

**APPROVED**

by the General Meeting of Shareholders  
of Mobile TeleSystems  
Public Joint Stock Company  
on June 28, 2018, Minutes No.43

**REGULATIONS**

**ON REMUNERATIONS AND COMPENSATIONS  
PAYABLE TO THE MEMBERS OF THE BOARD OF DIRECTORS OF  
MOBILE TELESYSTEMS PUBLIC JOINT STOCK COMPANY**

(Version No. 4)

Moscow 2018

## CONTENTS

1.	TERMS AND DEFINITIONS.....	3
2.	GENERAL PROVISIONS .....	4
3.	COMPONENTS AND AMOUNT OF REMUNERATION.....	5
4.	BASIC REMUNERATION.....	5
5.	REMUNERATION FOR THE PERFORMANCE OF ADDITIONAL DUTIES .....	6
6.	REMUNERATION IN THE FORM OF SHARES.....	7
7.	PROCEDURE FOR PAYMENT OF REMUNERATION.....	9
8.	COMPENSATIONS PAYABLE TO THE MEMBERS OF THE BOARD OF DIRECTORS .....	10
9.	PROFESSIONAL LIABILITY INSURANCE.....	11
10.	VALIDITY OF THE REGULATIONS. PROCEDURE FOR MAKING AMENDMENTS AND ADDITIONS TO THE REGULATIONS.....	11

## 1. TERMS AND DEFINITIONS

**For the purposes of these regulations, the following terms and definitions are used:**

**“Shares”** shall mean issued and outstanding ordinary registered uncertified shares of the Company.

**“Remuneration”** shall mean amounts of money and securities transferred to Non-Employee Directors as remuneration for participation in the work of the Board of Directors, in the manner and within the time frame set out in Items 3–7 of these Regulations.

**“Director”** shall mean a member of the Board of Directors.

**“Non-Employee Director”** shall mean a member of the Board of Directors (including Independent Directors) who is not an employee of the Company (as well is not a member of its executive bodies), its controlled entities, the controlling shareholder of the Company or its controlled entities. For the purposes of these Regulations, a Director who holds offices only in boards of directors (supervisory boards) of the Company, its controlled entities, the controlling shareholder of the Company and its controlled entities shall be considered to be a Non-Employee Director.

**“Law On Joint Stock Companies”** shall mean Federal Law No. 208-FZ “On Joint Stock Companies” as of December 26, 1995 (as amended).

**“Compensations”** shall mean amounts of money payable to Directors as compensation for their expenses in accordance with Clause 8 of these Regulations.

**“Other Committees of the Board of Directors”** shall mean all Committees of the Board of Directors except for Compulsory Committees of the Board of Directors and Special Committees of the Board of Directors.

**“Corporate Year”** shall mean the period of calculation and payment of Remunerations and Compensations to Directors that begins from the date of election of the members of the Board of Directors at the Annual General Meeting of Shareholders and ends on the date of the next Annual General Meeting of Shareholders. For the purposes of calculating the Remuneration in cases set forth in Items 4.3 and 5.2, the Corporate Year shall be deemed equal to 365 days.

**“Independent Director”** shall mean a Director, in respect of whom the Board of Directors decided on his/her independent status in accordance with the Listing Rules of Moscow Exchange PJSC, the Regulations on the Board of Directors and other applicable rules of law.

**“Company”** shall mean Mobile TeleSystems Public Joint Stock Company.

**“Compulsory Committees of the Board of Directors”** shall mean the Strategy Committee, the Remuneration and Nomination Committee, the Audit Committee, and the Corporate Governance Committee.

**“Regulations”** shall mean these Regulations on Remunerations and Compensations Payable to the Members of the Board of Directors of Mobile TeleSystems Public Joint Stock Company.

**“Chairman of the Board of Directors”** shall mean a Non-Employee Director elected by the Board of Directors as the Chairman, in the manner set out in the Regulations on the Board of Directors of the Company.

**“Board of Directors”** shall mean the Board of Directors of the Company elected in accordance with the Federal Law On Joint Stock Companies and the Charter of the Company.

**“Special Committees of the Board of Directors”** shall mean committees of the Board of Directors established to preliminary consider and prepare recommendations for the Board of Directors with respect to individual projects of the Company.

**“Authorized Company”** shall mean one or more legal entities engaged by the Company, at its discretion, to support the practical implementation of legal and actual actions provided for by these Regulations, including paying the Remuneration to Non-Employee Directors in the form of Shares.

## **2. GENERAL PROVISIONS**

2.1 These Regulations have been developed in accordance with the Federal Law On Joint Stock Companies and other laws and regulations, and establish the amount and manner of paying Remunerations and Compensations to the Directors.

2.2 These Regulations are based on the following principles:

- establishing a level of Remuneration that creates enough motivation for the effective work of the Board of Directors, enabling the Company to engage and retain competent and skilled professionals;
- bringing together financial interests of the Directors and long-term financial interests of shareholders of the Company;
- preserving the independence of the Directors; and
- maintaining the responsibility of the Directors to all shareholders of the Company.

2.3 These Regulations shall be approved by the General Meeting of Shareholders in accordance with Clause 2, Article 64 of the Federal Law On Joint Stock Companies, and be a basis for calculating and paying Remunerations and Compensations to the Directors.

2.4 Amounts of Remunerations and Compensations, which forecasted values have been calculated in accordance with these Regulations, shall be reflected in the Company’s budget.

- 2.5 Remunerations shall be paid to Non-Employee Directors. Compensations shall be paid to all Directors.
- 2.6 The period for the calculation and payment of Remunerations and Compensations shall be a Corporate Year.
- 2.7 The Vice-President for Finance, Investments, Mergers & Acquisitions or other person holding a similar office in the Company shall exercise control over the calculation and payment of Remunerations and Compensations to the Directors.

### **3. COMPONENTS AND AMOUNT OF REMUNERATION**

3.1 The Remuneration of Non-Employee Directors shall consist of the following components:

- basic remuneration;
- remuneration for performance of additional duties;
- remuneration in the form of Shares .

3.2 The aggregate amount of the basic remuneration and remuneration for performance of additional duties (except for remuneration for the work in Special Committees) to be paid to each Non-Employee Director on the basis of performance in the Corporate Year shall not exceed USD 400,000 or, in respect to the Chairman of the Board of Directors, USD 500,000.

3.3 The General Meeting of Shareholders shall have the right to decide to pay a Remuneration to certain Non-Employee Directors, other than provided for by these Regulations, based on the Company's performance in the Corporate Year.

The General Meeting of Shareholders shall have the right to decide not to pay any Remuneration to certain Non-Employee Directors, if they did not participate in more than a half of scheduled in-person meetings of the Board of Directors and/or if their wrongful acts (or omissions) caused damage to the Company.

3.4 The Remuneration shall be subject to taxation in accordance with the legislation of the Russian Federation and/or the country where a Director is resident. The Company shall not compensate the Directors, who are not tax residents of the Russian Federation, for the personal income tax withheld in accordance with the legislation of the Russian Federation and/or paid by them in accordance with the legislation of any another country.

### **4. BASIC REMUNERATION**

4.1 The basic remuneration shall be paid for the performance of duties of a member of the Board of Directors of the Company during the Corporate Year. The basic remuneration shall be fixed and payable in monetary form.

- 4.2 The amount of the basic remuneration of a Non-Employee Director shall be USD 300,000 for the Corporate Year, and that of the Chairman of the Board of Directors shall be USD 400,000 for the Corporate Year.
- 4.3 The amount of the basic remuneration shall be decreased in case of:
- 4.3.1 early termination of powers of all members of the Board of Directors by the decision of the General Meeting of Shareholders;
- 4.3.2 election of members of Board of Directors at an Extraordinary General Meeting of Shareholders;
- 4.3.3 Director's resignation to the extent and in the manner provided for by the Charter of the Company;
- 4.3.4 losing or obtaining the status of Non-Employee Director by a Director during the Corporate Year;
- 4.4. In cases provided for by Clause 4.3 of the Regulations, the Remuneration shall be paid in an amount proportional to the actual term of office of a Director (Sub-clauses 4.3.1–4.3.3) or to the term during which a Director was in his/her capacity as Non-Employee Director (Sub-clause 4.3.4), and shall be determined as the product of the basic remuneration amount specified in Clause 4.2 thereof and a value equal to the ratio of the actual term of office (the term during which a Director was in his/her capacity as Non-Employee Director) to the length of the Corporate Year being 365 days.

## **5. REMUNERATION FOR THE PERFORMANCE OF ADDITIONAL DUTIES**

- 5.1 The Remuneration for the performance of additional duties shall be paid in connection with the work in Committees of the Board of Directors of the Company as follows:
- 5.1.1 for the work in Compulsory Committees of the Board of Directors:
- Chairman of a Compulsory Committee of the Board of Directors – USD 50,000 for the Corporate Year,
  - member of a Compulsory Committee of the Board of Directors – USD 30,000 for the Corporate Year (for the work in each Compulsory Committee of the Board of Directors);
- 5.1.2 for the work in other Committees of the Board of Directors::
- Chairman of another Committee of the Board of Directors – USD 30,000 for the Corporate Year,
  - member of another Committee of the Board of Directors – USD 25,000 for the Corporate Year (for the work in each other Committee of the Board of Directors);
- 5.1.3 for the work in Special Committees of the Board of Directors::

- Chairman of an Special Committee of the Board of Directors – USD 50,000 for the Corporate Year,
- member of an Special Committee of the Board of Directors – USD 30,000 for the Corporate Year (for the work in each Special Committee of the Board of Directors).

5.2 In cases provided for by Clause 4.3 thereof, the amount of the Remuneration for the performance of additional duties shall be determined as the product of relevant Remuneration amount specified in Clause 5.1 above and the ratio of the number of scheduled in-person meetings of relevant Committees of the Board of Directors attended by the Director, to the total number of scheduled in-person meetings of relevant committees of Board of Directors.

## **6. REMUNERATION IN THE FORM OF SHARES**

6.1 The Remuneration in the form of Shares shall be paid to Non-Employee Directors based on the performance of their duties as Directors in the complete Corporate Year. In case of early termination of office of a Non-Employee Director before the end of the Corporate Year (whatever the reason for such early termination), the Remuneration in the form of Shares shall not be paid to such Non-Employee Director.

6.2 The number of Shares to be transferred to each Non-Employee Director based on the results of the Corporate Year shall be determined as the quotient obtained by:

- the ruble equivalent of USD 100,000 calculated according to the exchange rate established by the Bank of Russia for the date of the Annual Meeting of Shareholders of the Company by the end of the Corporate Year divided by
- the Share price in rubles being the weighted average price of the Share for the last 30 calendar days preceding the Annual Meeting of Shareholders of the Company, during which the trading was held on the Moscow Exchange.

6.3 In case the number of Shares to be transferred to each Non-Employee Director by the end of the Corporate Year is a fractional number, the whole number of Shares shall be transferred to a Non-Employee Director, and the value of the fractional remainder of Shares shall be compensated in the monetary form in accordance with the Share price in rubles determined in the manner provided for by Clause 6.2 above.

6.4 Shares shall be provided to a Non-Employee Director within 45 calendar days after the end of the relevant Corporate Year by crediting his/her personal account (depository account), or the account of the corresponding Non-Employee Director's broker. For the purposes of crediting Shares, Non-Employee Directors shall provide to the Company information on their personal accounts (depository accounts) or their brokers' details, or other data enabling the crediting of Shares, not later than 15 calendar days after the end of the relevant Corporate Year.

- 6.5 For the purposes of provision of Shares to Non-Employee Directors, agreements shall be concluded between Non-Employee Directors and the Company and/or an Authorized Company, under which Shares are credited.
- 6.6 A Non-Employee Director may send a request to the Company for change from the remuneration in the form of Shares to the remuneration in the form of American Depository Receipts granting rights to Shares (hereinafter “**ADR**”).
- 6.6.1 The number of ADRs to be transferred by the end of the Corporate Year to each Non-Employee Director who sent the request shall be calculated as the quotient obtained by:
- the ruble equivalent of USD 100,000 calculated according to the exchange rate established by the Bank of Russia for the date of the Annual Meeting of Shareholders of the Company by the end of the Corporate Year divided by
  - the ADR price in rubles at the exchange rate established by the Bank of Russia for the date of the Annual Meeting of Shareholders of the Company by the end of the Corporate Year, being the weighted average price of one ADR for the last 30 calendar days preceding the Annual Meeting of Shareholders of the Company, during which the trading was held on the New York Stock Exchange (NYSE).
- 6.6.2 Such request shall be accompanied by documents on the compliance with requirements and limitations of the Russian legislation on foreign issuers’ securities trading in the territory of the Russian Federation.
- 6.6.3 A Non-Employee Director shall provide to the Company information on his/her personal account (depository account) or his/her broker’s details, enabling to transfer ADRs, not later than 15 days after the end of the relevant Corporate Year.
- 6.7 During the term of office of a Non-Employee Director in the Board of Directors and within one year after his/her resignation from the Board of Directors, the following limitations apply to such Non-Employee Director with respect to disposal of Shares and/or ADRs:
- 6.7.1 Non-Employee Directors may not alienate or otherwise dispose of Shares and/or ADRs received as Remuneration within three years upon the first receipt of Shares and/or ADRs as Remuneration.
- 6.7.2 Starting from the fourth year after the first receipt of the Remuneration in the form of Shares and/or ADRs, Non-Employee Directors shall be entitled to alienate or otherwise dispose of the Shares they own, provided that the total value of Shares and/or ADRs remaining in the ownership of each Non-Employee Director is not less than the amount of the basic remuneration provided for by Clause 4.2 thereof, or the threefold monetary equivalent provided for by Clause 6.2 thereof for a Non-Employee Director, whichever is the greater.



- 6.8 A Non-Employee Director shall provide to the Company information on transactions effected with his/her Shares and/or ADRs in the manner provided for by the Regulations on the Board of Directors, other internal regulations and policies of the Company and applicable legislation, as well as if transactions with Shares and/or ADR are effected in violation of the requirements of Clause 6.7 thereof, a Non-Employee Director shall send a notice to the Company, describing the reasons for such violation. The Remuneration and Nomination Committee of the Board of Directors may hear the Non-Employee Director's explanations and make judgments about them.
- 6.9 Information on Shares and/or ADRs owned by Directors shall be disclosed to the public in accordance with the requirements of the applicable legislation.

## **7. PROCEDURE FOR PAYMENT OF REMUNERATION**

- 7.1 The basic remuneration and the remuneration for the performance of additional duties payable to the Directors who are citizens of the Russian Federation shall be paid in rubles at the exchange rate of the Central Bank of Russia in effect at the date of the relevant payment. The basic remuneration and the remuneration for the performance of additional duties payable to the Directors who are not citizens of the Russian Federation shall be paid in U.S. dollars.
- 7.2 The basic remuneration and the remuneration for the performance of additional duties shall be paid as follows:
- 7.2.1 Advance payments shall be made on a quarterly basis, not later than within 30 days after the end of the 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> quarter of the Corporate Year, respectively, during which a Non-Employee Director held his/her office. Amount of each advance payment shall equal to  $\frac{1}{4}$  of the remuneration calculated in accordance with Clauses 4 and 5 thereof, or, if a Non-Employee Director resigned or took his or her office after the beginning of the relevant quarter, or if a Non-Employee Director obtained or lost the status of Non-Employee Director after the beginning of the relevant quarter, to the part of the quarter payment proportional to the period during which a Non-Employee Director actually performed duties and/or had the status of Non-Employee Director.
- 7.2.2 Final payment shall be made not later than within 30 days after the end of the Corporate Year and be equal to the difference between the amount of the basic remuneration and remuneration for the performance of additional duties payable to a Non-Employee Director for the relevant Corporate Year calculated in accordance with Clauses 4 and 5 thereof, and the total amount of advance payments made in accordance with Clause 7.2.1 thereof.
- 7.2.3 Should the General Meeting of Shareholders decide not to pay a Remuneration to particular Non-Employee Director in accordance with Clause 3.3 thereof, such Non-Employee Director must refund overpaid advance payments.
- 7.3 Payments provided for by Clause 7.2 thereof shall be made on the basis of:
- an extract from the Minutes of the General Meeting of Shareholders on the election of the members of the Board of Directors;

- an office memo to be provided by the Corporate Secretary of the Company (a person who performs the duties of the Corporate Secretary), reflecting the number of Committees of the Board of Directors in which a Non-Employee Director participates;
- an extract from the Minutes of the Board of Directors meeting, reflecting the division of responsibilities between members of Committees of the Board of Directors;
- in case of resignation of a Non-Employee Director within relevant quarter – his/her letter of resignation written in accordance with the Charter of the Company;
- documents proving reception or loss of a Non-Employee Director status – in case of commencement of corresponding circumstances in this quarter.

## **8. COMPENSATIONS PAYABLE TO THE MEMBERS OF THE BOARD OF DIRECTORS**

8.1 Each Director shall be compensated for the following actually incurred expenses:

- operating expenses for travel to the destination (venue of the Board of Directors meeting) and backwards, accommodation expenses, telecommunication expenses and other documented expenses;
- expenses not related to the participation in meetings of the Board of Directors but related to the Company's activities, including travel expenses, accommodation expenses, etc. (participation in business trips of the management team and events) supported by proper documents;
- other expenses in an amount not exceeding USD 10,000 per year, or, in respect to the Chairman of the Board of Directors, not exceeding USD 15,000 per year;
- judicial or other expenses, or losses of Directors due to claims or suits which may be brought against them in connection with their actions (or omissions) when performing official duties of Directors; in case of conclusion of an agreement for compensation of such expenses and losses between the Company and the Director – to the extent and on the conditions defined by the applicable policy of directors' and officers' liability insurance.

8.2 Compensations shall be calculated exclusive of taxes payable in the territory of the Russian Federation.

8.3 Expenses shall be compensated by the Company on the basis of an office memo of the Corporate Secretary of the Company (a person who performs the duties of the Corporate Secretary) addressed to the Company's Vice-President for Finance, Investments, Mergers & Acquisitions or other person holding a similar office in the Company, together with supporting documents, as and when they are provided.

- 8.4 Compensations to the Directors who are not citizens of the Russian Federation shall be paid in U.S. dollars.

**9. PROFESSIONAL LIABILITY INSURANCE**

- 9.1 The Company shall conclude and maintain agreements for insurance of risks of Directors' liability for possible damage or losses due to their actions or omissions when performing duties of members of the Board of Directors of the Company and/or members of management bodies of any controlled entities of the Company, including to holders of the Company's and its controlled entities' securities, their contractors and other persons who have a right to obtain compensation of inflicted damages, losses, expenses, etc by operation of law, by court order or otherwise.

**10. VALIDITY OF THE REGULATIONS. PROCEDURE FOR MAKING AMENDMENTS AND ADDITIONS TO THE REGULATIONS.**

- 10.1 These Regulations shall come into force from the moment of their approval by the General Meeting of Shareholders of the Company.
- 10.2 Amendments and additions to these Regulations shall be made only by the decision of the General Meeting of Shareholders of the Company.

The General Meeting of Shareholders shall have the right to terminate these Regulations and adopt (approve) new Regulations on Remunerations and Compensations Payable to the Members of the Board of Directors of Mobile TeleSystems Public Joint Stock Company.

- 10.3 In case of conflict between the provisions of these Regulations and norms of the current law of the Russian Federation, the norms of the current law of the Russian Federation of the Russian Federation shall prevail.