting enables the shareholders to properly prepare for their participation in it.	<p>1. In the reporting period, the notice on holding a general meeting of shareholders shall be posted (published) on the Company's official website in the Internet not later than 30 days prior to the date of the general meeting, unless the law provides for a longer period.</p> <p>2. The notice on holding a general meeting specifies the documents required to be admitted into the venue.</p> <p>3. Shareholders were provided with access to information on those who proposed agenda items and candidates for the Board of Directors and the Auditing Commission of the Company (if its establishment is provided for by the Company's Charter)</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
1.1.3	In the process of preparation and holding of a general meeting, the shareholders could freely and promptly receive information on the meeting and materials to it, pose questions to the executive bodies and members of the Board of Directors of the Company, and communicate with each other	1. In the reporting period, the shareholders were given a chance to pose questions to members of the executive bodies and members of the Board of Directors of the Company when preparing for and during the annual general meeting.	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

<sup>1</sup> The status "complied with" is only indicated if the company meets all criteria of assessment of compliance with the corporate governance principle. Otherwise, the status "partially complied with" or "not complied with" is indicated.

<sup>2</sup> Provided for each criterion of assessment of compliance with the principle of corporate governance, if the company only complies with some criteria or does not comply with any criterion of assessment of compliance with the principle. If the company specifies the status "complied with", no explanations are required.

## List of major and interested-party transactions made by MTS in 2021

1	2	3	4	5
		2. The opinion of the Board of Directors (including special opinions (if any) entered into the minutes), on each item on the agenda of the general meetings held in the reporting period was included into the materials for the general meeting.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		3. The Company provided access to entitled shareholders to the list of persons authorized to participate in the general meeting, starting from the date of its receipt by the Company, in all cases of holding general meetings in the reporting period	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.4	Exercise of the shareholder's right to request convocation of a general meeting, to propose candidates for the management bodies and to make proposals for inclusion into the agenda of the general meeting was not accompanied with needless complexity	<p>1. The Charter of the Company establishes the deadline for the shareholders to submit proposals for inclusion into the agenda of the annual general meeting, which is at least 60 days after the end of the corresponding calendar year.</p> <p>2. In the reporting period, the Company did not reject the inclusion of proposals for the agenda or candidates to the Company's bodies due to misprints and other minor defects in a shareholder's proposal</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.5	All shareholders were able to freely exercise their voting right in the way that was most simple and convenient for them	1. The Charter of the Company provides for the possibility of filling out an e-ballot on the website in the Internet, the address of which is indicated in the notice on holding a general meeting of shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.1.6	The procedure of holding a general meeting established by the Company provides an equal opportunity to all persons present at the meeting to speak their opinion and ask their questions of interest	<p>1. During general meetings of shareholders in the form of a meeting (joint presence of shareholders) in the reporting period, sufficient time was provided for reports on agenda items, as well as time for discussion of these questions, shareholders were given the opportunity to express their opinion and ask questions of interest to them in regard of the agenda.</p> <p>2. The Company invited nominees to the management and control bodies of the Company and took all the measures required to ensure their participation in the general meeting of shareholders, at which such nominations were put to vote. Nominees to the Company's management and control bodies present at the general meeting of shareholders were available to answer the questions posed by the shareholders.</p> <p>3. The sole executive body, the person in charge of keeping accounting records, the chairman or other members of the Audit Committee of the Board of Directors were available to answer the questions posed by the shareholders at general meetings of shareholders held in the reporting period.</p> <p>4. In the reporting period, the Company used telecommunication facilities to provide remote access for the shareholders to participate in general meetings, or the Board of Directors made a reasonable decision that there was no need (possibility) to use such facilities in the reporting period</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

1	2	3	4	5
1.2	Shareholders were provided an equal and fair opportunity to participate in the profit of the Company by receiving dividends			
1.2.1	The Company developed and introduced a transparent and clear mechanism for determination of the dividend amount and their payment	1. The Regulations on the Dividend Policy of the Company were approved by the Board of Directors and disclosed on the Company's website in the Internet.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		2. If the dividend policy of the Company preparing consolidated financial reporting uses the Company's reporting indicators for determination of the dividend amount, then the appropriate provisions of the dividend policy shall take into account the consolidated indicators of the financial reporting.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		3. The rationale for the proposed net income distribution, including for the payment of dividends and the Company's own needs, as well as assessment of its compliance with the dividend policy adopted by the Company containing explanations and an economic rationale for the need to allocate a certain part of net income for in-house needs in the reporting period, were included in the materials to the general meeting of shareholders, the agenda of which includes the issue of profit distribution (including the payment (announcement) of dividends)	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.2.2	The Company does not make a decision on payment of dividends if such decision, while formally not violating the limitations established by the law, is economically unjustified and may result in misrepresentation and misperception of the Company's business	1. The Regulations on the Dividend Policy of the Company, in addition to the restrictions established by law, define the financial/economic circumstances under which the Company shall not resolve to pay dividends	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	<p>The Company's dividend policy effective in 2021 (hereinafter referred to as dividend policy) did not contain clear indications of financial/economic circumstances under which the Company should not pay dividends, but included a provision stating that the Company has no right to declare or pay declared dividends in cases stipulated by the legislation of the Russian Federation.</p> <p>The Company has been consistently paying dividends for the entire duration of its public history (MTS had IPO on the New York Stock Exchange in 2000), providing for dividend income to shareholders at the level of global and regional communications service providers. Sustainable payment of dividends have been an important element of the Company's investment appeal. In 2014, the MTS "3D" strategy was introduced, according to which payment of dividends was one of its key elements. We did not rule out paying dividends out of retained income of previous years, and therefore did not consider it possible to set, for example, a ban on the decision to pay dividends in the event that the net income for the reporting year is below the amount recommended for payment of dividends for the fiscal year. In accordance with the dividend policy, the Board of Directors of the Company took into account the financial results of the Company's operations when determining the recommended amount of dividends. When determining the amount of dividends, the Board of Directors took into account a number of additional factors, including prospects for revenue growth, capital expenditure requirements, funds received from general business, potential acquisition opportunities, and the state of the Company's debt obligations. The Company did not make a decision on payment of dividends, if such a decision</p>

## List of major and interested-party transactions made by MTS in 2021

1	2	3	4	5
				is economically unjustified and may result in misrepresentation and misperception about the Company's business. The existing practices for dividend payment and the considerable attention paid to this issue by the Board of Directors provided a balanced approach and mitigated risks associated with not fully implementing the recommendation. At one of the meetings of the Corporate Governance Committee of the Board of Directors in 2018, the issue of partial compliance with this recommendation of the Code was considered. It was noted that MTS PJSC did not comply with the recommendation on formal grounds only. Besides, in our opinion, the Company complies with the basic principle of the Code, therefore it will not attempt to fully follow this recommendation of the Code.
1.2.3	The Company does not allow a deterioration of the dividend rights of the existing shareholders	1. In the reporting period, the Company did not commit any actions resulting in deterioration of the dividend rights of existing shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.2.4	The Company strives to exclude the use of other methods of gaining profit (income) by the shareholders at the expense of the Company, apart from dividends and liquidation value	1. In the reporting period, no other ways for the persons controlling the Company to receive profit (income) at the expense of the Company, other than dividends (for example, through transfer pricing, unreasonable rendering of services by the controlling person to the Company at inflated prices, through internal loans replacing dividends to the controlling person and/or his controlled persons), were used	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The recommendation is complied with, at the same time, as of the date of approval of this Report, MTS PJSC has no information about an existing shareholder who owns 50 and more percent of the MTS voting shares.</p> <p>In accordance with the provisions of applicable law and on the basis of information disclosed by the shareholders of MTS PJSC, it is publicly known and disclosed that the shareholder of MTS PJSC, owning 42.085% of the authorized capital jointly with its subsidiary (the efficient stock of less than 50%) is Sistema PJSC.</p>
1.3	The system and practice of corporate governance provide for equal conditions for all shareholders – owners of shares of one category (type), including minority (small) shareholders and foreign shareholders, and an equal attitude to them from the Company			
1.3.1	The Company has created conditions for a fair attitude to each shareholder from the management bodies and controlling persons of the Company, including conditions preventing abuse on the part of major shareholders in respect to minority shareholders	1. During the reporting period, the persons controlling the Company did not allow any abuse of the rights in relation to the Company's shareholders, there were no conflicts between the Company's controlling persons and shareholders and, if any, the Board of Directors paid due attention to them	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	The recommendation is complied with, at the same time, as of the date of approval of this Report, MTS PJSC has no information about an existing shareholder who owns 50 and more percent of the MTS PJSC voting shares. Find details in clause 1.2.4. (1).
1.3.2	The Company does not undertake actions that result or may result in factitious redistribution of corporate control	1. Quasi-treasury shares are absent or did not participate in voting during the reporting period	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
1.4	The shareholders are provided with reliable and effective ways to register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own			
1.4	The shareholders are provided with reliable and effective ways to register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own	1. The technologies used by the Company's Registrar and the conditions for the services rendered meet the needs of the Company and its shareholders, ensure that the rights to the shares are recorded and the rights of shareholders are exercised in the most efficient way	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

1	2	3	4	5
2.1	The Board of Directors carries out strategic management of the Company, determines the basic principles and approaches to the organization of the risk management system and internal control at the Company, monitors activity of the Company's executive bodies, and implements other key functions			
2.1.1	The Board of Directors is responsible for making decisions related to appointments to and dismissals from the executive bodies, including due to improper performance of one's job duties. The Board of Directors also checks that the executive bodies of the Company act in accordance with the approved development strategy and the principal directions of the Company's business	1. The Board of Directors has powers registered in the Charter for appointment, dismissal and determination of the agreement terms in respect to the members of the executive bodies.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		2. In the reporting period, the Nomination (Appointments, HR) Committee considered the issue of conformity of the professional qualifications, skills and experience of members of the executive bodies to the current and expected needs of the Company, stipulated by the Company's approved strategy.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		3. In the reporting period, the Board of Directors considered the report (reports) of the sole executive body and the collective executive body (if any) on compliance with the Company's strategy	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.2	The Board of Directors establishes the main reference points for the Company's business over a long term, assesses and approves the key indicators of business and main business objectives of the Company, and assesses and approves the strategy and business plans on the main types of the Company's business	1. During the reporting period, at the meetings of the Board of Directors, the issues were considered, which were related to the progress of achievement and update of the strategy, approval of the financial and business plan (budget) of the Company, as well as consideration of criteria and indicators (including interim ones) for fulfilment of the strategy and business plans of the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.3	The Board of Directors defines principles and approaches for the organization of the risk management and internal control system at the Company	1. The principles and approaches to organizing the risk management and internal control system at the Company are determined by the Board of Directors and documented in the Company's internal documents defining the risk management and internal control policy.  2. In the reporting period, the Board of Directors approved (revised) the acceptable level of risks (risk appetite) of the Company, or the Audit Committee and/or Risk Committee (if any) considered the practicality of submitting the issue of revising the Company's risk appetite before the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.4	The Board of Directors determines the Company's policy on remuneration and/or recovery of costs (compensations) to members of the Board of Directors, executive bodies and other key executives of the Company	1. The Company developed and approved the policy (policies) introduced by the Board of Directors for remuneration and recovery of costs (compensations) to members of the Board of Directors, executive bodies and other key executives of the Company.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		2. During the reporting period, the Board of Directors considered the issues related to the specified policy (policies)	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

## List of major and interested-party transactions made by MTS in 2021

1	2	3	4	5
2.1.5	The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts between the Company's bodies, shareholders and employees	1. The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts.  2. The Company has created a system of identification of transactions related to a conflict of interest, and a system of actions aimed at the resolution of such conflicts	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.6	The Board of Directors plays a key role in ensuring the transparency of the Company, timeliness and completeness of information disclosure by the Company, unhindered access of shareholders to the Company's documents	1. In the Company's internal documents, there are persons defined as those responsible for implementation of the Information Policy	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.1.7	The Board of Directors monitors the corporate governance practices at the Company and plays a key role in significant corporate events of the Company	1. During the reporting period, the Board of Directors considered the results of self-assessment and/or external assessment of corporate governance practices at the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.2	The Board of Directors reports to all shareholders of the Company			
2.2.1	Information on the activity of the Board of Directors is disclosed and provided to the shareholders	1. The Annual Report of the Company for the reporting period includes information on attendance of the meetings of the Board of Directors and committees by each member of the Board of Directors.  2. The Annual Report contains information on the main results of assessment (self-assessment) of the quality of activities of the Board of Directors carried out in the reporting period	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.2.2	The Chairman of the Board of Directors is available for communication with the Company's shareholders	1. The Company has a transparent procedure that provides shareholders with the opportunity to send messages to the Chairman of the Board of Directors (and, if applicable, to the senior independent director) and receive feedback on them	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.3	The Board of Directors is an effective and professional management body of the Company, capable of producing objective independent judgments and making decisions to protect the interests of the Company and its shareholders			
2.3.1	Only persons with a perfect business and personal reputation and the knowledge, skills and experience required for making decisions falling within the competence of the Board of Directors, and required for effective fulfilment of its functions, are elected members of the Board of Directors	1. In the reporting period, the Board of Directors (or its Nomination Committee) conducted assessment of the nominees to the Board of Directors from the point of view of availability of the necessary experience, knowledge, business reputation, absence of conflicts of interest, etc.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

1	2	3	4	5
2.3.2	Members of the Board of Directors of the Company are elected through a transparent procedure, making it possible for the shareholders to receive information about candidates, which is sufficient to form a view of their personal and professional qualities	1. In all cases of holding a general meeting of shareholders in the reporting period, the agenda of which included issues on election of the Board of Directors, the Company provided to the shareholders the biographic data of all nominees to the Board of Directors, the results of assessment of compliance of the professional qualifications, experience and skills of candidates with the current and expected needs conducted by the Board of Directors (or its Nomination Committee), and also information on compliance of a nominee with the independence criteria, in accordance with Recommendations 102–107 of the Code, as well as information on the presence of a written consent of nominees to be elected members of the Board of Directors	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>In the reporting period the materials of the annual General Meeting of Shareholders 2021 contained biographic data of all candidates to the MTS Board of Directors, information on the candidate's compliance with the independence criteria according to the recommendations of 102–107 of the Corporate Governance Code (CGC) and on availability of the candidates' consent to be elected to the Board of Directors of MTS, but did not contain the results of assessment of candidates' professional qualification, experience and skills compliance with the current and expected needs of the Company.</p> <p>When the candidates are nominated to the members of the Board of Directors of MTS, the Remuneration and Nomination Committee of the Board of Directors of MTS annually checks candidates' professional qualification, experience and skills compliance with the current and expected needs of the company, including with account of biographic data and experience of candidates, as well as assesses candidates for compliance with the independence criteria according to recommendations 102–107 of the Corporate Governance Code recommended by the Bank of Russia.</p> <p>The results of this assessment are considered by the Board of Directors of MTS within nomination of the candidates to the members of the Board of Directors of MTS.</p> <p>Nevertheless, the results of assessment of candidates' professional qualification, experience and skills compliance with the current and expected needs of the Company were not included into the materials of the annual General Meeting of Shareholders of MTS in 2021.</p> <p>In our opinion, the Code recommendation is mostly relevant when new candidates are elected to the Board of Directors who have not held the position of a member of the Company's Board of Directors previously. Besides, the composition of the Board of Directors of MTS is relatively stable, the members of the Board of Directors of MTS were reelected to the composition of the Board of Directors for several years in a row. When current members of the Board of Directors of MTS are nominated as candidates, such assessment may be treated as a formal action.</p> <p>We plan to include the results of such assessment in the materials of the annual General Meeting of Shareholders of MTS in 2022.</p>
2.3.3	The composition of the Board of Directors is balanced, among other things, in terms of qualification of its members, their experience, knowledge and business qualities, and is trusted by the shareholders	1. In the reporting period, the Board of Directors analyzed its own needs in terms of professional qualifications, experience and skills and determined the competencies required by the Board of Directors in the short and long run	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

## List of major and interested-party transactions made by MTS in 2021

1	2	3	4	5
2.3.4	<p>The quantitative composition of the Board of Directors of the Company makes it possible to organize the activities of the Board of Directors in the most efficient manner, including the possibility to form the committees of the Board of Directors, and also provides the substantial minority shareholders of the Company with a possibility to elect a candidate they vote for into the Board of Directors</p>	<p>1. In the reporting period, the Board of Directors considered the issue on compliance of the quantitative composition of the Board of Directors with the needs of the Company and interests of its shareholders</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.4	<p>The Board of Directors includes a sufficient number of independent directors</p>			
2.4.1	<p>An independent director is a person with a sufficient level of proficiency, experience and independence in order to have his/her own opinion, capable of producing objective and fair judgements independently from the influence of the executive bodies of the Company, separate groups of shareholders or other stakeholders.</p> <p>At the same time, it should be taken into account that, under regular conditions, a candidate (elected member of the Board of Director) may not be recognized as independent, if it is related to the Company, its major shareholder, major contractor or competitor or is related to the government</p>	<p>1. Within the reporting period, all independent members of the Board of Directors met all the criteria of independence specified in Recommendations 102–107 of the Code, or were recognized independent by the resolution of the Board of Directors</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.4.2	<p>Compliance of candidates to the members of the Board of Directors with the independence criteria is assessed, and regular analysis is carried out for compliance of independent members of the Board of Directors with the independence criteria. When such an assessment is conducted, the content shall prevail over the form</p>	<p>1. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) produced an opinion on independence of each candidate to the Board of Directors and provided a relevant report to the shareholders.</p> <p>2. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) at least once considered the issue of independence of the existing members of the Board of Directors (upon their election).</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	<p>During the reporting period, the Board of Directors (or the Remuneration and Nomination Committee of the Board of Directors of MTS) at least once considered the issue of independence of the existing members of the Board of Directors (upon their election). At the same time, such consideration took place on the next day after election of the existing members of the Board of Directors of MTS, which may not be fully compliant with the nature of this recommendation of the Code.</p> <p>In connection therewith MTS introduced into its practice the additional regular consideration of the issue on independence of the existing members of the Board of Directors at the meeting of the Remuneration and Nomination Committee of the Board of Directors of MTS (and, if necessary, at the meeting of the Board of Directors of MTS) in the first quarter of each year. At the Annual General Meeting of Shareholders in 2022 it will be offered to MTS shareholders to record this practice in the Regulations on the Board of Directors of MTS PJSC.</p>

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				In 2021 MTS regularly conducted assessment of independence of the existing members of the Board of Directors – at least once per quarter. In a situation when there were grounds to believe that a director may lose their status of “independent director”, the issue on independence of existing members of the Board of Directors was considered at the meeting of the Remuneration and Nomination Committee of the Board of Directors of MTS (and, if necessary, at the meeting of the Board of Directors of MTS). For example, the issue of independence of one of existing members of the Board of Directors of MTS was considered at the meeting of the Remuneration and Nomination Committee of the Board of Directors of MTS and at the meeting of the Board of Directors of MTS in September 2021.
		3. The Company developed procedures that determine the necessary actions to be undertaken by a member of the Board of Directors, if they stop being independent, including obligations on timely notification of the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.4.3	Independent directors make up at least one third of the elected composition of the Board of Directors	1. Independent directors make up at least one third of the composition of the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.4.4	Independent directors play a key role in preventing internal conflicts at the Company and making major corporate actions by the Company	1. Independent directors (with no conflict of interest) preliminarily assessed the major corporate actions related to a potential conflict of interest in the reporting period, and the results of this assessment were provided to the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.5	The Chairman of the Board of Directors contributes to the most efficient performance of functions imposed upon the Board of Directors			
2.5.1	The Chairman of the Board of Directors is an independent director; or a senior independent director is chosen from among the elected independent directors, who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors	1. The Chairman of the Board of Directors is an independent director; or a senior independent director is chosen from among the independent directors <sup>1</sup> .	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> <b>partially complied with</b> <input type="checkbox"/> not complied with	<p>The Chairman of the Board of Directors is not an independent director; a senior independent director is not defined. Besides, an independent director was elected as the deputy Chairperson of MTS Board of Directors.</p> <p>MTS regularly (annually) conducts a benchmarking analysis of the Company’s corporate governance practices as compared with other public companies. Consideration of benchmarking takes place on the site of the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS. During the Committee’s meetings, recommendations of the Code that are not adhered to by the Company are analysed and the practicability of their implementation is assessed. This recommendation of the Code has been considered by the Committee and the Board of Directors many times before. In previous years, we came to the conclusion that the level of corporate governance achieved by the Company and the created constructive discussion environment did not require implementation of this recommendation of the Code.</p>

<sup>1</sup> Specified, which of the two alternative approaches permitted by the principle is introduced at the Company, and explained the reasons for the chosen approach.

## List of major and interested-party transactions made by MTS in 2021

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				<p>In 2021 MTS returned to consideration of this recommendation of the Corporate Governance Code. With account of recommendations of the independent consultants, following the results of the last conducted external assessment of the MTS Board of Directors work, on June 24, 2021 by the resolution of the MTS Board of Directors an independent director (Regina von Flemming) as the Deputy Chairperson of the Board of Directors of MTS was elected.</p> <p>In this position, Ms. Flemming, in fact, replacing the senior independent director, performs all of its functions provided for by the 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.</p> <p>Therefore, presence of a strong professional Chairman of the Board of Directors, election of an independent director as the Deputy Chairperson of the Board of Directors of MTS (who actually acts as the senior independent director) and election of the adequate number of the independent directors to the Board of Directors shall be considered as a tool to reduce the potential risks of failure to comply with the Code recommendation.</p> <p>Implementing the recommendations of the Code, we adhere to the position that each recommendation of the Code shall be assessed for its utility and applicability to the corporate governance system of a specific company, therefore we do not see it as necessary to elect an independent director as the Chairman of the Board of Directors or to appoint a senior independent director.</p>
		2. The role, rights and obligations of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are properly defined in the internal documents of the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.5.2	The Chairman of the Board of Directors ensures a constructive atmosphere for holding meetings, free discussion of the issues included in the meeting agenda, and control over implementation of decisions made by the Board of Directors	1. Efficiency of work of the Chairman of the Board of Directors is assessed within the procedure for assessment (self-assessment) of the quality of performance of the Board of Directors in the reporting period	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.5.3	The Chairman of the Board of Directors takes the necessary actions for timely providing the members of the Board of Directors with information required to make decisions on the agenda issues	1. The obligation of the Chairman of the Board of Directors to take actions for ensuring timely provision of complete and reliable information to the members of the Board of Directors on the agenda issues of the meeting of the Board of Directors is recorded in the internal documents of the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.6	The members of the Board of Directors act fairly and reasonably in the interests of the Company and its shareholders on the basis of sufficient awareness, with a sufficient degree of care and diligence			
2.6.1	The members of the Board of Directors make decisions with account of all available information, in absence of conflict of interest, with account of an equal attitude to shareholders of the Company, within regular entrepreneur risk	1. Internal documents of the Company stipulate that a member of the Board of Directors shall notify the Board of Directors, if they have a conflict of interest in respect to any issue on the agenda of a meeting of the Board of Directors or a committee of the Board of Directors, prior to discussion of the relevant agenda item.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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		<p>2. Internal documents of the Company assume that a member of the Board of Directors shall abstain from voting on any issue, where they have a conflict of interest.</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
		<p>3. There is a procedure at the Company, which makes it possible for the Board of Directors to receive professional consultation on issues that fall within its terms of reference, at the expense of the Company</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.6.2	Rights and obligations of the members of the Board of Directors are clearly formulated and recorded in the internal documents of the Company	<p>1. There is an internal document approved and published by the Company, which defines the rights and obligations of the members of the Board of Directors</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.6.3	The members of the Board of Directors have sufficient time to perform their obligations	<p>1. Individual attendance at the meetings of the Board and Committees, as well as sufficiency of time to work on the Board of Directors, including its Committees, was analyzed within the procedure for assessing (self-assessing) the quality of work of the Board of Directors in the reporting period.</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
		<p>2. In accordance with the internal documents of the Company, the members of the Board of Directors shall notify the Board of Directors about their intent to enter the management bodies of other organizations (apart from subsidiaries and affiliates of the Company), as well as about the fact of such an appointment</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.6.4	All members of the Board of Directors are able to access the Company's documents and information to the same extent. Newly elected members of the Board of Directors are provided with sufficient information about the Company and work of the Board of Directors within the shortest time possible	<p>1. In accordance with the internal documents of the Company, the members of the Board of Directors are entitled to receive the information and documents required for the members of the Board of Directors of the Company to fulfill their duties related to the Company and its subsidiaries, and the executive bodies of the Company shall provide the relevant information and documents.</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
		<p>2. There is a formalized program of induction events for newly elected members of the Board of Directors at the Company</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.7	Meetings of the Board of Directors, preparation for them and participation by members of the Board of Directors in them ensure the effective work of the Board of Directors			
2.7.1	Meetings of the Board of Directors are held when required, with account of the scope of activities and objectives of the Company in a certain period of time	<p>1. The Board of Directors held at least six meetings in the reporting period</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.7.2	The internal documents of the Company stipulate the procedure for preparing and holding meetings of the Board of Directors, providing the opportunity for the members of the Board of Directors to properly prepare for its holding	<p>1. There is an internal document at the Company, which defines the procedure for preparing and holding meetings of the Board of Directors, where it is stipulated, among other things, that notice of a meeting shall usually be made at least five days prior to the meeting date.</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
		<p>2. In the reporting period, members of the Board of Directors absent from the venue of the meeting of the Board of Directors were given the opportunity to participate in discussing the agenda items and voting remotely – via conference calls and video conferencing</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

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2.7.3	The form of holding a meeting of the Board of Directors is determined with consideration for the significance of the agenda items. Most important issues are resolved at the meetings held with physical presence	1. The Charter or an internal document of the Company contemplates that the most important issues (according to the list set forth in Recommendation 168 of the Code) shall be considered at in-person meetings of the Board of Directors	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The Charter or an internal document of the Company did not provide that prior review of the annual reports or approval of the material transactions took place at the in praesentia meetings of the Board of Directors of MTS. At the same time, in previous years, usually such issues were considered at the in praesentia meetings of the Board of Directors of MTS.</p> <p>In 2022 during another consideration of this recommendation, the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS came to the conclusion that the recommendation may be complied with – the relevant amendments will be made to the internal documents of the Company, if they are approved by the Annual General Meeting of Shareholders of MTS in 2022.</p>
2.7.4	Decisions on the most important issues of the Company's business shall be made at the meeting of the Board of Directors by the qualified majority or the majority of votes of all elected members of the Board of Directors	1. The Charter of the Company contemplates that the decisions on the most important issues, including those specified in Recommendation 170 of the Code shall be made at the meeting of the Board of Directors by the qualified majority, with at least three quarters of votes, or by the majority of votes of all elected members of the Board of Directors	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The Charter of the Company does not contemplate that the decisions on the issues specified in Recommendation 170 of the Code shall be made at a meeting of the Board of Directors by the qualified majority, with at least three fourths of votes, or by the majority of votes of all elected members of the Board of Directors. In accordance with the Charter, decisions on most issues falling within the competence of the Board of Directors, are taken by the simple majority (more than a half (½) of votes of the members of the Board of Directors attending the meeting). A small number of issues requires a unanimous decision by all members of the Board of Directors, except for retired members of the Board of Director. In practice, the specified recommendation of the Code is complied with: during the recent years, more than 90% of the Board of Directors' meetings have taken place with 100% participation of members of the Board of Directors. Therefore, in most cases, the simple majority of votes of the Board of Directors' members attending a meeting is comparable to the majority of votes of all elected members of the Board of Directors. After approval of the Code, the issue on implementation of the recommendation was considered by members of the Corporate Governance Committee of the Board of Directors with involvement of other members of the Board of Directors and the management. The Committee came to the conclusion on unreasonableness of introducing stricter procedures for decision-making by the Board of Directors, including due to the fact that their implementation may negatively impact urgency of decision-making. Risks related to incomplete compliance with the recommendation are levelled out by traditionally high attendance of the Board of Directors' meetings by its members, as well as by decision-making procedures adopted at the Company: decisions made by the Board of Directors are based on the consensus of all members of the Board of Directors, and key decisions are first elaborated by independent members of the Board of Directors within the framework of committees' work. In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part. At the same time, the Company will continue monitoring the compliance with this recommendation of the Code by the Russian issuers and will evaluate the opportunity of its introduction at MTS PJSC (depending on changes happening in the field of the Russian corporate governance).</p>

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2.8	The Board of Directors sets up the committees for preliminary consideration of the most important issues of the Company's business			
2.8.1	For preliminary consideration of the issues related to control of the Company's financial and economic activities, the Audit Committee comprised of independent directors has been established	<p>1. The Board of Directors established the Audit Committee made exclusively of independent directors.</p> <p>2. The internal documents of the Company define the objectives of the Audit Committee, including those contained in Recommendation 172 of the Code.</p> <p>3. At least one member of the Audit Committee being an independent director has experience and knowledge in the field of preparation, analysis, assessment and audit of the accounting (financial) statements.</p> <p>4. Meetings of the Audit Committee were held at least once per quarter during the reporting period</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.8.2	For preliminary consideration of the issues related to formation of efficient and transparent remuneration practice, the Remuneration Committee has been established, comprised of independent directors and headed by an independent director, not being the Chairman of the Board of Directors	<p>1. The Board of Directors established the Remuneration Committee, which is only comprised of independent directors.</p> <p>2. The Chairman of the Remuneration Committee is an independent director, who is not the Chairman of the Board of Directors.</p> <p>3. The internal documents of the Company define the tasks of the Remuneration Committee, including, but not limited to, the tasks contained in Recommendation 180 of the Code, as well as the conditions (events) upon occurrence of which the Remuneration Committee considers the issue of revising the Company's policy on remuneration to members of the Board of Directors, executive bodies and other key executives</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>The tasks of the Remuneration and Nomination Committee of the Board of Directors of MTS also include tasks contained in recommendation 180 of the Code. At the same time the internal documents of MTS do not determine the conditions (events), upon occurrence of which the committee will consider the issue of revising the policy of the Company for remuneration of the Board of Directors members, executive bodies' members and other key managers.</p> <p>Such conditions (events) were not specified in the internal documents of the Company, since the level of corporate governance of MTS until recently made it possible to organize the process of the Company's remuneration policy revision at a proper level without additional formalization of these conditions and events, and also in absence of the specified recommendation in the Corporate Governance Code.</p> <p>In the next corporate year MTS will consider the opportunity of adding the corresponding changes to the internal documents of MTS.</p>
2.8.3	For preliminary consideration of the issues related to HR planning (succession planning), professional composition and efficiency of work of the Board of Directors, the Nomination (Appointments, HR) Committee has been established, the majority of the members of which are independent directors	1. The Board of Directors has established the Nomination Committee (or its objectives specified in Recommendation 186 of the Code are implemented within a different committee <sup>1</sup> ), the majority of the members of which are independent directors.	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

<sup>1</sup> If objectives of the Nomination Committee are implemented within a different committee, its name is specified.

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		<p>2. The internal documents of the Company define the objectives of the Nomination Committee (or the relevant committee with the combined functions), including those contained in Recommendation 186 of the Code.</p>	<p><input type="checkbox"/> complied with  <input checked="" type="checkbox"/> partially complied with  <input type="checkbox"/> not complied with</p>	<p>Activities of the Remuneration and Nomination Committee of the Board of Directors of MTS are performed on the basis of the Committee Regulations. In accordance with the Regulations, the Committee's functions include, inter alia, all objectives listed in Recommendation 186 of the Code, excluding sub-clause 8. The task to describe the individual duties of the directors and Chairman of the Board of Directors was not included into the list of functions of the Remuneration and Nomination Committee of the Board of Directors of MTS for two main reasons: main duties of members of the Board of Directors (including the Chairman of the Board of Directors) are clearly defined in the Regulations on the Board of Directors; the composition of the Company's Board of Directors is relatively stable. Therefore, the scope of individual duties of each director has already been formed, and the Company believes that additional description of duties of directors by the Remuneration and Nomination Committee of the Board of Directors of MTS would be of exclusively formal nature and would not be a catalyst for increased efficiency of the Board of Directors' work. The risks related to partial compliance with this recommendation are levelled out by introduction at the Company of an on boarding course for newly elected members of the Board of Directors, which also contains description of duties of directors and the Chairman of the Board of Directors. In connection with the above, the Corporate Governance Committee made a decision on unreasonableness of including the objective specified in sub-clause 8 of Recommendation 186 of the Code into the functions of the Remuneration and Nomination Committee of the Board of Directors of MTS. The Company does not plan to include this objective into the functions of the Remuneration and Nomination Committee of the Board of Directors of MTS. In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part.</p>
		<p>3. In the reporting period, the Nomination Committee, independently or jointly with other Committees of the Board of Directors, or the Company's authorized subdivision for shareholder relations, arranged interaction with shareholders, not limited to the circle of largest shareholders, in the context of the selection of candidates to the Board of Directors of the Company in order to form a Board of Directors that best meets the Company's goals and objectives</p>	<p><input type="checkbox"/> complied with  <input checked="" type="checkbox"/> partially complied with  <input type="checkbox"/> not complied with</p>	<p>The tasks of the Remuneration and Nomination Committee of the Board of Directors of MTS also include interaction with the shareholders that should not be limited to the circle of the largest shareholders, in order to generate recommendations for the shareholders in respect to voting on the issue of candidates election to the Company's Board of Directors.</p> <p>In the reporting year, the Board of Directors of MTS underwent only a minor change: the existing President of MTS was added to the Board of Directors instead of the former President of MTS.</p> <p>Two candidates were nominated by Sistema PJSC, seven candidates were proposed by the Board of Directors of MTS. The proposed independent candidates took most offices in the Board of Directors of MTS (6 out of 9). The Board of Directors of MTS is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members.</p> <p>With a strong block of independent candidates MTS actually did not need to search for additional candidates. Inclusion of 6 independent directors into the Board of Directors also made it possible to balance the</p>

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				<p>risks that could have occurred since MTS in the reporting year did not resort to the help of shareholders when selecting candidates to the Board of Directors of the Company.</p> <p>In the future, in order to establish the Board of Directors that meets the objectives and tasks of the Company to the fullest extent, MTS will try to organize cooperation with the shareholders in the context of selecting candidates to the Board of Directors whenever it becomes necessary.</p>
2.8.4	<p>With account of the scope of activity and the level of risk, the Board of Directors of the Company made sure that the composition of its committees fully complies with the objectives of the Company's business. Additional committees were either formed or were not recognized necessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.)</p>	<p>1. In the reporting period, the Board of Directors of the Company considered the issue on compliance of the structure of the Board of Directors with the scale and nature, business objectives and needs, as well as with the risk profile of the Company. Additional committees were either formed or were not recognized necessary</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.8.5	<p>The composition of the committees was determined so that it made it possible to perform comprehensive discussion of previously considered issues with account of different opinions</p>	<p>1. In the reporting period, the Audit Committee, the Remuneration Committee, the Nominations Committee (or the relevant committee with combined functions) were headed by independent directors.</p> <p>2. The internal documents (policies) of the Company contain the provisions, in accordance with which the persons not included into the composition of the Audit Committee, Nomination Committee (or the relevant committee with combined functions) and Remuneration Committee may only visit the meetings of the committees upon the invitation of the Chairman of the relevant committee</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.8.6	<p>Chairmen of the committees regularly advise the Board of Directors and its Chairman of the work of their committees</p>	<p>1. During the reporting period, the chairmen of the committees regularly reported to the Board of Directors about the work of their committees</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
2.9	<p>The Board of Directors provides for the assessment of the quality of the Board of Directors' work, its committees and members</p>			
2.9.1	<p>The assessment of the quality of the Board of Directors' work is aimed at defining the degree of efficiency of the work of the Board of Directors, committees and members of the Board of Directors, compliance of their work with the needs of the Company's development, as well as at enhancing the work of the Board of Directors and detecting areas, where their activity may be improved</p>	<p>1. The internal documents of the Company define the procedures for assessing (self-assessing) the quality of work of the Board of Directors.</p> <p>2. Assessment (self-assessment) of work of the Board of Directors performed in the reporting period included assessment of the work of the committees, individual assessment of each member of the Board of Directors and the Board of Directors in general.</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>In the reporting year MTS assessed the quality of work of the Board of Directors of MTS, including assessment of the work of the committees and the Board of Directors as a whole, however, it did not include individual assessment of each member of the Board of Directors.</p> <p>In 2021, MTS conducted an assessment of the work of the Board of Directors in the form of a self-assessment. Besides, in the previous year MTS conducted external assessment of the Board of Directors with engagement of independent consultants,</p>

## List of major and interested-party transactions made by MTS in 2021

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				<p>also including individual assessment of the members of the Board of Directors, following which a detailed plan was prepared to improve the work of the Board of Directors of MTS and the corporate governance of MTS as a whole.</p> <p>Considering the issue of launching self-assessment of 2021 and determining the assessment elements, the Board of Directors of MTS, with account of the recently completed external assessment, decided that it was not feasible to conduct the individual assessment in 2021.</p> <p>In the future, the Board of Directors of MTS, following the risk-based approach, will decide on the need or no need to conduct individual assessment every time when considering the issue on launching the annual assessment of the Board of Directors of MTS.</p>
		3. Results of assessment (self-assessment) of the quality of the Board of Directors' work performed during the reporting period were considered at the in-person meeting of the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
2.9.2	The work of the Board of Directors, committees and members of the Board of Directors is assessed on a regular basis at least once per year. For independent assessment of the quality of the work of the Board of Directors, a third party organization (consultant) is engaged at least once in three years	1. In order to conduct an independent assessment of the quality of the work of the Board of Directors during the three recent reporting periods, the Company engaged a third party organization (consultant) at least once	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
3.1	The Corporate Secretary of the Company ensures effective current interaction with the shareholders, coordinates the Company's activities aimed at protection of rights and interests of the shareholders, and supports effective work of the Board of Directors			
3.1.1	The Corporate Secretary has knowledge, experience and qualification sufficient for performance of their obligations, has an impeccable reputation and is trusted by the shareholders	1. The Company's website in the Internet and the Annual Report contain biographical information about the Corporate Secretary (including information about the age, education, qualifications, experience), as well as data about positions in the management bodies of other legal entities occupied by the Corporate Secretary over the course of not less than the last five years	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
3.1.2	The Corporate Secretary is sufficiently independent from the executive bodies of the Company and has the necessary powers and resources to perform their objectives	<p>1. The Company adopted and disclosed an internal document – the Regulations on the Corporate Secretary.</p> <p>2. The Board of Directors approves a candidate for the Corporate Secretary position and terminates their powers, as well as considers the issue of paying them additional remuneration.</p> <p>3. The internal documents of the Company enshrine the right of the Corporate Secretary to request and receive the Company's documents and information from the management bodies, structural divisions and executive officers of the Company</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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4.1	The level of remuneration paid by the Company is sufficient to engage, motivate and retain people that have the necessary competences and qualification for the Company. Remuneration to members of the Board of Directors, executive bodies and other key executives of the Company shall be paid in accordance with the Remuneration Policy adopted at the Company.			
4.1.1	The level of remuneration provided by the Company to the members of the Board of Directors, executive bodies and other key management employees creates sufficient motivation for their efficient work, making it possible for the Company to employ and retain competent and qualified experts. At the same time, the Company avoids higher remuneration than necessary, as well as unjustified high gap between levels of remuneration paid to the specified persons and employees of the Company	1. The remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company shall be determined taking into account the results of a comparative analysis of the remuneration level in comparable companies	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.2	The Company's Remuneration Policy has been developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors, with the support of the Remuneration Committee, provides for monitoring of introduction and implementation of the Remuneration Policy at the Company – and reviews and amends it as necessary	1. During the reporting period, the Remuneration Committee considered the Remuneration Policy (policies) and/or practice of its (their) introduction, assessed their efficiency and transparency and submitted the necessary recommendations on revising this Policy (policies) to the Board of Directors, where required	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.3	The Remuneration Policy of the Company contains transparent mechanisms to determine the amount of remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company, and also regulates all types of payments, benefits and privileges provided to the specified persons	1. The Remuneration Policy (policies) of the Company contains (contain) transparent mechanisms to determine the amount of remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company, and also regulates (regulate) all types of payments, benefits and privileges provided to the specified persons	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.1.4	The Company determines the policy for recovery of expenses (compensations) that details the list of expenses subject to recovery, and the level of service that the members of the Board of Directors, executive bodies and other key management employees of the Company may claim for. Such a policy may be part of the Company's Remuneration Policy	1. The Remuneration Policy (policies) or other internal documents of the Company establish the rules for recovery of expenses incurred by members of the Board of Directors, executive bodies and other key executives of the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.2	The remuneration system for members of the Board of Directors provides for rapprochement between financial interests of the directors with long-term financial interests of the shareholders			
4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board or committees of the Board of Directors.	1. In the reporting period, the Company paid remuneration to the members of the Board of Directors in accordance with the Remuneration Policy of the Company.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

## List of major and interested-party transactions made by MTS in 2021

1	2	3	4	5
	The Company does not use any forms of short-term motivation or additional financial incentives in respect to members of the Board of Directors	2. In the reporting period, the Company did not apply any form of short-term motivation or additional financial incentives to the members of the Board of Directors, the payment of which depends on the Company's performance (indicators). Remuneration for participation in individual meetings of the Board or committees of the Board of Directors was not paid	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.2.2	Long-term ownership of the Company's shares provides for rapprochement between financial interests of members of the Board of Directors and long-term interests of the shareholders to the largest extent. At the same time, the Company does not provide for the rights to sell the shares by achievement of certain indicators of activities, and the members of the Board of Directors do not participate in option programs	1. If the internal document (documents) – Remuneration Policy (policies) of the Company – contemplates (contemplates) provision of the Company's shares to members of the Board of Directors, clear rules of share ownership by members of the Board of Directors aimed at promoting long-term ownership of such shares shall be provided for and disclosed	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.2.3	The Company does not provide for any additional payments or compensation in case of early termination of powers of members of the Board of Directors in connection with transfer of control over the Company or other circumstances	1. The Company does not provide for any additional payments or compensation in case of early termination of powers of members of the Board of Directors in connection with transfer of control over the Company or other circumstances	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.3	The system of remuneration for members of executive bodies and other key executives of the Company provides for the dependence of remuneration on the result of the Company's operation and their personal contribution to the achievement of this result			
4.3.1	Remuneration paid to members of executive bodies and other key executives of the Company is determined so that a reasonable and justified ratio is ensured between the fixed part of remuneration and the variable part of remuneration, depending on the results of the Company's operation and personal (individual) contribution of an employee to the final result	<p>1. During the reporting period, the annual indicators of efficiency approved by the Board of Directors were used to determine the amount of variable remuneration paid to members of executive bodies and other key executives of the Company.</p> <p>2. During the last completed assessment of the remuneration system for members of executive bodies and other key executives of the Company, the Board of Directors (Remuneration Committee) made sure that the Company used an effective ratio of the fixed part of remuneration and the variable part of remuneration.</p> <p>3. When determining the amount of remuneration paid to members of executive bodies and other key executives of the Company, the risks borne by the Company shall be taken into account in order to avoid creating incentives for making excessively risky managerial decisions</p>	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
4.3.2	The Company has introduced a program for long-term motivation of members of executive bodies and other key executives of the Company, using shares of the Company (options or other derivative financial instruments, the basic assets under which are the Company's shares)	1. The program for long-term motivation for members of executive bodies and other key executives of the Company using the Company's shares (financial instruments based on the Company's shares) introduced at the Company, if any, contemplates that the right to sell such shares and other financial instruments arises not earlier than three years after the moment of their provision. At the same time, the right for their sale depends on achievement of certain indicators of the Company's activities	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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4.3.3	The amount of compensation ("top-echelon parachute"), paid by the Company in case of early termination of powers to members of executive bodies or key executives at the initiative of the Company and with absence of unfair actions from their side, shall not exceed double size of the fixed part of the annual remuneration	1. The amount of compensation ("top-echelon parachute"), paid by the Company in case of early termination of powers to members of executive bodies or key executives at the initiative of the Company and with absence of unfair actions from their side, did not exceed double size of the fixed part of the annual remuneration in the reporting period	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1	The Company has an efficiently operating risk management and internal control system aimed at ensuring reasonable confidence in achievement of objectives set by the Company			
5.1.1	The Board of Directors of the Company has defined the principles and approaches towards organization of the risk management and internal control system in place at the Company	1. Functions of various management bodies and subdivisions of the Company within the risk management and internal control system are clearly defined by the internal documents/relevant policy of the Company approved by the Board of Directors	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.2	Executive bodies of the Company ensure development and maintenance of functioning of an efficient risk management and internal control system at the Company	1. Executive bodies of the Company provided for distribution of obligations, powers and responsibilities in respect to risk management and internal control between the managers (heads) of the subdivisions and departments subordinated to them	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.3	The risk management and internal control system in place at the Company provides for objective, fair and clear understanding of the current status and prospects of the Company, integrity and transparency of the Company's reporting, reasonableness and acceptability of the risks undertaken by the Company	1. The Company has adopted an Anti-Corruption Policy.  2. There is a safe, confidential and available method (hotline) at the Company for informing the Board of Directors or the Audit Committee of the Board of Directors about the facts of breaching of the law, internal procedures, or the Company's Code of Ethics	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.1.4	The Board of Directors of the Company takes necessary actions to make sure that the Company's existing risk management and internal control system complies with the principles and approaches towards its organization determined by the Board of Directors and that it functions effectively	1. During the reporting period, the Board of Directors (the Audit Committee and/or the Risk Committee, if any) arranged the assessment of reliability and efficiency of the risk management and internal control system in place.  2. In the reporting period, the Board of Directors reviewed the results of assessing the reliability and efficiency of the Company's risk management and internal control system, and information on the review results was included in the Annual Report of the Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
5.2	The Company organizes an internal audit to systematically and independently assess the reliability and efficiency of the risk management and internal control system and the corporate governance practices			
5.2.1	In order to conduct an internal audit, a separate structural subdivision has been established at the Company, or an independent external entity has been engaged. Functional and administrative accountabilities of the internal audit subdivision are separated. The internal audit subdivision is functionally accountable to the Board of Directors	1. In order to conduct an internal audit, the Company has a separate structural internal audit subdivision, which is functionally accountable to the Board of Directors or an independent third-party entity with the same principle of accountability has been engaged	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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1	2	3	4	5
5.2.2	The internal audit subdivision assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance practices, and applies generally accepted internal audit standards	<p>1. In the reporting period, the reliability and efficiency of the risk management and internal control system was assessed as part of an internal audit.</p> <p>2. In the reporting period, as part of an internal audit, an assessment of the corporate governance practice (certain practices) was conducted, including the information interaction procedures (e.g. on the issues of internal control and risk management) at all corporate management levels, as well as stakeholder interaction</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
6.1	The Company and its activities are transparent for the shareholders, investors and other stakeholders			
6.1.1	There is an Information Policy developed and introduced at the Company, which provides for effective information interaction between the Company, shareholders, investors and other stakeholders	<p>1. The Board of Directors of the Company has approved the Information Policy of the Company developed with account of the Code's recommendations.</p> <p>2. During the reporting period, the Board of Directors (or one of its committees) considered the issue of efficiency of information interaction between the Company, shareholders, investors and other stakeholders, as well as the practicality (necessity) of revising the information policy of the Company</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	
6.1.2	The Company discloses information on the corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code	<p>1. The Company discloses information on the corporate governance system in place at the Company</p> <p>and the general principles of corporate governance used by the Company, including on the Company's website in the Internet.</p> <p>2. The Company discloses information on the composition of its executive bodies and the Board of Directors, independent members of the Board and their membership in the committees of the Board of Directors (as defined by the Code).</p> <p>3. If there is an entity that controls the Company, the latter publishes a memorandum of the controlling entity in respect to the plans of such an entity concerning the corporate governance at the Company</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	<p>The recommendation is complied with, at the same time, as of the date of approval of this Report, MTS PJSC has no information about an existing shareholder who owns 50 and more percent of the MTS voting shares.</p> <p>In accordance with the provisions of applicable law and on the basis of information disclosed by the shareholders of MTS PJSC, it is publicly known and disclosed that the shareholder of MTS PJSC, owning 42.085% of the authorized capital jointly with its subsidiary (the efficient stock of less than 50%) is Sistema PJSC.</p>
6.2	The Company discloses complete, relevant and valid information about the Company in a timely manner to ensure the possibility of making justified decisions by the Company's shareholders and investors			
6.2.1	The Company discloses information in compliance with the principles of regularity, consistency and promptness, as well as of availability, validity, completeness and comparability of data being disclosed	1. The Company has a procedure that ensures work coordination of all structural subdivisions and employees of the Company involved in information disclosure or those whose activities may lead to the need to disclose information.	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

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		3. Provided that foreign shareholders own a substantial quantity of the Company's shares, information was disclosed not only in Russian, but also in one of the most common foreign languages during the reporting year	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		3. Provided that foreign shareholders own a substantial quantity of the Company's shares, information was disclosed not only in Russian, but also in one of the most common foreign languages during the reporting year	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
6.2.2	The Company avoids a formal approach when disclosing information, and it discloses substantial information about its activities, even if disclosure of such information is not provided for by the law	1. The Company's Information Policy determines the approaches to disclosing information about other events (actions) that have a significant impact on the value or quotations of its securities, the disclosure of information about which is not provided for by the law.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		2. The Company discloses full information on the structure of the Company's capital in accordance with Recommendation 290 of the Code in the Annual Report and on the Company's website in the Internet.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		3. The Company discloses information on controlled entities that are of significant importance to it, including on the key areas of their activities, the mechanisms ensuring the accountability of controlled entities, the powers of the Board of Directors of the Company in relation to determining the strategy and evaluating the performance of controlled entities.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		4. The Company discloses a non-financial report – a report on sustainable development, an environmental report, a report on corporate social responsibility or any other report containing non-financial information, including on the factors related to the environment (including factors related to ecology and climate change), the society (social factors) and corporate governance, except for a report of the issuer of equity securities and the Annual Report of the Joint Stock Company	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
6.2.3	The Annual Report of the Company, being one of the most important tools for information exchange with the shareholders and other stakeholders, contains information that allows for evaluating the results of the Company's activities over the year	1. The Annual Report of the Company contains information on the results of evaluation by the Audit Committee of the external and internal audit process efficiency.	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
		2. The Annual Report of the Company contains information about the Company's policy in the field of environmental protection and the Company's social policy	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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1	2	3	4	5
6.3	The Company provides information and documents at the request of the shareholders in accordance with the principles of an equal and unhindered access			
6.3.1	Shareholders' exercise of the right for access to documents and information of the Company is not accompanied with needless complexity	<p>1. The Information Policy (internal documents defining the Information Policy) of the Company determines an easy procedure for providing access to information and documents of the Company as requested upon by shareholders.</p> <p>2. The Information Policy (internal documents defining the Information Policy) contains provisions assuming that in case of shareholder's request for information about entities controlled by the Company, the Company will take the necessary actions to obtain such information from the corresponding entities controlled by the Company</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <hr/> <p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> <b>partially complied with</b></p> <p><input type="checkbox"/> not complied with</p>	<p>The Company's Policy Statement Guidelines for Corporate Disclosure (Information Policy) does not stipulate the shareholders' right for access to information on legal entities controlled by the Company.</p> <p>Due to the fact that the Information Policy of MTS is a high-level document only containing the basic principles to which MTS adheres when disclosing material non-public information, a procedure for providing the shareholders with an access to certain types of information has not been included into it. At the same time, recognizing and respecting the shareholders' right to access information on legal entities controlled by the Company, MTS has posted on its corporate website a procedure for providing such information upon request (<a href="https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/predostavlenie-informacii-po-zaprosam-akcionerov">https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/predostavlenie-informacii-po-zaprosam-akcionerov</a>).</p> <p>MTS regularly (annually) conducts an analysis of corporate governance practices used by other public companies (benchmarking). The benchmarking results are reviewed by the Corporate Governance Committee (since 2021, the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS) of the Board of Directors of MTS in an extended composition (involving the participation of all independent directors). During the Committee's meetings, recommendations of the Code that are not adhered to by the Company are analysed and the practicability of their implementation is assessed. This recommendation was considered, inter alia, at the meeting held on December 11, 2020; following the review, the directors found that it would be sufficient to disclose a procedure for providing the shareholders with an access to information on the legal entities controlled by the Company on the Company's website.</p> <p>Nevertheless, the Company plans to make the corresponding amendments to the Information policy until the end of 2022.</p>
6.3.2	When the Company provides information to the shareholders, a reasonable balance is maintained between the interests of specific shareholders and those of the Company itself, which is interested in preserving the confidentiality of its important commercial information capable of exerting a substantial influence on its competitiveness	<p>1. During the reporting period, the Company did not reject requests from the shareholders for provision of information, or such rejections were justified.</p> <p>2. In cases defined by the Information Policy of the Company, the shareholders are made aware of the confidential nature of the information and undertake to maintain its confidentiality</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <hr/> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

1	2	3	4	5
7.1	Actions that considerably influence or may influence the structure of the joint stock capital and financial condition of the Company and, therefore, the position of the shareholders (major corporate actions) are carried out under fair conditions, providing for compliance with the rights and interests of the shareholders, as well as of other stakeholders			
7.1.1	Major corporate actions include reorganization of the Company, acquisition of 30 or more percents of the voting shares of the Company (acquisition), closing of major transactions by the Company, increase or decrease in the authorized capital of the Company, listing and delisting of the Company's shares, as well as other actions, which may lead to a substantial change in the rights of the shareholders or violation of their interests. The Company's Charter defines a list (criteria) of transactions or other actions, being major corporate actions, and such actions fall within the competence of the Board of Directors of the Company	1. The Company's Charter defines a list (criteria) of transactions or other actions, being major corporate actions. Decision-making in respect to major corporate actions falls within the competence of the Board of Directors according to the Company's Charter. In cases where implementation of these corporate actions is directly related by the law to the competence of the general meeting of shareholders, the Board of Directors provides relevant recommendations to the shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
7.1.2	The Board of Directors plays a key role in making decisions or developing recommendations in respect to major corporate actions; the Board of Directors relies on the position of the Company's independent directors	1. There is a procedure in place at the Company, in accordance with which independent directors state their position on the major corporate actions prior to their approval	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
7.1.3	When making major corporate actions, which affect the rights and legitimate interests of the shareholders, equal conditions are provided for all the shareholders of the Company. If the mechanisms stipulated by the law and aimed at protecting the shareholders' rights are insufficient, additional measures shall be taken to protect the rights and legitimate interests of the Company's shareholders.  At the same time, the Company not only complies with the formal requirements of the law, but also adheres to the principles of corporate governance set forth in the Code.	1. Taking into account specific features of the Company's activity, its Charter attributes approval of other essential transactions, in addition to those provided for by the law, to the competence of the Board of Directors.  2. During the reporting period, all major corporate actions were approved prior to their implementation	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with  <input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	
7.2	The Company provides for such a procedure of making major corporate actions, which enables the shareholders to obtain complete information on such actions in a timely manner and to influence such actions and guarantees the observance and an adequate level of protection of their rights, when such actions are undertaken			
7.2.1	Information on making substantial corporate actions is disclosed with explanation of reasons, conditions and effects of such actions	1. Provided that the Company took significant corporate actions during the reporting period, the Company disclosed information on such actions in a timely manner and in detail, including the reasons, conditions for taking such actions and their consequences for shareholders	<input checked="" type="checkbox"/> <b>complied with</b> <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	

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1	2	3	4	5
7.2.2	Rules and procedures related to the implementation of major corporate actions by the Company are stipulated in the internal documents of the Company	<p>1. The Company's internal documents determine the cases and the procedure of engagement of an independent appraiser to define the cost of property alienated or purchased under a major transaction or an interested-party transaction.</p> <hr/> <p>2. The Company's internal documents provide for the procedure of engagement of an appraiser to evaluate the cost of purchase and redemption of the Company's shares.</p> <hr/> <p>3. If there is no formal interest of a member of the Board of Directors, the sole executive body, a member of the collective executive body of the Company, a person being the controlling entity of the Company or a person entitled to give the Company mandatory instructions, in the transactions of the Company, and yet there is a conflict of interest or their other actual interest, the internal documents of the Company assume that such persons do not participate in voting on the approval of such a transaction</p>	<p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <hr/> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <hr/> <p><input checked="" type="checkbox"/> <b>complied with</b></p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	

# ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF MTS AND SUBSIDIARIES FOR 2021



Information is available on MTS PJSC corporate website at [Annual statements - Moscow \(mts.ru\)](https://moskva.mts.ru/about/informatsiya-o-mts/mts-v-rossii-i-v-mire/o-kompanii/informatsiya-o-mts).

## MTS INFORMATION CHANNELS



### About the Company

<https://moskva.mts.ru/about/informatsiya-o-mts/mts-v-rossii-i-v-mire/o-kompanii/informatsiya-o-mts>



### News about products and services of the Company

<https://moskva.mts.ru/about/media-centr/soobshheniya-kompanii/novosti-mts-v-rossii-i-mire/>



### Content on technology and innovations for MTS customers

<https://media.mts.ru/>



### Financial statements of MTS

<https://moskva.mts.ru/about/media-centr/soobshheniya-kompanii/finansovaya-otchetnost/>



### To investors and shareholders

<https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii>



### Sustainable development

<https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/novosti/>

# CONTACTS AND ADDITIONAL INFORMATION ABOUT MTS

## About the Company

### Full trade name of the Company:

- in Russian: Публичное акционерное общество «Мобильные ТелеСистемы»
- in English: Mobile TeleSystems Public Joint Stock Company

### Short trade name of the Company:

- in Russian: ПАО «МТС»
- in English: MTS PJSC

**Location of MTS PJSC:** 4 Marksistskaya St., Moscow, 109147, Russian Federation

Phone: +7 (495) 911 6555

Fax: +7 (495) 911 6569

**Correspondence address of MTS PJSC:** bldg 2, 5 Vorontsovskaya St., 109147, Moscow, Russian Federation

**Email:** [info@mts.ru](mailto:info@mts.ru)

**Website:** <http://www.mts.ru>

## Information on the Shareholder and Investor Relations Department

### Location of Shareholder and Investor Relations Department

bldg 2, 5 Vorontsovskaya St., 109147, Moscow, Russian Federation

### Shareholder Relations Department

Corporate Governance Development of MTS PJSC:

Maxim Kalinin (Director for Corporate Governance)

Phone: +7 (495) 911 6555

Fax: +7 (495) 911 6569

Email: [shareholder@mts.ru](mailto:shareholder@mts.ru)

### Investor Relations Department

Functional Group for Investor Relations of MTS PJSC

Polina Ugryumova (Director of Investor Relations)

Phone: +7 (495) 223 2025

Email: [ir@mts.ru](mailto:ir@mts.ru)

## Auditor

### Deloitte & Touche CIS Joint Stock Company

Address: 5 Lesnaya St., Moscow, 125047, Russian Federation

Phone: 7 (495) 787 0600

Fax: +7(495) 787 0601

Website: <http://www.deloitte.com>

## Registrar

### Reestr Joint Stock Company

Address: 1/20 Bolshoi Balkansky Lane, 129090, Moscow

Phone: +7 (495) 617 0101

Email: [reestr@aoreestr.ru](mailto:reestr@aoreestr.ru)

Website: [www.aoreestr.ru](http://www.aoreestr.ru)

## Depository

### Non-Bank Credit Organization Closed Joint Stock Company

National Settlement Depository

Address: 12 Spartakovskaya St., 105066, Moscow

Multichannel phone: +7 (495) 234 4827

Email: [info@nsd.ru](mailto:info@nsd.ru)

Website: <http://www.nsd.ru>

# FEEDBACK

## **Dear Reader,**

We have presented for your attention the 2021 Annual Report of MTS PJSC.

It is important for us to keep the most transparent and honest dialogue with all stakeholders.

Your feedback and suggestions will help us improve the quality of future reports, their level of information and relevance.

Please send us your questions and comments to the Report:

- > by e-mail at: [shareholder@mts.ru](mailto:shareholder@mts.ru)
- > or by mail at: MTS PJSC, bldg 2, 5 Vorontsovskaya St., 109147, Moscow.

**Thank you for your feedback!**



