

The background is a solid black field decorated with various geometric shapes. There are several red triangles of different sizes and orientations, some solid and some outlined. A white triangle is also present. Small red plus signs are scattered throughout the design. A large, thin red line runs diagonally across the page. In the bottom right corner, there is a white triangle pointing upwards and a red spiral graphic.

EXPLANATORY NOTE

to proposed changes to the Regulations
+ on the Board of Directors of MTS PJSC +

The proposed draft Regulations on the Board of Directors, as amended, contain two blocks of changes.

I. It is suggested that the Regulations should provide for the signing of a non-disclosure agreement by a candidate nominated to the Board of Directors.

Already at the stage of nomination, and subsequently, a candidate, if elected to the Board of Directors, may receive some information on the Company being confidential, including that classified as insider information. Therefore, such information may be provided only on the condition that a non-disclosure agreement is signed between the parties. At MTS, there is a practice of signing such agreements with candidates, and it is suggested to entrench it at the regulatory level. For these purposes:

- The list of information and documents to be provided by a candidate during his/her nomination (clause 2.6.9 of the Regulations) has been supplemented with the non-disclosure agreement;
- The Regulations have been supplemented with new Appendix 3.2 containing the form of Non-Disclosure Agreement concluded with a candidate for the Board of Directors.

II. It is suggested to make amendments and modifications to the Questionnaire of Independent Director (Appendix No. 6 to the Regulations on the Board of Directors).

The necessity of such modifications is due to the requirements and recommendations of the Moscow Exchange (MOEX) for issuers of shares included in the First and Second Levels.

Following this line of reasoning, the draft Regulations on the Board of Directors, as amended, which were submitted to the General Meeting of MTS PJSC Shareholders for consideration, contain the amendments and modifications of Appendix No. 6 “Questionnaire of Independent Director”:

1. The title “Questionnaire of Independent Director” has been changed for “Declaration of Independent Director” due to the fact that, besides the section with questions for independent directors, it will also contain the section “Liabilities and Commitments” (please find below further details).
2. The preamble has been supplemented with a) the Independent Director’s statement that he/she will act independently from other persons in good faith and reasonably; and b) the Independent Director’s commitment to report on any changes in his/her personal data and information contained in the Declaration.
3. The section “Key Definitions and General Instructions” has been supplemented with new terms:
 - ***Group of organizations the Substantial Shareholder of the Company belongs to:*** shall mean legal entities controlled by the Substantial Shareholder of the Company and/or legal entities controlled by the controlling entity of the Substantial Shareholder (including the Substantial Shareholder and/or entity controlling the Substantial Shareholder). The concept of “Group of organizations the Substantial Shareholder of the Company belongs to” shall not apply to the Substantial Shareholder being the Russian Federation, a constituent entity of the Russian Federation or municipal entity.
 - ***Substantial competitors:*** Vimpelcom PJSC, MegaFon PJSC, T2 RTC Holding LLC.

4. Section I “Questions” has been supplemented with new questions (for the purposes of providing required information to the MOEX):
- *Please specify the number of full years and months during which you have been holding the position of member of the Board of Directors of the Company (taking into account the period of membership in the Board of Directors of a reorganized legal entity, the legal successor of which is the Company).*
 - *Are you a representative of the Russian Federation, a constituent entity of the Russian Federation or municipal entity in the Board of Directors with respect to whom the decision has been taken on the exercise of a special right to participate in the management (“golden share”)?*
 - *Are you or were you within one year preceding the election to the Board of Directors of the Company an employee, member of the executive body of an organization controlled by the Russian Federation, a constituent entity of the Russian Federation or municipal entity, or an employee of a state or municipal unitary enterprise or institution?*
 - *Have you ever been held administratively liable for any offences in the field of finance, taxes and levies, securities market, or criminally liable (existence of a criminal record), inter alia, for crimes in the field of economy, or crimes against the public order?*
 - *If “Yes”, please specify the nature and date of the offence: when exactly it took place.*
 - *Please specify information on your Related Persons.*
 - *Please provide information on the number of equity securities of any class (shares) in the authorized (joint-stock) capital of other legal entities of Sistema JSFC Group and MTS PJSC directly or indirectly in your possession or for which you are beneficiary.*
5. New Section II “Liabilities and Commitments” has been included, which contains the confirmation of a Board of Directors member of his/her independence, absence of conflict of interest, commitment to act in good faith and reasonably.