

Following the trends in the financial market, we have provided our investors with more opportunities and a chance to choose from two services for e-voting at the AGMS: through the Registry-Online service ("Reestr" JSC) and E-voting (National Settlement Depository).

This was especially relevant during the pandemic, when shareholder meetings were held in absentia. The synergy of the companies' services enabled us to offer shareholders the maximum range of services, and also ensured security and confidentiality.

Trend of holding hybrid meetings of shareholders

We can expect a further strengthening of the role and spread of hybrid forms of shareholder meetings. This is facilitated by a variety of factors.

Factors contributing to more frequent use of hybrid forms of meetings

Global factors

- › Development of information technologies that allow people to communicate effectively and make joint decisions without being physically present all together in one venue.
- › This gives impetus to new forms of interaction between people in the area of business, culture and social life, teaches people to use remote forms of communication, and makes them a new norm of life.
- › The situation with COVID is a new factor that exponentially increases the global trend for remote forms of communication in all (or virtually all) spheres of life and the demand for improvement of information technologies.

Factors specific to MTS meetings of shareholders

- › Thousands (tens of thousands) of shareholders worldwide, it is not possible to ensure their joint attendance at the meeting.
- › The AGMS is not just a meeting, but an annual milestone event for investors, which requires a special format covering all shareholders, investors and stakeholders.

Results of the 2020 General Meetings of Shareholders

- › Extraordinary general meeting of shareholders of MTS JSC on February 4, 2010 — Report (mts.ru).
- › Annual general meeting of shareholders of MTS PJSC on June 14, 2020 — Report (mts.ru).
- › Extraordinary general meeting of shareholders of MTS PJSC on September 30, 2020 — Report (mts.ru).

Events after the reporting date

- › Extraordinary general meeting of shareholders of MTS PJSC on February 15, 2021 — Report (mts.ru).

BOARD OF DIRECTORS

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

The role of the Board of Directors increases dramatically at companies aimed at long-term successful development.

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

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

The primary goals of the Board of Directors include:

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

COMPOSITION OF THE BOARD OF DIRECTORS

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

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

The numerical composition of the Company's Board of Directors is permanent. The Board of Directors was elected at the annual General Meeting of Shareholders of MTS PJSC on June 24,

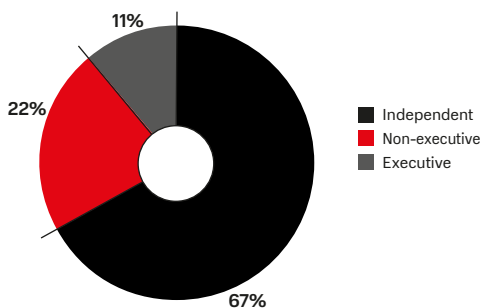
2020, and for the duration of 2020 it consisted of nine members. Such number of members of the Board of Directors makes it possible to form the composition, which is balanced from the point of view of professional qualification, experience and business skills of the members of the Board of Directors, and to provide high efficiency of work, and it fully meets the needs of the Company and the interests of its shareholders. Issues related to the needs of the Board of Directors in the area of professional qualification, background and business skills of the members of the Board of Directors, and also to the numerical composition, were considered within the framework of the procedure for assessing the Board of Directors' work (for more details, see section "Assessment of the Performance of the Board of Directors").

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

Boards of Directors' compositions effective in 2020

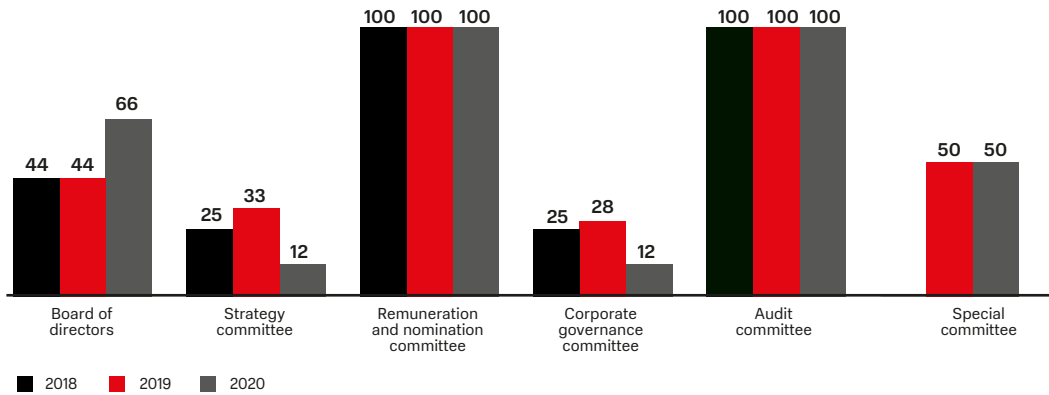
June 27, 2019 — June 24, 2020	June 24, 2020 — December 31, 2020
Felix Vladimirovich Yevtushenkov — Chairman of the Board of Directors	
Artyom Ivanovich Zassoursky — Non-Executive Director	
Aleksey Borisovich Katkov — Non-Executive Director	Shaygan Kheradpir — Independent Director
Aleksey Valerievich Kornya — Executive Director ¹	
Antonios Antonios Theodosiou — Independent Director	Nadia Shouraboura — Independent Director
Vsevolod Valerievich Rozanov — Non-Executive Director	Konstantin Lvovich Ernst — Independent Director
Regina Dagmar Benedicta von Flemming — Independent Director	
Thomas Holtrop — Independent Director	
Valentin Borisovich Yumashev — Independent Director	

Composition of the Board of Directors as of December 31, 2020

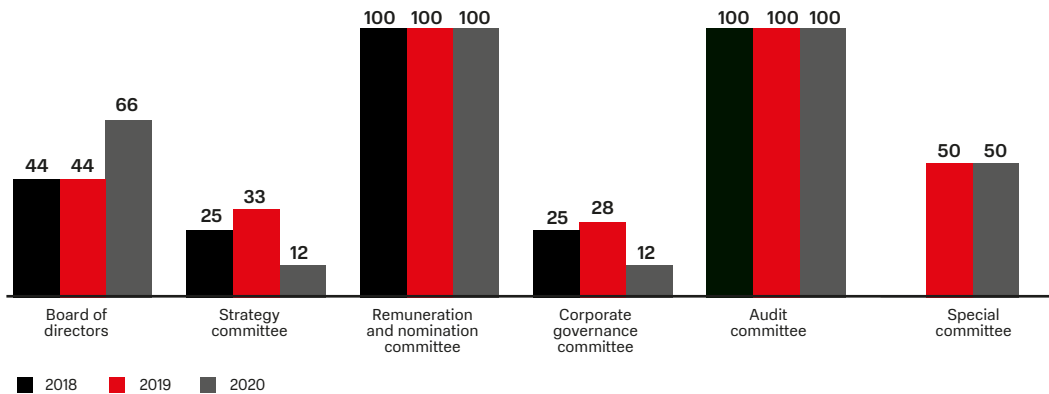


¹ By the decision of the Board of Directors dated March 18, 2021 the status was determined - non-executive director.

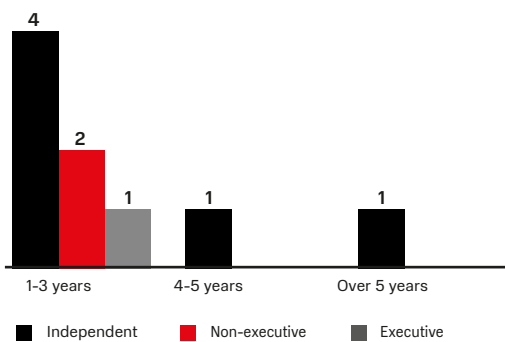
\ Numerical composition of the Board of Directors and Committees in 2018 to 2020, %



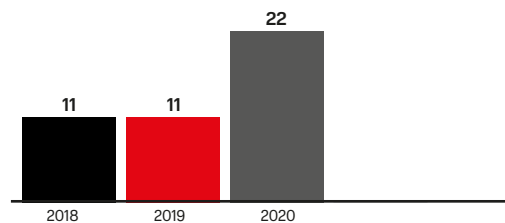
\ Share of Independent Directors in the composition of the Board of Directors and Committees in 2018 to 2020, %



\ Experience of work in the BoD



\ Share of female directors in the composition of the Board of Directors in 2018 to 2020, %



Key competences of the Board of Directors members¹

Member of the Board of Directors	Duration of work in the Board of Directors	Key competences									
		Strategy	Finance and Auditing	Industry Specialization (telecoms)	Legal Issues and Corporate Governance	HR Management	Risk Management	M&A	GR/IR		
F.V. Yevtushenkov	2 years (from June 2019)	*	*	*	*	*	*	*	*	*	*
A.I. Zassoursky	4 years (from June 2017)	*	*	*	*	*	*	*	*	*	*
A.V. Kornya	3 years (from June 2018)	*	*	*	*	*	*	*	*	*	*
Regina Dagmar Benedicta von Flemming	6 years (from June 2015)	*	*	*	*	*	*	*	*	*	*
Shaygan Kheradpir	1 year (from June 2020)	*	*	*	*	*	*	*	*	*	*
T. Holtrop	8 years (from February 2013)	*	*	*	*	*	*	*	*	*	*
Nadia Shouraboura	1 year (from June 2020)	*	*	*	*	*	*	*	*	*	*
K.L. Ernst	1 year (from June 2020)	*	*	*	*	*	*	*	*	*	*
V.B. Yumashev	2 years (from June 2019)	*	*	*	*	*	*	*	*	*	*

¹ According to the information available to the Company, in the reporting year, there were no conflicts of interest among the members of the Board of Directors, including those related to the participation of these persons in the management bodies of competitors of MTS PJSC. Board of Directors members did not make transactions with the Company's shares in the reporting year. None of the Board of Directors members received loans (credits) from the Company in 2020. Claims were not brought against members of the Board of Directors by the Company.

Information on members of the Board of Directors as of December 31, 2020¹



Felix Vladimirovich Yevtushenkov

Non-Executive Director

Chairman of MTS PJSC Board of Directors

Chairman of the Strategy Committee under the Board of Directors

He was born in 1978, in Moscow.

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

Professional experience

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

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

2006–2008 — President of Sistema-Gals OJSC.

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

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

2012–2018 — First Vice President of Sistema PJSC.

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

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

2018 — till present — Director of Sistema PJSC.

Citizenship: Russian Federation.

Member of the Board of Directors of Sistema PJSC, Element JSC, Binnopharm JSC and other companies.

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

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

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

¹ Information on the members of the Board of Directors whose powers were terminated in 2020 is presented in the Annual Report of MTS PJSC for 2019.

Artem Ivanovich Zassoursky

Non-Executive Director

**Chairman of the Corporate Governance Committee under
the Board of Directors (until March 18, 2021)**

**Member of the Committee on Corporate Governance,
Environmental and Social Responsibility under the Board
of Directors (since March 18, 2021)**

**Member of the Strategy Committee under the Board
of Directors**

**Member of the Special Committee for Compliance
under the Board of Directors**

He was born in October 1979, in Moscow.

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

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

Professional experience

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

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

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

2007–2011 — General Director, Dragonara LLC.

2011–2011 — Development Director, Stream LLC.

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

2013–2016 — CEO, Stream LLC.

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

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

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

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

Citizenship: Russian Federation.

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

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





Alexey Valerievich Kornya

President, Chairman of the Management Board of MTS PJSC (until March 12, 2021)

Executive Director (until March 18, 2021)

Non-Executive Director (from March 18, 2021)

Member of the Corporate Governance Committee under the Board of Directors (until March 18, 2021)

He was born in 1975, in Bryansk.

In 1998, he graduated from the St. Petersburg State University of Economics and Finance.

Professional experience

2000–2000 — PricewaterhouseCoopers Audit CJSC, consultant-auditor.

2000–2004 — North-West Telecom OJSC, chief financial consultant, chief specialist on financial consultation.

2011–2012 — MTS PJSC, in July 2004 — financial director of the branch of MTS PJSC of Urals macro region; in October 2007 — director of the Financial Planning and Analysis Department of the Financial Block, MTS Group.

2007–2008 — MTS PJSC, controlling director of the Finance and Investment Block.

2008–2009 — MTS PJSC, Deputy of the Vice-President for Finance and Investments, acting Vice-President for Finance and Investments.

2010–2013 — MTS PJSC, Vice President for Finance and Investments.

2013–2016 — MTS PJSC, member of the Management Board — Vice President for Finance and Investments.

2016–2018 — MTS PJSC, Member of the Management Board — Vice President for Finance and Investments, Mergers and Acquisitions.

2018 – 2021 — MTS PJSC, President, Chairman of the Management Board.

Member of the Board of Directors of Mobile TeleSystems JLLC, MTS Bank PJSC, Sistema Capital MC LLC, Member of the Board of Trustees of Sistema Charity Fund, member of the Board of GSM Association (GSMA).

Citizenship: Russian Federation.

He was elected as a member of MTS PJSC Board of Directors for the first time at the General Meeting of Shareholders on June 28, 2018.

As of December 31, 2020, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.0310%.

Regina Dagmar Benedicta von Flemming

Independent Director

**Chairman of the Remuneration and Nomination Committee
under the Board of Directors**

**Chairman of the Committee on Corporate Governance,
Environmental and Social Responsibility of the Board
of Directors of MTS PJSC (since March 18, 2021)**

**Member of the Audit Committee under the Board
of Directors**

**Member of the Special Committee for Compliance under
the Board of Directors**

**Member of the Special Committee under BoD on the project
for uniting the personnel of MTS PJSC in the integrated office
space in Moscow**

In 2021, she won the Director of the Year award in the Independent Director 2020 nomination

She was born in 1965, in Lubeck.

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

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

Professional experience

1996–1999 — CEO of Krone Russia.

1999–2000 — CEO of Ehrmann AG.

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

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

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

2014–2018 — Advisor to ANK company.

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

2020–2020 — Weinstube LLC, Marketing Director.

Member of the Board of Directors of INTECO, Member of the Audit Committee, Member of the Board of Directors, Chairman of the Audit Committee, Member of the ESG Committee of Sovcombank PJSC, Member of the Board of Trustees of the Russian Standard Charitable Fund, Member of the Board of Trustees of the German-Russian Forum in Berlin, member of the Board of the Russian-German Chamber of Commerce, member of the Board of Trustees of a dedicated fund for managing the endowment of a private cultural institution “Jewish Museum and Tolerance Center”.

Citizenship: Germany.

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

As of December 31, 2020, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.00194%.





Shaygan Kheradpir

Independent Director

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

Member of the Audit Committee under the Board of Directors

Member of the Special Committee for Compliance under the Board of Directors

He was born in 1960, in London.

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

Professional experience

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

2014–2014 — JUNIPER NETWORKS, CEO.

2011–2014 — BARCLAYS BANK, Chief Operating Officer.

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

2020 — till present — President of Shaygan Technology Partners.

Chairman of the Board of Directors of Live Earth, Member of the Board of Directors of R9B, MTN Group, Aura Network Systems, Pivotal Commware.

Citizenship: USA

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

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

Thomas Holtrop**Independent Director****Chairman of the Audit Committee under the Board
of Directors****Chairman of the Special Committee for Compliance under
the Board of Directors****Chairman of the Special Committee of BoD on the project
for uniting the personnel of MTS PJSC in the integrated office
space in Moscow.****Member of the Remuneration and Nomination Committee
under the Board of Directors****Member of the Corporate Governance Committee
under the Board of Directors
(until March 18, 2021)****Finance Expert**

He was born in 1954, in Dortmund.

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

Professional experience

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

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

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

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

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

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

Citizenship: Germany.

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

As of December 31, 2020, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.00156%.





Nadia Shouraboura

Independent Director

Member of the Audit Committee under the Board of Directors

Member of the Strategy Committee

under the Board of Directors

Finance Expert

She was born in 1970, in Moscow.

1994 — Princeton University (USA), PhD in Mathematics

1991 — Tel Aviv University (Israel), master

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

Professional experience

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

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

2002–2004 — EXELON CORPORATION (USA), Head of Energy Trading Systems Development.

1994–2001 — DIAMOND MANAGEMENT & TECHNOLOGY (USA), chief principal.

1989–1991 — ROBCAD (Israel), robotics engineer.

Member of the Board of Directors of X5 Retail Group, TOSCA, FERGUSON PLC and Blue Yonder.

Citizenship: USA

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

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

Konstantin Lvovich Ernst

Independent Director

**Member of the Committee on Corporate Governance,
Environmental and Social Responsibility
under the Board of Directors
(since March 18, 2021)**

He was born in 1961, in Moscow.

Graduated from the Leningrad University (St. Petersburg State University), Faculty of Biology.

Professional experience

1999 — till present — Channel One JSC, CEO

1995–1999 — ORT, General Producer.

since 1996 — academician, Board member of the Academy of Russian Television.

since 1994 — Secretary of the Filmmakers' Union of Russia.

Member of the Board of Directors of Channel One JSC, National Association of TV and Radio Broadcasters, National Advertising Alliance LLC and other companies.

Citizenship: Russia.

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

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





Valentin Borisovich Yumashev

Independent Director

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

Member of the Committee on Corporate Governance, Environmental and Social Responsibility under the Board of Directors (since March 18, 2021)

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

Born in 1957 in Perm.

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

Professional experience

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

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

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

1998 — till present — Advisor to the President of the Russian Federation on a voluntary basis.

2006–2020 — Millhouse LLC, General Director's Office, Advisor.

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

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

Acting State Advisor of the Russian Federation, Class I (1997).

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

Citizenship: Russian Federation.

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

As of December 31, 2020, the share in the authorized capital of MTS PJSC and the share of ordinary shares held is 0.00092%.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors of MTS PJSC bears the main responsibility for ensuring the implementation of the rights and interests of the shareholders and achieving a balance between the short-term financial result and the long-term strategic positioning of the business. In terms of the personal qualities of the chairman, this means the ability to combine pragmatism and specificity in solving tactical issues with the role of a strategist and visionary who deeply understands the processes occurring in the company and has a clear vision of the local market situation. The Chairman of the Board of Directors has the highest level of personal responsibility for the long-term sustainability of the business and strives to ensure the growth of shareholder value.

Feliks Vladimirovich Yevtushenkov was elected Chairman of the Board of Directors of MTS by unanimous decision of the MTS Board of Directors on June 24, 2020.

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

The Chairman of the Board of Directors is not an independent director, a senior independent director is not defined. Thus, one of the recommendations of the Bank of Russia Corporate Governance Code is not respected. At the same time, the expanded Corporate Governance Committee of the MTS Board of Directors (with participation of all independent directors) regularly analyzes the recommendations of the Bank of Russia Corporate Governance Code that are not respected by the Company and assesses the possibility of their implementation. This non-respected recommendation was considered at all past meetings, including at the last meeting on December 11, 2020: the directors did not consider its implementation appropriate. The level of corporate governance of the Company and the atmosphere of constructive discussion formed by the previous Chairman of the MTS Board of Directors do not currently require, according to the members of the Board of Directors, the implementation of this recommendation of the Bank of Russia Corporate Governance Code and the appointment of another chairman, albeit formally meeting all independence criteria.

The Board of Directors is a well-coordinated mechanism, a single team, in which everyone contributes to the management decision-making process. Within the MTS Board of Directors, there is a strong independent block of directors, and four places out of nine have been occupied by independent directors for the last four years. The Board of Directors is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members. Each member of the Board is a professional of the highest level, a carrier of industry knowledge and business expertise, and a generator of advanced ideas. The Chairman is the leader, the central figure of the Board whose main task is to make his team of professionals work as productively as possible. While forming a businesslike, dynamic, positive atmosphere in the Board of Directors, he moderates the discussions so that each participant can show their best qualities but the result of discussions is a unified, balanced, justified and specific managerial decision.

INDEPENDENT DIRECTORS

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

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

Criteria of independence of the Board of Directors' members are defined in the Regulations on the Board of Directors of MTS PJSC ¹ and correspond to advanced international practices of corporate governance.

¹ Detailed information is presented in the appendix to this report, "Report on Compliance with the Bank of Russia Corporate Governance Code".

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

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

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

An important factor for the company is the professional experience and reputation of its independent directors. As a rule, it is the care for reputation and professionalism of a person that help them take very seriously the work in the Board of Directors, observe the principles of absence of conflicts of interests, carefully study the materials and make informed decisions when voting at meetings of the Board of Directors.

From the moment BoD included independent members, their role and contribution to representation of interests of our Company got stronger.

Independent directors participate in strategic sessions for discussing the Company's strategy update with participation of BoD members, representatives of the majority shareholder and the Company's management. Following the strategic sessions results, a matter concerning update of the Company's strategy and development plan shall be presented to the Board of Directors for review.

Independent directors are actively involved in preliminary discussions of many related party transactions that are significant to the Company. The Company has also introduced the practice of preliminary consideration of a number of related party transactions, including transactions with companies being part of the Sistema Group (majority shareholder), at a meeting of the Audit Committee under the Board of Directors, which

consists exclusively of independent directors. As common practice shows, this noticeably facilitates the work of independent BoD members as to approval of and agreeing upon transactions.

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

INFORMING NEWLY ELECTED MEMBERS OF THE BOARD OF DIRECTORS ABOUT THE COMPANY'S OPERATION

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

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

THE ROLE OF THE BOARD OF DIRECTORS IN THE ORGANIZATION OF AN EFFICIENT RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM²

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

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

as well as reports on risk management in the MTS Group and reports on the development of the Unified Compliance System.

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

ORGANIZATION OF THE BOARD OF DIRECTORS ACTIVITIES

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

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

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

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

The situation with COVID and, as a result, more frequent use of the remote forms of communication influenced the format of holding meetings of the Board of Directors of our Company in 2020. All meetings were held in an online format. This situation gave impetus to new forms of interaction between people in the field of business, to the use of remote forms of communication, making them a new norm of life.

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

The Chairman of the Board of Directors holds monthly meetings/consultations with representatives of shareholders and/or management of the Company. Main topic of such meetings is a matter of the management of strategic changes. This allows to initiate global strategic changes outside of routine management and to change the focus of a common perception of the Company's systems and processes.

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

CORPORATE SECRETARY¹

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

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

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

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

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

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

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

The Director of Corporate Governance Department in the reporting period was Corporate Governance Director of MTS PJSC, Maxim Aleksandrovich Kalinin.

SECRETARY OF THE BOARD OF DIRECTORS

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

Regulatory base for implementation of the Board of Directors Secretary's functions, besides the Charter, is the Regulations on MTS PJSC Board of Directors³.



MTS (Board of Directors, Management Board, Committees of the Board of Directors and the President) and subsidiaries of the MTS Group effectively operate an electronic document management system — the Portal of the Board of Directors, installed on personal tablets of members of the management bodies. The Portal of the Board of Directors has enabled the Company to accumulate, in the single information space, a necessary and up-to-date set of options for activities of members of the Company's collective management bodies, to automate their work, and has also ensured the mobility of process participants for taking important managerial decisions.

Secretary of the Board of Directors:

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

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/departament-korporativnogo-upravleniya>.
² http://static.mts.ru/uploadmsk/contents/1655/Regulations_on_MTS_CG_Department-rus.pdf.

Since 2005, the Board of Directors Secretary has been the Corporate Governance Director of MTS PJSC

Maksim Alexandrovich Kalinin

He was born in 1972, in Moscow.

In 1997, he graduated from the Lomonosov Moscow State University with a specialty in law.

Before coming to the Company, he worked in private business with foreign participation where he was responsible for legal support in the sphere of corporate management, real estate and contractual work.

In June 2001, he joined MTS. He worked in the Investments and Securities Department: was responsible for projects of mergers and acquisitions in the territory of the Russian Federation and CIS, supported the reorganization of MTS Group subsidiaries, and was responsible for corporate governance at MTS and subsidiaries. He went from legal counsellor to deputy director of the department.

From 2005 to the present day, he has exercised the powers of the Board of Directors Secretary of MTS PJSC.

In 2010, he won the fifth national "Director of the Year" awards in the nomination "Corporate Governance Director — Corporate Secretary".

In recent years, he was regularly included in the rankings of the 25 best Corporate Governance Directors and Corporate Secretaries during the ceremony of the national "Director of the year" awards.

He is a member of the Council of Corporate Secretaries National Association (CSNA), which allows MTS to exchange experience in the corporate governance sphere and promotes a development of the institute of corporate secretaries in general.

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

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

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

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



REPORT ON THE WORK OF THE BOARD OF DIRECTORS

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issues

were considered at the BoD meetings in 2020

In 2020, 14 meetings of the Board of Directors were held, including eight in-person and six in the form of absentee voting.

\\ Participation of the directors in meetings of the Board of Directors in 2020

Director	In-person meeting	In-absentia meeting
Felix Vladimirovich Yevtushenkov	8/8	5/6
Artem Ivanovich Zassoursky	8/8	5/6
Alexey Valerievich Kornya	8/8	6/6
Regina Dagmar Benedicta von Flemming Independent Director, not a member of MTS PJSC executive management	8/8	6/6
Shaygan Kheradpir¹ Independent Director, not a member of MTS PJSC executive management	5/5	3/3
Thomas Holtrop Independent Director, not a member of MTS PJSC executive management	8/8	6/6
Nadia Shouraboura² Independent Director, not a member of MTS PJSC executive management	5/5	3/3
Konstantin Lvovich Ernst³ Independent Director, not a member of MTS PJSC executive management	5/5	3/3
Valentin Borisovich Yumashev Independent Director, not a member of MTS PJSC executive management	8/8	6/6
Antoniou Antonios Theodosiou⁴ Independent Director, not a member of MTS PJSC executive management	3/6	3/6
Aleksey Borisovich Katkov⁵	3/6	3/6
Vsevolod Valerievich Rozanov⁶	3/6	3/6

\\ Duration of meetings of the Board of Directors and committees in 2020 (in presence)

Meetings (in presence)	Number	Average duration (h)
Board of Directors	8	2.5
Audit Committee	14	1.5
Remuneration and Nomination Committee	9	1.5
Corporate Governance Committee	2	1.2
Joint meeting of the Corporate Governance Committee and the Remuneration and Nomination Committee	2	1.2
Strategy Committee	11	2
Special Committee on Compliance	4	1

¹ Elected as a member of the Board of Directors on June 24, 2020.

² Elected as a member of the Board of Directors on June 24, 2020.

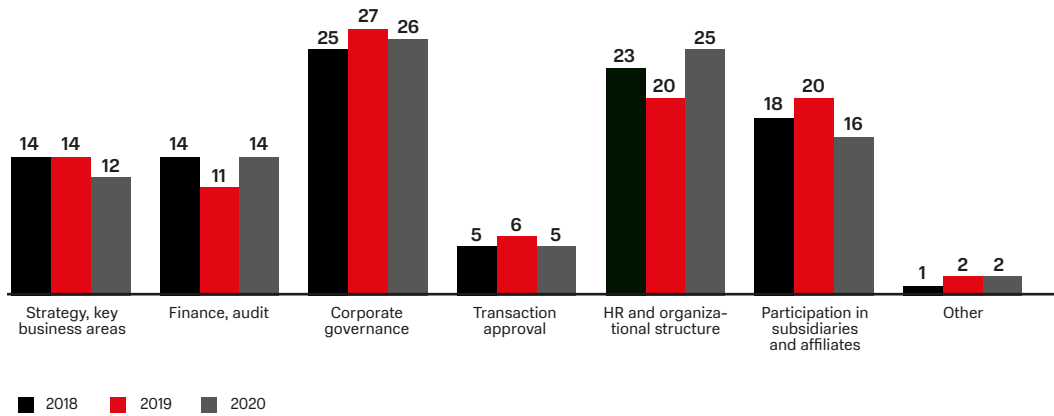
³ Elected as a member of the Board of Directors on June 24, 2020.

⁴ Powers of the Board of Directors member terminated on June 24, 2020.

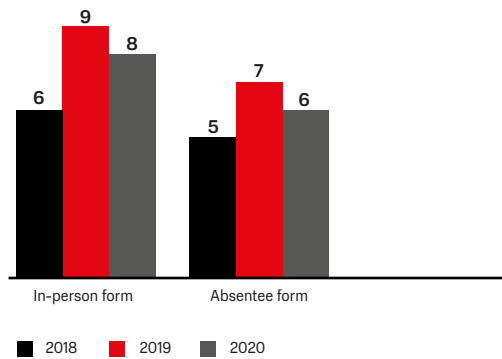
⁵ Powers of the Board of Directors member terminated on June 24, 2020.

⁶ Powers of the Board of Directors member terminated on June 24, 2020.

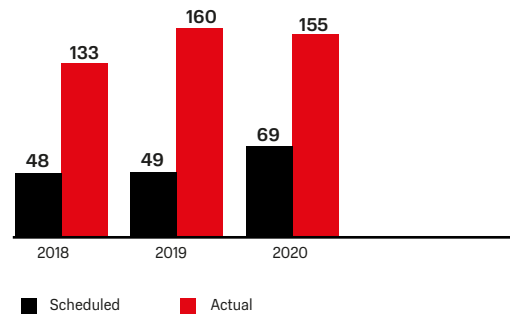
\\ Structure of issues reviewed at meetings of the Board of Directors in 2018–2020, %



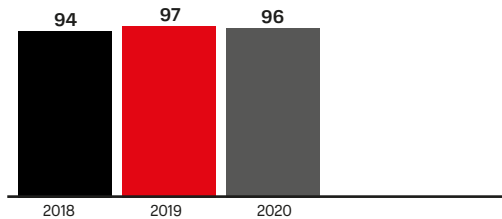
\\ Number of meetings held by the Board of Directors in 2018–2020



\\ Number of issues considered at meetings of the Board of Directors in 2018–2020



\\ Average percentage of participation of the Board of Directors members in the meetings, 2018–2020.



>96%

of meetings of the Company's Board of Directors were held with 100% participation by the Board of Directors members.

Significant items on the agenda of the MTS PJSC Board of Directors meetings in 2020

1. MTS Group Strategy for 2021–2023.
2. On strategic challenges of MTS PJSC transformation.
3. Review of the results of MTS Group budget fulfilment for 2019, on MTS Group budget adoption for 2020.
4. On forecast and plan of actions (efficiency improvement) to fulfill the 2020 MTS Group budget.
5. Recommendations of the Board of Directors on payment of dividends for 2019 and first half of 2020.
6. Issues associated with convening the annual and extraordinary general meetings of MTS PJSC shareholders.
7. On approval of the share redemption price and the report on the results of MTS PJSC shares presented for redemption.
8. Acquisition of subsidiaries, participation of MTS PJSC in other organizations.
9. On the status of the organizational structure of the ecosystem.
10. On transformation of MTS PJSC management system.
11. On transformation of MTS PJSC corporate culture.
12. On organizational changes.
13. On the principles of succession of key managers of MTS PJSC.
14. RTC 2.0 strategy
15. On the creation of a Special Committee under the Board of Directors.
16. Review of reports:
 - > on risk management;
 - > on the development of the Unified Compliance System;
 - > on work of the Corporate Governance Department;
 - > on evaluation of KPI fulfillment and completion of individual tasks by the President and Management Board members;
 - > on results of assessment of MTS PJSC Board of Directors performance;
 - > on the implementation of the CSR program;
 - > on the fulfilment of compliance controls;
 - > on the operation of the units for internal audit, control and compliance, including the report on the efficiency of the risk management system.

ASSESSMENT OF BOARD OF DIRECTORS PERFORMANCE

The effectiveness of the Board of Directors affects the quality of the management and performance of the organization and, as a consequence, its market capitalization. In order to improve the practices of the Board of Directors, a systematic assessment is necessary, after which the members of the Board of Directors will better understand their strengths and development areas and can identify opportunities for constructive and sustainable changes in the long term.

The assessment of the Board of Directors performance acts as an efficient tool of corporate governance development and is designed to increase the efficiency of the Board of Directors performance.

After adoption of the Code and completion of the corporate governance audit of MTS in 2015 the Corporate Governance Committee under the Board of Directors (hereinafter, the corporate Governance Committee) made a decision on the need for drafting a new methodology. In 2016, with joint participation of the Remuneration and Nomination Committee under the Board of Directors of MTS (hereinafter, the Remuneration and Nomination Committee), the Corporate Governance Committee and the Board of Directors, an independent consultant was selected to update the existing methodology for the evaluation of the Board of Directors performance. The new methodology was approved by the decision of the Board of Directors.

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

- > objects and subjects (participants) of assessment;
- > methods and tools of assessment;
- > principles, procedures and main areas of assessment;
- > assessment procedure;
- > approach to analysis and use of assessment results;
- > approach to risk management in process of assessment.

The assessment principles are the following:

- > regular performance;
- > relevance;
- > practical focus;
- > objectivity of results;
- > comparability of results;
- > confidentiality

The objects of the assessment include:

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

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

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

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

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

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

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

Results of an independent assessment of the activities of the Board of Directors for 2019/2020

At the end of 2019, the MTS Board of Directors decided to launch an independent assessment of the performance of the Board of Directors for 2019/2020 with the involvement of the Independent Directors Association in partnership with the international consulting company Oliver Wyman (hereinafter referred to as the Consultants).

The Consultants discussed the project with the Remuneration and Nomination Committee and the Corporate Governance Committee to agree on the scope and methodology for the assessment, as well as the project schedule. Detailed questionnaires were sent to directors and top management to assess the performance of the Board and its Committees. The obtained results were supplemented with extended comments and feedback from members of the Board of Directors, the Corporate Secretary, individual representatives of management and stakeholders in the course of personal interviews. Consultants prepared a Preliminary Assessment Report, which was discussed with the Chairman of the Remuneration and Nomination Committee and the Chairman of the Corporate Governance Committee. The Final Report containing the results of the assessment, including observations and recommendations, as well the report of the status of their implementation for the period from September 2020 to May 2021 was presented to the MTS Board of Directors in May 2021.

An external assessment has confirmed that the Board of Directors and Committees are functioning effectively. At the same time, several directions were noted for further increasing the effectiveness of MTS Board of Directors activities: