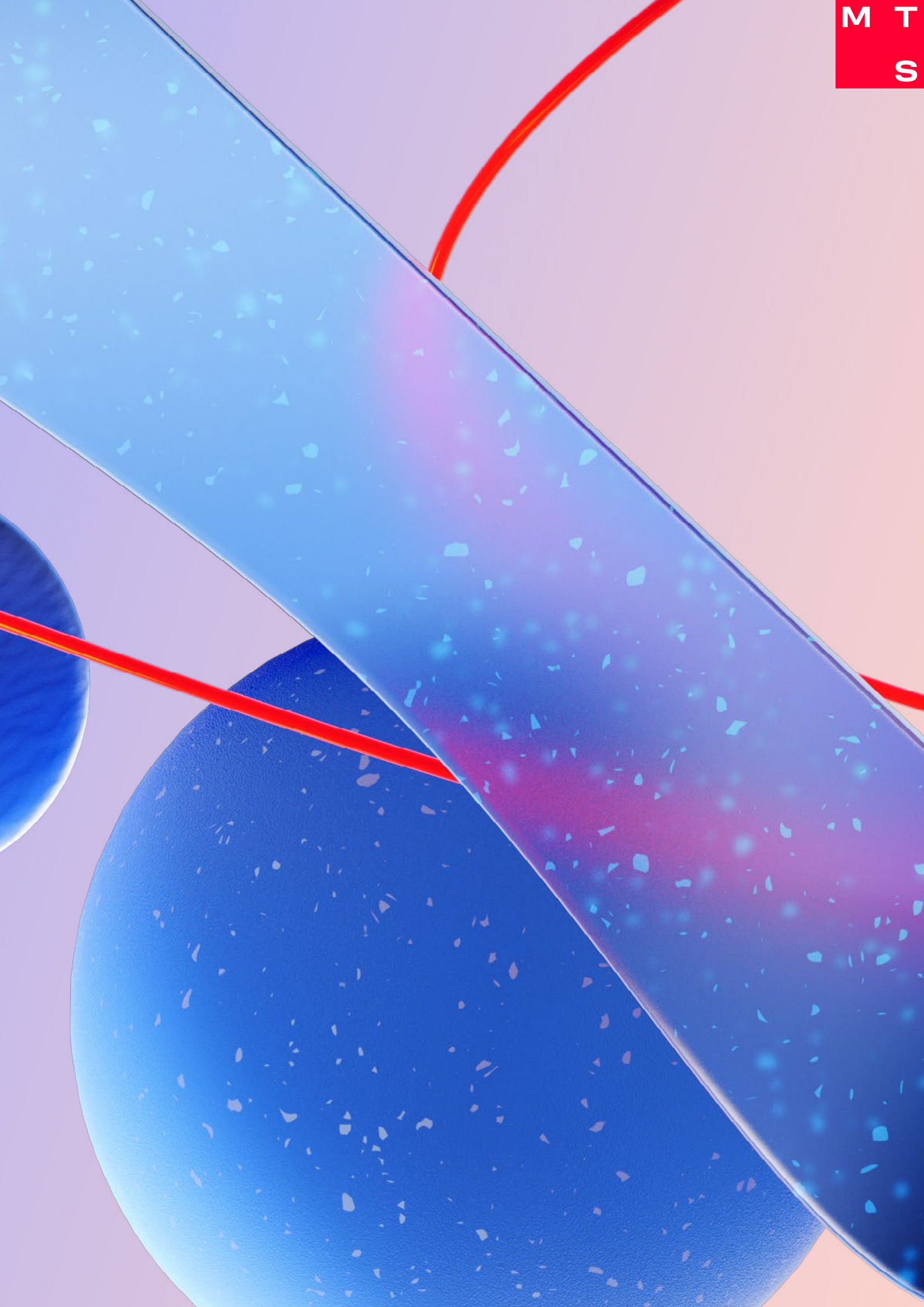


# CORPORATE GOVERNANCE

The background features a vibrant blue gradient. Overlaid on this are several 3D-rendered elements: a large, semi-transparent blue sphere in the top right; a glowing red ring and a red line that curves across the middle; a white, elongated, rounded rectangular shape with a red ring at one end, tilted diagonally; and a blue, textured, ring-like structure at the bottom. The overall aesthetic is modern and technological.

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# REPORT BY THE BOARD OF DIRECTORS

## on the results of MTS Development in terms of Priority Areas of Business

### Summary of the annual performance results and work of management in the context of strategy implementation

The first stage of implementation of the current Customer Lifetime Value 2.0 (CLV 2.0) strategy was dedicated to MTS transformation from a mono-industry (telecommunications) player into a multi-industry company operating in several markets that develops the diversified business areas at different stages of maturity and with different scales and dynamics. At this stage, the Board of Directors and the top management of MTS concentrated on forming the optimal format of the management system of the Group's business directions and ecosystem core.

In 2021, the management structure was formed, the efforts of the verticals were aimed at developing product lines and developing local competencies, and the ecosystem core was focused on the tasks of collecting and managing knowledge about customers, data processing methods, developing the mechanics of applying this knowledge in product areas and ensuring mutually enriching links between them.

From that moment on, the main long-term strategic task of the corporate governance bodies and the top management of MTS became the search for and adjustment of mechanisms for translating the increasing cost of product filling into an increase in shareholder value. We see the solution to this problem in the decentralization of product lines, in the transfer of greater responsibility and independence to them, in the motivation for market leadership in their product area with the potential to transform into independent businesses evaluated by the market on fair industry

multipliers, different from conservative estimates of telecom. At the same time, the importance of parallel evolution of the ecosystem core is obvious to us — a link that interacts with product verticals on the basis of mutually beneficial and fair contractual relations will allow verticals to generate greater value and achieve a synergistic effect.

During 2022, the Board of Directors considered and made all necessary decisions as part of the process of withdrawing MTS ADRs from circulation on the New York Stock Exchange and converting depositary receipts into shares of the company. Recall that due to the suspension of trading of MTS ADRs on the New York Stock Exchange on February 28, 2022 and the subsequent adoption by the Government of the Russian Federation in April 2022 of the law on delisting depositary receipts of Russian companies from a number of foreign trading platforms, the company took the necessary actions to withdraw MTS from the ADR program on the New York Stock Exchange. In May 2022, the Government Commission for Monitoring the Implementation of Foreign Investments in the Russian Federation, at the request of MTS, decided to extend the circulation of MTS ADRs outside Russia until July 12, 2022 inclusive. On July 13, 2022, the procedure for completing the MTS ADR program began (the last day of the guaranteed conversion period is January 12, 2023).

ADR holders are entitled to receive dividends after converting receipts into MTS shares, in accordance with Russian law and taking into account existing regulatory restrictions. The right to claim

dividends remains with the holders of shares for 3 years from the date of the issuer's decision to pay dividends.

It should be emphasized that, despite the delisting of the MTS ADRs from the New York Stock Exchange, we still adhere to the principles of openness and transparency of doing business. We intend to continue to comply with the highest international standards of corporate governance, provide the investment community with access to information about our business, and expand our activities in the field of sustainable development and ESG.

Our strategic focus on the development of digital services based on a strong position in telecom has demonstrated effectiveness in the face of environmental pressure and a high level of general uncertainty. New digital trends have made an independent contribution to the formation of value and at the same time had a positive impact on the results of the telecommunications component, stimulating consumption and providing a higher level of loyalty of ecosystem customers. The number of MTS ecosystem customers by the end of 2022 increased by 52.7% and amounted to 13.5 million.

As a result, revenues from telecommunications services in 2022 increased by 4.6% compared to 2021 and reached RUB 435.6 billion. The Board particularly notes the efforts of management in relation to the implementation of the capital expenditure program, which was carried out despite limited access to high-tech equipment in 2022.

Our retail business is under serious pressure due to a partial reduction in the supply of subscriber equipment. In this regard, revenues from the sale of phones and accessories decreased by 36.7% year-on-year and amounted to RUB 43.6 billion. We hope that in the future, as the market supply is restructured and logistics chains are reconfigured, the situation in this area will stabilize.

Among the digital areas, fintech made a significant contribution to the Group's results, demonstrating an increase in revenue from financial services at the level of 40.4% year-on-year to RUB 68 billion. At the same time, the share of sales of basic products (consumer loans and credit cards) through digital channels exceeds the level of 80%.

In the Media area, we note a steady increase in the number of OTT platform users to 6.6 million (by 63.4% year-on-year) and the number of pay-TV subscribers to 11.1 million (by 32.6% year-on-year). We also note the development of the KION streaming platform, the product offer of which has a unique value for customers due to original content

and exclusive partnerships, as well as the customization of the interface and the improvement of personalized recommendation mechanisms.

More detailed information on the annual performance results by the MTS principal business directions is available in the section "Ecosystem transformation overview".

In the past year, the Board of Directors focused on issues related to sustainable development and ESG practices. The bulk of the work was carried out by a combination of the Corporate Governance, ESG Committee (Environmental and Social Responsibility Committee) of the Board of Directors and the MTS ESG Center and the MTS ESG Center, responsible for systematization and expansion of the company's activities in this area. Particularly important decisions were made directly at the level of the Board of Directors.

More information about the results of this work can be found in the section "ESG and sustainable development".

To ensure the continuous progressive development of the Group's business, we also use the capabilities of M&A. During 2022, activity in this area was quite high due to the increased propensity of business owners and individual projects to search for a strong stable co-investor and partner. In this regard, the Board of Directors reviewed and made decisions on participation in a number of companies, which allowed us to strengthen our positions in the areas of Telecom, Fintech, Travel and Auto. We expect that in 2023 the potential for activity in this area will not decrease, and such issues will occupy a significant place in the work of the Council.

As part of the function of protecting the rights and interests of shareholders, the Board of Directors has prepared the basis for the adoption by the Shareholders' Meeting of decisions concerning the payment of dividends. In June 2022, at the annual general meeting of shareholders, it was decided to pay dividends based on the results of the company's work in 2021 at the level of 33.85 rubles per ordinary share (in the amount of RUB 66.3 billion). Due to the ongoing general macroeconomic uncertainty, the Board of Directors is considering various options regarding the dividend policy, while respecting the interests of investors is an absolute priority for us.

The following can be noted among other issues considered by the MTS Board of Directors in 2022 and the respective decisions made.

- The Board of Directors reviewed and adopted decisions regarding the overall strategy of the MTS Group and the strategies of individual business areas. Furthermore, promoting MTS right to



build its position as a shareholder, the Board of Directors reviewed reports on performance results and strategies of subsidiaries and affiliated companies.

- Following the best corporate governance practices, the Board of Directors considered a number of issues related to functioning of the internal audit, control and compliance system, as well as the risk management system in MTS.
- Necessary decisions were made regarding the composition of the corporate management bodies of MTS PJSC.
- An assessment was made with regard to the achievement in 2021 of the target KPIs by President and members of the Management Board of MTS, and the target levels of KPIs for 2022 were approved.
- The results of execution of the MTS 2021 budget and the capital expenditure program, as well as the MTS 2022 budget and capital expenditure program, were considered and approved.
- Exercising the right to form the position of MTS as a member of subsidiaries, the Board of Directors ensured the formation of corporate management bodies of MTS subsidiaries, as well as MTS positions on issues submitted to the corporate management bodies of such companies.
- Within the framework of ensuring MTS shareholders' rights and interests, all necessary procedures for convening general meetings of shareholders were carried out by the Board of Directors; the data and materials were prepared and recommendations were submitted on all issues requiring shareholders' approval.
- A program of motivation and long-term material incentives for MTS employees was adjusted by the Board of Directors in order to ensure a high level of personnel motivation and the quality of company management.
- In order to ensure the continuity of financing of MTS PJSC's activities and optimal debt management, issues related to programs for issuing and repurchasing securities in the form of exchange-traded and over-the-counter bonds and other financing instruments were considered.
- In order to maintain a high level of efficiency of the operational management system, the necessary decisions have been made regarding the adjustment of the management structure of a number of MTS business verticals.

# CORPORATE GOVERNANCE SYSTEM

## Corporate Governance Model Development

Being a public company, MTS has always paid great attention to the development of its corporate governance and strived to ensure that MTS corporate governance practices meet the best standards.

With adoption of the restated Corporate Governance Code (hereinafter referred to as the "CGC") in 2014, MTS began work on introducing the principles and recommendations of the CGC into the Company's practices, for which a Roadmap was developed. The Company has consistently expanded the list of applied principles and recommendations of the CGC. As part of the implementation of the Roadmap, more than 300 activities were carried out, and MTS achieved compliance with 85% of the principles and recommendations of the CGC.

In 2022, as part of implementation of the principles and recommendations of the CGC, the following activities were implemented:

- Procedures for convening shareholders' meetings were finalized. Shareholders now have access to such services as a hotline and the broadcast of the meeting on the Internet.
- Amount of information disclosed on the site has been increased. Structure of the share capital and information about the main subsidiaries were disclosed.
- Corporate procedures were finalized. Procedures for monitoring the processes of information disclosure and preliminary review of corporate documents were updated.
- New practices were introduced to evaluate the effectiveness of the work of the Board of Directors, to provide reports on the work of the Board of Directors' committees.
- Top-level corporate documents have been revised — Charter, Regulations on the General Meeting of Shareholders, on the Board of Directors, etc.

### Corporate governance index

By the end of 2022, MTS entered the "Leaders in the field of corporate governance" of the RUCGI National Corporate Governance Index for the fifth year in a row.

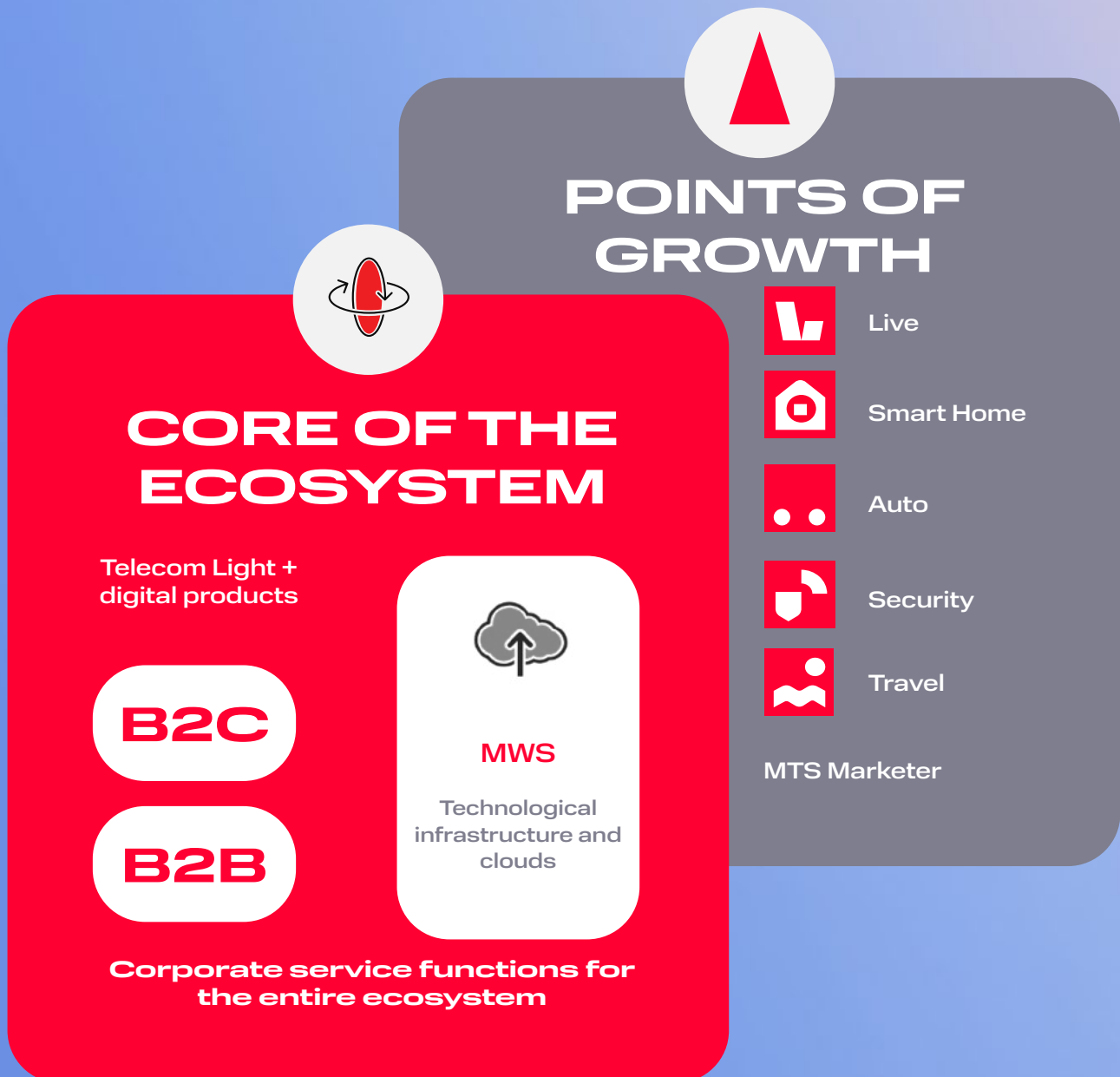
MTS has been demonstrating a consistently high level of compliance with the main recommendations of the Corporate Governance Code. A high level of corporate governance is a fundamental value for MTS, so the Company will continue to strive to follow the best practices.

### MTS Corporate Governance Principles

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

# MTS GROUP GOVERNANCE STRUCTURE

## MTS ECOSYSTEM STRUCTURE



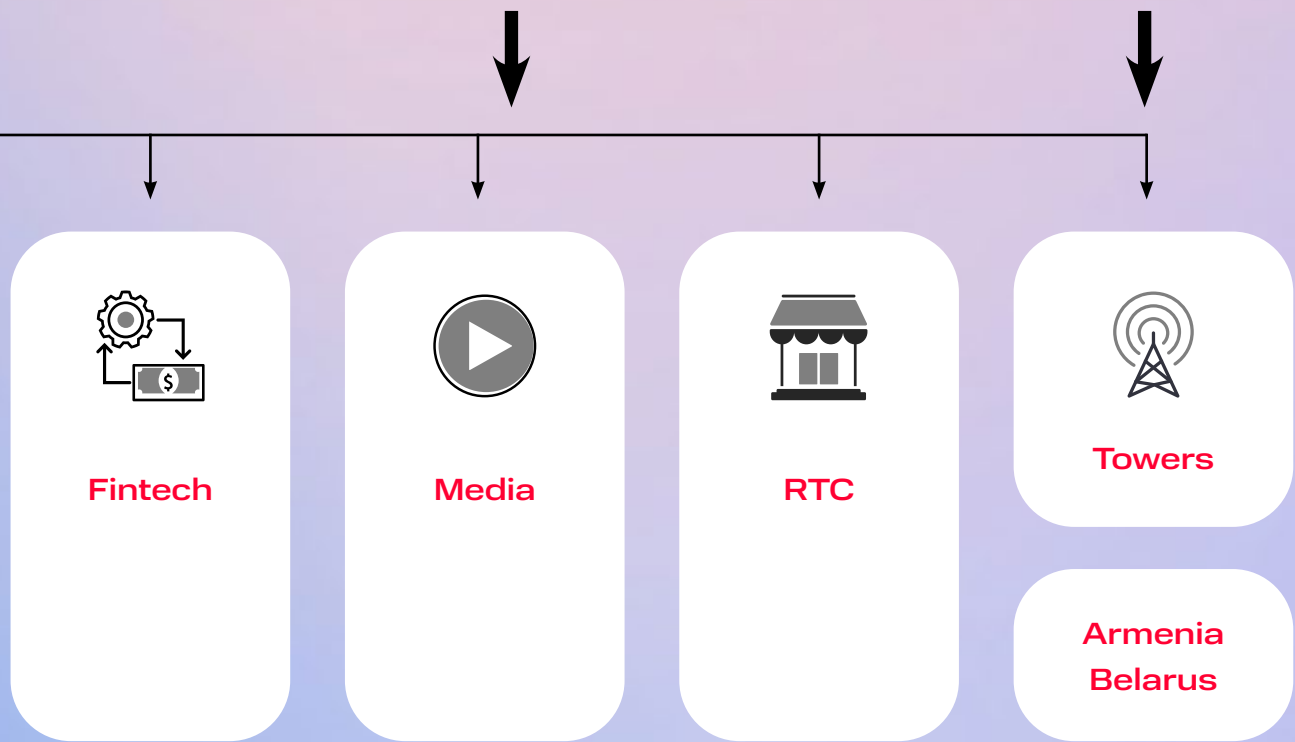
Core / telecom provide funding for the development of new products and promising areas

New products that develop and may be severed in the future and become satellites

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

Segregation of business areas with independent value into "satellites"

Non-core assets



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



# MANAGEMENT OF SUBSIDIARIES OF MTS GROUP

**Current corporate governance system at the MTS Group ensures strict observance of the rights and legitimate interests of all shareholders, sustainable functioning and initiation of business within the borders of the MTS ecosystem, and achievement of the strategic goals of the MTS Group. The taken steps to develop the corporate governance system ensure the most effective use of shareholders' investments and their protection, assists in development of the digital ecosystem of MTS products, taking into account the interconnected relationships and succession in decisions made by the MTS management bodies.**

## **Principles of management of MTS controlled subsidiaries**

- management and control is carried out through representatives of the MTS, elected to the management bodies of subsidiaries;
- with respect to subsidiaries, the uniform standards of corporate governance of the MTS Group are applied, including unified internal decision-making procedures and standard corporate documents, as well as uniform standards and procedures of the MTS Group in the field of anti-corruption compliance;
- MTS participates in the process of forming the composition of the Board of Directors and determines strategic and priority decisions of the Boards of Directors of subsidiaries.

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

- Strategy and investments;
- Business plan and budget;
- Functional strategies;
- Remuneration system;
- Management control, audit, compliance;
- Asset control.

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

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

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

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

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

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

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

In order to effectively fulfill their duties, the representatives:

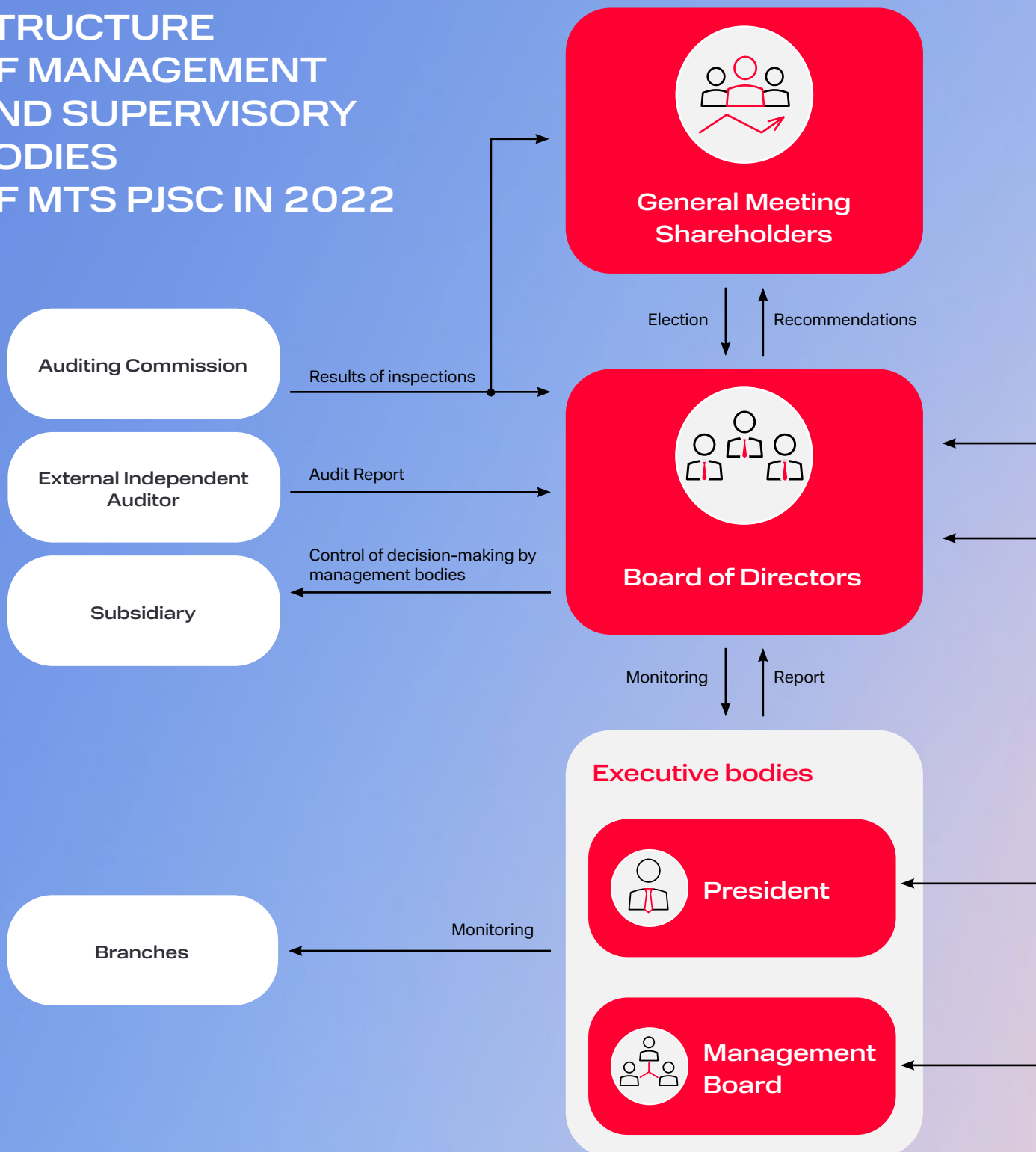
- receive and analyze information about the company's activities;
- initiate issues to be included in the agenda of management bodies;
- take active part in meetings of management bodies;
- vote taking into account the position of the MTS management bodies, determined in accordance with the MTS Articles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

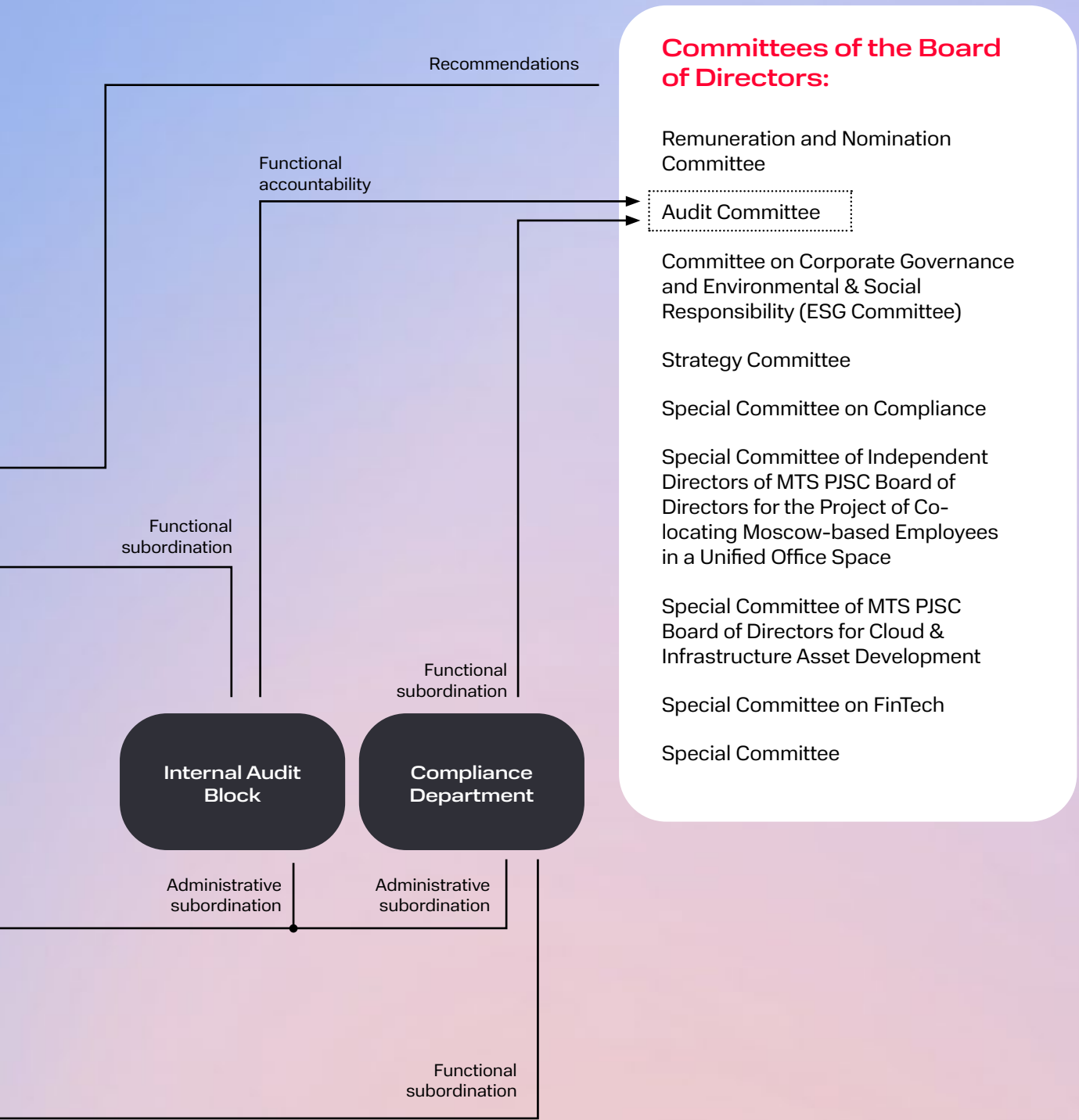
- control the implementation of decisions made;
- participate in developing a culture of ethical business conduct and compliance with applicable anti-corruption laws;
- inform MTS about the occurrence of a conflict of interest and possible violations of the requirements of the applicable anti-corruption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

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

# CORPORATE GOVERNANCE BODIES

## STRUCTURE OF MANAGEMENT AND SUPERVISORY BODIES OF MTS PJSC IN 2022





# GENERAL MEETING OF SHAREHOLDERS

**General Meeting of Shareholders – supreme management body of MTS PJSC Procedure for holding the General Meeting of Shareholders is aimed at ensuring the adherence to the rights of shareholders, and meets all the requirements of the Russian Federation legislation. Procedure for the preparation, convocation, holding and summarizing of results of the General Meeting of Shareholders is defined by the Chart and the Regulations on the General Meeting of Shareholders of MTS PJSC<sup>1</sup>.**

The shareholders take part in governance over the Company and significantly influence its business priority areas of the business development by making decisions at the Company's General Meeting of Shareholders. Powers of the General Meeting of Shareholders on their meetings encompass the approval of an annual report and financial reporting, distribution of profit, including payment of dividends, election of key management and control bodies of the Company, adoption of decisions on re-organization of the Company and a number of other important matters.

## **Notifying shareholders on the holding of the General Meeting of Shareholders**

Shareholders shall be notified on holding of the General Meeting of Shareholders through publication of this information on the official website of the Company<sup>2</sup> at least thirty (30) calendar days prior to its date.

The message on holding of the General Meeting of Shareholders may be additionally sent to the persons entitled to participate in the General Meeting of Shareholders and registered in the Company's shareholders register, by registered mail to the address specified in the register of the Company's shareholders, or delivered personally to such persons against signature simultaneously with sending or handing over the voting ballots. The information and files on the agenda of the General Meeting of Shareholders are provided to persons registering their rights to the Company's shares in a depositary by providing them to the Company's registrar for direction to a nominee holder entered in the register

of shareholders in accordance with the Russian Law on securities.

Subject to guidelines of the Corporate Governance Code, the approximate form of the power of attorney for voting is posted on the official website of the Company.

Within the framework of preparation to the General Meeting of MTS Shareholders, the shareholders get the opportunity to ask members of executive bodies and the Board of Directors on issues of the agenda of the General Meeting of Shareholders, and to voice their opinion on issues of the Meeting's agenda by sending e-mails to the address: [shareholder@mts.ru](mailto:shareholder@mts.ru). Materials on the agenda of the meeting are posted on a special page of the website dedicated to the Annual General Meeting of Shareholders.

## **Holding of the General Meeting of Shareholders**

Shareholders may implement their voting right by most simple and convenient for them ways without any encumbrance. Voting at General Meetings of Shareholders is carried out by direct participation in the meeting or by filling out and sending to the Company (as well as its registrar) ballots on agenda items or by filling out an electronic form of voting ballots on the MTS website [www.mts.ru/shareholder/](http://www.mts.ru/shareholder/) via electronic services.

The General Meetings of Shareholders shall be organized and held in a way allowing for easy access of all the shareholders. General meetings held in the form of joint attendance shall be organized at

<sup>1</sup> [https://storage.ir.mts.ru/mts-ir/images/documents/MTS-GSM-Regulations\\_2020-eng.pdf](https://storage.ir.mts.ru/mts-ir/images/documents/MTS-GSM-Regulations_2020-eng.pdf)

<sup>2</sup> [https://ir.mts.ru/about\\_mts/corporate\\_governance/shareholders-meeting](https://ir.mts.ru/about_mts/corporate_governance/shareholders-meeting).



locations convenient for coming and personal participation of the shareholders and their representatives. During the registration and during the break, the shareholders are provided with an opportunity to receive the necessary consultations on various projects of the Company.

### **Results of the Annual General Meeting of Shareholders 2022<sup>1</sup>**

The Annual General Meeting of Shareholders of MTS PJSC was held on June 22, 2022 in absentia using the E-Voting services of the National Settlement Depository (NSD) and Registry-Online of "Reestr" JSC. At the annual General Meeting of Shareholders, 99% of those participating in the meeting voted electronically.

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<sup>1</sup> [https://ir.mts.ru/news\\_and\\_events/corporate\\_releases](https://ir.mts.ru/news_and_events/corporate_releases).

# BOARD OF DIRECTORS

**The Board of Directors is a key element of the MTS PJSC corporate governance system, representing the interests of its shareholders through an effective management organization.**

Establishment procedure, status, composition, functions, tasks and objectives, powers of the Board of Directors, its operating procedure and interaction with other management bodies of the company are determined by the provisions of the law of the Russian Federation, the Charter and the Regulations on the Board of Directors of MTS PJSC<sup>1</sup>, as well as by taking into account the recommendations of the Corporate Governance Code of the Bank of Russia.

Basic functions of the Board of Directors:

- 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 legitimate interests of the Company’s shareholders.

## Composition of the Board of Directors

The composition of the Board of Directors is formed in accordance with the interests of shareholders, taking into account the balance of professional qualifications, experience and business skills of its members. Issues related to the needs of the Board of Directors in the area of professional qualification, background and business skills of its members, and also to the numerical composition, were considered within the framework of the procedure for assessing the Board of Directors’ work<sup>2</sup>. The present members

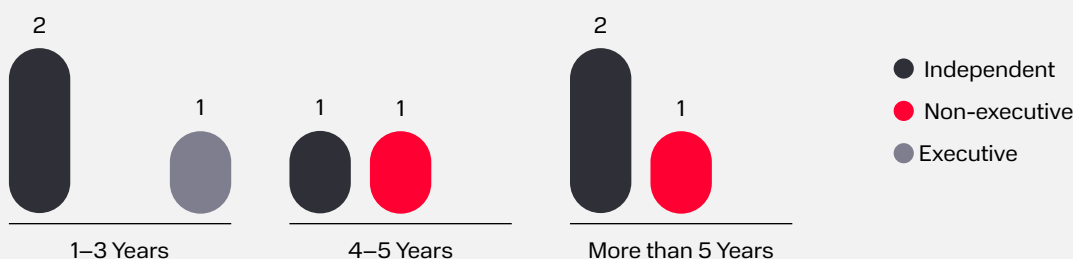
of the Board of Directors of MTS PJSC were approved at the annual General Meeting of Shareholders of MTS PJSC on June 22, 2022.

The majority of seats on the MTS Board of Directors have been occupied by independent directors in recent years. The Board of Directors is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members.

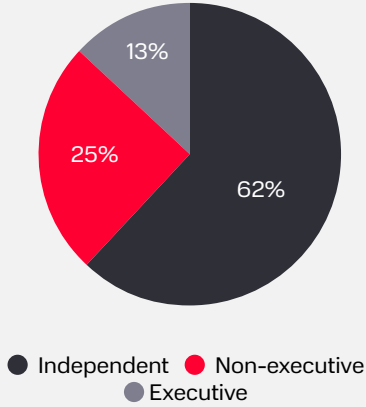
<sup>1</sup> [https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BoD\\_Regulations\\_eng.pdf](https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BoD_Regulations_eng.pdf).

<sup>2</sup> For more details, see section "Assessment of the Performance of the Board of Directors"

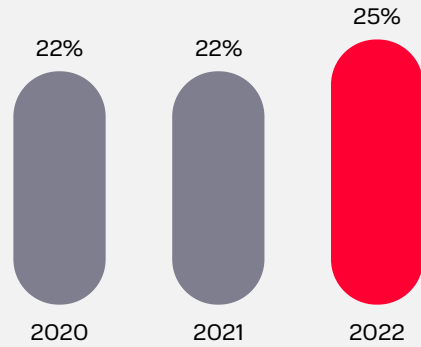
### Duration of work in the Board of Directors



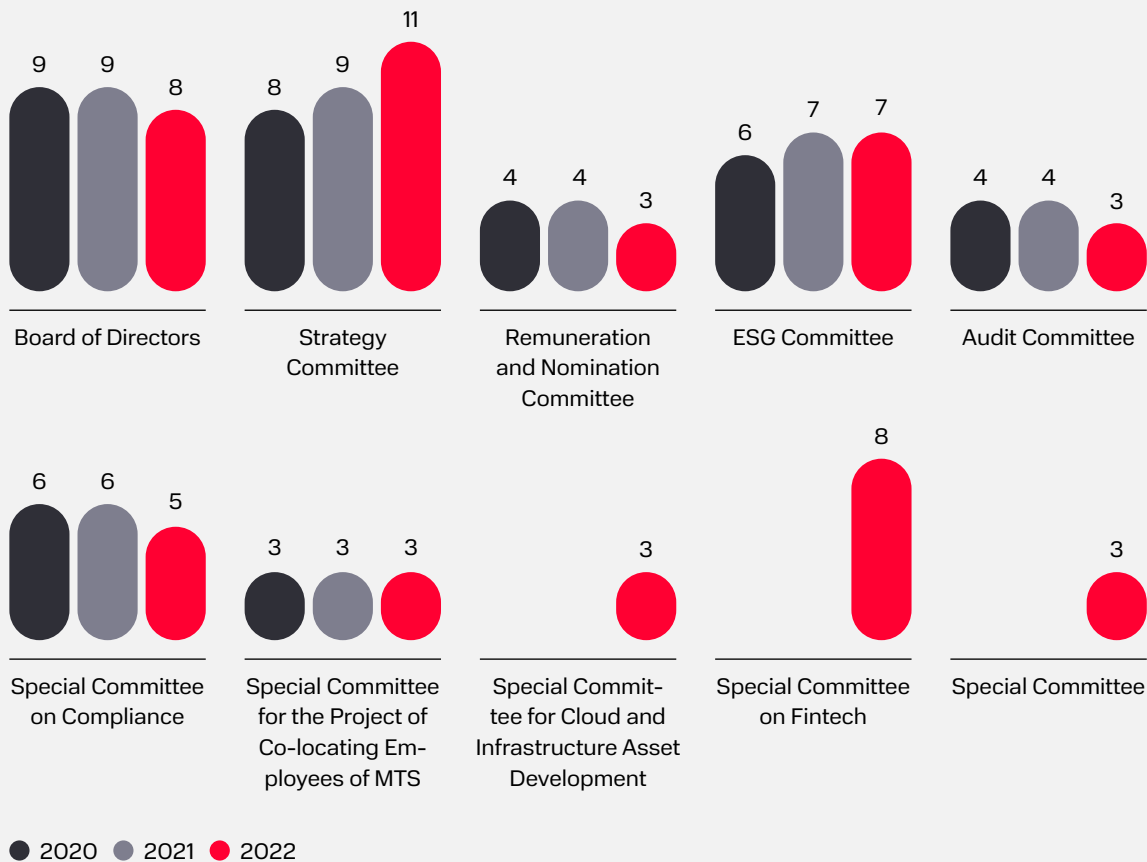
**Members of the Board of Directors<sup>1</sup>**  
(without the resigned Board of Directors member)



**Share of female directors in the composition of the Board of Directors<sup>1</sup>**  
(without the resigned Board of Directors member)



**Numerical composition of the Board of Directors and Committees<sup>1</sup>**  
(without the resigned Board of Directors member)



<sup>1</sup> data as of December 31, 2022

## Chairman of the Board of Directors

**The Chairman of the Board of Directors of MTS PJSC ensures the growth of shareholder value and maintains a balance between short-term financial results and long-term strategic positioning of the business. The key task of the Chairman of the Board of Directors is to create a dynamic and positive environment in the Board of Directors in which each member can show their best qualities.**

By a unanimous decision of the MTS Board of Directors, a non-executive Director was elected Chairman of the Board of Directors of MTS PJSC on June 24, 2022. An independent director with broad competencies in the field of financial expertise has been elected Deputy Chairman of the Board of Directors, having specialized expertise in important ecosystem areas — telecom, media, digital.

The Deputy Chairman of the Board of Directors, in fact, performs the functions of a senior independent director provided for by the Corporate Governance Code. He coordinates the work of independent directors and builds interaction between independent directors and the Chairman of the MTS Board of Directors.

## Independent directors

**Independent directors ensure a reasonable balance of interests of all the parties concerned: the Company itself, its shareholders and other stakeholders. Criteria of independence of the Board of Directors' members are defined in the Regulations on the Board of Directors of MTS PJSC<sup>1</sup> and correspond to advanced international practices of corporate governance.**

Since 2020, independent directors make up more than a half of the numerical composition of the Board of Directors.

The Board of Directors includes two independent female directors.

According to the internal rules of MTS, 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 under the Board of Directors is headed by an independent director, who has experience and knowledge in the preparation, analysis, evaluation and audit of financial reporting. The status of "financial expert" has also been assigned to the other two members of the committee.

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.

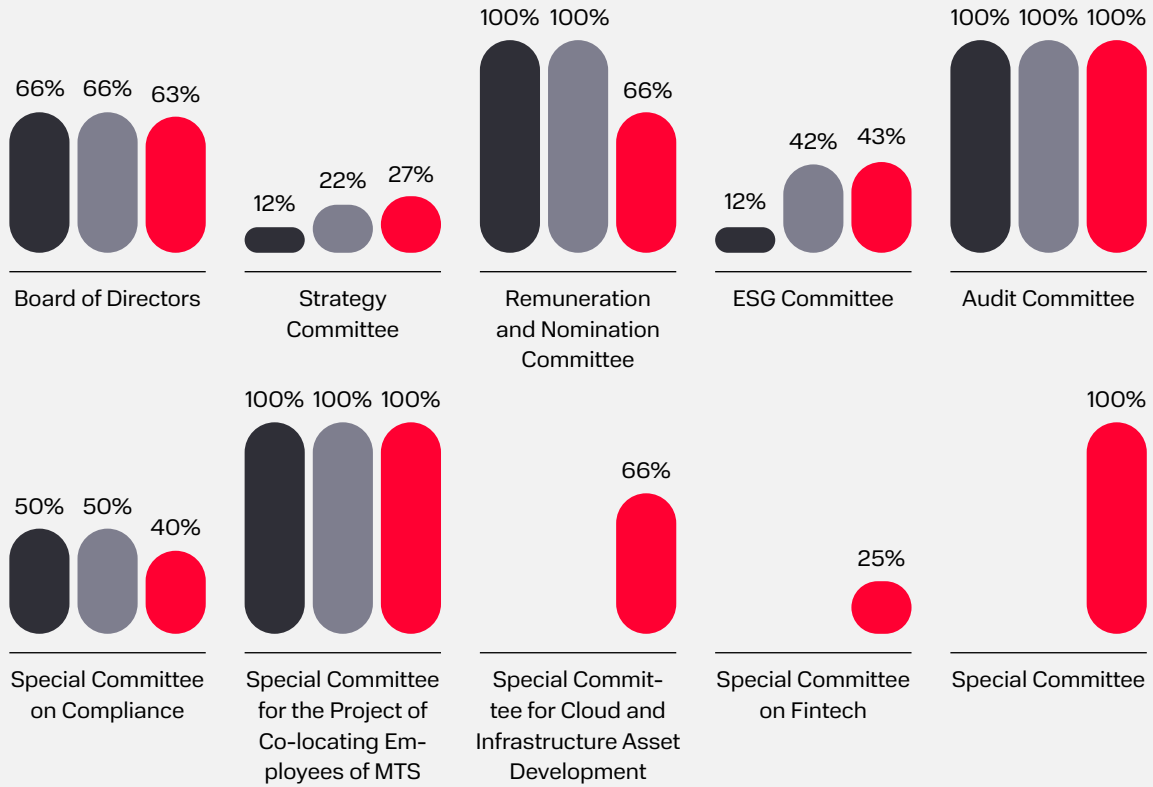
Independent directors are members of the committees on key projects: Special Committee for Compliance, Special Committee of Independent Directors for the Project of Co-locating Moscow-based Employees of MTS PJSC in a Unified Office Space. In 2022, with the participation of independent directors, a Special Committee for Cloud and Infrastructure Asset Development, a Special Committee (significant transactions) and a Special Committee on Fintech were established.

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.

Independent directors are actively involved in preliminary discussions of related party transactions that are significant to the Company. The Company

<sup>1</sup> Regulations on the Board of Directors of MTS PJSC — Moscow (mts.ru).

**Share of Independent Directors in the composition of the Board of Directors and Committees<sup>1</sup>**  
(without the resigned Board of Directors member)



<sup>1</sup> data as of December 31, 2022      ● 2020    ● 2021    ● 2022

has also introduced the practice of preliminary consideration of a number of related party transactions, including transactions with companies being part of the Sistema Group, at a meeting of the Audit Committee of Board of Directors, which consists exclusively of independent directors.

Our independent directors are professional managers, whose experience and knowledge make a significant contribution to the development of the Company's corporate governance system.



## Informing newly elected members of the Board of Directors and the Board of Directors committees 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 and the Board of Directors committees 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 and the Board of Directors committees 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 system<sup>1</sup>

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

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

An efficient risk management, compliance and internal control system is in place in the Company 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. At meetings in the form of absentee voting, issues are submitted that were previously qualitatively elaborated and on which the members of the Board of Directors do not have significant comments.

Plan of the Board of Directors activities for the next year shall be approved in June 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.

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 relevant committees, allowing to discuss and draw up recommendations for a final decision of the Board of Directors.

<sup>1</sup> More complete information is provided in the section "Risk Management".

In-person meetings of the Board of Directors are 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 or within a few working days after the election of the Board of Directors in a new composition, which decided on election of the Board

of Directors. The Company also use remote forms of communication.

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.

## Corporate Secretary

**The Corporate Secretary ensures effective work of the Board of Directors, interaction with the shareholders, coordinates the Company's activities aimed at protection of rights and interests of the shareholders.**

The functions of the Corporate Secretary in MTS PJSC are performed by the Corporate Governance Department, which acts on the basis of the Regulations on the Corporate Governance Department<sup>1</sup>. The Corporate Governance Department is headed by the Director of Corporate Governance appointed and dismissed by the President of the Company in agreement with the Board of Directors of the Company.

The Functions of the Corporate Governance Department 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.

### **Director of Corporate Governance of MTS**

won the XVII National Award "Director of the Year" in the nomination "Corporate Governance Director — Corporate Secretary".

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

## Secretary of the Board of Directors

**The Secretary of the Board of Directors ensures compliance of the Company's management bodies with the requirements of legislation and internal regulations of the Company which guarantee the enforcement of rights and interests of its shareholders.**

**Secretary of the Board of Directors performs its functions in accordance with the Charter, Regulations on the Board of Directors of MTS PJSC<sup>1</sup>.**

The functions of the Board of Directors Secretary include:

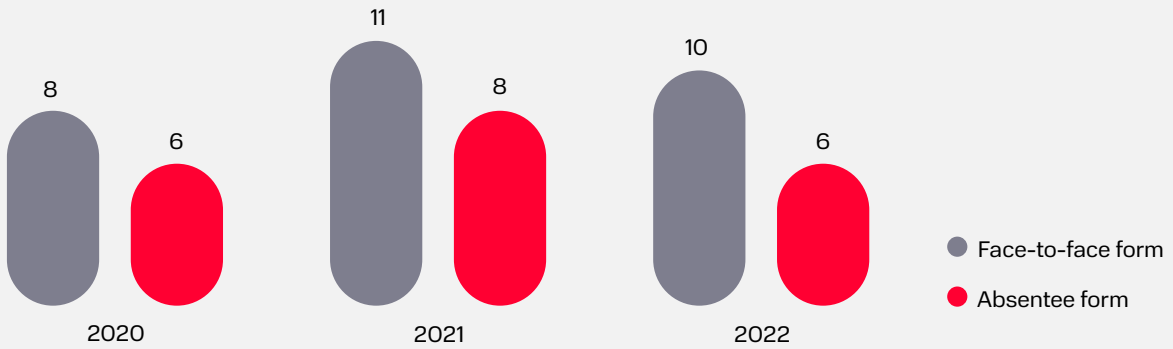
- an onboarding of newly elected members of the Company's Board of Directors;
- informing members of the Board of Directors and invited persons on forthcoming meetings of the Board of Directors;
- sending to members of the Board of Directors materials on issues of the Board of Directors agenda;
- provision, upon request, to members of the Board of Directors an additional information on the Company's activities;
- calculation of the votes on issues put to a vote and keeps record of the Board of Directors meetings;
- storage of the Board of Directors' documents;
- control over the implementation of the Board of Directors decisions;
- assistance to the Chairman of the Board of Directors in planning for activities of the Board;
- communication of members of the Board of Directors with management;
- assistance in solving organizational and technical issues.

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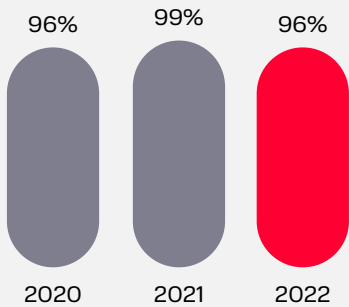
<sup>1</sup> [https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BoD\\_Regulations\\_eng.pdf](https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BoD_Regulations_eng.pdf).

# Report on the Work of the Board of Directors

Number of meetings held by the Board of Directors, pcs.



Attendance rate for the meetings of the Board of Directors, %

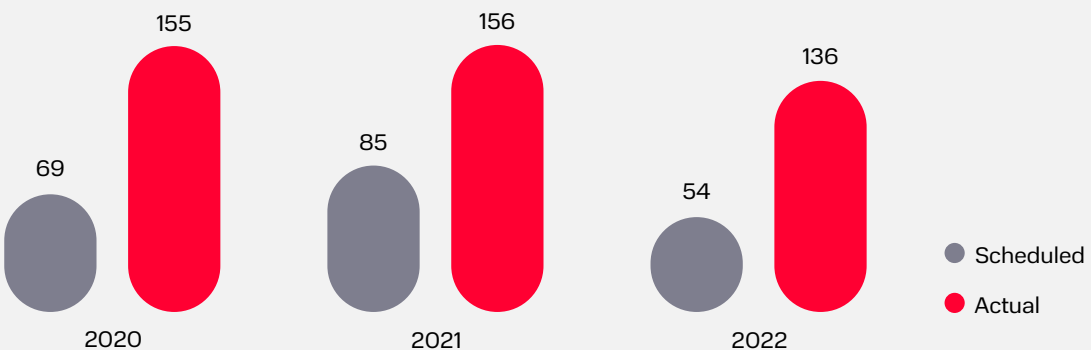


2022 saw

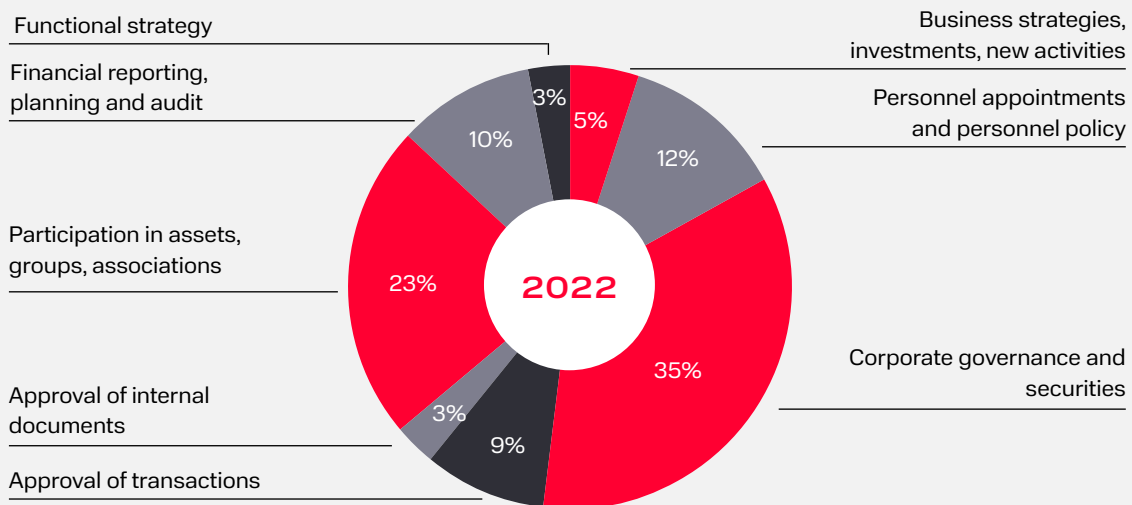
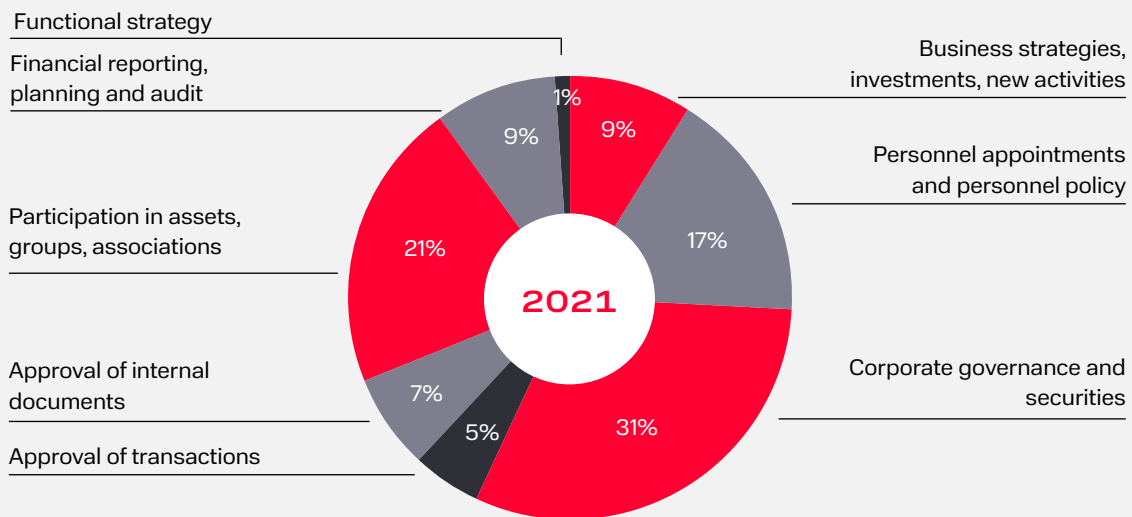
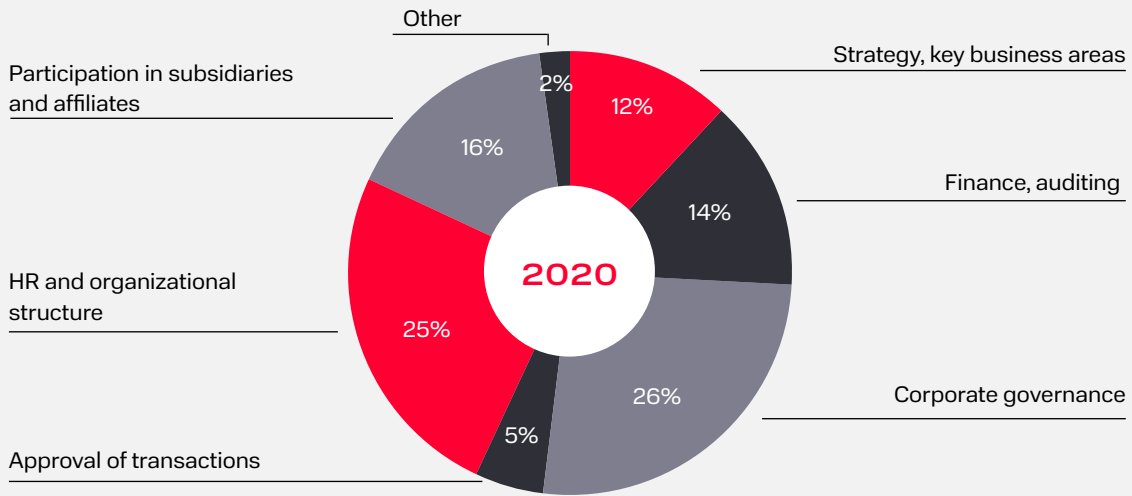
**16 meetings**

of the Board of Directors, including 10 in-person meetings and 6 meetings by correspondence.

Number of issues considered at meetings of the Board of Directors, pcs.



### Structure of issues reviewed at meetings of the MTS Board of Directors in 2020-2022





## Significant items on the agenda of the MTS PJSC Board of Directors meetings in 2022

1. On the progress of implementing the MTS strategy and the main business risks related thereto.
2. On measures for the continuous improvement of MTS compliance control procedures.
3. On approval of MTS Group budget for 2023.
4. On approval of key performance indicators of the President and members of the MTS PJSC Management Board in 2022.
5. On the development of the anticorruption compliance system at MTS PJSC and subsidiaries in 2021.
6. On 2023–2025 MTS Group Strategy.
7. On consideration of MTS Technological (IT) Strategy, including status report.
8. On the status of tracking and implementation of new strategic initiatives.
9. On status of MTS PJSC depositary receipt program.
10. On the inside compliance system of MTS PJSC.
11. On assessing the level of business ethics and compliance culture in the MTS Group in 2022.
12. On the development of the compliance program in certain MTS PJSC subsidiaries.
13. Recommendations of the Board of Directors on a payment of dividends for 2021.
14. On approval of design of trademarks, emblems and means of visual identification of MTS PJSC.
15. On approval of the Succession Policy for the President of MTS PJSC and Executives Directly Subordinate to the President of MTS PJSC.
16. On the creation of a Special Committee under the Board of Directors.
17. On changes in the compositions of Committees of MTS PJSC Board of Directors.
18. On issues related to convening the Annual General Meeting of Shareholders of MTS PJSC.
19. On approval of Programs of MTS PJSC Off-Market Commercial Bonds.
20. On the results of performance assessment of MTS PJSC Board of Directors.
21. On participation of MTS PJSC in other organizations
22. On organizational changes.
23. Review of reports:
  - on preliminary results of execution of the MTS Group budget for 2021 and the forecast for 2022.
  - on execution of MTS Group budget and CAPEX program for 2021, as well as the current forecast of budget execution for 2022.
  - on risk management;
  - on MTS PJSC corporate governance system (Report of the Corporate Secretary);
  - on evaluation of KPI fulfillment and completion of individual tasks by the President and Management Board members;
  - on performance assessment of MTS PJSC Board of Directors.
  - on the fulfilment of compliance controls;
  - on the operation of the units for internal audit, control and compliance, including the report on the efficiency of the risk management system.

## Assessment of Board of Directors performance

The Methodology of assessment 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 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.

### Assessment Scope:

- Activities of the Board of Directors
- Activities of committees of the Board of Directors
- Activities of each member of the Board of Directors and committees, including their chairmen
- Activities of the Corporate Secretary

### Assessment of Board of Directors performance included:

- 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.

### Assessment of Board of Directors' committees performance included:

- determining the effectiveness of committees and assisting the Board of Directors in the decision-making process;

- 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 included:

- determination of 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.

## Results of assessment of Board of Directors performance

In 2022, MTS conducted an assessment of performance of the Board of Directors of MTS in the form of a self-assessment. All acting members of the Board of Directors of MTS and 23 representatives of management, members and invited experts of committees of the Board of Directors of MTS took part in the survey.

Preliminary report on the results of the assessment was submitted by the Corporate Governance Director for consideration by the Remuneration and Nomination Committee and the ESG of the Committee of the Board of Directors of MTS. The final report was presented to the MTS Board of Directors. The results of the assessment proved that the principles of work of the Board of Directors of MTS meet high standards of corporate governance. Development areas were also identified, for which plans were adopted to improve the work of the Board of Directors.

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

## Liability insurance

**The sum insured under the liability insurance contract for members of the Boards of Directors, officials of MTS and MTS Group companies (hereinafter referred to as the "Insurance Contract") shall be USD 45 million.**

Insurance contract allows to ensure protection of members of the Board of Directors, Management Board and management of MTS PJSC and MTS PJSC subsidiaries and provide coverage for indemnification of executive officers, in connection with actions or claims submitted against them or their persecution by authorized state authorities for their actions/omissions while they exercise office duties in the office held, namely:

- reimbursement of expenses of executive officers for lawyers and legal protection in connection with the above actions or claims;
- indemnification of damages caused to plaintiffs by inadvertent actions/omission of executive officers (in the event that the lawsuit is satisfied by the court);
- indemnification of damages of MTS PJSC and subsidiaries of MTS PJSC for claims related to securities (except for lawsuits related to new IPO of American depositary receipts).

# COMMITTEES OF THE BOARD OF DIRECTORS

**Committees of the Board of Directors perform preliminary study of issues before they are submitted to the meeting of the Board of Directors. Committee members thoroughly study an issue and propose to the members of the Board of Directors the elaborated alternative decisions, making it possible for them to join the discussion of the issue more promptly.**

In 2022, for improvement of management quality in priority areas, two committees were additionally established: the Special Committee for FinTech, and the Special Committee.

Powers of and requirements to compositions of the committees shall be determined by regulations on the committees approved by the Board of Directors. The committees may involve external experts and

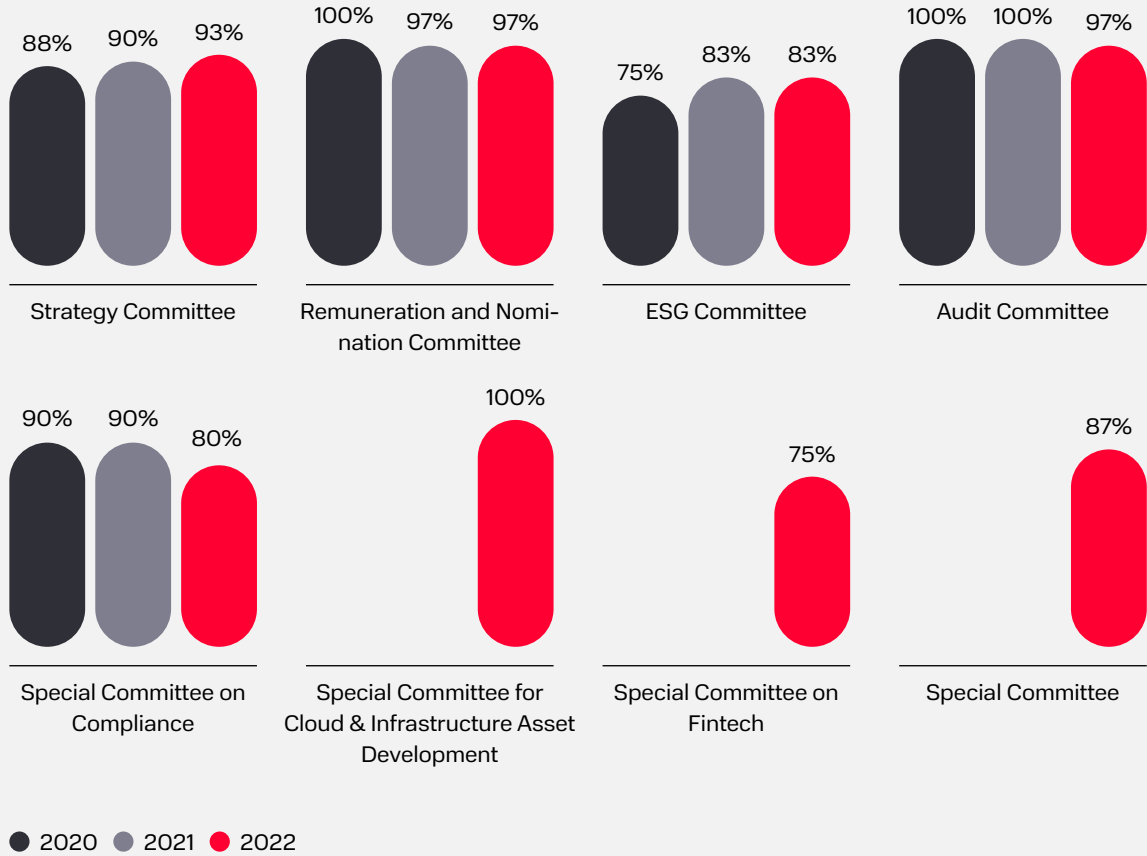
advisors in order to resolve their tasks. The results of reviews of agenda issues by the Committees are communicated to the Board of Directors members prior to every meeting of the Board of Directors.

Each BoD member is also a member of one to nine committees. Representation of the Company's managers in the committees allows for a meaningful dialog during committee meetings.

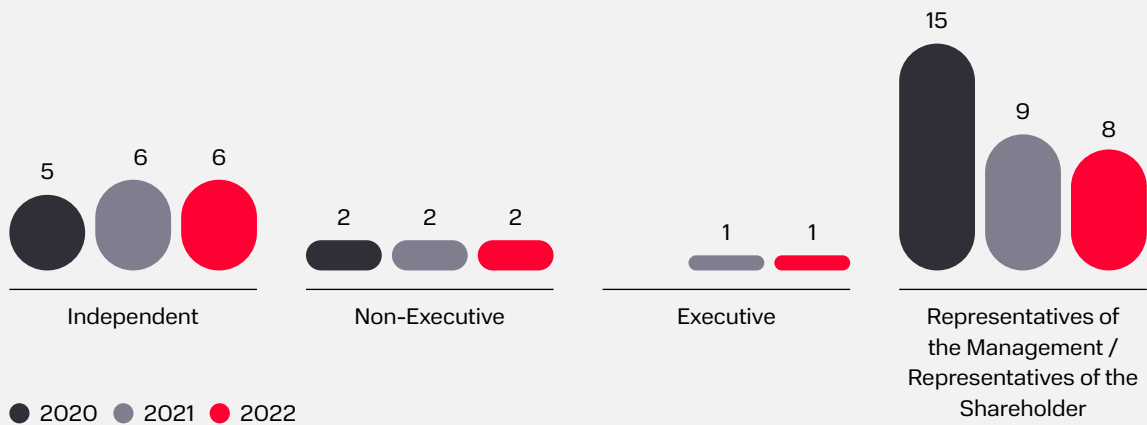


<sup>1</sup> data as of December 31,2022

**Average level of attendance of the meetings of the Committees, %**  
(without the resigned Board of Directors member)



**Structure of composition of the committees of the Board of Directors**  
(without the resigned Board of Directors member)



<sup>1</sup> data as of December 31,2022



## Audit Committee

**The Audit Committee assists in efficient implementation of functions of the Board of Directors in terms of control over financial and economic activities of the Company.**

In their activities, the Committee members are guided by the applicable law, the Charter and the internal documents of the Company, the Corporate Governance Code<sup>1</sup>, the Code of Business Conduct and Ethics of MTS PJSC, decisions of the Company's management bodies, and the Regulations on the Audit Committee<sup>2</sup>.

### Key functions of the Committee:

- oversight of completeness, accuracy, and objectivity of the Group's financial statements;
- review and analysis, together with management and an external auditor, of the Group's annual financial statements, interim financial information and relevant documents submitted to the SEC, the Central Bank of the Russian Federation and other regulatory authorities;
- review of reports on financial and operational results of MTS Group before issuing press releases;
- monitoring of the effectiveness of risk management, the internal control system and corporate governance of the MTS Group;
- assessment of the performance of procedures used by MTS Group to identify the principal risks and appropriate control procedures in order to determine their adequacy and efficiency;
- supervision of the execution of procedures ensuring compliance by MTS Group with the requirements of the Sarbanes-Oxley Act;
- consideration in cooperation with the management and the external auditor any cases of law violation, fraud and significant deficiencies in internal control and risks management procedures;
- supervision of updating, bringing the Code of Business Conduct and Ethics of MTS PJSC (hereinafter referred to as the "Code") to the persons covered by the Code;
- review of the measures taken by the management of MTS PJSC to increase the level of corporate, compliance and risk culture, awareness of those covered by the Code about the Code requirements and the consequences of its violation;
- review of proposed measures to resolve the conflict of interests of members of the management bodies of MTS PJSC;
- ensuring independence and objectivity of the internal and external audit functions;
- review and approval of the internal audit policy, the internal audit strategy, the annual audit plan and the main changes made to the plan during the calendar year;
- review in cooperation with the Internal Audit Director and approval of the internal audit resource plan, budget and KPIs;
- evaluation of the effectiveness of internal audit activities and the implementation of KPIs;
- evaluation of the Group's external auditors independence, objectivity, and no conflict of interest, including the assessment of candidates for auditors of the Group, submission of recommendations on the appointment, re-appointment and discharge of the external auditors of the Group, the remuneration for their services, and the contractual terms;
- supervision of the external audit and assessment of the quality of the audit and audit opinions;
- development and oversight of the compliance with the Group's procedures setting the principles of provision and combination of audit and non-audit services by the auditor.
- overseeing the effectiveness of the reporting system on the potential cases of fraud of the Group's employees (including violation of anti-corruption policy, unfair use of insider and

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

<sup>2</sup> <https://storage.ir.mts.ru/mts-ir/images/documents/Regulations%20on%20Audit%20Committee.pdf>.

confidential information) and of third parties, and on other violations in the Group;

- review of reports on the work of the MTS Group Unified Hotline, as well as the results of internal audits and investigations held.

### Quantitative composition

The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2022, and the changes also took place in September 2022.

### Meetings

In the reporting year, 27 meetings of the Committee took place: 20 in-person meetings and 7 meetings in the form of absentee voting.

Besides these meetings, the Committee members held meetings with financial executives of the Company and managers responsible for the risk management, internal control system, internal audit,

business ethics and compliance, as well as with external consultant of the Company on a number of issues.

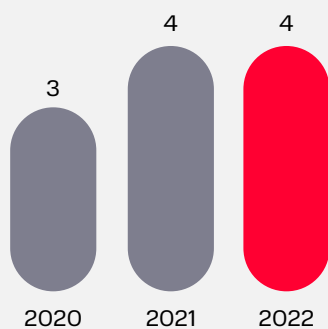
### Issues considered

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

- Restated Charter of MTS PJSC;
- Restated Regulations on the Audit Committee under the Board of Directors of MTS PJSC;
- Reports on implementation of the corporate anti-corruption compliance program of MTS PJSC and subsidiaries for the first six months and for 2022;
- Risk management and key risk dashboard reports of MTS PJSC for the first six months and for 2022 and assessment of the risk management performance of the MTS Group in 2022;

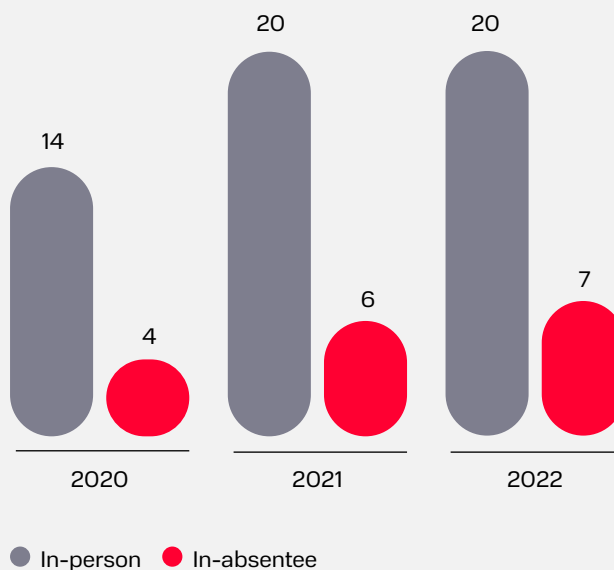
### Composition of the Audit Committee in 2020–2022

Independent directors<sup>1</sup>



<sup>1</sup> data as of 31.12.2022 without the resigned Committee member

### Meetings of the Audit Committee in 2020–2022



- Plan for assessing the culture of business ethics and compliance of MTS Group in 2022;
- nominations of the auditor and remuneration of Business Solutions and Technologies JSC for audit services in 2022;
- Major transactions and M&A transactions, with interest falling within the competences of review by the Board of Directors.

### Key areas of the Audit Committee's activities and matters considered in 2022

#### In financial reporting

During 2022, the Audit Committee reviewed the interim financial information of the MTS Group for the Q1, Q2, Q3 of 2022 in order to determine the completeness, consistency of information and presentation of reasonable assessment of financial standing, performance indicators and prospects of the MTS Group.

The consolidated financial reporting of the MTS Group for 2022, prepared in accordance with the international financial reporting standards, and the financial reporting of MTS PJSC for 2022, prepared in accordance with the Russian accounting and reporting standards, were considered, and an analysis of audit results was carried out together with the management and the external auditor.

The reports on the financial and operating performance of the MTS Group for Q1, Q2, Q3, Q4 and 2022 as a whole were reviewed and recommended for subsequent disclosure.

#### In risk management, internal controls and corporate governance system

During 2022, the Committee reviewed the 20-F report for 2022 and the reports on risk management at MTS PJSC for the first six months and 2022 and dashboard for key strategic risks of the MTS Group. The Audit Committee gave a positive assessment of the work in the field of risk management of the MTS Group in 2022.

The Committee pays special attention to risk assessment in potentially problematic areas, such as hardware and software supplies, logistics in order to ensure the continuity of key business processes.

During 2022, the Committee controlled the procedures providing for the Group's compliance with the requirements of Sarbanes-Oxley Act. Plan for 2022 and the performance results of the Internal Control Systems Department for the first six months of the year and for 2022 as a whole were reviewed, including the results of testing and certification of the internal control system for reliability of the financial reporting of the MTS Group. The Committee gave a positive assessment of the unit performance results.

The Committee approved the report of the Internal Audit Unit on the results of assessing the effectiveness of the internal control system, risk management and corporate governance of the MTS Group for 2022.

During 2022, the Committee conducted a preliminary review of MTS PJSC transactions with related parties, including materials on upcoming mergers and acquisitions, and subsequent review of transactions with related parties in accordance with the procedure described in the Regulations on the Audit Committee. The results of analysis of economic feasibility and compliance with the requirements of the regulations when making such transactions

### Work results in 2022

In the reporting year, the Audit Committee paid special attention to the efficiency of the internal control system, taking into account the changes in the external environment. The issues of compliance and meeting the provisions of the Code of Business Conduct and Ethics also remained in the focus of attention.

The Committee continued its work on monitoring the completeness and reliability of the financial statements of the MTS Group, including control over the disclosure of relevant information, as well as over the effectiveness of work of the internal audit and the external auditor, assessing the quality of their work, compliance with the principles of independence and objectivity.

Chairman of the Audit Committee

carried out by the Internal Audit Block of CC of the MTS Group and subsidiary companies, respectively, were discussed and taken into account.

Starting from the second half of 2022, the Audit Committee carries out subsequent review of transactions related to investing in startups (including purchase, sale and change of ownership interest) made during the reporting quarter.

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

The Audit Committee considered the report on development of the Unified Compliance System of MTS PJSC for 2022.

The Committee reviewed the plan for 2022 for the development of the corporate anti-corruption compliance program of MTS PJSC and subsidiaries and reports on implementation thereof based on the results of the first six months of the year and for 2022 as a whole. The Audit Committee gave a positive assessment of the activities in the field of business ethics and compliance for 2022; the key performance indicators and goals in the field of business ethics and compliance for 2022 were achieved with the expected results.

In December 2022, the Committee reviewed the 2023–2025 strategy and the 2023 plan for the development of a corporate anti-corruption compliance program at MTS PJSC and subsidiary companies.

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

### **In the field of internal audit**

The Audit Committee reviewed the implementation of strategic initiatives in the field of internal audit, including improvement of audit methodology and risk assessment, introduction of Agile approaches in the practice of internal audit, improving the effectiveness of interaction with supervisory functions and stakeholders. The Audit Committee reviewed quarterly reports on the status of implementation of audit recommendations and elimination of deficiencies identified by internal audit in MTS PJSC and its subsidiaries. The Committee reviewed the changes to the audit plan for

2022 made by the internal audit and approved the revised audit plan.

An internal assessment of the quality of internal audit activities for 2022 was carried out, according to the results of which the activity was recognized as conforming to International Professional Standards of Internal Audit and Code of Ethics of the Institute of Internal Auditors.

The Audit Committee gave a positive assessment of the results of the internal audit of MTS PJSC and its subsidiaries for 2022 and concluded that the activities of the internal audit block were effective, key performance indicators and internal audit objectives for 2022 were fully achieved.

In December 2022, the Committee approved the internal audit strategy, audit schedule, KPIs and budget for 2023, as well as took into account the audit schedules for 2023 of the internal audit units of significant subsidiaries.

### **In external audit**

The Audit Committee recommended Business Solutions and Technologies JSC as the auditor of financial reporting of MTS PJSC for 2022, which was confirmed by the recommendation of the Board of Directors and by shareholders of the Company at the Annual General Meeting of Shareholders in June 2022. The Committee previously approved and recommended that the Board of Directors approve the remuneration of the auditor.

The Audit Committee discussed and took into account the results and conclusions of the external auditor based on the review of quarterly overviews of MTS Group financial information for Q1, Q2 and Q3 of 2022 and the annual audit, including conclusions on the effectiveness of the internal control system over the preparation of financial reporting at the MTS Group.

At the end of 2022, the Committee gave a positive assessment of the quality of the audit and the auditor's opinions based on the results of the audit of MTS PJSC financial reporting for 2022 prepared in accordance with the Russian accounting standards, and consolidated financial reporting of MTS PJSC and its subsidiaries for 2022 prepared in accordance with the international financial reporting standards.

The Committee exercised supervision over compliance of the auditors with the independence principles. During 2022, the Committee considered information on permissible auditing and non-auditing services, which was provided by the

external auditor, and discussed with the auditor a possible impact of the service on independence of the auditor. Permissible auditing and non-auditing services were preliminarily approved by the Committee in accordance with the procedure described in the Regulations on the Audit Committee.

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

The Audit Committee reviewed and took note of the main initiatives to improve the administration of the

MTS Group Unified Hotline and the conduct of internal investigations, as well as the disciplinary action.

The Committee reviewed the results of work of the Unified Hotline of the MTS Group of Companies in the first six months and for 2022 as a whole.

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee is an auxiliary collective deliberative body under the Board of Directors. Primary goals of the Committee include: development of the Company’s HR policy, determination of the system for remuneration of chief officers of the Company, shaping the strategy for the development of the MTS Group’s corporate culture.

The Committee members follow leading international practices and trends in preparation of effective solutions within the area of their competence.

In its activities the Committee follows the recommendations and requirements of the relevant legislation, the Company’s Charter and internal documents, Code of Ethics and Business Conduct, decisions of the Company’s management bodies, and Regulations on the Committee<sup>1</sup>.

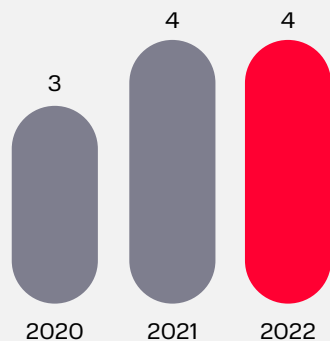
### Objectives:

- Development and updating of the HR Policy of MTS PJSC, preparation of a succession pool for the positions of chief officers;
- Drawing up proposals on candidates and on the determination of significant conditions for remuneration of the chief executives, and proposals on an early termination of office;
- Evaluation of performance results of the Company’s President and Management Board

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

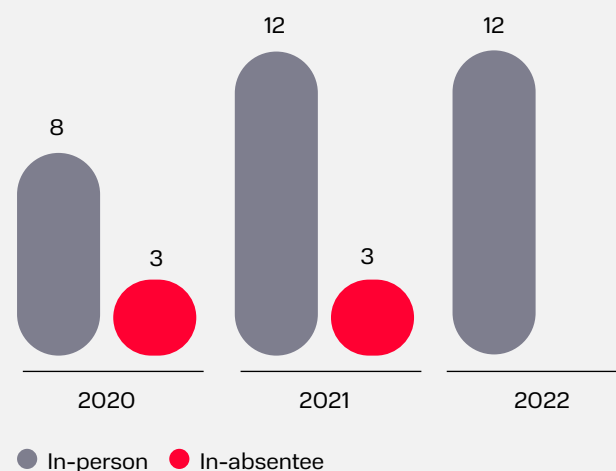
### Composition of the Remuneration and Nomination Committee in 2020–2022

Independent directors<sup>1</sup>



<sup>1</sup> data as of 31.12.2022 without the resigned Board of Directors member

### Meetings of the Remuneration and Nomination Committee in 2020–2022



members, direct subordinates of the Company's President for the reporting period and preparation of proposals on their reappointment and appointment of the Corporate Secretary;

- Development and submission for BoD review of internal documents related to the implementation of the Company's Options Plan;
- Control over meeting the requirements of the effective legislation, MTS PJSC Charter and internal regulatory acts of MTS PJSC as to compliance with the Company's HR Policy, standards and procedures in the sphere of remuneration and appointments;
- Determining methods and evaluation of performance of the Company's Board of Directors;
- The Committee preliminarily addresses the issues reviewed at meetings of the Company's

Board of Directors in the sphere of appointment and remuneration of top managers of the Company.

## Main areas of activities of the Remuneration and Nomination Committee in 2022

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

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

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

## Work results in 2022

In 2022, the Remuneration and Nomination Committee performed its assigned function as a consultant to the Board of Directors of MTS PJSC in priority areas of personnel management, relying on international experience of corporate governance and best professional practices in its work.

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

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

- ensuring the implementation of the CEO succession policy and improving the succession policy of the members of the MTS PJSC Board of Directors;
- developing a policy in the field of diversity, equality and inclusiveness, developing a culture of belonging and value for each employee;
- updating the program of long-term financial incentives and key performance indicators of management;
- ensuring the efficient membership of the Boards of Directors of MTS subsidiaries and engaging third party experts – recommending and considering nominations of independent candidates;
- ensuring meeting the compliance requirements in personnel management processes, including measures to stimulate compliance behavior at all levels of the organization.

I would like to express my gratitude to the company's management, committee colleagues and independent directors for their constructive work and open discussion culture.

**Chairperson of the Remuneration and Nomination Committee**

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

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

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

Preliminary review of internal documents related to the implementation of the Company's Option Program.

**Issues related to personnel policy and remuneration strategy of the Company**

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

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

**Assessment of the Board of Directors and Committees under the Board of Directors**

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

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

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

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

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

**Work results in 2022**

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

The key topics for discussion at the Committee meetings were issues of succession of members of the Board of Directors and the President of MTS PJSC, updating of the MTS management long-term incentive program, as well as issues of appointing internal and external nominees for the positions of key managers of the company.



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

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

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

The committee follows in its activities the recommendations and requirements of the relevant legislation, the Charter and internal documents of the Company, Code of Ethics and Business Conduct, decisions of management bodies of the Company, Regulations on the Committee<sup>1</sup> and best global practices of ESG-agenda management.

<sup>1</sup> <https://storage.ir.mts.ru/mts-ir/images/documents/Regulations%20on%20ESG%20Committee.pdf>

### Work results in 2022

Last year, MTS continued to scale up initiatives and competencies aimed at supporting sustainable development in the Company and socially responsible actions towards all stakeholder groups. Expertise and projects of the digital ecosystem in the field of ESG were actively broadcasted to a wide audience, while the Company used the proven practices of “tone from above” and “tone in the middle” at the level of both operational and top management, and the Board of Directors to cover the ESG agenda. This allows not only to increase the ESG portfolio, create a team of like-minded employees and partners who share the values and philosophy of responsible management, but also build sustainable relationships on a good faith basis, regardless of changing market conditions.

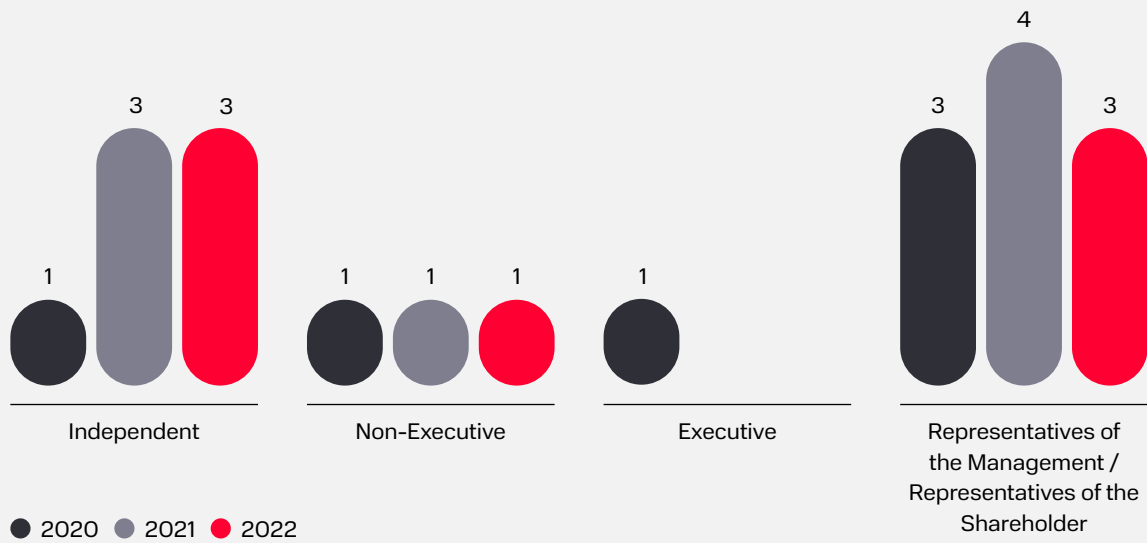
The ESG Committee continues to develop the ESG agenda, following the strategy adopted by ESG. In 2022, the ESG Committee considered issues of the company's sustainable development: in particular, the current status of projects for the development of ESG projects in subsidiaries, new HR initiatives for inclusive recruitment and creating an accessible environment, key initiatives of the ESG Center, the results of a successful audit of processes for working with special groups within the social sphere of the ESG program.

It is also important to note that in the reporting period, the ESG Committee considered all the necessary issues related to the development of corporate governance in the Company, including the assessment of the Board of Directors, the development of the compliance system and the formation of a culture of business ethics in the MTS Group.”

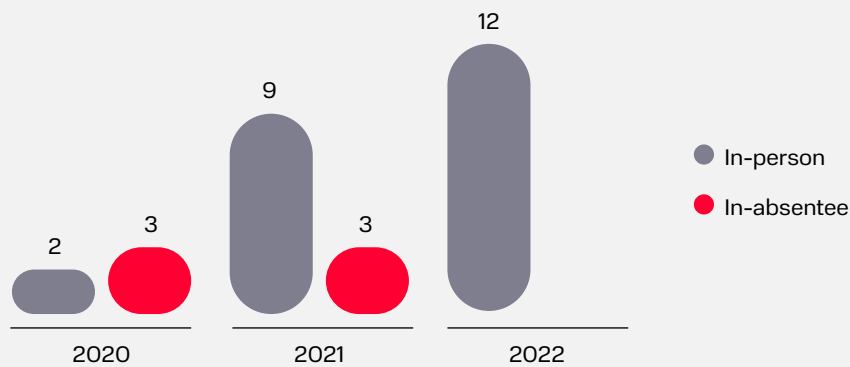
Despite many changes around the Company in 2022, MTS maintains its standards, goals and processes on all relevant ESG topics, I am very pleased with the high professional level of work done by the entire MTS Management and the ESG Committee team. I also express my special gratitude to all members of the ESG Committee for their involvement, focus and understanding, for the opportunity to discuss issues in a very constructive and friendly atmosphere.

**Chairman of the ESG Committee  
(Corporate Governance, Environmental and Social Responsibility Committee)**

### Composition of the ESG Committee



### Meetings of the ESG Committee



#### Quantitative composition

Composition of the Committee was changed during the reporting year.

The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2022.

#### Meetings

In the reporting year, 12 meetings were held in face-to-face form, including joint meetings of the ESG Committee and the Remuneration and Appointments Committee.

### Issues considered

- Members of the ESG Committee and external international experts were presented with the current status of the projects to develop ESG agenda in MTS subsidiaries.
- Materials on the initiatives in the field of hiring people with special needs were considered.
- Key initiatives developed by the ESG Center were reviewed and taken into account.
- The status of the development of a set of initiatives in the "Electronic waste management" area was taken into account.
- The information on energy efficiency management in the MTS Group was considered.
- Monitoring and assessment of the level of culture of business ethics and compliance at the MTS Group were carried out.
- The procedural issues were considered as part of the annual assessment of the Board of Directors' performance.
- Sustainable Development Report for 2021 was reviewed.
- The results of audit of processes for working with special groups within the social sphere of the ESG program were taken into account.

## Strategy Committee

The Committee prepares recommendations to the Board of Directors upon review of general strategy issues of the MTS Group, strategic development of key functions, projects and the Company in general, and the implementation of M&A transactions and investment projects.

### Quantitative composition

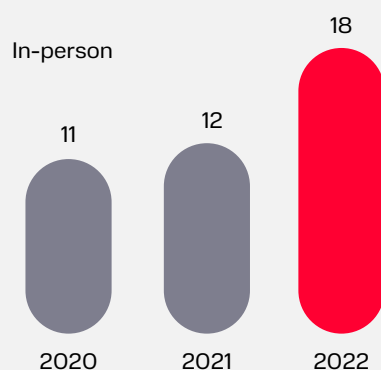
Composition of the Committee was changed during the reporting year.

The composition of the Committee was approved on June 24, 2022. The number of members of the committee has increased from 9 to 11.

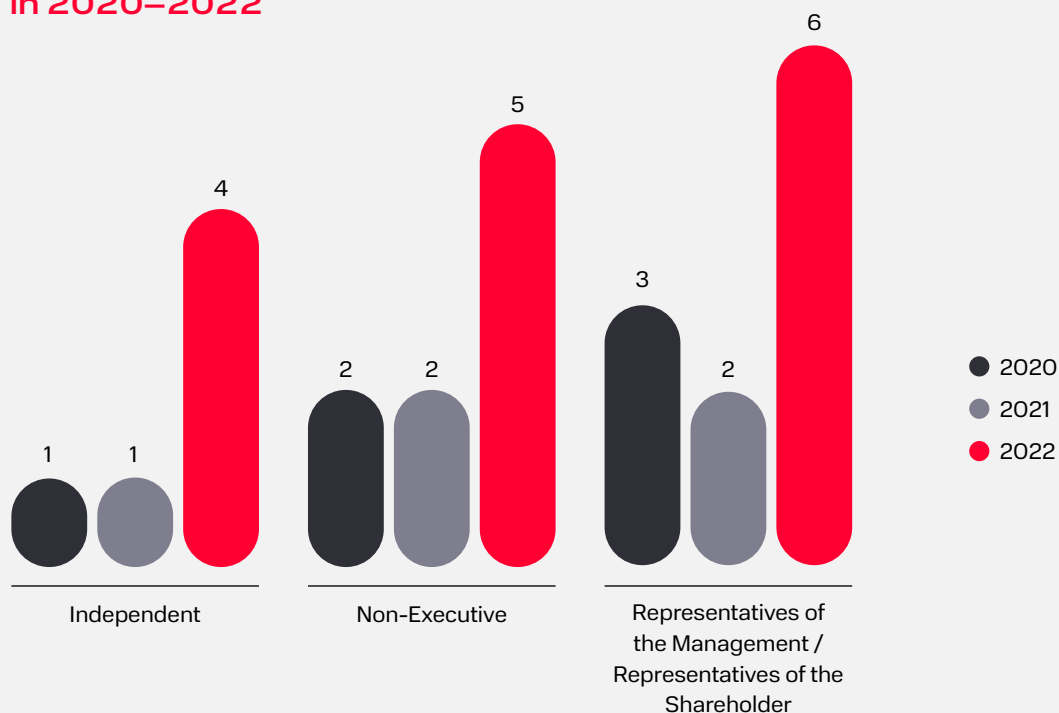
### Meetings

In the reporting year, 18 in-person meetings were held.

### Meetings of the Strategy Committee



### Composition of the Strategy Committee in 2020–2022



### Issues considered

- MTS Group Strategy for 2023–2025.
- Strategies for business verticals and key functional horizontals.
- Restructuring of bond and credit loan programs.
- Approval of the MTS Group budget for 2023.
- Reports on the current fulfilment of the budget.
- On acquisition and sale of assets.
- On reorganization of MTS PJSC in the form of acquisition of its subsidiaries.

The Committee has provided the following recommendations to the Company's Board of Directors and management:

- finalizing and approving the strategy of the MTS Group for 2023–2025;
- finalizing business vertical strategies;
- approving transactions;
- approving the MTS Group budget for 2023.

### Work results in 2022

At the meetings of the Strategy Committee under the MTS Board of Directors in 2022, we considered the strategy of the MTS Group's ecosystem and individual functional and business areas of the Company, M&A transactions, the practicability of developing the MTS ecosystem in new directions, issues of planning and fulfilling the budget and investment programs of the MTS Group. A particular focus was made on discussing the vertical and functional horizontal strategies of the ecosystem and individual potential M&A transactions as part of implementation of these strategies.

**Chairman of the Strategy Committee**

## Special Committee on Compliance

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

### Quantitative composition

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

The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2022.

MTS in accordance with the best Russian and international practices, including with the participation of parties independent of the Company.

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

### Meetings

In the reporting year, 3 in-person Committee meetings and 1 meeting in absentia were held.

The Committee issued a recommendation on the establishment of a Special Committee of the Board of Directors of MTS PJSC in the area of FinTech.

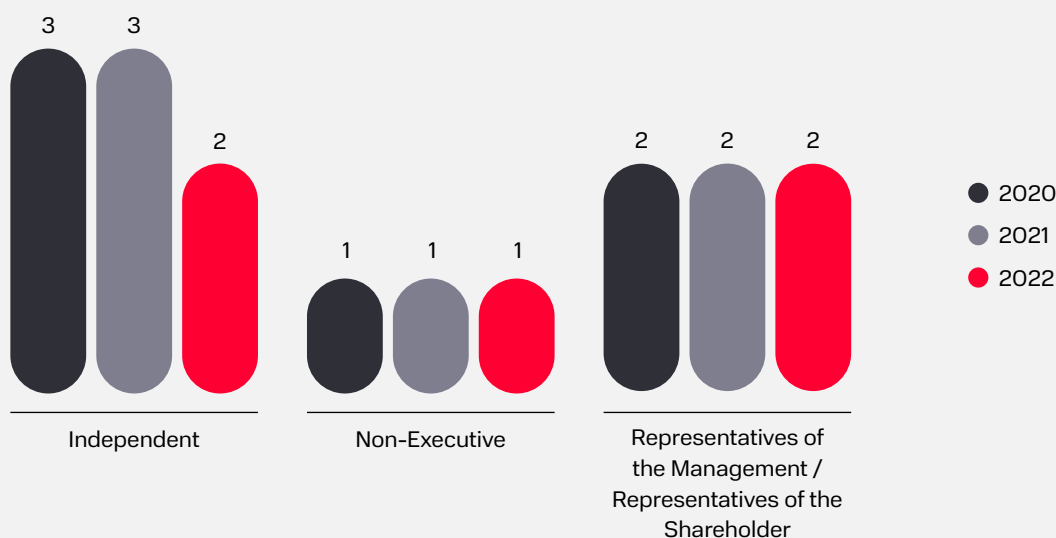
### Issues considered

In 2022, the work of the Special Committee on Compliance Matters was focused on promoting the effective improvement of the compliance system at

### Work results in 2022

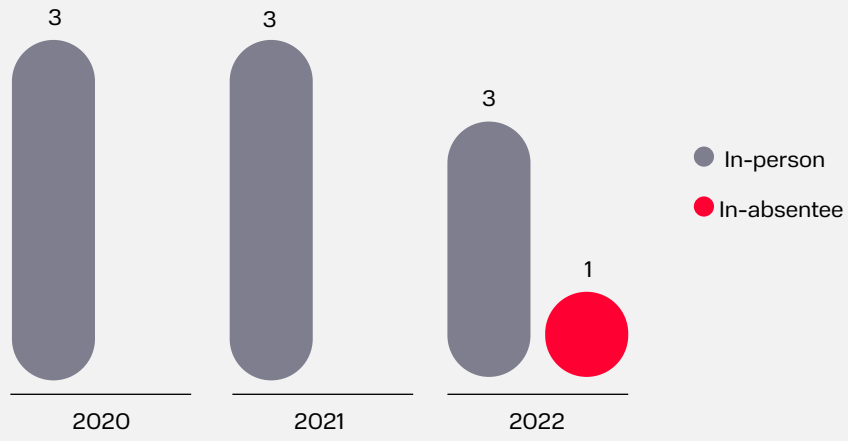
In the reporting year, the Committee reviewed issues related to compliance supervision measures implemented by the Company.

Composition of the Special Committee on Compliance Matters<sup>1</sup>



<sup>1</sup> without the resigned Board of Directors member

### Meetings of the Special Committee on Compliance Matters



# Special Committee for Cloud & Infrastructure Asset Development

The Committee was established to develop recommendations for the development of cloud and infrastructure assets transferred to MWS JSC as part of the reorganization of MTS PJSC.

## Quantitative composition

There were no changes in the composition of the Committee during the reporting year. The composition of the Committee was approved at the meeting of the Board of Directors on June 24, 2022.

## Meetings

The reporting year saw 8 in-person meetings of the Committee.

## Issues considered

In 2022, the work of the Special Committee for Cloud & Infrastructure Asset Development was focused on ensuring the growth of the efficiency of the technological and IT infrastructure of MWS JSC, assistance in building a Company in building the

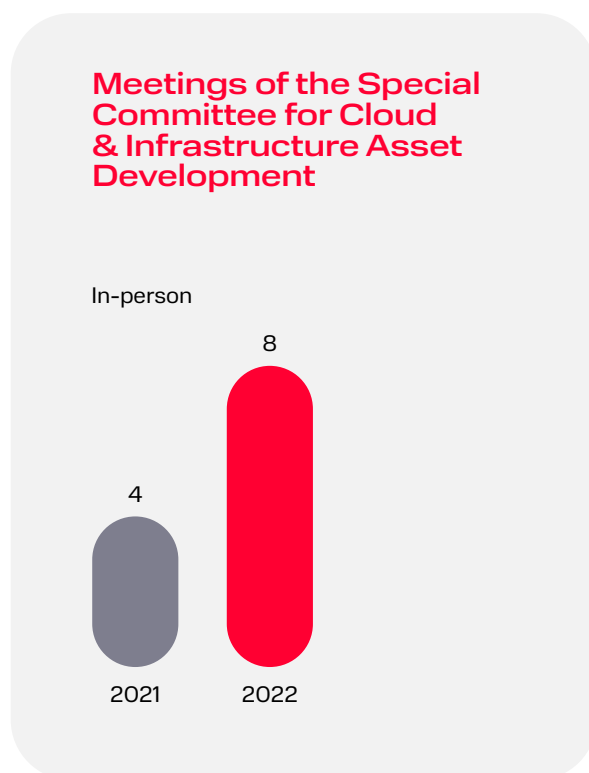
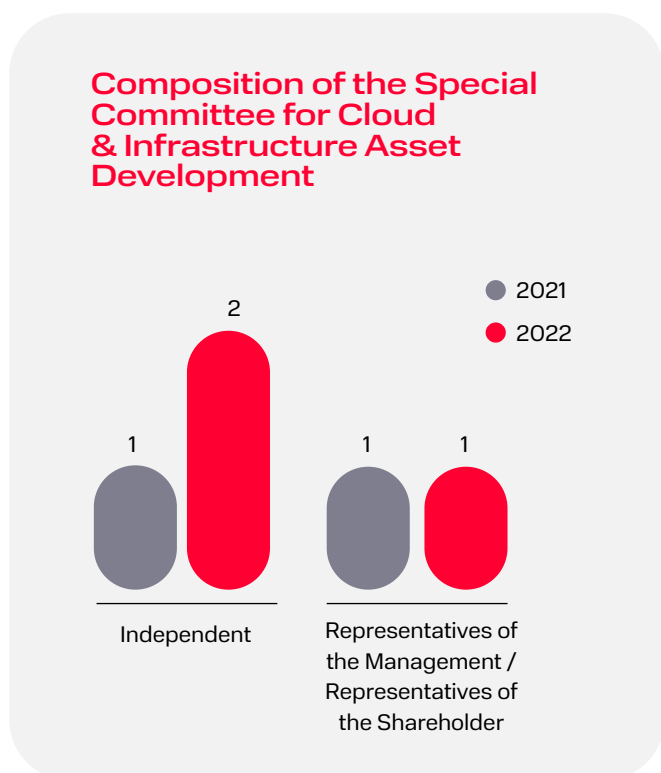
Company as a leading provider of digital infrastructure technologies and cloud solutions in the market of cloud and IT infrastructure services.

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

- The Committee issued recommendations within the current competence.

## Work results in 2022

In the reporting year, the Committee reviewed issues related to compliance cloud and infrastructure assets development measures implemented by the Company.





## Special Committee on FinTech

The Special Committee on Fintech was created to develop recommendations for the development of fintech in the MTS Group.

### Quantitative composition

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

The composition of the Committee was approved at the meeting of the Board of Directors on November 24, 2022.

### Meetings

In the reporting year, 2 in-person Committee meetings were held.

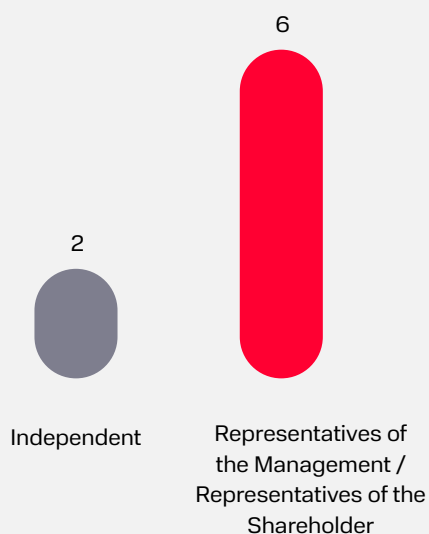
### Issues considered

In 2022, the Committee considered reports on individual issues in the field of internal controls and compliance procedures in the area of fintech in the MTS Group.

### Work results in 2022

In the reporting year, the Committee considered issues related to the ongoing improvements in the field of compliance, internal controls and corporate governance in the area of fintech in the MTS Group.

### Composition of the Special Committee on FinTech 2022



### Number of meetings of the Special Committee on FinTech in 2022



## Special Committee

The Committee was created to ensure compliance with the conditions of the planned significant material transactions that potentially affect the activities of the MTS Group and the development of the ecosystem.

### Quantitative composition

Composition of the Committee was changed during the reporting year. The composition of the Committee was approved at the meeting of the Board of Directors on June 28, 2022. It consists of 4 independent directors. Powers of one of the committee members (independent director) terminated on September 15, 2022

### Meetings

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

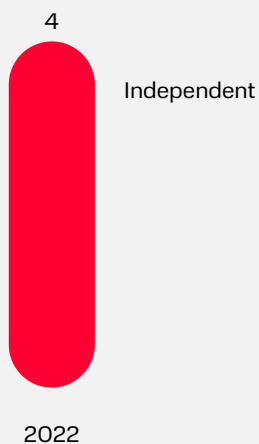
### Issues considered

In 2022, the Special Committee considered the issues of analyzing the terms of transactions and the risks associated therewith, developing an opinion on the expediency of concluding transactions.

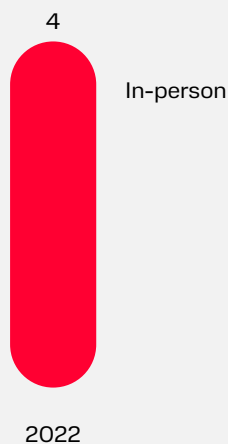
### Work results in 2022

In the reporting year, the Committee considered issues related to ensuring compliance of the terms of transactions with fair market conditions, prepared recommendations to the Board of Directors on issues related to the implementation of transactions.

#### Composition of the Special Committee in 2022



#### Number of meetings of the Special Committee in 2022



# REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS

The procedure and terms of remuneration payment to members of the Board of Directors of MTS PJSC are defined in accordance with the Regulations on remunerations and compensations paid to members of the Board of Directors of MTS PJSC<sup>1</sup>.

MTS pays remuneration to independent directors, as well as directors, who are not employees or members of the management bodies of companies in MTS Group. Overheads are compensated to all directors in accordance with actually made and documented target expenses.

of financial interests of directors with long-term financial interests of shareholders.

Detailed information is disclosed in clause 4.2.1. Report on the fulfilment of the principles and recommendations of the Corporate Governance Code.

The remuneration system applicable to the members of the Board of Directors provides for approach

## Remuneration paid to members of the Board of Directors in 2022

Indicator name	Total, RUB
Remuneration for participation in operations of the management body	182,012,757.35
Reimbursement of expenses	0
<b>TOTAL</b>	<b>182,012,757.35</b>

<sup>1</sup> [https://storage.ir.mts.ru/mts-ir/images/documents/MTS:-BOD\\_Remuneration\\_Policy\\_eng.pdf](https://storage.ir.mts.ru/mts-ir/images/documents/MTS:-BOD_Remuneration_Policy_eng.pdf).

## Remuneration components:



<sup>1</sup> Mandatory committees: Audit Committee, Remuneration and Nomination Committee, ESG Committee, Strategy Committee

<sup>2</sup> Special committees: Special Committee on Compliance, Special Project Committee for Co-locating Employees, Special Committee for Cloud & Infrastructure Asset Development, Special Committee.

<sup>3</sup> In this respect, should any restrictions on operations (transactions) with shares/ADRs be introduced in accordance with the legislation of the Russian Federation or the applicable legislation of a foreign country or international instruments, the specified remuneration would be replaced by remuneration in cash. The amount of the specified remuneration is \$100,000 or the equivalent of the specified amount in another currency, for more details see clauses 6.10, 7.1 of the Regulations on Remunerations and Compensations Payable to Members of the Board of Directors of MTS PJSC.

<sup>4</sup> Regulations on Remunerations and Compensations Payable to Members of the Board of Directors of MTS PJSC.

<sup>5</sup> The Director may dispose of the shares/ADR received starting from the fourth year after receiving the first stock of shares.

# PRESIDENT AND MANAGEMENT BOARD OF MTS

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

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

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

The President and the Management Board act on the basis of the Charter of MTS PJSC, the Regulations on the President of MTS PJSC<sup>1</sup> and the Regulations on the Management Board of MTS PJSC.<sup>2</sup>

Executive bodies' powers:

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

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

## Meetings of the Management Board

Over 2022, 42 meetings were held: 13 in-person meetings and 29 meetings in the form of absentee voting.

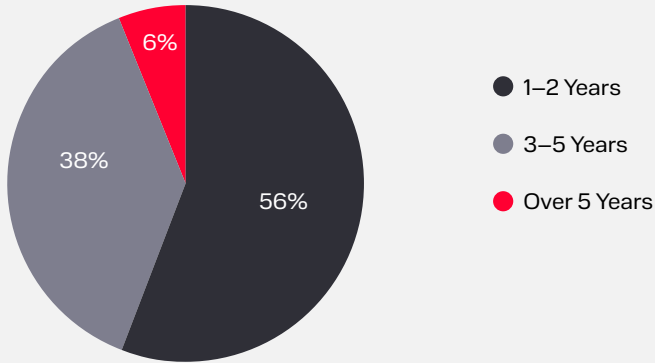
## Issues reviewed at the meetings of the Management Board

- Preliminary consideration of materials for the meetings of the Board of Directors of MTS PJSC
- On preliminary consideration of materials for the meetings of the Strategy Committee, Audit Committee, EGS-Committee of the Board of Directors of MTS PJSC.
- Report on current budget estimate of MTS Group for 2022.
- On the risks of MTS PJSC in the current economic situation
- On the principles of product motivation for 2022.
- Controlling reports on MTS Group.
- MTS PJSC Technical Block Strategy for 2022–2024
- Development strategy of the B2G product line.
- Review of report on MTS PJSC network and service quality status as compared to that of the competitors for 2021.
- On the results of the engagement survey for 2021.
- Strategy for the development of the product segments "Children" and "Youth" for 2022–2023.
- On procedure of implementation of the Succession Policy for the President of MTS PJSC and Executives Directly Subordinate to the President of MTS PJSC.

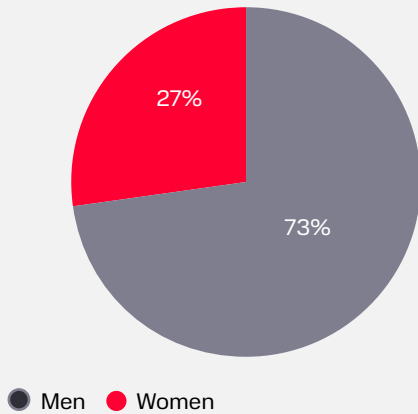
<sup>1</sup> <https://storage.ir.mts.ru/mts-ir/images/documents/MTS-CEO-Regulations-2020-ENG.pdf>.

<sup>2</sup> <https://storage.ir.mts.ru/mts-ir/images/documents/MTS-Management-Board-Regulations-2020-ENG.pdf>.

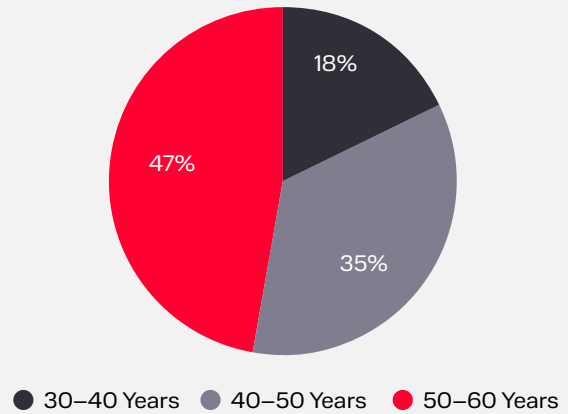
### Duration of work in the Management Board



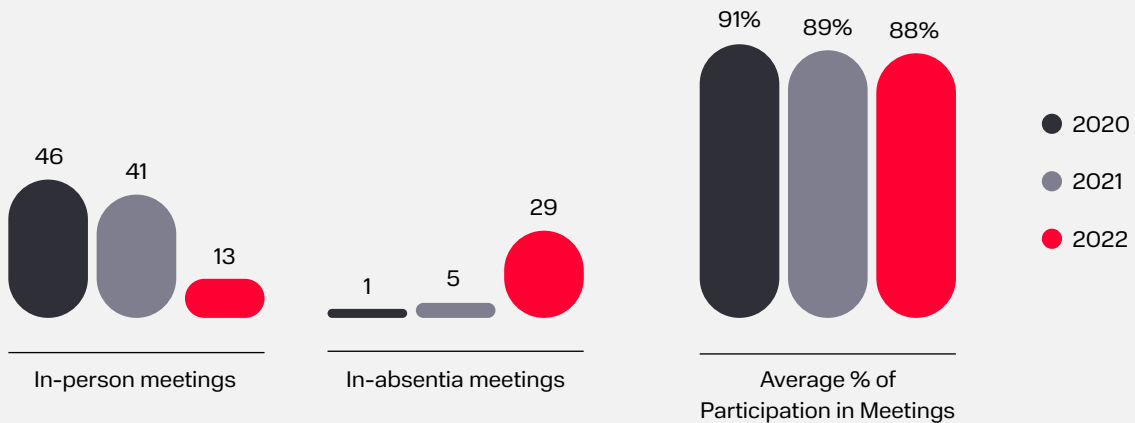
### Gender composition of the Management Board in 2022



### Age composition of the Management Board members in 2022



### Statistics of Management Board operation in 2020-2022



# Report on the work of the Management Board in 2022

## Remuneration for members of the Management Board and senior executive officers based on 2022 results

### 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 reimbursement 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 initiation of business 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 tasks defined by the Board of Directors.

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

### MTS PJSC Business Key Performance Indicators System

**Ecosystem indicators**, which are formed on the basis of the Company's business plan and include the main financial and economic, industrial and strategic indicators. They reflect the general corporate responsibility for the results of the MTS Group business and make it possible to track the generalized results of the Company's business and adjust the strategy.

**Functional indicators** that are formed on the basis of business blocks strategies and strategic objectives of a specific director of the Company.

The list of indicators for the Company's directors are approved by the Board of Directors of the Company with preliminary discussion at the relevant 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 initiation of business.
- transformation objectives.

## Structure of remuneration for top management in 2022

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

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

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

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

The assessment of the President and members of the Management Board for 2022 was performed in accordance with an existing method based on fulfillment of key performance indicators of the Company in general, functional individual tasks and competence development level.

## Remuneration paid to members of the Management Board in 2022

Indicator name	Total, RUB
Salary	293,990,163.24
Bonuses	1,283,549,364.76
Reimbursement of expenses	26,903,801.25
Other remuneration types	4,478,011.98
<b>TOTAL</b>	<b>1,608,921,341.23</b>

## Remuneration paid to senior executive officers in 2022<sup>1</sup>

Indicator name	Total, RUB
Salary	380,204,659.21
Bonuses	1,427,758,713.97
Reimbursement of expenses	34,928,498.84
Other remuneration types	6,456,376.79
<b>TOTAL</b>	<b>1,849,348,248.81</b>

<sup>1</sup> Includes information on remuneration of 24 top officials of the Company (including members of the Management Board).



# MONITORING AND AUDIT

## Internal Control System

**MTS PJSC's internal control system is implemented at all management levels on the basis of internal policies, regulations, procedures and methods of internal control and risk management. The functioning of the internal control system provides reasonable confidence in the achievement of the Company's goals and controls the financial and economic activities of the Company in order to increase its efficiency.**

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

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

For a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system, as well as corporate governance practices in MTS PJSC, the Internal Audit Block of MTS PJSC uses the results of the audits conducted, forming a conclusion on the level of maturity for the Company as a whole. The Internal Audit Block is a separate structural division of MTS PJSC, functionally subordinate to the Board of Directors, administratively directly to the President of MTS PJSC.

The internal control system of MTS PJSC corresponds to the COSO model<sup>1</sup>. In the Company, a control environment is established, the risk assessment system is applied, the Internal Control Systems Department provides for implementing control procedures and monitoring of their performance, the monitoring of changes in organizational structure and business processes is carried out.

MTS PJSC approved the Policy for complying with anti-corruption legislation defining measures aimed at establishing elements of the corporate culture,

organizational structure, rules and procedures assuring non-admission of corruption<sup>2</sup>.

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

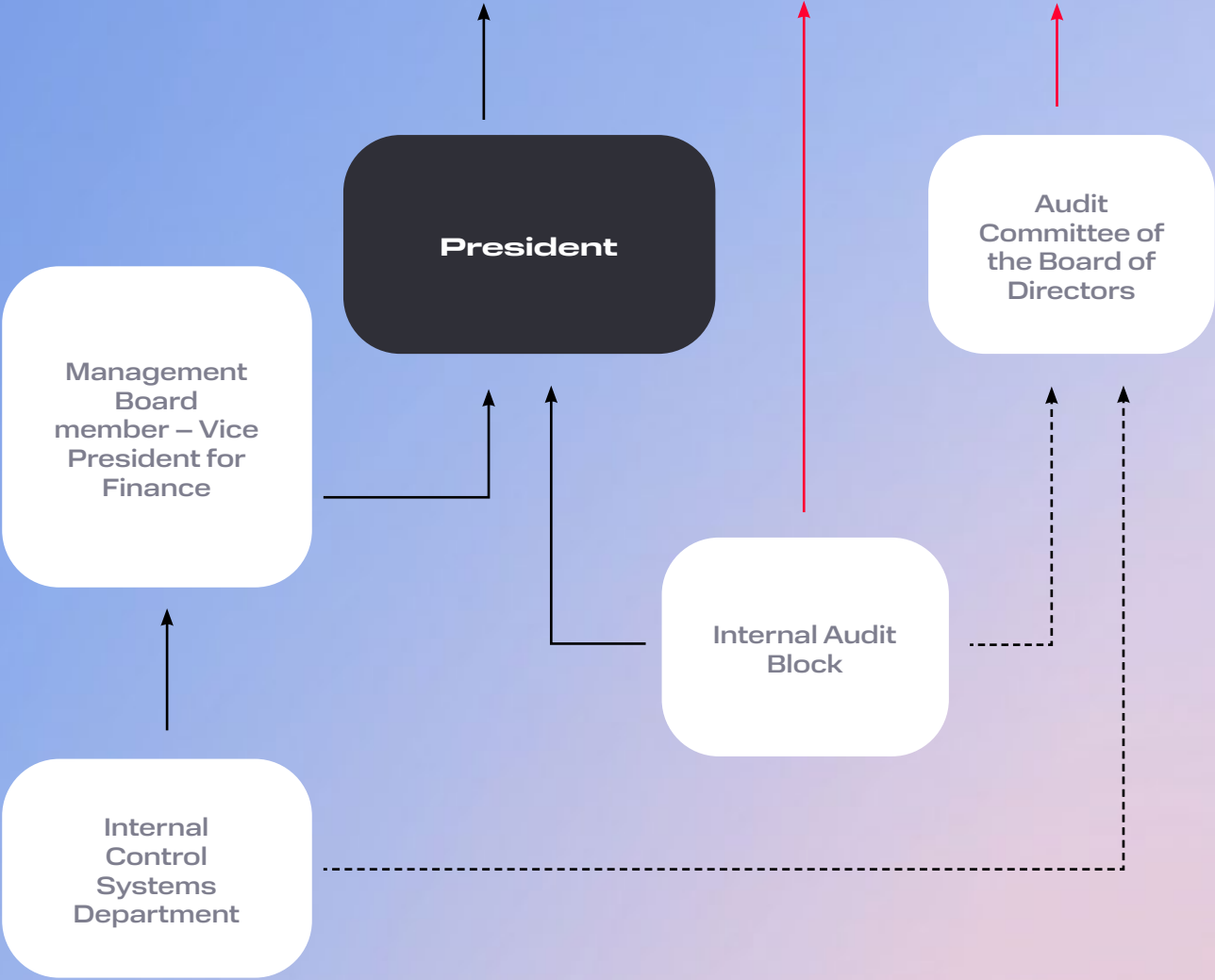
**For some areas, the Internal Control and Audit Block of MTS not only holds the leading positions in Russia, but also meets the strictest global standards of quality in terms of setting objectives and performance of tasks, communications building, and also organization of the work and status of the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

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

<sup>1</sup> COSO Internal Control — Integrated Framework 2013

<sup>2</sup> Detailed information is provided in the section "Unified Compliance System".

# Board of Directors



Functional subordination



Administrative (direct) reporting relationship



Accountability

The Audit Committee positively evaluates the work of the Internal Control Systems Department with regard to the creation, implementation and development of an effective system of internal control over the reliability of generation of financial reporting for the MTS Group, including in new businesses, for 2022.

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

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

The Audit Committee quarterly reviews the reports of the external auditor of Business Solutions and Technologies JSC and draws conclusions about the quality of their work.

### Audit Committee of the Board of Directors

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

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

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

### Auditing Commission

On June 22, 2022, the Auditing Commission was elected at the annual General Shareholder Meeting of MTS PJSC.

#### Report on the operation of the Auditing Commission

In April 2022, the Auditing Commission carried out an audit of the financial and economic activities of the Company for 2021. The Auditing Committee did not record material facts of violation of accounting and financial reporting submission procedures

while carrying out financial and economic activities of the Company.

The Auditing Commission confirmed that the financial reporting of the Company for 2021 and the Annual report on the Company's activities for 2021, in terms of the Company's financial reporting, are authentic.

In April 2023, the Auditing Commission plans an audit of the financial and economic activities of the Company for 2022. The opinion report of the Auditing Commission will be submitted for the approval of the Annual General Shareholders' Meeting of MTS in June 2023.

### Internal Audit Block

The Internal Audit Block is an independent structural unit headed by the Director of Internal Audit. The task of the unit is to ensure and improve the quality of internal audit.

The Internal Audit Block performs the following functions:

- assessment of the effectiveness of the internal control system, risk management and corporate governance processes by analyzing the Company's operating activities and its information systems, the achievement of the Company's strategic goals, the effectiveness and efficiency of projects and products, the reliability and integrity of information about the Company's activities, the safety of assets, compliance with internal standards and external requirements
- development of recommendations for improving internal control, risk management and corporate governance procedures and assistance to management in the development of corrective measures based on the results of audits;
- monitoring the implementation of recommendations to eliminate violations and shortcomings identified as a result of audits;
- development and implementation of IT analytics to continuously monitor risk indicators based on business process data and improve the efficiency of audit procedures;
- improvement of internal audit methodology and audit quality control system;
- analysis and improvement of the efficiency of the Internal Audit Block, coordination of joint

work of the Block's subdivisions and internal audit functions in subsidiaries;

- registration and coordination of the investigation of messages received by the Single Hotline;
- provision of consulting services.

The activity is structured in accordance with the International Professional Standards of Internal Audit and the Code of Ethics of the Institute of Internal Auditors (The IIA).

### Report on operation of the Internal Audit Block

In 2022, the implementation of recommendations for improvement was completed, noted by the results of an external assessment of the internal audit activity conducted at the end of 2021.

The annual audit plan for 2022 has been completed, the audits covered 61% of high-risk processes and 48% of medium-risk processes, which corresponds to the achievement of the target KPIs.

In 2022, the Agile approach to audit was successfully implemented, which led to optimization of audit project deadlines and improved project management.

Within the framework of audits, IT analytics was widely used, as well as in individual projects on the introduction of risk indicators (red flags) into processes. Certain projects are aimed at creating analytical tools that allow monitoring risks in some areas, for example, a system of risk indicators for subsidiaries, search for sites for base stations, contract management by sites, inventory monitoring. Integration of information from internal audit, compliance and security departments into a single dashboard is used to monitor the level of risks in subsidiaries.

The process of operation of the Single Hotline has been significantly improved. Based on the results of an internal assessment of the quality of internal audit activities for 2022, its activities were recognized as conforming to the International Professional Standards of Internal Audit and the Code of Ethics of the Institute of Internal Auditors.

The Audit Committee approved the performance results of the internal audit of MTS PJSC and subsidiary companies in the first six months and for 2022 as a whole. The Audit Committee gave a positive assessment of the results of the internal audit for 2022 and concluded that the activities of the internal audit block were effective, key performance

indicators and internal audit objectives for 2022 were fully achieved.

In December 2022, the Committee reviewed and approved the internal audit strategy, audit schedule, KPIs and budget for 2023, as well as took into account the audit schedules for 2023 of the internal audit units of significant subsidiaries.

### Internal Control Systems Department

Since 2018, the management of the internal control system function (further ICS) in subsidiaries is carried out with the corporate center. This approach has proven its effectiveness and has increased and optimized the time to support the internal control system in subsidiaries.

As part of the development of the internal control system, work has been carried out to update and formalize control procedures aimed at covering significant risks. More than a thousand control procedures have been updated and passed the necessary testing for the MTS Group. The internal control system for the purposes of 2021 financial reporting reliability for MTS Group was recognized effective, no material or significant shortcomings were identified.

Significant events/projects of ICSD carried out in 2022 include the following.

- ICS assessment and certification were completed in the automated information system of ICS and risk management.
- The regulatory documents of the Department of Internal Control Systems were adapted for new subsidiaries included in the scope of work of the Internal Control System
- In 2022, the access rights of employees for 8 SOX — essential systems were revised. As part of the expansion of the scope of the algorithm in 2022, the analysis of critical powers has also been extended to cover a number of new subsidiaries.
- Procedures were completed to analyze and mitigate SOD-risks. Roles were analyzed in the processing center system, the SOD-matrix was developed and introduced. Following the results of work, SOD conflicts were compensated by the existing ICS procedures. The withdrawal of powers with SOD conflicts in 2023 is planned.
- Roles were analyzed for MGTS PJSC billing systems by extent of their impact. Excessive

powers were recalled from the users, non-relevant roles were removed. As a result of the analysis, the register of potential SOD-conflicts was prepared. Identified risks were closed by existing CCP. Works were planned to establish an SOD-matrix in 2022.

In 2023, it is planned to reengineer ICS processes, with a focus on increasing the share of automated decisions as part of control procedures develop-

ment of a management system for analyzing roles, functions and powers through the use of SOD matrices.

Based on the results of the internal evaluation and external audit opinion, the internal control system for proving the accuracy of preparation of financial reporting of the MTS Group as of December 31, 2022 was found to be efficient and to have no material and significant deficiencies.

## External Audit

At the Annual General Meeting of shareholders of MTS PJSC<sup>1</sup> approved Business Solutions and Technologies Joint Stock Company as the auditor (hereinafter referred to as the "Auditor" (location: 125047, Russian Federation, Moscow, Lesnaya Str., 5), OGRN 1027700425444, certificate of membership in the Self-Regulatory Organization of Auditors of the Association "Commonwealth" (Association) of January 31, 2020, ORNZ 12006020384.

Business Solutions and Technologies JSC is one of the leading audit and consulting firms providing services in the field of audit, management and financing consulting, risk management, taxation and accompanying services. Since May 24, 2022, the Russian company, formerly part of the Deloitte international network, has continued to work in Russia under its own brand.

In the reporting year, the Auditor performed:

- an audit of annual financial reporting of MTS PJSC for 2022 prepared in accordance with the Russian Accounting Standards as per the International Audit Standards (IAS);
- audit of consolidated financial reporting of MTS PJSC and its subsidiaries prepared in accordance with IFRS for 2022, as per the International Audit Standards;
- an integrated audit of consolidated financial reporting of MTS PJSC and its subsidiaries prepared in accordance with IFRS for 2022 and efficiency of the internal control system over its preparation as of December 31, 2022, conducted in accordance with the standards of the US Public Company Accounting Oversight Board.

In March and April 2023, the Audit Committee approved the results of the external auditor based on the results of audits for 2022, including conclusions

on the effectiveness of the internal control system over the formation of financial reporting at the MTS Group.

Based on the results of the audits, the MTS PJSC auditor expressed opinions on the reliability of the financial reporting of MTS PJSC for 2022 prepared in accordance with Russian accounting standards, and the consolidated financial reporting of MTS PJSC and its subsidiaries for 2022 prepared in compliance with the IFRS.

### Procedure for the selection of the issuer's auditor.

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

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

### Auditor's remuneration

The remuneration of the auditor for the audit of the accounts of MTS PJSC and its subsidiaries for 2022 is approved by the Board of Directors of MTS PJSC and according to the results of 2022 amounted to 159,700 thousand rubles, excluding VAT and overhead expenses, including audit of reports of MTS PJSC In the amount of 15,000 thousand rubles.

<sup>1</sup> The Annual Meeting was held on June 22, 2022

## Settlement of potential conflict of interest

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

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

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

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

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

# RISK MANAGEMENT

## Risk Management System

Risk management is carried out at the MTS Group within the accepted conceptual risk management frameworks<sup>1</sup>. Risk management policy aims to minimize unexpected losses from risks and to maximize capitalization, taking into account the relation between risk and return on investments acceptable to the shareholders and the management of the MTS Group.

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

The basic principles of the risk management process are as follows:

### Integration principle

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

### Continuity principle

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

### Justification principle

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

The Integrated Risk Management Policy is approved at the MTS Group<sup>1</sup>. Integrated risk management is aimed at ensuring reasonable guarantee of achievement of strategic objectives of the Company and maintenance of risk level of the MTS Group within limits acceptable for the Company management.

**System of integrated risk management makes it possible to solve the following tasks**

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

The Risk Management Department of the Corporate Center (RMD CC) assesses the most significant risks on the basis of long-term financial model and

regularly conducts simulations for obtaining key financial figures considering the risk and probability distributions of these indicators. RMD CC applies econometric method for the analysis of individual risks.

A report on the status of the MTS Group risks is reviewed regularly by the Risk Committee, which discusses the key company risks and makes collective decision on the elaboration of measures for their mitigation. The Chairman of the Risk Committee is the MTS President. The committee includes Management Board members, Vice Presidents, and other senior executives. The competences and responsibilities of the committee include consideration and approval of the following: objectives for development of the process of integrated MTS risk management; risk-management methodology; MTS risk portfolio and priority of actions to manage risks with account of the feasibility of their costs and restriction of resources; MTS risk-portfolio management strategy, etc.

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

Based on the results of evaluating the effectiveness of MTS Group's internal control systems in 2022, the risk management process was deemed effective.

## Organizational Risk Management Support

**The Board of Directors** operates directly or through its committees within its competences and resolves the issues of assessing the political, financial and other risks affecting the Company's operation. The MTS Board of Directors delegates monitoring of risk management efficiency to the MTS Audit Committee, and also reviews the Audit Committee's reports.

**The Audit Committee** monitors the risk management efficiency, as well as the assessment of procedures used by MTS Group to identify the principal risks and evaluation of appropriate control procedures (including the procedures for loss control and risk insurance) in order to determine their adequacy and efficiency.

**The Risk Committee makes** collective decisions in the field of integrated risk management.

The efficiency of the risk management process is estimated by the **Internal Control Block**, this information is also presented to the **Audit Committee for consideration**.

**Risk Management Department of the Corporate Center** is responsible for developing a risk assessment methodology, regular collection of information and reporting the results of this assessment to the Risk Committee and the company executives. The Department also carries out operational control of the process and provides cross-functional interaction between units within the integrated risk management at the Company.

<sup>1</sup> Approved by the resolution of the Board of Directors of MTS PJSC on December 15, 2017, Minutes No. 265; <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/dokumenty-pao-mts/politika-integrirovannoe-upravlenie-riskami>.



Cross-functional interaction with the risk owners at subsidiaries is provided by the risk coordinators at such subsidiaries.

**Risk owners** are the heads of functional units, whose achievement of goals is affected by the risks.

The owners are responsible for the analysis, evaluation, implementation of risk management measures and reporting on the activity within the process of integrated risk management.

## Integration of risk management into decision-making processes

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

### Strategic planning

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

### Business planning and budgeting

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

### Investment planning

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

### Procurement procedures

- Analysis and accounting of risks in choice of suppliers.

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

## 2022 Key Activities

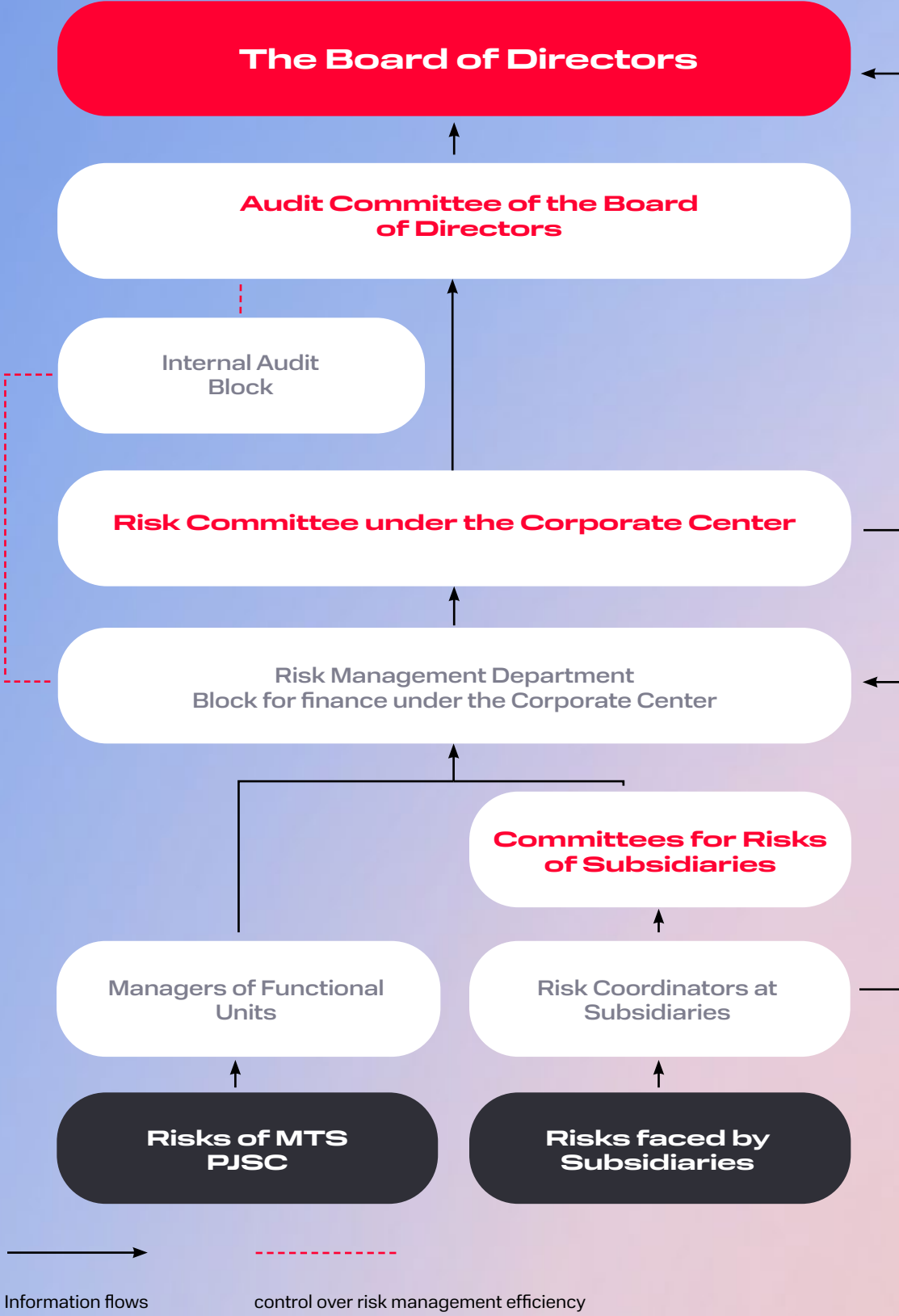
- Risk Committees of the MTS, MGTS and RTK CCs were held based on the results of risk monitoring in 2022. Risk reports for the first half of 2022 and for 2022 were also submitted for consideration by the Audit Committee and the Board of Directors.
- An additional report has been developed for the Audit Committee and the MTS Board of Directors, which reflects the company's exposure to the most significant risks.
- Monitoring and assessment of risks related to the geopolitical situation were carried out.

## Plans for 2023

In 2023, there are plans to update the risk section for external reporting (20-F for the New York Stock Exchange, reports of the issuer for the Central Bank of the Russian Federation) and regularly hold Risk

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

# Organizational Risk Management Support



## Key risk factors

The most significant risk factors that may potentially influence MTS PJSC business results are provided below.

Details on these and other risks see in the section "Item 3 – Key Information – D. Risk Factors" of the Annual Report according to the form 20-F<sup>1</sup>, and in reports of MTS PJSC<sup>2</sup>.

### Strategic risks

Risks	Mitigation Measures	Impact on Objectives
<p><b>Depreciation of services provided by the Company and loss of competitiveness, difficulties in developing additional sources of income</b></p> <p>Continuous improvement of technology, development of new products and services, increased competition associated with the emergence of new players in the market, in particular, new mobile operators, government-backed operators, mobile virtual network operators, alternative fixed-line and satellite TV operators, as well as strengthening of existing companies and increased use of IP-telephony and other services provided via the internet, may adversely affect the ability to maintain subscriber base, lead to a reduction in market share and operating margin</p> <p>Besides, in September 2021 the extraordinary general meeting of shareholders resolved to separate the tower infrastructure of MTS PJSC and a considerable part of the network and digital infrastructure of MTS PJSC into 100% subsidiaries of MTS PJSC. Inability to realize the expected benefits of this separation may have unfavorable impact on the business, financial position, business results and prospects of MTS PJSC</p>	<p>To ensure the highest level of quality of our basic communication services, MTS is systematically increasing the capacity and bandwidth throughout of the network, which is extremely important in the context of the observed continuous increase in the volume of data traffic consumption. The company is comprehensively approaching the issue of network development, making the necessary investments in 3G and 4G infrastructure, ensuring the possibility of further network evolution in the direction of the fifth generation, including deployment and operation of 5G test zones, and carrying out pilot projects in the NB-IoT area. From the point of view of marketing activity, an effective method for leveling the adverse impact of VOIP-solutions are integrated V&amp;D rates that combine voice and data services.</p> <p>The key tool to maintain direct contact with the end user and increase the average level of income from the subscriber in the near future will be a gradually developing portfolio of high-level digital services aimed at meeting various customer needs. Both our own developments and high-quality partner products will participate in the formation of such a digital environment.</p>	<ul style="list-style-type: none"> <li>Retention of basic mobile revenue</li> <li>Compensation for traditional telecoms revenues decrease caused by active development of digital products portfolio</li> <li>Leadership in the mobile internet and data services segment</li> </ul>
<p><b>Loss of control over activities and assets in the countries of operation</b></p> <p>The risk of termination, suspension of operation or claims by regulators may adversely affect business, financial state and results of operations</p>	<p>MTS is monitoring the political situation in the markets of operation of the Group of Companies, striving to respond quickly to changing conditions in the markets</p>	<ul style="list-style-type: none"> <li>Achievement of sustainable initiation of business</li> </ul>

<sup>1</sup> [https://ir.mts.ru/investors/financial\\_center/annual\\_reports](https://ir.mts.ru/investors/financial_center/annual_reports).

<sup>2</sup> [https://ir.mts.ru/investors/financial\\_center/financial\\_results](https://ir.mts.ru/investors/financial_center/financial_results).

Risks	Mitigation Measures	Impact on Objectives
<p><b>Risks of acquisitions, investments and mergers with other companies</b></p> <p>New acquisitions make it possible to diversify the business of MTS PJSC.</p> <p>At the same time, there may be additional risks associated with the obligations of the acquired companies, as well as risks of failure to achieve the initial financial and operational goals, problems with the integration of acquired assets, risks associated with a lack of experience in new markets, including political, economic, social, legal and regulatory risks, competition risks, etc.</p>	<p>MTS sees opportunities for growth through the participation in promising new businesses in the digital economy, which enables the company to significantly expand the range of services provided and to enter new markets. When closing transactions in the field of M&amp;A, MTS conducts a thorough audit of companies, where the company plans to participate as a shareholder. Assessment of the feasibility of investments occurs with the involvement of independent consulting companies and takes into account the strategic position, financial results and features of the business operations of such companies. Further implementation of MTS rights as a shareholder in them corresponds to the best practices of corporate governance. Integration of the acquired business into the management structure of MTS (if such decision is made) is carried out by a special unit with a wealth of experience of this kind</p>	<ul style="list-style-type: none"> <li>▪ Expansion of the Company's business and faster entrance into new markets;</li> <li>▪ Product line expansion</li> <li>▪ Achieving operational synergies between different business areas</li> <li>▪ Mutual exchange of best practices in management and operations</li> </ul>
<p><b>Inability to successfully develop the network</b></p> <p>Due to the development, construction and maintenance of the communications network, MTS needs to make purchases of equipment and software, which is associated with significant capital investments.</p> <p>In addition, limitation of the frequency spectrum available for the development may prevent gaining all the expected benefits from network construction and weaken expansion effect.</p> <p>Network deployment may be connected with difficulties to obtain sites for base stations on commercially viable terms, to collect permits and certificates for telecommunications equipment and/or import and export permits for certain network equipment, which may delay procurement and interfere with network development plans.</p> <p>Starting from 2017, the issue of frequency resource allocation for the deployment of next-generation (5G) networks has been actively discussed in the telecommunications environment of Russia (including the relevant state authorities).</p> <p>In July 2022, MTS PJSC joined New Digital Solutions LLC, which is a joint venture of mobile operators (hereinafter referred to as JV). Earlier in November 2021, the State Committee of Radio Frequencies located the JV frequency bands 4500–4555 MHz and 4630–4800 MHz for research in the interests of the development of 5G technologies. The purpose of the JV is to carry out conversion work and release the spectrum for the subsequent development of 5G technologies. The decision on the possible distribution of the spectrum in the range of 4500–4990 MHz, including the results of work on its release, will be made by the regulator. The business model of operators for the development of 5G services will depend on this decision.</p>	<p>While further investing into the development of infrastructure, the Company sees the opportunity for gradual reduction of our capital expenditures with maintained quality of the services provided. MTS with a number of partners conducts joint procurement procedures, as well as carries out joint construction and operation of network infrastructure elements. In addition to the economic benefits, within the framework of cooperation, technical and functional requirements, approaches and methods are unified.</p> <p>The company maintains ongoing contacts and closely interacts with representatives of regulatory bodies, industry associations, manufacturers of network equipment and other participants in the telecommunications market. Such interaction on the part of MTS is aimed at upholding the interests of the Company, maintaining an atmosphere of healthy market competition, dynamic and timely development of the state-of-the-art technological solutions and, as a result, at the formation of advanced and diverse customer experience. MTS PJSC is confident that all actions of the regulating authorities, in particular making decisions on the mechanism for deployment of 5G networks, shall be aimed at maintaining the long-term sustainability of the industry and take into account the interests of all parties, including consumers of services and operators.</p>	<ul style="list-style-type: none"> <li>▪ Increasing network capacity and data rates to meet growing demand;</li> <li>▪ Effective network planning and investment optimization</li> <li>▪ Upholding the interests of the company in matters of frequency resource allocation</li> </ul>

Risks	Mitigation Measures	Impact on Objectives
<p><b>Inability to realize the benefits of investing in radio communications systems</b></p> <p>Key risks:</p> <ul style="list-style-type: none"> <li>▪ impossibility to build 4G networks (including NB-IoT) and 5G networks in accordance with the planned terms or in accordance with the terms stipulated by the license conditions;</li> <li>▪ difficulties in ensuring quality and required level of service;</li> <li>▪ demand for 4G services (including NB-IoT) and 5G services in the markets of operation of MTS PJSC and its subsidiaries will be lower than expected</li> </ul> <p>In August 2021 the State Committee of Radio Frequencies extended for 10 years the duration of the decision on allocation of radio frequency bands in the ranges of 700 BHz, 800 MHz and 2600 MHz for construction of LTE networks. The main conditions of the extension were the following:</p> <ul style="list-style-type: none"> <li>▪ for the bands in the ranges of 800 and 2600 MHz: ensuring coverage of settlements with population of 1000 and more people and public motor roads of federal importance until September 2031 with the time schedule;</li> <li>▪ for the bands in the range of 700 MHz in case of their redistribution for mobile communications: ensuring coverage of settlements with population of 500 and more people and regional motor roads until the end of 2031 with the time schedule;</li> <li>▪ obligation to use domestic equipment since 2023.</li> </ul> <p>In March 2022, the State Committee of Radio Frequencies postponed the fulfillment of the above conditions for one year – until 2023. And the use of domestic equipment was postponed for a period from 2028, while from 2025 an annual plan for the installation of domestic equipment should be carried out.</p> <p>The combination of the above changes, on the one hand, makes it possible to continue using the necessary radio frequency resource, and on the other hand, may result in additional costs for construction of the network infrastructure.</p>	<p>MTS has significant experience in dealing with hardware and software vendors, as well as with regulatory authorities. This enables us to reach agreements under the most comfortable conditions for us, including in terms of delivery times and construction. The Company takes all necessary measures to comply with licensing conditions and other regulatory requirements, as well as carry out timely renewal of licenses and permits.</p> <p>MTS conducts regular monitoring of communication quality parameters and promptly reacts in case of identifying the need for additional capacity and bandwidth throughput in local areas of the network, which enables the company to maintain a consistently high level of service quality. With the help of marketing tools, MTS stimulates usage of data transmission services, thus increasing the degree of network resource utilization</p>	<ul style="list-style-type: none"> <li>▪ Ensuring the best compliance with IoT technology requirements and infrastructure readiness for 5G implementation</li> <li>▪ Efficient capital expenditures planning</li> <li>▪ Increased operational efficiency by optimizing the operating costs associated with network operation</li> </ul>

## External environment risks

Risks	Mitigation Measures	Impact on Objectives
<p><b>Volatility of economic and social situation</b></p> <p>The volatility of the economic and social situation, as well as possible future downturns or slowdowns of economic growth in the countries of our presence, caused by a number of reasons, including geopolitical events, the COVID-19 pandemic, the credit market crisis (including uncertainty regarding credit and financial institutions and global capital markets), instability of prices for major exported goods (including oil and metals), a shortage of chips and other factors may lead to a decrease in demand for the services provided, as well as have a negative impact on the financial condition of our corporate clients and partners, including financial institutions, which may lead to a decrease in our revenues, performance indicators and negatively affect the safety of assets.</p> <p>Besides this, in February and March 2022, as a result of the continuing geopolitical conflict in Ukraine, the European Union, USA, UK and some other countries introduced new significant sanctions and export control in respect to Russia (territorial sanctions), certain economic sectors of Russia and some Russian and Belorussian individuals and legal entities. For example, in 2023, the sanctions were imposed in respect of MTS Bank. Continuation or expansion of such restrictions, as well as factors of uncertainty in connection with the regulatory environment change in Russia may put the additional compliance and operating tasks before the Company and adversely impact the business of the Company and its customers and suppliers. Besides, some Western companies and stock exchanges suspended, stopped or limited their business in Russia not because of the laws applicable thereto, but at their own initiative. On February 28 the trading in all equity securities (including ordinary shares of the Company) at the Moscow Stock Exchange were suspended until partial recovery of trading in shares on March 24, 2022 and complete recovery of trading at the Moscow Stock Exchange on March 28, 2022. Besides, on February 28 the New York Stock Exchange suspended trading in American Depositary Receipts (ADR) of the Company and some other Russian companies. On August 8, 2022, MTS ADR was delisted from the New York Stock Exchange.</p>	<p>MTS is monitoring the macroeconomic situation in the markets of operation of the Group companies, promptly and effectively responding to changes in the general economic background with the help of, first and foremost, rate tools. The Company is aimed at ongoing expansion of the range of services provided and is stimulating consumption, increasing the level of satisfaction of our customers in the corporate and mass segments. MTS pays great attention to ensuring optimal conditions for raising outside financing for the company, controlling the level, cost and structure of debentures, which makes it possible, in particular, to neutralize the negative effects of currency exchange rates variations under conditions of high volatility of foreign exchange markets.</p>	<ul style="list-style-type: none"> <li>Achievement of sustainable initiation of business</li> </ul>

Risks	Mitigation Measures	Impact on Objectives
<p>It is difficult to predict further development of the above events, the circumstances may change very fast and often without a prior notice. In general the situation development is beyond the control of the Group. Besides, the risk that any member of the Group or individuals holding positions in the Group, as well as its shareholders, employees or contractors of the Group are impacted by the future sanctions may not be excluded as well. Risks also include the risk of restriction and complete closure of access to the capital markets and the opportunity to obtain financing under the commercially justified terms (or to obtain any financing at all), risk of restrictions to import of certain equipment and software (including limitation of technical support), the risk of changes in terms, restrictions or termination of work with partners and organizations, as well as the risk of depreciation of the Russian ruble against other currencies and the risk of interest rate increases, which may affect the Group and its counterparties. In addition, maintaining or expanding sanctions restrictions and reducing air traffic may also negatively affect MTS PJSC revenue from roaming services.</p>		
<p><b>Regulatory risks</b></p> <p>Our business in the countries where we operate is regulated by governments; in particular, through licensing and laws. Legislation in the field of communication services is constantly changing. New laws or regulations, or changes in existing legislation at the federal, local or international level may, among other things, change the business model of MTS PJSC and the ways of providing services, require additional costs and worsen income opportunities.</p>	<p>MTS conducts regular monitoring of the legislation in order to meet the requirements set.</p> <p>As market representatives, the Company participates together with the regulatory authorities in working groups on the optimization of the regulatory framework in the communication industry.</p> <p>Regulatory risks are given special attention within the framework of strategic planning.</p>	<ul style="list-style-type: none"> <li>▪ Achievement of good operating indicators</li> <li>▪ Ensuring compliance with regulatory requirements</li> </ul>

## Operational risks

Risks	Mitigation Measures	Impact on Objectives
<p><b>Financial risks</b></p> <p>The Company's expenses, including capital expenses, may be denominated in rubles, USD, EUR and/or RMB, or closely related with them, while a large portion of income is denominated in the local currency of the countries where the Company operates.</p> <p>The situation in the Company's markets, including stability of the banking system, inflation, changes in the exchange rates of local currencies against USD and/or EUR, and the possibility for free conversion of currencies and making currency payments impacts the Company's operating performance and business results. Additional information is specified in the external environment risks – "Volatility of Economic and Social Situation".</p> <p>The rate of the Company's development and its financial standing, among other factors depend on debt financing. Crisis of financial markets, external limitations and sanction may restrict the ability of the Company to raise debt financing.</p>	<p>A number of portfolio structuring measures have been taken in order to reduce dependence on exchange rate fluctuations, including implementation of currency risk hedging program with the use of swaps (Eurobonds) as instruments</p>	<ul style="list-style-type: none"> <li>Maintaining investment attractiveness</li> </ul>
<p>The contracts related to certain issues of MTS bonds, and also some loan agreements include restrictive provisions that limit the opportunities to raise loans and engage in various activities. Failure to comply with these contractual provisions could have resulted in default and, as a result, in a request to immediately repay the debt, which could have negative effects on business of the Company.</p>	<p>MTS is monitoring the implementation of the provisions of contracts and agreements for granting loans in order to comply with the financial covenants contained in the loan documentation.</p>	<ul style="list-style-type: none"> <li>Maintaining investment attractiveness by maintaining an optimal level of debt</li> </ul>
<p><b>Risks of technological failures</b></p> <p>The ability to continuously provide communications services is one of the basic conditions of licenses and subscription contracts. An occurrence of process failures on our network and information resources due to a system malfunction, accident, or a violation of the network's security or information systems can adversely affect the ability to provide services to subscribers or affect other business processes, which can lead to significant negative consequences for the business, performance results and reputation of MTS PJSC.</p>	<p>In order to ensure stability of the network and continuity of communication services rendering, the network management system is centralized, and the telecommunication network operation system provides for regular maintenance and use of the backup telecommunications equipment.</p> <p>In order to protect and be able to restore data from information resources for critical facilities, the use of backup equipment is ensured, including that with a geographical distribution, and executing procedures for data recovery testing.</p> <p>Processes and systems for ensuring quality of information systems, as well as change monitoring and control are used on a regular basis in order to protect integrated information systems under the conditions of continuous changes.</p> <p>Information security is provided by a complex system of technical and organizational information-security measures.</p>	<ul style="list-style-type: none"> <li>Achievement of good operating indicators</li> <li>Achievement of sustainable initiation of business</li> <li>Ensuring compliance with the requirements of FZ-126, FZ-152 and other.</li> </ul>



Risks	Mitigation Measures	Impact on Objectives
<p><b>Information security risks, including cyber risks</b></p> <p>Unauthorized actions of employees and partners violating the information security policy, as well as illegal actions of third parties may lead to a violation of confidentiality, integrity or availability of information, including leakage of subscriber data, which may lead to the shutdown of core business processes, loss of market share, claims of subscribers, regulators and partners and have significant negative consequences for the reputation, business, financial position, results of operations and prospects of MTS PJSC. Despite the measures taken, it is impossible to completely exclude the possibility of such incidents in the future.</p>	<p>MTS PJSC ensures the security of processing restricted access information in corporate information systems, including remote work.</p>	<ul style="list-style-type: none"> <li>Ensuring compliance with provisions FZ-126, FZ-152, etc.</li> </ul>

## Compliance with requirements

Risks	Mitigation Measures	Impact on Objectives
<p><b>Compliance risks</b></p> <p>MTS securities are traded on the U.S. stock market, and we are subject not only to Russian, but also to American anti-corruption legislation (US Foreign Corrupt Practices Act), and potentially to the anti-corruption law of the UK (UK Bribery Act). If an inconsistency of our actions or actions of third parties acting on behalf of or in our interests with these requirements is revealed, this may result in criminal and/or civil law sanctions against us.</p> <p>In March 2014, MTS PJSC received a request for information from the US Securities and Exchange Commission and the US Department of Justice regarding the investigation of the former subsidiary in Uzbekistan.</p> <p>In February 2019, the MTS Group reached a settlement with the US Department of Justice (DOJ) and Securities and Exchange Commission (SEC) in relation to the previously disclosed investigation into the activities of the former subsidiary of the Group in Uzbekistan.</p> <p>The Group agreed with a restraint order issued by the US Securities and Exchange Commission ("Order").</p> <p>The district court of the Southern District of New York, USA, approved the deferred prosecution agreement (the "Agreement") concluded by the Group and the agreement on admission of guilt concluded by the Group subsidiary company in Uzbekistan. According to the terms of the agreements with the US Department of Justice, we agreed to pay the United States a fine of \$ 850 million (59.1 billion rubles as of December 31, 2018). The Group has accrued a provision for payment of the fine in the amount of USD 850 million (55.8 billion rubles as of the date of accrual) reflecting it as a loss caused by ceased operations in the consolidated profit and loss statement for the year ending on December 31, 2018.</p>	<p>Starting from 2012, when a separate compliance division was established at MTS, the Company has been systematically developing a system for anti-corruption compliance in accordance with the best international practices.</p> <p>The Company has special rules and procedures in place for the prevention of corrupt practices, both on the part of employees and with respect to contractors<sup>1</sup>.</p> <p>The main documents governing anti-corruption legislation within MTS are the Code of Business Conduct and Ethics,<sup>2</sup> Policy "Compliance with anti-corruption legislation"<sup>3</sup>. Besides, procedures for assuring compliance with anti-corruption legislation are fixed in the regulations of the company's business processes.</p>	<ul style="list-style-type: none"> <li>Support of fair and ethical business conduct and abuse prevention</li> </ul>

<sup>1</sup> For more information, see the section "Compliance and Ethical Culture".  
<sup>2</sup> [https://ir.mts.ru/about\\_mts/compliance\\_and\\_business\\_ethics/anticorruption\\_policies](https://ir.mts.ru/about_mts/compliance_and_business_ethics/anticorruption_policies).  
<sup>3</sup> [https://ir.mts.ru/about\\_mts/compliance\\_and\\_business\\_ethics/anticorruption\\_policies](https://ir.mts.ru/about_mts/compliance_and_business_ethics/anticorruption_policies).

Risks	Mitigation Measures	Impact on Objectives
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In accordance with the terms of the Agreement and the Order, the Group agreed to introduction of independent supervision (monitoring) over compliance with their requirements. According to the terms of the Agreement and the Order, monitoring had to be first conducted for three years from the date of its establishment and the monitoring period could have been reduced or extended depending on certain circumstances. The final decision in this regard shall be made by the United States Department of Justice and the United States Securities and Exchange Commission. We received no notice about any violations of the Order or the Agreement from the US Department of Justice or the US Securities and Exchange Commission or the third-party compliance Monitor. Nevertheless, with account of some factors, including the COVID-19 pandemic, we agreed with the US Securities and Exchange Commission and the US Department of Justice to extend the duration of monitoring for one year, in order to provide (i) the Group with sufficient time for introduction of the necessary improvements into certain important elements of the business ethics and anti-corruption compliance program, (ii) the opportunity to complete the inspection of the Group actions, including introduction of the Monitor's recommendations and assessment of the resistance of actions taken by the Group. Therefore, the duration of the third-party compliance monitoring will last until September 2023

**Tax risks**

The system of taxation in the countries where MTS operates is undergoing constant changes; legislation in this area may be interpreted ambiguously. For example, poorly drafted Russian transfer pricing rules may increase the risk of price adjustment by tax authorities and lead to additional tax burden within transfer pricing control. This may complicate tax planning and related business processes, and may also have adverse material impact on MTS PJSC business, financial standing and operating results.

MTS meets the requirements of tax legislation in the countries of the Group's presence, is responding quickly to any changes and following the current trends in law-making, as well as the tax laws of Russia and foreign jurisdictions, which allows us to make timely integrated decisions in the field of tax planning and customs regulation. The Company regularly uses the experience of qualified consultants

Achievement of sustainable initiation of business  
Compliance with requirements

## System for managing the key risks associated with the social aspects of business

Care for employees is one of the main priorities of the Company, determining the success of its activities in the contemporary market. The Company is constantly improving social and labor relations in the following areas: occupational safety and health of employees, social support, opportunities for career and personal growth<sup>1</sup>.

### Risks related to violations in the field of occupational health and safety

Description of Risks	Mitigation Measures
Possible risks of violations in the field of health and safety associated with training of employees, medical examination, provision of personal protective equipment, compliance with sanitary and epidemiological requirements, special assessment of working conditions, etc.	<p>MTS PJSC operates a GOST R ISO 45001-2020 (ISO 45001:2018) certified Occupational Health and Safety Management System (OHSMS). OHSMS includes the following: organizational structure; planning; distribution of responsibility; procedures; processes and resources for developing, implementing goals, analyzing the effectiveness of health and safety policies and measures. The main objectives of OHSMS include monitoring compliance with laws and other regulatory legal acts on health and safety. Health and safety specialists are regularly trained.</p> <p>In 2020, MTS PJSC organized testing of employees for coronavirus and blood testing for antibodies; employees were regularly provided with protective masks, gloves, disinfectants; interaction with the bodies of Rospotrebnadzor was carried out.</p> <p>MTS adopted a number of local regulations governing the main issues in the field of health and safety. The documents contain all the basic requirements and instructions in the field of health and safety, including the procedure for conducting internal control over status of working conditions.</p>

The Company strictly adheres to the requirements of labor legislation and tries to take into account the interests of personnel as much as possible. The H&S management system at MTS PJSC has been recognized at the regional and district levels.

<sup>1</sup> Detailed information is provided in the ESG and Sustainability section, as well as in the MTS Sustainability Report for 2022 at the link Sustainability Report - Moscow (mts.ru).

## Risks associated with human rights violations

Description of Risks	Mitigation Measures
<p>Possible risks of human rights violations related to compliance with labor laws, non-discriminatory and ethical conduct, public statements, insurance deductions, observance of the rights of socially vulnerable groups, etc.</p>	<p>MTS recognizes that a person, its life and health are the highest value.</p> <p>MTS services help to provide equal opportunities for education, development and self-fulfilment.</p> <p>MTS does not bear with discrimination in any form and manifestation, strives to create an inclusive and diverse environment and tries to adhere to the best world practices.</p> <p>Therefore, in 2022:</p> <ul style="list-style-type: none"> <li>▪ The Diversity, Equality &amp; Inclusion Policy of MTS is complemented by expressing the company’s commitment to the principles of political neutrality of the working environment and guarantees of non-discrimination based on political views</li> <li>▪ During the year, the ESG Committee and the Board of Directors of MTS PJSC regularly discussed issues related to the development of the corporate culture of inclusivity and its significance for the future of the company</li> <li>▪ An audit of the company's business processes was conducted from the point of view of DEI- metrics, an action plan has been drawn up to comply with the principles of inclusiveness, diversity and equality, including in the field of human rights</li> <li>▪ Workplaces and offices of the Company were audited from the position of accessibility</li> <li>▪ Cooperation with Employment Centers (EC) of Moscow and regions was expanded (25 events)</li> <li>▪ Additional training was conducted for employees on maternity leave and persons of pre-retirement age, aimed at acquiring new skills and competencies</li> <li>▪ Educational programs were conducted for managers and HR on hiring and adapting people with disabilities, research and surveys of employees with special needs were conducted for their satisfaction with the employer's activities.</li> <li>▪ Research and surveys were conducted among the employees with special needs for their satisfaction with the employer’s activities;</li> </ul> <p>Risks in the field of human rights observance are regularly digitized according to the recommendations received based on the results of the external annual audit of compliance programs and the results of assessment of compliance risks at the level of business processes.</p> <p>MTS adopted local regulations governing the main issues of observance of human rights in the workplace. The documents consolidate key principles of respect for human rights and conduct of the Company's employees.</p>

There is a Unified Hotline at MTS, through which employees can file an appeal on issues of complex work situations<sup>1</sup>.

<sup>1</sup> Information about requests received at the hotline is given in the section "Unified Compliance System of MTS PJSC".

## System of managing the key risks associated with the environmental aspects of business

In order to comply with the requirements of environmental law and ensure environmental safety at MTS facilities, the Company has developed an Environmental Safety and Environmental Protection Policy, the fundamental principles of which are compliance with the requirements of national and international standards in the field of environmental protection, increasing the level of environmental awareness and education of all employees of the company, reducing the level of negative impact on the environment and striving for sustainable development<sup>1</sup>.

### Description of Risks

Description of Risks	Mitigation Measures
<ul style="list-style-type: none"> <li>Failure to meet the requirements of environmental reporting provision.</li> <li>Doing business without state registration of a facility with a negative environmental impact.</li> <li>Failure to meet the requirements in the field of environmental control and monitoring.</li> <li>Doing business without permits issued in accordance with the established procedure for emissions of pollutants into the atmosphere, waste handling</li> </ul>	<p>The Environmental Safety and Environmental Protection Policy has fixed/provided for a set of processes that ensure compliance with environmental legislation. Namely: the need for issuing permits and updating data, objectives for planning, financing and logistical support for implementation of environmental programs and environmental protection (EP) measures, the need to undergo training in the field of environmental protection, conducting industrial environmental monitoring (a set of preventive actions aimed at eliminating the possibility of an emergency and damage to the environment).</p> <p>At the level of CC and the regions, changes in the requirements of environmental legislation are monitored.</p> <p>MTS regularly makes the payment provided for by the legislation for adverse impact at the environment, bears the costs associated with waste management and atmospheric air protection, as well as with the reduction of risks associated with government regulation in the field of environmental protection and maintaining the image of the Company's environmental sustainability.</p> <p>MTS regularly reports under the forms of the state reporting and prepares non-financial reporting on the activities of MTS Group of Companies in the field of environmental responsibility and safety at the level of the Committee for Sustainable Development and CSR under the President of MTS and within the framework of the working group on environmental issues and responsible finance</p>

The work on environmental protection is aimed at the implementation of measures of an organizational, technological and sanitary-hygienic nature with

the aim to prevent and reduce the harmful effects of economic activities on the nature and health of people.

<sup>1</sup> <https://ir.mts.ru/sustainability>.

# CAPITAL AND SECURITIES

## SHARE CAPITAL

The authorized capital of the Company comprises

**199,838,157.50**  
**RUB**

and is divided into 1,998,381,575 ordinary shares with par value of 0.1 rubles each. No preferred shares were placed.

### Placed and declared shares in MTS PJSC as of December 31, 2022

Share categories (types)	Quantity (pcs.)	Nominal value of one share (RUB)
<b>Placed shares</b>		
Ordinary shares	1,998,381,575	0.1
Voting shares	1,998,381,575	0.1
Preferred shares	0	0
<b>Declared shares</b>		
Ordinary shares	100,000,000	0.1

## Information about persons owning shares disposing of votes by shares being beneficiaries by shares in MTS PJSC as of December 31, 2021

	Number of ordinary shares	Share of authorized capital
JSFC Sistema PJSC <sup>1, 2</sup>	841,019,563	42.085%
MGTS PJSC <sup>3</sup>	5,452,327	0.273%
Stream Digital LLC <sup>3</sup>	87,245,832	4.366%
Bastion LLC <sup>3</sup>	182,557,489	9.135%
MTS PJSC	38,691,384	1.936%
Shares in free circulation	843,414,980	42.205%
<b>Total</b>	<b>1,998,381,575</b>	<b>100%</b>

<sup>1</sup> Stake of Sistema PJSC also includes the stake of its subsidiary Sistema Telecom Assets LLC (11.03% shares of MTS PJSC).

<sup>2</sup> Beneficiary owner of Sistema PJSC, holding 49.2% of the authorized capital is Mr. Vladimir Petrovich Evtushenkov, citizen of the Russian Federation.

<sup>3</sup> MGTS PJSC, Stream Digital LLC and Bastion LLC are subsidiaries of MTS PJSC.

### Information on the number of shareholders

Total number of persons registered in the shareholder register of the issuer as of the end of 4th quarter of 2022: 982.

Total number of persons included in the list of persons compiled by the latter (as of 30.05.2022) having a right to exercise (implement) rights to

shares in MTS PJSC and for compilation of which the nominal issuer's shareholders presented data on persons, for whose benefit they owned (own) shares in MTS PJSC: 487,061.

The Management of MTS PJSC has no information<sup>1</sup> about existing share ownership interests exceeding five percent of authorized capital of MTS PJSC apart from the above-mentioned.

For updated information about the shareholder capital structure visit the Company's website



[Structure of Shareholder Capital of MTS PJSC – Moscow \(mts.ru\).](#)

<sup>1</sup> Information is understood as the documented information received (transmitted) to the management.

# INFORMATION ABOUT SECURITIES

## Shares

Shares of MTS PJSC are circulated on the leading Russian platform – Moscow stock exchange (MOEX: MTSS).

2000

American Depositary Receipts (ADR) Tier 3 MTS are traded on the New York Stock Exchange (NYSE: MBT)бирже (NYSE: MBT)

August 8, 2022

MTS depository receipts have been delisted from the New York Stock Exchange

October 3, 2003

Shares of MTS PJSC were included in the list of non-listed securities of the Moscow Interbank Currency Exchange

December 2003

Shares of MTS PJSC were included in "B" quotation list at MICEX

October 2010

Shares have been traded in "A1" quotation list

June 2014

Shares of MTS PJSC have been traded at the first level of MICEX securities list

Federal Law No. 114-FZ dated April 16, 2022 obliged Russian companies to terminate their foreign depository receipt programs, except in cases when the company obtained permission to continue the program from the Government Commission for the Control of Foreign Investments in the Russian Federation. In May 2022, MTS applied for permission to the Government Commission, which allowed MTS ADRs to continue its circulation outside of Russia until July 12, 2022 inclusive. Against the background of the closure of the ADR program, MTS depository receipts have been delisted from the New York Stock Exchange since August 8, 2022.

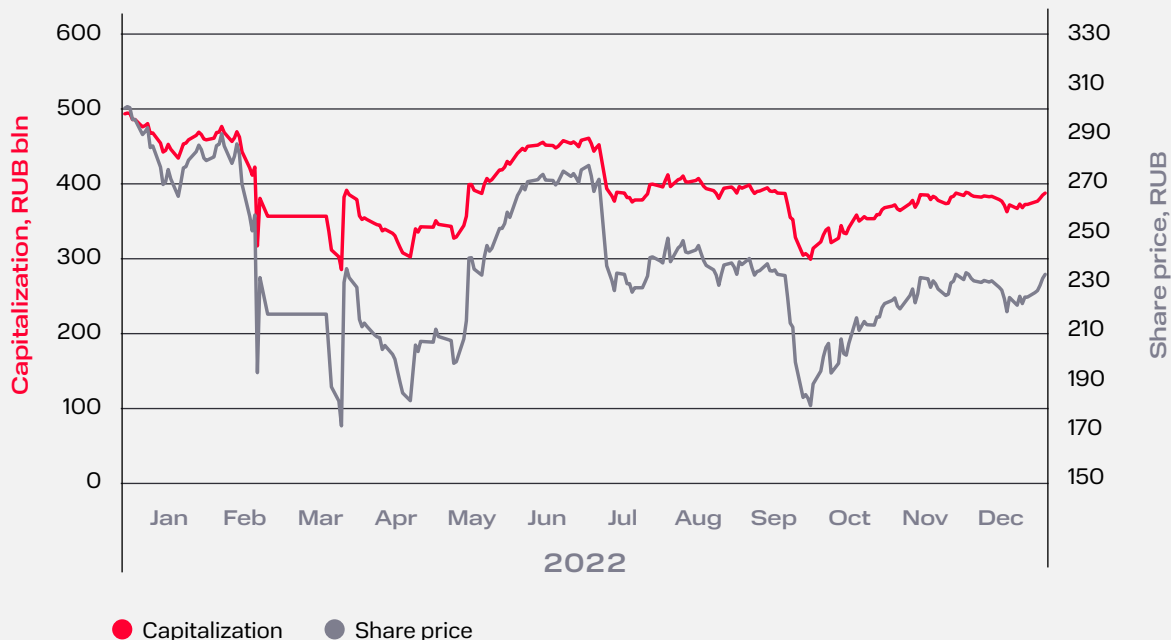
The Company's issued and placed shares are ordinary registered shares in the same par value.

The ordinary shares in MTS PJSC fixes for its owner (shareholder) a given volume of property rights, including the right to participate in the Company's management, the right to obtain a portion of Company's profits in the form of a dividend as well as the right to obtain a portion of the property left after Company's liquidation.



### MTS PJSC price and capitalization dynamics

Trading platform: MOEX (Moscow), issuer code MTSS



### Price and volume of shares in MTS PJSC (RUB), 2022

MOEX	Price (RUB)
Minimum share price	174.70
Maximum share price	304.55
Average daily trade volume (mln pcs.)	1.97
Price as of December 31, 2022	236.4

Information about current lists and transaction prices



<http://www.moex.com>

# DIVIDENDS AND SHARE REPURCHASE PROGRAM

## History of dividend payment in 2022

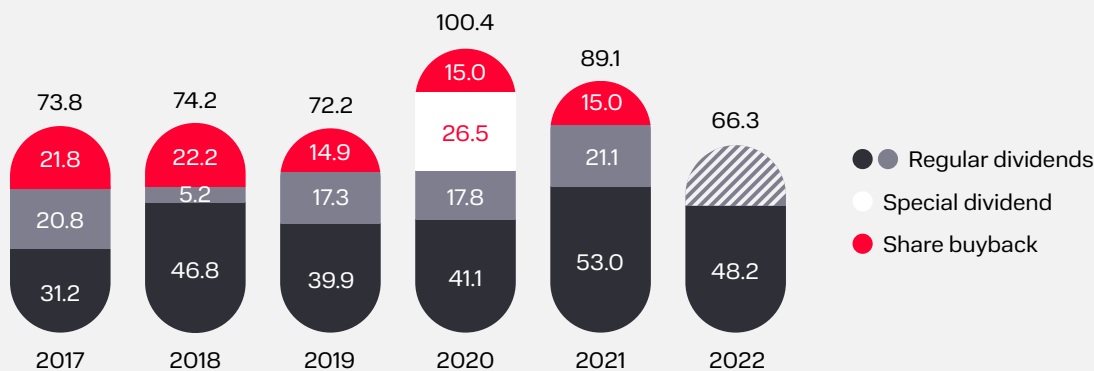
In June, at the Annual General Meeting of Shareholders (AGMS), MTS shareholders approved annual dividends based on the Company's financial results for 2021. Dividends amounted to 33.85 rubles per ordinary share, or a total of RUB 66.3 billion, including payments on quasi-treasury shares of MTS. Dividend payments for 2021 in the amount of RUB 48.2 billion ended on August 16, 2022.

In accordance with applicable Russian law, ADR holders get the right to pay dividends only after the conversion of depository receipts into ordi-

nary shares of MTS PJSC. As part of the depository agreement, the guaranteed period for converting ADRs into ordinary shares of MTS PJSC ended on January 12, 2023 (inclusive), and, according to our understanding, the depository may continue converting ADRs into ordinary shares and/or sell the unconverted shares to distribute the funds received among the ADR holders.

In January-February 2023, dividends were paid on ADRs converted after the cut-off date (July 12, 2022), in the amount of RUB 0.36 billion.

### Dividends and buyback<sup>1</sup> RUB bln



<sup>3</sup> Dividend payment includes dividend paid on quasi-treasury stock. The amounts may vary due to rounding of individual digits.

**66.3**  
**RUB bln**

Total declared dividends  
in 2022

More detailed information on payment of dividends is available on the MTS website at



[Dividends – Moscow \(mts.ru\)](https://dividends.moscow.mts.ru)

# BONDS

**MTS PJSC is one of the largest issuers of corporate bonds in Russia. The Company uses funds from bonds' placement for debt portfolio refinancing and implementation of its investment program.**

## Bond issues/repayments in 2022

RUB 10 billion	Issue of 001P-19 exchange-traded bonds with the circulation period of 3 years
RUB 10 billion	Issue of 001P-20 exchange-traded bonds with the circulation period of 4 years
RUB 10 billion	Issue of 001P-21 exchange-traded bonds with the circulation period of 4 years
RUB 20 billion	Issue of 001P-22 exchange-traded bonds with the circulation period of 2 years
RUB 15 billion	Issue of 001P-23 exchange-traded bonds with the circulation period of 2 years
RUB 10 billion	Bonds of series 001P-01 were fully redeemed
RUB 10 billion	Bonds of series 001P-17 were fully redeemed
RUB 5 billion	Bonds of series 001P-08 were fully redeemed
RUB 15 billion	Bonds of series 001P-03 were fully redeemed
RUB 10 billion	Bonds of series 001P-13 were fully redeemed

Detailed information on previous bond issues can be found on the websites



<https://ir.mts.ru/investors/debt/bond>



<http://www.disclosure.ru/issuer/7740000076/>

## Issue of bonds in 2022

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-19 series
Coupon	Coupon 1–12 – 11.69% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	10,000,000,000
Placement date	May 11, 2022
Date of maturity	May 07, 2025
ISIN Reg No	RU000A104T04
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-20 series
Coupon	Coupon 1–16 – 11.75% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	10,000,000,000
Placement date	May 06, 2022
Date of maturity	May 01, 2026
ISIN Reg No	RU000A104SU6
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-21 series
Coupon	Coupon 1–16 – 9.65% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	10,000,000,000
Placement date	June 27, 2022
Date of maturity	June 22, 2026
ISIN Reg No	RU000A104WJ1
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-22 series
Coupon	Coupon 1–8 – 8.3% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	20,000,000,000
Placement date	August 05, 2022
Date of maturity	August 02, 2024
ISIN Reg No	RU000A1051T3
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded non-convertible interest-bearing uncertificated exchange-traded bonds in bearer form subject to mandatory deposit of 001R-23 series
Coupon	Coupon 1–8 – 8.4% per annum
Placement price	100%
Issue currency	Ruble
Issue amount	15,000,000,000
Placement date	December 21, 2022
Date of maturity	December 18, 2024
ISIN Reg No	RU000A105NA6
Offer	-

# INTERACTION WITH SHAREHOLDERS AND INVESTORS

The list of the main stakeholders of MTS PJSC includes shareholders, investors, employees, customers / subscribers, mass media, the state, local communities, business.

The current information disclosure system is built taking into account the requirements of listing rules of the Moscow and New-York stock exchanges, operates in the Company<sup>1</sup>.

In accordance with the public availability principle the Company publishes information on significant events at the website of US Securities and Exchange Commission<sup>2</sup>, of the Russian Information Agency (newsfeed)<sup>3</sup>, at the official website of MTS: for shareholders and investors in Russian<sup>4</sup> and in English<sup>5</sup>.

MTS also publishes other information on its official website. The "For investors and shareholders"<sup>6</sup> section includes internal corporate documents, annual reports, sustainability reports, materials for share-

holder meetings, information on the registrar and auditor, information on dividend policies, financial reporting under IFRS and RAS, quarterly disclosures of MTS Group results in the form of a press release and presentation, instructions on the completion of the ADR program and conversion of depositary receipts into ordinary shares.

In 2022, the MTS IR team issued more than 50 press releases and blog posts, took part in conferences organized by investment banks, as well as analytical community for retail investors.

Company's management and IR-team are continuously improving their interaction with investors and shareholders, using the best experience of other companies and monitoring the latest legislation changes and key standards in this area.

In case of questions related to MTS activities, investors may contact the services on interaction with shareholders and relations with investors.

## Contact information for investors and shareholders:

### Corporate Governance Development of MTS PJSC:

Phone: +7 (495) 911-65-55  
Fax: +7 (495) 911-65-69  
E-mail: [shareholder@mts.ru](mailto:shareholder@mts.ru)

### Corporate Governance Development of MTS PJSC:

Phone: +7 (495) 223-20-25  
E-mail: [ir@mts.ru](mailto:ir@mts.ru)

<sup>1</sup> Delisting took place from August 8, 2022

<sup>2</sup> <http://www.sec.gov>

<sup>3</sup> <http://www.disclosure.ru>

<sup>4</sup> <https://ir.mts.ru/home/>

<sup>5</sup> <https://ir.mts.ru/home/>

<sup>6</sup> [https://ir.mts.ru/about\\_mts/corporate\\_governance](https://ir.mts.ru/about_mts/corporate_governance)

## Investor's calendar for 2023

The investor's calendar is posted on the MTS website



[Investors.calendar--Moscow.mts.ru](https://investors.calendar--moscow.mts.ru)

## Issues of interest for investors in 2022

### Macroeconomic matters:

- main macroeconomic parameters and their impact on the company's business

### Industrial matters:

- competitive environment;
- pricing policy;
- telecom industry support measures;
- procurement of equipment

### Matters related directly to the company's business and performance:

- ecosystem development strategy;
- results of Telecom, Fintech, Media and Retail verticals;
- launch of new services and products, partnerships;
- allocation of tower assets and potential sale;
- debt load of the Company;
- capital investment in the development of the network and digital ecosystem;
- dividend policy;
- closure of the ADR program and conversion of depositary receipts into ordinary shares of MTS