

The background is black with various geometric shapes in red and white. There are several triangles of different sizes and orientations. Some are solid red, some are white with black outlines, and some are red outlines. There are also small red plus signs scattered throughout. A large red line runs diagonally from the top left towards the middle right. In the bottom right corner, there is a white triangle pointing upwards and a red spiral-like pattern.

INFORMATIONAL MATERIALS

and comments on the issues presented
+ for consideration of the Annual General
Meeting of Shareholders of MTS PJSC

JUNE 24TH, 2020

Initiator of examination of Agenda items of MTS PJSC Annual Shareholders' General Meeting	Viewpoint of the Board of Directors on the Agenda items of MTS PJSC Annual Shareholders' General Meeting
MTS PJSC Board of Directors	Vote "FOR"

On the first item of Agenda:

Approval of the MTS PJSC Annual report, the MTS PJSC Annual accounting (financial) statement, profit and loss distribution of MTS PJSC for the reporting year 2019 (including dividend payment).

In accordance with the current legislation of the Russian Federation, the given item shall be discussed on an annual basis at the Annual General Shareholders' Meeting.

The following materials are submitted to the Annual General Shareholders' Meeting for approval:

- MTS PJSC 2019 Annual Report;
- MTS PJSC 2019 Annual Financial Statements prepared as per the Russian Accounting Standards;
- MTS PJSC 2019 Profit & Loss Statement (Account);
- Recommendations of MTS PJSC Board of Directors regarding the procedure on distribution of MTS PJSC profit based on 2019 financial year results.

The stated documents shall be accompanied by the Findings of MTS PJSC Auditing Commission and the Auditor's Report (Deloitte & Touche CIS CJSC), report of the internal audit of MTS PJSC.

The text of the decision on this issue also includes a Section related to the annual dividends payment on MTS PJSC registered ordinary shares.

Taking into consideration that MTS PJSC is a leading telecommunications company operating in rapidly developing volatile markets, the primary objective of MTS PJSC is to maintain sufficient resources and flexibility to meet financial and operational goals of MTS PJSC.

As demonstrated throughout our history, MTS PJSC continually seeks ways to create shareholder value through both commercial and financial strategies, which may include both organic and inorganic development, as well as the Company's capital management practices.

Following its historical practices, MTS PJSC continues to pay semi-annual dividends as a part of the commitment to enhance shareholder's value. In determining the Company's payout, the Board of Directors considers a number of factors, including cash flow from operations, capital expenditures and the Company's debt position.

For 2019-2021, MTS management commits to a minimum cumulative payout of RUB 28.0 per share per calendar year through two semi-annual payments.

The Board of Directors of MTS PJSC recommended paying the annual dividends of MTS PJSC for 2019 in the amount of 20.57 rubles per ordinary registered share of MTS PJSC with a par value of 0.1 rubles each. The total amount of the annual dividends of MTS PJSC for 2019 thus amounts to 41,106,345, 649.27 rubles.

The Board of Directors also recommended to pay dividends in cash and to set July 9, 2020 as the date on which the persons entitled to receive dividends are determined.

The Board of Directors of MTS PJSC preliminarily approved the Annual Report of MTS PJSC for 2019, and also considered the Annual Financial Statements of MTS PJSC for 2019 (RAS standard) and recommended the Annual General Meeting of Shareholders to approve the Annual Report of MTS PJSC, the Annual Financial Statements of MTS PJSC, including the profit and loss statement of MTS PJSC for 2019.

Procedure for adoption of the resolution:

The decision shall be adopted by a simple majority of votes of the Shareholders attending the Meeting.

Draft resolution:

- 1.1. 2019 Annual report of MTS PJSC, 2019 Annual accounting (financial) statement of MTS PJSC, 2019 loss and profit account of MTS PJSC be hereby approved.
- 1.2. The procedure for allocation of profits of MTS PJSC (Appendix 1), including the annual dividend on ordinary registered shares of MTS PJSC in the amount of RUR 20.57 per ordinary share of MTS PJSC with a par value of RUR 0.1 each be hereby approved. The total amount of annual dividends of MTS PJSC makes up RUR 41,106,345,649.27. Annual dividends shall be paid in cash. The date, on which the persons entitled to receive the dividends are determined, be hereby established – July 9, 2020.

On the second item of Agenda:

Election of members of MTS PJSC Board of Directors.

The decision on election of MTS PJSC Board of Directors' Members is submitted for approval of MTS PJSC General Shareholders' Meeting. The powers of new Members of MTS PJSC Board of Directors shall be effective until the next MTS PJSC Annual General Shareholders' Meeting.

Procedure for adoption of the resolution:

Pursuant to MTS PJSC Charter and the current Legislation of the Russian Federation, the Members of the Board of Directors shall be elected by cumulative voting. In the process of cumulative voting, the number of votes received by each shareholder shall be multiplied by the number of persons to be elected to MTS PJSC Board of Directors and the shareholder may cast all votes, thus received in favor of one candidate, or distribute them among two or more candidates. The candidates received the majority of votes shall be deemed elected to the Board of Directors.

MTS PJSC Board of Directors has made a decision to include the following persons into the list of candidates for MTS PJSC Board of Directors to be voted for at the Annual General Shareholders Meeting:

- 1) Felix Evtushenkov
- 2) Artyom Zassoursky
- 3) Alexey Kornya
- 4) Regina Dagmar Benedicta von Flemming – Independent Director
- 5) Shaygan Kheradpir – Independent Director
- 6) Thomas Holtrop – Independent Director
- 7) Nadia Shouraboura – Independent Director
- 8) Konstantin Ernst – Independent Director
- 9) Valentin Yumashev – Independent Director

MTS PJSC Board of Directors recommended the General Shareholders' Meeting to elect 9 Members of the Board of Directors in total.

The information on the candidates for the Board of Directors' Members is attached.

In accordance with MTS PJSC Charter, the number of members of MTS PJSC Board of Directors shall be defined by the decision of the General Shareholders' Meeting and may be not less than nine (9) Members. The Annual General Shareholders' Meeting held on 27th June, 2008 defined the number of Members of MTS PJSC Board of Directors being 9 (nine) persons.

Draft resolution:

Resolved that the following persons be elected Members of the Board of Directors of Mobile TeleSystems Open Joint Stock Company:

- 1) Felix Evtushenkov
- 2) Artyom Zassoursky
- 3) Alexey Kornya
- 4) Regina Dagmar Benedicta von Flemming – Independent Director
- 5) Shaygan Kheradpir – Independent Director
- 6) Thomas Holtrop – Independent Director
- 7) Nadia Shouraboura – Independent Director
- 8) Konstantin Ernst – Independent Director
- 9) Valentin Yumashev – Independent Director

On the third item of Agenda:

Election of members of MTS PJSC Auditing Commission.

The issue on electing the Members of MTS PJSC Auditing Commission is submitted to the Annual General Shareholders' Meeting of MTS PJSC for approval. The Auditing Commission is an independent permanently operating body that oversees MTS PJSC financial and business operations.

The Auditing Commission shall be elected by the Annual General Shareholders' Meeting and retain its powers till the next Annual General Meeting of MTS PJSC Shareholders.

No more than three (3) candidates may be elected to the Auditing Commission, as that is the number of Members of the Auditing Commission determined in accordance with the Regulations on MTS PJSC Auditing Commission (approved by the decision of MTS PJSC Annual General Shareholders' Meeting adopted on 25th June, 2015).

MTS PJSC Board of Directors has resolved to include the following persons into the list of candidates for MTS PJSC Auditing Commission Members to be voted for at the Annual General Shareholders' Meeting of MTS PJSC:

1. Irina Borisenkova
2. Natalia Mikheeva
3. Andrey Poroh

MTS PJSC Board of Directors recommended the Shareholders' General Meeting to elect an Auditing Commission in the amount of three (3) Members.

The information on the candidates for the Auditing Commission Members is attached.

Procedure for adoption of the resolution:

Shares held by the Members of MTS PJSC Board of Directors or by MTS PJSC Executive Body (President) may not participate in voting. The decision shall be adopted by a simple majority of votes of the Shareholders attending the Meeting.

Draft resolution:

Resolved that the following persons be elected members of MTS PJSC Auditing Commission:

1. Irina Borisenkova
2. Natalia Mikheeva
3. Andrey Poroh

On the fourth item of Agenda:

Approval of MTS PJSC Auditor.

The issue on approval of the MTS PJSC auditor to audit financial and operational activities of MTS PJSC in 2020 is submitted to the Annual General Shareholders' Meeting.

In accordance with the current law, the annual statements of a public joint stock company shall be confirmed by an auditor that has no property interests in the Company or the Company's Shareholders.

The auditor shall be annually approved by the Annual General Meeting of Shareholders of the Company following the recommendation of MTS PJSC Board of Directors.

MTS PJSC statements for 2002 – 2019 financial years were audited by Deloitte and Touche CIS.¹

The recommendation of MTS PJSC Board of Directors is based on the tendering results. The tender to select an auditor of MTS PJSC to audit the consolidated statements is held at least once per five years. The latest tender to select an auditor of the consolidated statements was held in February – April 2017. The tender was won by Deloitte&Touche CIS, which was recommended as an auditor to audit the consolidated statements according to IFRS.

Besides, in March 2020, within the frames of the annual tender to audit statements in accordance with the Russian Accounting Standards, the tender commission made the decision to recommend Deloitte&Touche CIS as the auditor of the 2020 Financial Statements on the basis of the entirety of criteria including previous experience and the audit team's awareness of the processes and business practices of MTS PJSC.

The auditor's fee shall be approved by the decision of MTS PJSC Board of Directors on the basis of recommendation of the Audit Committee under the Board of Directors to be issued by the end of June, 2020.

MTS PJSC Board of Directors recommended Deloitte&Touche CIS to be approved as MTS PJSC auditor for 2019.

Procedure for adoption of the resolution:

The decision shall be adopted by a simple majority of votes of the Shareholders attending the Meeting.

Draft resolution:

Resolved that the audit company Deloitte and Touche CIS JSC (Place of business: 5 Lesnaya str., Moscow 125047 Russian Federation; Primary State Registration Number: 1027700425444) be MTS PJSC auditor.

On the fifth item of Agenda:

Approval of the revised Regulations on MTS PJSC Board of Directors.

The current version of the Regulation on the Board of Directors of MTS PJSC was approved by a decision of the Extraordinary General Meeting of Shareholders of MTS PJSC on February 14, 2020.

A new version of the Regulation on the Board of Directors of MTS PJSC was prepared.

The main changes to the Regulation on the Board of Directors of MTS PJSC:

¹ Member of the Self-Regulatory Organization of Auditors of the Association "Commonwealth" (Association)

1. In order to implement the recommendations of the Moscow Exchange on the implementation of the Independent Director Declaration, amendments were made to the Independent Director Questionnaire (Appendix No. 6 to the Regulation on the Board of Directors of MTS PJSC):
 - “Independent Director Questionnaire” renamed to “Independent Director Declaration”
 - a new section “Obligations and statements” is included in the document, containing assurances of the independent director to act independently, in good faith and reasonably.
2. A form of confidentiality agreement has been added (Appendix No. 3.2 to the Regulation on the Board of Directors of MTS PJSC):

MTS PJSC has a practice of concluding a confidentiality agreement with persons included in the list of candidates for election to the Board of Directors of MTS PJSC. It is proposed to fix the form of such an agreement in the Regulation.

The Board of Directors of MTS PJSC recommended approval of the new version of the Regulation on the Board of Directors of MTS PJSC.

The new version of the Regulation on the Board of Directors of MTS PJSC and the Explanatory Note of the proposed changes are attached.

Procedure for adoption of the resolution:

The resolution shall be adopted by a simple majority of votes of shareholders attending the meeting.

Draft resolution:

Resolved that Regulation on the Board of Directors of MTS PJSC, as revised, be approved (Appendix 2).

On the sixth item of Agenda:

Approval of the revised Regulations on MTS PJSC Management Board.

The current version of the Regulation on the Management Board of MTS PJSC was approved by the decision of the annual General Meeting of Shareholders of MTS PJSC on June 25, 2015.

A new version of the Regulation on the Management Board of MTS PJSC was prepared.

The proposed new draft of the Regulation on the Management Board contains a number of specific changes aimed at bringing the Regulation in line with the best corporate governance practices, as well as with the actual procedure for holding meetings of the Management Board of the Company:

- It is established that the work plan of the Management Board is drawn up on an annual rather than quarterly basis
- It is possible to conduct meetings using electronic communications (telephone and video conferencing)
- It is specified that the presence of invited persons at meetings of the Management Board is allowed subject to the compliance of the MNA’s LNA in the field of protection of insider and confidential information
- The possibility of signing the minutes of the meeting by the Chairman and the Secretary of the Board by electronic signature is introduced
- Other point changes of a clarifying, detailing or technical nature are made.

The Board of Directors of MTS PJSC recommended approving the new version of the Regulation on the Management Board of MTS PJSC.

The new version of the Regulation on the Management Board of MTS PJSC and an explanatory note of the proposed changes are attached.

Procedure for adoption of the resolution:

The resolution shall be adopted by a simple majority of votes of shareholders attending the meeting.

Draft resolution:

Resolved that Regulation on the Management Board of MTS PJSC, as revised, be approved (Appendix 3).

On the seventh issue on the agenda:

On the participation of MTS PJSC in non-profit organizations.

The approval of the General Meeting of Shareholders raises the question of the participation of MTS PJSC in the association of commercial organizations:

- 1) All-Russian Association of Employers “Russian Union of Industrialists and Entrepreneurs”.
- 2) Association “Alliance for Artificial Intelligence”.

In accordance with paragraphs. 27.1 (30) of the charter of MTS PJSC, the issue of the Company's participation in financial and industrial groups, associations and other associations of commercial organizations is referred to the competence of the General Meeting of Shareholders of MTS PJSC.

1. All-Russian Association of Employers “Russian Union of Industrialists and Entrepreneurs”

At present, all major industry participants are members of the RUIE: PJSC Megafon, PJSC Rostelecom, PJSC Vypel Communications, Yandex LLC, ER-Telecom Holding JSC.

The participation of MTS PJSC in the Russian Union of Industrialists and Entrepreneurs will strengthen the status of the Company within the framework of the Commission on Communications and Information and Communication Technologies, which is the main platform for discussing all the key issues of the industry.

2. Association “Alliance for Artificial Intelligence”

November 9, 2019 Alliance members: MTS PJSC, Sberbank PJSC, Gazprom Neft PJSC, Yandex LLC, Mail.Ru LLC, Management Company RDIF JSC signed a Cooperation Agreement to create the Alliance in field of artificial intelligence.

Priority Goals:

- Contributing to the accelerated development of education, research and the practical application of AI in Russia”
- Contributing to narrowing the gap between science and business in the field of AI in Russia
- Promoting the development of a competitive market for AI solutions in Russia.

The Board of Directors of MTS PJSC recommended that the Annual General Meeting of Shareholders of MTS PJSC take a decision on the participation of MTS PJSC in these associations of commercial organizations.

Procedure for adoption of the resolution:

The decision is made by a simple majority (more than ½ (half)) of the votes of shareholders - owners of voting shares of the Company participating in the General Meeting of Shareholders.

Draft resolution:

7.1. Decide on the participation of MTS PJSC in the All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs (OOR RSPP, location: 109240, Moscow, Kotelnicheskaya nab., 17, OGRN 1067746348427, TIN 7710619969).

7.2. Decide on the participation of MTS PJSC in the Alliance for Artificial Intelligence Association (Moscow).