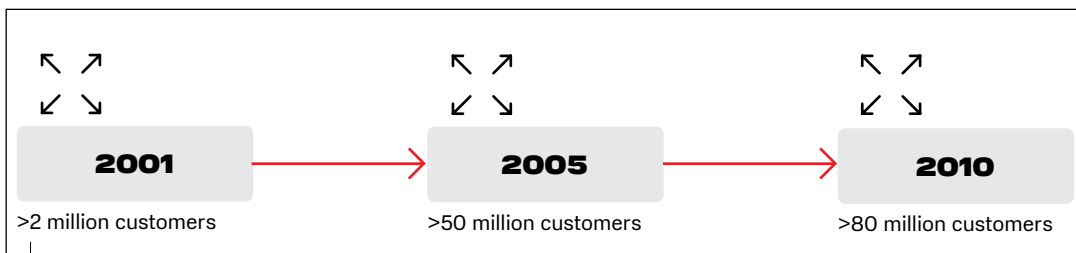
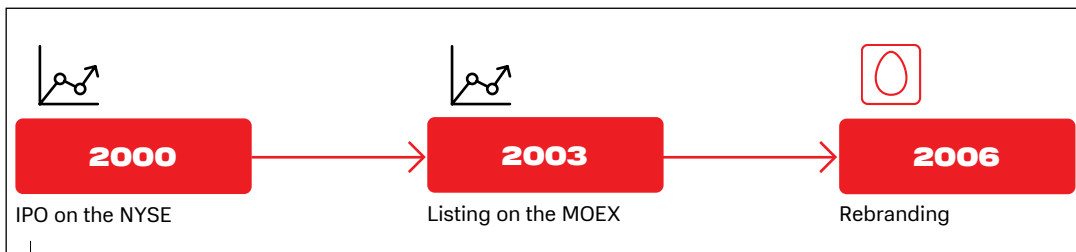
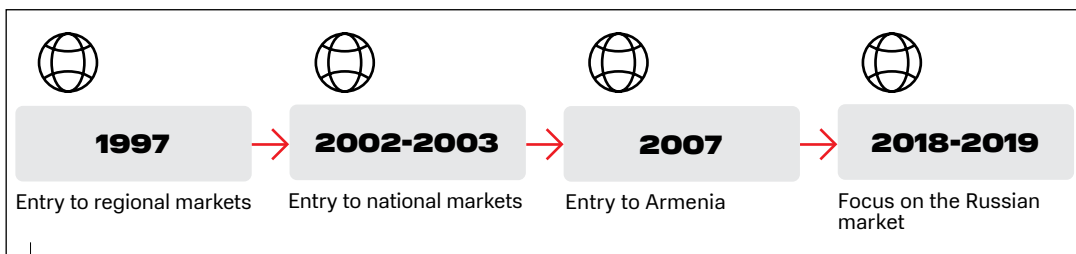
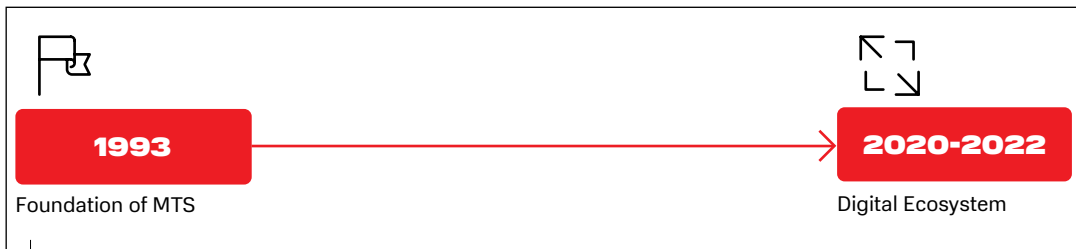


## ANNEX 1. HISTORY OF THE COMPANY

2020 MTS entered TOP-5 Russian companies, the leaders in the area of sustainable growth (ESG), and took the lead in the rating among companies of the IT and telecom industry



## ANNEX 2. ESSENTIAL AFFILIATES OF MTS PJSC<sup>1</sup>

### 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 affiliate, %: 100

Primary business: sales of MTS PJSC services

Sole executive body:

Sergey Sergeevich Belyakov

Official website: <https://shop.mts.ru>



<https://shop.mts.ru>

### MTS BANK PUBLIC JOINT-STOCK COMPANY

Location: 18, Andropov Prospect, building 1, 115432 Moscow, Russia

The share of MTS PJSC in the authorized capital of the affiliate (indirect participation through the subsidiary Mobile TeleSystems B.V. and MGTS PJSC), %: 99.8

Primary business: banking operations

Sole executive body: Ilya Valentinovich Filatov

Official website: <https://www.mtsbank.ru/>



<https://www.mtsbank.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 affiliate, %: 99.159

The share of the affiliate in the authorized capital of MTS PJSC, %: 0.38

Primary business: provision of fixed-line communication services in the territory of Moscow

Sole executive body: Vladislav Alexandrovich Medvedev

Official website: <https://mgts.ru>



<https://mgts.ru>

### DATA ON CHANGED DEGREE OF CONTROL OVER A CONTROLLED LEGAL ENTITY OF SUBSTANTIAL VALUE FOR THE COMPANY

There were no changes during the reporting period.

#### Information on Major Transactions of Controlled Entities

During the reporting period, no major transactions were made by RTC JSC.

Information on major transactions is contained in Annex 3 hereof.

Information is available on MTS PJSC corporate website at: Annual statements – Moscow ([mts.ru](https://mts.ru)).



[mts.ru](https://mts.ru)

<sup>1</sup> As of December 31, 2020.

### **ANNEX 3. LIST OF MAJOR TRANSACTIONS AND TRANSACTIONS OF INTEREST CLOSED BY MTS PJSC IN 2020**

In 2020, MTS PJSC did not approve (close) transactions, which are recognized in accordance with the Federal Law “On Joint Stock Companies” as major transactions, and also other transactions, the closing of which is covered by the procedure of major transactions approval according to the Charter of the Company.

The list of transactions closed by MTS PJSC in 2020 and recognized in accordance with the Federal Law “On Joint Stock Companies” as transactions of interest, the need to approve which by the authorized management body of the joint stock company is specified by chapter XI of the Federal Law “On Joint Stock Companies”. Information is available on MTS corporate website at: Annual statements – Moscow (mts.ru)



mts.ru

### **ANNEX 4. REPORT ON FULFILMENT OF THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE**

Hereby the Board of Directors of MTS PJSC represents that the principles of corporate governance recorded 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 MTS PJSC was considered by the Board of Directors of MTS PJSC at the meeting on May 20, 2021, meeting minutes No. 313.



The Board of Directors confirms that the data provided in this report contain full and valid information on compliance of the company with the principles and recommendations of the Corporate Governance Code for 2020, 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 PRACTICE OF CORPORATE GOVERNANCE IN THE COMPANY**

The system (model) of corporate governance of MTS PJSC was built on the basis of the norms of the existing legislation 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

<sup>1</sup> The reporting year is 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 moment of reporting year completion and to the date of making this report, the date of making this report is specified.

and practice is provided in the section “Corporate Governance” of the Annual Report of MTS PJSC.

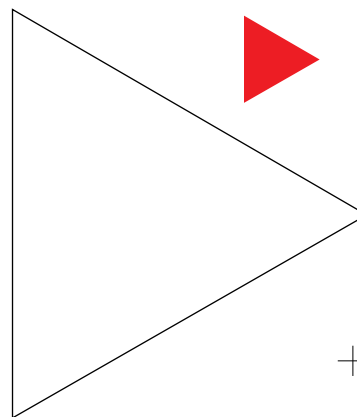
**DESCRIPTION OF THE METHODOLOGY,  
WHICH THE JOINT STOCK COMPANY  
USED TO ASSESS COMPLIANCE  
WITH PRINCIPLES OF CORPORATE  
GOVERNANCE RECORDED  
BY THE CORPORATE GOVERNANCE  
CODE**

Assessment of compliance with corporate governance principles recorded in the Code is implemented by the method of analysis and comparison of internal standards and procedures with recommendations of the Code.

**PLANNED (SUGGESTED) ACTIONS  
AND MEASURES OF THE JOINT STOCK  
COMPANY TO IMPROVE AND MODEL  
AND PRACTICE OF CORPORATE  
GOVERNANCE**

In 2021, MTS plans to focus on tracking and analyzing new international practices and trends in the field of corporate governance, as well as introducing practices that will help to increase the level of corporate governance in the Company. Particularly for these purposes, the Board of Directors of MTS PJSC adopted the resolution as of March 18, 2021 (minutes No. 310) on the transformation of the Corporate Governance Committee of MTS PJSC Board of Directors into the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of MTS PJSC Board of Directors.

Detailed data 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 Application.



## REPORT ON IMPEMENTATION OF 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 at MTS PJSC was considered by the Board of Directors of MTS PJSC at the meeting on May 20, 2021, Minutes No. 313.

The Board of Directors confirms 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 2020, 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 practice of corporate governance at the Company

The system (model) of corporate governance of MTS PJSC 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 practice 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 recommendations of the Code.

Planned (suggested) actions and measures of the joint stock company to improve the corporate governance model and practice

In 2021, MTS plans to focus on tracking and analyzing 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 MTS PJSC Board of Directors.

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. 50-FZ of March 18, 2020, all General Meetings of Shareholders of MTS PJSC were held in the form of absentee voting in 2020.

<sup>1</sup> The reporting year is 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 making this report, the date of making this report is 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

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
<b>1.1</b>	<b>The company shall ensure an equal and fair attitude towards all shareholders who exercise their right for participation in governance of the Company</b>			
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 offer their opinion on the issues considered.	<b>complied with</b> 1. The internal document of the Company approved by the general meeting of shareholders that regulates the procedures of holding a general meeting is openly available. 2. The Company provides the accessible method of communication with the Company, such as a "hot line", e-mail or forum in the Internet, making it possible for the shareholders to speak their opinion and send questions with respect to the agenda in the process of preparation for a general meeting. The specified actions were undertaken by the Company before every general meeting held during the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1.1.2	The procedure for 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.	<b>complied with</b> 1. The notice on holding a general meeting of shareholders is placed (published) on the website in the Internet at least 30 days before the date of the general meeting. 2. The notice on holding a general meeting specifies the venue of the meeting and documents required to be admitted into the venue. 3. Shareholders were provided with access to information on those who proposed agenda items and candidates for the Board of Directors and the Audit Commission of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

<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

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<p><b>complied with</b></p> <p>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 before and during the annual general meeting.</p> <p>2. The opinion of members of the Board of Directors (including special opinions 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 of shareholders</p> <p>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.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	
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><b>complied with</b></p> <p>1. In the reporting period, the shareholders were able to make proposals for inclusion into the agenda of the annual general meeting within at least 60 days upon completion of the relevant 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>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	
1.1.5	All shareholders were able to freely exercise their voting right in the way that was most simple and convenient for them	<p><b>complied with</b></p> <p>1. The internal document (internal policy) of the Company contains provisions, in accordance with which, before the end of the relevant meeting, each participant in a general meeting may request a copy of filled-out bulletin certified by the counting board.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<b>complied with</b> 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. 2. Nominees to the Company's management and control bodies were available to answer questions of shareholders at the meeting, where such nominations were put to vote. 3. When making decisions related to preparation and holding of general meetings of shareholders, the Board of Directors considered the question of using telecommunications facilities for provision of remote access to shareholders for participation in the general meetings in the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
<b>1.2</b>	<b>Shareholders were provided an equal and fair opportunity to participate in the profit of the Company by receiving dividends</b>			
1.2.1	The Company developed and introduced a transparent and clear mechanism for determination of the dividend amount and their payment	<b>complied with</b> 1. The Company's dividend policy was developed, approved by the Board of Directors and disclosed. 2. If the dividend policy of the Company 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 statements	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

<sup>1</sup> [http://static.mts.ru/uploadmsk/contents/1656/Statute\\_on\\_MTS\\_Dividends\\_Policy\\_2016\\_rus.pdf](http://static.mts.ru/uploadmsk/contents/1656/Statute_on_MTS_Dividends_Policy_2016_rus.pdf)



No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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 about the Company's business	<p><b>partially complied with</b></p> <p>1. The dividend policy of the Company includes clear references to financial/economic circumstances, when the Company should not pay dividends.</p>	<p>○ complied with</p> <p>⊕ partially complied with</p> <p>○ not complied with</p>	<p>1. The Company's dividend policy<sup>1</sup> does not contain clear indications of financial/economic circumstances under which the Company should not pay dividends, but includes 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. Stable dividends are an important element of the Company's investment appeal.</p> <p>In 2014, the MTS "3D" strategy was introduced, according to which the payment of dividends is one of its key elements.</p> <p>We do not rule out paying dividends out of retained income of previous years, and therefore do 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.</p> <p>In accordance with the Dividend Policy, the Board of Directors of the Company takes 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 takes 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.</p> <p>The Company does not make a decision on payment of dividends, if such a decision 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 provide a balanced approach and mitigate risks associated with not fully implementing the recommendation.</p> <p>At one of the meetings of the Corporate Governance Committee under 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. While, in our opinion, the Company complies with the Code's basic principle.</p> <p>At a meeting of the Corporate Governance Committee under the Board of Directors of MTS PJSC (Minutes No. 47 dated December 11, 2020), it was noted that in the next review of the Dividend Policy, which is likely to take place in 2022, MTS PJSC plans to consider an opportunity of separately referencing in the Dividend Policy to the fact that the Board of Directors takes into account the consolidated financial statements when determining the amount of dividends.</p>
1.2.3	The Company does not allow a deterioration of the dividend rights of the existing shareholders	<p><b>complied with</b></p> <p>1. In the reporting period, the Company did not commit any actions resulting in deterioration of the dividend rights of existing shareholders</p>	<p>⊕ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

<sup>1</sup> [http://static.mts.ru/uploadmsk/contents/1656/Statute\\_on\\_MTS\\_Dividends\\_Policy\\_2016\\_rus.pdf](http://static.mts.ru/uploadmsk/contents/1656/Statute_on_MTS_Dividends_Policy_2016_rus.pdf)

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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	<p><b>complied with</b></p> <p>1. In order to exclude other methods of gaining profit (income) by the shareholders at the expense of the Company, apart from dividends and liquidation value, the internal documents of the Company establish controls, which provide for timely detection and procedure for approval of transactions with persons affiliated with (related to) major shareholders (persons entitled to dispose of voting rights of voting shares), in those cases, when the law does not formally recognize such transactions as related-party transactions</p>	<p>⊕ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>1.3</b>	<b>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</b>			
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	<p><b>complied with</b></p> <p>1. Within the reporting period, the procedures for management of potential conflicts of interest involving major shareholders were effective, and the Board of Directors paid proper attention to conflicts between shareholders, if any</p>	<p>⊕ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
1.3.2	The Company does not undertake actions that result or may result in the factitious redistribution of corporate control	<p><b>complied with</b></p> <p>1. Quasi-treasury shares are absent or did not participate in voting during the reporting period</p>	<p>⊕ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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	<b>complied with</b>		
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 quality and reliability of activities carried out by the Company's registrar to keep the register of securities' owners comply with the needs of the Company and its shareholders	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
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 executive bodies of the Company, and implements other key functions	<b>complied with</b>		
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 elaboration of the agreement terms in respect to the members of the executive bodies. 2. The Board of Directors considered the report (reports) of the sole executive body and members of the collective executive body on achievement of the Company's strategic goals	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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.	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		2. The Board of Directors assessed the Company's risk management and internal control system during the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<p><b>complied with</b></p> <p>1. The Company developed and introduced the policy (policies) approved by the Board of Directors for remuneration and recovery of costs (compensations) to members of the Board of Directors, executive bodies of the Company and other key executives of the Company.</p> <p>2. During the reporting period, at the meetings of the Board of Directors, issues related to the specified policy (policies) were considered.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	
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.	<p><b>complied with</b></p> <p>1. The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts.</p> <p>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.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	
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.	<p><b>complied with</b></p> <p>1. The Board of Directors approved the Regulations on Information Policy.</p> <p>2. There are persons defined as those responsible for implementation of the Information Policy at the Company.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	
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.	<p><b>complied with</b></p> <p>1. During the reporting period, the Board of Directors considered the issue on the Company's corporate governance practices.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p>	
<b>2.2.</b>	<b>The Board of Directors reports to all shareholders of the Company.</b>			
2.2.1	Information on the activity of the Board of Directors is disclosed and provided to the shareholders.	<p><b>complied with</b></p> <p>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 certain directors.</p> <p>2. The Annual Report contains information on the main results of assessment of the activities of the Board of Directors carried out in the reporting period.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p> <p>⊕ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.2.2	The Chairman of the Board of Directors is available for communication with the Company's shareholders.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
<b>2.3.</b>	<b>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.</b>			
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.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
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.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<p>complied with</p> <p>1. Within the procedure for assessing the work of the Board of Directors performed in the reporting period, the Board of Directors analyzed its needs in the field of professional qualification, experience and business skills.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.3.4	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>complied with</p> <p>1. Within the procedure for assessing the Board of Directors conducted 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>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>2.4 The Board of Directors includes a sufficient number of independent directors.</b>				
2.4.1	An independent director is a person with sufficient level of proficiency, experience and independence in order to have his/her own opinion, capable of producing objective and fair judgments independently from the executive bodies of the Company, individual groups of shareholders or other stakeholders. At the same time, it should be taken into account that, under regular conditions, a candidate (elected member of the Board of Directors) 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>complied with</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>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.4.2	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><b>complied with</b></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 independence of the existing members of the Board of Directors, whom the Company specified as independent directors in the Annual Report.</p> <p>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.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.4.3	Independent directors make up at least one third of the elected composition of the Board of Directors.	<p><b>complied with</b></p> <p>1. Independent directors make up at least one third of the composition of the Board of Directors.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.4.4	Independent directors play a key role in preventing internal conflicts at the Company and making major corporate actions by the Company.	<p><b>complied with</b></p> <p>1. Independent directors (with no conflict of interest) preliminarily assess the major corporate actions related to a potential conflict of interest, and the results of this assessment are provided to the Board of Directors.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>2.5</b>	<b>The Chairman of the Board of Directors contributes to the most efficient performance of functions imposed upon the Board of Directors.</b>			
2.5.1	The Chairman of the Board of Directors is an independent director; or a senior independent director is chosen from the elected independent directors, who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors.	partially complied with 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> .	○ complied with ○ partially complied with ⊖ not complied with	<p>1.The Chairman of the Board of Directors is not an independent director; a senior independent director has not been defined. Non-executive director F.V. Yevtushenkov was elected Chairman of the Board of Directors of MTS by unanimous decision of the MTS Board of Directors on June 25, 2020. The members of the MTS Board of Directors decided that the nomination of F.V. Yevtushenkov was 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.</p> <p>The current Chairman of the Board of Directors of MTS has an impeccable business and personal reputation, an extensive experience in senior management positions within various business areas and there is no doubt about his honesty, integrity and commitment to the interests of MTS. The Chairman of the Board of Directors ensures a constructive atmosphere for holding meetings and free discussion of the issues included in the meeting agenda.</p> <p>MTS regularly (annually) conducts a benchmarking analysis of the Company's corporate governance practices as compared with other public companies. The benchmarking analysis is reviewed by the Corporate Governance Committee under the Board of Directors of MTS (since 2021, the Corporate Governance, Environmental and Social Responsibility Committee) 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 analyzed and the practicability of their implementation is assessed. This non-respected recommendation was considered at all recent meetings, including at the last one held on December 11, 2020: the directors did not consider its implementation practicable.</p> <p>Previously, we came to the conclusion that the level of corporate governance achieved by the Company and the constructive discussion environment created by Mr. Ron Sommer, the previous Chairman of the Board of Directors of MTS, did not require implementation of this recommendation of the Code. In 2020, the Company's position remained unchanged despite the renewal of the MTS Board of Directors: with joint participation of Ron Sommer and Felix Vladimirovich Yevtushenkov, a number of actions were implemented that ensured continuity, when the Chairman of the Board of Directors of MTS changed. The Company has not adhered to this recommendation since the date of approval of the Code, and it does not intend to only achieve formal compliance with it. At the same time, the Board of Directors returns annually to review of non-respected recommendations of the Code.</p> <p>Perhaps, including a sufficient number of professional independent directors on the MTS Board of Directors is more important than electing an independent director as the Chairman of the Board of Directors. The election of a sufficient number of independent directors to the Board of Directors can be seen as a tool to mitigate potential risks of failure to comply with the Code's recommendation being considered.</p>

<sup>1</sup> Please specify, which of the two alternative approaches permitted by the principle is introduced at the Company, and explain the reasons for the chosen approach.



No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
				<p>For this reason, there is a strong independent block of directors within the Board of Directors of MTS: for the last 5 years, 4 positions out of 9 are occupied by independent directors, and since 2020, independent directors hold 6 out of 9 positions (i.e. make up the majority). The Board of Directors is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members. Independent directors actively participate in the work of the Board of Directors and directly cooperate with the Chairman of the Board of Directors. During the meetings, open discussion on all agenda items is maintained; the discussion is of insightful nature; management initiatives for introduction of new corporate governance practices are supported by the Chairman and further implemented by the Company on a practical level.</p> <p>The Code's recommendations to appoint an independent director as the Chairman of the Board of Directors, to include a sufficient number of independent directors on the Board of Directors and to appoint independent directors as chairmen of the committees, as it seems to us, are ultimately aimed at ensuring the effective work of the Board of Directors.</p> <p>Being aware of the priority of the effective work of the Board of Directors over formal implementation of the Code, we also use additional tools to ensure the effectiveness of the Board of Directors of MTS. For example, we conduct an annual assessment of the Board of Directors (in 2020, an external assessment of performance of the Board of Directors of MTS was conducted). Taking into account the aforementioned factors as a whole, with the current composition of the Board of Directors of MTS, we find it impracticable to select and appoint an alternative chairman, even formally meeting all the criteria of independence. In 2021, the Company will return to this non-respected recommendation of the Code after reviewing the results of an annual assessment of the Board of Directors of MTS and the results of an annual benchmarking analysis of the corporate governance practices of MTS.</p> <p>The availability of a strong professional Chairman of the Board of Directors and effective organization of the work of the MTS Board of Directors, makes it formal for MTS to follow the recommendation of the Code on appointment of a senior independent director. When implementing the recommendations of the Code, we follow the principle that each recommendation of the Code shall be evaluated for its usefulness and applicability to the corporate governance system of a specific company. In 2018–2020, we thoroughly studied the available international experience of senior independent directors working on boards of foreign companies, discussed it within the Corporate Governance Committee and came to the conclusion that there was no benefit in adhering to this recommendation for MTS (taking into account the current composition of the Board of Directors of the Company and the available work practices). In particular, 6 out of 9 directors of the Company are independent. Currently, chairmen of 5 out of 6 committees under the Board of Directors of MTS are independent directors.</p>

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
				<p>There is good communication within the company, including between independent directors (thanks to long-term tenure on the Board of Directors of MTS, as well as to the existing succession system); and furthermore, there is a non-dictatorial and open culture of interaction, including with the Company's management and key shareholders. Thus, MTS has no objective need for additional coordination of the independent directors by the senior independent director. Therefore, today we do not see real scope of functions of the senior independent director; however, we do not rule out the fact that in the future their appointment may be necessary in case of any changes to the Board of Directors (quantity, composition). With account of the above, absence of the independent director status with the Chairman of the Board of Directors, and also of the appointed senior independent director does not entail additional risks for the Company and its stakeholders.</p>
		<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</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.5.2	<p>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.</p>	<p>1. Efficiency of work of the Chairman of the Board of Directors is assessed within the procedure for assessing performance of the Board of Directors in the reporting period.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.5.3	<p>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.</p>	<p><b>complied with</b></p> <p>1. The obligation of the Chairman of the Board of Directors to take actions for ensuring timely provision of materials 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.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>2.6</b>	<b>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.</b>	<b>complied with</b>		
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 under the Board of Directors, prior to discussion of the relevant agenda item.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		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.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		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.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
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.	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		1. There is an internal document accepted and published by the Company, which defines the rights and obligations of the members of the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.6.3	The members of the Board of Directors have sufficient time to perform their obligations.	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		1. Individual attendance of the meetings of the Board and the committees, as well as time allocated for preparation to participate in the meetings was taken into account within the procedure to assess the Board of Directors, in the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		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.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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><b>complied with</b></p> <p>1. In accordance with the internal documents of the Company, the members of the Board of Directors are entitled to access the documents and make queries related to the Company and its subsidiaries, and executive bodies of the Company shall provide the relevant information and documents.</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>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>2.7</b>	<b>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.</b>	<b>complied with</b>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
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><b>complied with</b></p> <p>1. The Board of Directors held at least six meetings in the reporting period.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ 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><b>complied with</b></p> <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 5 days prior to the meeting date.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.7.3	The form of holding a meeting of the Board of Directors is determined with consideration for the importance of the agenda items. Most important issues are resolved at the meetings held with physical presence.	<p><b>complied with</b></p> <p>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.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.74	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.	<p>partially complied with</p> <p>1. The Charter of the Company contemplates that the decisions on the most important issues 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.</p>	<p>○ complied with</p> <p>⊕ partially complied with</p> <p>○ not complied with</p>	<p>1. 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 (1/2) 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 Directors.</p> <p>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.</p> <p>After approval of the Code, the issue on implementation of the recommendation was considered by members of the Corporate Governance Committee under 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.</p> <p>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>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>

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>2.8</b>	<b>The Board of Directors sets up the committees for preliminary consideration of the most important issues of the Company's business.</b>			
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><b>complied with</b></p> <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>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ 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><b>complied with</b></p> <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 objectives of the Remuneration Committee, including those contained in Recommendation 180 of the Code.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

<sup>1</sup> If objectives of the Nomination Committee are implemented within another committee, specify its name

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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 Committee (for appointments, HR) has been established, the majority of the members of which are independent directors.	<p><b>partially complied with</b></p> <p>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> <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>⊕ complied with ○ partially complied with ○ not complied with</p> <p>○ complied with ⊕ partially complied with ○ not complied with</p>	<p>1. Tasks specified in Recommendation 186 of the Code are imposed upon the Remuneration and Nomination Committee.</p> <p>2. Activities of the Remuneration and Nomination Committee 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.</p> <p>The objective to describe individual duties of directors and the Chairman of the Board of Directors was not included into the list of functions of the Remuneration and Nomination Committee for the two main reasons:</p> <ul style="list-style-type: none"> <li>- main duties of the 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;</li> <li>- the composition of the Board of Directors is stable enough.</li> </ul> <p>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 would be of exclusively formal nature and would not be a catalyst for increased efficiency of the Board of Directors' work.</p> <p>The risks related to partial compliance with this recommendation are levelled out by introduction at the Company of an onboarding 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.</p> <p>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. The Company does not plan to include this objective into the functions of the Remuneration and Nomination Committee. In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part.</p>

<sup>1</sup> If objectives of the Nomination Committee are implemented within a different committee, please specify its name.

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.8.4	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><b>complied with</b></p> <p>1. In the reporting period, the Board of Directors of the Company considered the issue on compliance of the composition of its committees with the objectives of the Board of Directors and the objectives of the Company's business. Additional committees were either formed or were not recognized necessary.</p>	<p>⊕ complied with ○ partially complied with ○ not complied with</p>	<p>1. As of January 01, 2020, the following committees were formed under the Board of Directors <sup>1</sup>:</p> <ul style="list-style-type: none"> <li>- Audit Committee;</li> <li>- Remuneration and Nomination Committee;</li> <li>- Strategy Committee;</li> <li>- Budget Committee;</li> <li>- Corporate Governance Committee;</li> <li>- Special Committee on Compliance.</li> </ul> <p>The Budget Committee was liquidated by resolution of the Board of Directors dated April 9, 2020 (Minutes No. 296). The functions of the Budget Committee have been transferred to the Strategy Committee.</p> <p>At the meeting on June 25, 2020, the Board of Directors considered the issue on compliance of the composition of its committees with the objectives of the Board of Directors and the objectives of the Company's business. Established committees continued their work.</p> <p>On December 17, 2020, by decision of the Board of Directors, a Special Committee was established for the project to unite the personnel of MTS PJSC in the integrated office space in Moscow.</p>

<sup>1</sup> Please specify the list of the additional committees established.



No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.8.5	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><b>complied with</b></p> <p>1. The Committees under the Board of Directors are headed by independent directors.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	<p>As of the date of publication of this report, MTS PJSC has six committees under the Board of Directors (see clause 2.8.4). Five committees are headed by independent directors, while the Strategy Committee is chaired by F.V. Yevtushenkov, who is not an independent director.</p> <p>F.V. Yevtushenkov was elected Chairman of the Strategy Committee on June 25, 2020. The members of the Board of Directors of MTS decided that F.V. Yevtushenkov was the best candidate to perform the duties of the Chairman of the Strategy Committee. F.V. Yevtushenkov has an extensive experience in holding senior management positions and participating in the development and implementation of strategies within various business areas, and there is no doubt about his honesty, integrity and commitment to the interests of MTS.</p> <p>Having analyzed this recommendation of the Corporate Governance Code, we have concluded that the high level of development of the corporate governance system and the established practice of high-quality and constructive discussions in the Strategy Committee do not require implementation of this recommendation of the Code. The results of the external assessment of the Board of Directors conducted in 2020 demonstrate the validity of this approach: the members of the Board of Directors highly appreciate the work of the Strategy Committee, as well as the efforts undertaken by F.V. Yevtushenkov to make the Committee's discussions more active and vivid. Although the Company does not aim to only achieve formal compliance with the recommendation, the Board of Directors returns annually to review non-respected recommendations of the Code.</p> <p>In order to mitigate the risks of failure to comply with this recommendation, the Company listens carefully to the opinions of the members of the Strategy Committee and collects feedback on the quality of its work and organization of discussions, including as part of assessment of the Board of Directors, and seeks to ensure that independent directors are included in the composition of the Committee.</p> <p>In 2021, the Company will return to this non-respected recommendation of the Code after reviewing the results of an annual assessment of the Board of Directors of MTS and the results of an annual benchmarking analysis of the corporate governance practices of MTS.]</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 and Remuneration Committee may only visit the meetings of the committees upon the invitation of the Chairman of the relevant committee.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.8.6	Chairmen of the committees regularly inform the Board of Directors and its Chairman on the work of their committees.	<p><b>complied with</b></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>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>2.9</b>	<b>The Board of Directors provides for the assessment of the quality of the Board of Directors' work, its committees and members.</b>			
2.9.1	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.	<b>complied with</b> 1. Self-assessment or external assessment of the work of the Board of Directors performed in the reporting period included assessment of the work of committees, individual members of the Board of Directors and the Board of Directors in general. 2. Results of self-assessment or external assessment of the Board of Directors performed during the reporting period were considered at the in-person meeting of the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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.	<b>partially complied with</b> 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 type="radio"/> complied with <input checked="" type="radio"/> partially complied with <input type="radio"/> not complied with	
<b>3.1</b>	<b>The Corporate Secretary of the Company performs 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.</b>			
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.	<b>complied with</b> 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. 2. On the Company's website in the Internet and in the Annual Report, there is biographic information available on the Corporate Secretary, with the same level of detail as for the members of the Board of Directors and executive management of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
3.1.2	The Corporate Secretary has sufficient independence of the executive bodies of the Company and has the necessary powers and resources to perform their objectives.	<b>complied with</b> 1. The Board of Directors approves appointment, dismissal of and additional remuneration to the Corporate Secretary.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>4.1</b>	<b>The level of remuneration paid by the Company is sufficient to engage, motivate and retain people who 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 accepted at the Company.</b>	<b>complied with</b>		
4.1.1	The level of remuneration paid by the Company to members of the Board of Directors, executive bodies and other key executives 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. There is an internal document (documents) accepted at the Company – a policy (policies) on remuneration paid to members of the Board of Directors, executive bodies and other key executives, which clearly defines the approaches towards the remuneration paid to the specified persons.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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 and implementation of the Remuneration Policy at the Company – and reviews and amends it as necessary.	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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.	<b>complied with</b>	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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 executives of the Company may claim for. Such a policy may be part of the Company's Remuneration Policy.	<b>complied with</b> 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="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
<b>4.2</b>	<b>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.</b>			
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. The Company does not use any forms of short-term motivation or additional financial incentives in respect to members of the Board of Directors.	<b>complied with</b> 1. Fixed annual remuneration was the only monetary form of remuneration paid to members of the Board of Directors for their work on the Board of Directors during the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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 members of the Board of Directors do not participate in option programs.	<b>complied with</b> 1. If the internal document (documents) – Remuneration Policy (policies) of the Company – 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="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<p><b>complied with</b></p> <p>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.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
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><b>complied with</b></p> <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 uses an effective ratio of the fixed part of remuneration and the variable part of remuneration.</p> <p>3. The Company has the procedure for returning to the Company of bonus payments, which were illegally received by members of executive bodies and other key executives of the Company.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <hr/> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <hr/> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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).	<p><b>complied with</b></p> <p>1. 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 (financial instruments based on the Company's shares).</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
		<p>2. The program for long-term motivation of members of executive bodies and other key executives of the Company contemplates that the right to sell shares and other financial instruments used in such a program 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.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
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.	<p><b>complied with</b></p> <p>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.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>5.1</b>	<b>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.</b>	<p><b>complied with</b></p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
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.	<p>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.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	<b>complied with</b> 1. Executive bodies of the Company provided for distribution of functions and powers in respect to risk management and internal control between the managers (heads) of the subdivisions and departments subordinated to them.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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.	<b>complied with</b> 1. There is an approved anti-corruption policy at the Company.  2. There is an available method at the Company for informing the Board of Directors or the Audit Committee under the Board of Directors about the facts of breaching of the law, internal procedures, or the Company's Code of Ethics.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with  <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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.	<b>complied with</b> 1. During the reporting period, the Board of Directors or the Audit Committee under the Board of Directors assessed the efficiency of the risk management and internal control system in place at the Company. Information on the main results of such an assessment is included into the Annual Report of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
<b>5.2</b>	<b>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.</b>			
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 accountabilitys of the internal audit subdivision are separated. The internal audit subdivision is functionally accountable to the Board of Directors.	<b>complied with</b> 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 the Audit Committee, or an independent third party entity with the same principle of accountability has been engaged.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
5.2.2	The internal audit subdivision assesses the efficiency of the internal control system, the efficiency of the risk management system, and also the corporate governance system. The Company applies the generally accepted standards of activities in the field of internal audit.	<p><b>complied with</b></p> <p>1. During the reporting period, the efficiency of the internal control and risk management system was assessed as part of an internal audit.</p> <p>2. The Company applies generally accepted approaches to internal control and risk management.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>6.1</b>	<b>The Company and its activities are transparent for the shareholders, investors and other stakeholders.</b>			
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><b>complied with</b></p> <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. The Board of Directors (or one of its committees) considered the issues related to the Company's compliance with its Information Policy at least once in the reporting period.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	



No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	partially complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	<p>The Company did not publish a memorandum of the controlling entity in respect to its plans as regards the Company in connection with the fact that such a memorandum was not adopted by the controlling entity.</p> <p>The controlling shareholder of the Company (Sistema PJSC, hereinafter also referred to as the "Corporation"), timely provides public access to information about all of its plans in respect to the Company by means of various information disclosure channels (annual report, notices of significant facts, press releases, etc.), being governed by the principles of protection of the confidential information and rights of the Company's shareholders.</p> <p>Besides, the Corporate Governance Code is available on the website of Sistema PJSC<sup>1</sup>.</p> <p>The Corporate Governance Code of Sistema PJSC declares the Corporation's aspiration to ensure compliance with regulations and requirements of the current legislation, as well as with the best corporate governance standards followed in practice by its subsidiaries and affiliates. Besides, the Code contains information on principles of building relations within Sistema PJSC Group of Companies. In accordance with the Code, the main objective proclaimed by the Corporation in respect to its subsidiaries and affiliates (portfolio companies) shall be assistance to their comprehensive development for the purposes of the growth of their value.</p> <p>Besides, when making managerial decisions, the Corporation takes into account interests of all shareholders, investors, main consumers of subsidiaries' products, as well as other stakeholders, including state authorities and employees of portfolio companies. In connection with the above, the use of an additional tool of information disclosure (a memorandum of the controlling entity) for disclosure of the public information is unreasonable. Risks of failure to comply with the recommendation are levelled out by the timely and high-quality disclosure of all material information of the Corporation.</p> <p>MTS has no information about plans of Sistema PJSC on acceptance of the aforementioned memorandum. If the controlling entity accepts the memorandum recommended by the Code, it will be published by the Company<sup>2</sup>.</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 under the Board of Directors (as defined by the Code).	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		3. If there is an entity that controls the Company, the Company publishes a memorandum of the controlling entity in respect to the plans of such an entity concerning the corporate governance at the Company.	<input type="radio"/> complied with <input checked="" type="radio"/> partially complied with <input type="radio"/> not complied with	

<sup>1</sup> [http://www.sistema.ru/fileadmin/user\\_upload/corporate\\_documents/kodeks\\_korporativnogo\\_upravljenija.pdf](http://www.sistema.ru/fileadmin/user_upload/corporate_documents/kodeks_korporativnogo_upravljenija.pdf)

<sup>2</sup> In connection with the fact that formal compliance with the recommendation of the Code depends on the controlling entity, and not on MTS PJSC, the Company has no information on whether failure to comply with the Code's provision is temporary and whether the controlling shareholder intends to comply with the Code in the future. At the same time, the Company will continue monitoring the compliance with this recommendation of the Code by Russian issuers and will initiate the consideration of the issue at the Corporate Governance Committee, if the practices change.

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
<b>6.2</b>	<b>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.</b>	<b>complied with</b>		
6.2.1	The Company discloses information in compliance with the principles of regularity, consistency and efficiency, as well as of availability, validity, completeness and comparability of data being disclosed.	<p>1. The Information Policy of the Company determines the approaches and criteria for definition of information capable of significantly influencing the assessment of the Company and value of its securities, as well as the procedures providing for timely disclosure of such information.</p> <p>2. If the Company's securities circulate in the foreign organized markets, substantial information is disclosed in the Russian Federation and in such markets synchronously and equivalently during the reporting period.</p> <p>3. If foreign shareholders own a substantial quantity of the Company's shares, then during the reporting year, information was disclosed not only in Russian, but also in one of the most common foreign languages.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
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.	<b>complied with</b>		
		<p>1. During the reporting period, the Company disclosed annual and semi-annual financial reporting prepared in accordance with the IFRS standards. The Annual Report of the Company for the reporting period includes annual financial statements made in accordance with the IFRS standards jointly with the auditor's conclusion.</p> <p>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.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
6.2.3	The Annual Report of the Company, being one of the most important tools for information exchange with the shareholders and other concerned parties, contains information that allows for evaluating the results of the Company's activities over the year.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
6.3	<b>The Company provides information and documents at the request of the shareholders in accordance with the principles of an equal and unhindered access.</b>			
6.3.1	The Company provides information and documents at the request of the shareholders in accordance with the principles of an equal and unhindered access.	partially complied with	<input type="radio"/> complied with <input checked="" type="radio"/> partially complied with <input type="radio"/> not complied with	<p>The Company's 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 Corporate Governance, Environmental and Social Responsibility Committee) under 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 analyzed 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>Therefore, as the Company does not aim to only achieve formal compliance with the recommendation, currently it does not seem practicable to include in the high-level document a procedure for providing specific information disclosed on the corporate website. At the same time, the Board of Directors returns annually to review of non-respected recommendations of the Code.</p>

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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><b>complied with</b></p> <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 warned about the confidential nature of the information and undertake to maintain its confidentiality.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
<b>71</b>	<b>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.</b>	<b>complied with</b>		
71.1	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 result in 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.	<p><b>complied with</b></p> <p>1. The Company's Charter defines a list of transactions or other actions, being major corporate actions, and criteria for their determination. Decision-making in respect to major corporate actions falls within the competence of the Board of Directors. 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.</p> <p>2. The Company's Charter includes at least the following actions, being the major corporate actions: reorganization of the Company, acquisition of 30 or more percent 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.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
71.2	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.	<b>complied with</b>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
71.3	When making major corporate actions, which affect the rights and legal 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 are taken to protect the rights and legal interest 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.	<p><b>complied with</b></p> <p>1. Taking into account specific features of the Company's activities, the Company's Charter provides for lower minimum criteria to classify the Company's transactions as the major corporate actions, as compared to those established by the law.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
		<p>2. During the reporting period, all major corporate actions were approved prior to their implementation.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
<b>7.2</b>	<b>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.</b>			
72.1	Information on major corporate actions undertaken is disclosed with explanation of reasons, conditions and effects of such actions.	<p><b>complied with</b></p> <p>1. During the reporting period, the Company disclosed information on its major corporate actions in a timely manner and in sufficient detail, including grounds and timeline for undertaking such actions.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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.	partially complied with	<ul style="list-style-type: none"> <li><input checked="" type="radio"/> complied with</li> <li><input type="radio"/> partially complied with</li> <li><input type="radio"/> not complied with</li> </ul>	
		1. The Company's internal documents provide for 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.	<ul style="list-style-type: none"> <li><input checked="" type="radio"/> complied with</li> <li><input type="radio"/> partially complied with</li> <li><input type="radio"/> not complied with</li> </ul>	
		2. The Company's internal documents provide for the procedure of engagement of an independent appraiser to evaluate the cost of purchase and redemption of the Company's shares.	<ul style="list-style-type: none"> <li><input checked="" type="radio"/> complied with</li> <li><input type="radio"/> partially complied with</li> <li><input type="radio"/> not complied with</li> </ul>	
		3. The Company's internal documents provide for an extended list of grounds, under which members of the Board of Directors of the Company and other persons specified by the law are recognized as interested in the Company's transactions.	<ul style="list-style-type: none"> <li><input type="radio"/> complied with</li> <li><input checked="" type="radio"/> partially complied with</li> <li><input type="radio"/> not complied with</li> </ul>	<p>The Company's internal documents do not provide for an extended list of grounds, under which members of the Board of Directors of the Company and other persons specified by the law are recognized as interested in the Company's transactions.</p> <p>The Russian legislation does not provide public companies with the possibility to extend the list of grounds for being recognized as interested in a company's transactions, as para. 1 of Article 81 of the Federal Law "On Joint-Stock Companies" gives an exhaustive list of grounds for being recognized as interested in a company's transactions, while para. 8 of Article 83 specifically contemplates the possibility to establish a special procedure for making interested-party transactions only for non-public companies. Therefore, being governed by the instructions of the law, the Company does not provide in its internal documents an extended list of grounds for recognizing a member of the Board of Directors as an interested party of the Company's transactions. However, striving to comply with this recommendation actually rather than formally, and to mitigate additional risks, the Company has established the following procedure in its internal documents: The Company has developed and approved, as an Annex to the Regulations on the Board of Directors, a Procedure for Resolution of a Conflict of Interest of Members of the Board of Directors, which includes, among other things, the obligation of a member of the Board of Directors to report a possible conflict of interest and, if any, to refrain from participating in the discussion and voting on the relevant issue (clauses 2.3.2, 2.3.4, 4.3.2 of the Regulations, Annex 1 to the Regulations). Thus, the Company has additional control procedures for transactions that are not considered related-party transactions under the Russian legislation but may include an element of interest, which indicates to partial implementation of the recommendation.</p> <p>The Company will continue monitoring changes in the Russian legislation, as well as corporate governance practices, in order to achieve the implementation of this recommendation to the fullest extent possible. If amendments are introduced to the legislation, allowing a public company to extend the list of grounds for being recognized as an interested party in a company's transactions, MTS PJSC will review the issue of extending the list of grounds for being recognized as an interested party.</p>

## ANNEX 5. ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF MTS PJSC AND SUBSIDIARIES FOR 2020

Information is available on MTS corporate website at:  
Annual statements – Moscow (mts.ru).



mts.ru

## ANNEX 6. CONTACTS AND ADDITIONAL INFORMATION ABOUT MTS

### Information 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., 109147 Moscow, Russian Federation  
 Tel.: +7 (495) 911 6555  
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 Correspondence address of MTS PJSC: 5 Vorontsovskaya St., building 2, 109147  
 Moscow, Russian Federation  
 E-mail: info@mts.ru  
 Website: http://www.mts.ru

### Information on the Shareholder and Investor Relations Department

Location of Shareholder and Investor Relations Department  
 5 Vorontsovskaya St., building 2, 109147 Moscow, Russian Federation  
 Shareholder relations department  
 Corporate Governance Development of MTS PJSC:

#### **Roman Safronov** (Director for Corporate Governance)

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Investor Relations Department  
 Investor Relations Department, MTS PJSC:

#### **Polina Ugryumova** (Director of the Department)

Phone: +7 (495) 223 2025  
 Email: ir@mts.ru



President of MTS PJSC \_\_\_\_\_ **V.K. Nikolaev**

Chief Accountant \_\_\_\_\_ **A.V.Dvoretiskikh**