

REMUNERATION OF MANAGEMENT BOARD MEMBERS AND SENIOR EXECUTIVE OFFICERS

PRINCIPLES OF REMUNERATION OF MANAGEMENT BOARD MEMBERS AND SENIOR EXECUTIVE OFFICERS

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

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

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

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

- > base remuneration — monthly official salary;
- > variable part of remuneration is determined by the results of the Company's business in the reporting period in accordance with the Company's internal regulations and approved by the Company's Board of Directors and consists of:
 - short-term motivation system is an annual premium paid for fulfilment of key performance indicators ("KPI") fixed in general for the Company for a corresponding reporting period, as well as for fulfilment of functional individual tasks defined by the Board of Directors.

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

MTS PJSC Business Key Performance Indicators System

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

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

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

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

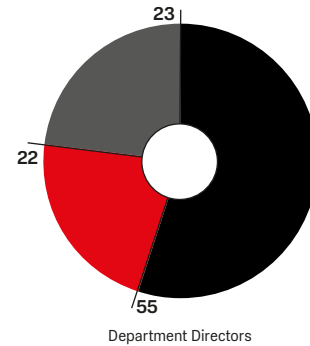
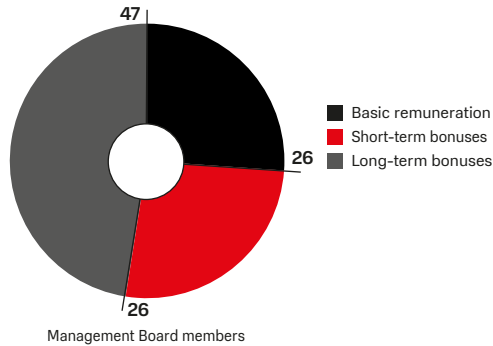
STRUCTURE OF REMUNERATION FOR TOP MANAGEMENT IN 2020

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

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

The typical element ratio is presented in the following options.

\\ Typical remuneration structure ratio



EVALUATION OF PERFORMANCE OF THE PRESIDENT AND MEMBERS OF THE MANAGEMENT BOARD

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

The assessment of the President and members of the Management Board for 2020 was performed in accordance with an existing method based on fulfilment of key performance indicators of the Company in general, functional individual tasks and competence development level.

Remuneration for members of the Management Board and senior executive officers based on 2020 results.

\\ Remuneration paid to members of the Management Board in 2020

Indicator Name	Total, RUB
Salary	195,218,600
Bonuses	807,939,057
Cost compensations	27,917,523
Other remuneration types	4,320,072
TOTAL	1,035,395,252

\\ Remuneration paid to senior executive officers in 2020

Indicator Name	Total, RUB
Salary	361,274,463
Bonuses	1,265,774,027
Cost compensations	47,691,309
Other remuneration types	12,865,627
TOTAL	1,687,605,426

Events after the reporting date

In March–April 2021, the amount of participatory interest of some members of the Management Board in the authorized capital of MTS PJSC changed.

MANAGEMENT OF SUBSIDIARIES OF MTS GROUP

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

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

MTS has the following participants in the system for corporate governance over subsidiaries:

- > Shareholders — election of the Board of Directors