

ANNUAL REPORT 2023

INFORMATION ABOUT MTS¹

Mobile TeleSystems Public Joint Stock Company (MTS PJSC) is a leading company in Russia providing mobile and fixed telephony, data transfer and Internet access, cable and satellite TV broadcasting services; provider of digital services, including fintech and media within ecosystems and mobile apps; provider of IT solutions in the field of unified communications, the Internet of Things, monitoring, data processing, cloud computing, and cybersecurity. More than 86 million subscribers in Russia and Belarus use mobile communication services delivered by MTS Group. MTS holds a leading position in the Russian mobile business market by servicing the largest subscriber base accounting for 81 million users. MTS fixed services — telephony, Internet access and TV — cover more than 10 million subscribers, OTT and pay-TV services in various

environments — more than 13 million users, the total number of MTS ecosystem clients exceeds 15 million. The company has a retail network of more than 4,400 stores in Russia. MTS shares are listed on the Moscow Stock Exchange under the code MTSS.

Company website: www.mts.ru.



[Detailed information about MTS — Moscow \(mts.ru\)](http://www.mts.ru)

¹ In this Annual Report, the terms “MTS PJSC”, “MTS” and the “Company” should be understood as Mobile TeleSystems Public Joint Stock Company, and the terms the “MTS Group”. “Group” should be understood as a group of companies consisting of MTS PJSC and its subsidiaries. The figures contained in this Annual Report are as of December 31, 2021, unless other periods or dates are expressly indicated.

WHERE TO FIND THE ANNUAL REPORT

The Annual Report is available online (interactive version) and in PDF format.

In addition, MTS publishes sustainable development reports on an annual basis.



[Annual Statements — Moscow \(mts.ru\)](http://www.mts.ru)



[Sustainability Report — Moscow \(mts.ru\)](http://www.mts.ru)

WELCOME TO THE 2023 MTS PJSC ANNUAL REPORT!

We would like to bring to your attention the Annual Report of MTS PJSC following the results of 2023.

Purpose of the 2023 Annual Report

The MTS Annual Report is a tool of our openness and transparency that allows making investors, shareholders, clients and other stakeholders aware of the important solutions and Company operation results. It is also one of our mechanisms for internal evaluation of effectiveness and efficiency of the management processes and product offers, which allows us to maintain a high level of resilience to the arising challenges, competitiveness and market leadership.

The Report provides consolidated information on the main results of the Company's business in accordance with its strategic goals and objectives for the short, medium and long run.

Key topics of the Report

As part of the annual report, we inform stakeholders about the status and prospects of our business. We strive to provide comprehensive and unbiased information about the Company, the environment where we operate, a general situation in the markets of our presence and the trends that we observe there. Our primary goal is to help shareholders understand the specifics of our business, our strategic priorities and demonstrate the results of yearly operations in the context of the strategy implementation. Thus, we contribute to correct assessment of the risks

and benefits of investing in MTS and, as a result, to informed investment decisions made by the market participants.

In 2023, MTS celebrated the 30th anniversary of its activity and continued its way of active development of the digital ecosystem, introducing new products and services. As in previous years, the deliverables of this work are the key topic of the annual report. Moreover, in the reporting year, the Company underwent rebranding and developed a new dynamic and flexible corporate identity, which makes it possible to integrate elements of the changing and growing MTS ecosystem. The 2023 rebranding was a logical continuation of big changes in internal culture, business and brand philosophy. The path of transformation of the Company and its logo over the past three decades is one of the highlights of this report.

The Report has been prepared in accordance with the statutory requirements of the Russian Federation, as well as the regulatory requirements applicable to MTS:

- Federal Law dated December 26, 1995 No. 208-FZ "On Joint Stock Companies";
- Regulations of the Bank of Russia dated March 27, 2020 No. 714-P "On Information Disclosure by Issuers of Equity Securities";
- recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2014.

In addition, when preparing the Annual Report, we were guided by international standards and best practices in the area of public annual reporting.

CONTENTS

4	Address by the Board of Directors Chairman
6	Address by the President
8	30th Anniversary of MTS Activity
10	Our History

MTS ECOSYSTEM: VECTORS AND RESULTS OF DEVELOPMENT

14	MTS Group in 2023
26	MTS Business Model
28	Strategy
33	MTS Brand
38	Product Transformation Overview
56	Looking into the Future

FINANCIAL OVERVIEW

60	Revenue of the Group
61	OIBDA of the Group
62	Net income
63	Telecom Results
64	Free cash flow
65	Debt burden

CORPORATE GOVERNANCE

68	Report by the Board of Directors
71	Corporate Governance System
74	Corporate Governance Bodies
122	Risk Management
137	Capital and Securities

ESG AND SUSTAINABLE DEVELOPMENT

148	Sustainable Development Management System
154	Compliance and Business Ethics Culture
167	Responsible HR Management
177	Social Investment
181	Environmental Care

ADDITIONAL INFORMATION

186	Report on Compliance with the Principles and Recommendations of the Corporate Governance Code
211	List of major and interested-party transactions made by MTS PJSC in 2023
212	Annual Consolidated Financial Statements of MTS PJSC and Subsidiaries for 2023
212	MTS Information Channels
213	Contacts and Additional Information about MTS
214	Feedback

ADDRESS BY THE BOARD OF DIRECTORS CHAIRMAN

Dear shareholders,

If we assessed our 2022 results as “good considering circumstances” then I can safely call the 2023 results good without any reservations. The Russian economy has demonstrated impressive flexibility and ability to adapt to harsh external pressures. During the year, we saw increased purchasing and business activity across all of our principal directions, which, coupled with our efforts to develop our product offerings, allowed us to achieve substantial growth across all key performance indicators. Without doubt, such a result would not have been possible without the energy, enthusiasm and high professionalism of the entire large team of the MTS Group.

I would like to say thank you to all the MTS Group team for their excellent work throughout the year.

However, now I would like to draw your attention to another aspect. The matter is that factual operating indicators give a very limited idea of what is happening with our Company, how our business is developing and what it is evolving into. Let me explain what I mean. 2023 was an anniversary year for us, MTS turned 30. Of course, at the beginning of this development path we faced some difficulties. However, for a long time we have been a sector-specific company and solved quite understandable industry-based problems faced by hundreds of telecom operators around the world. We gradually grew, introduced new technological solutions, scaled them to our huge telecommunications network, looked for new marketing mechanics, but we were still in an industry environment that we understood.

In 2014, we took the first step towards industry-based diversification by including the concept of “Differentiation” in our strategy, and in 2016 we made an important clarification by changing this concept to “Digital.” And it was from this moment that we took the path of mastering promising digital trends. That is, for $\frac{3}{4}$ of the time of its existence, MTS remained a sector-specific company — a telecom operator. Therefore, if you compare the business of MTS, as a telecommunications operator, even at its height, and the business of MTS in its current state, as a digital ecosystem, we will see a significant difference in the degree of market coverage, in the range of available competencies and technologies used, in the complexity of the management system, and in target audiences.

With these arguments, I want to lead you to the idea that, regardless of the current levels of key performance indicators, regardless of market conditions and stock exchange quotations, our shareholders are now the owners of the real value of the Company, the maximum value content in the entire history of its existence. And our potential in digital areas is only beginning to be revealed and translated into financial results and further into shareholder value.

By developing new digital trends in the mass and corporate segments, we are becoming an increasingly important and valuable target of the country's economic system. We have a greater influence on the development of the business environment, establishing and strengthening business ties with companies from various sectors of the economy.

Our positioning as a technology company manifests itself not only in internal and external products, but also in the approach to company management, in the corporate culture, and in the image of MTS as an employer. In this regard, it should be noted that in 2023 we entered the group of best employers in Russia according to HeadHunter, RBC and Forbes.

Speaking about the management quality, it should be noted that we maintain financial stability and a comfortable level of debt burden. In 2023, we received the maximum credit rating AAA.ru according to NCR, Expert RA and ACRA.

Also in 2023, we received the highest non-financial (ESG) reporting rating and the highest sustainability rating according to AK&M.

Over the past few years, we have developed deep expertise in the field of corporate governance, as a result of which we currently have one of the best compliance systems in Russia. Our intention is to continue to work in accordance with the best global practices of corporate governance. We will comply with them in all product areas, in all companies of the MTS Group.

In conclusion, I would like to thank all the employees of the MTS Group, all the product teams. I wish that next year would be even more eventful for us with interesting projects and achievements. I am sure that we will be able to continue to maintain the Group's high growth rate and achieve high performance indicators.

Yours sincerely,
Chairman of the Board of Directors
of MTS

ADDRESS BY THE PRESIDENT

Dear friends and colleagues,

I hereby submit for your consideration the Annual Report of the MTS Digital Ecosystem for 2023 with an overview of the impressive performance that we were able to achieve in difficult macroeconomic conditions. Despite market conditions and operational challenges, our long-term strategy has not undergone significant changes: the company continues to maintain leadership through business diversification and building an ecosystem of digital services on a stable telecom base.

The efficiency of the chosen strategy is confirmed by financial and operational performance. MTS Group's revenue is growing at a double-digit rate, key business areas are showing stable growth, and the number of ecosystem clients in 2023 exceeded 15 million people. In general, these clients generate nearly half of the company's mass market revenue, and we expect this momentum to continue to grow in 2024.

Among mature businesses of the ecosystem, the FinTech vertical makes a significant contribution to revenue growth. Over the year, the retail loan portfolio grew by 33 percent to RUB 339 billion, and net profit increased to a record level of RUB 12.5 billion. Within the framework of its strategy, MTS FinTech is developing as one of the key drivers of the ecosystem along with creating the best digital services in the retail market of financial services. At the same time, we are developing the area as an independent and investment-attractive business that complies with the best corporate governance practices.

The corporate segment of the business demonstrates excellent performance: we remain the market leader in solutions and services for business clients in telecom and IT in Russia demonstrating strong growth by 17 percent year on year due to solutions in the Internet of Things, intelligent communication systems and communication services under the MTS Link and MTS Exolve brands. We have completed the first tests of our own base station in real conditions; by the end of 2024, the first hundred of such stations will already begin operating on the basis of our network.

The synergy of ecosystem companies, investments in the development of promising areas, product teams and business transformation — focusing on digital solutions and the growth of non-telecom areas allows us to feel confident about the future and continue to improve the quality of ecosystem services for tens of millions of our clients.

The year 2023 was also special for MTS in terms of positioning. To mark the transformation from Telco to Techco and emphasize the innovative spirit of the business, MTS celebrated its 30th anniversary with a global rebranding. The company has got a new logo that will organically accommodate all the products of the ecosystem. A logical and bright creative solution helps us respond in a timely manner to changing environments and competitive challenges.

Fulfilling obligations to partners, clients and shareholders remains a top priority for MTS. The demonstration of ethical leadership at all levels of business management, system-based support of a high level of compliance culture and the leadership role of MTS in maintaining the best practices of responsible business allows us to ensure sustainable development and protect the company from emerging risks. In 2023, we completed a number of projects to improve and automate internal processes, involving both the presence of compliance controls and the transfer of accumulated experience in this area to internal and external stakeholders.

During many years, MTS has demonstrated a steady commitment to the principles of sustainable

development. We believe that by building a sustainable and secure ecosystem of digital services that surround the clients and meet its needs in daily life, work, communication and other social functions, we ensure a more sustainable future for society as a whole. In 2023, we stuck to core social investments areas, such as support for education, culture, territorial development, assistance to vulnerable groups of the population, volunteering, while our social programs are focused on introducing new approaches and expanding the tools for solving social problems through digital solutions and technological expertise of MTS. This is obviously our strong point. We are generous in sharing resources with all stakeholders — the company held about 5,000 social and charitable events over the past year, bringing together millions of participants across the country, and we see how the lives of communities are qualitatively changing thanks to the company's digital initiatives and inclusive projects. For example, in 2023, we created a unique platform for developing partnerships and networking — the True Tech IT community, where people of different levels of IT competencies can share experiences, support and inspire each other. In 2023, the largest conference in Russia, True Tech Day, was held with great success, in which more than 70 Russian and international experts in the field of IT and more than 60 thousand people around the world took part.

We are proud that our social, volunteer, environmental and charitable ecosystem initiatives are highly esteemed by the public and by experts. For the third year in a row MTS confirmed the highest category of the “Leaders of Corporate Charity” rating A+ of the Association of Grant-giving Organizations “Donors Forum.”

I am sure that the most important asset of any company is its employees. We work every day to ensure that MTS becomes the best company not only for clients, but also for employees. The MTS ecosystem is a unique employer that combines large-scale goals, innovation and sustainability. I am

proud of the team with which MTS is entering a new stage of its development; it is almost 65 thousand experts with unique professional competencies in various areas. For them, we have created a harmonious, comfortable and innovative environment and are implementing inclusive projects, as well as human capital development programs. We provide unique opportunities for growth and self-development and sincerely care about the well-being of our employees, including outside the workplace. These are the fundamental principles of our HR approach, which reflect and convey our responsibility to our employees.

In 2023, we paid special attention to projects in the field of developing a fair and open corporate culture, launched a number of initiatives to support vulnerable groups and expand an accessible environment. Such projects involve work to attract inclusive applicants, create an accessible environment for inclusive employees, train executives and managers to competently interact with inclusive groups, and volunteer initiatives. All the above allowed MTS to lead the RAEX ranking for human rights and D&I for 2023 by a significant margin.

The expert community noted the company's proactive HR approach, which creates favorable conditions for employee development, retention and transfer of their professional experience. In 2023, the MTS ecosystem was recognized as one of the two best employers in Russia according to Forbes and was included in group number one of the “Rating of Russian Employers 2023” from RBC.

I would like to express my sincere gratitude to all our clients, partners and shareholders, my colleagues in the MTS ecosystem — your unquestioning support and trust help the company not only remain sustainable in turbulent times, but also provide stability and new opportunities for development and growth for the company itself, and for all its stakeholders. My team and I will do everything possible to retain your trust in the future!

Yours sincerely,
MTS President

30th ANNIVERSARY OF MTS ACTIVITY



>15.1 million
ecosystem clients

>81.1 million
subscribers

MTS PREMIUM

Subscription to movies, music, spam protection and other benefits of the MTS ecosystem and partners



Leader in AI



4478
stores



BIG DATA

Data collection and analytics



RED

Cyber threat protection



MTS TELECOM

Mobile
communications

Internet and TV



MTS SECRETARY

AI assistant,
answers calls



MTS DEFENDER

About 4 billion spam
blocks



MTS EXOLVE

Cloud automation platform

7.9 thousand external developers



MTS IoT

NB-IoT networks in
83 regions of Russia

FINTECH

16 million clients of MTS Fintech



MTS BANK

FACTORIN



MTS PAY TAG

Works with 150+ Banks



MTS PAY

Universal payment service



MTS INVESTMENTS



MTS ALL INSURANCE

Страховой маркетплейс от МТС

Blockchain Hub

РАЗВЛЕЧЕНИЯ



8.6 million users



Home services
Security
Help



Schedule, ticket service,
entertainment and leisure
guide



TRAVEL



10-fold increase in the number
of hotels on the MTS Travel
showcase in 2023



> 60,000 direct contacts
with hotels and other
accommodation facilities



On-board multimedia
systems, connectivity
and telematics systems,
solutions for driving safety



Popular travel media

SOLUTIONS FOR BUSINESS



> 60% increase in the number of
unique contracts year on year



Services for business
communications and
collaboration



Innovations in cybersecurity



MTS cloud solutions for the
creation and development
of digital products



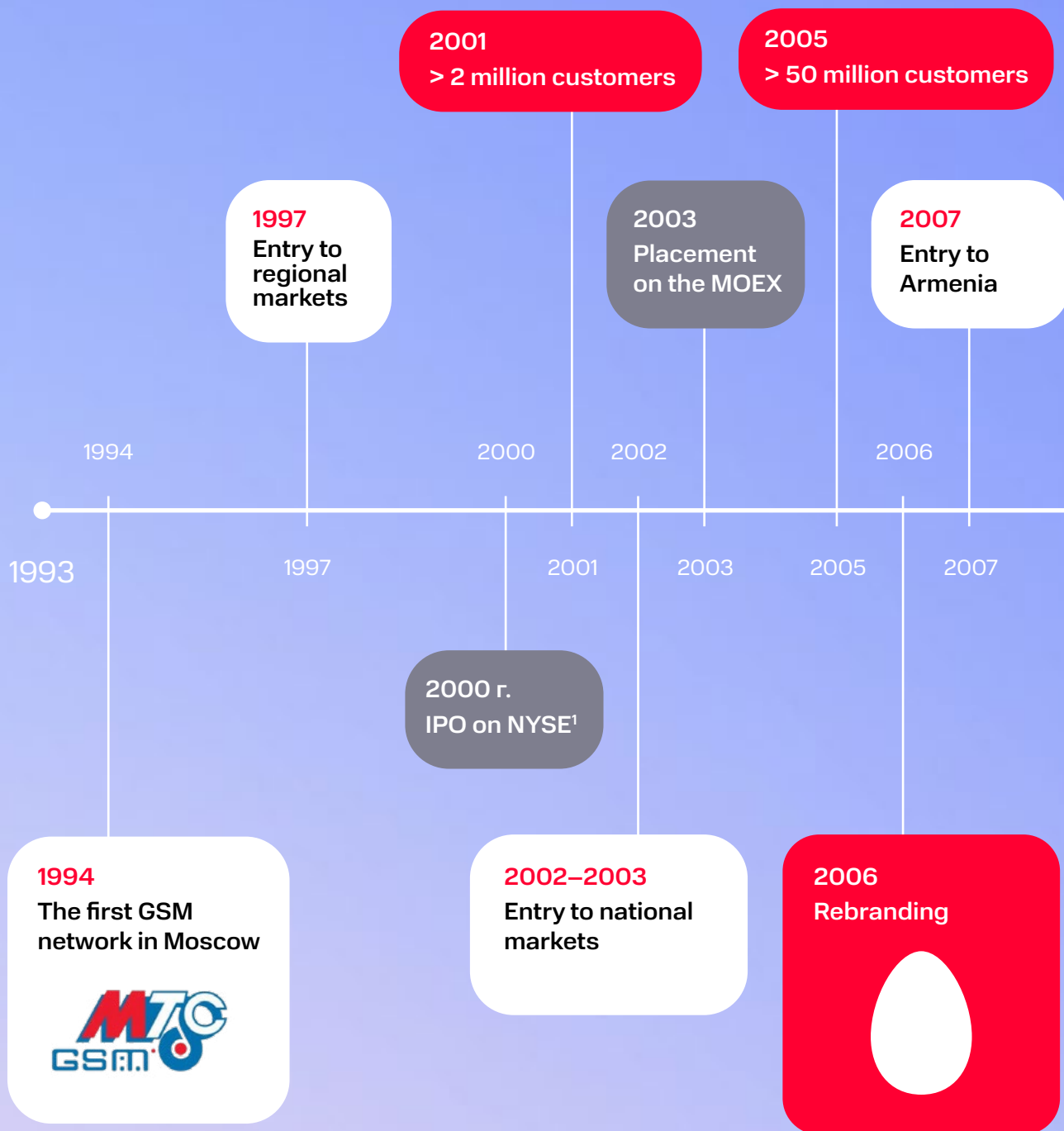
Solutions in the field of face and
object recognition

More than 500 clients build
solutions on MWS

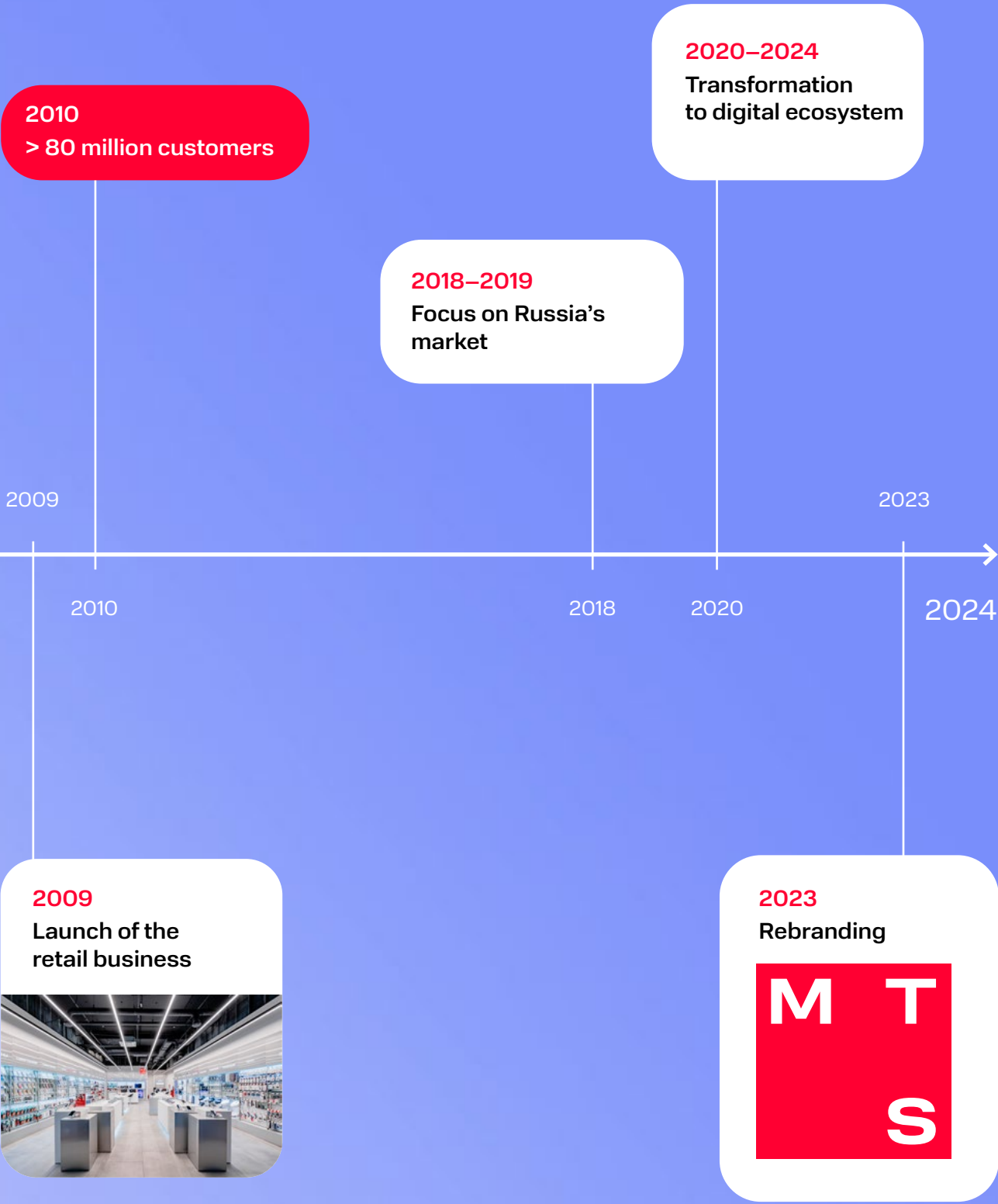


Center for innovation
and investment

OUR HISTORY



¹ Depository receipts were delisted from the NYSE in 2022.





MTS ECOSYSTEM: VECTORS AND RESULTS OF DEVELOPMENT

- 14 MTS Group in 2023**
- 26 MTS Business Model**
- 28 Strategy**
- 33 MTS Brand**
- 38 Product Transformation Overview**
- 56 Looking into the Future**



MTS GROUP IN 2023

All segments of the MTS ecosystem demonstrated dynamic development

606 RUB billion

MTS Group revenue

+13.5% year-on-year

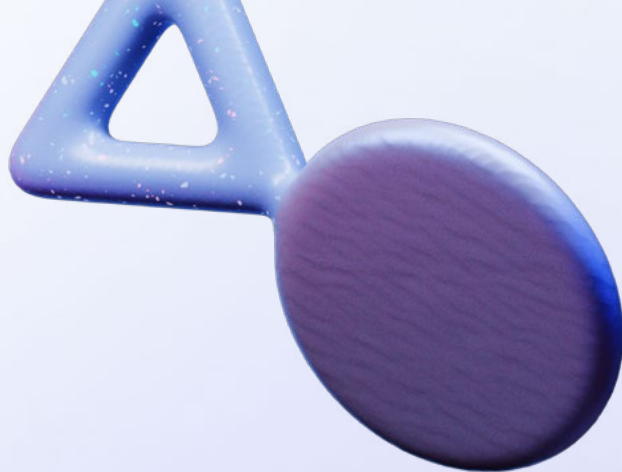
15.1 million

ecosystem customers

+11.9% year-on-year

81.1 million

Customer base of the mobile business in Russia



+20.5%

Increase in ecosystem revenue
(Q4 2023 vs Q4 2022)

+24%

Increase in participants
of the MTS Premium program
(Q4 2023 vs Q4 2022)

×2.5

MTS non-core revenue growth
rates exceed the rates of the
Company's profit growth as a
whole 2.5 times

(Q4 2023 vs Q4 2022)

MTS ECOSYSTEM VERTICALS AND POSITION IN THE RUSSIAN MARKET

Key markets in the context of verticals

\\Telecom mts.ru

MTS is the largest mobile service provider in Russia and a dynamically developing ecosystem.

- No. 1 by mobile business income and number of subscribers in Russia.
- No. 1 by speed of B2B segment income growth (including income from Cloud, MTS Marketolog verticals).
- No. 2 in the landline services market.
- More than 98 % of population are covered by the MTS networks in the licensed territory of the provider.
- 85% of the population are located in the LTE coverage area.

\\Fintech mtsbank.ru

Fintech vertical develops financial services of the MTS Ecosystem. MTS Bank means convenience, simplicity and understanding of the customers' daily needs.

- MTS Bank is within top ten most innovative banks of Russia according to Skolkovo Fintech Hub ([Sk Fintech Hub](https://skfintechhub.ru)).
- MTS Bank is the Bank of the Year in the field of industrial solutions development for marketplaces — Financial Elite of Russia Award ([Премия «Финансовая элита России 2023» \(finelita.ru\)](https://finelita.ru)).
- MTS Bank website is recognized the best according to all-Russian competition 2023 Runet Rating in the nomination Finance, Invest-

ment, Banks ([Рейтинг сайтов 2023 \(texterra.ru\)](https://texterra.ru)).

- MTS Bank app in Rustore is the leader of the best mobile banks rating in 2023 according to Brobank.ru based on user analysis ([Рейтинг Рунета \(ratingruneta.ru\)](https://ratingruneta.ru)).
- MTS CASHBACK card is the leader of the rating of the best credit cards with Cashback in the supermarkets according to Vyberu.ru (vbr.ru).
- MTS debit card received the award in the rating Frank Debit Cards Award 2023 in the nomination The Best Customer Journey of Debit Card Issue ([Frank Debit Cards Award 2023](https://frank.ru)).

\\Retail

MTS retail network is the main channel of MTS subscriber engagement, the largest telecom retailer in Russia.

Being the points of contact with the MTS Ecosystem, MTS retail outlets increase the volume of cross sales. In the Company's offices the subscribers receive a full spectrum of telecom services provided by the operator. The customers may access the wide list of financial services: consumer lending, money transfers, loan repayment, life insurance (voluntary medical insurance) and goods insurance, MTS Bank cards. The own sales channel enables more effective management of quantity and quality of connections, and service level maintenance.

shop.mts.ru

No. 1 in the rating of the Russian online shops among telecom retailers and No. 5 in the category "electronic and domestic appliances" ([Retailers Rating](https://retailers-rating.ru)).

Vectors of MTS retail network strategic development:

- point of entry in the MTS Ecosystem;
- showcase for sales of the MTS digital ecosystem products and its partners;
- introduction of best industrial practices;
- expansion of the product range that is complementary to the MTS Ecosystem.

\\MWS
cloud.mts.ru

MWS is a structural subdivision of MTS Group responsible for cloud infrastructure development. The cloud ecosystem of MTS includes solutions in the format of private, public and hybrid clouds, a complex of consulting and professional services, services of data centers and telecom services.

- No. 1 in IaaS Enterprise 2023 rating ([CNews](#)).
- Among the TOP 5 providers of the cloud infrastructure services market (IaaS+PaaS) by revenue ([iksc consulting.ru](#)).
- Ranked 1 as per DRaaS (CNews).
- > 5000 customers build their business using MWS solutions.

Strategic objectives of MWS:

- building the business comparable to telecom;
- multiple growth of revenue in the nearest five years;
- conquering the leading position in Cloud, as well as AI and Edge Cloud.

\\MTS Smart Home
gulfstream.ru

Combination of MTS Big Data technology and experience of Gulfstream Security Systems Company makes it possible to expand the list and to reliably improve the level of services in the field of security and comprehensive protection of private and commercial real estate.

In Russia the company provides the monitoring services in more than 200 cities under Gulfstream trade mark, has around 360 response partners,

more than 500 thousand customers, more than 100 thousand facilities are under protection.

Areas of development:

- security (protection against penetration and accidents, smart insurance, climate control, payment of utility bills);
- video analytics;
- services of geolocation and assistance (health care, SOS button, geotracking of children and relatives);
- home services (communication with management companies, delivery, household services etc.).

\\MTS Link
mts-link.ru

MTS Link is a new brand of Webinar Group Company — a Russian developer of services for business communications and cooperation.

MTS Link is within the top five leaders of the Russian market of solutions for videoconferences according to [TelecomDaily](#).

- 15 years in the market.
- 30 million participants of events annually.

\\MTS Launcher
mts.ru

MTS Fog Play gaming platform enables the owners to rent out their powerful gaming PCs for virtual rent to other players. In the end of December 2023 MTS Fog Play app for Android TV was launched – the opportunity to use one’s Android-smartphone as a gaming console and play PC-games on one’s TV set. In 2024 MTS plans to increase the size of its audience of gaming console users.

\\MTS Defender
zaschitnik.mts.ru

Security technology platform: blocking of spam calls, control of data leaks, monitoring of loan applications.

Defender service is already included in MTS Premium and MTS Junior subscriptions, and in MTS Super plan. Additional option “Financial Protection” enables the customers to find out about the fraudulent attempts to do harm and to take immediate action.

\\AdTech

marketolog.mts.ru

MTS Marketolog is the service for independent launch of targeted mailing and online advertising based on Big Data technology (anonymized data on the operator’s subscribers make it possible to show the advertisement only to the audience that it may interest).

omnichannel.mts.ru

MTS OmniChannel is a platform to mail messages to the own base for large and medium business via SMS, push, e-mail, Viber, VK, Ok, chat center, chat bots.

ads.mts.ru

MTS ads is a complex platform service for large business promotion.

mediascout.ru

MediaScout is the official operator of advertising data, included in the register of the Federal Service for Supervision of Communications, Information Technology, and Mass Media. According to the Association of Interactive Advertisement Development (AIAS) it was recognized as the most sought after operator of advertising data (Gazeta.Ru).

\\MTS Media

media.mts.ru

MTS Media produces and distributes original and licensed VOD and TV-content via cable/IPTV, satellite TV and OTT-platform.

KION.ru

- KION is the leading streaming video service and provider of entertainment content.
- No. 2 by dynamics of online cinema audience growth (according to TelecomDaily).

Priority areas of MTS Media development:

- transformation of KION online cinema into the entertainment media service;
- multiple growth of audience with high involvement;
- use of Big Data tools to improve convenience of personalized interface and quality of TV-content recommendations.

\\MTS Entertainment

Live.mts.ru

MTS Entertainment (MTS Live brand) is a subdivision within MTS Group and part of the MTS Ecosystem, is responsible for development of the projects in the sphere of entertainment and management of the Company’s assets in this segment.

MTS Live customers gain access to all advantages of the ecosystem: special offers of MTS Premium subscription and the opportunity to spend bonuses of MTS Cashback program for purchases in the MTS online shop, for communication services, KION, MTS Music, MTS Bank etc.

MTC Live – No. 1 in the segment of offline entertainment

Activities:

- organization of own offline and online events;
- management of ticket operators and network of own concert venues;
- investments into own performances and musicals.

\\Stroki of MTS

stroki.mts.ru

Services for readers: books, podcasts, audiobooks and many more. Online and offline reading. For MTS subscribers, mobile Internet in Stroki is not billed and will not spend the included traffic.

\\MTS Fog Play

fogplay.mts.ru

MTS Fog Play gaming platform enables the owners to rent out their powerful gaming PCs for virtual rent to other players. In the end of December 2023 MTS Fog Play app for Android TV was launched – the opportunity to use one’s Android-smartphone as a gaming console and play PC-games on one’s TV set. In 2024 MTS plans to increase the size of its audience of gaming console users.

\\MTS Travel

travel.mts.ru

MTS Travel is a subdivision within MTS Group, it creates and develops services for travelers in Russia and all over the world: services for booking hotels, apartments and other accommodation facilities, as well as transport tickets; own media for travelers.

MTS Travel is among the TOP 3 in terms of the number of bookings (travelline.ru).

MTS Travel activities:

- development of hotel booking showcase;
- development of a mart for purchasing transport tickets;
- development of IT products for hoteliers and tourist accommodation owners based on the Bronevik.com platform;
- creation and development of own media for travelers — the MTS Travel online magazine, SMS guides and the Subtleties of Tourism portal
- expansion of the ecosystem loyalty program capabilities in the interests of travelers (discounts, increased cashback, additional benefits for bookings).

\\ MTS Urent
urent.ru

E-scooter and e-bike sharing service.

- No. 1 by geography of representation for scooter rent services in Russia.
- 124 cities of the Russian Federation — geography of service.

- 100 thousand scooters — size of own URENT fleet.

- 7.8 million customers with travels at year-end 2023.

\\ MTS Belarus
mts.by

In Belarus the volume of revenue for 2023 reached BYN 1602.1 million (7.6 % growth vs 2022) mostly at the expense of growing income from communication services and income from sales of telephones, accessories. Annual growth of OIBDA before capitalization was 3.8 %, having reached BYN 663.1 million for 2022. The main drivers of the parameter growth are income from communication services, video servers and additional services. The subscriber base was 5.7 million users as of the end of 2023.

The main vectors of development are:

- maintenance of the positive growth rates of the mobile business;
- maintenance of the subscriber base;
- development of Cloud, cybersecurity and financial services areas.

Main metrics by MTS business segments

\\Ecosystem

- >RUB 156 billion — ecosystem revenue for 2023, +20.5 % — growth of Q4 2023 vs Q4 2022.
- 15.1 million ecosystem customers as of the end of 2023.
- +24 % — growth of MTS Premium program users Q4 2023 vs Q4 2022.
- +46 % — growth of customers with cashback charge within MTS Premium Q4 2023 vs Q4 2022.
- 1.7 billion transactions of seamless entrance using MTS ID service for 2023.
- +42 % — growth of users (MAU) of MTS Music service Q4 2023 vs Q4 2022.
- +30 % — growth of users with subscription to MTS Stroki Q4 2023 vs Q4 2022.
- 2-fold — growth of DAU service MTS Launcher Q4 2023 vs Q4 2022.

\\Telecom

- RUB 440.1 billion — revenue from communication services in Russia for 2023, +7.2 % — growth Q4 2023 vs Q4 2022.
- +15 % — growth of BBA income year-on-year.

\\Retail

- +20.4 % — growth of revenue from telephone sales year-on-year. Successful recovery of sales in retail business.
- Expansion of smartphone range from Chinese vendors: double sales growth.
- Growth of sales of new ecosystem products: MTS Launcher — 3-fold, MTS Defender — 5-fold year-on-year.
- Launch of communication subscription sales (communication services package with a discount for a certain period of time).

\\Fintech

- 3.8-fold — net profit growth. RUB 12.5 billion — net profit in 2023.
- +36 % — growth of MTS Bank income. RUB 91.3 billion — income in 2023.
- +33 % — growth of retail credit portfolio Q4 2023 vs Q4 2022.
- +56 % — growth of commission income in 2023.
- 3.8 million customers of MTS Bank as of the end of 2023.

\\MTS Media

- RUB 18.8 billion — revenue of MTS Media in 2023, 18.3 % — growth vs 2022.
- +19 % — growth of paid TV users.
- +60 % — growth of users (MAU) of KION online cinema Q4 2023 vs Q4 2022.
- +23% — growth of the number of viewing hours per user, year-on-year.
- Every month — launch of new series on KION.
- 76 % share of viewers watching KION Originals.

\\MTS Music

- 53% —growth of DAU product vs 2022.
- Top-3 Russian musical streaming services by audience volume.
- 3 hours 59 minutes per month — average time of listening per user.

\\AdTech

- >50 % — growth of revenue of MTS Marketolog year-on-year.
- >60 % — growth of number of unique contracts year-on-year.

- 1.7-fold — growth of number of registered users as a result of signature of an exclusive contract for promotion of advertisement and management of tools in Telegram.

\\MTS Live

- +78 % — growth of annual revenue.
- RUB 20 billion GMV for 2023.
- +47 % — growth of ticket sales for 2023.
- > 1 million people visited own events of MTS Live in 2023.

\\MTS Travel

- 10-fold — growth of number of hotels on MTS Travel showcase by foreign assortment.
- 2.3-fold — growth of number of bookings per quarter (Q4 to Q3 2023).
- 70 % — share of bookings with cashback in Q4 2023.

\\MTS Fog Play

- 75-fold — growth of segment revenue from the moment of launch in the end of 2022.
- 190 thousand users as of the end of 2023.
- 790 thousand — number of payments made.
- +39 % — growth of retention of gamers in 2023.

\\MTS security services

- +80 % — growth of users of Defender service Q4 2023 vs Q4 2022.
- > 5 thousand DDoS-attacks were repelled by the defense service with comprehensive support from MTS in 2023.
- 2.5 million fraudulent incidents were identified by the own antifraud-system Fraud Detection Platform.
- 940 million spam calls were blocked by Defender in 2023 (2.5 times more vs 2022).

\\MTS RED

- 3 new managed cybersecurity services were launched into the market: protection against DDoS attacks (Anti-DDoS), increasing cyber literacy of the company employees (Security Awareness) and encryption of communication channels as per GOST.
- The range of services and technological partnerships of the MTS RED SOC center for monitoring and responding to cyber attacks has been expanded.
- Revenue grew by 84%, while customer growth exceeded 120%.
- In 2023, the MTS RED SOC center for monitoring and responding to cyber attacks repelled more than 50 K attacks on customers, over 12 K thereof were potentially critical for business

2023 HIGHLIGHTS

Corporate news

In March, MTS announced global rebranding. The MTS brand has a new architecture, positioning, a

new logo and visual language in general, as well as a unique identity for individual products.

M&A

In February, MTS announced the closing of a transaction to acquire a 67% stake in the capital of Buzzoola group, one of the leading AdTech companies in Russia and the CIS. The purchase of Buzzoola allows MTS to accelerate the development of its own AdTech direction and increase the share in the advertising market.

In April, a subsidiary of MTS Stream acquired 100% of the shares of Segmento from Sistema_VC. As a result of the transaction, MTS strengthens its own advertising contour, as well as its position in the AdTech market.

In April, MTS acquired 51% of SCOUT-KR to develop smart vehicle solutions.

In June, MTS announced the purchase of 41.62% of the largest Russian provider of security services and smart home solutions. MTS also completed the reorganization of the Smart Home line, the purpose of which was to consolidate assets and projects related to security and the introduction of digital systems for home and office management.

In September, a subsidiary being MTS Entertainment acquired an 85% stake in Ticketcloud LLC (Ticketcloud platform), one of Russia's leading full-cycle services for event organizers. The transaction allows MTS to strengthen its position in the ticket sales market and significantly increase its market share.

Innovation and Products

In April, MTS announced the launch into commercial operation of a cloud platform for fast and flexible creation of MTS Exolve communication services, the functionality of which has become fully available to all users.

In July, MTS announced the creation of its own generative network Software 2.0, which will reduce the time for program code development. Application of Software 2.0 allows to reduce the time for finding and correcting code errors and speeds up the entire process of developing and bringing new ecosystem products to the market.

In July, MTS announced its entry into the digital financial assets market. The Bank of Russia included an affiliate of MTS and the developer of its own

platform, DFA HUB, in the register of operators of information systems in which digital financial assets are issued.

In December, MTS launched the Front Platform constructor, which will speed up the launch of internal and external services on ecosystem marts by 30%.

In December, MTS conducted successful pre-commercial testing of XGS-PON fixed Internet technology on its backbone network in Moscow with data transfer speed rates reaching up to 10 Gbps, which is ten times higher than the current home Internet speed rates in Russia.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In January 2024, MTS announced the closing of a transaction for the sale of 100 % shares of MTS Armenia CJSC (Viva-MTS trademark), its subsidiary in the Republic of Armenia, to Fedilco Group Limited (Republic of Cyprus). The transaction scope also included MobiDram CJSC, a payment system providing financial services in the Armenian market, a 100 % subsidiary of MTS Armenia. MTS obtained all corporate approvals required for the transaction, as well as permits from regulatory authorities of the Republic of Armenia: the State Commission for Protection of Economic Competition and the Commission for Regulation of Public Services.

In January 2024, MTS announced the closing of a transaction for the acquisition of a stake in Urent-

Bike.ru LLC (Urent service), as a result of which MTS increased its stake in the capital of Urent from 11.8 % to 80.6 % by purchasing stakes from the company's founders. According to the terms and conditions of the agreement, the Urent team led by Ivan Turinge, the company CEO, will continue to manage the project; the key shareholders will continue to participate in the company's activities in order to develop the business as per the approved strategy.

In February 2024, MTS Board of Directors decided to appoint Vyacheslav Nikolaev, the current President, for another term (three years starting from March 13, 2024).

MTS RATINGS

Credit Ratings

In January 2024, the Russian rating agency NCR (National Credit Ratings LLC) confirmed the AAA.ru credit rating of MTS with a stable forecast. NCR noted a number of main factors in the activities of MTS that impacted the maintenance of the highest rating level: low systematic risk of the business profile of MTS, high geographic diversification and customer base stability, moderate debt burden and a margin of safety for debt servicing, significant operating profitability, as well as a sufficient liquidity level.

In December 2023, the Expert RA Rating Agency confirmed the ruAAA (the highest level on the national scale) credit rating of MTS with a stable forecast. In its report, the agency emphasizes the

strong market and competitive position of MTS, moderately low debt burden with average coverage of interest payments and high quality of corporate governance, as well as a sufficient forecast liquidity level.

In December 2023, the ACRA rating agency assigned the Company the highest credit rating at the level of AAA(RU) with a stable rating forecast. The credit rating is based on high assessments of the operational and industry-specific risk profiles taking into account a wide range of business areas and the Company's own telecom infrastructure.

Russian rating agency NCR

AAA.ru

stable forecast

Expert RA Rating Agency

ruAAA

stable forecast

ACRA rating agency

AAA(RU)

stable forecast

Sustainable Development Ratings

Assessed by	Rating date	Assessment tool and subject	Result	Reference
RUIE	January 2023	ESG index of RUIE	MTS was among the leaders of the ESG index “Responsibility and Openness” of the Russian Union of Industrialists and Entrepreneurs (RUIE). MTS became the only ecosystem of digital services among the rating leaders	ESG indices and ratings of RUIE in the field of sustainable development (rspp.ru)
RAEX	July 2023	The first topical ranking “Top 50 Russian Companies Paying Great Attention to Human Rights, Diversity and Inclusion Issues”	MTS became the leader in the RAEX ranking of companies with a developed inclusive culture. MTS was assigned the highest level of AAA	Top 50 Russian Companies Paying Great Attention to Human Rights Issues (raex-rr.com)
RBC	September 2023	ESG index of RBC	MTS was among the largest companies with a high I level of introduction of ESG practices at year-end	Going Green: 2023 ESG Index Results RBC Trends (rbc.ru)
AK&M	September 2023	2023 Social Performance Rating of the largest Russian companies	MTS took first place in the social performance rating in the Largest Holding Companies category	Social Performance Rating (akmrating.ru)
Association of Grant-Providing Organizations “Donors Forum”, “Kommersant” newspaper	October 2023	Rating “Corporate Philanthropy Leaders”	MTS confirmed the highest A+ category of the socially responsible business rating	Corporate Philanthropy Leaders ... Activities ... Donors Forum Association of Grant-Providing Organizations (donorsforum.ru)
Forbes	November 2023	Rating of the best employers in Russia according to Forbes 2023	MTS is one of the two best employers in Russia according to Forbes. The company was awarded the platinum status in three parameters of the Forbes rating of the best employers in Russia: “Employees and Society”, “Environment” and “Corporate Governance”. Top 10, ranked 7th	30 largest investor companies in Russia – 2023 Forbes Rating Forbes.ru
AK&M	December 2023	Rating of non-financial reporting of companies	MTS received the highest score in the non-financial reporting rating prepared by the AK&M rating agency based on the results of studying MTS SDR for 2022. The agency noted a significant improvement in the quality, expansion of the scope and level of detail of the information provided on ESG initiatives and the contribution of MTS Group to the sustainable development of society	ESG Reporting Rating (akm-rating.ru)

MTS BUSINESS MODEL

MTS business model: protection of the core business and value growth by developing the ecosystem and unified, yet flexible, management of all business areas

Guaranteed economic returns from consumer business through the ecosystem development



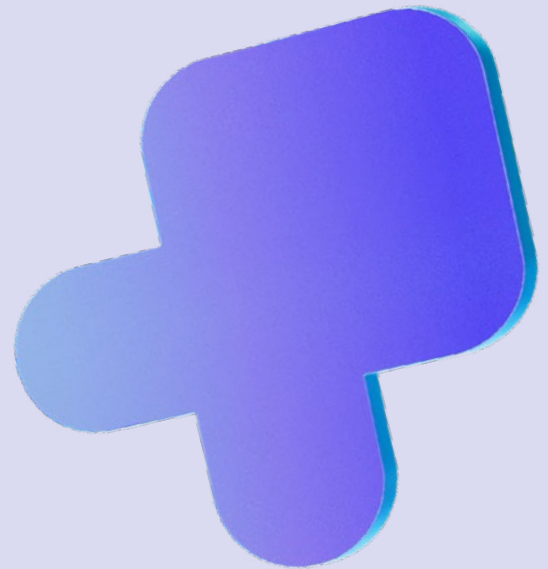
protecting the telecom core of the MTS Group business is the basic task of the Ecosystem: the churn of multi-product ecosystem customers is significantly lower



Besides, such ecosystem customers provide increased economic returns due to the up-selling of services of both MTS...



...and the partners attracted by the reputation and high corporate standards of the Group



MTS business model provides constantly high shareholder return, Including in the long term

Increasing the Group's value through the spin-off of major business areas and growth in their value



quality and flexibility of management through autonomy of business areas, interaction management within the Group



raising of external capital in business areas (strategic investors, IPO)



capital redistribution between business areas, including for M&A

STRATEGY

MTS Group's Customer Lifetime Value 2.0 (CLV 2.0) strategy means that we strive to maximize the time during which the customer uses our services by creating and strengthening his/her emotional commitment to our brand, increasing his/her satisfaction and loyalty through offering him/her a personalized seamless customer experience across a wide range of digital products.

In our activities, we focus on tools for increasing the shareholder value, which are our main areas of attention:

- building an ecosystem of digital products,
- transformation into the Group with implementation of the sum of the parts principle,
- achieving excellence in digital technology and competencies.

Building an ecosystem of digital products

This is the key format of our market offer in the B2C segment. Our strong brand and deep customer knowledge, supported by advanced analytical tools based on AI and Big Data, allow us to provide customers with a seamless, deeply customized and personalized digital experience across a broad and ever-growing portfolio of services. Significant synergies between telecommunication, financial and media services allow us to effectively use our marketing capabilities and deep customer knowledge. The customers, who use several our services, generate greater value and demonstrate higher levels of brand loyalty and satisfaction with services.

We intend to build up a digital product portfolio based on our own developments, as well as by involving independent developers and service providers as partners. These mutually beneficial

partnerships will allow us to bring more value to the lives of our customers by offering them more innovative, diverse and convenient services. The key priorities of our partnership program are: increasing the number of partnerships, expanding the opportunities of partnership programs and providing a value offer that will enable us to be the best possible choice for our potential partners.

Our key priorities in terms of ecosystem development over the next few years are: increasing the ecosystem customer base, developing high-quality digital products and expanding the pool of partner companies. We focus on developing innovative products in existing and promising business areas through our own R&D, partnerships and M&A transactions.

Transformation into the Group with implementation of the sum of the parts principle

In the process of building a full-scale digital ecosystem, some of our business areas have reached such a scale and level of maturity that they have the opportunity to become a driver of increasing the fundamental value of the MTS Group. Therefore, we launched the process of gradual spin-off of such areas into separate companies that in the future could independently operate in financial markets, raise external funding and become full-fledged market entities with significant value for the investment community in the long run.

This approach will provide high motivation for the teams in business areas, allow us to configure internal business processes in the best way, in accordance with the specific features for each area, as well as make it easier to raise additional financial resources. As a result, this will ensure high dynamics in product development and maintaining their quality at the level of market leaders. In terms of investor perception, we are striving to move away from the image of MTS as a single and indivisible entity to the image of the Group as “a sum of the parts”, where each part is valued fairly in accordance with the results of its activities and by the multipliers accepted by the market for each specific business area.

At the current development stage, we logically divide the businesses of our Group into several parts. The **Core** includes B2C and B2B telecom (historically our strongest competence), associated telecommunication and cloud infrastructure, as well as ecosystem digital products and infrastructure that ensures the unity and efficient interaction of ecosystem elements and connections. The Core is an indivisible whole that we intend to keep under our direct control in the long term. **Satellites** are

well-developed businesses that demonstrate, in interaction with the Core, significant mutually reinforcing effects (examples of such businesses are FinTech and Media). Herewith, they have an independent value for investors, so we, for our part, potentially consider it possible to give up full control over them. **Points of Growth** are intensively developing business areas (for example, Smart Home and Travel), which cannot yet be separated from the Core due to their insufficient scale and level of maturity. Depending on their future prospects, they may be transformed into satellites or remain integrated into the Core. **Non-Core Assets** (for example, tower infrastructure) are slightly related to our core business, so we may consider the options for selling them to a third-party investor should the terms and conditions of such transaction be favorable to us.

We would like to emphasize that the formation of independent companies does not mean our transformation into a holding of slightly related businesses. We are still a Group and continue to cultivate ecosystem links between individual areas. Herewith, the main connecting forces, in our opinion, are: ecosystem marketing and brand management (not necessarily a single/umbrella brand); sharing knowledge about the customer and following the unified logic for CLV growth; centralized development and management of tools that are common to all areas. All of the above is supported by clear and detailed agreements on interaction between the companies and business areas included in the Group. We also intend to ensure efficient corporate governance across all businesses of MTS Group following the uniform standards consistent with the best global practices.

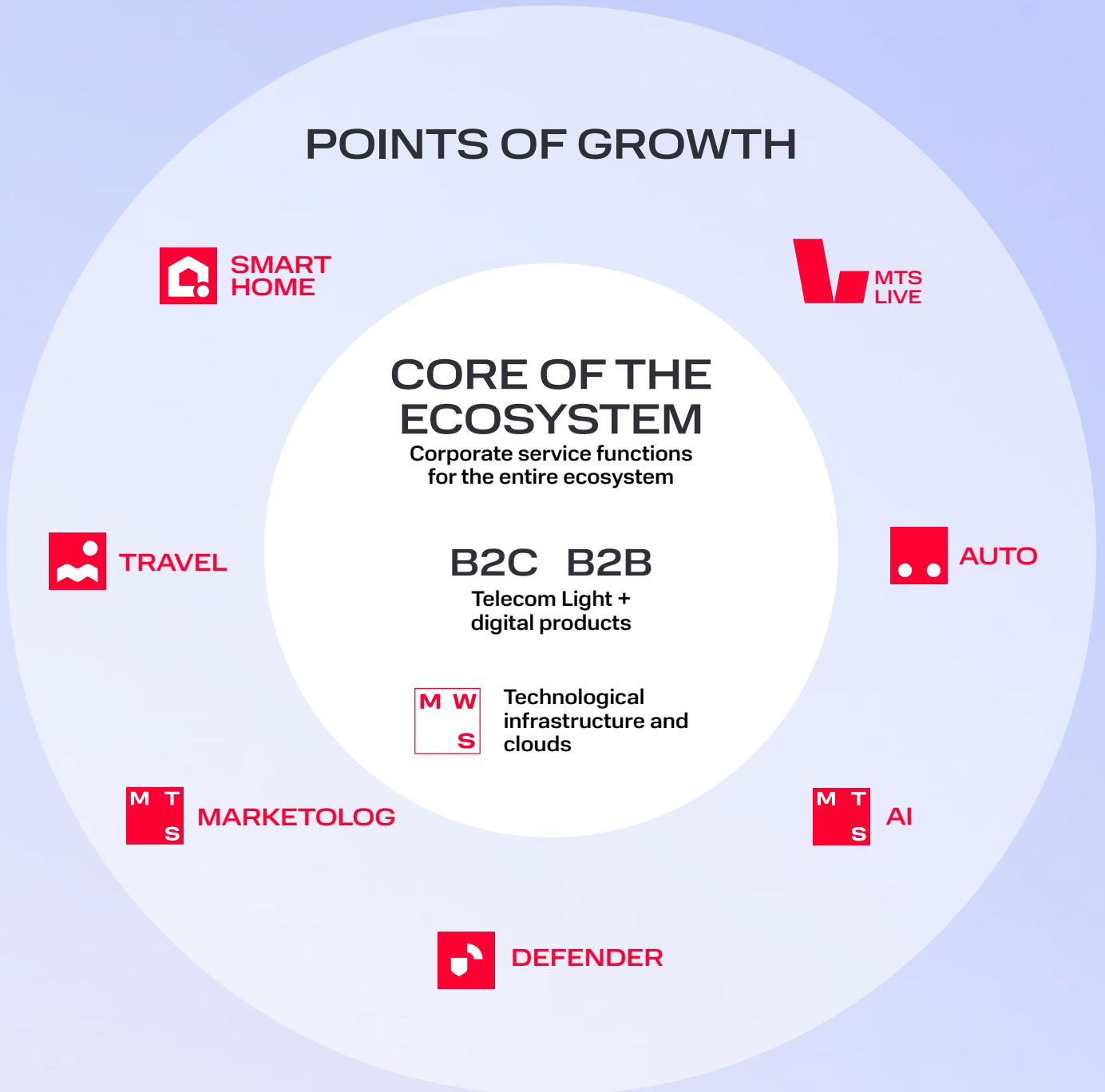
Achieving excellence in digital technology and competencies

It is a continuous process of introducing new technological competencies, tools and solutions into the Company’s business processes and products. We are focused on developing and enhancing cutting-edge digital platforms that provide flexi-

bility and high speed of development and launch of a wide range of internal and external products. In order to improve the overall cost efficiency and reduce T2M¹, we are committed to using AI tools across all platforms, products and business

¹ Time to market.

MTS ECOSYSTEM STRUCTURE



CORE OF THE ECOSYSTEM

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

POINTS OF GROWTH

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

SATELLITES

Segregation of business areas with independent value into "satellites"

FINTECH

MEDIA

RTC

NON-CORE ASSETS

TOWERS

ARMENIA¹

BELARUS

SATELLITES AND 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)

¹ In January 2024, MTS announced the closing of a transaction to sell 100% of shares of its subsidiary in the Republic of Armenia to MTS Armenia CJSC (Viva-MTS trademark).

processes. We are developing digital sales and communication channels (both external and internal), creating a digital corporate culture and digital

consciousness among our personnel, shaping the Company's technological image in the external and internal environment.

Current Context

The Russian digital services market has been somewhat unique for a long time, due to the fact that in most segments local projects and players successfully competed with global giants. This situation was due to a number of fundamental reasons ranging from consumer preferences and language specific features to regulatory requirements and the debt capital market structure. This allowed large Russian business groups from the banking sector, retail, high-tech sector and telecom to actively develop new business ranges in the digital environment while basing their strategies on the ecosystem approach.

As a result of recent changes in the geopolitical situation, global digital players have significantly weakened their presence or left the Russian market altogether, actually turning it into a field of competition for local companies and business groups. Herewith, Russian consumers in the mass and corporate segments have already become accustomed to the availability of world-class digital services. The fact that foreign players left the market resulted in a sharp increase in demand for this type of services (especially in the corporate segment); we treat this situation as a window of opportunity. On the one hand, the severance of economic and technological relations with a number of countries also caused some difficulties in getting access to equipment and technology for the Russian market players. On the other hand, relations with the countries having rapidly growing economies, that are aimed at digitalization, intensive expansion of the technological base and development of high-tech industries, are being dynamically formed and strengthened.

We also note the active growth in demand for digital services in the B2B/B2B2X markets. The sources of this growth are the companies' common commitment to technological transformation supported by the pandemic effect, as well as the reduced offer of such services in Russia due to the fact that global players left the market. This market is a critical source of growth for digital service providers and its importance will only increase in the future. In this regard, we are confident that our competencies, as well as existing and promising products for the B2B market, will become an additional source of value generation for us.

We are closely monitoring the dynamics of internal conditions (including economic, legal and regulatory ones) developing in our target markets in Russia, as well as the impact on our business of external factors related to access to technological equipment, provision of funding and debt servicing, as well as fulfillment of obligations to external and internal counterparties. In this context, we deem our strategy relevant to the current moment. We are ready to promptly take advantage of dynamically opening windows of opportunity along with paying increased attention to risk mitigation. It is worth noting that, given the current conditions, we see even more clearly the fundamental role of partnerships in the formation and development of the ecosystem product content, therefore ensuring the sustainability of partnerships is an important priority for us.

Overall, we react to the current historical context with cautious optimism, believe our strategy is relevant and our actions are balanced and appropriate. We see the opportunities ahead of us and are confident in the high growth potential.

MTS BRAND

Rebranding

Since 2019, MTS has successfully continued its transformation from a traditional telecommunications operator into a leading digital ecosystem. The Company’s historically developed status as an innovator in the field of cellular communications has provided us with a solid foundation for developing and transitioning to the creation of modern digital services.

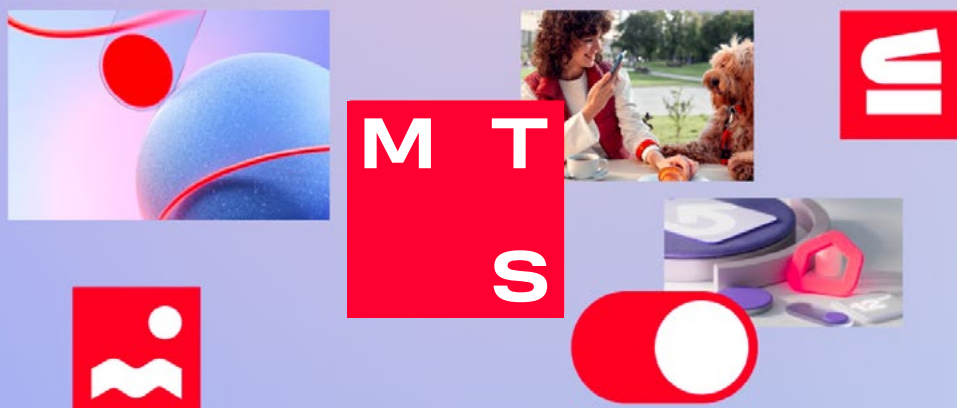
During this time, we expanded our staff of IT specialists, introduced a product culture and simplified bureaucratic processes. This led to the successful launch of new digital services for both the B2B and B2C markets — KION, Lines, MTS Music, MTS Link, MTS Marketer. The 2023 rebranding was a smooth continuation and clear expression of our active transformation into an ecosystem.

The new visual style managed to reflect the variety of services that MTS currently provides while allowing each of them to build their own communication with the customer for better business performance.

Now the basis of MTS corporate identity is a dynamic and flexible logo, which contains all

products and becomes the foundation for the visual system, while its left corner remains free for branding of individual services. The red color of MTS — the most recognizable brand element — has been preserved, but more diverse color solutions have been added to it. The MTS brand has retained its energy, emotionality and desire for change, but has become lighter, more empathetic and modern.

New MTS philosophy is embodied in its new products and services that help people change their routine and transform everyday life: discover new things, find creative solutions and gain unexpected experience.



MTS values, which are reflected in our work and the products we create

Make changes and get changed

We have never stood, do not stand and will not stand still. We are always striving to do things better and in a different way.

We create something that brings new experience, additional impressions to life and helps one look at handling tasks in a new way.

This is something that helps in everyday life and work and makes it more interesting and fulfilling.

Involvement

We do care about people, nature and living conditions in every part of Russia where we are present. We take an active part in using our capabilities and competencies to invest and develop those areas of life where support and involvement are needed.

Our own way

Stick to our vision and assess our capabilities with common sense and honesty. Strive to create something unique, rather than follow others, in order to bring novelty and diversity to people's lives.

Fullness of life

We appreciate emotions, we are in love with life and work to make it full. We do everything with enthusiasm and delight. We strive to convey our drive, commitment and passion to customers, partners and employees.

Respect and partnership

We treat those with whom we work in a respectful way: customers, partners, colleagues. It means that we are open, honest, not trying to resolve issues only in our own favor. We want our interaction to leave a pleasant impression and a desire to continue cooperating.

MTS Mission:

We create technology and digital products to help people see more of the opportunities, ideas and ways to act all around.

Results

As a result of the rebranding, the brand image indicators improved:

- The rebranding was positively perceived by MTS customers and partners
- Perception of MTS as a digital ecosystem increased by 20 %
- Brand recognition in new advertising materials turned out to be higher than for the old brand – 89 % (for the new one) vs 82 % (for the old one); these indicators are unique for the market, as brand recognition usually decreases after rebranding until people get used to the new design
- Product reading in the new design is also higher – 41 % for the new brand vs 34 % for the old one. This means that the product itself has become more visible. Therefore, it will be able to build communications with the customer more efficiently and achieve better business results.



Logo Evolution



1993–2002. The first MTS logo demonstrates the abbreviated company name (Mobile Tele Systems). The letter S is depicted in both Latin and Cyrillic styles. The inscription “GSM” is intended to emphasize innovation, because mobile communication was just emerging at that time.



2002–2006. The logo was shown on a yellow SIM card as a symbol of the main attribute of mobile communication, which became more accessible to a wider audience at that time.



2006–2010. Significant and high-profile rebranding of the company, which allowed us to increase brand awareness to 90 % percent and differentiate ourselves from competitors as a courageous and leading operator. We used an image of an egg that very accurately revealed the essence of modern technology: external simplicity hiding the fascinating complexity of the content.



2010–2019. A number of logo restyling versions reflected modern design trends to match the spirit of a dynamic and leading company.



2019–2023. More noticeable restyling: the logo backing was removed, an additional logo with a stripe appeared. It was caused by the new brand strategy and the first digital products outside of telecom.



2023. The company stopped using the egg image. Now the visual style is based on a square. On the one hand, the new logo demonstrates the strength and stability of MTS. On the other hand, it is open, flexible and adaptive and reflects the key brand concepts: energy, willingness to change ourselves and make changes.

Drawing in honor of 30-th anniversary

In October 2023 MTS turned 30 years, and we launched a massive drawing of grand prizes from b2c-services to demonstrate the diversity of MTS ecosystem solutions. The key objective was to growth awareness of products and to raise loyalty of customers. The prize fund of the drawing comprises several million gifts — everyone received them, including MTS non-subscribers.

The participants won the prizes in the form of subscriptions to MTS services from various business verticals: using data-driven mechanics, we analyzed preferences of customers and selected gifts based on the current product profile of the customers. To state the content advantages of services, each product vertical also presented the prizes in the form of experiences unique for the market. Previously no brand had drawn such gifts on a similar scale: meetings with favorite writers from Stroki book service, autograph signing sessions with musicians from MTS Music, dream trips and weekends in hotels from MTS Travel, visit to a movie set and TV sets from KION, a meeting with the brand ambassador Dmitry Nagiev and many more prizes. We chose a wide list of celebrities that was interesting for the audience in order to most effectively cover all age groups of customers.

The launch was supported by the large-scale advertising campaign on TV, in digital, OOH, in bloggers, within special projects. The advertising campaign was implemented in several ages: at the first stage we focused on diversity of prizes from the digital

ecosystem and guaranteed gifts for all participants of the drawing, at the second stage — explained every product vertical and exclusive gifts from it.

According to promo results, we achieved growth by image attributes of the digital ecosystem and improved loyalty of our customers. The number of the drawing participants exceeded 7.5 million people. The campaign stimulated the growth of connection of +1 service, by separate products the conversion into activation of guaranteed subscriptions was 85%. We were able to achieve the growth of loyalty among customers of My MTS app, which became the main point of entrance: the difference was 29 percentage points for direct comparison of NPS for those who participated and did not participate in the drawing.

Unique gifts in the form of experiences caused maximum involvement of the audience: the winners came to meet the celebrities from across the country, from Arkhangelsk to Yuzhno-Sakhalinsk.



PRODUCT TRANSFORMATION OVERVIEW

TELECOM

Mass market

In 2023, we actively developed and marketed favorable tariffs, in which each customer could choose the optimal set of both standard telecom services and a wide range of ecosystem digital products.

Expansion of the range of ecosystem services and deep study of our customers' preferences in integration with Big Data allow us to perform the transition from traditional price competition in telecom products to creation of offers for consumer segments. This helps increase customer loyalty and emotional commitment to the brand, as well as improve customer experience.

In July 2023, the MTS ecosystem was expanded with a new tariff range, which included four offers: MTS Easier, MTS More, MTS Super and MTS as You Wish. In addition to the usual minutes, gigabytes and SMS, the tariffs provide opportunities to save on communication and digital services of the ecosystem.

In September 2023, MTS launched a unique advertising campaign "Happy Subscriber". Based on unique knowledge about our subscribers, we offered individual conditions for options and tariffs suitable for a particular subscriber. Favorable offers for the ecosystem services, for example, for MTS Premium, were also prepared for non-subscribers of MTS.

The launch of convergent services is a part of the MTS ecosystem development program. Convergent products are one of the key tools to retain subscribers and increase their loyalty. Combining the capabilities of fixed-line and mobile communications, MTS designs and continues to develop convergent services. MTS intends to significantly increase the number of convergent subscribers. The Company is the only operator in Russia, which,

in addition to standard telephony, Internet, cable or IPTV, also allows to connect to satellite TV services. The development of convergent products is one of the main drivers of fixed-line communication sales growth, which allows MTS to maintain the rates of subscriber base growth for fixed-line communication services outstripping the market.

MTS went on developing the area of operator mechanics with the leading vendors of subscriber equipment and partners of the non-telecom sector. The following offers were available to consumers:

- when buying a set of "smartphone with an MTS SIM card", the consumer received a second phone as a gift;
- when buying a smartphone from a certain vendor, the consumer received communication services and accessories for a set amount of money as a gift;
- partnership programs. When fulfilling the conditions of the promotion (for example, when buying a promotional product or when reaching a certain amount of the bill) and concluding a subscription agreement with MTS, the consumer received a unique promo code to activate a discount on communication services.

Moreover, MTS launched a unique operator program "Communication as a Gift". When purchasing any available smartphone in the MTS retail chain or in the online store Shop.mts with the MTS More offer, the subscriber received communication services

as a gift for 3, 6 or 12 months, depending on the smartphone value.

MTS strategically strengthened its online channel. This was facilitated by the implementation of a set of activities in the online channel, as well as the introduction of operator mechanics on the trading platforms. As a result, MTS achieved a significant increase in online sales. Sales of SIM cards on the mts.ru website increased by 132 % over the year.

MTS developed and launched a federal SIM card, which will allow to significantly reduce the operating costs for logistics in the future.

MTS launched a new Single Number service, which allows to link two devices — a smartphone and an

Android smartwatch compatible with eSIM. Thus, one can make and receive calls on one's smartwatch using the same phone number that is used on one's smartphone. It is important that the distance between the smartwatch and the smartphone does not matter. The service is activated online, so it is not necessary to visit the MTS store, which saves time significantly.

MTS entered into a technological partnership with Tinkoff Group. Within this partnership, MTS and Tinkoff will join their efforts to protect customers from spam and fraud and also expand the geographic presence of Tinkoff Mobile in 17 regions of Russia.

Retail distribution

The MTS retail chain remains the main channel for attracting MTS subscribers. More than 40 % of SIM card sales are carried out through MTS retail outlets. MTS own retail chain demonstrates high rates in the number and quality of SIM card activations.

At MTS offices, subscribers receive a full range of services provided by the operator, including the services of broadband access to the Internet and

TV. Being points of contact with the MTS ecosystem, MTS retail outlets allow increasing cross-sales. Any new service released by the Company automatically becomes available for sale in the retail chain office.

Our own sales channel enables us to more efficiently manage the number and quality of activations, as well as to maintain our level of service.

Network development

MTS continues to develop and upgrade the network to ensure a consistent level of coverage and a high quality of mobile Internet. In 2023, more than 17,000 4G BSs were commissioned, +14 % of the network. The main increase occurred in large regions of Russia: Krasnodar Territory and Moscow are in the lead.

To maintain and expand the network quality, MTS is increasing the number of regions, in which it is redistributing the frequency spectrum to LTE technology (49 regions by the end of 2023).

Innovative Projects

Bridging the Digital Gap Project 2.0

As a result of the project implementation, mobile communication shall become available in 3.8 thousand small settlements with a population ranging from 100 to 500 inhabitants.

As of year-end 2023, 1,352 platforms were launched in 38 regions of the RF. By the end of 2024, it is

scheduled to implement 2,458 platforms more. The project will include 79 regions of the RF as its participants.

In 2023, 6.7 thousand new customers were connected to the MTS network in the project locations and the quality of communication services was improved for 56.2 relevant MTS subscribers.

Refarming of the 2100 MHz band

Since 2018, the company has carried out refarming of UMTS 2100 in 50 regions of Russia by deploying LTE 2100 networks. In 2024, it plans to begin work on refarming UMTS 2100 in at least 10 more regions, and gradually turn the remaining UMTS networks off after 2025.

By the end of 2023, MTS completed the conversion of all UMTS 2100 base stations to the LTE standard within the Central Ring Road (CRR) of the Moscow region.

The UMTS 2100 refarming resulted in increased data transfer speed and network capacity by an average of 30%, improved coverage on the ground and signal penetration inside buildings - the LTE 2100 MHz base station has a greater range than LTE 2600 MHz. Increased LTE coverage also expands subscriber access to VoLTE voice transmission technology.

Refarming of the 900 MHz band in cities

In 2023, refarming of the 900 MHz band was implemented and LTE-900 was launched in Novosibirsk and St. Petersburg to improve the LTE coverage inside buildings.

Fixed Business

B2C fixed business

The share of Internet BBA penetration into the telecom market in 2023 reached 54 % (in 2022—53 %) on average in the RF¹. In 2023, the subscriber base growth rate in the market was 1.4 %: the main increase in physical terms was provided by the B2C segment, which accounts for almost 96 % of the BBA subscriber base in the RF. The increase in the number of users is associated with the commissioning of new residential buildings, the expansion of operator networks in the suburbs of cities and the private sector. Herewith, the fixed BBA market in the country remains saturated; further growth of users can be achieved due to cities (penetration of more than 70–80 %), as well as coverage of the private sector in the city suburbs.

Based on the 2023 results, ARPU increased by RUB 6 and amounted to RUB 379. The market continues to experience outstripping growth of proceeds driven by the annual service cost adjustment (by 4.7 %, while the subscriber base increased by only 1.4 %) by both the majority of federal operators and a number of regional players. Western sanctions, inflation, increased cost of equipment and contractor services result in the need to increase the cost of services for end users.

During 2023, the pay-TV market in the RF stopped growing: the subscriber base remained at the level of 46.5 million, the service penetration was 70 %. ARPU remained almost unchanged as compared to 2022 and amounted to RUB 191. The ARPU dynamics were influenced by multidirectional factors: on the one hand, the growth of tariffs and the development of VoD (video-on-demand) service provided through in-house and partner online cinemas; on the other hand, an increase in the share of pay-TV connections at a discount in a package with other communication services (BBA, mobile communication, etc.) Thus,

the pay-TV market volume decreased by 0.6 % and amounted to RUB 106.4 billion.

Despite multidirectional trends in the fixed business market in 2023, MTS continues to maintain a leading position in terms of growth rates. The base is growing by 5.8 % due to Internet BBA subscribers and by 6.5 % due to pay-TV subscribers, as compared to 2022. In 2023, fixed business proceeds also go on growing steadily by 8 %. In saturated market conditions, MTS ensures growth due to the increasing penetration of convergent products into the subscriber base of Internet BBA and pay-TV from 4.8 % in 2022 to 6.4 % in 2023. At the same time, the trend towards migration of users to higher home BBA connection speeds (including the speed of 1 Gbps) impacts MTS base and proceeds' indicators positively.

Fixed-line network

In 2023, MTS continued to implement a large-scale program of upgrade and construction of fixed-line networks:

- more than 505 thousand households built;
- more than 870 thousand households upgraded.

In 2023, the share of the 1Gb network in Russia increased by 9 % and amounted to 60 % of the total fixed-line network coverage.

Two FVNO projects in Voronezh and Samara/Tolyatti (more than 430 thousand households) were presented:

- Voronezh — under commercial operation;
- Samara/Tolyatti — preparation for commercial launch.

¹ In early 2023, Rosstat (Federal State Statistics Service of the RF) published new data on the number of households in the RF obtained on the basis of the 2020 census. Previously, the last official data used was the data provided by Rosstat on the basis of the 2010 census. Over 10 years, the number of households in the RF increased by 11.5 million, this led to a decrease in such an indicator as the BBA service penetration among households.

Convergent

The company continues to develop a range of convergent data plans. In 2023, the tariff range of convergent products was completely relaunched. Due to the changes made and the expansion of tariff offers, the share of subscribers who preferred convergent data plans exceeded 90 % of all connections to Home Internet and TV services.

In 2023, MTS expanded the geography of the partnership scheme for providing convergent

subscriptions, within which convergent services are provided in settlements where MTS does not have its own fixed-line network. Within this product, the subscriber gets the opportunity to take advantage of all the benefits of the convergent with payment for all mobile and fixed-line services using a single personal account, while remaining a subscriber of his/her home communications service provider. Based on the 2023 results, this scheme was scaled up to 15 regions of the RF.

B2B/G

B2B

In 2023, MTS continues to grow by double digits. Growth of proceeds by 2022 was 15.6 %. The main contribution to the growth of proceeds was made by CCTV, IoT VR, IoT M2M, Cloud, ICS. Growth in the revenue of basic products shall also be noted.

the circulatory system of any business, MTS offered new opportunities to reduce costs and increase efficiency:

When paying for a tariff 6 months in advance, a company receives a vanity phone number that is easy to remember and increases the volume of calls from customers by up to 30 %.

B2G

In the coming years, MTS aims to increase the rate of growth of proceeds in the B2G segment by intensifying its participation in the national programs and federal government projects, as well as by developing a range of digital products, supplying B2B equipment and increasing the focus of regional teams in terms of selling Webinar Group products to government customers.

- Taking into account the development of cargo transportation in a number of border regions, the Smart Business tariff includes free calls abroad from 1st to 5th minute.
- On some tariffs, transfer of remaining traffic to the next month was added.
- Over the year, it was possible to connect to mobile communication services with a discount of up to 50 % for six months within the Time for Advantageous Decisions promotion or double the packages of minutes and gigabytes without increasing the subscription fee within the Double Minutes and Gigabytes Forever promotion.

Already in 2023, the non-core proceeds in the government segment increased YoY by more than 30 %. The main contribution to revenue growth in the non-core area was made by activities aimed at import substitution of equipment and software for government customers and participation of MTS in regional programs.

80 % of small businesses are interested in convergent solutions, because they are treated as solutions with the potential to save money and simplify interactions with the service provider. During the period from September to December, it was possible to subscribe to a package of the most necessary services — mobile communications, fixed Internet, CCTV and Wi-Fi — at a discount of up to 30 % within the MTS Business to Maximum promotion.

In 2024, MTS will continue to work on import substitution in B2G through the supply of B2B equipment, the development of a range of digital products and MTS Link products, as well as on the development of its participation in the regional and national digital agenda of the region.

One of the main market trends is the flow of sales from offline to online. For MTS as a technology company, it is important to provide its customers with modern and familiar ways of receiving services. In 2023, the option of purchasing SIM cards with a corporate tariff on the website and in the MTS Business profile page without visiting the office or calling

B2B products

Mobile Business

In the context of fundamental changes in the economy along with understanding that communication is

the manager was launched. This process takes about 5 minutes and helps businesses save time as their most important resource.

Fixed Business

In 2023, MTS demonstrated an increase in proceeds from fixed Internet access by 14.8 % as compared to 2022, which is 3 times higher than the market dynamics of +4.7 %.

These results are due to the growth of the active base of corporate subscribers by 10.8 % as compared to 2022 owing to optimization of the customer journey and process automation.

CCTV

In 2023, the growth of proceeds of MTS CCTV was 59 % as compared to 2022, the number of users increased by 1.8 times. Sphere — a control system by MTS — was launched; it is a comprehensive solution for large CCTV and security systems. Major CCTV projects in the transport sector were implemented with national customers and large businesses in the field of monitoring cargo movement and safety. The implementation of projects for passenger flow calculation based on video analytics started.

ICS and MTT JSC¹

Virtual multichannel telephony services based on Auto Attendant (federal and city phone numbers) and Free 8800 Call (8-800 format phone numbers) proved to be essential for remote work. The services allow to deploy telephony at the company without any wires or special equipment, since PBX functionality is arranged on the side of the MTS virtual platform.

In 2023, the product team expanded the platform capacity to meet the needs of the customers with high-intensity traffic.

MTS Link

2023 became a period of major changes for MTS Link. Multiple platform updates were implemented, a large-scale rebranding was carried out and several new solutions were released to the market at once, namely MTS Link Boards interactive collaboration boards, and solutions, Link Rooms meeting room module, and beta testing of the Link Chats corporate messenger started.

Over the year, 5 million online events were held on MTS Link, that is 2.7 times more than in 2022. 1.7 million new users registered with MTS Link; in total, 30 million people took part in events in MTS Link services.

In terms of developing the product functionality, a great bet is made on the introduction of AI technology. For example, in 2023, MTS Link was the first among Russian video conferencing service vendors to introduce the functionality for automatically generating meeting summaries.

As a result of successfully implemented projects for import substitution of platforms for communications and online learning, MTS Link received ComNews awards in two categories: Best Digital Solution in Financial Sector and Best Digital Solution in Education. The company also received the Best Digital Platform award within CIPR-2023 and IT Leader in the nomination for Innovation Integrated into Business within Kazan Digital Week. Alexander Brovko, MTS Link Product Director, was featured in the authoritative Top 1000 Russian Managers rating.

Business in the Markets of Operation

Armenia²

MTS Armenia CJSC (MTS Armenia) is the largest of the three mobile operators existing in the Armenian market.

The company renders mobile and fixed-line telephony services, as well as offers cloud and financial services (payments and transfers are carried out by MobiDram CJSC as a subsidiary) for its subscribers.

¹ Intelligent Communication Network Services.

² On January 24, 2024 MTS announced closure of the transaction of selling 100% shares of its subsidiary in the Republic of Armenia MTS Armenia CJSC, https://ir.mts.ru/news_and_events/corporate_releases/details/741891.

The revenue for 2023 was AMD 53.5 billion (growth of +5% vs 2022), which is mainly due to the growth of revenue from the provision of the communication and financial services (via 100% subsidiary M-Dram CJSC). OIBDA before capitalization for 2023 was AMD 26.5 billion (growth of +6% vs 2022). The volume of the subscriber base as of the end of 2023—2.3 million users.

MTS Armenia completed 2023 with a market share of around 57 % in terms of both subscribers and income. . The average volume of calls per subscriber was 625 minutes per month and the use of data transfer services was 7.3 Gb per month.

The company confidently holds its leading market position in terms of net promoter score (NPS).

The own retail network of the Company is the main channel for subscriber engagement and includes 73 sales and service offices covering all regions and key cities of Armenia.

In 2023 the Company successfully launched the first 5G network. Currently the 5G network operates in the central districts of Yerevan and Gyumri.

Belarus

Mobile TeleSystems JLLC (MTS Belarus) was established in 2002 by MTS PJSC of Russia (49 %) and Beltelecom RUE of Belarus. The company operates under the MTS brand and is the largest mobile communication operator in the Republic of Belarus. Its main competitors are BeST CJSC ('life' trademark) and A1 UE (Unitary Enterprise).

In Belarus, MTS provides mobile communication services of GSM 900/1800, UMTS 900/2100 and 4G (including 2600/1800/800) standards, home Internet and TV services, offers cloud services and products for business, as well as financial services in partnership (MTS Money).

MTS Belarus is the leader in the mobile communication of Belarus with the largest market share in terms of the number of subscribers and proceeds.

MTS Belarus' own retail chain is the main channel for attracting subscribers, together with single-brand stores of its partners. The chain of sales and service offices consists of 90 own offices and 227 single-brand partner retail outlets, which allows to connect subscribers and provide service operations in all regions and key cities/towns of Belarus.

MTS 2G communication covers 98.02 % of the territory of Belarus, where 99.91 % of the country's

population lives. MTS 3G communication covers 97.06 % of the territory of Belarus, where 99.88 % of the country's population lives. MTS 4G-LTE communication covers 66.65 % of the territory of Belarus, where 98.42 % of the country's population lives.

MTS Belarus maintained its leading positions, significantly outperformed its market competitors and completed 2023 with a market share of around 48 % in terms of subscribers and a market share of around 53 % in terms of revenue. The share of subscribers of V&D data plans is 64.6 % and the share of subscribers using data transfer reached 71.8 . The average volume of calls per MTS Belarus subscriber in Q4 2023 amounted to 557 minutes per month and the use of data transfer amounted to 19.2 gigabytes per month (+2.4 % year-on-year).

The company holds the leading position in the telecommunication market of Belarus in terms of net promoter score (NPS). According to internal marketing research, MTS Belarus is the leader in terms of perception of mobile Internet speed and perception of reputation/image.

In 2023, MTS Belarus continued to develop cloud services; proceeds at the end of 2023 increased by 38 % as compared to 2022 and reached RUB 3.7 million.

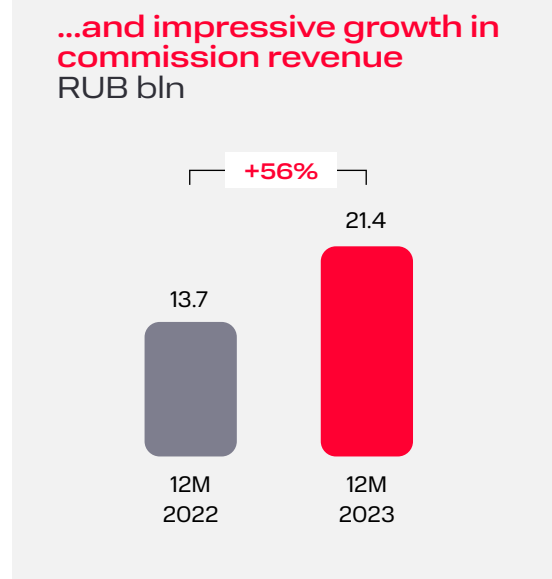
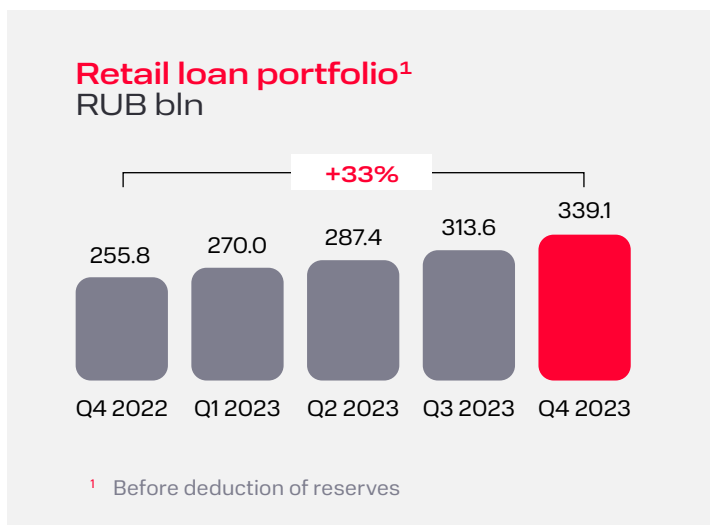
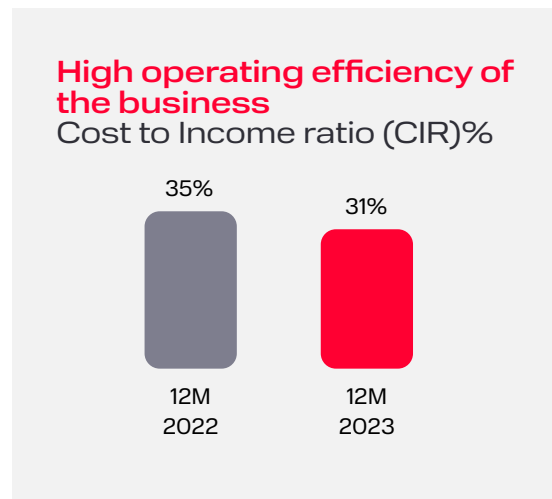
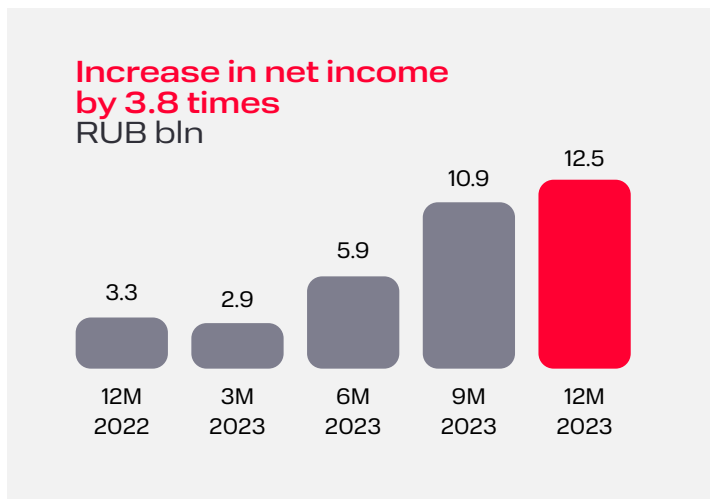
MTS Belarus provides a set of services that are in demand on the market: IaaS, SaaS, PaaS, Pams, object storage and information security services. In 2024, the company will go on developing services with a focus on information security and intends to enter the market with products for small and medium businesses.

In 2023, MTS continued to expand access to 4G network services throughout Belarus together with the infrastructure operator beCloud. In total, in 2023, the LTE network in Belarus increased by 261 new base stations: 208 — in the 800 MHz range, 36 — in the 1,800 MHz range and 17 — in the 2,600 MHz range.

Also, in 2023, MTS Belarus continued to expand its network coverage for the Internet of Things and networks in the 3G standard. Minsk, regional centers and cities/towns with a population exceeding 50 thousand people were provided with NB-IoT communication. In 2023, 428 NB IoT BSs, 139 3G BSs in the 2,100 MHz range and 89 BSs in the 900 MHz range were commissioned. Besides, MTS, together with the operator A1 UE, commissioned 258 BSs to improve the 3G coverage in rural areas using RAN-Sharing technology in the 900 MHz range.

FINTECH

The Bank's record-setting results against the backdrop of strong portfolio growth dynamics, diversification of revenue sources and efficiency



High level of creditworthiness confirmed by the leading rating agencies





RETAIL

The revenue of the retail segment of MTS Group business within 2023 increased by 20.5% to RUB 68.6 billion, OIBDA increased by 18.4% to RUB 9.8 billion on the background of recovery of sales and development of services. The number of own and partner outlets of MTS amounted to 4,478 as of the end of 2023.

In December 2023 MTS announced plans to open thousands of expert stores. The updated retail concept is focused on the customer service and

digital products. The outlets will be selling smartphones, TV sets and set-top boxes, goods for smart home, headphones, speakers, and also MTS digital products. Apart from usual consultants, the expert stores staff includes experts on MTS ecosystem products, as well as consultants that specialize in individual brands. Another feature of the new store concept was the designed space in the format of the designer, where all equipment and zoning may be rebuilt without significant efforts and costs.

MEDIA

Media is increasing its customer base with moderate investment in content

2023 г., RUB bln, % г/г

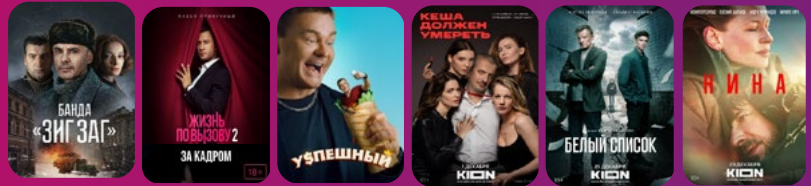
Revenue	18.8	+18.3%
OIBDA	9.8	+19.4%
CAPEX	8.8	

KION

KION Originals driver – rhythmic supply

KION Originals portfolio

80+ projects
(11 in Q4 2023)



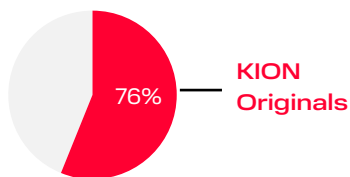
100+ original movies under elaboration and production

+23% Increase in the number of viewing hours per user, YoY

8,6 mln users

On the 1st day of every month
New series on KION

% of viewers watching KION Originals



High ratings from the audience

KION Originals
Average rating

ZIG ZAG Gang.....	★ 8.3
Life on Call 2. Behind-the-Scenes	★ 7.9 ²
Successful.....	★ 7.9
Kesha Must Die.....	★ 7.8
The White List.....	★ 6.7
Nina.....	★ 6.3

¹ Calculated on the basis of ratings of the public review aggregator and the KION platform

² Rating of the Life on Call franchise is given

MWS (MTS WEB SERVICES)

MWS is a provider rendering cloud services featuring: virtual infrastructure, object storage, virtual desktops, information security services, business apps and network services. More than 5,000 customers use the provider's services. MWS physical infrastructure includes 15 own data centers. All of them are connected by the MTS backbone network 280 thousand km long (FOCL).

The MWS virtual infrastructure includes 14 availability zones based on individual data centers of MTS and partners, thus ensuring minimal cross network delays and a high level of availability for clients.

The MWS virtual infrastructure complies with the requirements of the Russian law, is certified, can be used in organizations of various scale of operations, and any personal data and government information systems can be transferred to it.

MWS availability zones are deployed in Moscow and the Moscow region, St. Petersburg and the Leningrad region, Kazan, Novosibirsk and Vladivostok.

In Q4 2023 MWS revenue grew by 64% year-on-year. One of the provider's fastest growing services in terms of sales was office software in the cloud. The company's revenue from its provision increased 12-fold in Q4 2023. Over the same period of time, spending of the provider's clients on MTS private clouds increased by 5.6 times, and revenue from

providing data backup services in virtual infrastructure increased by 2.4 times. The spending of MWS clients on virtual workplaces and SD-WAN have slightly more than doubled.

In December 2023, MWS launched a new partnership program for system integrators and companies providing IT consulting and outsourcing services. There are plans to unite more than 100 of the country's leading integrators, providing services to clients in more than 20 sectors of the economy by 2025. These are integrators working in retail and e-commerce, fintech, insurance, manufacturing, mining, transport, logistics, power engineering, media, science, education and other industries.

Business interest in information security services in the MTS cloud is growing. Over the year, sales of MWS products for protection against DDoS attacks have doubled. Revenue from the implementation of the provider's cybersecurity operations center (SOC) increased by 1.75 times, and revenue from the web application firewall service (WAF) — by 1.6 times.

In January 2024, MWS announced the expansion of the list of services provided for the processing of personal data (PD) in the cloud: three data processing centers in Kazan, Novosibirsk and Vladivostok were given a certificate for compliance with the requirements of the third level of security (LS-3).

A CLOUD NEAR YOU

St. Petersburg and Leningrad Region

- 3 data centers
- 3 cloud service availability zones

Krasnodar

soon:

- 1 data center
- 1 cloud service availability zone

Moscow and Moscow Region

- 4 data centers
- 5 cloud service availability zones

Uralsk

- 1 data center
- 1 cloud service availability zone

Virtual infrastructure of MWS includes 14 availability zones based on separate MTS and partner data centers, ensuring minimal network latency and high levels of availability for your customers



QUALITY AND IMPROVEMENT OF CUSTOMER EXPERIENCE AND SERVICING

In 2023 MTS continued development of their customer service tools with a focus on ecosystem approach, omnichannels and seamlessness of the customer experience.

Within the single customer service strategy the “Closed Circuit” project was transformed: the customer issue is solved without delay, and complicated issues are escalated to the dedicated specialized employees. Quick solving of issues is one of the key focuses for customer service development in MTS. As a result, tNPS¹ increased by 8 percentage points, and return calls to the contact center dropped by 2 percentage points.

The company continued increasing the effectiveness of sales in the contact center and developing new channels — sales of operators in the chat and sales using artificial intelligence during the call. In 2023 they sold 40% more services and plans to the mobile communication customers.

The quality of ecosystem digital products service increased significantly. The knowledge base was improved. Now the procedures of all products have similar structure, and the manuals for the operators became more understandable. tNPS of digital products support year-on-year increased by 6 percentage point.

In the area of mobile customer service in 2023 we opened the contact center with 100% of remote employees.

Voice bot

Replication over new areas: the chat is built into KION, Music, LIVE and Stroki apps on support.mts.ru page and in apps, a separate team was created that supports this channel.

Recognition models were updated, and the quality of the used voice was improved, the hybrid recognition pilot was launched.

- The traffic processed by the bot increased by more than 60%.

- The share of operator transfers reduced by 35%.
- Around 70% of the transferred information is useful for the operator, and its use makes it possible for the operator to reduce the average time of service and to increase tNPS.

Knowledge management system (KMS)

Search and interactive content were improved. The growth of the level of employee satisfaction with the product (NSAT) was 12 percentage points. GenAI is being introduced in the KMS in order to test how the search for the required information can be accelerated, and high quality articles may be written.

Speech analytics

The share of analyzed conversations increased from 20 to 100%, the analysis of all ecosystem products and contacts in the MTS outlets was connected. Active usage of the speech analytics made it possible to improve the operators' tNPS.

In 2023 the basic functionality was implemented for migration of speech analytics from MTS AIC to the internal solution. Within the use of the speech analytics technology, smart integral assessment of the operators' work was developed and replicated, which was made it possible to differentiate the approaches to quality audit and employee development.

The service quality assessment was launched in MTS outlets using video monitoring. The pilot launch of speech analytics was completed in 32 retail outlets. Service satisfaction increased 3.4 percentage points vs 2022. In 2024 it is planned to develop the speech analytics tools for quality control, and to finalize My MTS and train customers on self-service in this channel,

¹ Transactional Net Promoter Score.

Automation of processes for solving technical issues of customers for home services for Contact Centers

Transfer to interactive scenarios of service in the same software — Inetcore. A new tool makes it possible to effectively change the wordings and logics of answers, to add new steps. The parameters of the first line of support improved significantly: -17% length of consultation, +5% solved issues. The employees also appreciated the new tools: the level of satisfaction (NSAT) was 73%, and the novices reach the parameters of the experienced employees in a month of work (6 and more months of work).

Customer experience management system

In 2023 MTS expanded the team and tools to research the customer experience, increased the number of assessed points of contact and focused on the expert training of the Company's employees in the sphere of customer experience management. Sixty-two successful studies of the customer journeys were completed, which significantly simplified the interaction with the products, made the interfaces clear, engaging and improved user satisfaction.

Quantitative assessment via NPS surveys (benchmarking with the competitors) and tNPS (internal measurements) makes it possible to assess the customer experience in their products versus the competitors and the performance of the product teams, and to prioritize the areas of development. The internal survey module product was finalized, which makes it possible to assess the customer experience within the digital-showcases of the ecosystem.

The expansion of coverage by the products focused on feedback collection continued. Thirty-four points of contact with the customer were launched, which is 20 percentage points higher than in 2022. This includes 21 products in 23 showcases of the mobile app and websites, and 11 surveys of the business processes via IVR calling. More than 200 email surveys were sent.

MVP of the project for assessment of the customer experience after the customer service in the call center was launched via ML-model¹. High accuracy of actual customer experience forecasting was obtained.

MTS transferred the delivery of communications to a new platform of its own development, which made it possible to more effectively communicate with the customer information flow and to analyze the entire information flow. New solutions made it possible to improve SMS delivery to the numbers of other operators up to 87%.

The company successfully launched and uses the updated system for automated testing of plans and services. The new system helped to increase the volume of the tested processes at the moment of peak productivity by more than 3 times, and the volume of the tested products continues growing. The monitoring system is being used successfully and continues its development, helping to identify failures in the operation of plans and services prior to their launch for their unimpeded use by the customers.

In 2023 the alpha- and beta-testing processes were relaunched, which became mandatory for launching new MTS products. Besides, the stage of new product testing by the Company's top management was introduced as a binding one. The specified steps formed a comprehensive testing cycle aimed at improving the quality standards.

Tone of Voice (ToV)

The single principles for communications in the voice channel, chat and SMS were developed and introduced. Usage of the speech analytics made it possible to very precisely track the use of Tone of Voice principles by every employee of the support line.

Centralized workplace of ecosystem operator Workspace

The first pilot was launched for B2C mobile business customers service, which made it possible to reduce the average time of service by 10% and improve tNPS of the pilot group operators.

Customer voice

Regular meetings were launched with participation of all top managers to discuss the relevant pains of the customers. Tactical and strategic decisions are made within these meetings to develop the products, services and processes in the Company.

¹ ML — Machine Learning.

In 2023 together with the product teams we focused on introduction of the unified system of coordinates for methods of KPI calculation for the following verticals: KION, Bank, Entertainment, Cloud MTS, MTT, Gulfstream and others, and also for the partner services and ecosystem product modules. This made it possible to perform the comprehensive assessment of the customer quality based on different metrics.

Digital products for the disabled people

MTS developed a guide on accessibility and a training course for the experts in the fields of development, design and testing. Development of this area will make it possible to expand the audience of the MTS services and products and to make the customer experience seamless for all categories of users.

In 2023 the key scenarios of availability of 132 products were presented on the health dashboards. Main scenarios: tracking of authorization, payment, website opening success. Currently the active process of tracked metrics tuning is in progress, which will be used to measure actual availability, and the

incident management is being worked on, in order for the corresponding team to effectively record the incidents using the monitoring events. A complex of actions will make it possible to see the broad picture of reliability, to timely respond to abnormal situations and to improve the product quality.

MTS ID

- 0.01% — level of technical errors in entry by all products of the ecosystem connected to MTS ID.
- 92% — share of seamless authentications to the total volume of authentications.
- 0.38% (with permissible value of 0.52%) — level of incidence per 10 thousand users (percentage ratio of the number of incidents to the active unique users for the reporting period).
- In December 2023 MTS ID received the national bank award as the best solution for online identification of the customers by the bank.
- In January 2024 MTS received the state accreditation to work with biometric data.

Number of authentications for 2023

	Q1	Q2	Q3	Q4
Total entries (seamless + chain) ¹ , million units	393.4	434.3	441.1	471.4
Chain entries, million units	35.8	39.1	39.3	41.4
Unique users, million people	15.7	15.9	16.6	17.4

¹ Data for seamless + chain entries were collected from August 1, 2023, therefore the data for Q1-3 2023 were forecast retrospectively based on “Chain Entries” data.

BIG DATA

In 2023, Big Data went on creating and developing strategic platforms based on big data and AI.

New platforms

Dynamic Pricing is a dynamic and personalized pricing platform that supports various strategies for optimizing target metrics. A successful pilot of the transition from manual to dynamic pricing was carried out using the platform in sales offices and online store in the Volga Region (+9 % GM¹, with stable turnover). The platform is an enabler² for a more flexible and quick change of business strategy (for example, choosing a pricing strategy: increasing marginality / turnover / stock sales + strategy diversification by locations and categories), as well as a basic element of price personalization. Algorithms of optimizing data plans for telecom customers (Next Best Tariff) were transferred to the platform: personalized dynamic ML pricing (+16 % CTR³ and + 20 % ARPU), after that — optimization of the telecom product content.

DataOPS is a platform of services for working with big data. The move away from vendor-lock of large IT platforms was completed (TCO reduction and digital independence), more than 230 internal products were activated, more than 3,900 active users per month, ITSM processes for data quality control were configured.

Development of current platforms

Recommender Systems (RecSys). The focus in 2023 was on scaling recommendations across the entire MTS ecosystem. Four marts of the MTS online store were activated (+2.3 % increase in conversion into purchase). Cashback For You mart was integrated (+50 % CTR). Recommendations in already activated services (KION, Lines, MTS Bank) were expanded and optimized — 50+ AB tests of new versions, 17 of them were successful.

Scoring (Financial and Antifraud). The development of data quality and algorithms made it possible to multiply the effect on proceeds in

2023. Using the DataOPS platform, we improved the quality and availability of scoring services (up to 99.95 %).

In 2023, the following was implemented for the Marketer:

- coverage of non-subscribers of the ecosystem was increased (+40 % coverage, +30 mln profiles, ~85 % accuracy according to Ya.Audience),
- the functionality of the Marketer's personal account was expanded and AutoLAL algorithms were improved, which made it possible to increase the number of segments collected without the involvement of analysts by 1.5 times,
- due to the development of Antibot/Antifraud models, it was possible to reduce the level of fraud in web/inn_app/video campaigns by 2 times.

FinTech

For SME, targeted promotion of FinTech products was expanded by 10 times. The Next Best Offering algorithm was introduced to prioritize communications using Big Data — the volume of actual communications was expanded by 20 %, provided that the conversion level was maintained. The insurance mart was optimized (data auto-filling, the pool of insurance partners and products was expanded), which allowed us to increase the number of insurance customers to 65+ thousand.

Telecom

The integration of big data-based ML algorithms into telecom business development processes is ongoing.

We consolidated and improved network infrastructure load forecasts using Big Data (reduced the

¹ Gross Margin

² Enabler — element of backlog that expands the Architectural Band of the developed solution or improve the effectiveness of the value development flow.

³ Click-Through-Rate

median error by 25 % to 4.5 p.p.) within the framework of Smart Rollout, a unified decision support system. We optimized the operation of profitability prediction models for coverage construction and reduced the median error by 4 p.p.

We increased sales of the convergent in retail by more than 2 times due to targeted engagement of mobile customers with PTV.

By accelerating data acquisition and the operation of ML algorithms, we reduced the volume of spam phone numbers breaking through to the MTS base by more than 3 times. The number of recognized

spam phone numbers increased by 10 times due to the processing of new patterns and texts.

We launched the transformation of our own retail using Big Data technology and algorithms. The project includes improving logistics, pricing, CVM¹, HR and operational analytics processes in terms of forecasting and expanding demand, as well as optimizing manual or outdated algorithms and systems. For example, the following was successfully implemented in the project in 2023: recommendations on four marts of the online store (increased conversion to add to cart (+1.3 %) and to purchase (+2.3 %)) and pricing pilots (+9 % GM, with stable turnover).

ARTIFICIAL INTELLIGENCE

AI Vertical (AI) is a subsidiary of MTS and the MTS ecosystem competence center in the field of artificial intelligence. Founded in 2017. AI experts develop solutions based on computer vision, natural language processing and synthesis, generative AI for the MTS ecosystem, as well as for external customers.

AI is actively developing its own expert knowledge in the field of artificial intelligence. In 2023, the company built up a fundamental research team, which consists of the leading Russian scientists in the field of AI with work experience at Huawei, Toyota, Lyft, Intel and Samsung. The department's tasks include searching, developing and implementing innovative approaches in the field of machine learning, preparing articles for Tier 1² international conferences, training large language models and participating in artificial intelligence competitions.

In less than a year, the research developers created a large language model for the business AI Chat, which was ranked second in the MERA³ benchmark among Russian LLMs⁴; this indicates the high qual-

ity of model training and the accuracy of answering questions.

Also in 2023, the company launched a new product — WordPulse — an analytics service for voice and text communication based on neural networks.

At year-end, AI implemented more than 10 projects for the MTS ecosystem and external customers. Among other things, the company's experts developed AI functions for the Defender service, which allow getting a transcription of the dialogue with spammers. A bot for the Attendant service was created. It answers the phone call if the subscriber is busy, distributes calls into categories (family, colleagues, spam) and sends a transcript of the dialogue. Several different voices, including neutral female and male, cheeky male and cheerful female voices, were created specifically for this bot based on the Audiogram speech synthesis and recognition platform. In addition, the work was started to replace the third-party solution used to process communications with customers of the MTS ecosystem with WordPulse.

¹ Customer Value Management — approach to management of the customer's value journey that starts from the first contact with the product and ends with the last interaction with the company.

² Tier Standard is the system for certification of DPCs developed by Uptime Institute, Tier categories stand for the level of reliability and safety.

³ Multimodal Evaluation for Russian-language Architectures — independent benchmark to assess fundamental models for the Russian language developed and supported jointly by the researchers of the industry and the academy.

⁴ Large language model — language model with many parameters

AI also implemented a number of projects based on multimodal and generative networks.

A computer code autocompletion system was created for the MTS Platform service. MTS Travel introduces the search for objects in photos of hotel rooms, which helps fill out the hotel cards faster and more efficiently. Avito is testing a system based on generative AI and Audiogram, which identifies calls from scammers and hangs up.

In 2023, AI continued to develop its investment activities. The company acquired a 16 % stake in PrimoRPA, a Russian developer of the PrimoRPA platform for robotic process automation (RPA) in procurement, accounting, sales, HR and other areas. AI also bought out a 49 % stake in Infomatika, a company engaged, inter alia, in the development and production of access control and ticketing management system and turnstiles.

Besides, AI carried out two acceleration programs: for startups developing Metaverse technology and for mature companies creating products and solutions in the field of generative artificial intelligence. Both programs received over 600 applications from more than 30 countries. 10 companies were select-

ed for each track. The acceleration program mentors were experts with work experience at Google, Microsoft, NetEase, Tencent, CBI, and world-famous game studios.

As a result of the Metaverse accelerator, two startups launched pilot projects with MTS PJSC: Phygital implementing a project for WASD, Sporta — for GoGym. Upon completion of the program for the development of generative AI technology, three companies launched pilots with MTS: DeepReel — in the field of cybersecurity, AutoFAQ — for a knowledge management system, Brainfeed — for MTS Your Business.

In 2023, AI employees won a number of prestigious international artificial intelligence competitions. Ammar Ali, Senior Research Developer, won gold in the Image Matching Challenge by Google, he also took three prizes in the artificial intelligence competition as part of the AI Journey. Ali Aliyev, Senior ML Developer, was ranked third at VoxSRC, one of the most prestigious competitions in voice biometrics. At RuSentNE-2023, AI developers were ranked first and third after proposing new methods for analyzing the sentiment of named entities in texts in Russian.

LOOKING INTO THE FUTURE

Current trends in the development of ecosystems and the forecast for their development in Russia for 2024 and the midterm

The 2023 results gave reasons to assert that the main Russian ecosystems have generally completed the processes of adaptation to new geopolitical and economic conditions, while these changes have caused no significant damage to any of them, and they have not been critically weakened relative to their competitors. In the midterm, we can expect a return to the usual development dynamics, but taking into account new opportunities and restrictions that are almost the same for all players, in particular:

- continuation of import substitution in a number of markets, such as entertainment content and video services, various software and digital services, advertising, hotel booking, after foreign players left this market,
- legal transfer (redomiciliation) of companies to Russia, as well as revitalization of the domestic IPO market, which opens opportunities to raise additional funds for both large companies and relatively small ones. This creates opportunities, on the one hand, and increases the level of competition, on the other hand.

It is especially important to note the e-commerce segment, the potential of which in Russia is far from being exhausted (penetration is several times lower than in the most advanced markets in this regard, such as, for example, China, South Korea, Great Britain), so Wildberries and Ozon, as the two largest players, may well begin expansion into new areas, that is, to start generating their own ecosystems. The example of Ozon's fairly successful promotion of bank cards shows the potential strength of large marketplaces, while the development history of Amazon in the USA can become a role model in general. This trend towards ecosystems can be strengthened by the fact that the composition of sellers and the range of leading marketplaces will converge, the number of pick-up points and parcel lockers will most likely level off in the midterm, and the price competition will be constant. Thus, it is quite possible that none of the marketplaces will be able to achieve a critical gap in terms of business scale, which will stimulate a desire to enter new markets. Entering new markets can happen quite quickly — based on the solutions and infrastructure of partners (for example, the fintech-as-a-service model for the implementation of built-in financial services, the white label approach for services for purchasing air tickets and travel, etc.).

Key development vectors: technological and business trends

Regarding trends in various areas and business directions that are relevant for digital ecosystem companies globally, we would like to note the following points.

In the field of telecom:

- 5G continues to develop rapidly around the world and overall penetration is increasing faster than it was in previous generations of communication. Nevertheless, the introduction of this new

standard has not yet provided operators with extra revenue. Thus, from a commercial point of view, the business of 5G operators is rather an evolution than a revolution,

- the eSIM technology has also not become widespread yet (compared to the expectations) and has not had an impact on the competitive situation in the mobile communication markets,
- however, disturbances are possible not in the mobile communication markets, but at a lower

level, namely in the telecom equipment segment. This is where the Open RAN approach is gaining real traction among operators, despite resistance and skepticism from major vendors regarding this new network architecture. For Russia, the Open RAN approach is especially attractive in light of the need to develop and produce network equipment within the country,

- the current technologically successful development of Starlink still has a greater impact on the traditional satellite communication market (in the countries of operation) along with putting significant price pressure on it. However, the company's ongoing deployment of satellites with DTC functionality (direct to cell, direct satellite-to-smartphone communication), taking into account its scale and capabilities, creates the prerequisites for mass introduction of this service in a number of countries in the next couple of years. Herewith, we do not expect increased competition or emergence of significant extra revenue for mobile operators; rather, it will be a PR service for tourists and professional consumers.

In the field of smart devices, we would like to note the following:

- a certain crisis in the development of smart speakers and voice assistants manifested, inter alia, in the reduction of correspondent investment by Amazon and Google. In fact, smart speakers remained rather narrowly functional tools (listening to music, asking for weather forecast, news, searching for information, alarm clock) and did not become the core of smart home control system. However, there is a chance that the possible progress of voice assistants with the introduction of LLM (see below) will increase the popularity of this category of devices,
- Smart TV penetration (significantly higher than that of smart speakers) creates the prerequisites that this category of devices will be the center not only of home consumption of video content as it is now, but also the actual center of the entire smart home. This may intensify competition in the smart TV market, including through competition of operating systems for them,

- developers of AR and VR devices are still trying to find real needs for their mass application: the idea of metaverses has still remained a buzzword, while gaming is too narrow a niche.

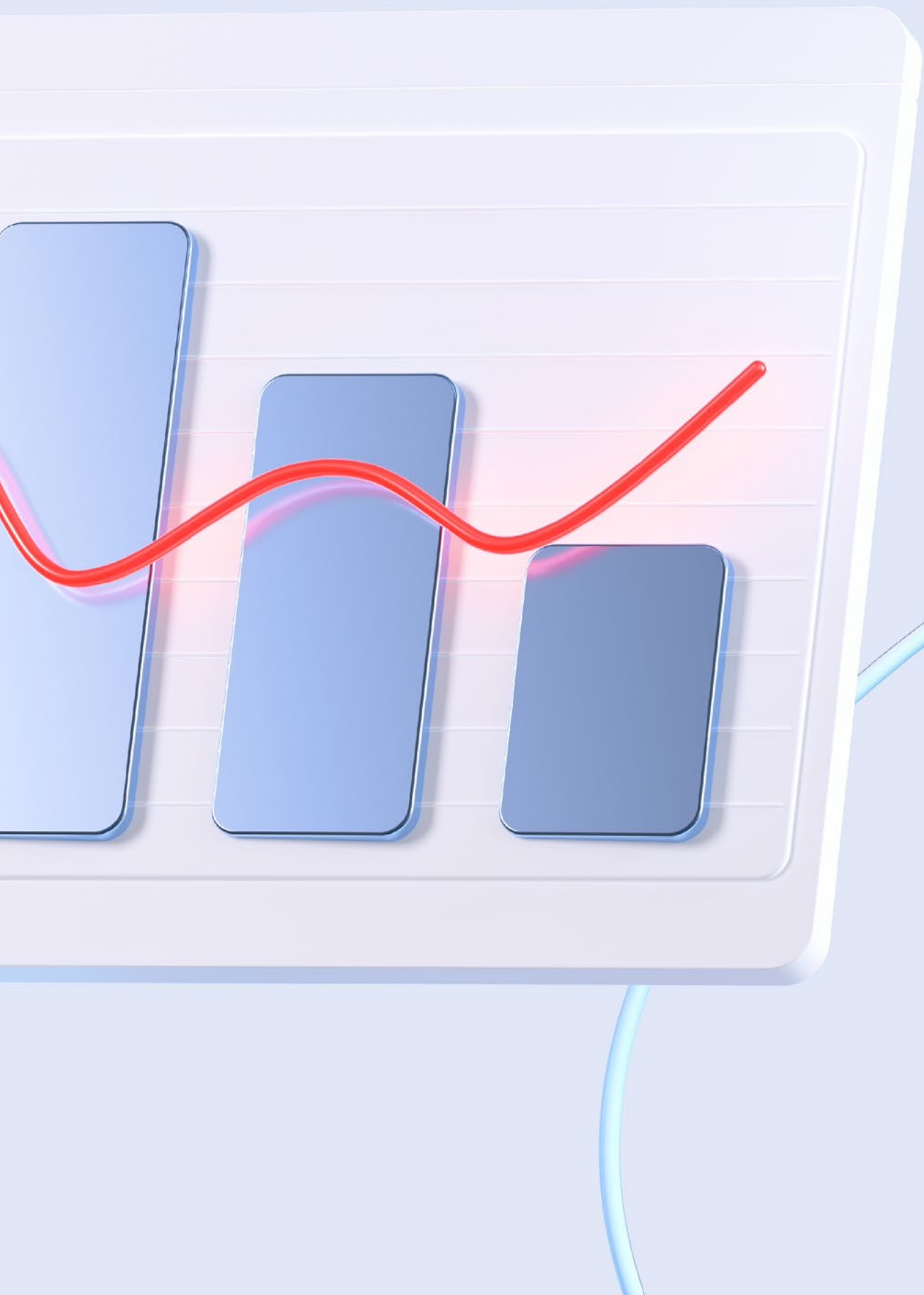
In the field of machine learning and artificial intelligence (AI):

- mature solutions based on the machine learning technology have already emerged in a number of areas, such as image recognition and video analytics (including biometrics),
- the focus of development now is generative models, such as Large Language Models (LLM), text-to-image models, combined (multimodal) models; over the past two years, they have transformed from being an interesting toy, as to the general public, into a horizontal technology setting the basis for a new category of tools for increasing labor productivity in many industries, which, in a historical context, may be comparable to the processes of automation and computerization,
- further expansion of the capabilities of generative models, in particular LLM, may slow down for a number of reasons, such as the depletion of high-quality training samples and the increasing need for computing resources for training models (diminishing returns),
- at the same time, qualitative growth is possible due to new approaches and architectural tools (long-term "memory", automatic addition of factual information relevant to the request, new approaches to learning, etc.), which will make the behavior of models more predictable (as well as acceptable as a business tool), while the models may become more compact (less resource intensive),
- overall, although there are few developers that are major market players in the world and in Russia, the risks of monopolization of this technology for the benefit of individual players are not so great: basic models (for example, in the form of open source projects) will be available to everyone, although, probably, lagging behind the advanced ones for 1–2 generations (which will give a certain head start to the corresponding players in the B2C markets).

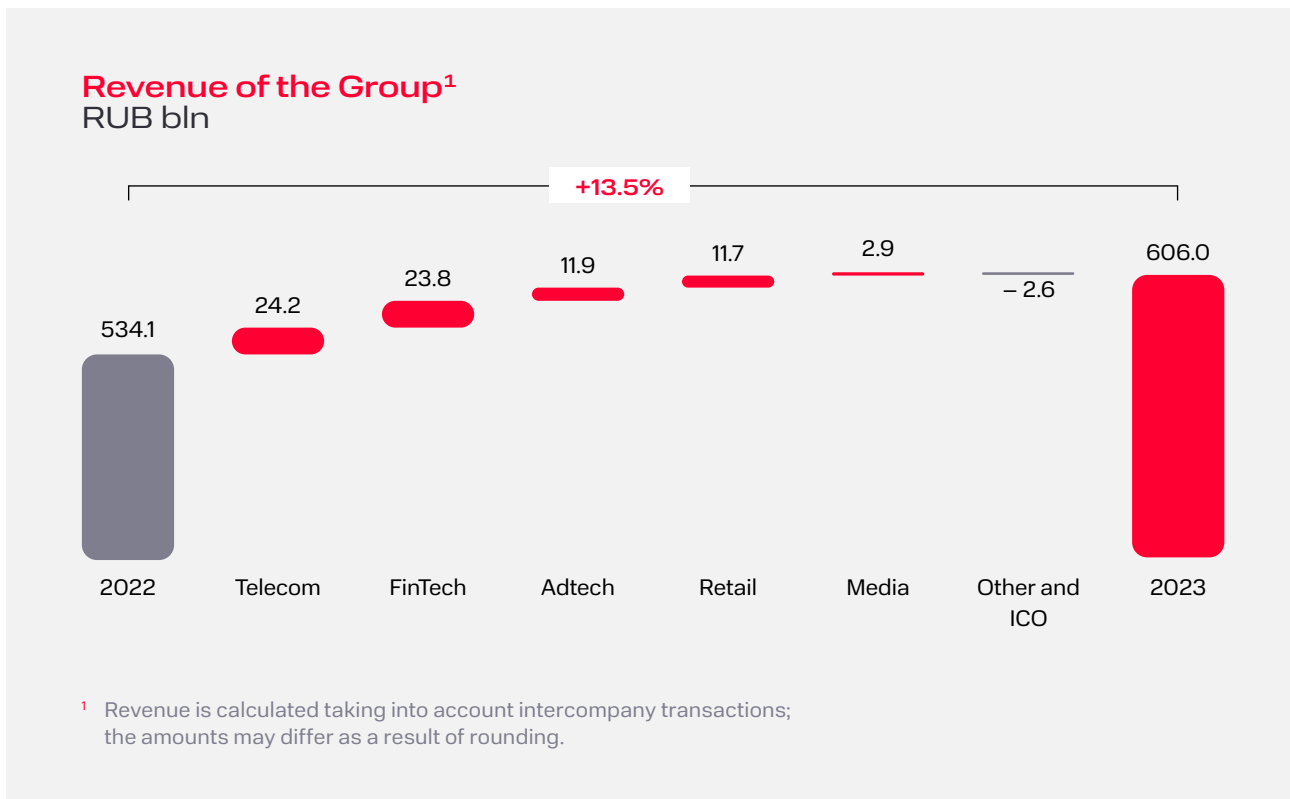


FINANCIAL OVERVIEW

- 60 Revenue of the Group
- 61 OIBDA of the Group
- 62 Net income
- 63 Telecom Results
- 64 Free cash flow
- 65 Debt burden



REVENUE OF THE GROUP



The double-digit revenue growth rate in 2023 was driven by the following factors:

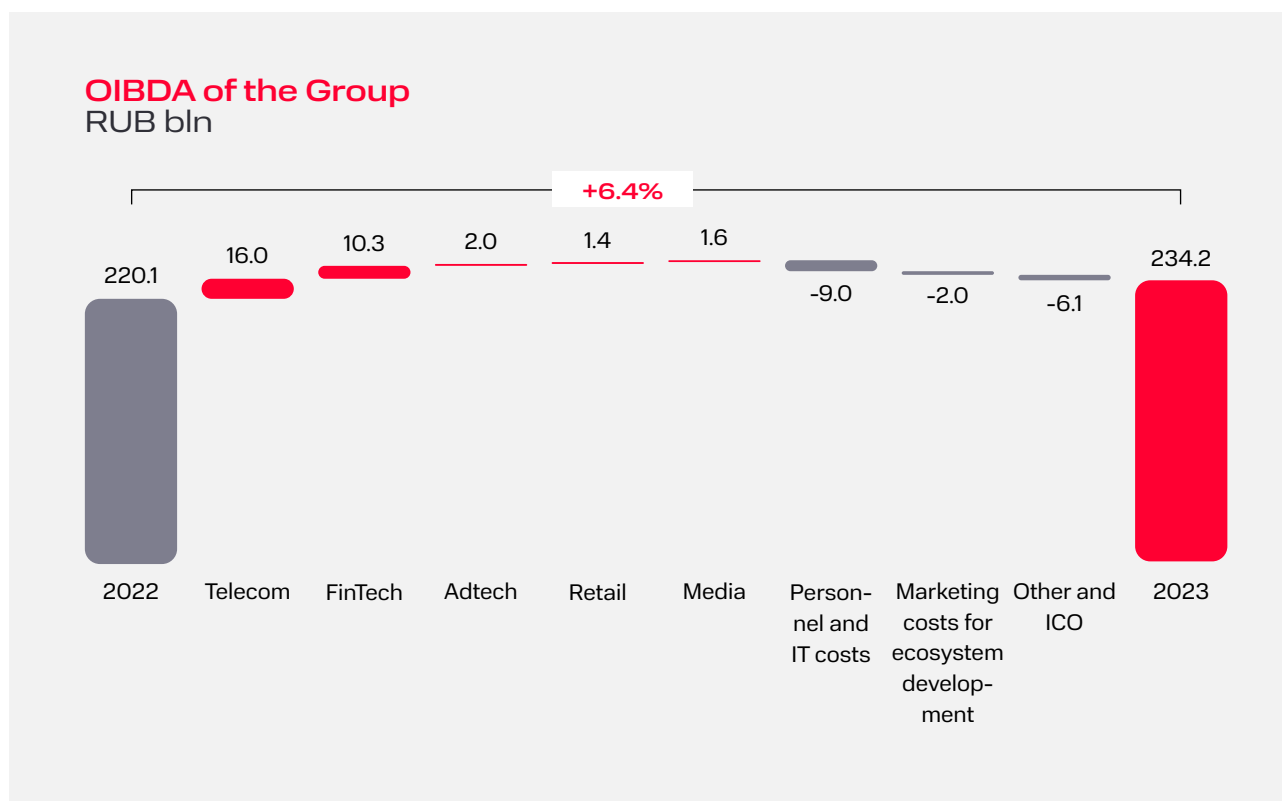
- Growth in revenue from basic telecom services and the B2B segment;
- Significant growth in the retail loan portfolio and commission income in FinTech;
- Scaling in the advertising business;
- Successful recovery of sales in the retail business.

Information on the consolidated financial and operating results of MTS Group for Q4 2023 and entire 2023 is available on the company's website



Financial statements –
Moscow (mts.ru)

OIBDA OF THE GROUP

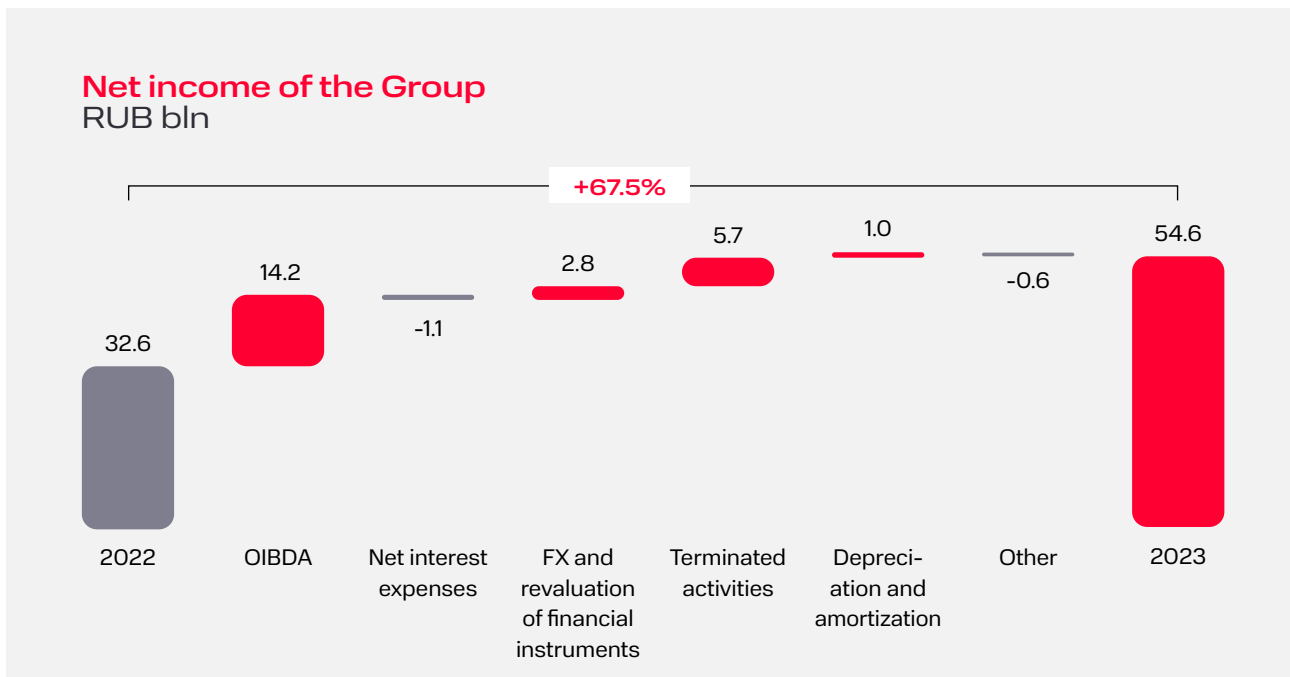


The main drivers of OIBDA in 2023 were:

- Positive effect of revenue growth in Telecom in both the B2C and B2B segments;
- Successful results of FinTech against the background of growth in lending;
- Revenue growth and cost management of the Media vertical.

OIBDA growth in 2023 was limited by investments in growth points, personnel costs and rising funding costs in individual verticals.

NET INCOME



Net income in 2023 increased by more than 67% against the background of the Group's strong business results.

The profitability dynamics were also supported by the revaluation of financial instruments, which exceeded the negative revaluation in terms of foreign currencies.

MTS continues to demonstrate the sustainability of its business, while the Group's revenue keeps growing at double-digit rates. Our business areas show steady growth, the number of ecosystem customers in 2023 exceeded 15 million people.

Among mature businesses of the ecosystem, the FinTech vertical makes a significant contribution to revenue growth. Over the year, the retail loan portfolio grew by 33% to RUB 339 billion, the net income increased to a record level and reached RUB 12.5 billion. Within the framework of its strategy, MTS FinTech is developing as one of the key drivers of the ecosystem along with creating the best digital services in the retail market of financial services. At the same time, we are developing the area as an independent and investment-attractive business that complies with the best corporate governance practices.

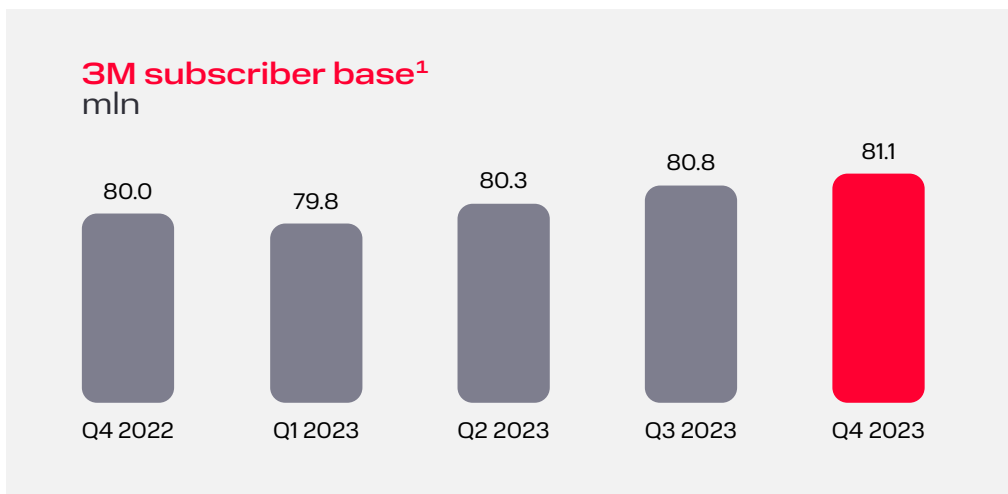
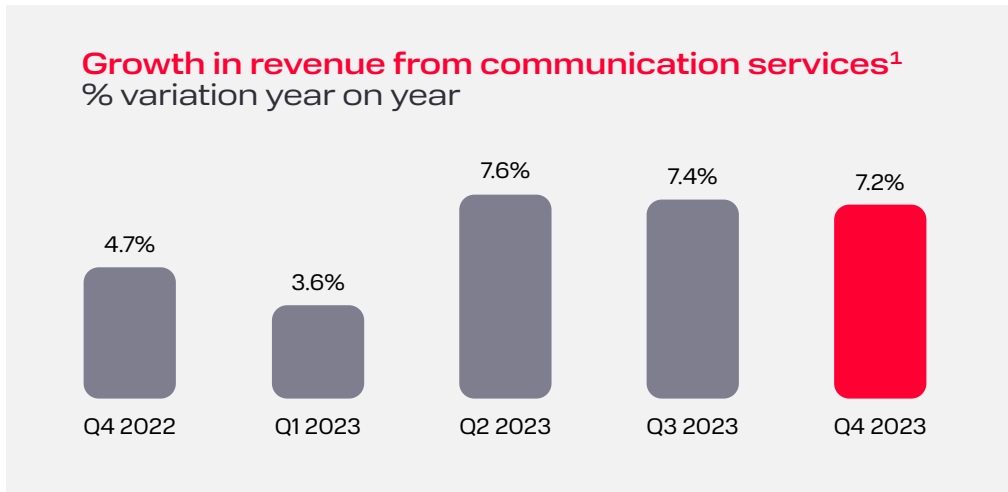
The B2B area demonstrates excellent results: we remain the leaders of the B2B market in Russia and keep steadily growing by 17% year on year due to the Internet of Things, intelligent communication systems and communication services under the brand names of MTS Link and MTS Exolve. We have completed the first tests of our own base station in real conditions; by the end of 2024, the first hundred of such stations will already begin operating on the basis of our network.

The synergy of all business areas and continued investment in the development of both core and new businesses allow us to feel confident about the future and keep on improving the quality of ecosystem services for tens of millions of our customers.

President of MTS

TELECOM RESULTS

Continued transformation from Telco to Techco with strong revenue dynamics



+13%

Growth in the B2B revenue from communication services, including results of IoT, ICS², fixed business

+15%

B2B BBA revenue growth

+62%

Revenue growth from vertical solutions with IoT³

¹ All figures for Russia only.

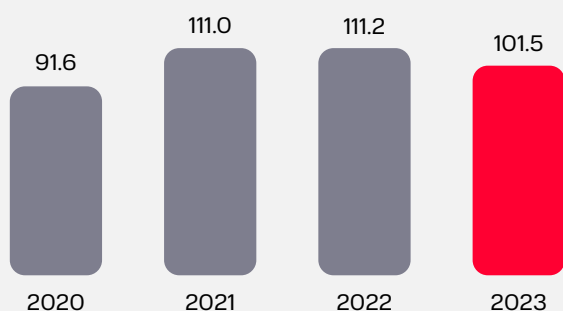
² Services from the ICS (intelligent communication systems) portfolio and Exolve, which allow to integrate telecommunications functions into complex developer products through cloud platforms and APIs.

³ IoT solutions for individual projects and tasks.

FREE CASH FLOW

Free cash flow growth against the background of strong results

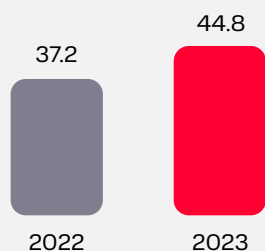
Capital expenditures of the Group¹ RUB bln



¹ Excluding cash receipts under sharing agreements

Decrease in the Group's capital expenditures in 2023 was due to more intensive procurement of equipment and relatively higher exchange rates of foreign currencies against ruble during the period of making such procurement in 2022.

Free cash flow excluding banking activities RUB bln

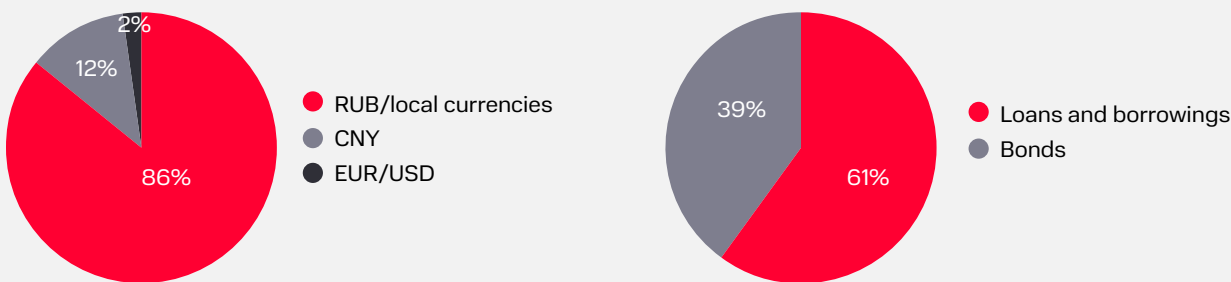


FCF growth excluding banking activities in 2023 was driven primarily by lower cash flows associated with acquisition of new companies and lower capital expenditures.

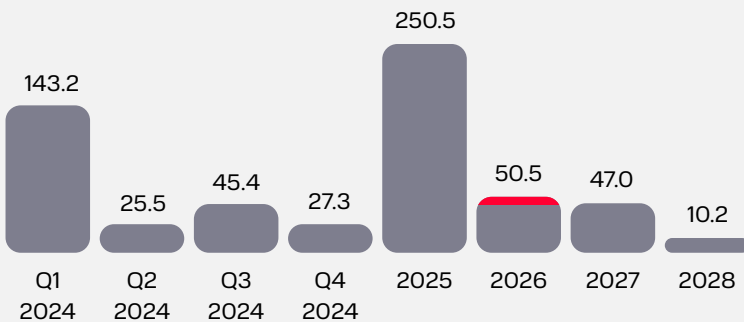
DEBT BURDEN

Debt burden is at a comfortable level

Total debt structure¹



Debt payment schedule
RUB bln

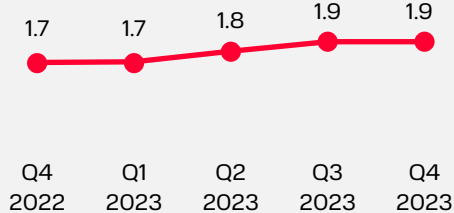


Total debt²

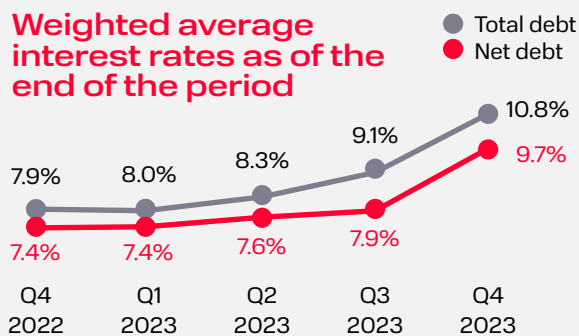
554.6
RUB bln

● Ruble bonds BO-02 contain put options that may be exercised in February 2026 as of December 31, 2023

Net debt¹ / LTM OIBDA



Weighted average interest rates as of the end of the period



¹ Excluding lease under IFRS.

² Excluding borrowing costs; the amounts may differ as a result of rounding.



CORPORATE GOVERNANCE

- 68 Report by the Board of Directors**
- 71 Corporate Governance System**
- 74 Corporate Governance Bodies**
- 122 Risk Management**
- 137 Capital and Securities**



REPORT BY THE BOARD OF DIRECTORS

on the Results of MTS Development in terms of Priority Business Areas

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

During implementation of the Customer Lifetime Value 2.0 (CLV 2.0) strategy, MTS Group has undergone a stage of transformation from a mono-industry (telecommunications) player into a multi-industry company operating in several markets that develops diversified business areas at different maturity stages and with different scale and dynamics. The next key strategic task of the corporate governance bodies and top management of MTS was the search for and adjustment of mechanisms for translating the increased cost of product content into increased shareholder value.

At the current stage, we identify three strategic areas of management effort, the progress in which, in our opinion, can ensure such growth:

- building an ecosystem of digital products;
- transforming into the Group with implementation of the sum of the parts principle;
- achieving excellence in digital technology and competencies.

Building an ecosystem of digital products has been one of the Company's primary strategic priorities over the past few years. The ecosystem market offer is our key value capture tool in the

B2C segment, the basis that has and will continue to ensure the Company's financial strength in both short and long term.

In this area, the majority of the necessary decisions and actions on the part of senior management and the Board of Directors have already been implemented. The main product areas have been identified, the principles and rules of interaction between them have been established and an operational management system has been built. Thus, the main management activities here is carried out by the management of the business areas, while the senior management and corporate governance bodies fulfil the functions of high-level distribution of financial flows, control over the generation

and implementation of business area strategies, as well as the degree of achievement of business outcomes. Besides, we provide targeted impacts related, in particular, to key personnel decisions, consideration of issues of entering new product areas and strengthening the current ones, including through M&A.

During 2023, the implementation of the above functions constituted a significant part of our work, however, we perceive this area of activity, without diminishing its strategic importance, as “operational”, where management of business areas plays the main part in the development of creative and non-conventional management decisions.

For us, such decisions are aimed at the **transformation into a Group with the implementation of the sum of the parts principle**. Taking into account the current historical context, we cannot set any specific time frame for bringing business areas into the category of independent businesses (let alone their IPO). However, in our opinion, the above does not prevent us from, firstly, filling these business areas with value, thus developing them; secondly, helping them gain independence without depriving them of operational ties with the Group; and thirdly, gradually forming the target legal framework of the Group itself. Thus, we continue to move forward in accordance with the adopted strategic guidelines and believe that this particular area is key for senior management and corporate governance bodies.

The most important issues that we are considering now and will consider in the near future are as follows:

- Smooth transfer of responsibility to business areas and ensuring the possibility of their independent activities with motivation for market leadership.
- Reconfiguring the management system by business areas (including from the point of view of establishing independent corporate governance bodies) taking into account the prospects for spin-off of business areas to be independent companies.
- Maintaining high quality operational and corporate governance processes in all businesses and compliance with control, compliance and risk management processes and procedures.
- Ensuring a high level of motivation through motivation programs and long-term financial incentives for employees.

We believe that achievement of excellence in digital technologies and competencies is possible through continuous process of introducing advanced technological competencies, tools and solutions into the company’s business processes and products, in the formation and maintenance of a digital corporate culture and “digital consciousness” among the personnel. We consider this process to be a separate strategic area and thus emphasize that the Group’s growth path lies in the technological environment. In a practical sense for the Board of Directors, this means that all issues and decisions that can contribute to progress in this area are given increased priority, and management actions are assessed, inter alia, from the point of view of their positive contribution to this process.

The function of protecting the rights and interests of shareholders is one of the most important for the Board of Directors. Within its implementation, we fulfilled all the necessary actions to arrange the annual general meeting of shareholders and pass resolutions on the payment of dividends for 2022 in the total amount of RUB 67.2 billion. Also in 2023, the Board of Directors considered the issues of restructuring the ownership of foreign businesses of MTS and transferring them to friendly jurisdictions in order to keep the shareholder value.

It is worth noting that the implementation of the principles of environmental and social responsibility (ESG) is an important component of our management philosophy. We consistently implement inclusive projects to achieve sustainable positive changes in society based on the principles of equality and diversity. In 2023, MTS became the leader in the RAEX ranking of companies with a developed inclusive culture, having received the highest AAA grade. Also, we received the highest non-financial (ESG) reporting rating and the highest sustainability rating according to AK&M.

The following can be noted among other issues considered by the Board of Directors of MTS in 2023 and the respective decisions made.

- 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 and subsidiaries.
- An assessment was made with regard to the achievement of the target KPIs in 2022 by the President and members of the Management

Board of MTS, and the target KPI levels for 2023 were approved.

- In order to ensure the continuity of financing of MTS PJSC activities and optimal debt manage-

ment, issues related to the programs for issuing and repurchasing bonds and other financing instruments were considered.

Expansion of MTS business into new high-tech and highly dynamic areas, more active development of such market segments as B2B and B2B2X, development of a partnership program, elaboration of the Group's legal framework, as well as the current historical context, have significantly increased the burden on management at all levels and the corporate governance bodies of the company. In view of the above, the Board of Directors specifically notes the highest level of professionalism, cohesion and dedication of the MTS team, our focus on achieving strategic goals, fulfilling all obligations to customers, business partners, employees and shareholders.

CORPORATE GOVERNANCE SYSTEM

Corporate Governance Model Development

Since the beginning of its public history, MTS has been paying great attention to the development of corporate governance and strives to ensure that MTS corporate governance practices meet the best standards.

Work aimed at introduction of the principles and recommendations of the Bank of Russia Corporate Governance Code into the Company's practices has been carried out since 2014, when a restated Corporate Governance Code was adopted¹.

In 2023, through implementing the principles and recommendations of the CGC, we continued to maintain a high level of corporate governance, taking into account the challenges facing the Company².

Corporate Governance Index

Based on the results of 2023, for the sixth year consecutive, MTS is among the "Leaders in Corporate Governance" of the RUCGI National Corporate Governance Index.

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 one of the fundamental values for MTS, therefore, 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 when defining the Company's strategy, approving business plans and making other important decisions;
- Control over the management activities;
- Observance of business ethics when doing business;
- Doing socially responsible business aimed at ensuring sustainable development of the Company and its welfare.

¹ Approved on March 21, 2014 by the Board of Directors of the Bank of Russia (Letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014).

² See detailed results in Appendix "Report on Compliance with the Principles and Recommendations of the Corporate Governance Code".

MTS Group Governance System

The current corporate governance system at MTS Group ensures strict observance of 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 MTS Group. The steps taken to develop the corporate governance system ensure the most effective use of shareholders' investments and their protection, assist in developing the digital ecosystem of MTS products, taking into account the interconnected relationships and succession in the decisions made by the management bodies of MTS.

Management of MTS Group Subsidiaries

As part of the strategy, development of the MTS 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.

Principles of managing MTS controlled subsidiaries

- Management and control are carried out through representatives of MTS elected to the management bodies of subsidiaries.
- With respect to subsidiaries, the uniform corporate governance standards of MTS Group are applied, including unified internal decision-making procedures and standard corporate documents, as well as uniform standards and procedures of 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 Board of Directors of MTS is the center for strategic decisions transmitted to subsidiaries through MTS representatives in the management bodies, including in regard of the following issues:

strategy and investments;

- business plan and budget;
- remuneration system;
- management control, audit, compliance;

- asset control.
- The following points are taken into account when forming the Boards of Directors at subsidiaries:
 - importance of the company for the overall MTS Group strategy;
 - current and target scale of the company's business;
 - sector and industry of the company;
 - requirements of laws, regulators and exchanges;
 - balance between the personal and numerical composition of the Board of Directors.

The Remuneration & Nomination Committee of the Board of Directors of MTS 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 membership in the Boards of Directors of subsidiaries:

- personal skills, qualifications, experience;
- knowledge of industry and sector of the subsidiaries;
- overall 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. The representatives of MTS participate in the work of the management bodies of subsidiaries guided by the rules of subsidiary internal documents.

In order to fulfill their duties efficiently, the representatives:

- receive and analyze information about the company's activities;

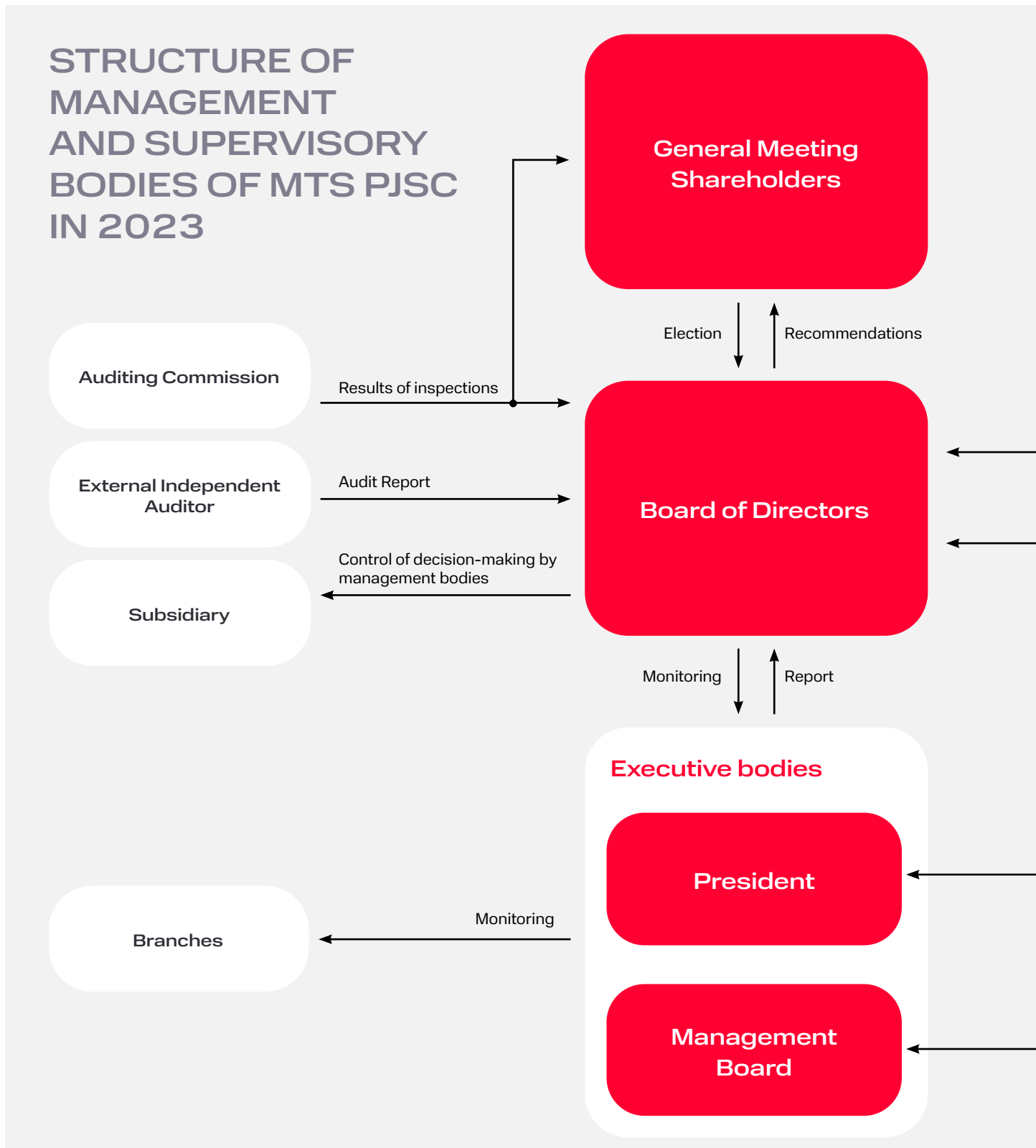
- initiate issues to be included in the agenda of management bodies;
- take active part in meetings of management bodies;
- vote taking into account the position of the management bodies of MTS, determined in accordance with the MTS Charter;
- control the implementation of the decisions made;
- participate in developing a culture of ethical business conduct and compliance with applicable anti-corruption legislation;
- 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.

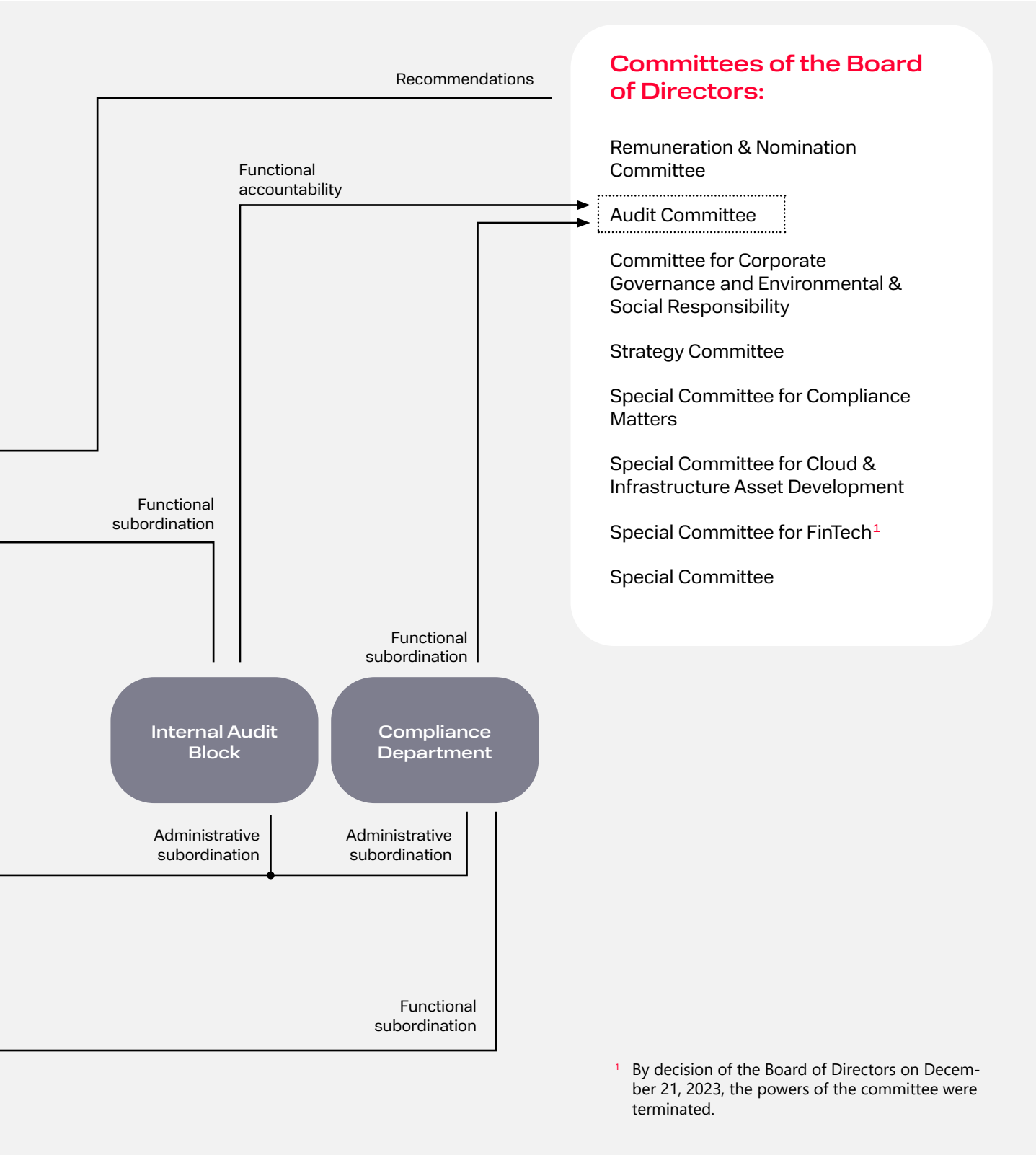
Management of the companies not controlled by MTS Group, in respect of which persons/entities from MTS Group have the rights of a sharehold-

er (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 MTS Group in such companies is influenced by the share of participation of persons/entities being part of MTS Group and/or the terms of the corporate agreement entered into in relation to such a company. Herewith, the Group makes reasonable efforts to ensure compliance with and application of these standards in the companies not controlled by MTS Group.

The anti-corruption compliance program of MTS Group is implemented through the introduction of uniform approaches, standards, policies and procedures both at MTS PJSC and its subsidiaries. Ensuring uniformity in the context of the large composition of MTS Group is achieved through commitment to the principles of corporate governance, efficient conclusion and performance of contracts in investment transactions and a proactive approach to organizing interaction with the heads of new MTS Group companies.

CORPORATE GOVERNANCE BODIES





¹ By decision of the Board of Directors on December 21, 2023, the powers of the committee were terminated.

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 adherence to the rights of shareholders and meets all the requirements of the legislation of the Russian Federation. Procedure for the preparation, convocation, holding and summarizing of results of the General Meeting of Shareholders is determined by the Charter and the Regulations on the General Meeting of Shareholders of MTS PJSC¹.

The shareholders take part in governance over the Company and significantly impact its priority areas of the business development by making decisions at the General Meeting of the Company's Shareholders. The powers of the General Meeting of Shareholders encompass the approval of an annual report and accounting statements, distribution of profit, including payment of dividends, election of key management and control bodies of the Company, decision-making concerning the Company reorganization and a number of other important matters.

Notifying the Shareholders on Holding of the General Meeting of Shareholders

Shareholders shall be notified on holding of the General Meeting of Shareholders through posting of this information on the official website of the Company² at least thirty (30) calendar days prior to the date of its holding.

The notice of 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 register of shareholders, 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 materials on the agenda of the General Meeting of Shareholders are provided to the 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.

Within the framework of preparation to the General Meeting of MTS Shareholders, the shareholders get the opportunity to ask members of the executive bodies and the Board of Directors on the items on the agenda of the General Meeting of Shareholders, as well as to voice their opinion on the items on the agenda of the meeting by sending e-mails to: 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 ways most simple and convenient for them without any encumbrance. Voting at the 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 voting e-ballots on the MTS website at: 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

¹ https://storage.ir.mts.ru/mts-ir/images/documents/MTS-GSM-Regulations_2020-eng.pdf

² https://ir.mts.ru/about_mts/corporate_governance/shareholders-meeting.

organized at locations convenient for arrival 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 Company projects.

Results of the 2023 Annual General Meeting of Shareholders¹

The Annual General Meeting of Shareholders of MTS PJSC was held on June 18, 2023 in absentia using the Registry-Online e-voting services by Reestr JSC. At the annual General Meeting of Shareholders, 84.5% of those participating in the meeting voted electronically.

¹ https://ir.mts.ru/news_and_events/corporate_releases/details/741873.

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 efficient management organization.

Establishment procedure, status, composition, functions, goals and objectives, powers of the Board of Directors, the procedure for its operation and interaction with other management bodies of the company are set forth in the provisions of the legislation of the Russian Federation, the Charter, the Regulations on the Board of Directors of MTS PJSC¹, as well as 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 superior 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 revenue 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. The issues related to the needs of the Board of Directors in the area of professional qualification, background and business skills of its members, as well as to the numerical composition, were considered within the procedure for assessing the Board of Directors’ performance². The

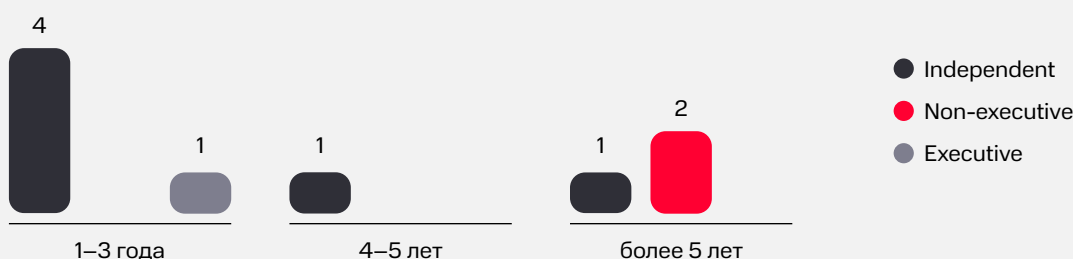
present members of the Board of Directors of MTS PJSC were elected at the annual General Meeting of Shareholders of MTS PJSC on June 18, 2023.

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

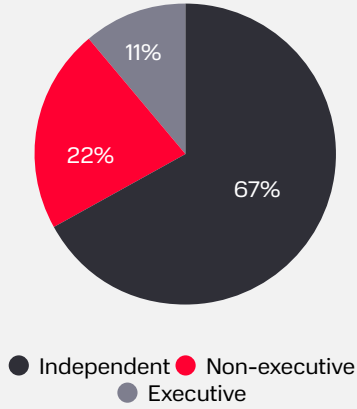
¹ [Regulations on the Board of Directors of MTS PJSC.](#)

² See more in the “Assessment of Performance of the Board of Directors” section.

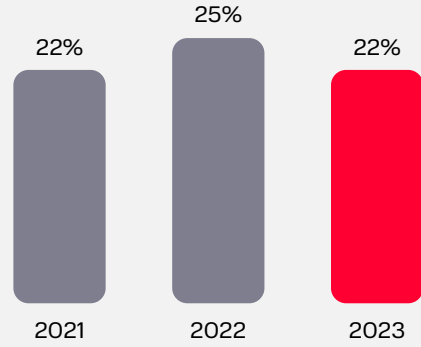
Duration of Work in the Board of Directors



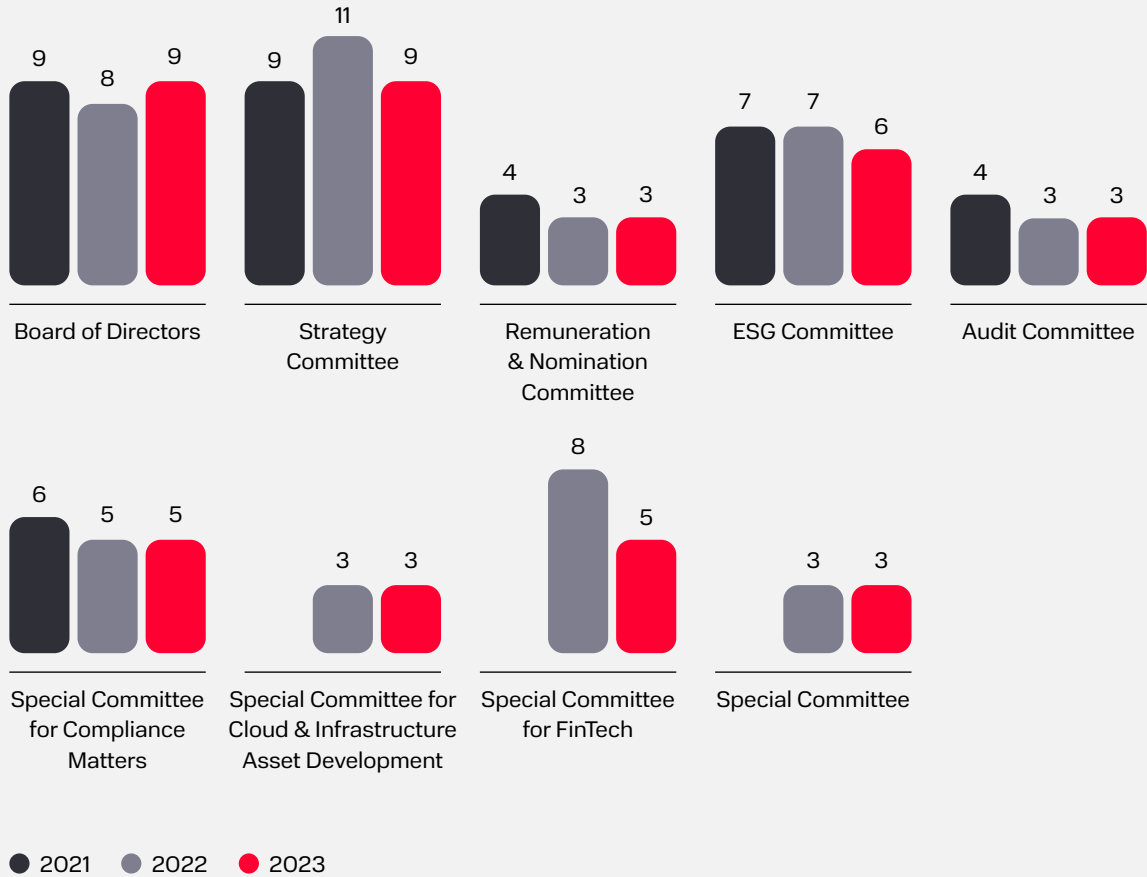
Members of the Board of Directors¹



Share of Female Directors in the Composition of the Board of Directors¹



Numerical composition of the Board of Directors and Committees¹



¹ Data as of December 31, 2023 (as of December 20, 2023 – for the Special Committee on FinTech).

Chairman of the Board of Directors

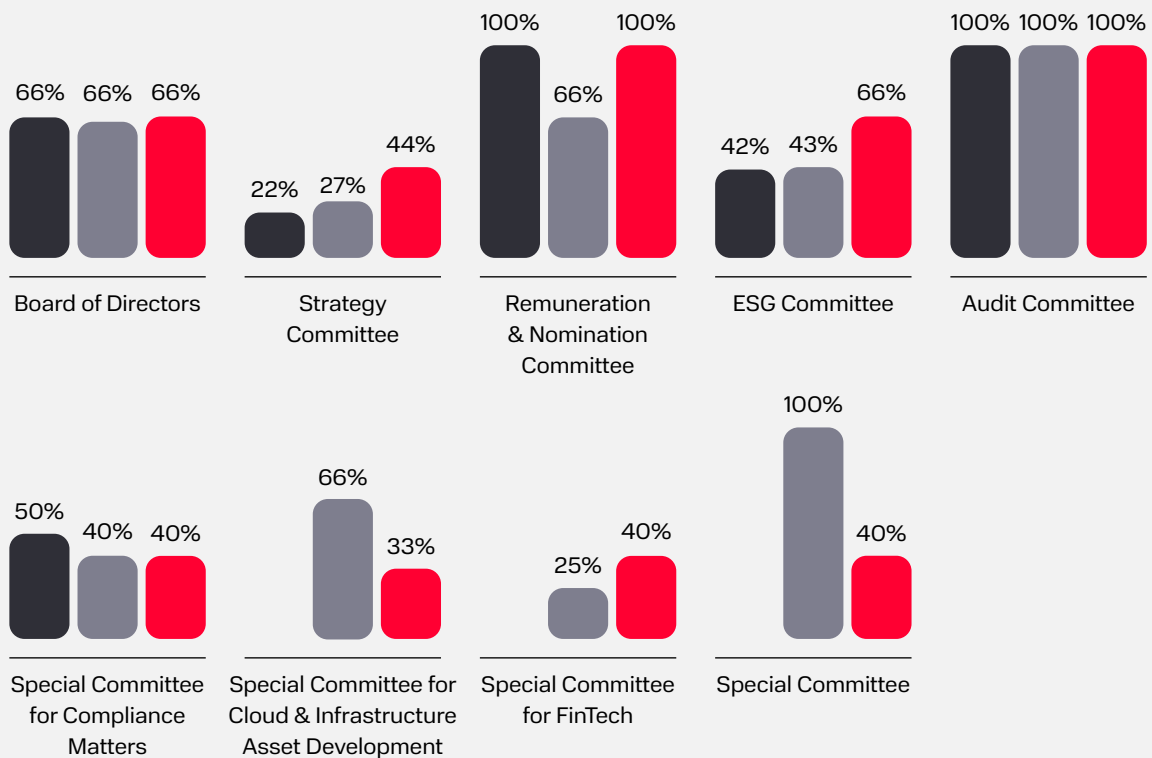
The Chairman of the Board of Directors of MTS PJSC ensures the growth of shareholder value and maintains a balance between short-term financial results and long-term strategic positioning of the business. The key task of the Chairman of the Board of Directors is to create a dynamic and positive environment in the Board of Directors, where 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 22, 2023, and an independent director was elected Deputy Chairman of the Board of Directors.

independent director provided for by the Corporate Governance Code. He/she coordinates the work of independent directors and builds interaction between independent directors and the Chairman of the MTS Board of Directors.

The Deputy Chairman of the Board of Directors actually performs the functions of the senior

Share of Independent Directors in the Composition of the Board of Directors and Committees¹



¹ Data as of December 31, 2023 (as of December 20, 2023 – for the Special Committee on FinTech).

● 2021 ● 2022 ● 2023

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 members of the Board of Directors are defined in the Regulations on the Board of Directors of MTS PJSC¹ and correspond to advanced international corporate governance practices.

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 requirements of MTS, the Company has to have at least one member of the Board of Directors (in the Audit Committee) with expertise in accounting or relevant financial management experience (financial expert). The Audit Committee of the Board of Directors is headed by an independent director with a “financial expert” status, who has experience and knowledge in preparation, analysis, evaluation and audit of financial reporting. The “financial expert” status was also assigned to another committee member. Thus, two out of three members of the Audit Committee have the “financial expert” status.

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

Independent directors are actively involved in preliminary discussions of interested-party transactions that are major to the Company. The Company also introduced a practice of preliminary review of a number of interested-party transactions at the meetings of the Audit Committee of the Board of Directors consisting only of independent directors.

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

¹ [Regulations on the Board of Directors of MTS PJSC.](#)

Informing Newly Elected Members of the Board of Directors and the Committees of the Board of Directors about the Company Operation

In accordance with the best corporate governance practices, an orientation (information) course is held for newly elected members of the Board of Directors and the committees of the Board of Directors in the format of interactive presentation in Russian and English. This course makes it possible to briefly familiarize new members of the Board of Directors and the committees of the Board of Directors with the history of Company development, operation of the Board of Directors, main documents gov-

erning the Company's operations, annual financial statements, development strategy, the Company's management structure, etc.

As part of the orientation course, meetings are held with the President and key representatives of senior management of MTS, where members of the Board of Directors can receive any information they need for work.

Role of the Board of Directors in the Organization of an Efficient Risk Management and Internal Control System¹

Within its competences, the Board of Directors is responsible for monitoring the efficiency of the structure and functioning of the Company's systems for risk management, compliance and internal control; 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 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 twice a year.

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 goals.

Organization of Activities of the Board of Directors

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 are convened to make decisions on urgent matters. Issues that have been previously thoroughly worked out and with regard to which members of the Board of Directors do not have significant comments are brought up at the meetings in the form of absentee voting.

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

year. Dates, time and locations of meetings shall be determined according to the plans of activities of members of the Board of Directors in order to provide for participation of all the directors.

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

¹ See "Risk Management" section for details.

recommendations for a final decision of the Board of Directors.

In-person meetings of the Board of Directors are held in the Moscow headquarters. The first meeting of the newly elected composition of the Board of Directors shall be held in person, on the day

of the General Meeting of Shareholders or within several business days after the election of the Board of Directors in a new composition, at which a decision on the election of the Board of Directors is made. The Company also uses remote forms of communication.

Corporate Secretary

The Corporate Secretary ensures efficient operation 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 acting on the basis of the Regulations on the Corporate Governance Department¹. The Corporate Governance Department is headed by the Corporate Governance Director, who is 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 ensuring efficient ongoing interaction with shareholders, coordinating the Company's actions aimed at protection of rights and interests of shareholders, as well as supporting the efficient operation of the Company's Board of Directors.

¹ http://static.mts.ru/uploadmsk/contents/1655/Regulations_on_MTS_CG_Department-rus.pdf.

Top 50

1
place

**Communications and
Telecommunications**

The Corporate Governance Director of MTS

was among the Top 50 Corporate Governance Directors of the XX Anniversary Award "Top 1000 Russian Managers"¹ by winning in the "Communications and Telecommunications" category

¹ <https://award.amr.ru/#rec666688085>.

Secretary of the Board of Directors

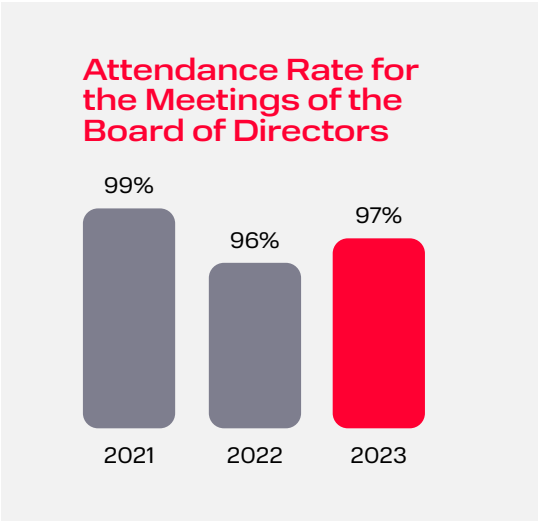
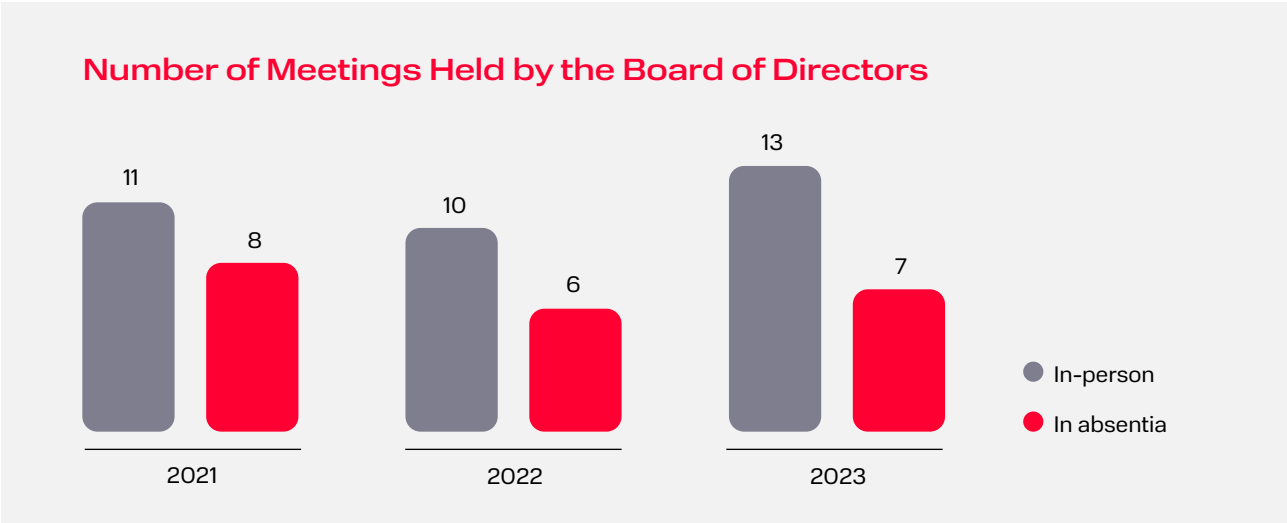
The Secretary of the Board of Directors ensures compliance of the Company's management bodies with the requirements of legislation and internal regulations of the Company which guarantee the enforcement of rights and interests of its shareholders. The Secretary of the Board of Directors performs its functions in accordance with the Charter and Regulations on the Board of Directors of MTS PJSC¹.

The functions of the Secretary of the Board of Directors include:

- inter alia,
- induction of newly elected members of the Board of Directors,
- notification of members of the Board of Directors and invited persons about upcoming meetings,
- provision of materials on the agenda items and additional information,
- counting voting results,
- keeping minutes of meetings,
- control over execution of decisions of the Board of Directors,
- communication, organizational and other functions.

¹ [Regulations on the Board of Directors of MTS PJSC.](#)

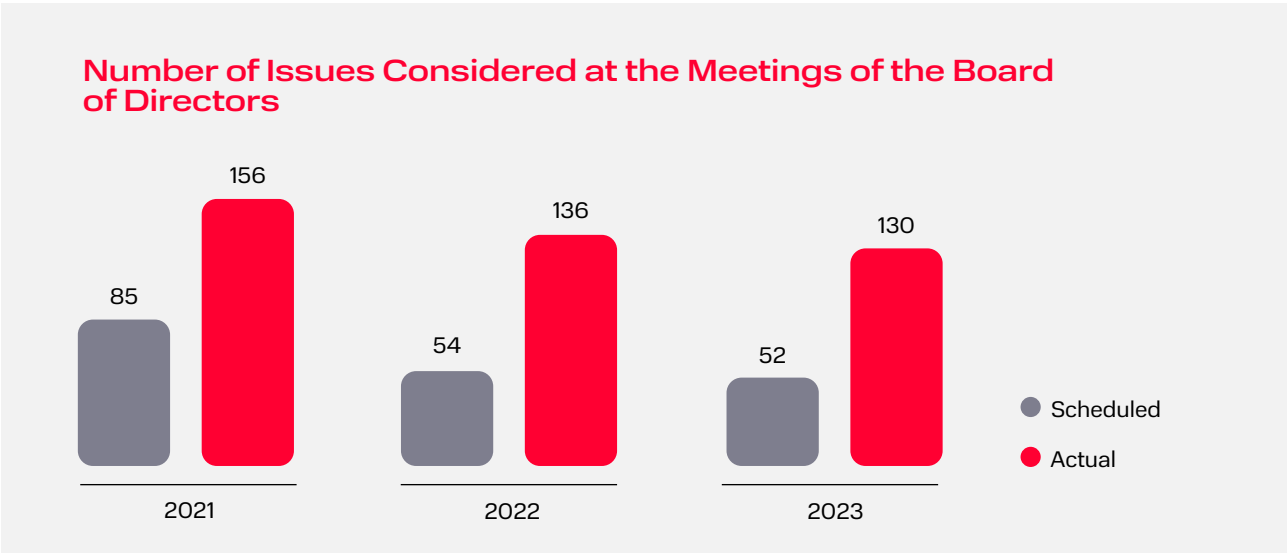
Report on Activities of the Board of Directors



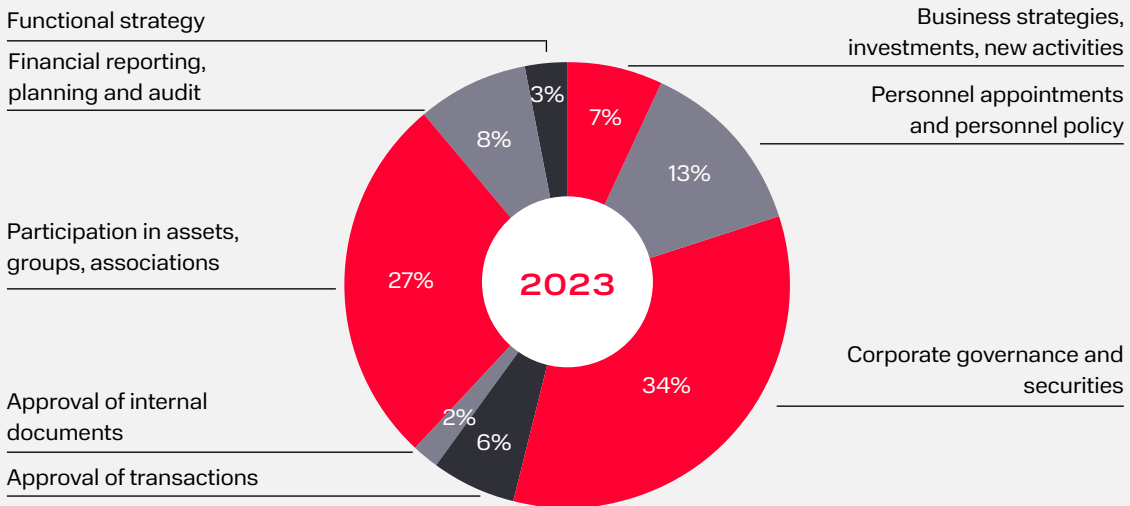
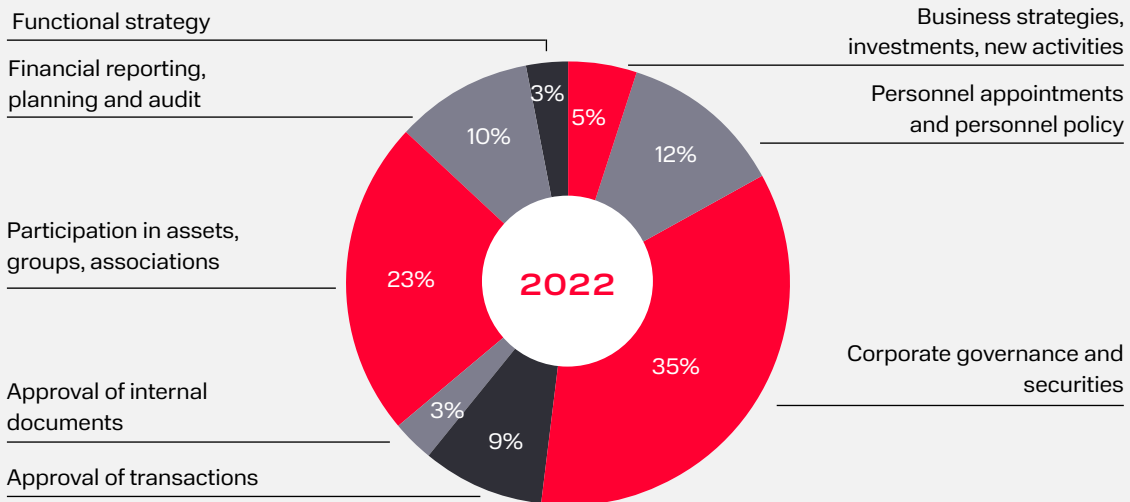
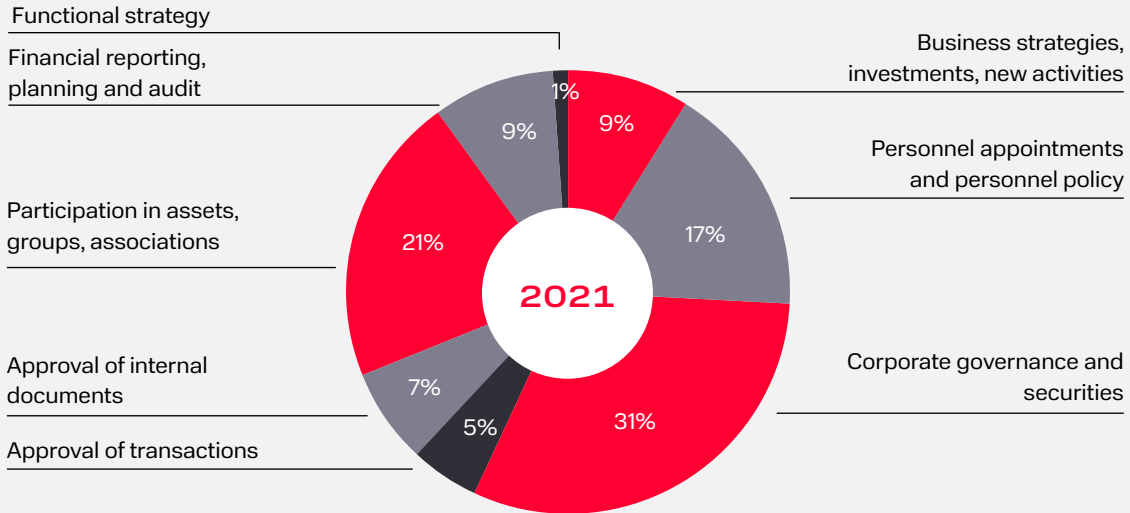
In 2023,

20 meetings

of the Board of Directors were held, including 13 in person and 7 in the form of absentee voting



Structure of Issues Reviewed at the Meetings of the Board of Directors



Examples of Major Issues Reviewed by the Board of Directors of MTS PJSC in 2023

- MTS Group strategy for 2024–2026.
- Status of transformation of MTS PJSC.
- Status of transformation of corporate culture of MTS PJSC.
- Management structure of MTS Group companies.
- Results of assessment of MTS Group compliance culture in 2023, the mitigating action plan for 2024; implementation of the mitigating action plan based on the results of assessment of compliance culture at MTS Group in 2022.
- MTS PJSC initiatives in the field of hiring people with special needs.
- Development of key B2C products of the MTS ecosystem.
- Development of artificial intelligence.
- Status of AI/DeepTech investment projects — startups in 2022.

Assessment of Performance of the Board of Directors

The Assessment Methodology defines the approach to assessment aimed to improve the performance of the Board of Directors, its committees, members of the Board of Directors, as well as to enhance the quality of corporate governance at MTS in general. 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 advisor.

Assessment objects:

- 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.

Objectives of the third party assessment of the activities of the Board of Directors in 2023:

- determine strengths and weaknesses of the current Board of Directors and its committees;
- determine the degree of balance in the composition of the Board of Directors;
- determine the need to adjust the plans and methods of work of the Board of Directors and committees;
- assess the succession planning process for the Board of Directors and determine the need to change the process;
- assess the communication process between the Board of Directors and its committees, between the Board of Directors and management;
- determine areas for optimizing the activities of committees of the Board of Directors;

- compare the practices of the Board of Directors with the best international and (or) Russian practices;
- determine demands by areas for training (advanced training).

Results of the third party assessment of the activities of the Board of Directors in 2023

In 2023, MTS assessed the activities of the Board of Directors with the involvement of an independent advisor (third party assessment). All acting members of the Board of Directors of MTS and 12 representatives of the management and members of the committees of the Board of Directors of MTS took part in the assessment.

Within the third party assessment, participant observations of two committees of the MTS Board of Directors (Audit Committee and ESG Committee) were carried out.

The report on the results of the assessment of the activities of the Board of Directors of MTS was approved at a meeting of the Board of Directors. The results of the third party assessment and recommendations of the independent advisor were taken into account by the Board and management of MTS and are used to develop activities aimed at improving operations of the Board of Directors and its committees.

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 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 50 million.

The 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/omission while they exercise office duties in the office held, namely:

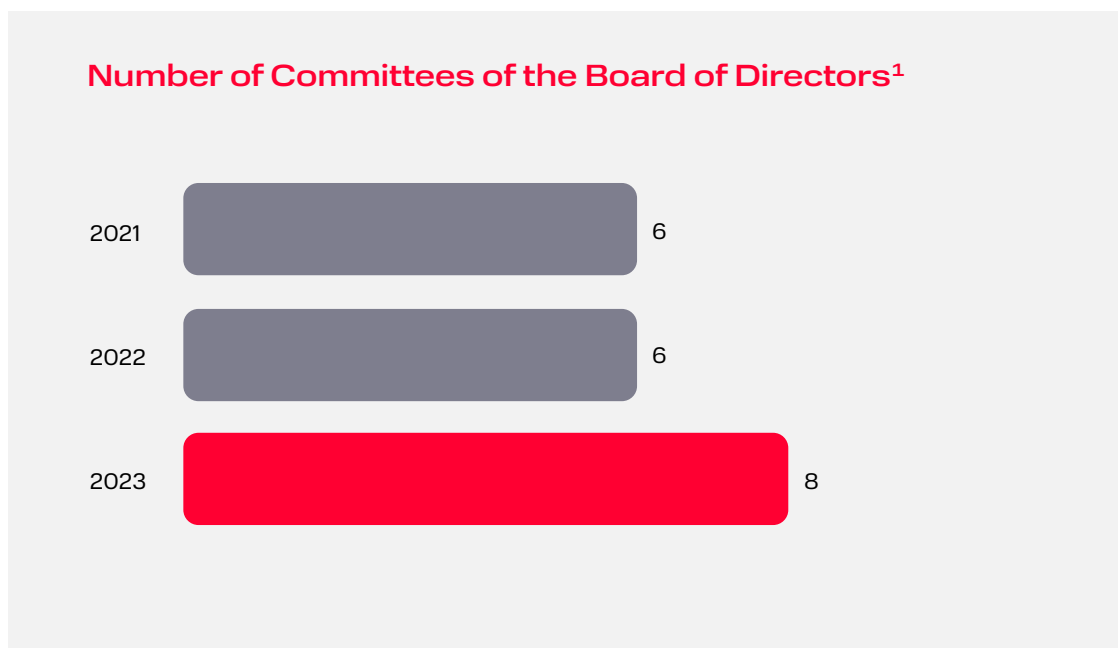
- reimbursement of expenses of executive officers for lawyers and legal protection in connection with the above actions or claims;
- indemnification of damages caused to plaintiffs by inadvertent actions/omission of executive officers (in the event that the action is satisfied by court);
- indemnification of damages of MTS PJSC and subsidiaries of MTS PJSC for security-related claims.

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. The committee members thoroughly study an issue and propose elaborated alternative decisions to the members of the Board of Directors, making it possible for them to join the discussion of the issue more promptly.

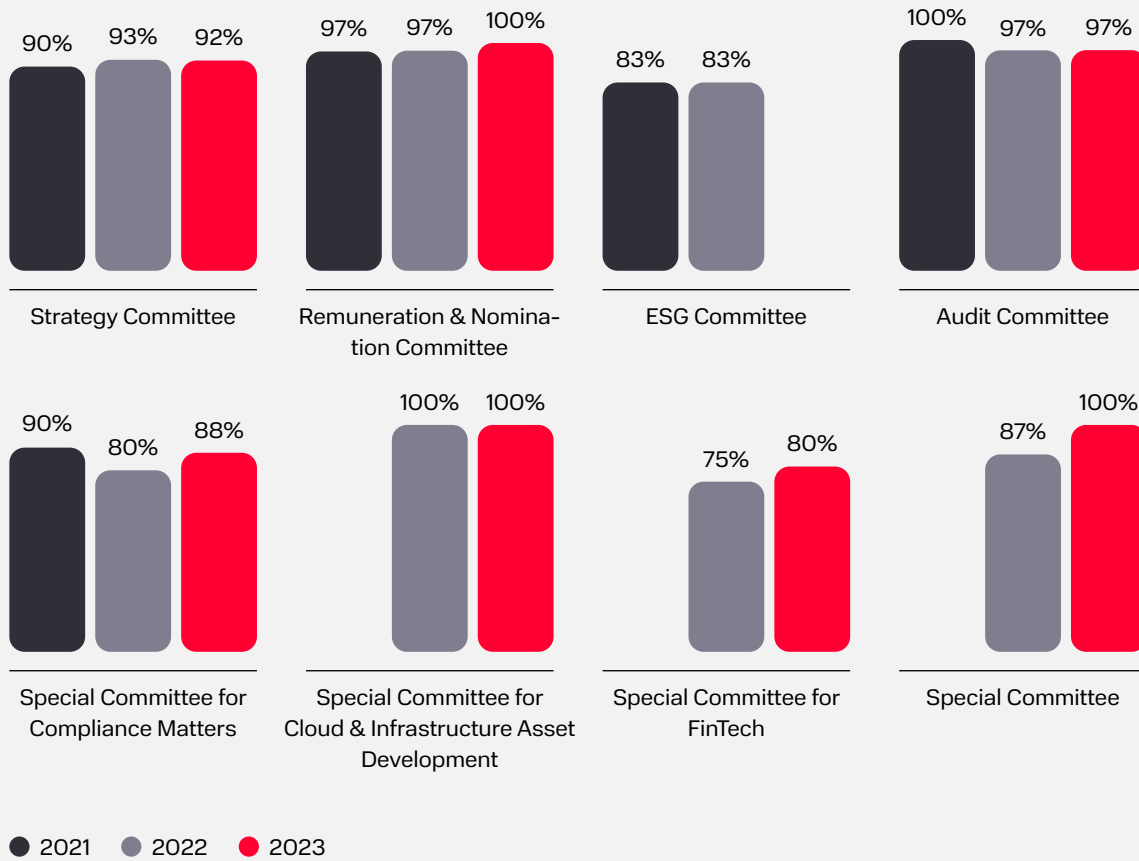
Powers of and requirements to compositions of the committees shall be determined by Regulations on the Committees approved by the Board of Directors. The committees may involve third party experts and advisors in order to execute their objectives. The results of reviews of agenda items by the Committees are communicated to the Board of Directors members prior to every meeting of the Board of Directors.

Each member of the Board of Directors 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.

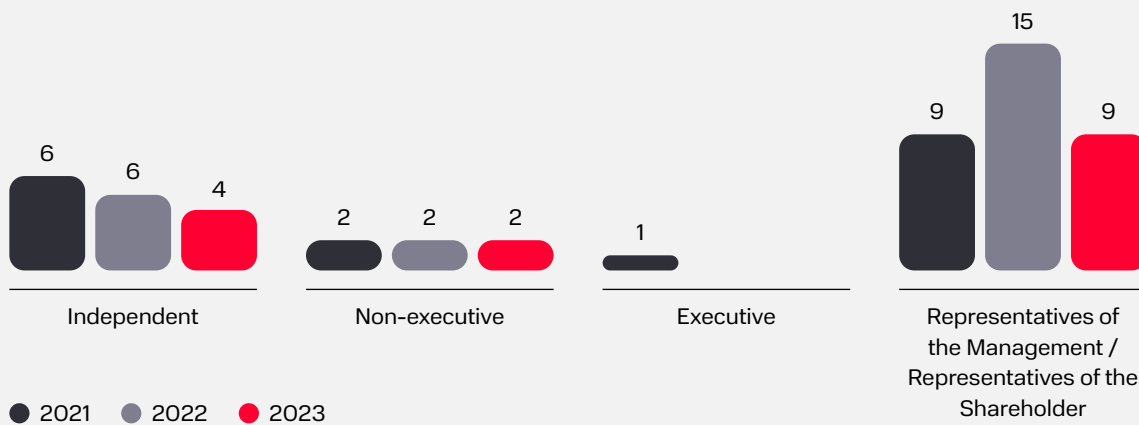


¹ Data as of December 31, 2023 (as of December 20, 2023 — for the Special Committee on FinTech).

Average Level of Attendance of the Meetings of the Committees¹



Structure of Composition of the Committees of the Board of Directors¹



¹ Data as of December 31, 2023 (as of December 20, 2023 — for the Special Committee on FinTech).

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 legislation, the Charter and the internal documents of the Company, the Corporate Governance Code¹, the Code of Business Conduct and Ethics of MTS PJSC, decisions of the Company's management bodies, as well as the Regulations on the Audit Committee².

Key functions of the Committee:

- oversight of completeness, accuracy, and objectivity of the MTS 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 Central Bank of the Russian Federation and other regulatory authorities;
- review of reports on financial and operational performance of MTS Group before issuing press releases;
- monitoring of the efficiency of risk management, internal control system and corporate governance of 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;
- review, together with the management, internal auditor and external auditor, of 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 audit function;
- 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, together with the Internal Audit Director, and approval of the internal audit resource plan, budget and KPIs;
- assessment of efficiency of internal audit activities and the implementation of KPIs;
- assessment of the Group's external auditors' independence, objectivity, and lack of conflict of interest, including the assessment of candidates for the Group auditors, submission of recommendations on the appointment, re-appointment and discharge of the external auditors of the Group, remuneration for their services and contractual terms;
- supervision of the external audit and assessment of the quality of the audit and audit reports;
- supervision of compliance with the Group's procedures setting the principles of provision and combination of audit and non-audit services by the auditor;
- supervision of the efficiency of the reporting system on potential cases of fraud committed by the Group's employees (including violation of

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

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

anti-corruption policy, unfair use of insider and confidential information) and by third parties, as well as 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.

Number of Members

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 22, 2023.

Meetings

In the reporting year, 22 Committee meetings were held: 18 in-person meetings and 4 meetings in the form of absentee voting.

Besides, 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.

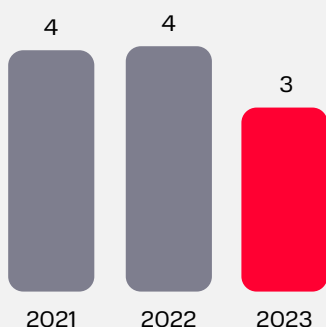
Recommendations to the Board of Directors

The Audit Committee provided recommendations to the Board of Directors regarding the review and approval of the following issues:

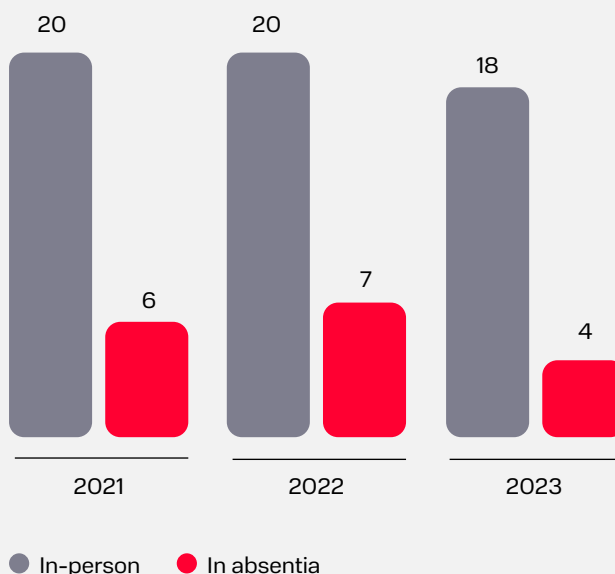
- restated Regulations on the Audit Committee of the Board of Directors of MTS PJSC;
- restated Policy “Internal Audit of MTS PJSC”;
- report on implementation of the corporate anti-corruption compliance program of MTS PJSC and subsidiaries for 2023;

Composition of the Audit Committee in 2021–2023

Independent вшкүсөттү



Meetings of the Audit Committee in 2021–2023



- plan and results of assessment of MTS Group compliance culture in 2023, the mitigating action plan for 2024; report on implementation of the mitigating action plan based on the results of assessment of compliance culture at MTS Group in 2022;
- risk management and key risk dashboard reports of MTS PJSC for the first six months of the year and for 2023 and assessment of the risk management performance of MTS Group in 2023;
- nominations of the auditor and remuneration of Business Solutions and Technologies JSC for audit services in 2023;
- major transactions and M&A transactions, with interest falling within the competence of review by the Board of Directors.

Key Areas of the Audit Committee Activities and Issues Reviewed in 2023

In the field of financial reporting

During 2023, the Audit Committee reviewed the interim financial information of MTS Group for Q1, Q2, Q3 of 2023 in order to determine the completeness, consistency of information and presentation of reasonable assessment of financial standing, performance indicators and prospects of MTS Group.

The consolidated financial statements of MTS Group for 2023 prepared in accordance with the international financial reporting standards and the accounting statements of MTS PJSC for 2023 pre-

pared in accordance with the Russian accounting and reporting standards were reviewed; an analysis of the audit results was carried out together with the management and the external auditor.

The reports on the financial and operating performance of MTS Group for Q1, Q2, Q3 and 2023 as a whole were reviewed and recommended for subsequent disclosure.

In the field of risk management, internal control and corporate governance system

During 2023, the Committee reviewed the 20-F report for 2023, the reports on risk management at MTS PJSC and dashboards for key strategic risks of MTS Group for the first six months of the year and for 2023. The Audit Committee gave a positive assessment of the work of MTS Group in the field of risk management in 2023.

During 2023, the Committee controlled compliance with the procedures providing for the MTS Group's compliance with the requirements of Sarbanes-Oxley Act. Plan for 2023 and performance results of the Internal Control Systems Department for the first six months of the year and for 2023 as a whole were reviewed, including the results of testing and certification of the internal control system for reliability of the financial statements of MTS Group. The Committee gave a positive assessment of the unit performance results.

The Committee took note of the results of assessment of the internal control system efficiency, risk management processes and corporate governance of MTS Group as of December 31, 2023, carried out by internal audit.

2023 Performance

"In the reporting year, the Audit Committee remained focused on the efficiency of the internal control and risk management system, meeting the requirements in the field of compliance, standards of business conduct and ethics, as well as measures taken by the Company management to improve the level of corporate, compliance and risk culture.

The Committee continued its work to ensure completeness and reliability of the financial statements of MTS Group, including control over the disclosure of relevant information.

The Audit Committee plays a key role in ensuring the efficient functioning of the internal and external audit, monitoring their independence and objectivity, as well as overseeing the quality of their activities".

Chairman of the Audit Committee

During 2023, the Committee conducted a preliminary review of MTS PJSC transactions with related parties, including materials on upcoming mergers and acquisitions, as well as 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 carried out by the internal audit of MTS PJSC and its major subsidiaries, were discussed and taken into account.

In 2023, the Audit Committee carried out follow-up quarterly reviews of transactions related to investing in startups (including purchase, sale and change in ownership interest) made during the reporting quarter.

In the field of compliance and observance of the standards of business conduct and ethics

The Audit Committee considered the report on developing the Unified Compliance System of MTS PJSC for 2023.

The Committee reviewed the plan for 2023, strategy for developing the corporate anti-corruption compliance program of MTS PJSC and subsidiaries, as well as reports on the program implementation based on the results of the first six months of the year and for 2023 as a whole. The Audit Committee gave a positive assessment of the activities in the field of business ethics and compliance; the key performance indicators and goals in the field of business ethics and compliance for 2023 were achieved with the expected results.

In December 2023, the Committee reviewed the development strategy for the corporate anti-corruption compliance program until 2025 and plans for 2024 at MTS PJSC and its subsidiaries.

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 the standards of 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 Committee approved the internal audit strategy, audit plan, KPIs and budget for 2023, as well as took

into account the 2023 audit plans compiled by the internal audit units of major subsidiaries.

During the year, the internal audit made changes to the 2023 audit plan and, due to the reassessment of risks, the Committee reviewed and approved the revised audit plan.

The Audit Committee reviewed quarterly reports on the status of introduction of audit recommendations and elimination of deficiencies detected by internal audit at MTS PJSC and its subsidiaries.

During 2023, the Audit Committee reviewed and approved reports on the results of activities of the internal audit of MTS PJSC and its subsidiaries for the first six months of the year, Q3 and for 2023 as a whole.

The Audit Committee positively assesses the work of the internal audit and believes that the internal audit function is efficient and that key performance indicators and internal audit goals for 2023 have been fully achieved.

In December 2023, the Committee reviewed and approved the internal audit strategy, audit plan, KPIs and budget for 2024, as well as took into account the 2024 audit plans compiled by the internal audit units of major subsidiaries.

In the field of external audit

The Audit Committee recommended Business Solutions and Technologies JSC as the auditor of financial statements of MTS PJSC for 2023, which was confirmed by the recommendation of the Board of Directors and by the Company shareholders at the Annual General Meeting of Shareholders in June 2023. The Committee previously approved and recommended that the Board of Directors approve 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 2023 and the annual audit, including conclusions on the efficiency of the system of internal control over the preparation of financial statements at MTS Group.

At year-end 2023, the Committee gave a positive assessment of the quality of the audit and the audit reports based on the results of the audit of MTS PJSC accounting statements for 2023 prepared in accordance with the Russian accounting stand-

ards, and consolidated financial statements of MTS PJSC and its subsidiaries for 2023 prepared in accordance with the international financial reporting standards.

The Committee supervised the external auditor's compliance with the principles of independence. During 2023, 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 services' impact on the independence of the auditor. Permissible auditing and non-auditing services were preliminarily approved by the Committee pursuant to the procedure described in the Regulations on the Audit Committee.

In the field of prevention of fraud committed by the Group's employees and third parties

During the year, the Audit Committee reviewed the results of internal investigations. The Committee reviewed the results of the work of the Unified Hotline of MTS Group of Companies for the first six months of the year and for 2023 as a whole, as well as initiatives to improve the administration process of the Unified Hotline of MTS Group of Companies.

In December 2023, the Audit Committee approved the work plan for the calendar year 2024.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is an auxiliary collective deliberative body under the Board of Directors. Main goals of the Committee: formulation of HR policy of the Company, determination of the system for remuneration of chief officers of the Company, generation of the strategy for developing corporate culture at MTS Group.

The Committee members follow the best global practices and trends in generating efficient solutions within the terms of their competence.

In its activities the Committee follows the recommendations and requirements of the applicable leg-

islation, the Charter and internal documents of the Company, the Code of Ethics and Business Conduct, decisions of management bodies of the Company, as well as Regulations on the Committee¹.

¹ <https://storage.ir.mts.ru/mts-ir/images/documents/Regulations%20on%20the%20Remuneration%20and%20Nomination%20Committee.pdf>.

2023 Performance

"In 2023, the Remuneration & Nomination Committee performed its assigned function as a consultant to the Board of Directors of MTS PJSC in priority areas of HR management relying on the international experience of corporate governance and the best professional practices in its work.

The task of the Committee is to help ensure that the MTS HR management policy and corporate culture serve as important factors retaining and attracting the best market professionals to the Company. In view of the above, the Committee monitors the implementation of all strategic MTS development initiatives aimed at fulfillment of this objective and gives recommendations to the management and the Board of Directors of MTS based on profound expertise and practical experience of the Committee members.

Key objectives of the Committee in the past reporting year:

- ensuring the implementation of succession policy of the CEO and key managers and improving the succession policy of the members of the Board of Directors of MTS PJSC;
- updating the program of long-term financial incentives and key performance indicators of management;
- supporting the transformation of MTS corporate culture as a digital ecosystem;
- ensuring efficient membership of the Boards of Directors of MTS subsidiary businesses and engaging third-party experts — recommending and considering nominations of independent candidates;
- ensuring meeting the compliance requirements in HR management processes, including measures to stimulate compliance behavior at all levels of the organization.
- I express my gratitude to the Committee members and the management of MTS PJSC for their efficient collaboration in 2023."

Chairman of the Remuneration & Nomination Committee

Objectives

- Development and updating of the HR Policy of MTS PJSC, preparation of a succession pool for the positions of chief officers.
- Drawing up of proposals on candidates and on the determination of significant conditions for remuneration of the chief officers, as well as of proposals on an early termination of office.
- Assessment of performance of the Company's President and Management Board members, direct subordinates to 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 review by the Board of Directors of internal documents related to the implementation of the Company's options program.
- Control over meeting the requirements of the applicable legislation, Charter of MTS PJSC 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 nomination.
- Determination of methods and assessment of performance of the Board of Directors of the Company.
- The Committee preliminarily addresses the issues reviewed at meetings of the Company's Board of Directors in the sphere of appointment and remuneration of senior managers of the Company.

Main Areas of Activities of the Remuneration & Nomination Committee in 2023

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 agreements concluded with the key employees of the Company.

Issues in the field of organizational structure, system of motivation and remuneration of the Company employees 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 executive bodies of the Company.

Preliminary review of internal documents related to the implementation of the option program of the Company.

Issues related to HR Policy and remuneration strategy of the Company

Consideration of a set of measures aimed at implementing the HR 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 of the Board of Directors

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

Succession planning for the 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 Company needs, updating the succession plan, participation in the selection of candidates for members of the Board of Directors.

Number of Members

The 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 22, 2023.

Meetings

In the reporting year, 16 Committee meetings were held: 12 in-person meetings and 4 meetings in the form of absentee voting.

The Committee gave the following recommendations to the Board of Directors

Concerning all of the issues reviewed, the Committee provided recommendations for appropriate decisions in accordance with the best global practices, the current business environment and the development strategy of the Company.

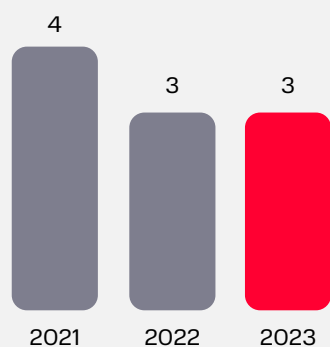
2023 Performance

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

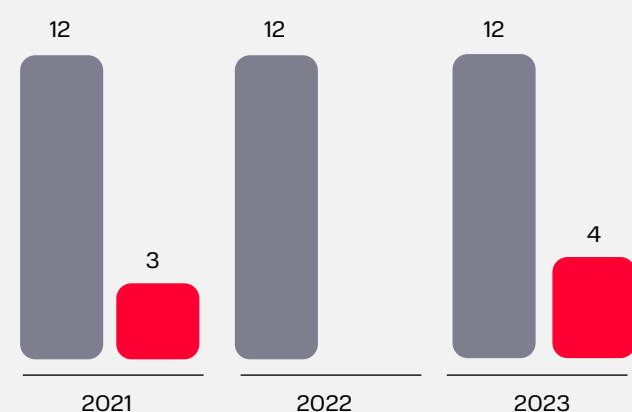
The key topics for discussion at the Committee meetings were the issues of succession of members of the Board of Directors and the President of MTS PJSC, updating of the MTS management long-term incentive program, as well as the issues of appointing internal and external nominees for the positions of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

Composition of the Remuneration & Nomination Committee in 2021–2023

Independent directors



Meetings of the Remuneration & Nomination Committee in 2021–2023



● In-person ● In absentia

ESG Committee (Committee for Corporate Governance and Environmental & Social Responsibility)

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

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

Within its competence, the Committee takes part in developing 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, as well as prepares recommendations for the Board of Directors to make appropriate decisions.

2023 Performance

"Dear friends,

MTS has always been known by its high standards of responsible business practice, and in 2023 we confirmed the importance of ESG principles for harmonious development of the MTS ecosystem and the efficiency of the chosen ESG activity management format.

At the level of the ESG Committee of MTS Board of Directors, we focused on updating the ecosystem ESG strategy, which made it possible to optimally formulate priorities in the area of sustainable business development in the medium term, as well as stimulate our subsidiaries, including MTS Digital, MTS Media, MTS AI and others, to develop their own unique ESG initiatives and implement them in the relevant branches of their activities.

The focus topics were formulated as well, the key ESG areas were updated considering the stakeholder expectations and development of regulatory documents in individual ESG areas.

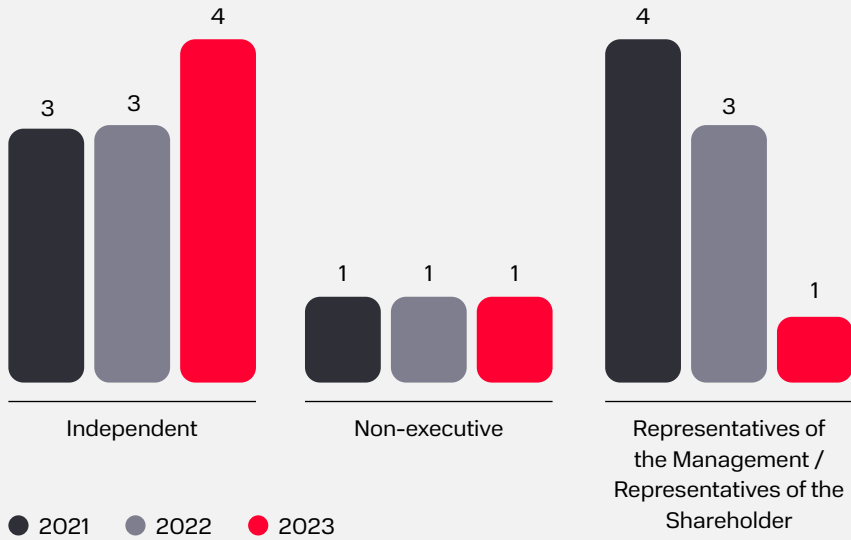
In particular, MTS goes on implementing programs targeted at improving energy efficiency and carbon footprint management, as well as developing solutions and services that help reduce the carbon footprint. In 2023, the ESG Committee reviewed draft MTS strategy for managing greenhouse gas emissions by 2030.

The following other important topics in the focus of the ESG Committee operation are noteworthy: compliance system improvement and development of a culture of business ethics in MTS Group, issues of ensuring equality, diversity and inclusion, as well as assessment of the work of the Board of Directors of MTS.

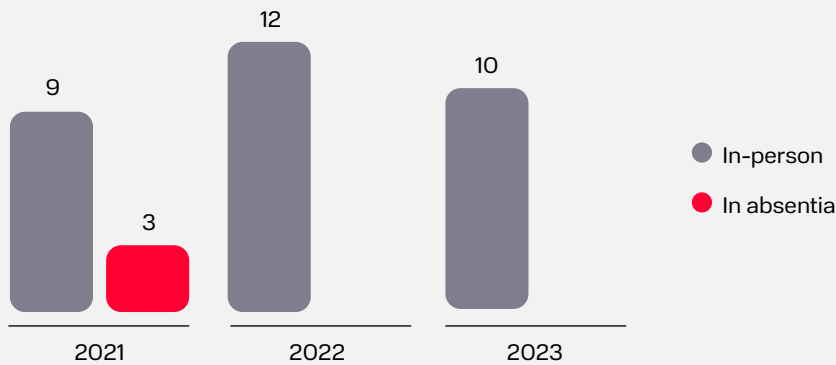
The ESG Committee activity in 2023 contributed to the ESG approach unity across MTS Group as a whole and gave extra impetus to the development and proactive implementation of the updated ESG strategy in MTS business units and subsidiaries."

Chairman of the ESG Committee

Composition of the ESG Committee in 2021–2023



Meetings of the ESG Committee in 2021–2023



The Committee follows in its activities the recommendations and requirements of the applicable legislation, the Charter and internal documents of the Company, the Code of Ethics and Business Conduct, decisions of management bodies of the Company, Regulations on the Audit Committee¹ and the best global practices of ESG agenda management.

Number of Members

The 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 22, 2023.

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

Meetings

In the reporting year, 10 in-person meetings were held, including joint meetings of the ESG Committee and the Remuneration & Nomination Committee.

Issues Reviewed

- Updating and developing the ESG approach at MTS.
- Statuses of developing the ESG agenda in MTS subsidiaries and affiliates.
- Status and measures for energy efficiency management.
- Status and measures to manage greenhouse gases and reduce the carbon footprint of MTS.

- Results of assessing the level of compliance culture at MTS Group.
- Status of development of the anti-corruption compliance system at MTS.
- ESG reporting: sustainability report.
- Procedural issues within the annual assessment of the Board of Directors.
- On the effectiveness of information interaction of MTS PJSC, shareholders, investors and other interested parties.

Preliminary consideration of draft internal documents of the Company approved by the Board of Directors and the General Meeting of Shareholders of the Company in 2023.

Strategy Committee

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

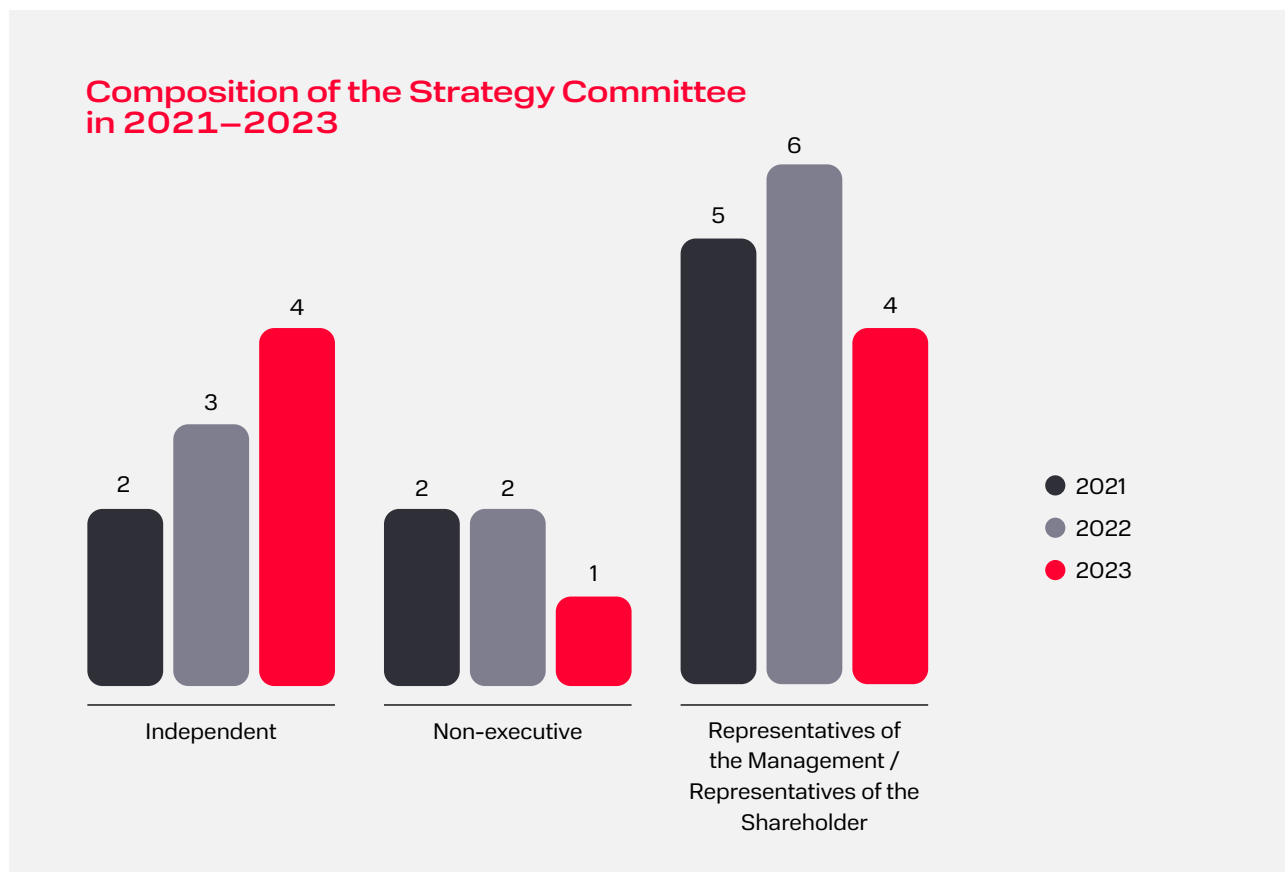
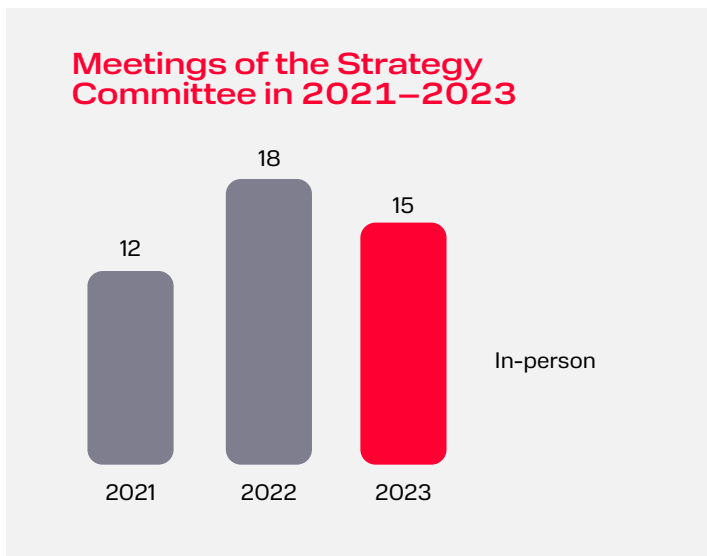
Number of Members

The composition of the Committee was changed during the reporting year.

The composition of the Committee was approved on June 22, 2023.

Meetings

In the reporting year, 15 in-person meetings were held.



Issues Reviewed

- MTS Group Strategy for 2024–2026.
- Strategies for business verticals and key functional horizontals.
- Distribution of profits (payment of dividends) of MTS PJSC.
- Approval of the MTS Group budget for 2024.
- Reports on the current budget execution progress.
- On acquisition and sale of assets.
- On reorganization of MTS PJSC in the form of acquisition and spin off of its subsidiaries.

The Committee gave the following recommendations to the Board of Directors and management of the Company regarding:

- finalizing and approving the strategy of MTS Group for 2024–2026;
- finalizing business vertical strategies;
- paying dividends by MTS PJSC;
- approving transactions;
- approving the MTS Group budget for 2024.

2023 Performance

"At the meetings of the Strategy Committee of the Board of Directors of MTS in 2023, we considered the strategy of the MTS Group ecosystem and individual functional and business areas of the Company, M&A transactions, issues of reorganization of MTS Group subsidiaries, issues of planning and execution of the MTS Group budget and investment programs. We particularly focused on discussing the vertical and functional horizontal strategies of the ecosystem and individual potential M&A transactions and reorganizations as part of implementation of these strategies."

Chairman of the Strategy Committee

Special Committee for Compliance Matters

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.

Number of Members

There were no changes to 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 22, 2023.

Meetings

In the reporting year, 4 in-person Committee meetings and 1 meeting in absentia were held.

Issues Reviewed

In 2023, the work of the Special Committee for Compliance Matters was focused on promoting the efficient improvement of the compliance program at

MTS in accordance with the best Russian and international practices, including with the participation of the parties independent of the Company, as well as on ensuring sustainability and efficiency of the compliance system in the future.

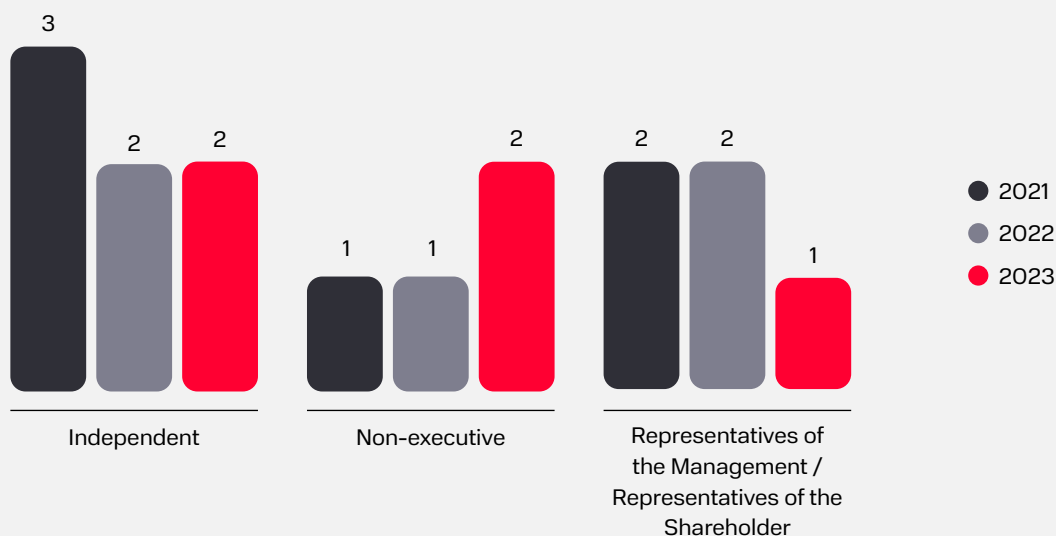
Recommendations to the Board of Directors of the Company

The Committee issued a recommendation to continue supporting and developing the corporate anti-corruption compliance program at MTS Group.

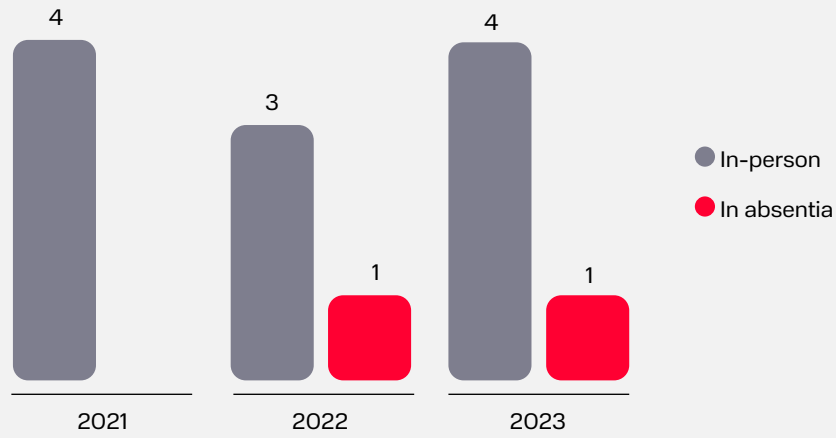
2023 Performance

In the reporting year, the Committee considered the issues related to the measures taken by the Company to improve the compliance program and supervision in this area.

Composition of the Special Committee for Compliance Matters in 2021–2023



Meetings of the Special Committee for Compliance Matters in 2021–2023



Special Committee for Cloud & Infrastructure Asset Development

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

Number of Members

The 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 22, 2023.

Meetings

In the reporting year, 5 in-person Committee meetings were held.

Issues Reviewed

In 2023, the work of the Special Committee for Cloud & Infrastructure Asset Development was focused on ensuring the growth of the efficiency of

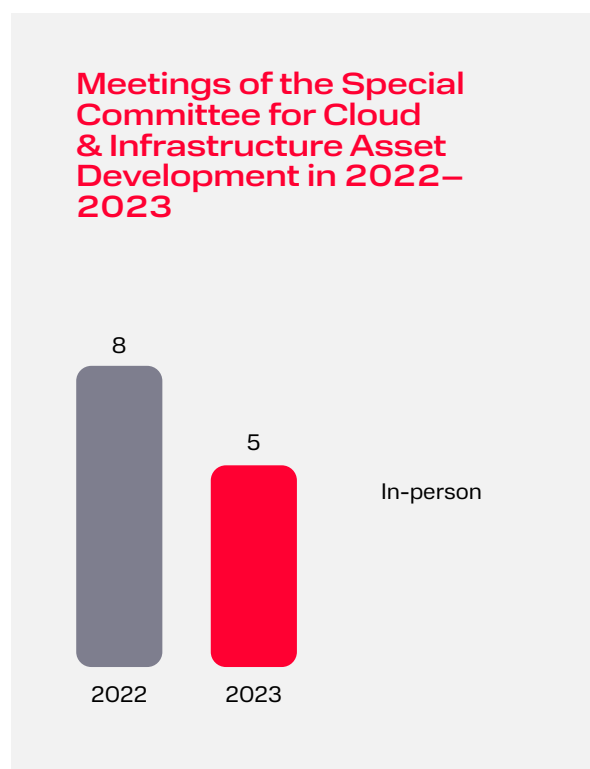
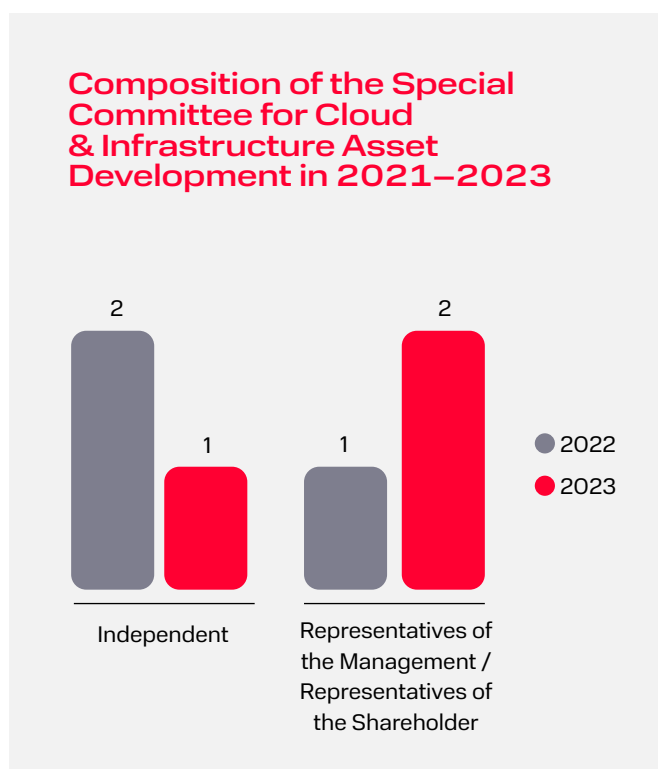
the technological and IT infrastructure of MWS JSC, assistance in building the Company as a leading provider of digital infrastructure technologies and cloud solutions in the market of cloud and IT infrastructure services.

Recommendations to the Board of Directors of the Company

- The Committee gave recommendations within the current competence.

2023 Performance

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



Special Committee for FinTech

The Special Committee for FinTech was created to elaborate recommendations for developing FinTech in MTS Group.

Number of Members

The composition of the Committee was changed during the reporting year.

At a meeting of the Board of Directors held on June 22, 2023, the personal composition of the Committee was approved. Changes in the personal compositions were approved by making a decision dated November 23, 2023. As decided by the Board of Directors on December 21, 2023, the powers of the Committee were terminated.

Meetings

In the reporting year, 5 in-person Committee meetings were held.

Issues Reviewed

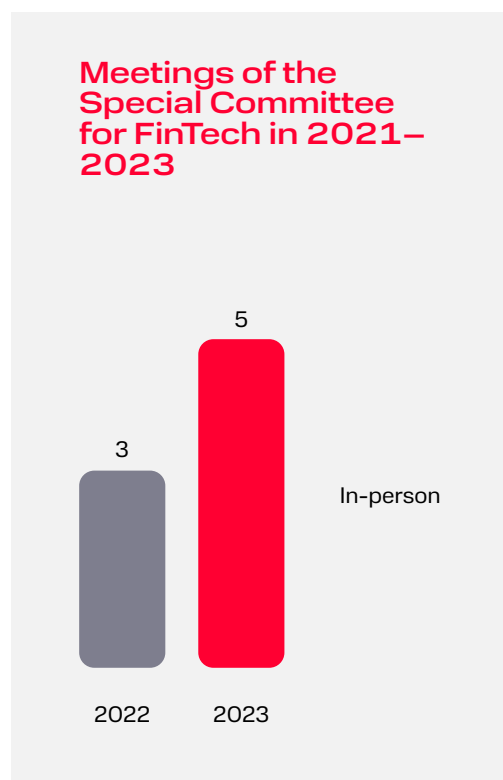
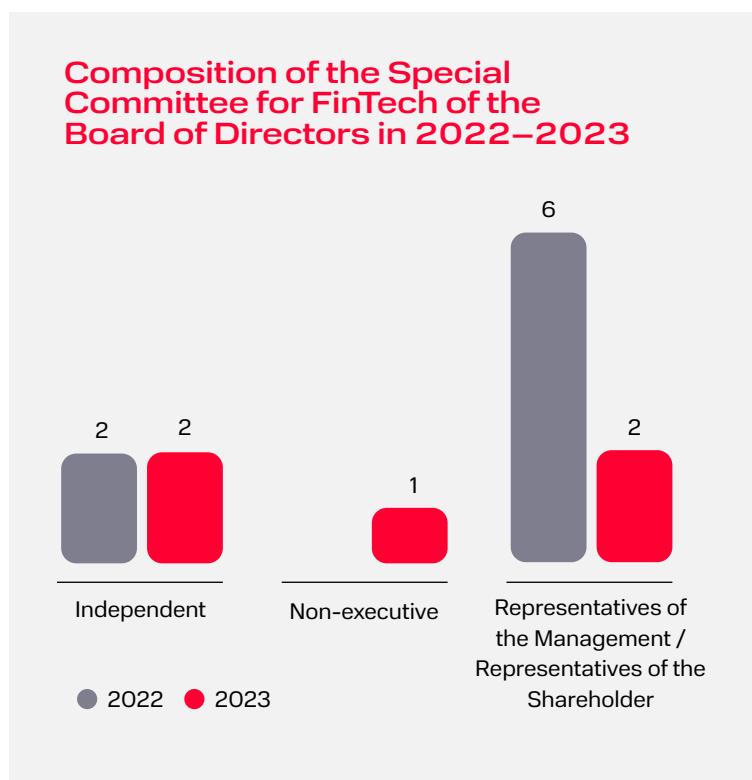
In 2023, the Committee reviewed reports on individual issues in the field of internal controls and compliance procedures related to FinTech in MTS Group.

Recommendations to the Board of Directors of the Company

The Committee issued a recommendation to terminate the powers of the Special Committee for FinTech of the Board of Directors of MTS PJSC due to achieving the objectives assigned to it.

2023 Performance

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



Special Committee

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

Number of Members

The 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 22, 2023.

Meetings

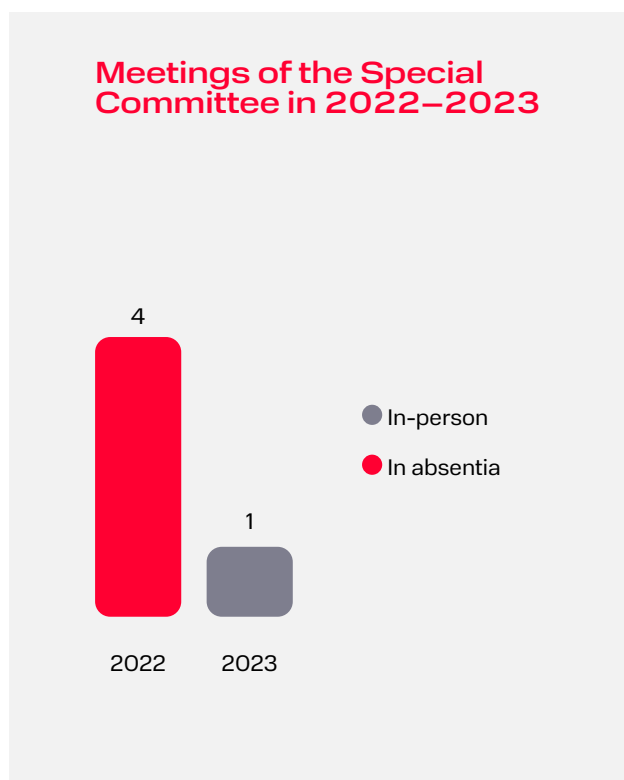
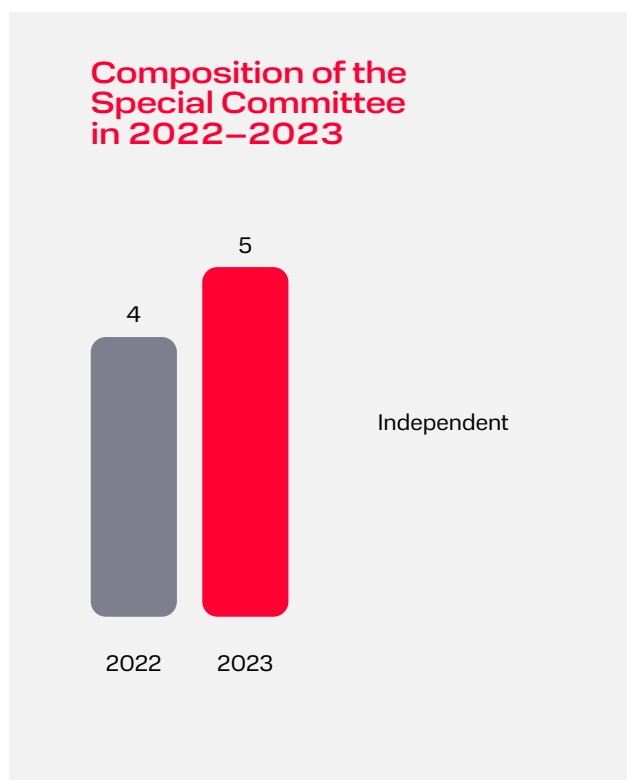
In the reporting year, one in-person Committee meeting was held.

Issues Reviewed

In 2023, the Special Committee reviewed the issues of analyzing the terms of transactions and the risks associated therewith, developing an opinion on the feasibility of making transactions.

2023 Performance

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



REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

The procedure and terms of paying remuneration to the members of the Board of Directors of MTS PJSC are determined in accordance with the Regulations on Remunerations and Compensations Payable to Members of the Board of Directors of MTS PJSC¹.

MTS pays remuneration to directors (including independent directors) who are not employees (including members of executive bodies) of MTS Group

companies. Compensation for overhead expenses is made to all directors based on actual and documented target expenses.

Remuneration Paid to Members of the Board of Directors in 2023

Indicator name	Amount, RUB
Remuneration for participation in operations of the management body	205,013,285.73
Reimbursement of expenses	0
TOTAL	205,013,285.73

¹ https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BOD_Remuneration_Policy_eng.pdf.

Remuneration components:



¹ Mandatory committees: Audit Committee, Remuneration & Nomination Committee, ESG Committee, Strategy Committee.

² Special committees: Special Committee for Compliance Matters, Special Project Committee for Co-locating Employees, Special Committee for Cloud & Infrastructure Asset Development, Special Committee.

³ Herewith, should any restrictions on operations (transactions) with shares 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 USD 100,000 or the equivalent of the specified amount in another currency, see clauses 6.7, 7.1 of the Regulations on Remunerations and Compensations Payable to Members of the Board of Directors of MTS PJSC for details.

PRESIDENT AND MANAGEMENT BOARD OF MTS

A key role in pursuing the selected strategy, organizing efficient implementation of decisions 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 PJSC¹ and the Regulations on the Management Board of MTS PJSC².

Powers of the executive bodies:

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

The Board of Directors is entitled at any time to decide on the early termination of the 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, as well as on establishment of new executive bodies.

Meetings of the Management Board

In 2023, 34 in-person meetings were held.

Remuneration for Members of the Management Board and Senior Executives at Year-End 2023

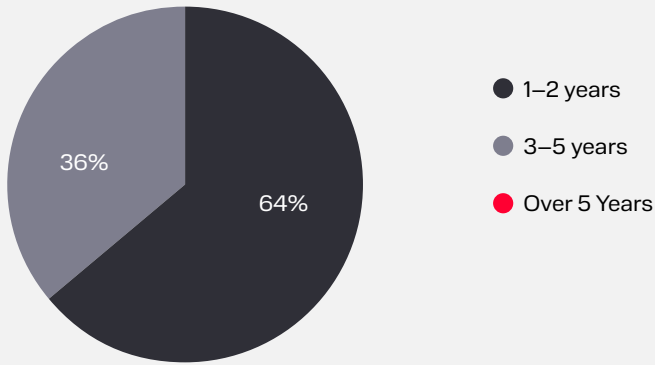
Principles of Remuneration for Members of the Management Board and Senior Executives

A contract is entered into with every Management Board member, which defines labor 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 Chairman 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 Management Board of the Company. Terms and conditions of the contract shall be approved by the Board of Directors of the Company.

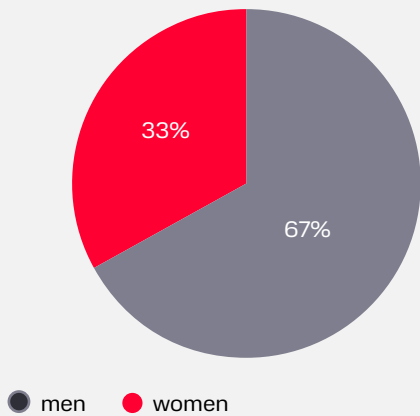
¹ <https://storage.ir.mts.ru/mts-ir/images/documents/MTS-CEO-Regulations-2020-ENG.pdf>.

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

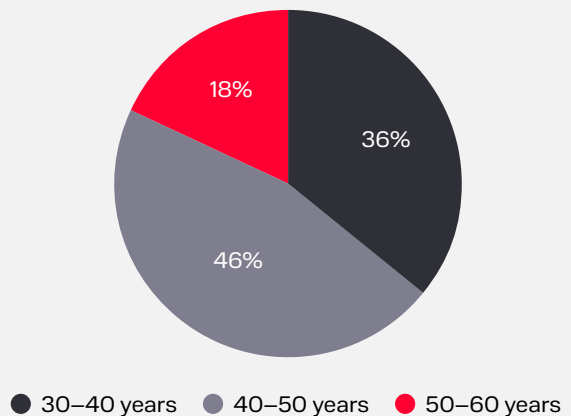
Duration of Work in the Management Board



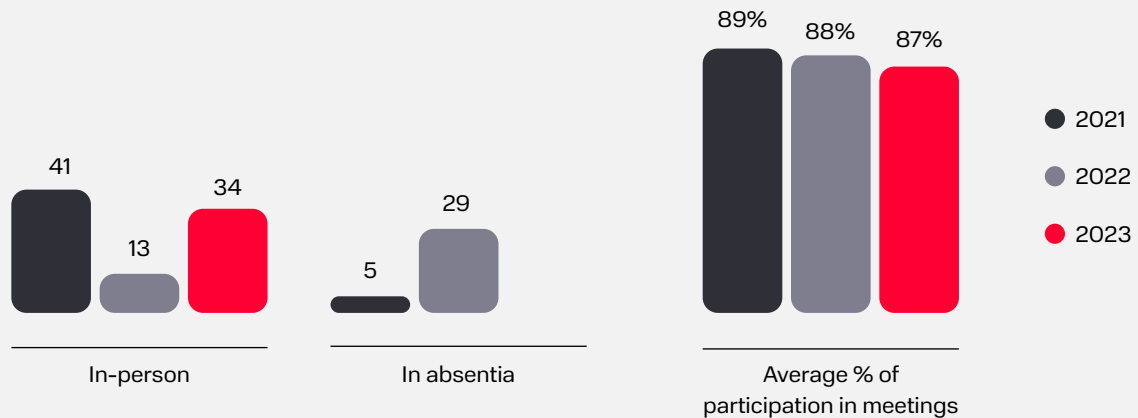
Gender Composition of the Management Board



Age Composition of the Management Board Members



Statistics of Performance of the Management Board in 2021–2023



Remuneration of senior executives is fixed and calculated based on the Policy for Payment of Labor of Employees at MTS PJSC and meets the following principles:

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

The system of remuneration to senior executives includes elements of basic remuneration and variable bonus part:

- basic remuneration — monthly official salary;
- the 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 the following:
 - short-term incentive system — an annual bonus paid for achievement of ecosystem and functional key performance indicators (KPIs) determined by the Board of Directors for the corresponding reporting period. Also, a compliance trigger and an additional condition for meeting the OIBDA indicator are applied to the bonus;
 - long-term material incentive program 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 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 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 is 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:

- revenue;
- ecosystem indicators;
- integral assessment of the implementation of strategic projects and business development;
- transformation indicators.

Structure of Remuneration for Senior Management in 2023

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

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.

Assessment 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 assess their performance which is carried out based on the materials approved by the Remuneration & Nomination Committee.

The assessment of the President and members of the Management Board for 2023 was performed in accordance with an existing method based on fulfillment of key performance indicators of the Company in general and functional KPIs.

Remuneration Paid to Members of the Management Board in 2023

Indicator name	Amount, RUB
Salary	298,068,242
Bonuses	1,640,752,669
Reimbursement of expenses	53,883,959
Other remuneration types	3,807,438
TOTAL	1,996,512,308

Remuneration Paid to Senior Executives in 2023¹

Indicator name	Amount, RUB
Salary	393,513,909
Bonuses	1,866,741,530
Reimbursement of expenses	69,654,293
Other remuneration types	4,635,074
TOTAL	2,334,544,805

¹ Includes information on remuneration of 30 senior executives of the Company (including members of the Management Board).

CONTROL AND AUDIT

Internal Control System

The internal control system of MTS PJSC 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, as well as controls financial and economic activities of the Company in order to increase its efficiency.

The Board of Directors of MTS PJSC determines the policy in respect to internal control and audit and reviews the report of the Audit Committee following the performance of the internal audit, risk management, business ethics, compliance and internal control functions of MTS PJSC twice a year, analyzing the existing control system and the violations detected.

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

For a comprehensive, independent assessment of reliability and efficiency of the risk management and internal control system and of the corporate governance practice of MTS PJSC, the Internal Audit Block of MTS PJSC uses the results of the completed audits to generate an opinion on the level of maturity within the Company as a whole. The Internal Audit Block is an individual structural unit of MTS PJSC functionally subordinate to the Board of Directors and administratively — directly to the President of MTS PJSC.

The internal control system of MTS PJSC corresponds to the COSO model¹. The Company is creating a control environment, has a risk assessment system in place; the Internal Control Systems Department ensures introduction of control procedures and assesses their efficiency and fulfilment and monitoring of changes in the organizational structure and business processes is carried out.

MTS PJSC approved the Policy for Complying with Anti-Corruption Legislation defining the measures

aimed at establishing elements of the corporate culture, organizational structure, rules and procedures assuring non-admission of corruption².

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

The Audit Committee of the Board of Directors of MTS PJSC biannually reviews reports on the operation of the Internal Audit Block, Internal Control Systems Department, Business 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 at MTS PJSC.

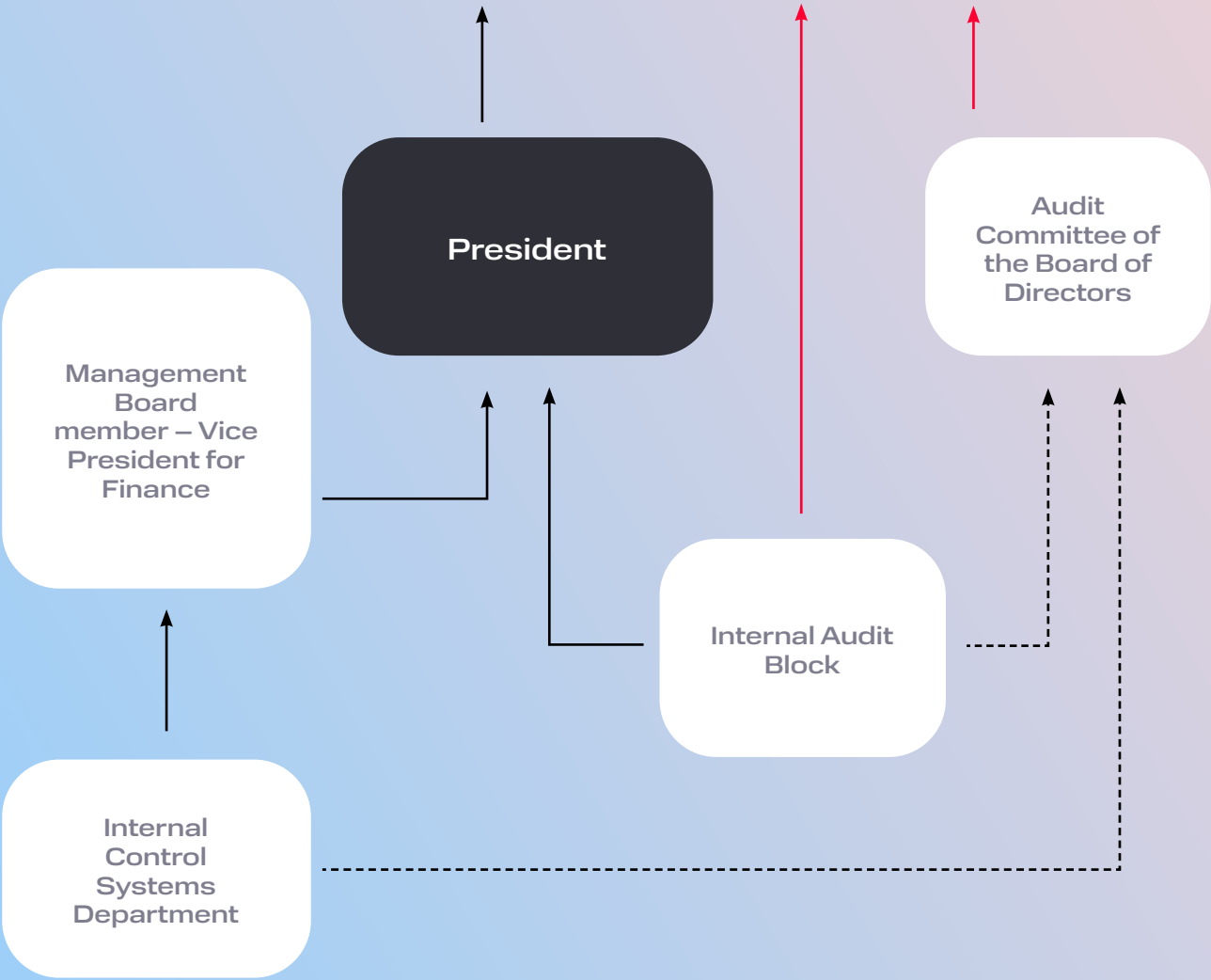
The Audit Committee positively evaluates the work of the Internal Audit Block and believes that the internal audit function is efficient and that key performance indicators and internal audit goals for 2023 have been fully achieved.

The Audit Committee positively evaluates the work of the Internal Control Systems Department with regard to the creation, introduction and development of an efficient system of internal control over the reliability of generation of financial statements for MTS Group, including in new businesses, for 2023.

¹ COSO Internal Control – Integrated Framework 2013.

² See “Unified Compliance System” section for details.

Board of Directors



Functional subordination

Administrative (direct) reporting relationship

Accountability

The Audit Committee positively assesses performance of the risk management function as efficient and fit for its purposes at the moment.

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

The Audit Committee quarterly reviews the reports of the external auditor being 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 assisting in efficient implementation of functions of the Board of Directors in terms of control over financial and economic activities of the Company.

See “Committees of the Board of Directors” section for details about the Audit Committee’s performance in the reporting year.

The results of assessment 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 18, 2023, the Auditing Commission was elected at the annual General Meeting of Shareholders of MTS PJSC.

Report on Operation of the Auditing Commission

In April 2024, the Auditing Commission audited financial and economic activities of the Company for 2023. The Auditing Commission did not record any material facts of violation of the procedures for accounting and submission of financial statements while carrying out financial and economic activities of the Company.

The Auditing Commission confirmed that the accounting statements of the Company for 2023 and the Annual Report on the Company’s activities for 2023, in terms of the Company’s accounting statements, are true.

The opinion of the Auditing Commission will be submitted for approval to the Annual General Meeting of Shareholders of MTS in June 2024.

Internal Audit Block

For some principal areas, the Internal 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 goals and performing objectives, communications building, as well as 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 unit 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 Internal Audit Block is an independent structural unit headed by the Director for Internal Audit.

The Internal Audit Block performs the following functions:

- assessment of efficiency of the internal control system, risk management and corporate governance processes by analyzing the Company’s business operations and its information systems, achieving the Company’s strategic goals, the efficiency and progress of projects and products, the reliability and integrity of information on the Company’s operation, the safety of assets, compliance with internal regulations and external requirements;
- development of recommendations for improving internal control, risk management and corporate governance procedures, as well as assistance to the management in developing corrective measures following the performed audits;
- monitoring of execution of recommendations for elimination of violations and deficiencies discovered following the audits;
- development and introduction of IT analytics for continuous monitoring of risk indicators based on the data from business processes and for increasing the efficiency of audit procedures;
- improvement of the internal audit methodology and the audit quality control system;

- analysis and improvement of efficiency of the Internal Audit Block, coordination of cooperation of the Block units and internal audit functions in subsidiaries;
- registration and coordination of investigation of messages

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

The Internal Audit Block focuses on the activities of auditors that bring maximum value to the Company and address current and new emerging risks. Internal audit continues to develop the use of IT, analytics and digital solutions in its activities.

The strategic goals of internal audit include the focus on the quality of interaction with management and other stakeholders and units based on transparency and support, they promote further development of a strong professional audit team. The internal audit achieves strategic goals through key initiatives carried out on a regular basis and a number of transformation initiatives.

The strategic goals and key performance indicators set by internal audit for 2023 have been fully achieved. In 2023, all planned key initiatives aimed at improving the efficiency of internal audit activities have been completed as scheduled.

The audit plan of MTS PJSC and its subsidiaries for 2023 has been fulfilled and contributed to the implementation of the internal audit strategy. Scheduled and unscheduled audits provided sufficient coverage of processes and areas with a high level of risk both in MTS PJSC and in MTS Group as a whole.

The improved process of monitoring the implementation of corrective measures based on the results of audits and the additional measures taken led to improved statistics on introduction of internal audit recommendations.

The increased use of Agile approaches in internal audit projects led to improved meeting of the deadlines for completing audit projects and increased management contribution to the results of the audit projects.

Data analytics is widely used both when performing independent projects to build risk indicator systems

in processes (logistics, dealers), and as additional procedures within topic-specific audits. Pilot projects were carried out to use the process mining solution within the audits of MTS Group.

Following the internal assessment of the quality of internal audit activities for 2023, 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.

Starting from Q3 2023, in agreement with the Chairman of the Audit Committee, the internal audit function reports on the results of its activities to the Audit Committee on a quarterly basis (previously, on a semi-annual basis).

The Audit Committee approved the performance results of the internal audit function of MTS PJSC and subsidiaries in the first six months of the year, Q3 and for 2023 as a whole.

The Audit Committee positively assesses the work of the Internal Audit Block and believes that the internal audit function is efficient and that key performance indicators and internal audit goals for 2023 have been fully achieved.

In December 2023, the Committee reviewed and approved the internal audit strategy, audit plan, KPIs and budget for 2024, as well as took into account the audit plans for 2024 of the internal audit units of major subsidiaries.

Internal Control Systems Department (ICSD)

Starting from 2018, the Internal Control System (hereinafter referred to as ICS) function in subsidiaries is managed in the Corporate Center. This approach has proven its efficiency and has made it possible to optimize the time required to support the internal control system in subsidiaries, while maintaining the proper level of quality of the ICS.

As part of the development of the internal control system, work has been carried out to update and introduce control procedures aimed at covering significant risks.

Testing of control procedures for MTS Group was carried out to the full extent required. The internal control system for 2023 financial reporting reliability for MTS Group was recognized efficient, no material or significant deficiencies were detected.

Significant events/projects of ICSD carried out in 2023 include the following.

- ICS assessment and certification were completed in the automated information system of ICS and risk management.
- Ecosystem-based regulatory documents of the Internal Control Systems Department were introduced for new subsidiaries that were included in the scope of work of the ICS.
- In 2023, employee access rights for eight SOX being significant information systems and three business units of MTS Group of Companies were revised.
- Procedures for analyzing and mitigating SOD risks for MTS and three subsidiaries were

completed. Based on the performance, SOD conflicts were compensated by the existing ICS procedures.

In 2024, it is planned to reengineer the ICS processes taking into account the requirements of applicable legislation.

Based on the results of the internal assessment and external audit report, the Internal Control System for proving the accuracy of preparation of financial statements of MTS Group as of December 31, 2023 was found to be efficient and to have no material and significant deficiencies.

External Audit

At the Annual General Meeting of shareholders of MTS PJSC¹, Business Solutions and Technologies Joint Stock Company was approved as the auditor (hereinafter referred to as the “Auditor”) (location: 5 Lesnaya Str., Moscow, 125047, Russian Federation), OGRN [Primary State Registration Number] 1027700425444, certificate of membership in the Self-Regulatory Organization of Auditors of the Association “Sodruzhestvo” (Association) of January 31, 2020, ORNZ [Principal Number of Registration Entry] 12006020384.

Business Solutions and Technologies JSC is one of the leading audit and consulting companies 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 statements of MTS PJSC for 2023 prepared in accordance with the Russian Accounting Standards as per the International Audit Standards (IAS);
- an audit of consolidated financial statements of MTS PJSC and its subsidiaries prepared in accordance with the International Financial Reporting Standards (IFRS) for 2023, as per the IAS;

- an integrated audit of consolidated financial statements of MTS PJSC and its subsidiaries prepared in accordance with IFRS for 2023 and efficiency of the system of internal control over its preparation as of December 31, 2023, conducted in accordance with the standards of the US Public Company Accounting Oversight Board.

In March and April 2024, the Audit Committee approved the results of the external auditor following the audits performed for 2023, including conclusions on the efficiency of the internal control system over the formation of financial statements at MTS Group.

Following the audits performed, the MTS PJSC auditor expressed opinions on the reliability of the accounting statements of MTS PJSC for 2023 prepared in accordance with Russian Accounting Standards, and the consolidated financial statements of MTS PJSC and its subsidiaries for 2023 prepared in compliance with the IFRS.

Procedure for Selecting the Issuer’s Auditor

A tender for selecting an external auditor for MTS PJSC is conducted at least once every five years. To conduct the tender, MTS PJSC establishes a tender commission. Based on the tender results, the tender commission generates recommendations for selection of the external auditor which are submitted for approval

¹ The Annual General Meeting took place on June 18, 2023.

to members of the Audit Committee of the Board of Directors of MTS PJSC.

Should the auditor's candidacy get approved by the Audit Committee, Board of Directors and the General Meeting of Shareholders of the Company, a contract for the services for auditing the accounting statements shall be signed with the auditing company.

Remuneration of the Auditor

The remuneration of the auditor for auditing the accounts of MTS PJSC and its subsidiaries for 2023 is approved by the Board of Directors of MTS PJSC and, according to the results of 2023, amounted to RUB 169,000,000 thousand, excluding VAT and overhead expenses, including the audit of statements of MTS PJSC in the amount of RUB 15,900,000 thousand.

Regulation of Possible Conflicts of Interest

When 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 the Company's employees, as well as directors, about an actual or potential conflict of interests or likelihood of such a conflict.

Members of the Management Board, the Board of Directors and employees are not entitled to participate in approval, agreement, 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 the standards of the Code of Business Conduct and

Ethics for executives and senior management. The testing results are reviewed by the Audit Committee of the MTS PJSC Board of Directors.

The Company has also created procedures to minimize the risk of making decisions in situations of conflict of interests of directors. Members of the Board of Directors must refrain from any 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 the 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 MTS Group in compliance with the common conceptual risk management framework¹. The 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 MTS Group.

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

The basic principles of the risk management process

Integration principle

provides for a systemic approach to management of all types of risks inherent in MTS business, across the entire organizational structure and geography of MTS Group operation. Cross-functional interaction and coordination of structural units is maintained to manage risks outside the framework of their specialization, as well as accounting of mutual effect of risks of 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.

Principle of justification

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

The Integrated Risk Management Policy is approved at MTS Group¹. Integrated risk management is aimed at ensuring a reasonable guarantee of achievement strategic goals of the Company and maintenance of the MTS Group risk level within the limits acceptable for the Company management.

The system of integrated risk management makes it possible to address the following objectives:

- 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 efficiency;
- accumulation of knowledge in the field of integrated risk management.

The Risk Management Team of the Corporate Center (RMT 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. RMT CC applies econometric method to analyze 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 decisions on the elaboration of mitigation measures. The Chairman of the Risk Committee is the MTS President. The committee includes members of the Management Board, Vice Presidents and other senior executives. The competences and responsibilities of the Committee include consideration and approval of the following: goals for development of the process of integrated MTS risk management; risk-management methodology; MTS risk portfolio and priority of actions to manage risks considering the feasibility of their costs and restricted 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 assessing the efficiency of MTS Group's internal control systems in 2023, the risk management process was deemed efficient.

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 reports submitted by the Audit Committee.

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 assess the 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 assessed by the Internal Control Block, this information is also presented to the Audit Committee for consideration.

Risk Management Team 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 management. The Team also carries out operational control of the process and provides cross-functional interaction between the units within the integrated risk management at the Company. 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.

¹ Approved by the resolution of the Board of Directors of MTS PJSC on December 15, 2017, Minutes No. 265; https://storage.ir.mts.ru/mts-ir/images/documents/MTS_PJSC_Risk_Management_Policy_eng.pdf.

The owners are responsible for the analysis, assessment, implementation of risk management meas-

ures and reporting on the activity within the process of integrated risk management.

Risk Management Integration 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.
- Determination of substantial risks influencing strategic goals, 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.

Procurement Procedures

- Analysis and accounting of risks when selecting suppliers.

The risk management process passed all stages of introduction, 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.

2023 Key Activities

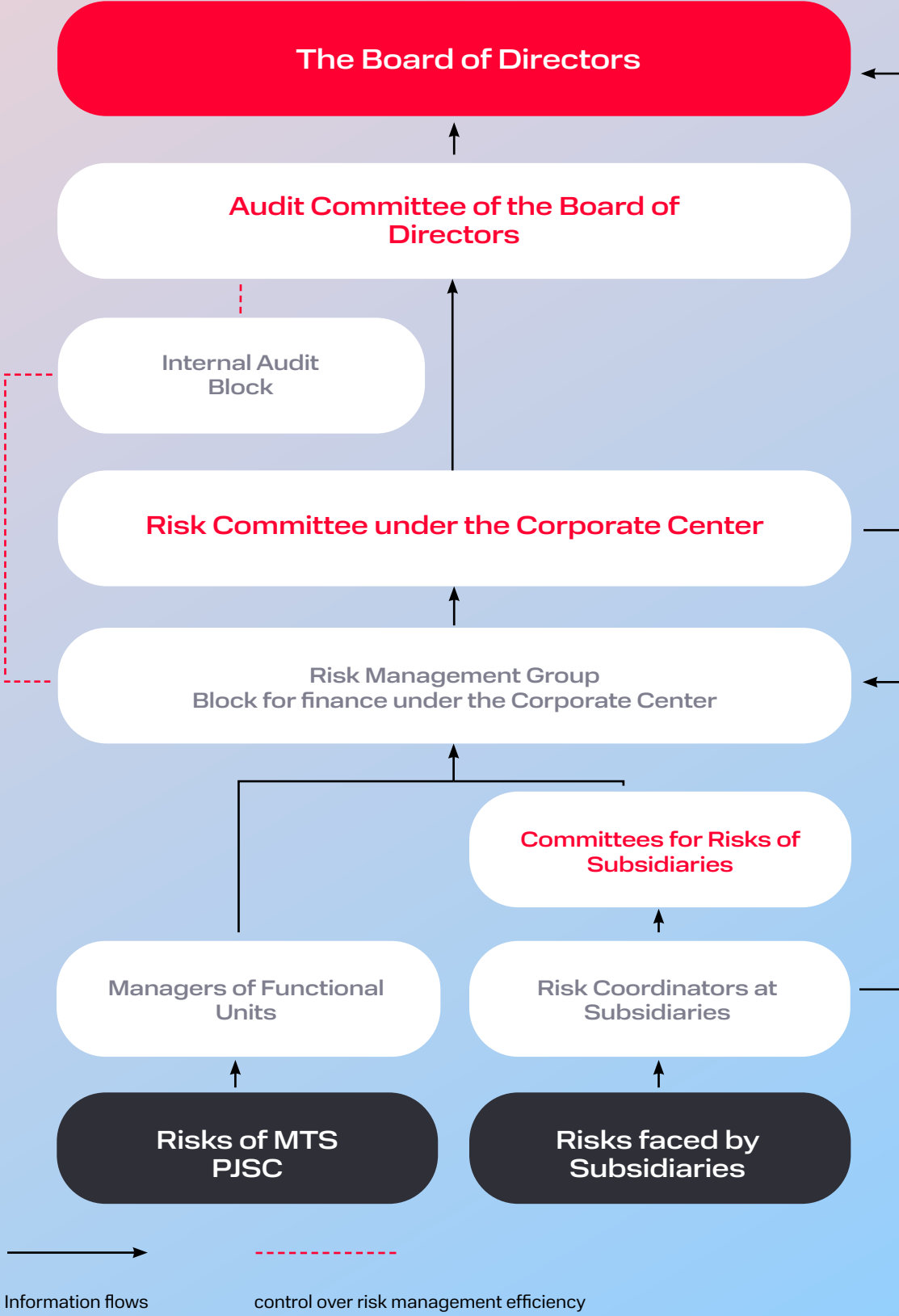
- Risk Committees of MTS, MGTS and RTK CCs were held following the risk monitoring in 2023. The risk reports for the first six months of 2023 and for 2023 were also submitted for consideration by the Audit Committee and the Board of Directors.
- An additional report has been developed for the Audit Committee and the MTS Board of Directors reflecting the company's exposure to the most significant risks.
- Monitoring and assessment of risks related to the geopolitical situation were carried out.

2024 Plans

In 2024, there are plans to update the risk section for external reporting (reports of the issuer for the Central Bank of the Russian Federation) and hold the Risk Committee meetings on a regular basis.

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

Organizational Risk Management Support



Key Risk Factors

The most significant risk factors that may potentially impact MTS PJSC business results are provided below. See more about these and other risks in the reports of MTS PJSC¹.

Strategic risks

Risks	Mitigation Measures	Impact on Goals
<p>Depreciation of services provided by the Company and loss of competitiveness, difficulties in developing additional sources of revenue</p> <p>Continuous improvement of technology, development of new products and services, increased competition associated with the emergence of new market players, 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, the Extraordinary General Meeting of Shareholders resolved in September 2021 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 adversely impact the business, financial standing, business results and prospects of MTS PJSC</p>	<p>To ensure the high level of quality of our basic communication services, MTS is systematically increasing the capacity and bandwidth throughput 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 efficient method for leveling the adverse impact of VOIP-solutions are integrated V&D rates that combine voice and data transfer services.</p> <p>The key tool to maintain direct contact with the end user and increase the average level of revenue 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 the Company's in-house developments and high-quality partner products will participate in the formation of such a digital environment.</p>	<ul style="list-style-type: none"> ▪ Retention of proceeds from basic communication services and digital services ▪ Compensation for telecom proceeds decrease due to active development of digital products portfolio ▪ Leadership in the mobile internet and data services segment
<p>Loss of control over activities and assets in the countries of operation</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 promptly respond to changing conditions in the markets</p>	<ul style="list-style-type: none"> ▪ Achievement of sustainable business development

¹ <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii/otchety-emidenta-emissionnyh-cennyh-bumag>

Risks	Mitigation Measures	Impact on Goals
<p>Risks of acquisitions, investment and mergers with other companies</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&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 exercise of MTS rights as a shareholder in them corresponds to the best corporate governance practices. Integration of the acquired business into the management structure of MTS (if such decision is made) is carried out by a special unit with broad experience of this kind</p>	<ul style="list-style-type: none"> ▪ Expansion of the Company's business and faster entrance into new markets ▪ Product range expansion ▪ Achieving operational synergies between different business areas ▪ Mutual exchange of best practices in management and operations
<p>Inability to develop the network successfully</p> <p>To ensure the processes of construction, development and maintenance of the MTS communication network, it is necessary to purchase equipment and software, which is associated with significant capital investments.</p> <p>In addition, limitation of the frequency spectrum available for development may prevent gaining all the expected benefits from the network construction and weaken the expansion effect.</p> <p>Network deployment may be associated with difficulties to obtain sites for base stations on commercially viable terms, to collect permits and certificates for telecom 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 5G networks has been actively discussed in the telecom environment of Russia (including the relevant public authorities).</p> <p>In July 2022, MTS PJSC joined joint venture of mobile operators (hereinafter referred to as JV). Earlier in November 2021, the State Committee of Radio Frequencies allocated the frequency bands 4,400–4,555 MHz and 4,630–4,990 MHz to JV for research in the interests of developing 5G technologies. The purpose of the JV is to carry out conversion and release the spectrum for the subsequent development of 5G technologies. The decision on the possible distribution of the spectrum in the range of 4,400–4,990 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, technical and functional requirements, approaches and methods are unified within cooperation.</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 telecom 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"> ▪ Increasing network capacity and data rates to meet the growing demand ▪ Efficient network planning and investment optimization ▪ Upholding the interests of the company in the matters of frequency resource allocation

Risks	Mitigation Measures	Impact on Goals
<p>Inability to realize the benefits of investing in radio communication systems</p> <p>Key risks:</p> <ul style="list-style-type: none"> ▪ 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; ▪ difficulties in ensuring quality and required level of service; ▪ 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. <p>In August 2021, the State Committee of Radio Frequencies extended the term of the decision on allocation of radio frequency bands in the ranges of 700 MHz, 800 MHz and 2,600 MHz for construction of LTE networks for 10 years.</p> <p>In addition to extending the term of the decision, conditions were added: ensuring coverage of settlements with a population of 1,000 or more people and public roads of federal significance until September 2031 with a time schedule, as well as the mandatory use of domestic equipment starting 2023.</p> <p>In 2022, the State Committee of Radio Frequencies postponed the fulfilment of the above conditions for the period of one year, and extended the deadline for using domestic equipment until 2028, while indicating that the annual schedule for the installation of domestic equipment shall be fulfilled starting 2025. In December 2023, the State Committee of Radio Frequencies postponed the fulfilment of the above conditions for another two years without changing the final date of implementation, but at the same time it added the need to ensure communication coverage of public roads of federal significance M-11 and M-12 by September 2024.</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 the network infrastructure construction.</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 renews licenses and permits on time.</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 transfer services, thus increasing the degree of network resource utilization</p>	<ul style="list-style-type: none"> ▪ Ensuring the best compliance with IoT technology requirements and infrastructure readiness for 5G introduction ▪ Efficient planning of capital expenditures ▪ Increased operational efficiency by optimizing the operating costs associated with network operation

External Environment Risks

Risks	Mitigation Measures	Impact on Goals
<p>Volatility of economic and social situation</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 customers and partners, including financial institutions, which may lead to a decrease in our revenue, performance indicators and impact the safety of assets negatively.</p> <p>Besides this, in February and March 2022, as a result of the continuing geopolitical conflict in Ukraine, the European Union, US, UK and some other countries introduced new significant sanctions and export control restrictions in respect to Russia (territorial sanctions), certain economic sectors of Russia and some Russian and Belorussian individuals and legal entities. For example, in 2023, sanctions were imposed against MTS Bank, and in July 2023, MTS was included in Canada’s list of blocking sanctions. 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 objectives 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, the New York Stock Exchange suspended trading in American Depositary Receipts (ADR) of the Company and some other Russian companies on February 28. On August 8, 2022, MTS ADR was delisted from the New York Stock Exchange.</p> <p>It is difficult to predict further development of the above events, the circumstances may change very fast and often without a prior notice.</p>	<p>MTS is monitoring the macroeconomic situation in the markets of operation of the Group companies, it is promptly and efficiently 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 rendered and consumption stimulation, 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> <p>The company is taking the necessary actions aimed at ensuring the sustainability of supplies of equipment and software (diversification of suppliers, search for alternative products, etc.)</p>	<ul style="list-style-type: none"> Achievement of sustainable business development

Risks	Mitigation Measures	Impact on Goals
<p>Also, on March 28, 2024, the deregistration of MTS common shares and American depositary shares came into force in accordance with the US Securities Exchange Act of 1934</p> <p>Besides, the risk that any member of the Group or individuals holding positions in the Group, as well as its shareholders, employees or contractors are impacted by the future sanctions may not be excluded either. 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), the risk of restrictions to import 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 increase, which may affect the Group and its counterparties. Moreover, maintaining or expanding sanctions restrictions and reducing air traffic may also negatively affect MTS PJSC proceeds from roaming services.</p>		
<p>Regulatory risks</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 the existing legislation at the federal, local or international level may, inter alia, change the business model of MTS PJSC and the ways of providing services, require additional costs and worsen revenue-generating opportunities.</p>	<p>MTS regularly monitors legislative initiatives in order to minimize the possible regulatory risks and create regulatory opportunities.</p> <p>As a market representative, the Company participates together with the regulatory authorities in task forces on the optimization of the regulatory framework in the communication industry.</p> <p>Regulatory risks are given special attention within the strategic planning.</p>	<ul style="list-style-type: none"> ▪ Achievement of good operating indicators ▪ Ensuring compliance with regulatory requirements

Operational Risks

Risks	Mitigation Measures	Impact on Goals
<p>Financial risks</p> <p>Expenses of MTS PJSC, including capital expenditures, may be denominated in or closely related to rubles, US dollars, euros and/or yuan, while the majority of revenue is denominated in the local currencies of the countries in which the Company operates.</p> <p>The situation in the markets of the Company operation, 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. Crises on 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 there is a currency risk hedging program with the use of swaps as instruments</p>	<ul style="list-style-type: none"> Maintaining investment attractiveness by ensuring investment and operational efficiency growth
<p>The contracts related to certain issues of MTS bonds, and also some loan agreements include restrictive provisions limiting 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 requirement to immediately repay the debt, which could have negative effects on business of the Company.</p>	<p>MTS is monitoring the implementation of 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"> Maintaining investment attractiveness by maintaining an optimal level of debt
<p>Risks of technological failures</p> <p>The ability to continuously render communications services and digital 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 impact the ability to render services to subscribers or 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 the network stability and continuity of rendering of communication services, the network management system is centralized, and the telecom network operation system provides for regular maintenance and use of the backup telecom 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, as well as procedures for data recovery testing shall be implemented.</p> <p>To ensure the availability of digital services in a continuously changing environment, processes and systems for quality assurance, monitoring, incident and problem management, change control, etc. are used on an ongoing basis.</p> <p>Information security is provided by an integrated system of technical and organizational information security measures.</p>	<ul style="list-style-type: none"> Achievement of good operating indicators Achievement of sustainable business development Ensuring compliance with the requirements of FZ-126, FZ-152 and other.

Risks	Mitigation Measures	Impact on Goals
<p>Information security risks, including cyber risks</p> <p>Unauthorized actions of employees and partners non-compliant with the requirements of local regulatory acts on ensuring information security, as well as illegal actions of third parties, may cause loss of confidentiality, integrity and availability of sensitive information, including breach of personal data processed in information systems, which may cause claims on the part of regulatory authorities, subscribers and partners, lead to significant negative consequences for the company’s reputation, loss of market share, deterioration in financial performance, performance results 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 during remote work.</p>	<ul style="list-style-type: none"> Ensuring compliance with the requirements of FZ-126, FZ-152, etc.

Compliance with Requirements

Risks	Mitigation Measures	Impact on Goals
<p>Compliance risks</p> <p>MTS securities were traded on the US stock market, and we were subject not only to Russian, but also to US anti-corruption legislation (US Foreign Corrupt Practices 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, MTS Group reached a settlement with the US Department of Justice (DOJ) and US 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>Since 2012, when a separate compliance unit was established at MTS, the Company has been systematically developing a system for anti-corruption compliance in accordance with the best global 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 contractors¹.</p> <p>The main documents governing anti-corruption legislation within MTS are the Code of Business Conduct and Ethics² and the Policy “Compliance with Anti-Corruption Legislation”³. Besides, procedures for assuring compliance with anti-corruption legislation are recorded in the regulations of the business processes of the Company.</p>	<ul style="list-style-type: none"> Support of fair and ethical business conduct and abuse prevention

¹ See “Compliance and Ethical Culture” section for details.

² https://storage.ir.mts.ru/mts-ir/images/documents/Code_of_Business_Conduct_and_Ethics.pdf.

³ https://storage.ir.mts.ru/mts-ir/images/documents/Policy_on_Compliance_with_Anticorruption_Legislation.pdf.

Risks	Mitigation Measures	Impact on Goals
-------	---------------------	-----------------

The district court of the Southern District of New York, USA, approved the deferred prosecution agreement (the “Agreement”) concluded by the Group and the confession of judgment agreement concluded by the Group subsidiary 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 USD 850 million (RUB 59.1 billion as of December 31, 2018). The Group has accrued a provision for payment of the fine in the amount of USD 850 million (RUB 55.8 billion as of the date of accrual) which was recognized as a loss caused by ceased operations in the consolidated profit and loss statement for the year ending on December 31, 2018.

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 was initially to be carried out for three years from the date of its initiation. Taking into account a number of factors, the Group agreed with the US Securities and Exchange Commission and the US Department of Justice to extend the Agreement and monitoring period for one year. Thus, independent compliance monitoring was completed in September 2023, while the terms of the Agreement were fulfilled and it has been terminated. Thereafter, the Group followed its periodic reporting plan to the U.S. Securities and Exchange Commission and the U.S. Department of Justice for a period of six months through March 2024. In 2024, the US court granted the petition of the US Securities and Exchange Commission and the US Department of Justice to dismiss the previously brought charges against MTS PJSC and the corresponding criminal proceedings were terminated.

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 regulation. 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 operation, 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 advisors.

- Achievement of sustainable business development
- 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 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 growth¹.

Risks Associated with Violations in the Field of Health and Safety

Description of Risks	Mitigation Measures
<p>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>	<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 efficiency 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 experts are regularly trained.</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>
<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.</p>	<p>The Occupational Health and Safety Management System at MTS PJSC has been recognized at the regional and district levels.</p>

Risks Associated with Human Rights Violations

Description of Risks	Mitigation Measures
<p>Possible risks of violations of the human rights related to compliance with labor legislation, 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, his/her life and health are the highest value.</p> <p>MTS services assist to provide equal opportunities for education, development and personal fulfillment of each stakeholder, regardless of individual features and needs.</p> <p>MTS accepts no discrimination in any form or manifestation, it creates an inclusive and diverse environment and adheres to the best global practices in the field of DEI (diversity, equity, and inclusion).</p> <p>Therefore, in 2023:</p> <ul style="list-style-type: none"> During the year, the ESG Committee regularly discussed issues related to the development of the corporate inclusion culture and its significance for the company's future;

¹ See “ESG and Sustainable Development” section for details, as well as 2023 MTS Sustainable Development Report at: Sustainable Development Report – Moscow (mts.ru)

Description of Risks	Mitigation Measures
	<ul style="list-style-type: none"> ▪ On the Pulse portal, an educational campaign on various aspects of inclusive culture and human rights was arranged for MTS ecosystem employees with a reach of 20,000 people; Cooperation with Employment Centers of Moscow and regions was expanded. Reach – 8,500 people, completed questionnaires – 2,500 copies, 1,100 people interviewed, employment conversion – 1.4%; ▪ Research and surveys on diversity and inclusion were conducted among ecosystem employees as per the DEI metrics; ▪ Participation in International Conferences and Forums promoting the DEI agenda and strengthening the image of MTS as a socially responsible employer (Urban Forum, RBC HR conference, reach of 20,000 views); ▪ An external educational platform on DEI for customers, partners, candidates and employees was created at: https://mts-hr.rbc.ru/. ▪ MTS educational podcast “poTRENDim” on inclusion was released at: https://www.youtube.com/watch?v=Q9TIuCAbSr8. <p>Risks in inclusive environment and observance of human rights are regularly digitized according to the recommendations following the external annual audit of compliance programs and 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 regarding diversity, equity and inclusion. 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 send a message on the issues of complex work situations¹.

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 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 development².

The Company has a Production and Consumption Waste Management Standard setting the requirements for the management of waste generated as a result of the Company’s business and other activities at the facilities causing negative impact on the environment. The Standard is targeted at the following:

- compliance with the requirements of the legislation of the Russian Federation in the field of production and consumption waste management;

¹ Information about the messages received at the hotline is set out in the section “Unified Compliance System of MTS PJSC”.

² See “ESG and Sustainable Development” section for details, as well as 2022 MTS Sustainable Development Report at: Sustainable Development Report – Moscow (mts.ru)

- desire to reduce environmental risks and ensure environmental safety at facilities causing a negative impact on human health and the environment when handling production and consumption waste;
- desire to introduce and maintain circular economy approaches when managing production and consumption waste in the implementation of Company's business and other activities.

Risks Related to Violations in the Field of Ecology

Description of Risks	Mitigation Measures
<ul style="list-style-type: none"> ▪ Failure to meet the requirements of environmental reporting provision. ▪ Doing business without state registration of a facility with a negative environmental impact. ▪ Failure to meet the requirements in the field of environmental control and monitoring. ▪ Doing business without permits issued in accordance with the established procedure for emissions of pollutants into atmospheric air, waste handling 	<p>The Environmental Safety and Environmental Protection Policy has a set of processes that ensure compliance with environmental legislation recorded/provided for. 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 statements 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 task force on environmental issues and responsible financing.</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.

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 Authorized Shares of MTS PJSC as of December 31, 2023

Share categories (types)	Quantity (pcs.)	Par value per share (RUB)
Placed shares		
Ordinary shares	1,998,381,575	0.1
Voting shares	1,998,381,575	0.1
Preferred shares	0	0
Authorized shares		
Ordinary shares	100,000,000	0.1

Information about the Persons Owning Shares, Disposing of Votes by Shares, Beneficiaries by Shares of MTS PJSC as of December 31, 2023

	Number of ordinary shares	Share of authorized capital
Sistema PJSC ¹	841,019,563	42.09%
MGTS PJSC ²	5,452,327	0.27%
Stream Digital LLC ²	87,245,832	4.37%
Bastion LLC ²	27,152,863	1.36%
MTS PJSC	38,664,702	1.93%
Shares in free circulation	998,846,288	49.97%
Total	1,998,381,575	100%

¹ The stake of Sistema PJSC also includes the stake of its subsidiary Sistema Telecom Assets LLC (11.03% shares of MTS PJSC).

² MGTS PJSC, Stream Digital LLC and Bastion LLC are MTS PJSC subsidiaries.

Information on the Number of Shareholders

Total number of persons registered in the shareholders' register of the issuer as of the end of Q4 2023: 985.

Total number of persons included in the list of persons entitled to exercise (implement) their rights to shares of MTS PJSC compiled last (as of April 26, 2023) and for compilation of which nominal holders of shares of the issuer presented data on the persons, to the benefit of whom they owned (own) the shares of MTS PJSC: 524,529.

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



[Structure of Shareholder Capital of MTS PJSC.](#)

INFORMATION ABOUT SECURITIES

Shares

The shares of MTS PJSC are circulated on the leading Russian platform – Moscow Stock Exchange (MOEX: MTSS).

<p>2000</p>	<p>October 3, 2003</p>	<p>December 2003</p>
<p>Tier 3 American Depositary Receipts (ADR) of MTS are circulated on the New York Stock Exchange (NYSE: MBT)</p>	<p>The shares of MTS PJSC were included in the list of non-listed securities of the Moscow Interbank Currency Exchange</p>	<p>The shares of MTS PJSC were included in "B" quotation list at MICEX</p>
<p>October 2010</p>	<p>June 2014</p>	<p>August 8, 2022</p>
<p>The shares were traded in "A1" quotation list</p>	<p>The shares of MTS PJSC were traded at the first level of MICEX securities list</p>	<p>MTS depository receipts got delisted from the New York Stock Exchange</p>

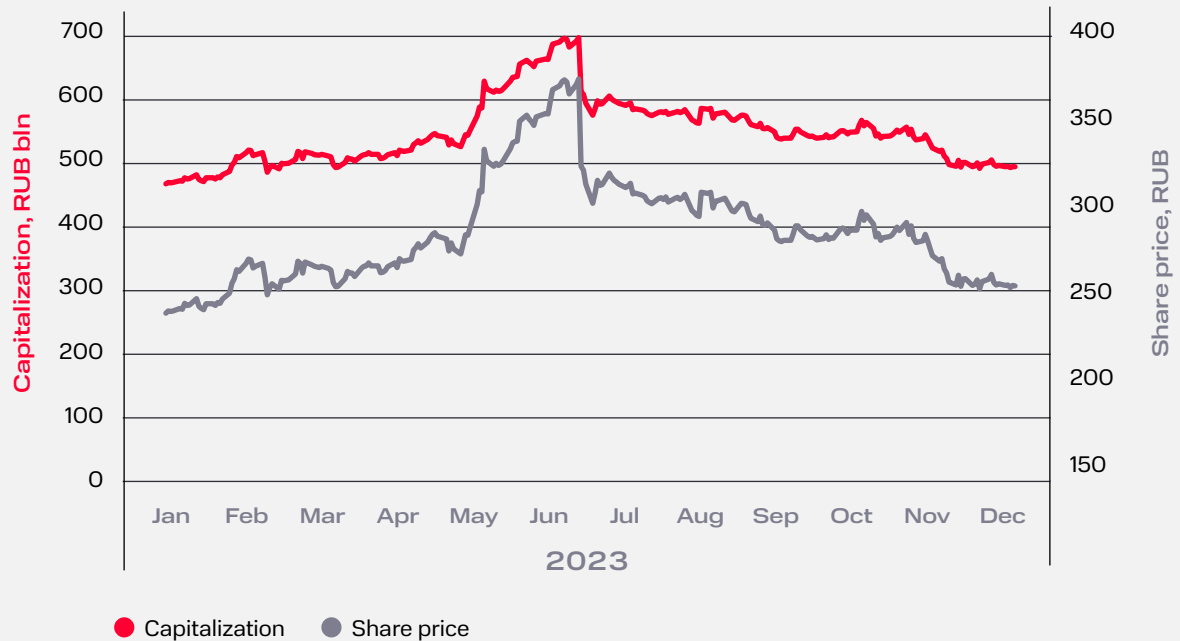
Federal Law No. 114-FZ dated April 16, 2022 obliged Russian companies to terminate their foreign depository receipt programs, except for the cases when the company obtained permission to continue the program from the Government Commission for Control of Foreign Investments in the Russian Federation. In May 2022, MTS applied for permission to the Government Commission, which allowed MTS ADRs to continue 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 shares of the same par value.

An ordinary shares of MTS PJSC fixes for its owner (shareholder) a given amount 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

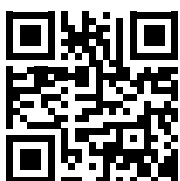
Trading Platform: MOEX (Moscow), Issuer Code: MTSS



Price and volume of shares of MTS PJSC (RUB), 2023

MOEX	Price (RUB)
Minimum share price	235
Maximum share price	348.9
Average daily trade volume (mln units)	3.45
Price as of December 31, 2023	248.45

Information about the current quotation lists and transaction prices



<https://www.moex.com>

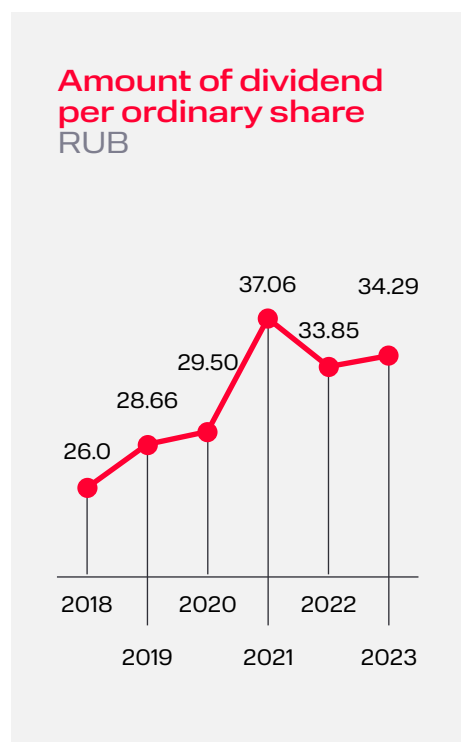
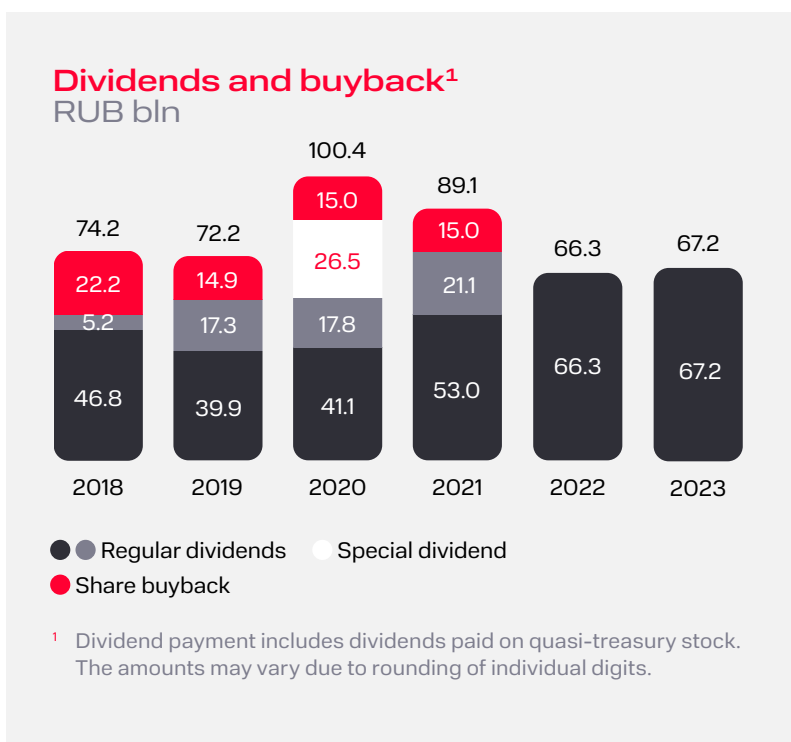
DIVIDENDS AND SHARE REPURCHASE PROGRAM

Dividend Payment in 2023

In May 2023, the Board of Directors recommended that shareholders approve the payment of dividends at the AGM in the amount of RUB 34.29 per share (a total of RUB 67.2 billion), the shareholders made the corresponding decision in June 2023. The date on which persons entitled to receive dividends based on the results of 2022 were determined is June 29, 2023.

upon conversion of depository receipts into ordinary 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 accordance with the applicable Russian legislation, ADR holders get the right to dividends only



67.2

RUB bln

Total declared dividends in 2023

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



[Dividends – Moscow \(mts.ru\)](https://www.mts.ru/Dividends-Moscow)

BONDS

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

Issues/Repurchase of Bonds in 2023

RUB 20 billion	Issue of 001R-24 exchange-traded bonds with the circulation period of 2 years
RUB 5 billion	Issue of 001R-25 exchange-traded bonds with the circulation period of 2.5 years
RUB 25 billion	Issue of 002R-01 exchange-traded bonds with the circulation period of 4 years
RUB 13.5 billion	Issue of 002R-02 exchange-traded bonds with the circulation period of 5 years
RUB 3 billion	Issue of Digital People's Bonds with the circulation period of 3 years
RUB 15 billion	Bonds of series 001R-12 were fully redeemed
RUB 10 billion	Bonds of series BO-01 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 2023

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded bonds, interest-bearing, non-convertible, uncertificated, held in collective safe custody, series 001R-24
Coupon	1–8 coupons – 9.05% p.a.
Placement price	100%
Issue currency	Ruble
Issue amount	20,000,000,000
Placement date	23.03.2023
Date of maturity	20.03.2025
ISIN Reg No	RU000A105ZP8
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded bonds, interest-bearing, non-convertible, uncertificated, series 002R-02
Coupon	1–20 coupons – Ruonia + 1.25% p.a.
Placement price	100%
Issue currency	Ruble
Issue amount	13,500,000,000
Placement date	22.11.2023
Date of maturity	15.11.2028
ISIN Reg No	RU000A1078S8
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded bonds, interest-bearing, non-convertible, uncertificated, held in collective safe custody, series 001R-25
Coupon	1–10 coupons – 9% p.a.
Placement price	100%
Issue currency	Ruble
Issue amount	5,000,000,000
Placement date	05.06.2023
Date of maturity	01.12.2025
ISIN Reg No	RU000A106BQ5
Offer	-

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Uncertificated interest-bearing bonds, series 001-01
Coupon	1–12 coupons – 11% p.a.
Placement price	100%
Issue currency	Ruble
Issue amount	3,000,000,000
Placement date	11.09.2023
Date of maturity	07.09.2026
ISIN Reg No	RU000A106VD1
Offer	The obligation of the Issuer to purchase Bonds at the request of their owner(s) is provided for

Issuer	Mobile TeleSystems Public Joint Stock Company
Security type	Exchange-traded bonds, interest-bearing, non-convertible, uncertificated, series 002R-01
Coupon	1–16 coupons – Ruonia + 1.25% p.a.
Placement price	100%
Issue currency	Ruble
Issue amount	25,000,000,000
Placement date	31.10.2023
Date of maturity	26.10.2027
ISIN Reg No	RU000A1075E4
Offer	-

INTERACTION WITH SHAREHOLDERS AND INVESTORS

One of the key objectives of MTS is to maintain strong and trust-based relations with shareholders and investors, based on direct dialogue in accordance with applicable legislation and best practices.

The Company has an efficient information disclosure system that complies with the requirements of listing rules on the Moscow Exchange. Following the principle of general availability, the Company publishes notices of material events on various platforms, including the Russian Information Agency (news feed)¹, as well as on its official website in Russian² and in English³. On December 28, 2023, the Company announced its decision to cancel registration of its ordinary shares and American Depositary Shares (each representing two ordinary shares) “ADSs”) and terminate its reporting obligations to the US Securities and Exchange Commission by filing Form 15F with the SEC. Once Form 15F was filed, the obligation of the Company to file periodic reports with the Commission was immediately suspended. The obligation to file periodic reports with the Securities and Exchange Commission ceased in full, when the cancellation of registration became effective (90 days after the filing of Form 15F).

MTS also posts other information on its official website. The “For Investors and Shareholders”⁴ section includes internal corporate documents, annual reports, sustainability reports, materials for shareholder meetings, information on the registrar and auditor, information on dividend policies, financial statements under IFRS and RAS, quarterly disclosures of MTS Group results in the form of a press release and presentation, instructions on the ADR program termination and conversion of depositary receipts into ordinary shares.

In 2023, the MTS IR team issued more than 35 press releases and blog posts, took part in conferences organized by investment banks, as well as analytical community for retail investors.

Interaction with shareholders and investors is constantly being improved by the company’s management and investor relations team. The company continuously analyzes the best practices of other organizations and monitors changes in legislation in the field of corporate governance.

Should any questions related to MTS activities arise, investors may contact the services for interaction with shareholders and investor relations.

Contact Information for Investors and Shareholders

Corporate Governance Department of MTS PJSC:

Phone: +7 (495) 911 6555.
Fax: +7 (495) 911 6569.
E-mail: shareholder@mts.ru

Investor Relations Department, MTS PJSC:

Phone: +7 (495) 223 2025.
E-mail: ir@mts.ru

¹ <http://www.disclosure.ru>.

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii/sush-hestvennie-fakti>.

³ https://ir.mts.ru/news_and_events/corporate_releases.

⁴ <https://ir.mts.ru/home/>.

Investor's Calendar for 2024

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 2023

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.

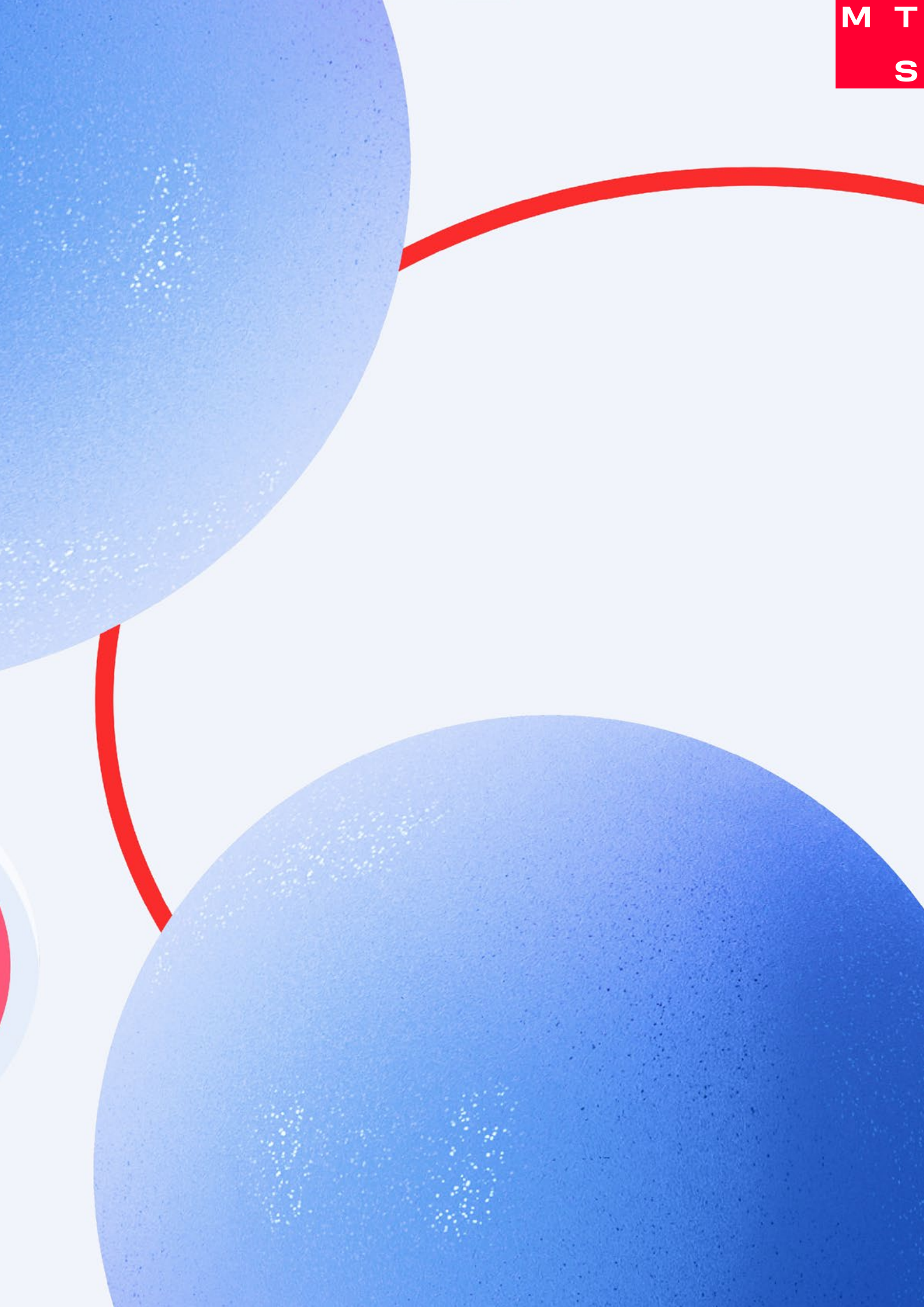
Matters related directly to the company's business and performance

- Dividend policy.
- Management of treasury shares.
- Company growth drivers and company performance results, including Telecom, FinTech, Media, Retail, Adtech, Cybersecurity, Live.
- Debt load of the Company.
- New product and service development.
- Ecosystem development strategy.
- Allocation of tower assets and their potential sale.
- Capital investment in the development of the network and digital ecosystem.
- Rebranding.
- Closure of the ADR program and conversion of depositary receipts into ordinary shares of MTS.



ESG AND SUSTAINABLE DEVELOPMENT

- 148 Sustainable Development Management System**
- 154 Compliance and Business Ethics Culture**
- 167 Responsible HR Management**
- 177 Social Investment**
- 181 Environmental Care**



SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

Key Sustainable Development Areas and Indicators

End-to-end implementation mechanics

ESG Compliance and Business Ethics

Consideration of ESG Aspects in Products, Services, and Projects

Education and Enlightenment



Environmental care

- Responsible resource use
- E-waste management
- Carbon management



Digital society development

- Providing everyone with affordable products and services
- Supporting digital development of communities



Liability towards employees

- Observance of human rights, inclusion and diversity
- Decent and safe working conditions
- Volunteering and social engagement of employees



Responsible business management

- Efficient corporate governance
- Responsible supply chain
- Ensuring information security

In 2023, MTS continued integrating the sustainable development principles into its activities. Considering the key national trends, MTS maintained and strengthened its focus on social support for employees and customers, which was reflected in the additional structuring of two of the Company’s ESG Strategy areas. “Digital Community Development” brings all the Company’s external socially significant initiatives together and “liability to employees” stresses the particular importance of a careful approach to personnel support and development.

Considering the current business priorities of the Company, some of the ESG Strategy areas were formulated more comprehensively by incorporating some correlating areas, yet keeping the records of all the Company initiatives significant for sustainable development.

To integrate the ESG approach into the Company’s business operations more fully, end-to-end mechanics for strategy implementation that are equally important and mandatory for the E, S, and G areas, were separately highlighted:

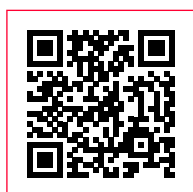
- compliance and business ethics as a fundamental principle of the Company activities ensure process transparency and a high level of corporate liability;
- education and enlightenment increase the level of inclusion and understanding by the Company stakeholders of the importance of compliance with the sustainable development principles;
- the need to consider the ESG aspects, regardless of the area of implementing the product and service projects, increases the Company’s ability to influence the settlement of environmental and socially significant society issues.

The ESG Strategy of MTS is based on a group-wide approach allowing MTS subsidiaries to focus on the overall strategy of the Group, while selectively detailing the ESG areas considering the specifics of their activities and the ESG maturity level. The Company takes a systematic approach to manage all types of risks inherent in the diversified business of MTS, as well as takes into account the ESG risks when making decisions at different management levels.

Guiding principles of MTS are openness, transparency, essentiality, and high-quality disclosure of significant ESG information for a wide range of stakeholders in the Annual Report and the Sustainable Development Report.

In 2023, MTS continued to develop educational and enlightenment areas, introduced inclusive culture elements, including at the digital level, and integrated charitable programs into the Company products. The Company provided continuous access to modern digital services and high-quality communication services for all categories of citizens, regardless of geographical location, national background, age and health characteristics, was involved in improving the level of information and cyber security.

Detailed information is set out in the “ESG and Sustainable Development” section, as well as in the 2023 MTS Sustainable Development Report for 2023



[Sustainability Report ...
Moscow \(mts.ru\)](#)

2023



Environmental Care

“**Production and Consumption Waste Management**” Standard was introduced

Draft Strategy to manage greenhouse gas emissions and achieve goals of carbon footprint reduction was developed

440,800 electronic devices were restored under the customer equipment refurbishment program

34,144 kg of plastic and **23,030 kg** of electronic components transferred for responsible recycling

> 2 million people covered by MTS educational and enlightenment content on environmental issues

3,700 kg of small electronic equipment and more than **28 tons** of scrap computer equipment and scrap communication equipment have been sent for recycling and responsible disposal



Responsible Business Management

MTS confirmed compliance of the Unified Compliance System with the requirements of **ISO 37301:2021** “Compliance Management Systems” and **ISO 37001:2016** “Anti-Corruption Compliance Management System”

The “**Trademark Lifecycle Management**” project became the winner of the Russian IP Russia Awards in nomination of “Automation of Handling IP Items”

MTS information security management was **ISO/IEC 27001:2022** certified

100% of the Board of Directors members, the Management Board members and members of the Committees under the Board of Directors passed trainings on the anti-corruption compliance system

> 36,000 employees were trained on organizing the data processing and data privacy

2.6 million cases of fraud detected
RUB 7,634 million is amount of losses prevented
2.9 billion calls blocked on the MTS network by antifraud systems



Responsibility to Employees

The average salary at the Company is **11.1%** higher than in the country as a whole

72% (32 thous. employees) — share of self-assigned training (+23% by 2022)

About **78%** of managerial and **60%** of other vacancies are filled by internal candidates

A special assessment of the working conditions was carried out in relation to **91%** of workplaces in the Corporate Center of the MTS Group and the branches of MTS PJSC

> 900 interns across the entire MTS ecosystem accepted for traineeship
About **40%** of those who completed the traineeship were reassigned to regular staff

> 7,500 employees of the MTS ecosystem participate in corporate volunteering

620 MTS managers have completed educational programs for diversity, equality, inclusivity issues, including for observance of human rights

20,000 employees are covered by an educational campaign on various aspects of inclusive culture and human rights on the Pulse portal

The Inclusivity Index in the MTS ecosystem increased by **35 percentage** points against 2022



Digital Society Development

MTS Cashback users have written off **RUB 20.7 million** in favor of charitable foundations

18 socially useful digital products (VR films, audio guides, educational materials, etc.) have been created

In the country regions, MTS has created 84 tourist audio guides, which were used by **900,000** people at year-end 2023

MTS converted the MTS "Generation M" platform users' digital activities into the amount of **RUB 24 million**, which was sent to treat **86 children** who are seriously ill

The Link between the ESG Agenda and the Company Strategy

MTS is a digital ecosystem, therefore both the business strategy and the ESG Strategy of the Company are based on developing innovative digital technologies that allows ensuring maximum benefit for the Company's customers and stakeholders.

At the center of the MTS business strategy stays a human, whose needs consideration allow us to build long-term relationships with the customers by the high product quality. MTS ESG initiatives become a logical continuation of this approach by expanding the range of human and social needs that the ecosystem can satisfy exactly by its technologies.

High corporate governance, management, legal and IT security standards, which are the MTS DNA, allow the Company to find and build efficient partnerships. Willingness for cooperation and partnership is

embedded in the MTS business strategy and assists in implementing socially and environmentally significant initiatives. For example, in 2023, MTS continued high-tech cooperation with wildlife sanctuaries, educational institutions, and expanded the number of partnership non-profit organizations.

In 2023, MTS continued to actively participate in the meetings of the ESG dedicated committees of the Alliance, thereby helping to increase the maturity of the national ESG agenda, further elaboration of national ranking methodologies, etc.

Within the development of the international ESG agenda, the Company participated in the development and piloting of the ESG metrics developed in the international project "ESG Metrics for Mobile" of the GSMA Association.

Top-Level Internal Documents on Sustainable Development

The Company has developed and used a set of internal regulations promoting compliance with and introduction of the principles of sustainable development in the Company's business operations. For example, the need to observe human rights is specifically stated in the "Diversity, Equity, and Inclusion" policy, and there is a whole range of regulations in place to ensure information security and personal data protection. Suppliers certainly get acquainted with the Counterparty Code of Business

Conduct, which reflects the Company's approaches to environmental and social responsibility, etc.

Moreover, in 2023, MTS PJSC introduced the Production and Consumption Waste Management Standard and developed a draft Strategy for Managing Greenhouse Gas Emissions and Achieving Goals of Carbon Footprint Reduction considering the Company's IT specifics.

ESG Governance Structure

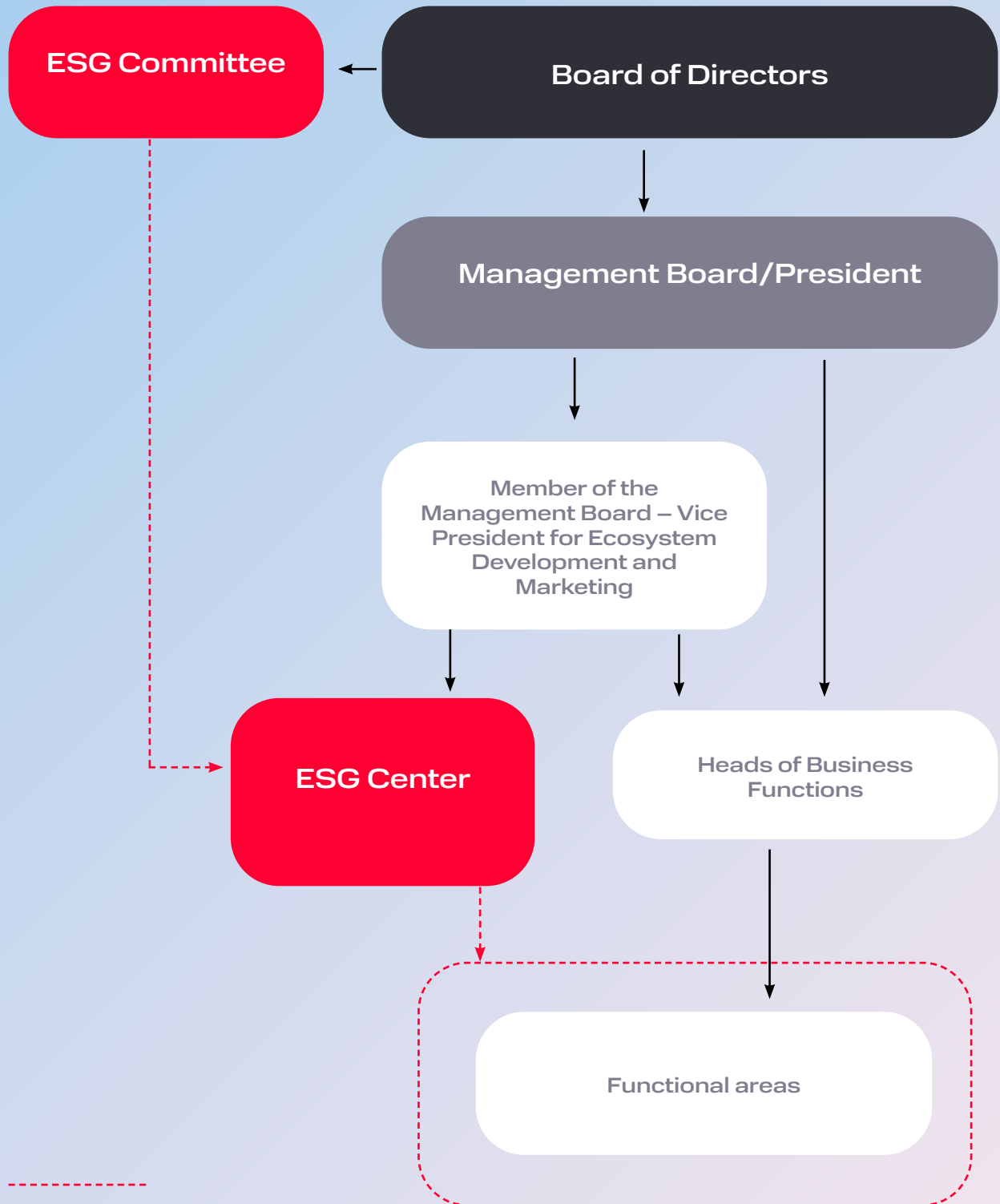
The ESG Committee under the Board of Directors shall determine development priorities and advise on the MTS ESG agenda, and evaluate the results of work in ESG areas. In 2023, 10 meetings of the ESG Committee were held, including 2 meetings held jointly with the Remuneration and Nomination Committee under the Board of Directors of MTS PJSC. A number of subsidiaries presented materials on their ESG initiatives at the Committee meetings.

The MTS ESG Center shall be responsible for the formation and efficient implementation of the ESG

strategy, shall coordinate the implementation of the key ESG areas, facilitate the introduction of ESG aspects into the Company's business processes and agenda of sustainable development in the MTS Group.

Business areas involved in the ESG agenda shall be responsible for the implementation of activities across the key ESG areas, as well as collect ESG data for further consolidation in the ESG Center.

ESG Center in MTS structure



Focus on SD

Business agenda

COMPLIANCE AND BUSINESS ETHICS CULTURE

Code of Business Conduct and Ethics of MTS PJSC

The Code of Business Conduct and Ethics of MTS PJSC¹ includes key principles, a set of standards and requirements accepted at the Company to facilitate MTS PJSC fair and ethical business and prevent

abuse. Provisions of the Code were updated in 2021. In 2023, more than 92% of MTS PJSC employees completed e-training in the Code of Business Conduct and Ethics.

MTS PJSC Counterparty Code of Business Conduct

In accordance with the best international practices, the Company has approved the MTS PJSC Counterparty Code of Business Conduct², which contains basic requirements and ethical standards, compliance with which is expected from MTS counterparties. The provisions of the Code apply to all counterparties of MTS, as well as any third parties

involved by a counterparty to act on behalf and/or for the benefit of the MTS Group. Familiarization with the Code and acceptance of its commitments are an integral part of the contractual relationship with the Company. In 2023, more than 4,000 counterparties were trained, which is 23% more than the year before.

Unified Compliance System Supporting the ESG Strategy

Since 2016, the Company has been actively developing the Unified Compliance System (UCS) on the basis of the norms of the applicable law, recommendations of regulatory authorities, the specific nature of the industry, and best practices in this sphere.

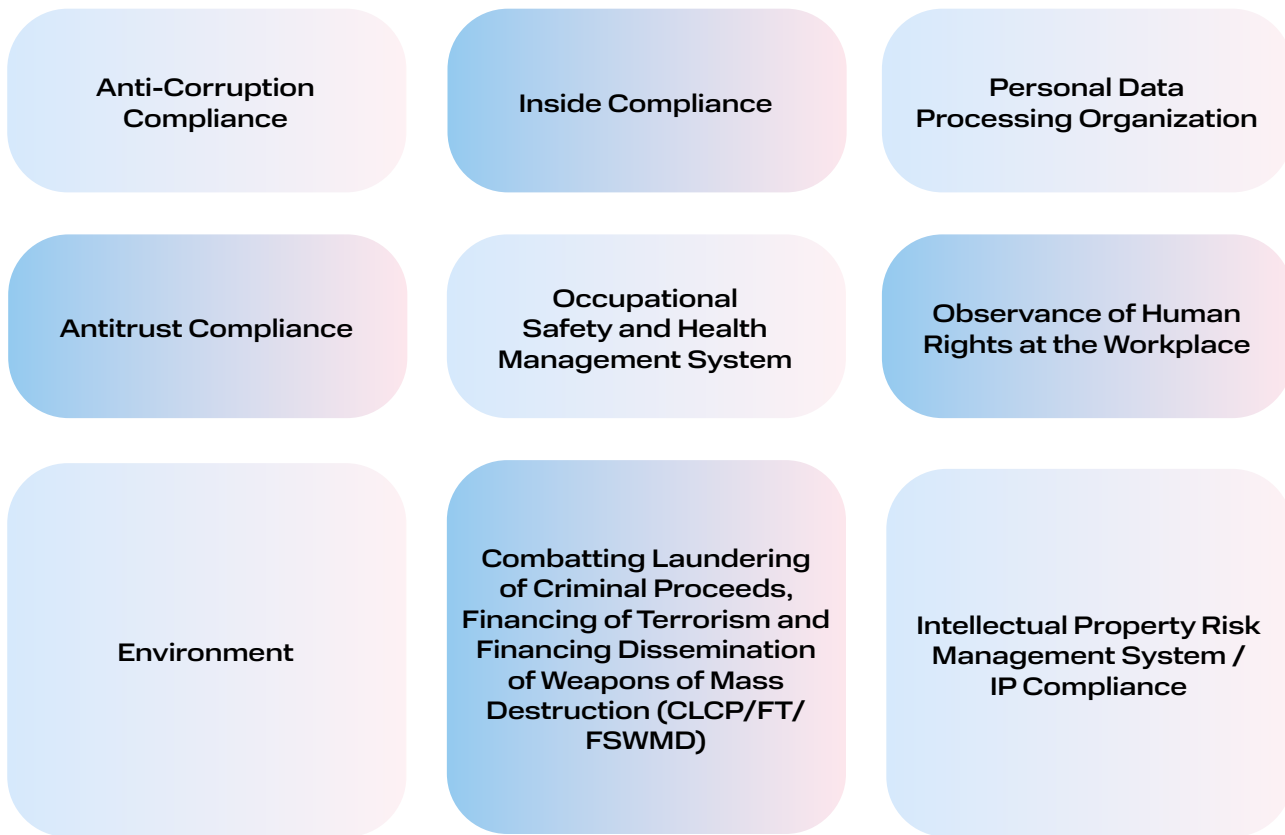
The compliance programs of the Company supporting the ESG Strategy allow developing the MTS ecosystem based on the principles of business ethics, strictly comply with the requirements of regulators, invest in the sustainable development of society, balancing the interests of concerned parties.

MTS makes a significant contribution to the processes of digitalization and increasing the transparency of information flows. In this regard, it is especially important for the Company to build an efficient compliance risk management system at all levels, in all businesses and in all areas of presence. The UCS (the Unified Compliance System) for the entire MTS digital holding is based on the general principles of sustainable development and ethical behavior, forms the foundation of its responsible management (the G part of the ESG Strategy).

¹ https://ir.mts.ru/about_mts/compliance_and_business_ethics.

² https://ir.mts.ru/about_mts/compliance_and_business_ethics.

Key Areas of the MTS Unified Compliance System



Each compliance area is assigned to the relevant mentor functional units, each of which implements its compliance program and risk minimization system. Coordination of the UCS implementation and operation is entrusted to the MTS PJSC Ethics & Compliance Department.

posted publications on the most significant events of the program. Annual compliance culture assessment was conducted. The overall level of compliance culture was 91.5 points, which is 0.4 points higher than 2022 results.

MTS confirmed compliance of the Unified Compliance System with the requirements of ISO 37301:2021 “Compliance Management Systems” and ISO 37001:2016 “Anti-Corruption Compliance Management System” based on the results of an audit conducted by the new certifying bodies. The MTS team is the winner in the nomination “Best Comprehensive Compliance Program” according to the results of the XI Compliance Case Forum 2023 Award.

Much attention was paid to activities aimed at improving the level of compliance culture of employees. On the corporate portal, the UCS blog regularly

Compliance Committee

Since 2016, there the Compliance Committee under the President of MTS PJSC has operated in the Company. This Committee consists of the President and managers directly subordinate to the President. The Committee is chaired by the Vice President for Business Ethics and Compliance.

The Committee was established to make decisions on the setting-up and implementation of compliance programs. The main tasks of the Committee are to implement a policy in compliance risk management and to make proposals on the directions for the MTS Group development in this area.

Unified Hotline

Information on violations of business ethics and compliance standards by MTS employees can be reported to the Unified Hotline (unified hotline)¹.

The Company provides an independent and comprehensive investigation of all requests. Inspections are conducted regarding all requests received to the Unified Hotline in accordance with the local regulation that defines the procedure for addressing such requests.

The Unified Hotline is receiving proposals to improve anti-corruption procedures and other internal control procedures.

A person who has submitted relevant information is protected from any forms of pressure (including from dismissal, persecution, and any forms of dis-

crimination). MTS PJSC maintains a non-retaliation policy and prohibits any form of adverse influence against the informers.

Press releases on the Unified Hotline operation are posted on the corporate MTS information portal on a quarterly basis to inform the MTS Group employees about the Unified Hotline operation results.

At the beginning of 2023, the responsibility for conducting inspections of the Unified Hotline messages containing information about violations of the Code of Business Conduct and Ethics was transferred to the Business Ethics & Compliance Department.

All situations of conflict of interest, violation of the provisions of the Code of Business Conduct and Ethics, risks of violation of anti-corruption legislation were settled in accordance with the Code of Business Conduct and Ethics, the Conflict of Interest

¹ <https://hotline-mts.b1.ru/>

Number of Messages Received by the MTS Group Unified Hotline

MTS Group companies	2021	Share, %	2022	Share, %	2023	Share, %
RTC JSC	534	41%	462	51%	439	48%
MTS PJSC	647	50%	307	34%	324	35%
MGTS PJSC	38	3%	34	4%	43	5%
MTS Digital LLC	15	1%	31	3%	36	4%
MTS Bank PJSC	13	1%	17	2%	18	2%
MTS Armenia CJSC	14	1%	15	2%	11	1%
Mobile TeleSystems JLLC	16	1%	14	2%	8	1%
Other	18	1%	27	3%	39	4%
Total	1,295	100%	907	100%	918	100%

“The Unified Hotline is an essential tool for promoting honest and ethical business, as well as preventing violations of the Code of Business Conduct and Ethics, in-house Company policies and procedures. This is an indicator of trust of employees and third parties who are ready to report violations in the Company and thereby contribute to their elimination.

Commitment to the principles of transparency will help us to develop and maintain an atmosphere of trust and comfortable working environment, where employees will perform their duties in good faith, without being afraid of getting involved in any unfavorable situation.”

Director for Internal Audit

Management Policy and the Anti-Corruption Law Compliance Policy approved by the Company, with the participation of the Business Ethics & Compliance Department.

The Company provides an independent and comprehensive investigation of all possible reports of violations. The MTS Discipline Committee operates on a constant basis in MTS that reviews cases of compliance requirements violations and other significant violations, ensuring the observance of the principles of legality, justice, uniformity, and reasonableness when making decisions on the application of disciplinary sanctions to employees, and develops corrective measures in support of sustainable management. Moreover, the Company has developed and uses compliance KPIs and compliance triggers that maintain the commitment of all employees to the business ethics and compliance standards.

The employees who committed violations of the Company's internal regulations were informed of the necessity to remedy violations and prevent the repetition of similar situations in the future in accordance with the legislation.

Anti-Corruption Compliance

The MTS PJSC anti-corruption compliance program establishes measures to control regulatory risks, to protect the Company from any manifestations of corruption (both within the Company and attempts to involve the Company in corrupt activity from the outside), to enhance the corporate culture, introduce and develop the best corporate governance practices in the Company, as well as standards of responsible and ethical behavior.



Day of Ethics and Compliance

In 2023, the Day of Ethics was held under the slogan “Communicate with Care: Polite to Everyone, Ethical in Everything”. A message on the importance of a respectful and positive work environment was issued by the Vice President for Business Ethics and Compliance. Involving events were held as well: the Compliance Cup game among the MTS Group employees, creative competitions, video messages from employees, managers and their children about respectful environment, exchange of stickers on the corporate portal and in the Telegram messenger, communication about communication with care, as well as other events prepared by the coordinators of compliance programs of the MTS Unified Compliance System.

Results of Independent Appraisal of the 2023 Compliance Culture Level

General results of the survey

89.0

Overall indicator of culture in the MTS Group in 2021

91.1

Overall indicator of culture in the MTS Group in 2022

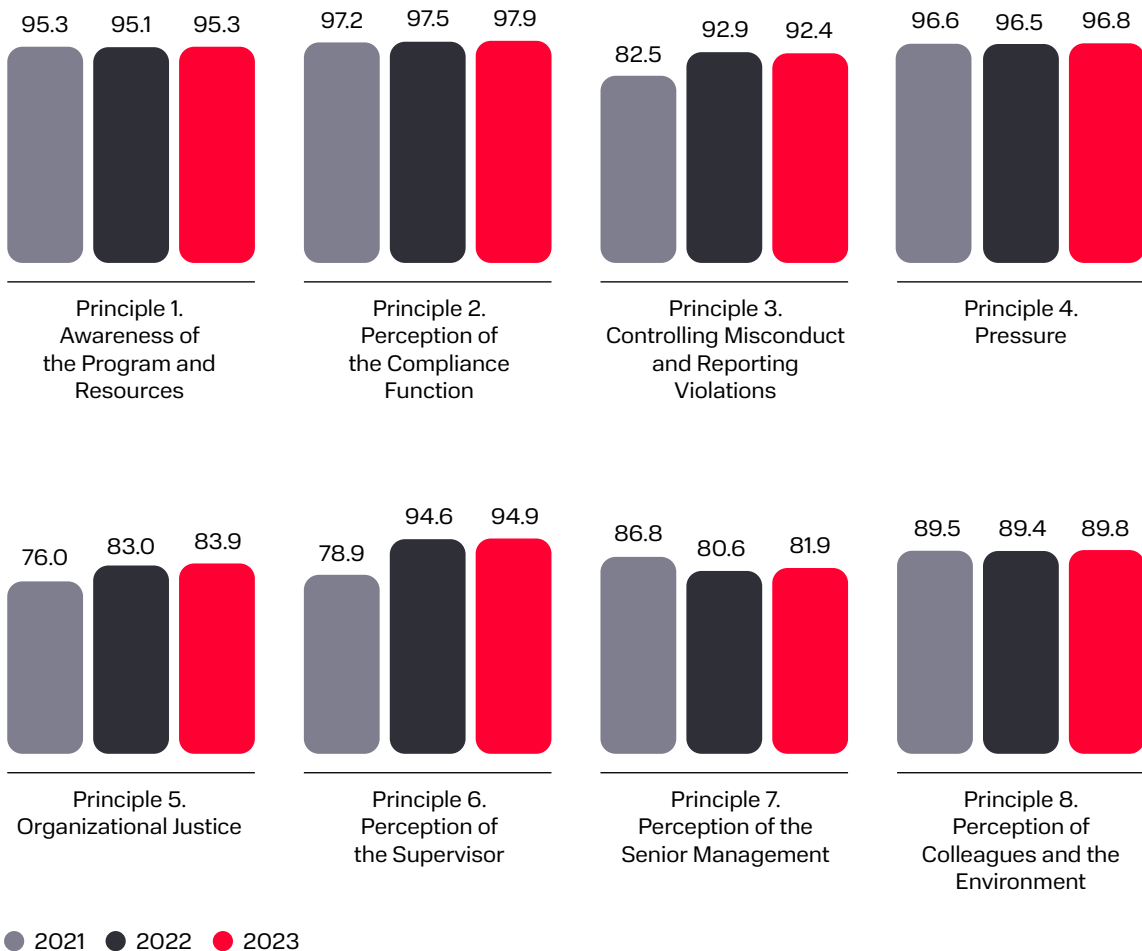
91.5

Overall indicator of culture in the MTS Group in 2023

+ 2.5 points to the 2021 results in the MTS Group

+ 0.4 points to the 2022 results in the MTS Group

Survey results by each principle



Projects and Initiatives in the Development of the Anti-Corruption Compliance Program and Strengthening of the Compliance Culture in 2023

In 2023, a number of initiatives were implemented to enhance the compliance culture:

- All local regulatory acts with compliance controls have been reviewed and updated considering the risks identified. A reminder was developed and training was conducted jointly with the Ecosystem Development and Marketing Block and the HR Block for the target audience on the topic of “How to distinguish the projects and determine the process required”.
- The MTS Group methodological framework has been updated to perform operational tasks in accordance with the requirements of the regulator and anti-bribery and anti-corruption best practices.
- Successful use of existing and development of new tools for automation and digitalization of compliance controls was continued to ensure transparency, reduce time and costs for performing control procedures, as well as improve the quality of the ecosystem business processes in general:
 - the chatbot got improved in terms of the scripts used;
 - the automation process of the Control Procedures Management module on the Risk Matrix platform was completed;
 - a Case Management System (CMS) was introduced in 44 MTS Group subsidiaries, which increases the efficiency of the investigation and verification process, as well as systematizes the root causes identified and the results of working therewith;
 - the process of anti-corruption inspection of counterparties got automated, as well as Big Data tools to identify and timely respond to risks in transactions with counterparties were added. Introduction of automated tools made it possible to increase the number of transactions under consideration by more than 10 times;
 - an automated service for the approval and registration of gifts, as well as for obtaining consultations on compliance, was introduced;
 - the conflict of interest management system was improved in terms of automatically assign-

ing electronic disclosure sheets to all new employees..

Большинство разрабатываемых IT-решений по комплаенс имеют потенциал для масштабирования на Группу МТС, что позволяет распространить полезные эффекты от автоматизации на всю экосистему МТС.

- Mandatory compliance courses were updated. More than 25,000 Company employees (more than 92%) completed the updated courses.
- Regional development directors and branch directors demonstrated their “ethical leadership” to employees by explaining the ethics principles, compliance controls, etc. In 2023, more than 400 “tone-in-between” events were held.
- Posts and information materials were placed in compliance communities, on the Pulse corporate portal. In 2023, 37 posts on the anti-corruption area of compliance were published. Communications are becoming more and more interactive: podcasts, videos, reminders, use of homages, quizzes, etc.
- There is further process of introduction and systematization of the project for the annual Unified Supervision of the Compliance Program Implementation in MTS PJSC Subsidiaries on a Rotational Basis that is aimed at ensuring the uniform compliance program introduction and the efficient application of compliance controls in the MTS Group. In 2023, 12 subsidiaries participated in the project.
- A project was introduced for annual self-assessment of operational efficiency of the corporate anti-corruption compliance program based on more than 40 specifically developed performance metrics. The procedure is targeted at ensuring the program sustainability, as well as at creating conditions for its continuous development.

Inside Compliance

MTS PJSC, as a company with its financial instruments traded on the Moscow Exchange, pays great attention to maintaining an efficient system of misuse of insider information and market manipulation.

The prevention system for breaches legislation on use of insider information that is built considering best Russian and international practices and based on the two underlying documents: Regulation on Principles and Procedures for Preventing Transactions using MTS Insider Information, Policy “On

Countering the Misuse of Insider Information and Market Manipulation”, and “Conditions for Transactions with Financial Instruments of the MTS Group Companies by Individuals Specified in Clauses 7 and 13 of Article 4 of the Law on Insider Information¹, who are included in the list of MTS insiders, and persons associated therewith”.

MTS PJSC local regulatory acts define the procedure for using insider information, rules for protecting its confidentiality and control over compliance with the requirements of law on the use of insider information. Control procedures ensure fair price setting of financial instruments, protection of the rights and property interests of all MTS shareholders and equality of other investors in terms of the timing and volume of information received, strengthening investor confidence, and curbing abuse in the form of misuse of insider information and market manipulation.

The Company maintains a list of its insiders. It includes individuals and legal entities. Since 2014, the Company has operated a full-time education system for all insiders who are the Company’s employees. When hiring, each employee shall read the Company’s regulations aimed at preventing violations of insider laws. An interactive course dedicated to the basics of insider law shall be held for all employees of the Company.

Risks related to the violation of insider legislation shall be recorded in a specialized automated system and reassessed every six months.

Pursuant to the requirements of the Law on Insider Information, MTS approved Internal Control Rules to prevent, identify and suppress the misuse of insider information and/or market manipulation. The internal control rules establish the goals, objectives and methods of internal control over compliance by MTS with the requirements of the insider information law, the procedure and timing of disclosure of MTS insider information, the procedure for access to insider information and the rules for protecting its confidentiality. Control over MTS compliance with the requirements of insider information law is part of the official duties of the Vice President for Corporate and Legal Affairs of the MTS Group CC (Management Board Member), who is accountable to the President of MTS.

In order to maintain an efficient insider compliance program, the Company audits the program controls as necessary (using the risk-based approach) — by

the internal audit unit headed by a person accountable to the Board of Directors.

Personal Data Processing Organization

In 2023, the Information Security Department continued its activities within the pre-defined areas — Customer-Oriented Approach (Customer Centricity), Continuous Involvement, Assistance to Product Teams, Simplicity and Speed, Interaction with Product Teams at All Stages of Product Life Cycle.

As part of adhering to the principles of transparency and accountability when processing personal data, as well as in order to comply with the adopted and planned amendments to the legislation of the Russian Federation in personal data and information security, the Company made corresponding changes to local regulations, including the documents subject to mandatory publication (MTS PJSC Personal Data Processing Policy). The information contained in the Register of Personal Data Processing Operators is kept up to date, and the issue of notifying the authorized body for the protection of the rights of personal data subjects about the cross-border transfer of personal data is subject to special control.

Risks associated with violation of the legislation on personal data are taken into account in the Company’s risk management system and are reassessed on a regular basis.

In order to increase the level of awareness of the Company’s employees on the issues of organizing the 2023 personal data processing and data privacy, MTS PJSC conducted training for more than 36,000 Company’s employees.

Antitrust Compliance

In 2023, the Company went on providing continuous antitrust training in MTS PJSC and its subsidiaries. The Company also finalized the methodology for antitrust risk assessment considering the likelihood and features of the risk portfolio in subsidiaries.

Due to the entry into force of the “fifth antitrust package”, an audit of risks and controls was conducted to verify compliance of the group activities with the regulation changes; procedures and training materials were adapted.

¹ Federal Law dated 27.07.2010 No. 224-FZ “On Countering the Misuse of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation”.

Occupational Health and Safety Management System¹

The Company operates a two-tier H & S management system focused on creating a safe working environment, prevention of occupational injuries and personnel training in occupational safety rules.

In 2023, as part of the compliance program, the following activities were carried out:

- special assessment of working conditions and production control;
- procedures for identification, assessment, and management of professional risks;
- medical examinations;
- training of employees and experts in occupational health and safety;
- provision of the employees with the safety clothing, safety shoes, and other personal protective equipment;
- various events and communications in order to increase employee awareness of occupational health and safety;
- control procedures of various levels;
- interaction with regulatory authorities.

The costs of organizing occupational safety measures increase annually due to the expansion of the staff and the list of implemented measures.

Human Rights at the Workplace²

MTS recognizes that a person, his life and health are the highest value. MTS services assist to provide equal opportunities for education, development, and self-realization of each stakeholder, regardless of individual features and needs.

MTS accepts no discrimination in any form or manifestation, it creates an inclusive and diverse environment and adheres to the best global practices in the field of DEI (diversity, equity, and inclusion).

Therefore, in 2023:

- During the year, the ESG Committee regularly discussed issues related to the development of the corporate inclusion culture and its significance for the Company's future;
- Educational programs on diversity, equity, inclusion, including in observance of human rights, were held. Educational programs were attended by 620 MTS managers (HR, GR, ESG, compliance, marketing communications, Telecom Block);
- On the Pulse portal, an educational campaign on various aspects of inclusive culture and human rights was arranged for the MTS ecosystem employees — reach of 20,000 people;
- Cooperation with Employment Centers of Moscow and regions was expanded. Reach — 8,500 people, completed questionnaires — 2,500 copies, 1,100 people interviewed, employment conversion — 1.4%;
- Research and surveys on diversity and inclusion were conducted among the ecosystem employees as per the DEI metrics;
- Participation in International Conferences and Forums promoting the DEI agenda and strengthening the image of MTS as a socially responsible employer (Urban Forum, RBC HR conference, reach of 20,000 views).
- An external educational platform on DEI for customers, partners, candidates, and employees was created at: <https://mts-hr.rbc.ru/>;
- MTS educational podcast “poTRENDim” on inclusion was released at: <https://www.youtube.com/watch?v=Q9TluCAbSr8>.

In 2023, the MTS Group Unified Hotline received 193 messages containing the signs of violation of the Code of Business Conduct and Ethics. However, only six messages were in regard of discrimination and observance of human rights. Inspections were carried out in relation to these messages, and following their results, information about the facts of discrimination was confirmed in three cases only. Required corrective measures were taken for the cases detected.

¹ The section “Our Employees” contains detailed information on the program.

² Detailed information is set out in the ESG and Sustainable Development section, as well as in the MTS Sustainable Development Report for 2023 at: [Sustainable Development Report ... Moscow \(mts.ru\)](https://sustainabledevelopmentreport.mts.ru/)

Risks in inclusive culture and observance of human rights are regularly digitized according to the recommendations following the external annual audit of compliance programs and assessment of compliance risks at the level of business processes.

MTS adopted local regulations governing the main issues of observance of human rights regarding diversity, equity, and inclusion. The documents consolidate key principles of respect for human rights and conduct of the Company's employees.

Environment¹

The MTS approach is based on efficient management of regulatory environmental and climate risks. In 2023, the Company went on implementing the program to ensure environmental safety at MTS facilities, strategic projects on environmental responsibility targeted at the widespread introduction of circular economy principles into the MTS Group business processes. ESG Strategy of the MTS Group was approved.

Employees are regularly notified about legal requirements in environmental protection on the MTS Blog platform.

Combating the Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing Dissemination of Weapons of Mass Destruction (CLCP/FT/FSWMD)

The CLCP/FT/FSWMD program has been developed pursuant to the requirements of the applicable law, which changes are monitored on a regular basis. The Center for Comprehensive Security Development conducts a daily audit of all MTS subscribers to check whether some of the subscribers are included in the list of Rosfinmonitoring. When the Company's subscribers carry out high-risk transactions on personal accounts, an additional check is initiated against the database of invalid passports. The Company also daily monitors termination of contracts for the provision of communication services with the return of the balance of the advance, as well as other transactions of subscribers.

In 2023, the Company:

- the signs of unusual transactions were updated;
- top-management scheduled training in the form of targeted briefing / raising the level of knowledge for the purpose of CLCP/FT/FSWMD was conducted.

Intellectual Property Risk Management System

In 2023, the compliance program "Intellectual Property Risk Management System" successfully confirmed compliance with the new standard "Compliance Management Systems" (ISO 37301:2021, formerly ISO 19600:2014) and continued its development.

In order to manage the risks associated with intellectual property, changes were made to internal documents that optimize the processes in terms of concluding contracts with intellectual property items and checking the rights of the counterparty to intellectual property items.

In order to minimize the risks in terms of violating the rights of third parties and protecting the trademarks, a unique "Trademark Lifecycle Management" project was implemented using an automated program. This project allowed not only to improve the Company processes, but also became the winner of IP Russia Awards 2023, Russian award in intellectual property, in the nomination of "Automation of Handling IP Items".

An automated service for issuing service tasks and reports on creating utility software was launched to manage the risks in terms of creating utility Programs for computers.

In 2023, more than 44,000 MTS Group employees passed the updated mandatory remote training course "Rules for Using Intellectual Property".

Also, the Company held training events on the issues of risks in procurement and conclusion of contracts in intellectual property, use and protection of creative content, a webinar dedicated to the International Intellectual Property Day.

¹ Detailed information about the Company's approaches to managing its own environmental impact is provided in the "Caring for the Environment" section of this report, as well as in the [MTS Group Report on Sustainable Development for 2023](#).

Compliance Training for the MTS PJSC Board of Directors Members

In 2023, trainings on the anti-corruption compliance system were conducted for the MTS PJSC Board of

Directors members, the Management Board and the Board of Directors Committees' members. The training was attended by 100% of the Board of Directors members, the Management Board and the Board of Directors committees' members.

Complex Security System

In 2023, activities to ensure the corporate security and access control were conducted in accordance with the Functional Strategy of MTS PJSC in Ensuring Complex Security for 2023 and the Action Plan for Ensuring Integrated Security of MTS PJSC for 2023.

Within the implementation of the requirements of Federal Law No. 115-FZ dated August 07, 2001, "On Combating the Legalization (Laundering) of Criminal Proceeds and Financing of Terrorism", the Security Block employees set up and are operating a system for detecting and blocking personal accounts registered in the names of persons on the List of Terrorists/Extremists. Dozens of such personal accounts are detected and blocked weekly.

Information Security

The architecture of the corporate information security system was developed considering the best global practices, based on national and applicable international standards. The continuity of functioning of all corporate processes and information security tools is provided. The level of maturity of the information security management and assurance system guarantees sustainable operation and development of the business and product ecosystem, as well as the achievement of the MTS Group strategic goals.

In 2023, the MTS PJSC information security management system was certified for compliance with ISO/IEC 27001:2022 Information security, cybersecurity and privacy protection — Information security management systems — Requirements. An international certification body issued the certificate.

The processes for designing secure architecture and ensuring security during software production (Secure Software Development Lifecycle) were introduced and improved. Product teams are pro-

vided with services for designing the architecture of information security tools, developing information security requirements, calculating the costs of information security measures, assessing the compliance of digital products with corporate software security requirements, analyzing the source code and app builds. Software products with information security requirements is monitored for compliance at all stages of manufacturing ecosystem digital products and integration of the assets acquired into the ecosystem.

In 2023, the policy of import substitution of information security equipment from unfriendly countries was further implemented. Tenders for procurement of software and hardware, as well as reengineering of the corporate architecture of the critical information infrastructure protection system, were conducted.

A project to upgrade the system for preventing loss of restricted access information (Data Loss Prevention, DLP) was implemented, a system of protection against targeted attacks on corporate resources, Anti-APT and a system for automatically responding to information security incidents were introduced. Protection of internal information infrastructure from DDoS attacks has been implemented on the corporate service introduced in 2023. The process of replacing the internal SIEM with a Russian solution was launched.

Compliance with licensing requirements regarding the operation of CIPF, technical protection of confidential information and monitoring of the state of information security of information technology tools and systems was ensured. There were no comments from regulatory authorities.

In 2023, 26.5 million incidents of information security were recorded and addressed successfully

Conflict of Interest Management

The Policy “Conflict of Interest Management”, as well as the reminder on the conflict of interest management in the Company are posted on the MTS external website¹, the corporate portal, and also in the My MTS mobile application. When being hired, all employees familiarize themselves with this Policy, shall fill in the form “Disclosure of Information about the Conflict of Interests”. A survey is conducted twice a year for members of MTS PJSC management bodies. During 2023, information in regard of 661 situations was inspected to identify the presence of the conflict of interest. 334 situations were resolved, 327 situations — the conflicts were not confirmed.

SORM (Law Enforcement Support System)

In order to ensure the failure-proof operation of special complexes installed on MTS PJSC network, actions were organized and held on a permanent basis to maintain and support the equipment and software.

Special complexes were installed on the MTS PJSC communication networks, the presence of which makes it possible to provide communication services using 2G/3G/4G/5G, IMS (VoLTE, Wi-Fi Calling, “My Connect”), eSIM, RCS, NB IoT technologies, M2M, Wi-Fi, BBA, as well as convergent services (“Virtual PBX”) and MVNO services (“Tinkoff Mobile”). Work on the modernization of the special equipment supporting the activities of authorized state bodies was carried out on a scheduled basis, in accordance with the approved investment program and the requirements of L&R (laws and regulations). Scheduled events were held in full.

Economic Security and Anti-Corruption

Primary attention was paid to mitigating financial and economic risks and preventing material damage to the Company. In 2023, 95 internal inspections/official investigations were carried out, more than 10.8 thousand procurement procedures were reviewed, more than 60 thousand inspections of counterparties, as well as inspections of 56 thousand candidates and employees of the MTS Group, were carried out. By year-end, the economic effect from the activities of the Anti-Corruption and Economic Security Department, including reimbursed and prevented damage, amounted to RUB 3.1 billion. HR issues were addressed systematically.

Within the performance of its principal functions and powers, the counterparty verification system was improved further:

- a pilot search for legal entities affiliated with former top managers of MTS was carried out using automated Big Data tools and according to the Unified State Register of Legal Entities;
- within the development of a model for automatic counterparty verification, in order to exclude interested-party transactions, a database containing information about the conflicts of interest disclosed by the Company employees, as well as a list of MTS affiliates, were included in the number of internal data sources;
- There was implemented a mechanism for targeted automatic distribution of notifications about the issuance of a negative opinion regarding a counterparty to the e-mails of employees who currently manage an agreement or procurement with such a counterparty.

Business processes for monitoring procurement were supplemented with two new functions — approval of simplified procurement to solve urgent and/or priority tasks and monthly procurement monitoring for subsidiaries and affiliates within the MTS Group.

Security of Personnel and Facilities

The anti-terrorist protection and facility security was provided in accordance with the MTS Group Strategy for the integrated security assurance for 2022–2023.

In 2023, fire-fighting and anti-terrorist training were conducted on a regular basis. In order to increase the level of anti-terrorist security, persons who are admitted to critical information infrastructure facilities are checked.

During the preparation and holding of significant socio-political events and public holidays, enhanced measures were taken to protect the Company's facilities, ensure intra-facility and access control. No incidents and violations at facilities.

In order to fulfill the requirements of the Decree of the Government of the Russian Federation dated June 08, 2023, No. 944 “On Approval of Requirements for Anti-Terrorist Protection of Objects (Territories) of the Ministry for Digital Development,

¹ https://static.ssl.mts.ru/mts_rf/contents/537/Conflict_of_Interest_Management_Policy_rus.pdf

Communications and Mass Media of the Russian Federation, the Federal Service for Supervision of Communications, Information Technology, and Mass Media and Its Territorial Bodies, as well as Subordinate Entities and Entities Related to Their Area of Activity”, systematic work to categorize and certify the MTS PJSC facilities was carried out.

Antifraud

Within the implementation of the Decrees of the Government of the Russian Federation dated November 03, 2022, No. 1978 and No. 1979, the Antifraud Department carried out work to connect to the Unified Call Verification System, the operator of which is GRChTS, in accordance with current technical conditions, verification is performed in real time with all participants connected to the System. In 2023, the verification node of MTS PJSC blocked 146.7 million calls.

In 2023, 2.6 million facts of fraud were detected; the amount of prevented losses was RUB 763.38 million. In 2023, 93.2 billion calls were processed by antifraud systems on the MTS PJSC network, of which 2.9 billion were blocked.

Regional Management

In 2023, regional security units continuously ensured the implementation of measures in terms of

security of personnel and facilities, information and economic security in accordance with the approved plans to ensure comprehensive security of MTS PJSC in the corresponding branch.

In order to comply with the Legislation of the Russian Federation, MTS PJSC duly organized and carries out interaction with law enforcement agencies, courts, and supervisory authorities.

In order to ensure the Company’s assets safety, as well as considering the current geopolitical situation and the position of vendors regarding equipment supply to the territory of the Russian Federation, regional security services monitor the safety and return of MTS PJSC equipment dismantled by contractors on a regular basis. In 2023, 8.7 thousand equipment items worth RUB 436 million were returned under the supervision of security workers in the regions, it is planned to reuse 3.9 thousand equipment items from this equipment worth RUB 153 million, the rest of the equipment will be partially used as spare parts, tools and accessories.

In order to identify and prevent economic risks for MTS PJSC, employees of the security unit centrally inspected in 2023 the reliability of 16 thousand new counterparties, with which MTS PJSC entered into agreements within its operating activities, as well as 40 thousand counterparties under existing agreements.

Responsible Supply Chain

The Company's purchases are carried out in accordance with the MTS Procurement Rules¹ developed in accordance with the legal requirements. The MTS PJSC Counterparty Code of Business Conduct² contains recommended standards, compliance with which is expected from counterparties, and applies in all subsidiaries and affiliates of MTS PJSC. In addition to good faith and honesty, the Code notes the importance of compliance by vendors with environmental laws and human rights. Equal access to procurement procedures is ensured by the establishment of equal competitive opportunities and uniform rules for all participants of the procurement procedure prior to its implementation.

In 2023, procedures aimed at increasing the transparency of procurement activities were maintained, namely:

- mandatory anti-corruption verification of counterparties was introduced within each procurement procedure;
- mandatory anti-corruption training for counterparties was conducted;
- a questionnaire for sub-counterparties and compliance verification were introduced in full;
- a set of measures was implemented to consolidate purchasing procedures for companies

¹ <https://tenders.mts.ru>

² https://mts.ru/upload/contents/10647/Kodeks_delovogo_povedeniya_kontragenta_new.pdf.

included in the MTS Group, and the process of intra-group transactions got structured as well.

Capabilities of the 3Click Independent Procurement system, where the MTS Group employees may independently carry out a small purchase with a digital footprint, but with a simplified design, were expanded. In 2023, the 3Click system became available to some of the MTS Group subsidiaries.

Increasing the Transparency of Procurement Procedures

In order to comply with the requirements of applicable anti-corruption legislation, a risk-based approach is used to conduct an anti-corruption audit of counterparties and third parties. The procedure suggests the involvement of employees of procurement departments and business cus-

tomers at the stage of the procurement procedure or the conclusion of the contract and the provision of relevant information about the counterparty and the third parties involved thereby to the economic security unit to verify their reliability.

In 2023, mandatory anti-corruption training of counterparties was held, as well as compliance verification of sub-counterparties.

100%

The Company makes 100% of purchasing procedure in electronic form¹

¹ MTS purchasing procedures are made in electronic form through the EDM module (electronic document management) of the Oracle Sourcing IT system (among contractors who have the relevant IT systems).

RESPONSIBLE HR MANAGEMENT

HR management is a strategically important area built at a professional level and contributing to the achievement of MTS business goals.

Investment in creating an efficient and successful MTS team is aligned with business needs, building a corporate culture and HR ecosystem that allows the Company to grow and develop together with its

employees. The MTS HR policy efficiency is confirmed by HR high ratings and awards.

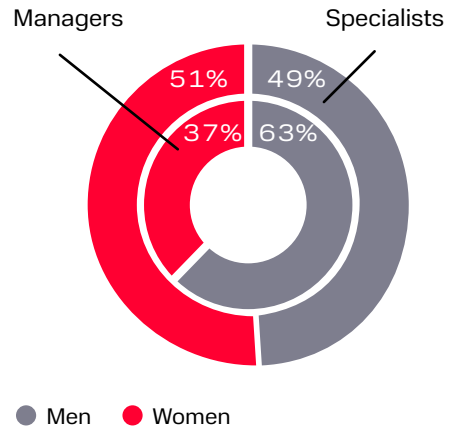
Rankings and Awards

Forbes Rating of Employers:	Platinum status in all 3 categories: “Employees and Society”, “Environment”, “Corporate Governance”
RBC Rating of Employers	Group 1 (the best) of the companies
Head Hunter Rating of Employers	Ranked 15th
Changellenge Student Rating of Employers	Ranked 1st among telecom companies, ranked 20th among business specialties, ranked 11th among IT specialties, ranked 16th among technical specialties
Future Today Student Rating of Employers	Overall rating – ranked 23rd, in its target audience – ranked 19th, in popular institutions of higher education – ranked 16th
AK&M Social Performance Rating of the Russian Companies	Ranked 1st among the largest holdings.
ESG Ranking of Russian Companies RA EX	BBB, ranked 19th, as well as ranked 1st in the ranking for observance of human rights
Rating “Corporate Philanthropy Leaders” of the Donor Forum	A+, MTS became the only tech company in the rating to receive the highest category
Bema 2023 Event Marketing Festival	The True Tech Day project won in 2 nominations at once: “Best Employer Brand Project” and “Best Business Event”
Reforum Awards	“The Nutcracker. Less Words – More Coding” project won in the “Company Developing Jobs of the Future” nomination
HR IMPACT 2023	The “MTS Is a Company for Everyone” project won in the “Diversity & Inclusion” nomination
Champions of Good Deeds	The “Back to School with MTS” project won
“Lamp” International Impact Film Festival	Image film “MTS Is a Company for Everyone. Start with Yourself” won in the “SDGs in Short-Length Films” nomination
The Best Social Projects of the Russian Federation	The “SVYAZIYA” project won in the “Corporate Volunteering” nomination

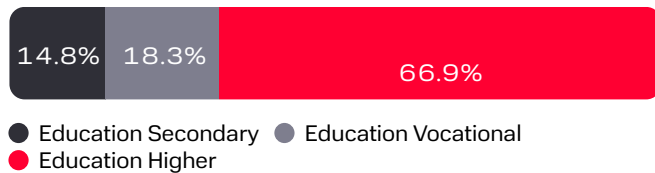
Portrait of the Company's Average Employee



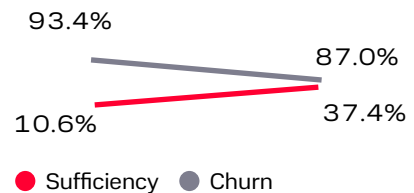
Gender Composition



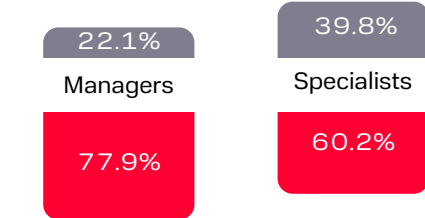
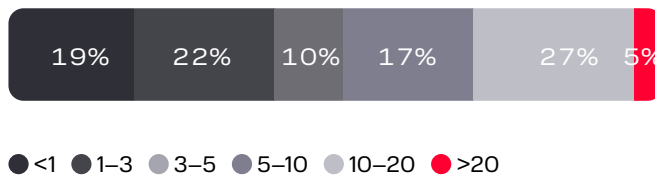
Personnel structure by education



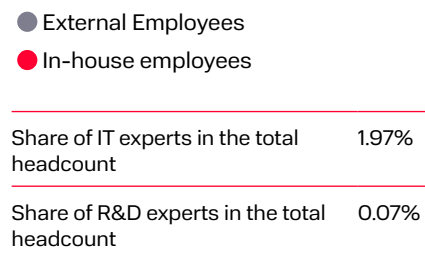
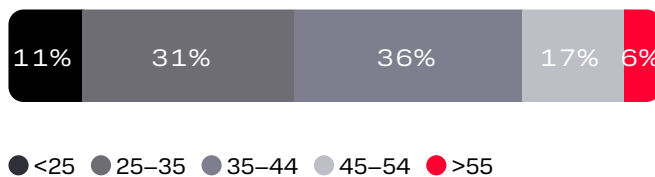
Filling of Vacancies



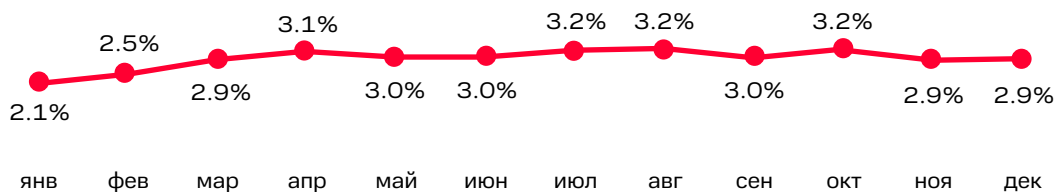
Personnel structure by experience



Структура персонала по возрасту



Net Churn Dynamics



2023
34.8%

>62
thousand people

the number of the MTS Group employees as of the end of 2023 (including freelance personnel)

79
regions of Russia

geography of the MTS Group employees' presence

Recruitment and Onboarding

Timely recruitment of qualified personnel and onboarding of new employees for MTS, which owns a wide retail network, is one of priority areas for the HR policy. Moreover, an important component of personnel selection for MTS as a digital ecosystem company is the recruitment of IT experts.

Level of Vacancy Filling, Thousand People

	2021	2022	2023
Mass and professional recruitment	21	23	20
IT-recruitment	1.6	2.2	2.2
Total	22.6	25.3	21.9

Despite a slight decrease in the overall level of hiring due to the unstable geopolitical situation in the country, MTS managed to keep the amount of hires of IT personnel by active work with hiring managers, employer brand development and optimization of the interview procedure. In 2023, more than 660 managers were trained in the art of recruiting, which allowed improving the Employee Journey Map.

Moreover, in 2023, the Company was able to keep the recruiting efficiency (amount of hires per recruiter) at a level above the market average due to the transformation of internal processes. Considering the situation on the labor market in general, the period for recruiting was reduced, while the period for recruiting IT personnel slightly exceeded the market average as well.

Efficiency of Personnel Selection and Recruitment (Number of Vacancies Filled per Recruiter)

	2021	2022	2023
Professional recruitment	12	10	10
IT-recruitment	5	6	7

Speed of Recruitment, Calendar Days

	2021	2022	2023
Professional recruitment	40	45	40
IT-recruitment	49	56	55

Share of Filling the Vacancies on Time, % (% of Vacancies Filled on Time of All the Vacancies Filled)

	2021	2022	2023
Professional recruitment	68%	73%	79%
IT-recruitment	80%	75%	78%

MTS League

MTS developed a special program allowing any employee or employee team to get recognition. A project or a person, including himself, can be nominated through the program platform.

The application shall describe the participant’s achievements in detail. The employees themselves choose the winners by open voting.

Nominations of the Program

- **#Take It and Go for It** — the best employee
- **#Together** — the best mentor
- **#Fast and to the Point** — the best digital project
- **#About the Customer** — the best project
- **#Do It Cool**
- **#More than Work**

In 2023:

- **8,000 users** registered on the project’s digital platform
- **1,100 applications** for the competition sent by employees
- **More than 5,000 employees** voted for the nominees
- **134 experts** assessed projects and nominees
- **84 employees** were recognized as winners, they also formed the MTS League being the first community of the best employees
- **17,000 views** on the portal of the news dedicated to the winners of the MTS League recognition program, **more than 200 likes** and **40 comments**

The winners of the competition were announced at the end of the year and awarded in person by top management team at an offline event in Moscow.

New employees and those who have returned after a longer vacation are immersed in work and corporate culture at the onboarding events taking place on the MTS Corporate University online platform. In 2023, the personnel onboarding program was updated. The four program sections include knowledge about the Company culture and processes, mandatory requirements, as well as useful internal services for employees. Also, within the onboarding, new employees participate in the Welcome Day online event, where trainers, joined by the key managers, immerse them into the Company structure, introduce them to the strategy and opportunities for development.

Working with Institutions of Higher Education

The MTS Group actively cooperates with the leading institutions of higher education, including the National Research University Higher School of Economics, MTUCI, Plekhanov Russian University of Economics, Lomonosov Moscow State University, Saint Petersburg State University and many others. The Company has a basic department, master and bachelor degree programs, it participates in special courses and actively holds career events and lectures from experts of institutions of higher education.

Work with Students and Schoolchildren

The MTS Group has internship programs for students and graduates in business and IT areas. In 2023, more than 900 interns in total were accepted for internship (across the entire MTS ecosystem). Almost 40% of those who completed the internship were transferred to regular staff. The Company also actively interacts with schoolchildren, arranges special projects for them and conducts introductory and onboarding events for various educational organizations.

Number of Students who Completed Internship in MTS, Persons

2021	2022	2023
465	562	613

Educational and Special Projects

The MTS Group develops its own educational projects, such as the School of Data Analysts and FinTech Academy, holds its own championships and hackathons, as well as supports special projects at institutions of higher education and partner organizations.

Diagnostics of Competences

In 2023, a corporate competency model was approved, which includes general corporate and management competencies. A pilot for the IT teams was conducted that also included diagnostics of IT competencies. 5,250 employees took part in the pilot, with a rate of reach 81%.

Remuneration and Employment Benefits

MTS has a competitive remuneration system. According to the data for 2023, the average salary at the Company is 11.1% higher than in the country as a whole.

employees have the opportunity to participate in the Benefits Cafeteria program with the ability to individually change the set of personal benefits. This approach enables us to qualitatively satisfy different employees' needs with high-cost effectiveness.

Moreover, MTS provides to their employees a wide package of compensations and benefits. The

Performance Evaluation

All of the Company's employees participate annually in the performance evaluation procedure, which includes both an evaluation of fulfilment of key performance indicators and the competence development level. During the evaluation process, managers provide extended feedback based on annual work results, and, following the results of the evaluation, a plan of development measures is drawn up for the employees.

to achieve common objectives. For the purpose of developing the employees' potential, additional options have appeared for assessing the compliance with the Company values.

In 2023, the work on the development and improvement of the KPI system was continued, including an increase in the number of cross-cutting team indicators, which help efficiently unite teams in order

Thanks to a properly built personnel development system, about 78% of managerial and 60% of other vacancies in the Company are filled through the involvement of in-house candidates. It has been possible to provide employees with opportunities for developing professional and personal competencies, as well as for studying new digital directions and retraining by using advanced remote training platforms without sacrificing quality.

Advanced Training for Personnel

MTS trains personnel using the MTS Corporate University platform, which offers online courses for development of managerial, functional and corporate competencies. In 2023, the share of self-assigned training at MTS PJSC increased by 23% and amounted to 72% (32,000 employees).

the year, 449 events were held where more than 16 thousand Company's employees took part.

MTS Corporate University Platform Reach (Remote Training),%

2021	2022	2023
96%	98%	99%

Training Formats

In 2023, three main training formats were used: online trainings/workshops, online hands-on sessions to develop skills, and offline ones. During

Volunteer Projects



Time for Good Deeds

On New Year's Eve, together with the Clear Sky Foundation, MTS volunteers visited orphanages and boarding schools throughout Russia, held workshops, gave gifts and congratulated the children on the upcoming holiday.

- 1,600 employees took part in the project
- Volunteers visited 37 sponsored institutions
- 4,792 children became beneficiaries
- More than RUB 1.3 million collected





Back to School with MTS

It is a large-scale federal educational volunteer project of the MTS digital ecosystem. As part thereof, educational, creative and volunteer activities to support schoolchildren are implemented. The funds raised within the project are destined to help the pupils of boarding schools and children from families in difficult life situations in preparing for exams, entering colleges and institutions of higher education, etc.

- 40 cities took part in the project
- Volunteers visited more than 30 educational institutions with educational lessons
- About 1,000 schoolchildren received new knowledge
- 580 employees participated in creative workshops
- More than 2,000 employees participated in charity fairs
- About RUB 600 thousand as the total amount collected

MTS Mobile Theatre

The “Mobile Fairy Tale Theater” of MTS has existed since 2012. It involves the MTS ecosystem employees, who perform in the sponsored orphanages, social centers, hospitals, and nursing homes. The theater repertoire includes 18 plays on various topics. Since 2021, all video versions of plays have been accompanied by sign language translation and subtitles and are posted in the KION online cinema. The theater works in Moscow, St. Petersburg, and Krasnodar.

- More than 150 volunteers participate in the theater work
- 18 plays on the repertoire
- 80 performances per year
- 200,000 viewers online/offline
- 50,000 views on KION in 2023



Silver Heart

On the Day of Older Persons (October 1), MTS volunteers visit regional sponsored social institutions for the elderly, hold impromptu concerts, communicate with older people, give gifts being basic necessities and arrange tea parties.

- More than 2,200 nursing home residents received charity assistance

Personal Consultations

In 2023, 47,550 people participated in the engagement survey. The 2023 eNPS (Employee Net Promoter Score) employee loyalty index increased by

almost 1 p. p. compared to the last year. The overall employee engagement level is among the sector's best in both telecom and IT industries. Growth against 2022 +0.2 p. p.

Involvement and Loyalty

In 2023, 47,550 people participated in the engagement survey. The 2023 eNPS (Employee Net Promoter Score) employee loyalty index increased by almost 1 p. p. compared to the last year. The overall

employee engagement level is among the sector's best in both telecom and IT industries. Growth against 2022 +0.2 p. p.

Developing an Inclusive Environment and Information-Oriented Society

The program for developing an inclusive environment and digital society is based on the principles of inclusion, equity and diversity. The program is implemented within the Company's ESG strategy and DE&I Policy — "MTS Activities in the field of Diversity, Equity & Inclusion"².

the factors in engaging and retaining talent and improving external reputation.

DE&I. Developing an Inclusive Environment

In 2023, the MTS ecosystem companies went on implementing the programs in diversity, equity, and inclusion. The key target audiences for the Company remain disabled people, older people and young employees without work experience, as well as people experiencing hardship.

National Inclusive Agreement (NIA)

In 2023, within the implementation of the National Inclusive Agreement, MTS conducted an audit of business processes for recruitment to determine their compliance with the DE&I principles. Educational programs on gender equity, diversity, and inclusion, which the Company published on RBC as an educational platform "New Business Ethics: How to Make a Company Inclusive" (mts-hr.rbc.ru), became public and open for the business community.

Large-scale educational programs on setting an inclusive culture for managers and employees continued — practices of hiring people from special groups, inclusive hiring and onboarding, rules of communication with disabled people. These initiatives have already shown results: the inclusion index of the ecosystem increased by 35 p. p. compared to 2022:

The current MTS Diversity, Equity, and Inclusion Policy, which systematizes and establishes the principles of the MTS Group activities in DE&I, is also public.

- 52% of the ecosystem employees rate inclusion in the Company as "excellent",
- 30% of employees deem it necessary to continue developing inclusion in the MTS ecosystem, which is 10 p. p. higher than last year.
- the majority of respondents deem the DE&I development in the Company to be one of

Corporate Volunteering

MTS corporate volunteering unites more than 7.5 thousand ecosystem employees and is an integral part of the corporate culture. Digital and intellectual volunteering became the main areas of volunteer work in 2023, which additionally forms unified approaches of the MTS ecosystem in volunteering and creating the image of a socially responsible employer.

¹ DE&I — Diversity, Equity & Inclusion.

² Approved by the Board of Directors in 2021.

Occupational Health and Labor Safety

Number one priority is to preserve life and health of the employees, to provide favorable and safe labor conditions at MTS PJSC.

Since 2020, MTS has joined the international approach Vision Zero, or Zero Injuries. This is a qualitatively new approach to organization of prevention, combining three areas: safety, workplace hygiene and well-being of employees at all production levels.

The MTS Group Strategy for safety, health and well-being for 2021–2023 that included international practices and methods for introducing the Vision Zero, was implemented in full.

The costs for MTS PJSC occupational health and safety measures amounted to 100% of the budget in 2023.

Costs for Occupational Health and Safety Measures, RUB Million

2021	2022	2023
87.3	83.9	99.8

In 2023, 15,117 thousand people, including managers, specialists, members of occupational safety commissions and other categories of employees, completed external and internal training on occupational safety. Training on first aid to persons injured at production facilities is held.

Special Assessment of Labor Conditions, jobs

2021	2022	2023
23,885	24,003	23,523

A special assessment of the labor conditions was carried out in relation to 91% of jobs in the MTS Group Corporate Center and MTS PJSC branches.

Detailed information on assessment results is available at: [Labor conditions assessment — Moscow \(mts.ru\)](https://www.mts.ru/labor-conditions-assessment).

Personal protective equipment plays an important role in the prevention of employee's direct exposure to harmful and/or hazardous production factors.

MTS developed and approved norms of free issue of safety clothing, safety shoes and other personal protective equipment to workers who are engaged in work with harmful and/or dangerous working conditions.

MTS employees engaged in work with harmful and/or dangerous working conditions undergo preventive (at employment) and periodic (during work) medical examinations. During the reporting period, MTS PJSC held preventive and periodic medical examinations of 1,027 and 5,055 employees, respectively. As a result of periodic medical examinations, four employees needed to be transferred to another job; health resort treatment was recommended to 65 employees (the opportunity of treatment was granted at the Company's expense).

Since 2019, the "Requirements to investigation of accidents" standard has been in place in the Company, and the branches use this standard to take the corresponding measures. Heads of units and representatives of employees participate in monitoring and in the development of annual H & S Safety Plans in branches for the next year, as well as in the development of the List of actions to improve the labor conditions and occupational health and safety and develop the safety culture.

In 2023, four accidents occurred at MTS PJSC with four employees were injured (one of them was a woman). In terms of severity, all accidents fall within the category of minor accidents. The total number of injuries reduced, but their severity did not increase against 2022. No occupational diseases were found in employees in 2023.

Annually, MTS PJSC cooperates with the Social Insurance Fund of the Russian Federation (SIF RF) for financial support of preventive measures to reduce accident injury rate and occupational diseases among employees and to provide health resort treatment to employees who work with hazardous and/or dangerous production factors, as well as to obtain discounts on insurance rate for compulsory social insurance against industrial accidents and occupational diseases. In 2023, the total amount received from this work amounted to RUB 2.8 million (RUB 6.26 million in 2022, RUB 10.2 million in 2021). Medical examinations and a special assessment of working conditions were performed, safety clothing, safety shoes and other person-

al protective equipment were purchased at the expense of the Federal Social Insurance Fund of the Russian Federation.

Since 2018, MTS employees have been taking a remote training video course “Safety Culture” (more than 1,500 employees have already completed the course).

Every year, the Company assesses the efficiency of its OSH management system based on quantitative indicators that objectively assess the extent of implementation of its occupational health and safety policy.

Rate of injury

Indicator	2021	2022	2023
Accident Frequency Rate (AFR) ¹	0.25	0.20	0.15
Accident Severity Rate (ASR) ²	30.4	32.4	39.8
Accident and Lost Work Time Rate (ALWTR)	0.06	0.05	0.06
Lost Work Day Rate (LWDR)	1.60	1.57	1.38
Absentee Rate (AR)	4.61	4.53	4.37

¹ Accident Frequency Rate (AFR) defines the number of accidents for the reporting period per 1,000 workers.

² Accident severity rate (ASR) defines number of disability days per one injury.

SOCIAL INVESTMENT

MTS implements long-term social investment programs focused on achieving sustainable positive changes in society and characterized by the active use of engaging mechanics and the participation of a wide pool of representatives of local expert and professional communities, as well as volunteers.

Social Investment Principles of MTS

Continuity and Sustainability

The Company focuses its ESG efforts on implementing the National Goals, the UN SDGs in the areas most complementary to the business strategy

Versatility

Efficient solving of social problems using high-tech services and our own ecosystem expert knowledge

Public Involvement

Each citizen has the opportunity to make a personal contribution, together with MTS, to solve relevant community problems hereby helping to implement long-term, targeted programs of the highest quality in synergy with society

Partnership

MTS develops the practice of partnership and cross-sector interaction, thus achieving synergy of interests in settling social issues

Localization

We tailor our initiatives point by point at the local level considering the context and needs of a particular region

Efficiency

We determine a system of KPIs for social programs and monitor the KPI implementation on a regular basis

All areas of MTS social programs have a digital basis – we engineer, integrate and provide various services and solutions to develop society areas.

More detailed information is available in the MTS Group Sustainability Report for 2023: chapter “Corporate Social Responsibility”, section “Local Communities”



[Sustainability Report](#)
[Moscow \(mts.ru\)](#)

Social Investment Areas of MTS

Education

Children and youth intellectual and creative development

Health and Wellness

Support for socially vulnerable groups of the population, businesses and local communities

Culture

Preservation, promotion of unique cultural values

Inclusion

Support for developing an inclusive environment

Digital Enlightenment

Increased level of financial literacy and training of population in the correct use of modern technologies

Environment

Environmental protection, ecotourism development and environmental enlightenment

Supporting Digital Development of Communities

MTS considers the matters of developing the territories of operation in a comprehensive paradigm of supporting social, economic, cultural, financial and economic, investment and other areas. The MTS strategic goal in social investment is to improve the quality of life of various communities by providing a wide range of digital services and developing innovations.

population, that is, enthusiasts, local history experts, historians and journalists, in the creation of “people’s” digital audio guides. To date, MTS has created 84 guides in the regions of the country that already used by 900 thousand people. In addition to traditional walking tours, we offer unusual car and water routes; all routes are free of charge and available on the MTS Live digital platform.

Digital Projects for Independent Travel

In 2023, we placed a special emphasis on developing digital tools for active and safe independent travel. This allows preserving the history of places, discovering new opportunities and increasing the accessibility of domestic tourism.

Audio Guides to Tourist Places

A project promoting the development of domestic tourism through digital services with unique content. Within the project, MTS engages local

Power Place Project

MTS helps national parks, wildlife sanctuaries and urban areas to identify opportunities for using innovative technologies (including video surveillance with elements of AI and Big Data) and the MTS ecosystem products for environmental enlightenment, tourism development, unique flora and fauna preservation, as well as ensuring the safety of protected areas. In 2023, 18 socially useful digital products (VR films, audio guides, digitized content for museums, educational materials with AR elements) were created.

Support for IT Education

We understand the importance of helping society adapt to new realities and find opportunities for development in the digital environment, therefore the creation of high-quality educational tools for various audiences is one of MTS priorities.

MTS.Theta

Free educational courses for IT experts of various levels of training. We share knowledge to create digital leaders. Within MTS.Theta, the Company also launches joint educational programs with leading institutes of higher education and courses for the ecosystem employees who are interested in career growth or a change of activity. Participants complete their training based on real cases, surrounded by a strong community and supported by dedicated experts. In 2023, additional courses for different

technology stacks, including the courses on QA and Flutter, were launched. In total, several thousand students completed MTS.Theta educational programs in 2023. The best students get the opportunity to join the IT team at MTS. Дополнительно запущены курсы для разного стека технологий, включая курсы по QA и Flutter. Всего в 2023 году образовательные программы МТС.Тета прошли несколько тысяч студентов. Лучшие студенты получают возможность попасть в ИТ-команду МТС.

Cooperation with Institutions of Higher Education

In 2023, we went on developing joint educational projects and master's degree programs with leading Russian institutions of higher education.

Digital Enlightenment

MTS tends to create conditions for increasing digital and financial literacy in society. It is important for us that every society member gets access to the technologies and opportunities of the modern world. MTS implements projects to improve digital literacy for completely different age groups.

Children in the Digital Environment. The goal of the Alliance is to facilitate creating a safe and healthy digital space for children where they can have fun online, develop cyber literacy knowledge and communicate online without the risk of being exposed to dangerous or illegal information.

Projects for Children and Teenagers

- **“Generation M”** is Russia's largest educational platform created by the MTS digital ecosystem to develop children's creativity in the digital environment. With IT technologies, the project participants complete educational courses in various creative disciplines guided by experienced teachers, experts in art, technical, IT and creative industries, as well as develop important soft skills. “Generation M” allows gaining the first practical experience of interacting with digital technologies in a creative environment: work with real issues, try oneself in popular creative jobs. The Generation M program is included in the number of global practices recognized by the UN as advanced in achieving Sustainable Development Goals.
- MTS, along with the largest companies operating in the field of information technology, is a co-founder of the **Alliance for Protecting**

- In 2023, MTS implemented the enlightenment project **“My Country “SvyaziYa”**. Thanks to the project, students from social institutions learn about the evolution of communication technologies and jobs of the future, and take workshops on cybersecurity, digital hygiene and design of a smart home of the future.

MTS Media Enlightenment Projects

The MTS Media online platform — media.mts.ru — posts informative, educational and helpful content. The publications are primarily targeted at improving digital literacy, as well as at information and applied assistance in understanding technological transformation.

Financial Literacy

MTS FinTech helps build a conscious and responsible approach to creating a personal and family budget, as well as teaches digital hygiene and the use of modern online financial services. To combat digital ignorance, MTS FinTech conducts workshops, trainings, lessons and other enlightenment programs for a wide audience of all ages in online and offline formats, as well as develops the enlightenment project “Financial Literacy for Everyone!”

Environmental Enlightenment Programs

Popularization of the culture of conscious consumption, ecology, development of eco-volunteering and ecotourism is carried out, also thanks to modern digital technology. The MTS educational and enlightenment content reach on environmental issues in online and offline formats is more than 2 million people.

Charitable Activities

The charitable activities of the MTS Group are a continuation of the Company business strategy and social strategy and are governed by the Policy “MTS Charitable Activities”. The document defines the basic principles for planning and implementing charitable activities of the MTS Group, and fixes the rights and obligations of the Company employees and units to the extent of such activities.

Principles of MTS Charitable Activities

- Legality and ethics
- System approach
- Openness and transparency
- Zero tolerance towards any manifestations of corruption
- Political indifference
- Control of using funds

Charity Management at MTS

Important elements of managing the MTS Group social and charitable activities:

- The Supervisory Board for Charity is a collegial body that includes Company’s top managers. The Supervisory Board for Charity controls charitable activities of the MTS Group, approves the annual plan and budget for charitable activities, as well as approves charitable projects.
- The Center for Social and Charity Programs is engaged in development, operational implementation and promotion of MTS social and charity programs and partner initiatives.

In 2023, we continued active cooperation with charities and other non-profit organizations. A significant part of charitable activities of MTS is carried out thanks to donations to the Sistema charity foundation. This model promotes resource synergy and larger-scale of project implementation, including through association with other foundation philanthropists. Cooperation and expert support of MTS also contribute to the development of the flagship educational project of the Sistema Charity Foundation, “Elevator to the Future,” an all-Russian career guidance platform that helps improve career opportunities for the residents of all ages.

Key Charity Projects of the MTS Group in 2023:

- **MTS. IT CONCERNS US** is an end-to-end product that introduces charitable practices into the Company’s ecosystem and encourages users to join in solving social problems. In 2023, a media platform was launched to maintain knowledge about charity and effective assistance — <https://kasaetsya.mts.ru/>, and a Cashback Program was implemented, under which MTS Cashback users wrote off 20.7 million rubles in favor of charitable foundations during the reporting year.
- **GIVE GOOD! PROGRAM** is a program of targeted assistance to dangerously ill children that MTS implements in partnership with charity foundations. All digital activities of users of the MTS Generation M digital platform are converted into money, which the Company annually transfers to treat dangerously ill children. Within Generation M, more than RUB 24 million were collected that are transferred to treat 86 children.

ENVIRONMENTAL CARE

MTS takes a responsible approach to its own environmental impact by continuously increasing the level of environmental responsibility of its business, launching diverse programs and projects: from carbon neutrality initiatives to environmental enlightenment lessons. The Company helps customers and partners be more environmentally responsible: it develops and introduces comprehensive digital services and solutions that reduce the level of negative environmental impact.

Environmental care is an integral part of the MTS Group's ESG strategy and includes three strategic areas — "Responsible Resource Management", "E-Waste Management" and "Carbon Management".

- desire to introduce and maintain circular economy approaches when managing production and consumption waste in the implementation of the Company's business and other activities.

MTS activities in environmental protection are based on the legislation of the Russian Federation and are governed by environmental policy. Design of MTS network facilities includes "List of Actions for Environmental Protection", development of which is carried out in accordance with requirements of GOST R 21.1101-2013.

The Policy "Ecological Safety and Environmental Protection at Facilities for the Purpose of Administration" covers the MTS Group activities as well. Subsidiaries join the Environmental Policy in a consolidated manner and adapt their internal documents as they join.

In 2023, "Production and Consumption Waste Management" Standard was introduced setting the requirements for the management of waste generated as a result of the Company's business and other activities at the facilities causing negative impact on the environment. The Standard is targeted at the following:

The Company has built a unified environmental management system, which ensures compliance with the standards and requirements of environmental legislation.

- compliance with the requirements of the legislation of the Russian Federation in the field of production and consumption waste management,
- desire to reduce environmental risks and ensure environmental safety at facilities causing a negative impact on human health and the environment when handling production and consumption waste,

Strategic approaches to manage environmental impact are also reflected in the Company's ESG Strategy; dedicated cross-functional task forces were established for certain areas (electronic waste (e-waste), carbon management, introduction and scaling of RSO programs, etc.). Issues of efficient management of environmental risks, related activities and initiatives are governed by the "Ecology" compliance program.

Energy Efficiency Management

The MTS “Strategy of Energy Savings and Energy Efficiency” in place is aimed at restricting growth and reducing electric energy specific consumption. To reduce energy consumption by base stations, MTS uses modern energy-saving equipment. Moreover, this segment is a driver of technological innovation and has significant potential to reduce greenhouse gas emissions.

In 2023, the Company experts developed and introduced personalized courses, interactive simulators and tests on electrical safety groups II, III, IV and V on the Corporate University portal. The events allow not only testing the employee knowledge, but also

saving time to confirm competence in electrical safety, registration of the documentation required and obtaining of a certificate.

MTS actively uses modern renewable energy systems to ensure stable operation of base stations in hard-to-reach areas. They have proven their efficiency due to their environmental cleanliness and low cost of operation.

MTS pays special attention to improving the efficiency of resource use. Amount of electric power used by MTS in 2023 was 1,929.3 million kWh (+2.9%)¹.

Carbon Management

Carbon management is one of the strategic areas of the MTS ESG strategy. Understanding the relevance and importance of the carbon agenda for society, the Company regularly discloses a wide range of environmentally significant data about its activities, including resource consumption, as well as volumes of direct and indirect greenhouse gas emissions.

MTS supports decarbonization and contributes to the global fight against climate change. The Company considers climate risks in its activities and implements measures to reduce its carbon footprint, as

well as offers technological solutions allowing the customers to control the change in climate factors.

With the development of the MTS ecosystem digital business, energy consumption and, accordingly, the volume of greenhouse gas emissions are naturally growing. In order to manage these issues in 2023 in an efficient manner, the Ecology functional group, together with the Carbon Management Task Force, developed a draft Strategy to Manage Greenhouse Gas Emissions and Achieve MTS Goals to Reduce Carbon Footprint considering the specifics of the telecom and IT sectors.

¹ Increased electric power consumption in MTS PJSC for 2023 is associated with the network development (new construction), the commissioning of new data centers and an increase in traffic volume.

Volume of Energy Resources Used by MTS PJSC in 2023

Resource type	In kind	
	Quantity	Unit of measurement
Electric power	1,929,271,396	kWh
Heat power	43,222.57	Gcal
Water supply	209,640.15	m3
Gas supply	1,621,881.79	m3
Petrol	2,509,952	liters
Diesel fuel	4,025,081	liters
Liquified petroleum gas — propane	10,188	liters

Circular Economy Development

MTS strives to integrate the circular economy principles into business processes, extend the service life of equipment and increase the waste recycling volume. The Company pays special attention to e-waste recycling (mobile devices, computers, batteries, etc.), as they can cause a negative impact on the environment due to the hazardous metals and toxic substances they contain. MTS strictly monitors compliance with the requirements of the Russian legislation in part of availability of valid licenses for waste collection and disposal from contractors. The Company builds a comprehensive environmental management system, including by introducing a corporate standard for industrial and consumer waste management.

In 2023, the implementation and consistent scaling of environmentally significant initiatives of the Life Cycle Laboratory comprehensive ecosystem project continued. The project was scaled to Data Clearing Houses, which made it possible to increase the volume of secondary material resources sent for processing.

In 2023, over 1,800 tons of recyclables were collected and transferred to the responsible contractors for processing and disposal at the MTS Group facilities. Technologies increasing the IT equipment service life were actively introduced. In partnership with SuperWave in 2023, 440.8 thousand units of customer equipment were restored under the customer equipment referral program 34,144 kg

of plastic and 23,030 kg of electronic components were transferred for responsible disposal.

MTS continues to scale its electronic document management system not only within the Company, but also in its subsidiaries. Thus, the implementation of the online employment project made it possible to completely switch from paper to digital.

At the end of 2023, together with its subsidiaries, the Company sent the following for recycling and responsible disposal:

- 105 tons of waste paper
- more than 1,000 kg of plastic bottles and 380 kg of plastic caps
- 1.7 tons of used batteries
- 3,700 kg of small electronic equipment and more than 28 tons of scrap computer equipment and scrap communication equipment
- 1,500 kg of office furniture
- 3,000 kg of ABS plastic
- 300 kg of glass waste from kinescopes
- 900 kg of fiberglass waste
- 12 kg of aluminum



ADDITIONAL INFORMATION

- 186 Report on Compliance with the Principles and Recommendations of the Corporate Governance Code**
- 211 List of major and interested-party transactions made by MTS PJSC in 2023**
- 212 Annual Consolidated Financial Statements of MTS PJSC and Subsidiaries for 2023**
- 212 MTS Information Channels**
- 213 Contacts and Additional Information about MTS**
- 214 Feedback**



REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

The Board of Directors of MTS PJSC hereby represents that the principles of corporate governance stipulated by the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2014 (hereinafter referred to as the Code) are complied with by the Company, excluding certain principles and recommendations of the Code specified in the Annex to this Representation.

This report on compliance with the principles and recommendations of the Corporate Governance Code in the Company was considered by the Board of Directors of MTS PJSC at the meeting on May 23, 2024, Minutes No. 368.

The Board of Directors of MTS PJSC acknowledges that the data given in this report contain full and valid information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2023, as well as for the period after the reporting date before the approval of the Annual Report of MTS PJSC by the Board of Directors of MTS PJSC.

Brief description of most substantial aspects of the model and corporate governance practices at the Company

The system (model) of corporate governance of the Company was built on the basis of the provisions of the applicable law of the Russian Federation, provisions of the Charter of the Company and principles recommended for use by the Corporate Governance Code, with account of the listing requirements of the Moscow Exchange, and also takes into account the G20 corporate governance principles adopted by the Organization for Economic Cooperation

and Development. Description of most substantial aspects of the corporate governance model and practices is provided in the section "Corporate Governance" of the Annual Report of MTS PJSC.

Description of the methodology, which the joint stock company used to assess compliance with principles of corporate governance set forth in the Corporate Governance Code

Assessment of compliance with corporate governance principles set forth in the Code is implemented by the method of analysis and comparison of internal standards and procedures with the recommendations of the Code.

Planned (suggested) actions and measures of the joint stock company to improve the corporate governance model and practice

In 2024, MTS will focus on implementing those corporate governance practices that will help increase the level of stability at the Company.

Detailed information on compliance with the principles of the Code as of the date of approval of the Annual Report of MTS PJSC by the Board of Directors of MTS PJSC, as well as on actions for further implementation of the Code recommendations is provided below in the Annex to this Representation.

There was one General Meeting of Shareholders of MTS PJSC convened and held in 2023 – the Annual General Meeting of Shareholders of MTS PJSC held on June 18, 2023 in the form of absentee voting.

Annex to the Representation of the Board of Directors of MTS PJSC on compliance with the principles and recommendations of the Corporate Governance Code

REPORT on Compliance with the Principles and Recommendations of the Corporate Governance Code

No.	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status ¹ of compliance with the corporate governance principle	Explanations ² of the deviation from criteria of assessment of compliance with the corporate governance principle	Comments
1	2	3	4	5	6
1.1	The Company shall ensure an equal and fair attitude towards all shareholders who exercise their right for participation in governance of the Company				
1.1.1	The Company creates the maximum favorable conditions for the shareholders to participate in the general meeting, conditions to generate a justified position on the general meeting agenda items, to coordinate their actions, as well as the opportunity to speak their opinion on the issues considered	<p>1. The Company provides an accessible method of communication with the Company, such as a hotline, e-mail or forum in the Internet, making it possible for shareholders to speak their opinion and send questions with respect to the agenda in the process of preparation for a general meeting.</p> <p>The specified communication methods were organized by the Company and provided to the shareholders when preparing for each general meeting held during the reporting period</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
1.1.2	The procedure of communicating the holding of a general meeting and providing materials for the general meeting enables the shareholders to properly prepare for their participation in it.	<p>1. In the reporting period, the notice on holding a general meeting of shareholders shall be posted (published) on the Company's official website in the Internet not later than 30 days prior to the date of the general meeting, unless the law provides for a longer period.</p> <p>2. The notice on holding a general meeting specifies the documents required to be admitted into the venue.</p> <p>3. Shareholders were provided with access to information on those who proposed agenda items and candidates for the Board of Directors and the Auditing Commission of the Company (if its establishment is provided for by the Company's Charter)</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	<p>Shareholders were not provided with information on the persons who nominated candidates for election to the Board of Directors and the Audit Commission of MTS PJSC at the Annual General Meeting of Shareholders of MTS PJSC on June 18, 2023.</p> <p>The majority of candidates for election to the Board of Directors and the Audit Commission of MTS PJSC were proposed by the Board of Directors of MTS PJSC.</p> <p>Also, the majority of candidates for election to the Board of Directors of MTS PJSC were independent directors (and the relevant information was provided to the shareholders).</p>	<p>The criteria cannot be applied as the Annual General Meeting of Shareholders of the Company in 2023 was held in the form of absentee voting.</p>

¹ The status "complied with" is only indicated if the company meets all criteria of assessment of compliance with the corporate governance principle. Otherwise, the status "partially complied with" or "not complied with" is indicated.

² Provided for each criterion of assessment of compliance with the principle of corporate governance, if the company only complies with some criteria or does not comply with any criterion of assessment of compliance with the principle. If the company specifies the status "complied with", no explanations are required.

1	2	3	4	5	6
				<p>In the Company's opinion, the above circumstances significantly reduced possible additional risks associated with incomplete fulfillment of this Code recommendation.</p> <p>The Company confirms that this inconsistency with the provisions of the Code is temporary and is related to the remaining external conditions</p>	
1.1.3	In the process of preparation and holding of a general meeting, the shareholders could freely and promptly receive information on the meeting and materials to it, pose questions to the executive bodies and members of the Board of Directors of the Company, and communicate with each other	<p>1. In the reporting period, the shareholders were given a chance to pose questions to members of the executive bodies and members of the Board of Directors of the Company when preparing for and during the annual general meeting.</p> <p>2. The opinion of the Board of Directors (including special opinions (if any) entered into the minutes), on each item on the agenda of the general meetings held in the reporting period was included into the materials for the general meeting.</p> <p>3. The Company provided access to entitled shareholders to the list of persons authorized to participate in the general meeting, starting from the date of its receipt by the Company, in all cases of holding general meetings in the reporting period</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
1.1.4	Exercise of the shareholder's right to request convocation of a general meeting, to propose candidates for the management bodies and to make proposals for inclusion into the agenda of the general meeting was not accompanied with needless complexity	<p>1. The Charter of the Company establishes the deadline for the shareholders to submit proposals for inclusion into the agenda of the annual general meeting, which is at least 60 days after the end of the corresponding calendar year.</p> <p>2. In the reporting period, the Company did not reject the inclusion of proposals for the agenda or candidates to the Company's bodies due to misprints and other minor defects in a shareholder's proposal</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
1.1.5	All shareholders were able to freely exercise their voting right in the way that was most simple and convenient for them	1. The Charter of the Company provides for the possibility of filling out an e-ballot on the website in the Internet, the address of which is indicated in the notice on holding a general meeting of shareholders	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
1.1.6	The procedure of holding a general meeting established by the Company provides an equal opportunity to all persons present at the meeting to speak their opinion and ask their questions of interest	1. During general meetings of shareholders in the form of a meeting (joint presence of shareholders) in the reporting period, sufficient time was provided for reports on agenda items, as well as time for discussion of these questions, shareholders were given the opportunity to express their opinion and ask questions of interest to them in regard of the agenda.	<p><input type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		Criteria 1-3 cannot be applied as the Annual General Meeting of Shareholders of the Company in 2023 was held in the form of absentee voting.

1	2	3	4	5	6
		<p>2. The Company invited nominees to the management and control bodies of the Company and took all the measures required to ensure their participation in the general meeting of shareholders, at which such nominations were put to vote. Nominees to the Company's management and control bodies present at the general meeting of shareholders were available to answer the questions posed by the shareholders.</p>	<input type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		<p>3. The sole executive body, the person in charge of keeping accounting records, the chairman or other members of the Audit Committee of the Board of Directors were available to answer the questions posed by the shareholders at general meetings of shareholders held in the reporting period.</p>	<input type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		<p>4. In the reporting period, the Company used telecommunication facilities to provide remote access for the shareholders to participate in general meetings, or the Board of Directors made a reasonable decision that there was no need (possibility) to use such facilities in the reporting period</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		<p>The electronic service - Client's Personal Office "Registry-Online" is available in the Company. The Company's shareholders registered in the Personal Office "Registry-Online" had an opportunity to vote electronically at the Annual General Meeting of Shareholders of the Company held in 2023 (to fill in the electronic form of voting ballots), as well as to submit questions to the Company using this service.</p>
1.2	Shareholders were provided an equal and fair opportunity to participate in the profit of the Company by receiving dividends				
1.2.1	<p>The Company developed and introduced a transparent and clear mechanism for determination of the dividend amount and their payment</p>	<p>1. The Regulations on the Dividend Policy of the Company were approved by the Board of Directors and disclosed on the Company's website in the Internet.</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		<p>The previous Dividend Policy of MTS was approved in 2019 and determined the amount of dividends paid during 2019, 2020 and 2021.</p> <p>In 2022 and 2023, MTS PJSC continued to pay dividends in an effort to provide dividend yield to its shareholders.</p> <p>However, due to the uncertain external environment, the adoption of a new dividend policy was deferred in time.</p> <p>The updated Dividend Policy of the Company was approved by the decision of the Board of Directors of MTS PJSC April 23, 2024 and published on the official website of MTS PJSC.</p>
		<p>2. If the dividend policy of the Company preparing consolidated financial reporting uses the Company's reporting indicators for determination of the dividend amount, then the appropriate provisions of the dividend policy shall take into account the consolidated indicators of the financial reporting.</p>	<input checked="" type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
		3. The rationale for the proposed net income distribution, including for the payment of dividends and the Company's own needs, as well as assessment of its compliance with the dividend policy adopted by the Company containing explanations and an economic rationale for the need to allocate a certain part of net income for in-house needs in the reporting period, were included in the materials to the general meeting of shareholders, the agenda of which includes the issue of profit distribution (including the payment (announcement) of dividends)	<input checked="" type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
1.2.2	The Company does not make a decision on payment of dividends if such decision, while formally not violating the limitations established by the law, is economically unjustified and may result in misrepresentation and misperception of the Company's business	1. The Regulations on the Dividend Policy of the Company, in addition to the restrictions established by law, define the financial/economic circumstances under which the Company shall not resolve to pay dividends	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
1.2.3	The Company does not allow a deterioration of the dividend rights of the existing shareholders	1. In the reporting period, the Company did not commit any actions resulting in deterioration of the dividend rights of existing shareholders	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
1.2.4	The Company strives to exclude the use of other methods of gaining profit (income) by the shareholders at the expense of the Company, apart from dividends and liquidation value	1. In the reporting period, no other ways for the persons controlling the Company to receive profit (income) at the expense of the Company, other than dividends (for example, through transfer pricing, unreasonable rendering of services by the controlling person to the Company at inflated prices, through internal loans replacing dividends to the controlling person and/or his controlled persons), were used	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		The recommendation is complied with, at the same time, as of the date of approval of this Report, MTS PJSC has no information about an existing shareholder who owns 50 and more percent of the MTS voting shares. In accordance with the provisions of applicable law and on the basis of information disclosed by the shareholders of MTS PJSC, it is publicly known and disclosed that the shareholder, owning jointly with its subsidiary 42.09% of the authorized capital of MTS PJSC, is Sistema PJSC.
1.3	The system and practice of corporate governance provide for equal conditions for all shareholders – owners of shares of one category (type), including minority (small) shareholders and foreign shareholders, and an equal attitude to them from the Company				
1.3.1	The Company has created conditions for a fair attitude to each shareholder from the management bodies and controlling persons of the Company, including conditions preventing abuse on the part of major shareholders in respect to minority shareholders	1. During the reporting period, the persons controlling the Company did not allow any abuse of the rights in relation to the Company's shareholders, there were no conflicts between the Company's controlling persons and shareholders and, if any, the Board of Directors paid due attention to them	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		The recommendation is complied with, at the same time, as of the date of approval of this Report, MTS PJSC has no information about an existing shareholder who owns 50 and more percent of the MTS PJSC voting shares. Find details in the comments to clause 1.2.4. (1).
1.3.2	The Company does not undertake actions that result or may result in factitious redistribution of corporate control	1. Quasi-treasury shares are absent or did not participate in voting during the reporting period	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
1.4	The shareholders are provided with reliable and effective ways to register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own				
1.4	The shareholders are provided with reliable and effective ways to register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own	1. The technologies used by the Company's Registrar and the conditions for the services rendered meet the needs of the Company and its shareholders, ensure that the rights to the shares are recorded and the rights of shareholders are exercised in the most efficient way	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.1	The Board of Directors carries out strategic management of the Company, determines the basic principles and approaches to the organization of the risk management system and internal control at the Company, monitors activity of the Company's executive bodies, and implements other key functions				
2.1.1	The Board of Directors is responsible for making decisions related to appointments to and dismissals from the executive bodies, including due to improper performance of one's job duties. The Board of Directors also checks that the executive bodies of the Company act in accordance with the approved development strategy and the principal directions of the Company's business	1. The Board of Directors has powers registered in the Charter for appointment, dismissal and determination of the agreement terms in respect to the members of the executive bodies.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2. In the reporting period, the Nomination (Appointments, HR) Committee considered the issue of conformity of the professional qualifications, skills and experience of members of the executive bodies to the current and expected needs of the Company, stipulated by the Company's approved strategy.		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
3. In the reporting period, the Board of Directors considered the report (reports) of the sole executive body and the collective executive body (if any on compliance with the Company's strategy		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
2.1.2	The Board of Directors establishes the main reference points for the Company's business over a long term, assesses and approves the key indicators of business and main business objectives of the Company, and assesses and approves the strategy and business plans on the main types of the Company's business	1. During the reporting period, at the meetings of the Board of Directors, the issues were considered, which were related to the progress of achievement and update of the strategy, approval of the financial and business plan (budget) of the Company, as well as consideration of criteria and indicators (including interim ones) for fulfilment of the strategy and business plans of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.1.3	The Board of Directors defines principles and approaches for the organization of the risk management and internal control system at the Company	1. The principles and approaches to organizing the risk management and internal control system at the Company are determined by the Board of Directors and documented in the Company's internal documents defining the risk management and internal control policy.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. In the reporting period, the Board of Directors approved (revised) the acceptable level of risks (risk appetite) of the Company, or the Audit Committee and/or Risk Committee (if any) considered the practicality of submitting the issue of revising the Company's risk appetite before the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
2.1.4	The Board of Directors determines the Company's policy on remuneration and/or recovery of costs (compensations) to members of the Board of Directors, executive bodies and other key executives of the Company	<p>1. The Company developed and approved the policy (policies) introduced by the Board of Directors for remuneration and recovery of costs (compensations) to members of the Board of Directors, executive bodies and other key executives of the Company.</p> <p>2. During the reporting period, the Board of Directors considered the issues related to the specified policy (policies)</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.1.5	The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts between the Company's bodies, shareholders and employees	<p>1. The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts.</p> <p>2. The Company has created a system of identification of transactions related to a conflict of interest, and a system of actions aimed at the resolution of such conflicts</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.1.6	The Board of Directors plays a key role in ensuring the transparency of the Company, timeliness and completeness of information disclosure by the Company, unhindered access of shareholders to the Company's documents	<p>1. In the Company's internal documents, there are persons defined as those responsible for implementation of the Information Policy</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.1.7	The Board of Directors monitors the corporate governance practices at the Company and plays a key role in significant corporate events of the Company	<p>1. During the reporting period, the Board of Directors considered the results of self-assessment and/or external assessment of corporate governance practices at the Company</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.2	The Board of Directors reports to all shareholders of the Company				
2.2.1	Information on the activity of the Board of Directors is disclosed and provided to the shareholders	<p>1. The Annual Report of the Company for the reporting period includes information on attendance of the meetings of the Board of Directors and committees by each member of the Board of Directors.</p> <p>2. The Annual Report contains information on the main results of assessment (self-assessment) of the quality of activities of the Board of Directors carried out in the reporting period</p>	<p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	<p>The Company's Annual Report 2023 includes the average attendance of Directors at meetings of the Board of Directors and relevant committees.</p> <p>The Company confirms that this inconsistency with the provisions of the Code is temporary and is related to the remaining external conditions</p>	
2.2.2	The Chairman of the Board of Directors is available for communication with the Company's shareholders	<p>1. The Company has a transparent procedure that provides shareholders with the opportunity to send messages to the Chairman of the Board of Directors (and, if applicable, to the senior independent director) and receive feedback on them</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		

1	2	3	4	5	6
2.3	The Board of Directors is an effective and professional management body of the Company, capable of producing objective independent judgments and making decisions to protect the interests of the Company and its shareholders				
2.3.1	Only persons with a perfect business and personal reputation and the knowledge, skills and experience required for making decisions falling within the competence of the Board of Directors, and required for effective fulfilment of its functions, are elected members of the Board of Directors	1. In the reporting period, the Board of Directors (or its Nomination Committee) conducted assessment of the nominees to the Board of Directors from the point of view of availability of the necessary experience, knowledge, business reputation, absence of conflicts of interest, etc.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.3.2	Members of the Board of Directors of the Company are elected through a transparent procedure, making it possible for the shareholders to receive information about candidates, which is sufficient to form a view of their personal and professional qualities	1. In all cases of holding a general meeting of shareholders in the reporting period, the agenda of which included issues on election of the Board of Directors, the Company provided to the shareholders the biographic data of all nominees to the Board of Directors, the results of assessment of compliance of the professional qualifications, experience and skills of candidates with the current and expected needs conducted by the Board of Directors (or its Nomination Committee), and also information on compliance of a nominee with the independence criteria, in accordance with Recommendations 102–107 of the Code, as well as information on the presence of a written consent of nominees to be elected members of the Board of Directors	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>Biographies, as well as information concerning professional qualifications (including the results of the assessment by the Board of Directors of MTS PJSC of the compliance of professional qualifications with the Company's needs) of candidates for election to the Board of Directors of MTS PJSC at the Annual General Meeting of Shareholders of MTS PJSC held on June 18, 2023, were not provided to the shareholders taking into account paragraph 1 of the Resolution of the Government of the Russian Federation No. 351 dated 12.03.2022¹.</p> <p>At the same time, the Company also took into account that the compliance of the professional qualifications of all the above candidates with the Company's needs was confirmed by the Board of Directors of MTS PJSC, which, in the Company's opinion, reduces possible additional risks associated with incomplete fulfillment of this recommendation of the Code.</p> <p>The Company confirms that this inconsistency with the provisions of the Code is temporary and is related to the remaining external conditions</p>	
2.3.3	The composition of the Board of Directors is balanced, among other things, in terms of qualification of its members, their experience, knowledge and business qualities, and is trusted by the shareholders	1. In the reporting period, the Board of Directors analyzed its own needs in terms of professional qualifications, experience and skills and determined the competencies required by the Board of Directors in the short and long run	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

¹ Resolution of the Government of the Russian Federation dated 12.03.2022 № 351 "On peculiarities of disclosure and provision of information subject to disclosure and provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market", and peculiarities of disclosure of insider information in accordance with the requirements of the Federal Law "On Combating Illegal Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation".

1	2	3	4	5	6
2.3.4	The quantitative composition of the Board of Directors of the Company makes it possible to organize the activities of the Board of Directors in the most efficient manner, including the possibility to form the committees of the Board of Directors, and also provides the substantial minority shareholders of the Company with a possibility to elect a candidate they vote for into the Board of Directors	1. In the reporting period, the Board of Directors considered the issue on compliance of the quantitative composition of the Board of Directors with the needs of the Company and interests of its shareholders	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.4	The Board of Directors includes a sufficient number of independent directors				
2.4.1	<p>An independent director is a person with a sufficient level of proficiency, experience and independence in order to have his/her own opinion, capable of producing objective and fair judgements independently from the influence of the executive bodies of the Company, separate groups of shareholders or other stakeholders.</p> <p>At the same time, it should be taken into account that, under regular conditions, a candidate (elected member of the Board of Director) may not be recognized as independent, if it is related to the Company, its major shareholder, major contractor or competitor or is related to the government</p>	1. Within the reporting period, all independent members of the Board of Directors met all the criteria of independence specified in Recommendations 102–107 of the Code, or were recognized independent by the resolution of the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.4.2	Compliance of candidates to the members of the Board of Directors with the independence criteria is assessed, and regular analysis is carried out for compliance of independent members of the Board of Directors with the independence criteria. When such an assessment is conducted, the content shall prevail over the form	1. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) produced an opinion on independence of each candidate to the Board of Directors and provided a relevant report to the shareholders.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) at least once considered the issue of independence of the existing members of the Board of Directors (upon their election).		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
3. The Company developed procedures that determine the necessary actions to be undertaken by a member of the Board of Directors, if they stop being independent, including obligations on timely notification of the Board of Directors		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
2.4.3	Independent directors make up at least one third of the elected composition of the Board of Directors	1. Independent directors make up at least one third of the composition of the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
2.4.4	Independent directors play a key role in preventing internal conflicts at the Company and making major corporate actions by the Company	1. Independent directors (with no conflict of interest) preliminarily assessed the major corporate actions related to a potential conflict of interest in the reporting period, and the results of this assessment were provided to the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.5	The Chairman of the Board of Directors contributes to the most efficient performance of functions imposed upon the Board of Directors				
2.5.1	The Chairman of the Board of Directors is an independent director; or a senior independent director is chosen from among the elected independent directors, who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors	1. The Chairman of the Board of Directors is an independent director; or a senior independent director is chosen from among the independent directors.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The Chairman of the Board of Directors of MTS PJSC is not an independent director; a senior independent director is not defined. Besides, an independent director was elected as the Deputy Chairperson of the Board of Directors of MTS PJSC.</p> <p>MTS PJSC regularly (annually) conducts a benchmarking analysis of the Company's corporate governance practices as compared with other public companies. Consideration of benchmarking takes place on the site of the ESG Committee (Corporate Governance, Environmental and Social Responsibility Committee) of the Board of Directors of MTS PJSC. During the Committee's meetings, recommendations of the Code that are not adhered to by the Company are analysed and the practicability of their implementation is assessed. This recommendation of the Code has been considered by the Committee and the Board of Directors many times before. The members of the Board of Directors of MTS concluded that the level of corporate governance achieved by the Company and the created constructive discussion environment do not require implementation of this recommendation of the Code.</p> <p>On June 22, 2023 by the resolution of the Board of Directors of MTS PJSC an independent director was elected as the Deputy Chairperson of the Board of Directors of MTS PJSC.</p> <p>In this position, the Deputy Chairperson of the Board of Directors, in fact, replacing the senior independent director, performs all of its functions provided for by the Code — coordinating the work of independent directors and implementing (organizing) the interaction of independent directors with the Chairman of the Board of Directors of MTS PJSC.</p> <p>Therefore, presence of a strong professional Chairman of the Board of Directors, election of an independent director as the Deputy Chairperson of the Board of Directors of MTS PJSC (who actually acts as the senior independent director) and election of the adequate number of the independent directors to the Board of Directors shall be considered as a tool to reduce the potential risks of failure to comply with the Code recommendation.</p>	

1	2	3	4	5	6
					Implementing the recommendations of the Code, the Company adheres to the position that each recommendation of the Code shall be assessed for its utility and applicability to the corporate governance system of a specific company. Therefore, the Board of Directors of MTS PJSC does not see it as necessary to elect an independent director as the Chairman of the Board of Directors of MTS PJSC or to appoint a senior independent director.
		2. The role, rights and obligations of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are properly defined in the internal documents of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.5.2	The Chairman of the Board of Directors ensures a constructive atmosphere for holding meetings, free discussion of the issues included in the meeting agenda, and control over implementation of decisions made by the Board of Directors	1. Efficiency of work of the Chairman of the Board of Directors is assessed within the procedure for assessment (self-assessment) of the quality of performance of the Board of Directors in the reporting period	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.5.3	The Chairman of the Board of Directors takes the necessary actions for timely providing the members of the Board of Directors with information required to make decisions on the agenda issues	1. The obligation of the Chairman of the Board of Directors to take actions for ensuring timely provision of complete and reliable information to the members of the Board of Directors on the agenda issues of the meeting of the Board of Directors is recorded in the internal documents of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.6	The members of the Board of Directors act fairly and reasonably in the interests of the Company and its shareholders on the basis of sufficient awareness, with a sufficient degree of care and diligence				
2.6.1	The members of the Board of Directors make decisions with account of all available information, in absence of conflict of interest, with account of an equal attitude to shareholders of the Company, within regular entrepreneur risk	1. Internal documents of the Company stipulate that a member of the Board of Directors shall notify the Board of Directors, if they have a conflict of interest in respect to any issue on the agenda of a meeting of the Board of Directors or a committee under the Board of Directors, prior to discussion of the relevant agenda item.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. Internal documents of the Company assume that a member of the Board of Directors shall abstain from voting on any issue, where they have a conflict of interest.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		3. There is a procedure at the Company, which makes it possible for the Board of Directors to receive professional consultation on issues that fall within its terms of reference, at the expense of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.6.2	Rights and obligations of the members of the Board of Directors are clearly formulated and recorded in the internal documents of the Company	1. There is an internal document approved and published by the Company, which defines the rights and obligations of the members of the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
2.6.3	The members of the Board of Directors have sufficient time to perform their obligations	<p>1. Individual attendance at the meetings of the Board and Committees, as well as sufficiency of time to work on the Board of Directors, including its Committees, was analyzed within the procedure for assessing (self-assessing) the quality of work of the Board of Directors in the reporting period.</p> <p>2. In accordance with the internal documents of the Company, the members of the Board of Directors shall notify the Board of Directors about their intent to enter the management bodies of other organizations (apart from subsidiaries and affiliates of the Company), as well as about the fact of such an appointment</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.6.4	All members of the Board of Directors are able to access the Company's documents and information to the same extent. Newly elected members of the Board of Directors are provided with sufficient information about the Company and work of the Board of Directors within the shortest time possible	<p>1. In accordance with the internal documents of the Company, the members of the Board of Directors are entitled to receive the information and documents required for the members of the Board of Directors of the Company to fulfill their duties related to the Company and its subsidiaries, and the executive bodies of the Company shall provide the relevant information and documents.</p> <p>2. There is a formalized program of induction events for newly elected members of the Board of Directors at the Company</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.7	Meetings of the Board of Directors, preparation for them and participation by members of the Board of Directors in them ensure the effective work of the Board of Directors				
2.7.1	Meetings of the Board of Directors are held when required, with account of the scope of activities and objectives of the Company in a certain period of time	1. The Board of Directors held at least six meetings in the reporting period	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.7.2	The internal documents of the Company stipulate the procedure for preparing and holding meetings of the Board of Directors, providing the opportunity for the members of the Board of Directors to properly prepare for its holding	<p>1. There is an internal document at the Company, which defines the procedure for preparing and holding meetings of the Board of Directors, where it is stipulated, among other things, that notice of a meeting shall usually be made at least five days prior to the meeting date.</p> <p>2. In the reporting period, members of the Board of Directors absent from the venue of the meeting of the Board of Directors were given the opportunity to participate in discussing the agenda items and voting remotely – via conference calls and video conferencing</p>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.7.3	The form of holding a meeting of the Board of Directors is determined with consideration for the significance of the agenda items. Most important issues are resolved at the meetings held with physical presence	1. The Charter or an internal document of the Company contemplates that the most important issues (according to the list set forth in Recommendation 168 of the Code) shall be considered at in-person meetings of the Board of Directors	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		

1	2	3	4	5	6
2.7.4	Decisions on the most important issues of the Company's business shall be made at the meeting of the Board of Directors by the qualified majority or the majority of votes of all elected members of the Board of Directors	1. The Charter of the Company contemplates that the decisions on the most important issues, including those specified in Recommendation 170 of the Code shall be made at the meeting of the Board of Directors by the qualified majority, with at least three quarters of votes, or by the majority of votes of all elected members of the Board of Directors	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	The Charter of MTS PJSC does not contemplate that the decisions on the issues specified in Recommendation 170 of the Code shall be made at a meeting of the Board of Directors by the qualified majority, with at least three fourths of votes, or by the majority of votes of all elected members of the Board of Directors. In accordance with the Charter of MTS PJSC, decisions on most issues falling within the competence of the Board of Directors, are taken by the simple majority (more than a half (1/2) of votes of the members of the Board of Directors attending the meeting). A small number of issues requires a unanimous decision by all members of the Board of Directors, except for retired members of the Board of Director. In practice, the specified recommendation of the Code is complied with: during the recent years, more than 90 % of the Board of Directors' meetings have taken place with 100 % participation of members of the Board of Directors. Therefore, in most cases, the simple majority of votes of the Board of Directors' members attending a meeting is comparable to the majority of votes of all elected members of the Board of Directors. After approval of the Code, the issue on implementation of the recommendation was considered by members of the Corporate Governance Committee of the Board of Directors of MTS PJSC with involvement of other members of the Board of Directors and the management. The Committee came to the conclusion on unreasonableness of introducing stricter procedures for decision-making by the Board of Directors of MTS PJSC, including due to the fact that their implementation may negatively impact urgency of decision-making. Risks related to incomplete compliance with the recommendation are levelled out by traditionally high attendance of the Board of Directors' meetings by its members, as well as by decision-making procedures adopted at the Company: decisions made by the Board of Directors are based on the consensus of all members of the Board of Directors, and key decisions are first elaborated by independent members of the Board of Directors within the framework of committees' work. In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part. At the same time, the Company will continue monitoring the compliance with this recommendation of the Code by the Russian issuers and will evaluate the opportunity of its implementation at MTS PJSC (depending on changes happening in the field of the Russian corporate governance).	

1	2	3	4	5	6
2.8	The Board of Directors sets up the committees for preliminary consideration of the most important issues of the Company's business				
2.8.1	For preliminary consideration of the issues related to control of the Company's financial and economic activities, the Audit Committee comprised of independent directors has been established	1. The Board of Directors established the Audit Committee made exclusively of independent directors.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. The internal documents of the Company define the objectives of the Audit Committee, including those contained in Recommendation 172 of the Code.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		3. At least one member of the Audit Committee being an independent director has experience and knowledge in the field of preparation, analysis, assessment and audit of the accounting (financial) statements.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		4. Meetings of the Audit Committee were held at least once per quarter during the reporting period	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.8.2	For preliminary consideration of the issues related to formation of efficient and transparent remuneration practice, the Remuneration Committee has been established, comprised of independent directors and headed by an independent director, not being the Chairman of the Board of Directors	1. The Board of Directors established the Remuneration Committee, which is only comprised of independent directors.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. The Chairman of the Remuneration Committee is an independent director, who is not the Chairman of the Board of Directors.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		3. The internal documents of the Company define the tasks of the Remuneration Committee, including, but not limited to, the tasks contained in Recommendation 180 of the Code, as well as the conditions (events) upon occurrence of which the Remuneration Committee considers the issue of revising the Company's policy on remuneration to members of the Board of Directors, executive bodies and other key executives	<input checked="" type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.8.3	For preliminary consideration of the issues related to HR planning (succession planning), professional composition and efficiency of work of the Board of Directors, the Nomination (Appointments, HR) Committee has been established, the majority of the members of which are independent directors	1. The Board of Directors has established the Nomination Committee (or its objectives specified in Recommendation 186 of the Code are implemented within a different committee), the majority of the members of which are independent directors.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. The internal documents of the Company define the objectives of the Nomination Committee (or the relevant committee with the combined functions), including those contained in Recommendation 186 of the Code.	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		In accordance with the Regulations on the Remuneration And Nomination Committee of the Board of Directors of MTS PJSC the Committee's functions include, inter alia, all objectives listed in Recommendation 186 of the Code, excluding sub-clause 4. The task to describe the individual duties of the Directors and Chairman of the Board of Directors was not included into the list of functions of the Remuneration and Nomination Committee of the Board of Directors of MTS PJSC for two main reasons: 1) main duties of members of the Board of Directors (including the Chairman of the Board of Directors) are clearly defined in the Regulations on the Board of Directors of MTS PJSC;

1	2	3	4	5	6
				<p>2) the composition of the Company's Board of Directors is relatively stable. Therefore, the scope of individual duties of each Director has already been formed, and the Company believes that additional description of duties of Directors by the Committee would be of exclusively formal nature and would not be a catalyst for increased efficiency of the Board of Directors' work.</p> <p>The risks related to partial compliance with this recommendation are also levelled out by implementation at the Company practice of an on boarding course for newly elected members of the Board of Directors, which also contains description of duties of Directors and the Chairman of the Board of Directors. In connection with the above, it was decided that it would be inappropriate to include the objective specified in subparagraph 4 of Recommendation 186 of the Code into the functions of the Remuneration and Nomination Committee of the Board of Directors of MTS PJSC.</p> <p>The Company does not plan to include this objective into the functions of the Remuneration and Nomination Committee of the Board of Directors of MTS PJSC and to achieve full compliance with this recommendation of the Code in this part.</p>	
		<p>3. In the reporting period, the Nomination Committee, independently or jointly with other Committees of the Board of Directors, or the Company's authorized subdivision for shareholder relations, arranged interaction with shareholders, not limited to the circle of largest shareholders, in the context of the selection of candidates to the Board of Directors of the Company in order to form a Board of Directors that best meets the Company's goals and objectives</p>	<p><input type="checkbox"/> complied with</p> <p><input checked="" type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>	<p>The tasks of the Remuneration and Nomination Committee of the Board of Directors of MTS PJSC also include interaction with the shareholders that should not be limited to the circle of the largest shareholders, in order to generate recommendations for the shareholders in respect to voting on the issue of candidates election to the Company's Board of Directors.</p> <p>in the reporting year, the majority of candidates (including a strong pool of independent candidates) for election at the Annual General Meeting of Shareholders of MTS PJSC held on June 18, 2023 were proposed by the Company's Board of Directors. As a result of the above AGM, independent directors took the majority of seats on the Board of Directors of MTS PJSC. Thus, the Company actually did not need to search for additional candidates. Inclusion of a large number of independent directors into the Board of Directors of MTS PJSC also helped to mitigate the risks that could have occurred since the Company in the reporting year did not resort to the help of shareholders when selecting candidates to the Board of Directors of the Company.</p> <p>In the future, in order to establish the Board of Directors that meets the objectives and tasks of the Company to the fullest extent, MTS PJSC will try to organize cooperation with the shareholders in the context of selecting candidates to the Board of Directors whenever it becomes necessary.</p>	

1	2	3	4	5	6
2.8.4	With account of the scope of activity and the level of risk, the Board of Directors of the Company made sure that the composition of its committees fully complies with the objectives of the Company's business. Additional committees were either formed or were not recognized necessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.)	1. In the reporting period, the Board of Directors of the Company considered the issue on compliance of the structure of the Board of Directors with the scale and nature, business objectives and needs, as well as with the risk profile of the Company. Additional committees were either formed or were not recognized necessary	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.8.5	The composition of the committees was determined so that it made it possible to perform comprehensive discussion of previously considered issues with account of different opinions	<p>1. In the reporting period, the Audit Committee, the Remuneration Committee, the Nominations Committee (or the relevant committee with combined functions) were headed by independent directors.</p> <p>2. The internal documents (policies) of the Company contain the provisions, in accordance with which the persons not included into the composition of the Audit Committee, Nominations Committee (or the relevant committee with combined functions) and Remuneration Committee may only visit the meetings of the committees upon the invitation of the Chairman of the relevant committee</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.8.6	Chairmen of the committees regularly advise the Board of Directors and its Chairman of the work of their committees	1. During the reporting period, the chairmen of the committees regularly reported to the Board of Directors about the work of their committees	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.9	The Board of Directors provides for the assessment of the quality of the Board of Directors' work, its committees and members				
2.9.1	The assessment of the quality of the Board of Directors' work is aimed at defining the degree of efficiency of the work of the Board of Directors, committees and members of the Board of Directors, compliance of their work with the needs of the Company's development, as well as at enhancing the work of the Board of Directors and detecting areas, where their activity may be improved	<p>1. The internal documents of the Company define the procedures for assessing (self-assessing) the quality of work of the Board of Directors.</p> <p>2. Assessment (self-assessment) of work of the Board of Directors performed in the reporting period included assessment of the work of the committees, individual assessment of each member of the Board of Directors and the Board of Directors in general.</p> <p>3. Results of assessment (self-assessment) of the quality of the Board of Directors' work performed during the reporting period were considered at the in-person meeting of the Board of Directors</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
2.9.2	The work of the Board of Directors, committees and members of the Board of Directors is assessed on a regular basis at least once per year. For independent assessment of the quality of the work of the Board of Directors, a third party organization (consultant) is engaged at least once in three years	1. In order to conduct an independent assessment of the quality of the work of the Board of Directors during the three recent reporting periods, the Company engaged a third party organization (consultant) at least once	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
3.1	The Corporate Secretary of the Company ensures effective current interaction with the shareholders, coordinates the Company's activities aimed at protection of rights and interests of the shareholders, and supports effective work of the Board of Directors				
3.1.1	The Corporate Secretary has knowledge, experience and qualification sufficient for performance of their obligations, has an impeccable reputation and is trusted by the shareholders	1. The Company's website in the Internet and the Annual Report contain biographical information about the Corporate Secretary (including information about the age, education, qualifications, experience), as well as data about positions in the management bodies of other legal entities occupied by the Corporate Secretary over the course of not less than the last five years	<input type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input checked="" type="checkbox"/> not complied with	The above information is not presented in the Company's Annual Report 2023, as well as on the Company's official website in accordance with the current approach to disclosure of personal information in respect of the Company's key employees and taking into account the continuing external conditions. In the future, the Company plans to revise the above disclosure practice with respect to the Corporate Secretary	
3.1.2	The Corporate Secretary is sufficiently independent from the executive bodies of the Company and has the necessary powers and resources to perform their objectives	1. The Company adopted and disclosed an internal document – the Regulations on the Corporate Secretary. 2. The Board of Directors approves a candidate for the Corporate Secretary position and terminates their powers, as well as considers the issue of paying them additional remuneration. 3. The internal documents of the Company enshrine the right of the Corporate Secretary to request and receive the Company's documents and information from the management bodies, structural divisions and executive officers of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
4.1	The level of remuneration paid by the Company is sufficient to engage, motivate and retain people that have the necessary competences and qualification for the Company. Remuneration to members of the Board of Directors, executive bodies and other key executives of the Company shall be paid in accordance with the Remuneration Policy adopted at the Company.				
4.1.1	The level of remuneration provided by the Company to the members of the Board of Directors, executive bodies and other key management employees creates sufficient motivation for their efficient work, making it possible for the Company to employ and retain competent and qualified experts. At the same time, the Company avoids higher remuneration than necessary, as well as unjustified high gap between levels of remuneration paid to the specified persons and employees of the Company	1. The remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company shall be determined taking into account the results of a comparative analysis of the remuneration level in comparable companies	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
4.1.2	The Company's Remuneration Policy has been developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors, with the support of the Remuneration Committee, provides for monitoring of introduction and implementation of the Remuneration Policy at the Company – and reviews and amends it as necessary	1. During the reporting period, the Remuneration Committee considered the Remuneration Policy (policies) and/or practice of its (their) introduction, assessed their efficiency and transparency and submitted the necessary recommendations on revising this Policy (policies) to the Board of Directors, where required	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
4.1.3	The Remuneration Policy of the Company contains transparent mechanisms to determine the amount of remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company, and also regulates all types of payments, benefits and privileges provided to the specified persons	1. The Remuneration Policy (policies) of the Company contains (contain) transparent mechanisms to determine the amount of remuneration paid to members of the Board of Directors, executive bodies and other key executives of the Company, and also regulates (regulate) all types of payments, benefits and privileges provided to the specified persons	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
4.1.4	The Company determines the policy for recovery of expenses (compensations) that details the list of expenses subject to recovery, and the level of service that the members of the Board of Directors, executive bodies and other key management employees of the Company may claim for. Such a policy may be part of the Company's Remuneration Policy	1. The Remuneration Policy (policies) or other internal documents of the Company establish the rules for recovery of expenses incurred by members of the Board of Directors, executive bodies and other key executives of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
4.2	The remuneration system for members of the Board of Directors provides for rapprochement between financial interests of the directors with long-term financial interests of the shareholders				
4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board or committees under the Board of Directors. The Company does not use any forms of short-term motivation or additional financial incentives in respect to members of the Board of Directors	1. In the reporting period, the Company paid remuneration to the members of the Board of Directors in accordance with the Remuneration Policy of the Company. 2. In the reporting period, the Company did not apply any form of short-term motivation or additional financial incentives to the members of the Board of Directors, the payment of which depends on the Company's performance (indicators). Remuneration for participation in individual meetings of the Board or committees under the Board of Directors was not paid	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
4.2.2	Long-term ownership of the Company's shares provides for rapprochement between financial interests of members of the Board of Directors and long-term interests of the shareholders to the largest extent. At the same time, the Company does not provide for the rights to sell the shares by achievement of certain indicators of activities, and the members of the Board of Directors do not participate in option programs	1. If the internal document (documents) – Remuneration Policy (policies) of the Company – contemplates (contemplate) provision of the Company's shares to members of the Board of Directors, clear rules of share ownership by members of the Board of Directors aimed at promoting long-term ownership of such shares shall be provided for and disclosed	<input type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input checked="" type="checkbox"/> not complied with	Currently, the Regulations	on Remunerations and Compensations Payable to the Members of the Board of Directors of MTS PJSC do not contain the specified rules for ownership of the Company's shares by the members of the Board of Directors aimed at promoting long-term ownership of such shares. The Company confirms that this inconsistency with the provisions of the Code is temporary and plans to return to the development and implementation of these rules as the situation with restrictions and temporary measures of economic nature related to the functioning of the stock market and turnover of securities stabilizes
4.2.3	The Company does not provide for any additional payments or compensation in case of early termination of powers of members of the Board of Directors in connection with transfer of control over the Company or other circumstances	1. The Company does not provide for any additional payments or compensation in case of early termination of powers of members of the Board of Directors in connection with transfer of control over the Company or other circumstances	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
4.3	The system of remuneration for members of executive bodies and other key executives of the Company provides for the dependence of remuneration on the result of the Company's operation and their personal contribution to the achievement of this result				
4.3.1	Remuneration paid to members of executive bodies and other key executives of the Company is determined so that a reasonable and justified ratio is ensured between the fixed part of remuneration and the variable part of remuneration, depending on the results of the Company's operation and personal (individual) contribution of an employee to the final result	1. During the reporting period, the annual indicators of efficiency approved by the Board of Directors were used to determine the amount of variable remuneration paid to members of executive bodies and other key executives of the Company.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2. During the last completed assessment of the remuneration system for members of executive bodies and other key executives of the Company, the Board of Directors (Remuneration Committee) made sure that the Company used an effective ratio of the fixed part of remuneration and the variable part of remuneration.		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
3. When determining the amount of remuneration paid to members of executive bodies and other key executives of the Company, the risks borne by the Company shall be taken into account in order to avoid creating incentives for making excessively risky managerial decisions		<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with			
4.3.2	The Company has introduced a program for long-term motivation of members of executive bodies and other key executives of the Company, using shares of the Company (options or other derivative financial instruments, the basic assets under which are the Company's shares)	1. The program for long-term motivation for members of executive bodies and other key executives of the Company using the Company's shares (financial instruments based on the Company's shares) introduced at the Company, if any, contemplates that the right to sell such shares and other financial instruments arises not earlier than three years after the moment of their provision. At the same time, the right for their sale depends on achievement of certain indicators of the Company's activities	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
4.3.3	The amount of compensation ("top-echelon parachute"), paid by the Company in case of early termination of powers to members of executive bodies or key executives at the initiative of the Company and with absence of unfair actions from their side, shall not exceed double size of the fixed part of the annual remuneration	1. The amount of compensation ("top-echelon parachute"), paid by the Company in case of early termination of powers to members of executive bodies or key executives at the initiative of the Company and with absence of unfair actions from their side, did not exceed double size of the fixed part of the annual remuneration in the reporting period	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
5.1	The Company has an efficiently operating risk management and internal control system aimed at ensuring reasonable confidence in achievement of objectives set by the Company				
5.1.1	The Board of Directors of the Company has defined the principles and approaches towards organization of the risk management and internal control system in place at the Company	1. Functions of various management bodies and subdivisions of the Company within the risk management and internal control system are clearly defined by the internal documents/ relevant policy of the Company approved by the Board of Directors	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
5.1.2	Executive bodies of the Company ensure development and maintenance of functioning of an efficient risk management and internal control system at the Company	1. Executive bodies of the Company provided for distribution of obligations, powers and responsibilities in respect to risk management and internal control between the managers (heads) of the subdivisions and departments subordinated to them	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
5.1.3	The risk management and internal control system in place at the Company provides for objective, fair and clear understanding of the current status and prospects of the Company, integrity and transparency of the Company's reporting, reasonableness and acceptability of the risks undertaken by the Company	1. The Company has adopted an Anti-Corruption Policy.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. There is a safe, confidential and available method (hotline) at the Company for informing the Board of Directors or the Audit Committee under the Board of Directors about the facts of breaching of the law, internal procedures, or the Company's Code of Ethics	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
5.1.4	The Board of Directors of the Company takes necessary actions to make sure that the Company's existing risk management and internal control system complies with the principles and approaches towards its organization determined by the Board of Directors and that it functions effectively	1. During the reporting period, the Board of Directors (the Audit Committee and/or the Risk Committee, if any) arranged the assessment of reliability and efficiency of the risk management and internal control system in place.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. In the reporting period, the Board of Directors reviewed the results of assessing the reliability and efficiency of the Company's risk management and internal control system, and information on the review results was included in the Annual Report of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
5.2	The Company organizes an internal audit to systematically and independently assess the reliability and efficiency of the risk management and internal control system and the corporate governance practices				
5.2.1	In order to conduct an internal audit, a separate structural subdivision has been established at the Company, or an independent external entity has been engaged. Functional and administrative accountabilities of the internal audit subdivision are separated. The internal audit subdivision is functionally accountable to the Board of Directors	1. In order to conduct an internal audit, the Company has a separate structural internal audit subdivision, which is functionally accountable to the Board of Directors or an independent third-party entity with the same principle of accountability has been engaged	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
5.2.2	The internal audit subdivision assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance practices, and applies generally accepted internal audit standards	1. In the reporting period, the reliability and efficiency of the risk management and internal control system was assessed as part of an internal audit. 2. In the reporting period, as part of an internal audit, an assessment of the corporate governance practice (certain practices) was conducted, including the information interaction procedures (e.g. on the issues of internal control and risk management) at all corporate management levels, as well as stakeholder interaction	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.1	The Company and its activities are transparent for the shareholders, investors and other stakeholders				
6.1.1	There is an Information Policy developed and introduced at the Company, which provides for effective information interaction between the Company, shareholders, investors and other stakeholders	1. The Board of Directors of the Company has approved the Information Policy of the Company developed with account of the Code's recommendations. 2. During the reporting period, the Board of Directors (or one of its committees) considered the issue of efficiency of information interaction between the Company, shareholders, investors and other stakeholders, as well as the practicality (necessity) of revising the information policy of the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.1.2	The Company discloses information on the corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code	1. The Company discloses information on the corporate governance system in place at the Company and the general principles of corporate governance used by the Company, including on the Company's website in the Internet. 2. The Company discloses information on the composition of its executive bodies and the Board of Directors, independent members of the Board and their membership in the committees under the Board of Directors (as defined by the Code).	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input checked="" type="checkbox"/> not complied with	In the current conditions and taking into account the provisions of the Resolution of the Government of the Russian Federation No. 1102 dated 04.07.2023 ¹ , the Company does not disclose the above information (discloses it in a limited scope). The Company confirms that this non-compliance with the provisions of the Code is temporary and is related to the remaining external conditions	

¹ Resolution of the Government of the Russian Federation dated 04.07.2023 № 1102 "On peculiarities of disclosure and (or) provision of information subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint-Stock Companies" and the Federal Law "On the Securities Market".

1	2	3	4	5	6
		3. If there is an entity that controls the Company, the latter publishes a memorandum of the controlling entity in respect to the plans of such an entity concerning the corporate governance at the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		<p>As of the date of approval of this Report, the Company has no information about an existing shareholder who owns 50 and more percent of the MTS PJSC voting shares.</p> <p>In accordance with the provisions of applicable law and on the basis of information disclosed by the shareholders of MTS PJSC, it is publicly known and disclosed that the shareholder, owning jointly with its subsidiary 42.09% of the authorized capital of MTS PJSC, is Sistema PJSC.</p>
6.2	The Company discloses complete, relevant and valid information about the Company in a timely manner to ensure the possibility of making justified decisions by the Company's shareholders and investors				
6.2.1	The Company discloses information in compliance with the principles of regularity, consistency and promptness, as well as of availability, validity, completeness and comparability of data being disclosed	<p>1. The Company has a procedure that ensures work coordination of all structural subdivisions and employees of the Company involved in information disclosure or those whose activities may lead to the need to disclose information.</p> <p>2. Provided that foreign shareholders own a substantial quantity of the Company's shares, information was disclosed not only in Russian, but also in one of the most common foreign languages during the reporting year</p> <p>3. Provided that foreign shareholders own a substantial quantity of the Company's shares, information was disclosed not only in Russian, but also in one of the most common foreign languages during the reporting year</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.2.2	The Company avoids a formal approach when disclosing information, and it discloses substantial information about its activities, even if disclosure of such information is not provided for by the law	<p>1. The Company's Information Policy determines the approaches to disclosing information about other events (actions) that have a significant impact on the value or quotations of its securities, the disclosure of information about which is not provided for by the law.</p> <p>2. The Company discloses full information on the structure of the Company's capital in accordance with Recommendation 290 of the Code in the Annual Report and on the Company's website in the Internet.</p> <p>3. The Company discloses information on controlled entities that are of significant importance to it, including on the key areas of their activities, the mechanisms ensuring the accountability of controlled entities, the powers of the Board of Directors of the Company in relation to determining the strategy and evaluating the performance of controlled entities.</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		<p>In the current conditions and taking into account the provisions of the Resolution of the Government of the Russian Federation No. 1102 dated 04.07.2023, the Company discloses the above information in a limited scope.</p> <p>The Company confirms that this inconsistency with the provisions of the Code is temporary and is related to the remaining external conditions</p>

1	2	3	4	5	6
		4. The Company discloses a non-financial report – a report on sustainable development, an environmental report, a report on corporate social responsibility or any other report containing non-financial information, including on the factors related to the environment (including factors related to ecology and climate change), the society (social factors) and corporate governance, except for a report of the issuer of equity securities and the Annual Report of the Joint Stock Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.2.3	The Annual Report of the Company, being one of the most important tools for information exchange with the shareholders and other stakeholders, contains information that allows for evaluating the results of the Company's activities over the year	1. The Annual Report of the Company contains information on the results of evaluation by the Audit Committee of the external and internal audit process efficiency. 2. The Annual Report of the Company contains information about the Company's policy in the field of environmental protection and the Company's social policy	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.3	The Company provides information and documents at the request of the shareholders in accordance with the principles of an equal and unhindered access				
6.3.1	Shareholders' exercise of the right for access to documents and information of the Company is not accompanied with needless complexity	1. The Information Policy (internal documents defining the Information Policy) of the Company determines an easy procedure for providing access to information and documents of the Company as requested upon by shareholders. 2. The Information Policy (internal documents defining the Information Policy) contains provisions assuming that in case of shareholder's request for information about entities controlled by the Company, the Company will take the necessary actions to obtain such information from the corresponding entities controlled by the Company	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
6.3.2	When the Company provides information to the shareholders, a reasonable balance is maintained between the interests of specific shareholders and those of the Company itself, which is interested in preserving the confidentiality of its important commercial information capable of exerting a substantial influence on its competitiveness	1. During the reporting period, the Company did not reject requests from the shareholders for provision of information, or such rejections were justified. 2. In cases defined by the Information Policy of the Company, the shareholders are made aware of the confidential nature of the information and undertake to maintain its confidentiality	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
7.1	Actions that considerably influence or may influence the structure of the joint stock capital and financial condition of the Company and, therefore, the position of the shareholders (major corporate actions) are carried out under fair conditions, providing for compliance with the rights and interests of the shareholders, as well as of other stakeholders				
7.1.1	Major corporate actions include reorganization of the Company, acquisition of 30 or more percents of the voting shares of the Company (acquisition), closing of major transactions by the Company, increase or decrease in the authorized capital of the Company, listing and delisting of the Company's shares, as well as other actions, which may lead to a substantial change in the rights of the shareholders or violation of their interests. The Company's Charter defines a list (criteria) of transactions or other actions, being major corporate actions, and such actions fall within the competence of the Board of Directors of the Company	1. The Company's Charter defines a list (criteria) of transactions or other actions, being major corporate actions. Decision-making in respect to major corporate actions falls within the competence of the Board of Directors according to the Company's Charter. In cases where implementation of these corporate actions is directly related by the law to the competence of the general meeting of shareholders, the Board of Directors provides relevant recommendations to the shareholders	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
7.1.2	The Board of Directors plays a key role in making decisions or developing recommendations in respect to major corporate actions; the Board of Directors relies on the position of the Company's independent directors	1. There is a procedure in place at the Company, in accordance with which independent directors state their position on the major corporate actions prior to their approval	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
7.1.3	When making major corporate actions, which affect the rights and legitimate interests of the shareholders, equal conditions are provided for all the shareholders of the Company. If the mechanisms stipulated by the law and aimed at protecting the shareholders' rights are insufficient, additional measures shall be taken to protect the rights and legitimate interests of the Company's shareholders. At the same time, the Company not only complies with the formal requirements of the law, but also adheres to the principles of corporate governance set forth in the Code.	1. Taking into account specific features of the Company's activity, its Charter attributes approval of other essential transactions, in addition to those provided for by the law, to the competence of the Board of Directors. 2. During the reporting period, all major corporate actions were approved prior to their implementation	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
7.2	The Company provides for such a procedure of making major corporate actions, which enables the shareholders to obtain complete information on such actions in a timely manner and to influence such actions and guarantees the observance and an adequate level of protection of their rights, when such actions are undertaken				
7.2.1	Information on making substantial corporate actions is disclosed with explanation of reasons, conditions and effects of such actions	1. In case when the Company took significant corporate actions during the reporting period, the Company disclosed information on such actions in a timely manner and in detail, including the reasons, conditions for taking such actions and their consequences for shareholders	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
7.2.2	Rules and procedures related to the implementation of major corporate actions by the Company are stipulated in the internal documents of the Company	1. The Company's internal documents determine the cases and the procedure of engagement of an independent appraiser to define the cost of property alienated or purchased under a major transaction or an interested-party transaction.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		2. The Company's internal documents provide for the procedure of engagement of an appraiser to evaluate the cost of purchase and redemption of the Company's shares.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		3. If there is no formal interest of a member of the Board of Directors, the sole executive body, a member of the collective executive body of the Company, a person being the controlling entity of the Company or a person entitled to give the Company mandatory instructions, in the transactions of the Company, and yet there is a conflict of interest or their other actual interest, the internal documents of the Company assume that such persons do not participate in voting on the approval of such a transaction	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

LIST OF MAJOR AND INTERESTED-PARTY TRANSACTIONS MADE BY MTS PJSC IN 2023

In 2023, MTS PJSC did not made any transactions which are recognized as major transactions in accordance with the Federal Law "On Joint Stock Companies".

In 2023, MTS PJSC made 36 transactions recognized in accordance with the Federal Law "On Joint Stock Companies" as interested-party transactions.

Members of the Board of Directors and Members of the Management Board of MTS were duly notified of interested party transactions in the manner prescribed by Chapter XI of the Federal Law "On Joint Stock Companies". These transactions were concluded with companies of the MTS Group as part of the formation of a digital ecosystem.

Information is available on MTS PJSC corporate website



[Annual Statements – Moscow \(mts.ru\)](https://mts.ru)

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF MTS PJSC AND SUBSIDIARIES FOR 2023



Information is available on MTS PJSC corporate website
https://storage.ir.mts.ru/mts-ir/images/documents/MTS_IFRS_Cons_FS_22-23_e.pdf

MTS INFORMATION CHANNELS



About the Company

https://ir.mts.ru/about_mts/mts_at_a_glance



Corporate releases

https://ir.mts.ru/news_and_events/corporate_releases



Financial statements of MTS

https://ir.mts.ru/investors/financial_center/financial_results



To investors and shareholders

https://ir.mts.ru/about_mts/corporate_governance



Sustainable development

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

CONTACTS AND ADDITIONAL INFORMATION ABOUT MTS

About the Company	<p>Full trade name of the Company:</p> <ul style="list-style-type: none"> • in Russian: Публичное акционерное общество «Мобильные ТелеСистемы» • in English: Mobile TeleSystems Public Joint Stock Company <p>Short trade name of the Company:</p> <ul style="list-style-type: none"> • in Russian: ПАО «МТС» • in English: MTS PJSC <p>Location of MTS PJSC: 4 Marksistskaya St., Moscow, 109147, Russian Federation</p> <p>Phone: +7 (495) 911-65-55 Fax: +7 (495) 911-65-69</p> <p>Correspondence address of MTS PJSC: bldg. 2, 5 Vorontsovskaya St., 109147, Moscow, Russian Federation</p> <p>Email: info@mts.ru Website: mts.ru</p>
Information on the Shareholder and Investor Relations Department	<p>Location of Shareholder and Investor Relations Department bldg 2, 5 Vorontsovskaya St., 109147, Moscow, Russian Federation</p> <p>Shareholder Relations Department Corporate Governance Development of MTS PJSC: Phone: +7 (495) 911-65-55 Fax: +7 (495) 911-65-69 Email: shareholder@mts.ru</p> <p>Investor Relations Department Functional Group for Investor Relations of MTS PJSC Phone: +7 (495) 223-20-25 Email: ir@mts.ru</p>
Auditor	<p>Business Solutions and Technologies Joint Stock Company Address: 1/20 Bolshoi Balkansky Lane, 129090, Moscow Phone: +7 (495) 787-06-00 Fax: +7 (495) 787-06-01 Website: delret.ru</p>
Registrar	<p>Reestr Joint Stock Company Address: 1/20 Bolshoi Balkansky Lane, 129090, Moscow Phone: +7 (495) 617-01-01 Email: reestr@aoreestr.ru Website: aoreestr.ru</p>
Depository	<p>Non-Bank Credit Organization Closed Joint Stock Company National Settlement Depository Address: 12 Spartakovskaya St., 105066, Moscow Multichannel phone: +7 (495) 234-48-27 Email: info@nsd.ru Website: nsd.ru</p>

FEEDBACK

Dear Reader,

We have presented for your attention the 2023 Annual Report of MTS PJSC.

It is important for us to keep the most transparent and honest dialogue with all stakeholders.

Your feedback and suggestions will help us improve the quality of future reports, their level of information and relevance.

Please send us your questions and comments to the Report:

- by e-mail at: shareholder@mts.ru
- or by mail at: MTS PJSC, bldg 2, 5 Vorontsovskaya St., 109147, Moscow.

Thank you for your feedback!

