

ANNUAL REPORT 2022

M T
S
DIGITAL
ECOSYSTEM



PRE-APPROVED

by the resolution of the Board of Directors of MTS PJSC
on May 18, 2023, Minutes No 348

APPROVED

by Annual General Meeting of Shareholders of MTS PJSC
on June 18, 2023, Minutes No 55

Disclaimer

This Annual Report has been prepared by MTS PJSC solely for information purposes and may contain statements based on predicted data or forecasts. Such statements or forecasts relate to matters other than historical facts or statements, and reflect the Company's intentions, beliefs or current expectations concerning, inter alia, performance results, financial condition, liquidity, efficiency, prospects, growth rates, and strategies of the Company and the industry in which it operates. The nature of the statements based on predicted data and forecasts implies risk and uncertainty, as they relate to events and depend on circumstances that may, or may not arise in the future. The Company cautions that statements based on predicted data and forecasts do not guarantee future performance and that actual performance results, the financial condition and liquidity of the Company, as well as changes in the industry in which the Company operates may differ significantly from those stated or assumed in the statements based on predicted data or forecasts contained in this report.

Factors that may lead to material differences between the actual results and the assumptions contained in statements based on predicted data or forecasts include general economic conditions prevailing in the markets in which the Company operates, competitive environment and risks associated with operating in such markets, market change in the industry and related industries, as well as other risks affecting the Company and its activities. Moreover, even if the Company's performance results, financial condition and liquidity and the changes taking place in the industry in which the Company operates match those set forth in the statements based on predicted data or forecasts presented herein, those results or changes may not be illustrative of the results or changes in future periods. The Company does not undertake any obligation to review or confirm expectations or estimates, or update any statements based on predicted data or forecasts to reflect the events or circumstances occurring or arising after the date of this report.

INFORMATION ABOUT MTS¹

Mobile TeleSystems Public Joint Stock Company (MTS PJSC) is a digital ecosystem, leading company in Russia providing mobile and fixed telephony services, data transfer and internet access, cable and satellite TV broadcasting, 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, cybersecurity. About 88 million subscribers in Russia, Belarus and Armenia 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 80 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 11 million users, the total number of MTS ecosystem customers exceeds 13 million. The company has 14 data centers in Russia and a retail network of more than 5,300 stores. The largest shareholder of MTS is Sistema PJSC. 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 2022 MTS PJSC ANNUAL REPORT!

We would like to bring to your attention the Annual Report of MTS PJSC following the results of 2022.

Purpose of the 2022 Annual Report

The MTS Annual Report is a tool of our openness and transparency that allows making investors and shareholders, as well as customers 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 shareholders, the investment community and all stakeholders about the situation 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 addition to this general mandatory part, in the Annual Report 2022 we focus on the development of MTS as a stable IT company with a large-scale ecosystem of digital products. In 2019, we introduced a new development strategy for the company CLV 2.0 and headed for the formation of a digital ecosystem. We have been actively launching new products for several years now. The rebranding in 2023 was a logical continuation of the big changes in the internal culture, business and philosophy of the brand. Now the basis of the MTS corporate identity is a dynamic and flexible logo that contains all the products and becomes the foundation for the visual system, while its left corner remains free for the logos of individual services. The MTS brand retained its energy, emotionality and desire for change, but became lighter, more empathic and more modern. In the new positioning, there are own distinctive signs for large products, they are all successive to the parent brand, but each has its own unique visual solutions.

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 No. 208-FZ "On Joint Stock Companies" dated December 26, 1995;
- Regulations of the Bank of Russia on information disclosure by issuers of equity securities dated March 27, 2020 No. 714-P;
- 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, the Company was guided by international standards and best practices in the area of public annual reporting.

CONTENTS

4 Message from the Board of Directors
Chairman

6 Message from the President

ECOSYSTEM TRANSFORMATION OVERVIEW

12 MTS Group in 2022

28 MTS Brand

30 MTS Ecosystem Development

56 Looking into the Future

59 Our Strategy

FINANCIAL OVERVIEW

66 Revenue of the Group

67 OIBDA of the Group

68 Net profit

69 Telecom Results

70 Investments in infrastructure
and Digital Ecosystem

71 Managing Debt Portfolio in Unstable
Macro Environment

CORPORATE GOVERNANCE

74 Report by the Board of Directors

77 Corporate Governance System

78 MTS Group Governance Structure

82 Corporate Governance Bodies

130 Risk Management

145 Capital and Securities

ESG AND SUSTAINABLE DEVELOPMENT

156 ESG Agenda in MTS

159 Responsible Business Management

171 Social Responsibility and DE&I

175 Social Investment

179 Environmental Care

ADDITIONAL INFORMATION

184 Achievement and Retention of Leadership

185 List of major and interested-party
transactions made by MTS PJSC in 2022

186 Report on Compliance with
the Principles and Recommendations
of the Corporate Governance Code

214 Annual Consolidated Financial
Statements of MTS PJSC and
Subsidiaries for 2022

214 MTS Information Channels

215 Contacts and Additional Information
about MTS

216 Feedback

MESSAGE FROM THE BOARD OF DIRECTORS CHAIRMAN

Dear shareholders,

In recent years, our key strategic objective has been to transform a telecom operator into a digital ecosystem, into a multidisciplinary group operating in several high-tech areas. However, the telecommunications core is a stabilizing factor for us, since this market demonstrates the least drop in demand, which was already observed in crisis conditions. Such transformation means intensive expansion of the scope of activity and product offering, attraction of new personnel and reconfiguration of the management structure.

Such a significant business transformation in itself is a non-trivial task that requires a clear vision of the future, diligence and great effort in the implementation process. But in addition to this, during the previous three years, and especially in 2022, we had to act in extremely harsh environmental conditions — unprecedented in the entire history of the company. And this is not an element of luck, our inertia or a large margin of safety. This is a completely natural result of the mutual action of many components, among which I would highlight:

- a balanced strategy aimed at the consistent expansion of activities into new digital areas, based on a solid foundation of the telecommunications business;
- a strong, reliable, carefully selected management team ready to jointly withstand difficulties;
- a corporate culture that combines focus on action and overcoming challenges, mutual assistance and healthy pragmatism;

- a balanced HR policy, which allowed not only to retain employees, but also to engage new high-class professionals to work in promising digital areas.

In the current external uncertainty, we saw not only threats, but also opportunities, consisting in accelerating digitalization processes and growing demand for telecommunications and digital services. To unlock the opened potential, we need to work hard, make a high-quality product, and constantly improve it.

Based on this logic and taking into account the increased propensity of business owners to sell or to search for a large stable co-investor, during 2022 we actively invested in digital projects in a number of areas, such as travel, smart home, cybersecurity, advertising technologies, etc. For some areas of our activity, the year turned out to be really ineffective, but thanks to a balanced diversified business portfolio, the Group showed satisfactory results, taking into account the challenges of the external environment, and moreover, with limited investments, we did expand our product footprint and gained access to new technological solutions.

Among the most significant achievements of the company in 2022, I can name the following:

- MTS has certainly transformed into a multiprofile group that conducts business in several high-tech areas. The combination of a solid, sustainable core telecom business, along with new promising digital verticals, once again proved to be a solid foundation for the company's long-term development.
- We have ensured the continuity of our activities, including the implementation of a capital investment program under known restrictions regarding access to high-tech equipment.
- We ensured the accrual of dividends at the rate of 33.85 rubles per share, which is higher than the levels of the previous 5 years, with the exception of 2021.
- We maintained our focus on further development, made tactical and strategic investments in new business areas.
- We maintained a comfortable level of debt with a 1.7 of the net debt to LTM OIBDA ratio.
- We have significantly increased our competencies and expanded technological solutions in the field of AI, Big Data, biometrics and are actively using them in B2B services.
- Complied with regulatory requirements and closed the ADR program on the New York Stock Exchange as correctly as possible.

Regarding the last point, I would like to emphasize in particular, that we do not perceive the delisting as a reason for a general decrease in the level of corporate governance. We continue to meet our usual high standards and the best international practices in this area. We understand that in the conditions of turbulence, it is more important than ever to ensure a sustainable and open business, to be transparent for partners, customers and other stakeholders, and to follow all the rules of business ethics impeccably.

Another confirmation of our commitment to adopt and develop the best world practices is our activity in the field of sustainable development and ESG. We perceive the improvement of the quality and safety of human life and society as one of the fundamental strategic objectives. Systematization and management of our projects and actions in this area at the level of operational management are handled by a dedicated ESG Center. Strategic control is performed by the Corporate Governance, Environmental and Social Responsibility Committee (ESG Committee) of MTS Board of Directors. You will learn more about our activity in this area in the special sections of the report. In my address, I just want to emphasize that as a large stable company, as a supplier of advanced, massively demanded services, we are aware of our direct impact on people's perception of their standard of living, on companies' perception of confidence in current and future economic well-being. We understand our own responsibility in this regard, and in conditions of environmental pressure, uncertainty and stress, we strive to become a stabilizing factor for society, employees, partners and investors.

Circumstances may adjust our plans, but in our case we do not just believe, but quite clearly see that our strategic priorities are aligned correctly. We are confident in what we are doing, we think calmly and pragmatically, we actively respond to threats and use opportunities to ensure the interests of the company and investors.

Difficult times contribute to the formation of strong people: those who do not stop in front of obstacles and are able to win not thanks to, but in spite of. These are the people I see in our team, and I sincerely wish that there are more such people in the business and investment community, in the teams of our partners, in society as a whole. Whatever the circumstances are, we always have the opportunity to focus on action, creation and progress.

**Chairman
of the Board of Directors of MTS**

MESSAGE FROM THE PRESIDENT

Dear friends and colleagues,

The past year was not easy, nevertheless, in the face of uncertainty and a volatile external situation, we managed to achieve stable results, proving the correctness of the chosen strategy in business diversification and building an ecosystem of services on a stable telecom base.

MTS Group's revenue for 2022 increased by 2.6% to 541.7 billion rubles — it did not grow at the usual pace, but we felt much better than most of the market. By the end of 2022, the Group's adjusted OIBDA amounted to 224.3 billion rubles, net profit — to 32.6 billion rubles. These results were influenced by instability in financial markets; at the same time, the OIBDA level was supported by the growth of telecom, fintech and media assets.

I would like to emphasize once again that a stable telecom business as the core of the ecosystem ensures the stability of the entire Group's activities, as well as supports the development of other areas. In 2022, revenue from MTS communication services in Russia increased by 4.6% year-on-year to 435.6 billion rubles, which was a good indicator for the market. We continue to be the largest mobile operator in Russia by the number of subscribers, we are the second in the subscriber base of fixed business and consistently strengthen our leadership positions in the converged services market. For example, last year we launched a large-scale partnership with regional fixed-line operators to promote joint convergent products, and the number of mass-market broadband customers increased by 4%.

In 2022, the rapid growth of our ecosystem business continued, which became successful a year earlier thanks to the launch of the KION online cinema. Ecosystem revenue increased by 67%, amounting to more than 100 billion rubles. Media verticals (OTT platform and TV), entertainment (organization of concerts and entertainment) and fintech contributed here. With the acquisition of the Bronevik Group, we have successfully launched a promising MTS Travel direction for organizing travel and booking hotels. We have also relaunched the MTS Strings e-book service, which is of great interest.

Ecosystem construction is the most promising direction. It is the user of ecosystem services with subscriptions who brings the Company almost 10 times more today than a standard user of communication services. At the end of 2022, the number of MTS ecosystem customers increased to 13.5 million, which is 52.7% higher year-on-year, and the average number of ecosystem products per customer increased to 1.6 from 1.43 at the end of 2021. In general, ecosystem clients are beginning to generate almost half of the Company's B2C revenues, and we expect in 2023 further growth of ecosystem indicators.

Speaking about our fintech business, I would like to assure you that, despite the introduction of restrictive measures by a number of foreign governments, this will not affect the provision of financial services to our clients in any way inside the country. Our fintech vertical demonstrated excellent results last year and continues to launch new digital financial products. At the same time, we are making every effort to mitigate possible negative consequences.

A significant part of our business is solutions and services for business customers in telecom and IT. MTS occupies the largest share in the projects of dedicated technological (Private) LTE in Russia, deploying these networks for enterprises of the mining, energy and metallurgical industries. We continued to develop the area of intelligent communications on the basis of our subsidiary MTT, introducing voice robots into the functionality of virtual PBX. Last year, MTS acquired the Webinar Group, which will allow us to create a single universal communication application for video calls and conferences for B2B. At the beginning of this year, the MTS Evolve cloud platform was launched for the rapid and flexible creation of communication services to

541.7

RUB bln

MTS Group's revenue

+2.6%

ensure their seamless integration into existing IT systems and effective management of omnichannel communications.

The business of our subsidiary infrastructure company and cloud solutions provider, MTS Web Services (MWS), is developing dynamically. In 2022, the MWS product portfolio grew by 30%, and the number of major customers increased by 15%. This company offers customers a wide range of cloud services based on 14 data centers across the country and aims to gain leading positions in Cloud and Edge Cloud technologies.

MTS has long moved away from the model of a classic telecom operator and is consistently transforming into an IT company. Over the past few years, we have been focused on developing and promoting innovative digital projects — in addition to cloud technologies, we are actively developing the areas of the Internet of Things (IoT), Big Data and artificial intelligence.

In 2022, MTS completed the deployment of an energy-efficient NB-IoT mobile network in all regions of its presence, ensuring a 64% increase in revenue from the implementation of intelligent IoT solutions

in the electric power industry, housing and utilities, logistics and other areas. We have strengthened the area for the development of smart home systems by purchasing control from Gulfstream, a provider of security systems.

With a world-class Big Data team, the company uses big data analytics not only in the construction of its telecom infrastructure and the organization of business processes, but also in commercial projects. For example, last year MTS launched Russia's first automated "out-of-the-box" solution for analyzing attendance at cultural events based on geo-analytics.

To accelerate the development of new digital products, at the end of last year we switched to a single technology platform, The Platform, which combined all end-to-end IT solutions of the MTS ecosystem. Thanks to the transition to "this very platform", the Company plans to speed up the launch of new products to the market four times and reduce business downtime due to technological incidents three times.

Building up our IT and Big Data competencies allows MTS to enter new markets and develop an eco-

>100
RUB bln

Ecosystem revenue

+67%



system of digital services for B2B. This is what the AdTech area is becoming for us. We have an MTS Marketer platform for organizing advertising for various audience segments. Last year we became an advertising data operator, and this year we acquired control in the Buzzoola group, which will strengthen our position in the online advertising market.

Another area that we continue to actively explore is MTS Auto. This subsidiary company specializes in the development of automotive multimedia devices and telematics systems. Last year, through MTS Auto, we invested in the Navitel Group, a provider of navigation and mapping solutions. This will give us the opportunity to form our own geoplatform, independent of other mapping systems, for the development of services and solutions for vehicles.

And finally, information security. We have long strengthened this circuit within the Company and provide customer protection services on the basis of our own Security Operations Center (SOC). Last year, we established a subsidiary in the field of cy-

bersecurity, Serenity Cyber Security, which develops commercial products and solutions in the field of cybersecurity. This is a very popular area today — our customers should understand that they are under reliable protection and use safe services.

To emphasize the innovative spirit of our company, this year MTS announced a global rebranding. The MTS brand has a new logo that will organically accommodate all the products of the ecosystem.

Also, the MTS Group continues to actively improve the compliance system. These positive changes concern both the improvement and automation of internal processes, which require compliance controls, and the transfer of experience gained in this area to internal and external stakeholders. The shift in the focus of the compliance system towards proactive support of business units is bearing fruit in the development of the internal corporate ethical culture of the company. Demonstrating ethical leadership at all levels allows maintaining a high level of compliance culture, which is confirmed by its annual

13.5 mln

MTS ecosystem customers

+52.7%

assessment. Maintaining the level of compliance culture and the leadership role of MTS in supporting the best practices of responsible business allows us

to ensure sustainable development and protect the company from emerging risks.

Today, despite the sanctions pressure and uncertainty, we are optimistic about the future. The company, as before, will continue to implement the CLV strategy, focusing on the uninterrupted provision of quality services and the development of the digital ecosystem. In recent years, we have concentrated almost the entire business in Russia, our products and services are in demand by tens of millions of our customers more than ever, the company responds quickly, flexibly and effectively to challenges, strengthening its competitive position. And the most important asset of the company is people. We have formed a strong cohesive team of professionals who contribute to the development of the company, the economy of the country and the whole society with their work.

Yours sincerely,
President of MTS

ECOSYSTEM TRANSFORMATION OVERVIEW

- 12 MTS Group in 2022
- 28 MTS Brand
- 30 MTS Ecosystem Development
- 56 Looking into the Future
- 59 Our Strategy



MTS GROUP IN 2022

541.7

RUB bln

revenue of MTS Group

+2.6%

224.3

RUB bln

OIBDA of MTS Group

-2.0%

255.8

RUB bln

loans issued to individuals

+24.4%

13.5

mln

ecosystem clients

+52.7%

No 1

Leader in mobile
business customer
base in all countries of
operation



82.3
mln

million mobile business customer base in Russia and Armenia

+58%

growth in non-telecommunication revenues over the past two years

x2,3

increase in the number of registered Cashback users Q4 2022 vs Q4 2021

>100
RUB bln

Ecosystem revenue

+67%

No 1

Among mobile operators in terms of M2M/IoT connections

* According to the ONSIDE study "Competitive Analysis: IoT, III-IV quarters 2022"

MARKETS AND AREAS OF PRESENCE

Main facts

541.7
RUB bln

revenue of MTS Group

5000+

Retail stores

Ведущий
мобильный оператор в России



8+
mln Tb

volume of data transmitted on smartphones

13.5
mln

Ecosystem customers

13
indices

Entry into the Moscow Stock Exchange indices

since 2003
listed on MOEX

Key customer metrics

80 mln

mobile communication subscribers in Russia

37+ mln

Registered MTS CashBack users

26+ mln

of active My MTS App users each month

4000+

corporate clients / SME clients of MTS cloud business

11+ mln

users of paid TV

The leading provider of communication services

80+ %

of the Russian population covered LTE

300+ bln min

Total traffic of mobile business in 2022

+17%

growth in convergent base over the year

+21%

Growth of IoT connections in 2022

83 Regions

with NB-IoT coverage

DIGITAL FOCUS

Internet of things (IoT)

+55%
increase in the number of NB-IoT customers in 2022

+64%
revenue growth from the NB-IoT network in 2022

Cloud technologies

+30%
increase in the product portfolio

+15%
major customers in 2022

MTS Marketer

+73%
new customers in 2022

+62%
increase in the number of advertising campaigns

Big Data Team of the world level

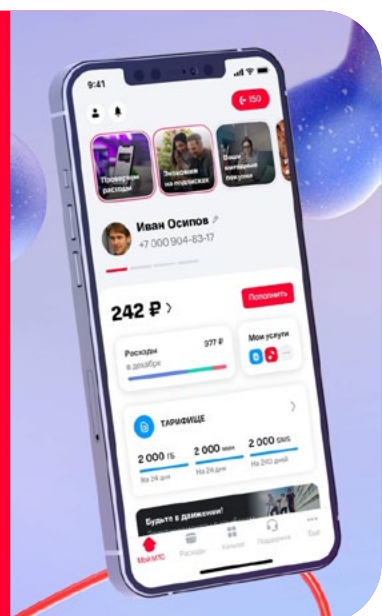
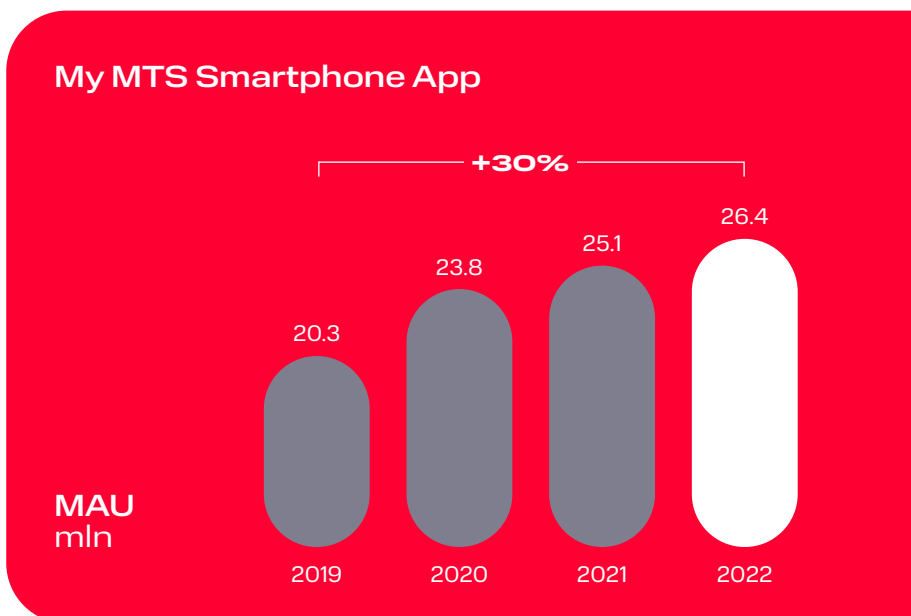
350+
data analysts and employees

20ПБ
of stored data

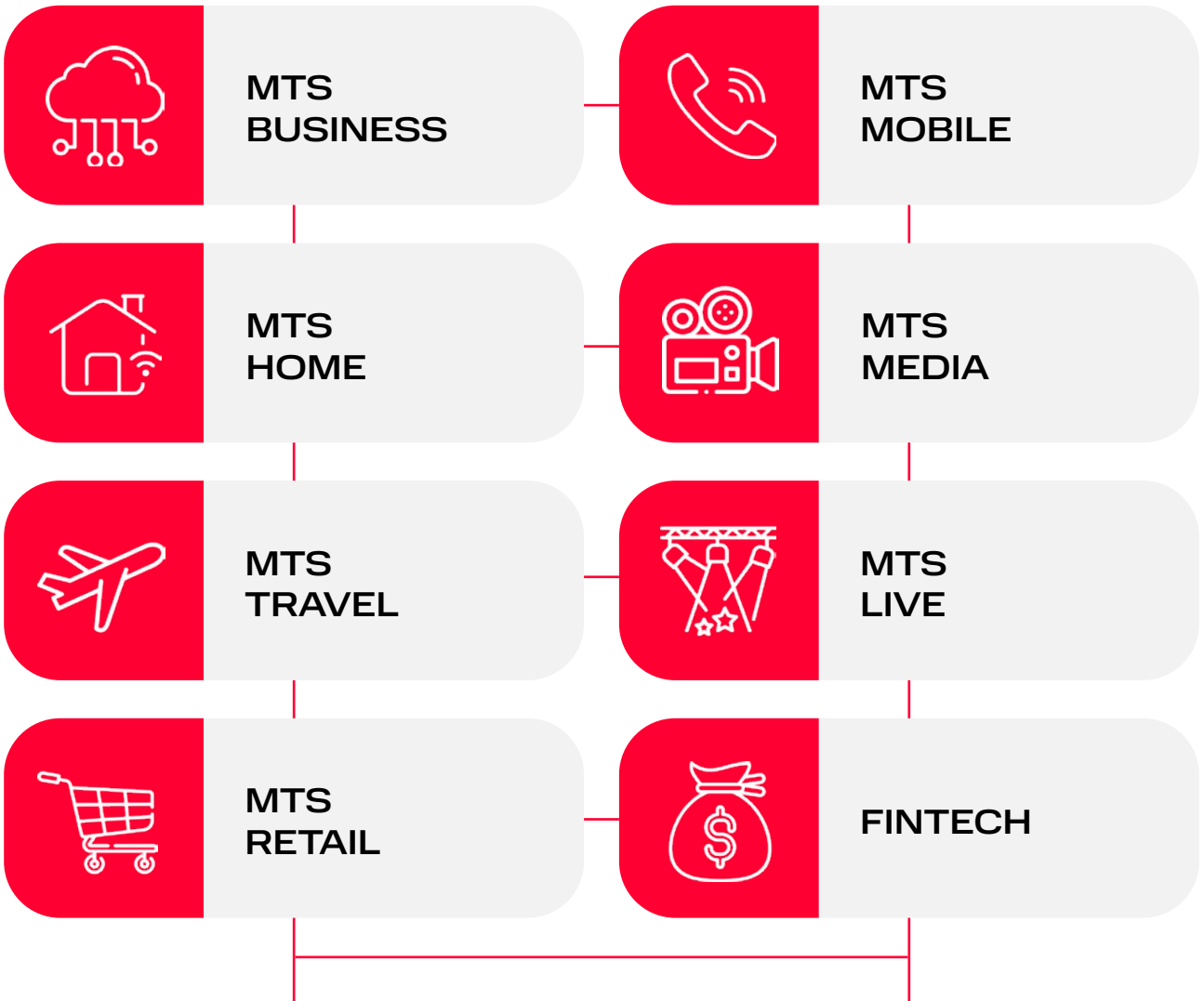
FinTech

80%
of sales through digital channels¹

¹ Consumer loans and credit cards



MTS DIGITAL ECOSYSTEM



MTC CASHBACK

Loyalty program aimed at strengthening ties between ecosystem verticals

The program is integrated into all products and storefronts by default

MTC PREMIUM

Unique subscription to all key ecosystem services

More information about Premium subscription at <https://premium.mts.ru/>

MTS ECOSYSTEM VERTICALS AND POSITION IN THE RUSSIAN MARKET

Key markets by verticals

Telecom

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

- 80%+ of the population of the Russian Federation are in the LTE coverage area.
- Over 98% of the populated territory of Russia is covered by all networks.
- Coverage in 83 Russian regions supports NB-IoT.
- Growth in the IoT connections amount exceeded 21%.
- Share of mobile Internet users in the base is more than 68%.
- No. 2 on the fixed-line service market.
- Convergent base growth amounted to more than 17%.

FinTech

The MTS Fintech vertical includes banking, mobile commerce, investments, factoring and a credit broker.

Bank is focusing on retail lending and day-to-day banking with a customer base of 3.5 million people. The growth of the retail loan portfolio of the Bank in 2022 amounted to more than 24%. The share of sales of core products (consumer loans and credit cards) through digital channels exceeded 80% in the reporting period.

Media

Leading video streaming service KION and entertainment content provider

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

Priority areas for MTS Media development:

- developing the KION streaming platform — deep integration into the MTS ecosystem and strengthening the offer through high-quality own content and exclusive partner content;
- customer base growth in the OTT and IPTV segments at a faster pace than the market;
- maintaining market share in stable historical segments of cable and satellite TV;
- using Big Data toolkit to improve the customized interface convenience and the quality of TV content recommendations and, as a result, to improve the long-term relationship with the customer.

Retail

All-Russian consumer electronics retail chain (B&M + e-commerce) with a long-term strategy for sustainable rate of return. The largest telecom retailer in the Russian Federation (in sales of mobile phones). A strong brand built on trust and goodwill.

- 60 mln+ transactions per year
- 200 million+ people — annual store traffic

Vectors of the MTS retail chain strategic development:

- MTS ecosystem entry point;
- expansion of financial services (+online);
- 100% omnichannel approach;
- implementation of the best industry practices;
- expansion of the product range, complementary to the MTS ecosystem.

MTS Web Services (MWS)

The strategic focus of MWS is to become the leading private provider of digital infrastructure and cloud solutions in Russia.

- +30% increase in the product portfolio
- +15% major customers

Strategic MWS targets:

- using a unique combination of telecom network across the country with data center infrastructure to provide best-in-class innovative cloud and network B2B services;
- performance improvement and cost optimization in high-tech and IT infrastructure;
- gaining a leading position in the Cloud and Edge Cloud.

Entertainment

MTS Entertainment (MTS Live brand) is a unit within the MTS Group and a part of MTS ecosystem created to develop projects in the field of entertainment and manage Company's assets in this segment.

Areas of Activity

- holding your own offline and online events;
- control of ticket operators and a network of own concert venues;
- partnership with theatres;
- investments in own performances and musicals;
- in 2022, the total number of tickets sold amounted to 6.4 million.

MTS Live customers get access to all the MTS ecosystem benefits: from convenient authorization using MTS Login or easy MTS Pay payment in the mobile app to special MTS Premium subscription offers and the ability to accumulate or write off MTS Cashback program points for purchases in the MTS online store, communication services, KION, MTS Music, MTS Bank, etc.

MTS Marketer

MTS Marketer is a service for independent targeted messaging and Internet advertising launch. The service is based on MTS Big Data: depersonalized data about the operator's subscribers, which allow displaying advertising only to the audience that may be interested in it.

- +22% — revenue growth in Q4 2022 to Q4 2021.
- +73% — growth in the number of registered customers.
- +62% — growth in the volume of implemented advertising campaigns.
- +115% — increase in the number of launched advertising campaigns in Digital.

MTS Tourism

A new business line has appeared in the MTS ecosystem — MTS Travel company, which creates and develops services for travelers across Russia and the world: services for booking hotels, accommodation and tickets, tourist and sightseeing services, rental and leasing of transport, organization of sports leisure.

In 2022, MTS Travel booking service was launched with the following features:

- a choice of 14,000 hotels in Russia;
- booking hotels in Turkey;
- booking payment with a Russian bank card of any payment system;
- cashback up to 5% of the booking price.

In March 2023, the first version of the MTS Travel mobile application was launched.

MTS Travel's strategy for 2023 is centered around the development of a hotel booking showcase for independent travelers.

- Integration with MTS ecosystem products (members of MTS Cashback program can spend cashback for booking on gadgets, communications and other discounts in MTS services and with partners).
- Development of an own travel media (entry points to the hotel booking service and assistance to customers in choosing and organizing a trip). As part of travel media, online travel guides for several regions of Russia have already been launched, which MTS subscribers receive in a welcome SMS upon arrival in the region.

MTS Smart Home

Combining MTS Big Data technologies, experience in implementing projects in the field of video analytics systems and security solutions of "Smart Home" from Gulfstream opens up new opportunities in the development of a smart and comfortable home for MTS customers.

- +70% growth in the total number of new Gulfstream customers in 2022 compared to 2021
- +9% growth of active users of Gulfstream services in 2022 compared to 2021

Development areas:

- security (protection against intrusion and accidents, smart insurance, climate control, housing and communal services payment);
- video analytics;
- geolocation and assistance services (medical assistance, SOS button, geo-tracking of children and relatives);
- home services (interaction with management companies, delivery, household services, etc.).

MTS Belarus

In Belarus, the 2022 revenue volume reached BYN 1449.4 million (an increase of 6.8% by 2021) mainly due to the growth of income from communication services and income from the sale of phones and accessories. OIBDA grew by 9.2%, reaching BYN 757.6 million in 2022. The main growth driver of the indicator is income from communication services. The subscriber base remained largely unchanged at the level of 5.7 million users at year-end 2022.

The principal development vectors are as follows:

- maintaining positive growth rates of mobile business;
- preserving the subscriber base;
- building up leadership positions in retail;
- uninterrupted provision of high-quality communication services;
- development of the Cloud area.

MTS Armenia

In Armenia, 2022 revenue reached AMD 51.0 billion (an increase of 4.1% compared to 2021), which is mainly due to revenue growth from providing communication services. The OIBDA indicator for 2022 reached AMD 27.5 billion (an increase of 6.4% compared to 2021). The volume of the subscriber base at the end of 2022 increased slightly +1.6% and amounted to 2.3 million users.

MTS Armenia is undergoing a digital transformation from a telecommunications operator to a company offering comprehensive digital services, which corresponds to global trends in the development of the industry, as well as the growing needs and expectations of customers. The company offers a number of gaming, entertainment, educational applications, e-wallet, mobile TV, cloud services and solutions for effective business and financial management, etc.

Key Quantitative Indicators by MTS Business Segment

Ecosystem

- **Ecosystem revenue** amounted to more than RUB 117 billion.
- **Ecosystem customers** reached 13.5 million at the end of the year, which is 53% more than in 2021.
- Number of **1M active users of the My MTS app** reached 26.4 million users at year-end.
- Growth of users **with an MTS Premium subscription** was +71%.
- Increase in **readiness to recommend** the MTS Cashback program in Q4 2022 to Q4 2021 by 2.7 times.
- **Average number of ecosystem products** per customer increased from 1.43 in the Q4 2021 to 1.6 in Q4 2022.

Telecom

- **Revenue from providing communication services** in Russia grew by 4.6% reaching RUB 435.6 billion.
- The **customer base** of mobile business in Russia remained at the level of 80.0 million users as of year-end.
- **Sales of phones and accessories** decreased by 37% reaching RUB 43.6 billion at year-end.

FinTech

- **OIBDA** amounted to RUB 5 billion
- **Number of MTS Bank customers** amounted to 3.5 million at year-end.
- Number of **3M active MTS Bank mobile app users** amounted to 2 million at year-end.

Media

- **Revenue** of MTS Media amounted to RUB 15.9 billion, an increase of 15.6% as compared to 2021.
- The number of **KION users** reached 6.6 million as of year-end, the growth dynamics reached +63% as compared to 2021.
- The cumulative number of **Pay TV subscribers** reached 11.1 million at year-end.

2022 HIGHLIGHTS

Corporate News

In March, MTS announced the establishment of the ESG Center, which is responsible for the formation and effective implementation of the ESG strategy, coordinates the implementation of key ESG areas, facilitates the implementation of ESG aspects in the Company's business processes and promotes the sustainable development agenda in the MTS Group

In May, the Government Commission for the Control of Foreign Investments in the Russian Federation (the "Commission") upheld the MTS' request to maintain the American Depositary Receipts Program ("ADR"). The Commission allowed MTS to continue applying for the company's ADRs outside Russia until July 12, 2022 inclusive.

In June, MTS sent an application to JPMorgan Chase Bank, N.A., a depository bank under the current ADR program, to terminate the depository agreement from July 13, 2022.

In August, MTS received a notification from the New York Stock Exchange ("NYSE") that NYSE employees had begun the procedure of delisting the ADRs of MTS PJSC. In August, MTS received a notification from the New York Stock Exchange that the ADRs of MTS PJSC had been delisted on August 8, 2022. Under the terms of the Depository Agreement, the guaranteed period for converting MTS PJSC's ADRs into MTS PJSC ordinary shares ended on January 12, 2023 (inclusive).

In August, MTS filed a notification to CB J.P. Morgan Bank International (LLC) about the start of automatic conversion of ADRs into ordinary shares of MTS PJSC in accordance with the requirements of Russian law. CB "J.P. Morgan Bank International" (LLC) is a Russian depository wherewith a deposit account of the MTS depository program is opened. In the process of automatic conversion, the Russian depositories that accounted for the ADRs debited the accounts of the ADR holders and credited the ordinary shares of MTS PJSC to the accounts of the holders.

In June, the annual general meeting of shareholders (AGMS) was held in the form of absentee voting. Shareholders at the AGMS approved annual dividends based on the Company's financial results for 2021. Dividends amounted to 33.85 rubles per ordinary share, or a total of RUB 66.3 billion (66,334,910,976.95 rubles), including payments on quasi-treasury shares of MTS. Dividend payments for 2021 in the amount of RUB 48.2 billion ended on August 16, 2022. ADR holders will be entitled to receive dividends after the conversion of depository receipts into ordinary shares of MTS PJSC in accordance with applicable Russian law, taking into account legal and regulatory restrictions that exist and/or may appear in the future.

Mergers and Acquisitions

In April, the MTS corporate venture fund invested in the online food and beverage ordering service Bartello. The volume of investments amounted to RUB 72 million. Bartello allows ordering and paying for food and drinks online without calling a waiter. The companies plan to provide the opportunity to place online orders in the MTS Live application at concert venues, as well as at music festivals and open-air.

In April, MTS announced a deal to acquire Gulfstream Security Systems JSC (the Gulfstream brand), one of the leaders of the Russian security market, for the comprehensive development of the new MTS Smart Home business vertical. MTS acquired 58.38% of the shares, the transaction amount was RUB 2 billion. Gulfstream provides comprehensive solutions for protection against penetration, fire, water leakage, as well as elements of a Smart Home, being the developer of its own IT platform.

Gulfstream solutions can be installed in apartments, private homes, shops and offices.

In July, MTS announced the acquisition of 100% of the Bronevik Group (Bronevik Online LLC and Kompaniya Bronevik LLC) for the development of a new business line of MTS Travel (MTS Travel LLC) in the field of travel and tourism. The Bronevik Group was founded in 2008 and is one of the market leaders in online hotel booking, transfer and related services; it develops private and business tourism, providing hotel and accommodation booking services in Russia and abroad.

In July, MTS announced the closing of a deal to acquire a controlling stake in the Webinar Group (Webinar Meetings, Webinar.ru, We.Study, and COMDI brands), the largest Russian developer of solutions for video meetings, webinars and online events. Founded in 2008, the Webinar Group is a leader among Russian solutions in the video conferencing (VC) and corporate video services market. Webinar services are registered in the registry of domestic

software and have their own server infrastructure in Russia.

In August, the MTS corporate venture fund invested in the Belarusian startup LogicLike, an online educational platform for the development of logic and thinking in children. Interactive courses and LogicLike games for the comprehensive development of the child's intelligence have become available to new and current subscribers of the MTS NETARIF Junior subscription.

In October, MTS and MTS Auto LLC, a 100% subsidiary of MTS, announced investments in the Navitel Group, a Russian provider of navigation and mapping solutions. As a result of the transaction, MTS will be able to form its own geoplatform for the development of ecosystem services and transport solutions. Founded in 2006, the Navitel Group is a developer and distributor of navigation software, an independent provider of geoservices and monitoring services in Russia. The Navitel team is also developing navigation devices and video recorders.

Bonds and Loans

In April, MTS issued two series of exchange-traded bonds on the Moscow Exchange (MOEX) totaling RUB 20 billion: bonds of 001P-20 series for the amount of RUB 10 billion with a maturity of four years and a coupon rate of 11.75%; bonds of the 001P-19 series for the amount of RUB 10 billion with a maturity of three years and a coupon rate of 11.69%. MTS will use these funds for general corporate purposes and optimization of the debt portfolio.

In June, MTS issued exchange-traded bonds of the 001P-21 series with a nominal volume of RUB 10 billion with a circulation period of four years and a coupon rate of 9.65%. The funds raised will be used for general corporate purposes and debt refinancing.

In June, MTS issued exchange-traded bonds of the 001P-22 series with a nominal volume of RUB 20 billion with a circulation period of four years and a coupon rate of 8.30%.

In November, MTS announced a request for consent regarding Eurobonds maturing in 2023 for consideration and approval of changes in the payment procedure, which will give the right to make direct payments in rubles, and other proposed amendments to the Trust Management Agreement and the terms and conditions of the bonds.

The meeting in the format of a videoconference was held on December 13, 2022. In accordance with the terms of the extraordinary decision, the coupon payment on the bonds dated November 30, 2022 was paid by the Company until January 30, 2023.

In December, MTS issued exchange-traded bonds of the 001P-23 series with a nominal volume of RUB 15 billion with a circulation period of four years and a coupon rate of 8.40%.

Leadership in Telecommunications

In January, MTS announced the world's first uplink aggregation tests in a 5G pilot network built on the basis of virtualizing network functions on a vRAN radio access network. vRAN solutions will be widely used in 5G networks and in the open radio access architecture (Open RAN).

In May, MTS completed work on aggregation on the commercial infrastructure of the Moscow region of all five involved LTE frequency bands, which will allow subscribers to use mobile Internet at speeds up to 800 Mbit/s, and the Company — to use the frequency resource more efficiently and save up to 20% of costs when expanding the network.

Partnerships

In August, MTS announced the development of a new format of partnerships with regional telecom operators to create and promote joint convergent products. The project will allow MTS to enter the market with interesting package services, where local operators are already present, and together with them offer a more in-demand product with several digital services: fixed broadband, mobile communications, KION online cinema and/or IPTV.

In August, MTS and the BelkaCar car-sharing service announced the launch of a series of free audio guides for motorists on the MTS Music platform. The route of the first audio guide will take you from Moscow to the Yasnaya Polyana Estate Museum in the Tula Region.

In September, MTS Entertainment signed agreements on the transfer of management of the Music Media Dome multimedia space in Moscow and the M-1 Arena Concert and Sports Complex in St.

Petersburg. The concert venues will become part of the federal MTS Live network and will be named "MTS Live Hall" in Moscow and "MTS Live Arena" in St. Petersburg. As part of the signed agreements, all operational management of the venues is transferred to MTS Entertainment: organization of concerts and leasing of venues for events and shows, ticket sales, operation of bars and restaurants, sponsorship and advertising integrations.

In November, MTS announced the conclusion of a strategic partnership with Rubbles, a Russian provider of business optimization solutions based on Big Data. The Company will jointly develop products for different industries. Rubbles specializes in optimizing business and technological processes based on big data analysis and artificial intelligence. The Company helps automate demand analysis, pricing, process control, as well as personalize customer communications.

Cloud Solutions and Internet of Things

In March, MTS provided the Novolazarevskaya Antarctic Station with an NB-IoT (Internet of Things) standard network. The technologies will help carry out remote monitoring of the state of sea ice, increase the efficiency of scientific research of the Arctic and Antarctic Research Institute and the safety of the station's activities.

In April, MTS launched the remote monitoring of equipment, Monitoring Events (MONTE) service. This is the first system on the market for monitoring the status of subscriber devices on the Internet of Things (NB-IoT), which allows monitoring the operability of sensors and meters in hard-to-reach areas and avoids the need for regular visits for face-to-face inspections of equipment.

In June, MTS launched a cloud video surveillance service in the form of a flexible "out-of-the-box" solution that allows business customers to quickly establish round-the-clock video monitoring at any facility with a minimum of equipment and costs.

In June, MTS announced the completion of the deployment of the largest federal network of the NB-IoT standard for the Internet of Things in all regions of its presence. The Company plans to become a key provider of IoT services for energy, industrial, agricultural companies, as well as large federal smart city projects.

In June, MTS announced that the GreenBushDC data center, which is part of the MTS infrastructure network, has been certified by the independent international Uptime Institute for Tier III fault tolerance. This status confirms the highest degree of reliability of the constructed facility for the data and equipment of client companies placed in it.

In August, MTS opened a new Data Processing Center (DPC) in Novosibirsk — the first modular data center of MTS in the eastern part of Russia. MTS corporate clients in Siberia will be able to use new capacities for migration of IT systems to the cloud #CloudMTS, data processing and storage, backup, protection against DDoS attacks and other business tasks.

From August to October, MTS successfully implemented a system of continuous monitoring of the climate regime using its own IoT solution "Celsius" in one medical center and a number of cultural facilities in four regions of Russia. Celsius is a portable sensor that monitors temperature, humidity, pressure and indoor air quality.

In November, MTS announced the development of a Smart Click alarm button using Internet of Things technologies to communicate with emergency services, medical personnel, employees of social and retail facilities. The equipment instantly transmits a signal via the NB-IoT network to any platform, works

wirelessly and does not require the involvement of specialists for installation and maintenance.

In December, MTS announced the transition of the MTS IoT Hub Internet of Things platform to its own software, which will completely replace foreign solutions in the development of NB-IoT products. The main task of the MTS IoT HUB platform is to provide MTS internal B2B and B2C products with

tools for quickly connecting smart devices, receiving telemetry from them, managing these devices and additional analytics directly based on such data. Due to the complete rejection of offers from foreign vendors and the development of the platform based on its own developments, MTS can guarantee the uninterrupted and high-quality operation of its products with Internet of Things support.

Innovations and Products

In April, MTS announced the results of the selection of projects for the technological incubation program: 14 companies will be able to refine their solutions in the field of AR/VR, unmanned vehicles and machine vision, using 5G networks, edge computing technology with the resource and expert support of MTS.

In June, MTS launched MTS Remote Play, a service for remote use of computing capabilities of computers via wired and mobile networks based on edge computing technologies. As a result, users will be able to remotely launch "heavy" games with a high level of signal delay requirements on any gadgets, work with graphics editing programs, video and other services installed on personal productive PCs.

In September, MTS introduced the digital book service "Lines" with a full catalogue of popular classics, modern literature, exclusive publications and author's podcasts, as well as its own publishing house. The library's catalogue will include hundreds of thousands of books, audiobooks and magazines. Under the new brand, "Lines" will produce original content, as well as publish foreign bestsellers on exclusive rights.

In November, MTS announced the transition to the technology platform The Platform, which combines

all end-to-end IT solutions of the MTS ecosystem. The Platform's unified technology platform frees IT specialists from routine tasks: configuring system software and databases, monitoring, deployment, allowing them to focus on solving business problems. As a result, up to 30% of the resources of product teams are released by reducing the non-core load.

In November, MTS announced the launch of a beta version of the AppBazar app store for Android OS, in which Russian and foreign developers can host, promote and monetize their services, and users can download applications and pay for them using Russian bank cards or from a mobile phone account. To monetize programs, developers can use various tools, including service of internal in-app purchases, sale of premium versions, subscriptions, and participation in store advertising campaigns.

In December, MTS announced the launch of the decentralized gaming platform MTS Fog Play. It allows owners of high-performance PCs to earn money by renting out the power of their computers through a cloud service. Users who do not have gaming devices can rent a gaming PC and run "heavy" games on smartphones, tablets, set-top boxes and laptops via the Internet.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Innovations and Products

In January 2023, MTS announced the launch of the MTS Evolve cloud platform, which is designed for fast and flexible creation of communication services. The platform allows developing own applications for

communicating with customers, provides "seamless" integration into existing IT systems and effective management of omnichannel communications.

Mergers and Acquisitions

In February 2023, MTS announced the closing of the acquisition of 67% in the capital of the Buzzoola Group, one of the leading AdTech companies in Russia and the CIS. The purchase of Buzzoola will allow MTS to accelerate the development of its own AdTech area and increase its share in the advertising market. MTS will also be able to include the advertising exchange (AdEx) and the Buzzoola SSP platform in its AdTech circuit, which will complement the Company's own DSP and DMP solutions (developed under the MTS Marketer umbrella brand).

In March, MTS announced that its subsidiary MTS AI had acquired 49% in the Russian developer of high-tech solutions in the field of access control and ticket systems "Infomatics". Integration of Infomatics developments in the field of access control, including, for example, its own line of turnstiles and payment

terminals, with face recognition technologies and face payment systems (a subsidiary of MTS AI) will allow implementing complex projects for the transport industry, sports and cultural facilities, educational organizations.

In March, MTS announced a deal to acquire 100% of DY Technologies LLC, which is engaged in the construction of a plant for the industrial production of automotive electronics on the territory of the Technopolis Moscow special economic zone (Alabushevo site), with the aim of comprehensive development of the MTS Auto business vertical. The acquisition of the company will allow MTS Auto to use industry technologies and standards for manufacturers of cars and trucks who need to comply with the 719 resolution on localization of the automotive industry.

Private LTE

In January 2023, MTS deployed Russia's largest dedicated LTE technology network for the largest nickel and palladium producer. The network provides communication and telemetry services to more than 800 people and about 500 units of mining equipment at the same time. The use of LTE mobile communication technology has made it possible to significantly expand radio coverage, improve the quality of voice services, increase data transfer speed, ensure the security of communication channels, as well as organize the exchange of multimedia messages.

In April 2023, MTS announced that it would build a dedicated LTE technology network for the gold mining company, the only producer of ore tin in Russia. The deployment of the Private LTE network will allow automating production processes, implementing telemetry, remote control of equipment, transport and drilling and blasting operations, transmitting video information from stationary and mobile video cameras to the dispatcher console and further upgrading the IT infrastructure – creating systems for collecting, processing, storing and transmitting information, as well as providing secure access to centralized IT resources from mobile devices.

MTS RATINGS

Credit Ratings

- In January 2023, the **Russian National Rating Agency** confirmed the MTS credit rating of **AAA.ru** with stable outlook. Among the factors that influenced the confirmation of the rating, the agency notes the high stability of the presence markets, geographical diversification in the territory of the Russian Federation, moderate debt burden and significant operating profitability.
- In December 2022, the **Expert RA Rating Agency** confirmed MTS' credit rating at the **ruAAA** level with stable outlook. In its message, the agency emphasizes the high level of strategic planning of the MTS Group, the positive results of building a product ecosystem based on the telecom business, as well as low currency risks due to the formation of most of the revenue in Russia and a small share of foreign currency debt.

Sustainable Development Ratings

- In September 2022, **AK&M Rating Agency** confirmed MTS' assessment of ESG reporting at the **RESG 1** level, which corresponds to the highest level of information disclosure. The Agency noted the structuring of non-financial reporting, as well as a significant improvement in the quality and expansion of the volume of information provided on ESG initiatives and MTS Group's contribution to sustainable development.
- In November 2022, MTS confirmed the highest category of the "Leaders of Corporate Charity" rating A+ of the **Association of Grant-giving Organizations "Donors Forum"**.
- In December, MTS received the **platinum status** of the rating of the best employers in Russia according to **Forbes** magazine. The expert jury noted the achievements of MTS Group in the areas of "Employees and Society", "Environment" and "Corporate Governance". Forbes experts specifically noted MTS' long-term experience in implementing social projects.
- In December, **RAEX** awarded the highest rating to MTS annual and ESG reporting with the highest score of **"five stars"** awarded the highest rating to MTS annual and ESG reporting with the highest score of
- In December 2022, the **AK&M Rating Agency** assigned MTS the highest sustainable development rating at the **A++ level with stable outlook**. The ESG rating on the national scale was assigned to the Company for the first time. The Company's priorities in the field of sustainable development are based on a responsible attitude to the environment, high social responsibility, as well as an ethical corporate governance model.

MTS BRAND

BRAND FINANCE TELECOMS 150 2023

The MTS brand is the most valuable Russian telecommunications brand.

In the world ranking of brand values over the past year, the MTS Brand has improved its position, rising from 65th to 58th position.



Ranked №58
in brand value ranking

Telecoms 150 2023 | The Annual Brand Value Ranking | Brandirectory.w



NEW BRAND POSITIONING

Our expertise in technology and leadership in telecom have created a solid foundation for us to develop further, explore new areas of activity, create digital services and innovations for people and businesses.

Based on its experience, in 2019 MTS set a course for the formation of a digital ecosystem and began to actively launch new products. Two years ago, the active transformation of the Company towards IT began, many internal processes have changed: the staff of IT specialists has grown, product teams have expanded, bureaucracy has been reduced, corporate values have changed.

And in 2023, the rebranding of the company became a logical continuation of big changes in business, brand philosophy and internal culture.

In terms of positioning, MTS has not made a revolutionary transition to a new brand. It is based on the fundamental values and character traits of the MTS brand, which is familiar and loved by many. The updated brand has retained its energy, emotionality, charisma, desire for change, but has become lighter, empathetic and more modern.

MTS philosophy is embodied in its new products and services that help people change the familiar and transform everyday life: discover new things, find creative solutions and get unexpected experiences.

The basis of the new MTS corporate identity is a dynamic and flexible logo. It literally accommodates all products and becomes the foundation for the visual system, and its left corner remains free for branding individual services. Now each MTS business is a separate sub-brand that builds its own dialogue with the user and has its own distinctive visual features.

MTS ECOSYSTEM DEVELOPMENT

TELECOM

Mobile Business

Mass Market

In 2022, we actively developed and marketed favorable data plans, in which each customer could choose a set of standard telecom services, as well as a wide range of ecosystem digital products, best suitable for them.

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 the creation of offers for consumer segments. This helps increase customer loyalty and emotional attachment to the brand, as well as improve customer experience.

In July 2022, a unique subscription was launched — MTS Access. Now the subscriber can pay a fee once a month and use the connection, not counting minutes and gigabytes, as well as receive smart protection from spam calls — "Defender" from 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, the MTS designs and continues to develop convergent services. MTS intends to significantly increase the number of convergent subscribers. All MTS data plan is a bundle of services in three telecommunication areas: home internet + TV + mobile communications. The Company is the only operator in Russia, which, in addition to standard telephony, internet, cable or IPTV, also allows connection 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.

In 2022, MTS launched a number of operator mechanics with leading vendors of subscriber equipment and partners of the non-telecom sector. Such unique offers became available to consumers as:

- when buying a set of "smartphone with an MTS SIM card", the consumer received a discount on communication in the form of bonus rubles;
- 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 as a gift communication services and accessories for a set amount;
- 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.

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 network demonstrates high rates in the number and quality of SIM card connections.

At MTS offices, subscribers receive a full range of services provided by the operator, including

services involving broadband access to the internet and television. Being points of contact with the MTS ecosystem, MTS outlets allow increasing cross-sales. Any new service released by the Company automatically becomes available for sale in the retail chain office. Furthermore, we offer the customers an extensive list of financial services, such as: consumer lending, money transfers, credit repayment, life insurance (voluntary medical insurance), product insurance and MTS Money cards.

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

Network Development

MTS continues to develop and modernize the network to ensure a consistent level of coverage and high quality mobile Internet. In 2022, more than 12,000 4G BSs were commissioned, +11% of the network. The main increase occurred in large regions of Russia: Krasnodar Krai and Moscow are the leaders.

In order to maintain and expand the quality of the network, MTS is increasing the number of regions in which it is redistributing the frequency spectrum to LTE technology (more than 30 regions by the end of 2022).

Innovative Projects

MTS develops advanced digital solutions based on the current LTE network, including in hard-to-reach locations.

In Antarctica, in 2022, a significant expansion of the three sites built since 2019 was carried out.

MTS continues to develop the Private LTE (pLTE) area. The largest pLTE network in the Russian Federation in terms of the number of sites and users with an area of 98 km² has been implemented in Mezhdurechye. In 2022, 14 base stations were built and commissioned. Major projects have been implemented in the Lipetsk, Belgorod, Murmansk Regions and the Republic of Karelia. The total number of BSs launched in 2022 for pLTE network is more than 20.

Fixed-Line Business

B2C Fixed-Line Business

The share of broadband Internet access penetration in the telecom market in 2022 increased slightly to 62% (earlier in 2021–61%) on average in the Russian Federation. The subscriber base grew by only 0.3% (earlier in 2021–0.8%) — the growth rate slowed down in 2021 after a surge in connections in 2020 caused by "self-isolation". The fixed broadband market in the country is saturated, a small increase in penetration can be achieved at the expense of large cities (penetration of more than 70–80%), as well as coverage of the private sector in the suburbs of large cities.

In the current situation, the B2C segment turned out to be less susceptible to negative factors: by the end of 2022, there was an outstripping revenue growth (by 4.7%, while the subscriber base grew by only 0.3%). The outstripping revenue growth in the B2C segment is associated with an increase in prices for the service from federal and regional providers: in 2022, a number of operators, which had not changed prices for several years before, carried out tariff indexing.

The growth of the pay-TV market in Russia in 2022 almost stopped: the subscriber base remained at the level of 46.5 million, the penetration of the service was 82.6%. The withdrawal of many foreign TV channels from the Russian market and the blocking of foreign satellites had a negative impact. The market volume grew by only 0.7% and amounted to RUB 107.7 billion.

By the end of 2022, MTS continues to maintain leadership in the telecom market of the Russian Federation in terms of the growth rate of the base: the base is growing by 5.3% for broadband Internet subscribers and by 4.1% for pay-TV subscribers compared to 2021. Fixed-line business revenue also continues to grow steadily by 8.6% in 2022. In conditions of saturation of the market, MTS provides growth by two main factors: due to the increasing penetration of converged products into the database of broadband Internet subscribers (an increase of 4.8% in 2022), as well as by attracting new and migrating existing subscribers to higher-speed tariff plans. At the same time, MTS continues to develop the quality of services on its own network in a number of new cities, and in 2022 MTS expanded its presence in the market through partnerships with local providers.

Fixed-Line Network

In 2022, MTS continued to implement a large-scale program of modernization and construction of fixed-line networks:

- more than 500 thousand households were built;
- more than 900 thousand households were upgraded;
- the number of cities with a 1Gb network has increased to 133, taking into account Moscow and cities in the Moscow region.

Two FVNO projects are protected in the cities of Omsk and Khabarovsk (more than 480 thousand households):

- launched into commerce with mono broadband /mono convergent (without TV) in Omsk;
- launched into commerce with mono/DP/convergent services in Khabarovsk.

Convergent

The Company continues to develop a line of converged subscriptions. In 2022, segment offers All MTS Game were launched — an offer for gamers,

including mobile communications, home Internet at speeds up to 1 GB /s, as well as a subscription to gaming services, All MTS Gulfstream — including, in addition to basic telecom products, a subscription to a security system.

In 2022, MTS expanded footprint of the partnership scheme for providing convergent subscriptions, within which convergent services are offered 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 a convergent paying for all mobile and fixed-line services using a single personal account, while remaining a subscriber of his/her home communications service provider. At year-end 2022, this scheme was implemented in 10 regions of the Russian Federation. In addition, the sale of services under the FVNO scheme was launched in two regions of the Russian Federation, including with a federal partner, which makes it possible to quickly scale the project to other regions in the future.

In 2022, taking into account the volume of the upgraded fixed network capacity, the tariff line for all products including home Internet services was revised. In most regions, within the framework of all tariff plans and subscriptions, the minimum Internet access speed was increased to 200 Mbit/s, as well as the geography of tariffs with high-speed parameters of home Internet up to 1 GB/s was expanded.

B2B/G

B2B

In 2022, MTS continues to grow by double digits. Revenue growth by 2021 was 11.4%. The main contribution to revenue growth was made by A2P, Digital advertising, Cloud, Video surveillance. In 2022, MTS became the leader in the M2M market. Growth in the income of basic products should also be noted.

B2G

In the coming years, MTS aims to increase revenue growth in the B2G segment by strengthening participation in national programs and federal government projects, as well as the development of a line of digital products, the supply of B2B equipment and increasing the focus of regional teams in terms of selling Webinar Group products to government customers.

B2B Products

Mobile Business

In the face of unfavorable economic conditions, realizing the key role of communications for business, MTS has consistently increased the filling of Smart Business tariffs. For a subscription fee, the tariff includes unlimited calls to MTS RF, messengers, navigation, social networks, videos, minutes and Internet traffic packages. Unused traffic balances are saved and transferred to the next month. In order for employees not to be distracted from work tasks, the basic set of services includes intelligent protection from spam calls "Defender". For remote work, it is possible to distribute Internet traffic to other devices and 80 GB cloud data storage. For interaction with foreign partners — free incoming calls and a special price for Internet in other countries, as well as free calls abroad. Free service "In touch with minus" allows retaining access to messengers and navigation for five days with a negative balance.

In working with corporate clients, MTS has always had an emphasis on personal service and a flexible approach to each client. In 2022, some companies were forced to temporarily suspend their activities, and MTS provided support to customers and gave them the opportunity to block services free of charge for the required period. Also during the year, MTS offered customers the opportunity to double the packages of minutes and gigabytes without increasing the subscription fee as part of the "Double Benefit" campaign. In the period from September to December, it was possible to connect corporate mobile communications with a 30% discount for six months as part of the "Time of Profitable Solutions" campaign.

Focusing on market trends and customer convenience, MTS always develops relevant offers for different segments. The MTS Team tariff was launched for small and medium-sized businesses


in 2022. A team of up to six people can be connected to a common package of minutes, gigabytes, SMS to spend traffic more efficiently. The client can independently configure the tariff content and traffic limits for each employee in his Personal Account.

Fixed-Line Business

In 2022, MTS increased the number of active corporate subscribers of fixed Internet access by 3.8% to the results of 2021, the increase in annual revenue for Internet access services amounted to 9.4%. The largest increase in subscribers was provided in the regions (excluding Moscow and the Moscow region) and amounted to 8% year-on-year with revenue growth of 16%.


The figures do not include revenue and subscribers of the SSF project completed in 2021.

B2B/G solutions beyond traditional telecom

 **MTS Marketer**

Targeted advertising service using Big Data MTS

+73%
of new customers in 2022

 **Private LTE Networks**

15
major projects by the end of 2022

 **Webinar Group**

B2B customer base consists of more than

>10,000
organizations

 **UC services¹**

From a hosting PBX to an omnichannel communication platform and voice robots

No. 1 in Russia, market share ~ 30%².
The largest platform for Telecom API (after the acquisition of MTT)

 **Cloud solutions**

IaaS, PaaS, SaaS, DBaaS

+10
new products in 2022

¹ Unified Communications.

² Company data/market analysis

In 2022, MTS continued to develop its network in the regions in order to provide services to B2B customers, including 11 major infrastructure projects implemented in the regions: Omsk Region, Republic of Tatarstan, Republic of Mordovia, Ulyanovsk Region, Irkutsk Region, Nizhny Novgorod Region, Ivanovo Region, Republic of Karelia, increased fixed-line network capacity in the port of Ust-Luga (Leningrad Region), a FOCL was built to the airports of Novy Urengoy and Norilsk.

In the capital region, together with the Moscow Department of Education, a project has been implemented to organize the largest public Wi-Fi zone of the capital on the territory of VDNKH, which allows connecting up to a thousand users to each access point at the same time. The network covers the entire territory of the central alley of the exhibition and provides communication to more than 50 thousand users at the same time. MTS has provided public Wi-Fi access for students of the largest universities in Moscow, in 2022, more than 900 new access points were connected in two HSE dormitories as part of the project.

Intelligent Communication Networks

At the beginning of the year, the High Season — High Sales campaign was active: number 8-800 and 100 minutes for RUB 299 per month. This offer helped small businesses increase sales during a period of high business activity and seasonal demand for goods and services around the holidays and sales period.

Auto Attendant

Virtual multichannel telephony services based on "Auto Attendant" (federal and city numbers) and

"Free 8800 call" (8-800 format numbers) proved to be essential for remote work. The services allow deploy telephony at the company without wires and special equipment, since PBX functionality is organized on the side of MTS virtual platform.

In 2022, the technical resources of the virtual platform were significantly strengthened, which made it possible to improve the quality and stability of work and services.

Contribution of MTT JSC

In 2022, MTT developed the MTS Exolve platform for B2B and B2D segments. This strategic product is a CPaaS solution that will allow external IT products and applications to receive the full range of communications from emails and messaging to telecom and video communications seamlessly and from a "single window". The product market is growing at double-digit rates every year, it is expected that the platform will become a growth driver in the Russian segment and the CIS.

Based on the results of the successful use of Voicebox voice robots in e-commerce, delivery, EdTech, Fintech, MedTech, MTT became the winner of the "ComNews Awards. The best solutions for the digital economy" in the nomination "The best voice robot platform for business 2022".

For the first time, the service "Adaptive Synthesis" appeared on the market in Voicebox, which allows synthesizing speech indistinguishable from human speech in a few hours (previously it took 1–1.5 months). To increase the contact in Voicebox, the Carousel service has been launched, thanks to which the reachability to subscribers improves by 15–20%.

Business in the Markets of Operation

Armenia

MTS Armenia CJSC (MTS Armenia) is a 100% subsidiary of MTS PJSC and the largest of the three mobile operators working in the Armenian market.

Under the Viva-MTS trademark, the company provides mobile and fixed telephony services, as well as offers cloud and financial services (payments and transfers are carried out by the Mobidram CJSC subsidiary) for its subscribers.

MTS Armenia retains the leadership in the mobile communications market of Armenia by the number of subscribers and revenue.

MTS Armenia's own retail chain is the main channel for attracting subscribers with 79 sales and service offices, covering all regions and key cities of Armenia.

MTS Armenia completed 2022 with a market share of 58.45% by subscribers, the market share by revenue in 2022 was 57.25%. The market share of subscribers of bundled data plans reached 86% (+4 p.p. year-on-year) and the share of subscribers using data transfer in Q4 2022 amounts to 79%. The average volume of calls per one MTS Armenia subscriber in Q4 2022 amounted to 641 minutes per month and the use of data transfer amounted to 8.8 Gb per month (+31% year-on-year).

MTS Armenia continues to confidently lead the Loyalty Index (NPS) in the market.

In 2022, the market recovery continued, but the main event in the Armenian economy was an unplanned tourist flow from Russia, which led to an increase in new activations compared to 2021. In 2022, MTS in Armenia managed to stop the decline in roaming revenues. The low dollar exchange rate negatively affected the income from the interconnect. In order to minimize the risks from exchange rate fluctuations, at the end of September, the Central Bank of Armenia adopted a number of amendments, and a ban on the use of electronic wallets without attaching bank cards was also adopted, which made it more difficult to attract new fintech clients.

Integration of convergent solutions in cooperation with local partners is developing rapidly. MTS Arme-

nia's strategy is aimed at creating a new partnership ecosystem that helps develop new business models and identify new sources of income.

The share of revenue from non-traditional voice and data services compared to digital services has increased due to digital products such as mobile applications for financial management, entertainment, education and healthy lifestyle. One of the successful projects is cooperation with Yandex, which consists in providing the Yandex Plus package to those who activate the + Premium package. Yandex Plus offers a 10% discount on Yandex Go taxi and the use of the KinoPoisk and Yandex Music applications.

Compared to the previous year, in 2022, the consumption of cloud services increased by 50%, the consumption of B2B services — by 12%, and the consumption of mobile services within the B2B segment increased by 23%.

Cloud infrastructure #CloudMTS includes IT services, including colocation, virtual infrastructure and back-up solutions based on modern software and hardware technologies.

The Company provides fixed-line VoIP, fixed-line broadband Internet and data transmission services, as well as services for the provision of international communication channels.

MTS 2G communication covers 69.4% of the territory of Armenia, where 99.3% of the country's population lives. MTS 3G communication covers 71.3% of the territory of Armenia, where 99.8% of the country's population lives. The MTS 4G-LTE network is available on 69.4% of the territory of Armenia for 99.3% of the country's residents.

In 2022, MTS Armenia continued work on expanding the LTE network. At the end of 2022, the subsidiary's network consisted of more than 2,314 base stations with 4G/LTE support, 219 of which were launched in the past year.

In addition, MTS Armenia has deployed 13 base stations in hard-to-reach places and in mountainous areas, where energy is supplied through a photovoltaic solar system. In places where there is no centralized electricity supply, MTS Armenia mainly uses a hybrid method of providing electricity.

Belarus

Mobile TeleSystems JLLC (MTS Belarus) was established in 2002 by the Russian MTS PJSC (49%) and the Belarusian Beltelecom RUE. The company operates under the MTS brand and is the largest mobile communications 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 standards (including 2600/800), home Internet and TV services, offers cloud services and products for business and financial services in partnership (MTS Money).

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

MTS Belarus' own retail chain together with single-brand stores of the partners is the main channel to attract subscribers. The network of sales and service offices in December 2022 consisted of 91 own offices and 237 single-brand partner showrooms, allowing to connect subscribers and provide service operations in all regions and key cities of Belarus.

MTS 2G communication covers 98.0% of the territory of Belarus, where 99.9% of the country's population lives. MTS 3G communication covers 96.7% of the territory of Belarus, where 99.9% of the country's population lives. MTS 4G-LTE communication covers 59.8% of the territory of Belarus, where 95.7% of the country's population lives. In 2022, MTS Belarus continued to expand access and provide new 4G network opportunities to the residents of Belarus through developing coverage in the 800 MHz LTE band. The new band made it possible to provide high-speed communication to wider areas, including the suburbs, remote villages, highways in the Brest, Grodno, Vitebsk and Minsk Regions of the country.

MTS Belarus retained its leading position and a significant market lead over its competitors and ter-

minated 2022 with a market share by subscribers in Q4 of 47.2% (+0.1 p.p. year-on-year), in terms of mobile business revenue — 51.0% (0 p.p. year-on-year), revenue — 53.0% (+1.1 p.p. year-on-year). The share of subscribers of V&D data plans reached 64.5% (+0.9 p.p. year-on-year) and the share of subscribers using data transmission reached 70.3% (+1.6 p.p. year-on-year). The average volume of calls in terms of one subscriber of MTS Belarus in 2022 amounted to 557 minutes per month (–5.3% year-on-year), the use of data transmission in 2022 amounted to 18 gigabytes per month (+12.6% year-on-year).

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

In 2022, MTS continued to expand access to 4G network services throughout Belarus together with the infrastructure operator beCloud. In particular, in 2022, the LTE network in Belarus increased by 506 new base stations: 290 in the 800 MHz band, 185 in the 1800 MHz band and 31 in the 2600 MHz band. At the same time, the total number of base stations operating in the LTE network amounted to 5129 pcs. by the end of 2022.

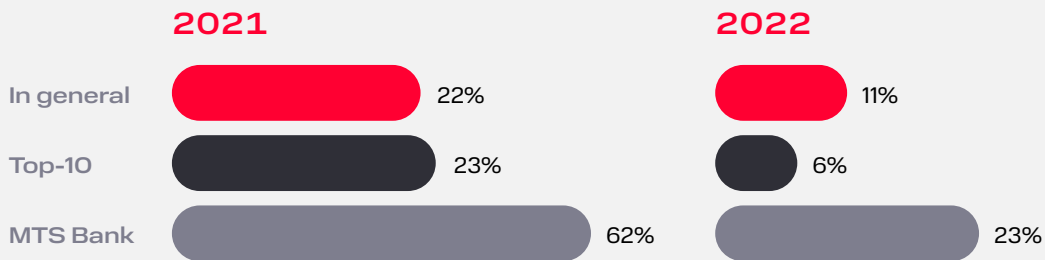
In 2022, MTS Belarus actively developed the cloud area, the revenue from which doubled compared to 2021. MTS Belarus provides a set of services in demand on the market: IaaS, SaaS, PaaS, PaaS and object storage. In 2023, the company intends to enter the market with information security products, which will significantly expand the market for Cloud services.

Also, MTS Belarus continued to expand its network coverage for the Internet of Things in Belarus last year. Minsk, regional centers and cities with a population exceeding 50,000 people are provided with NB-IoT communication. In the future, the systematic expansion of the NB-IoT network coverage area by MTS Belarus in district centers will go on.

FINTECH

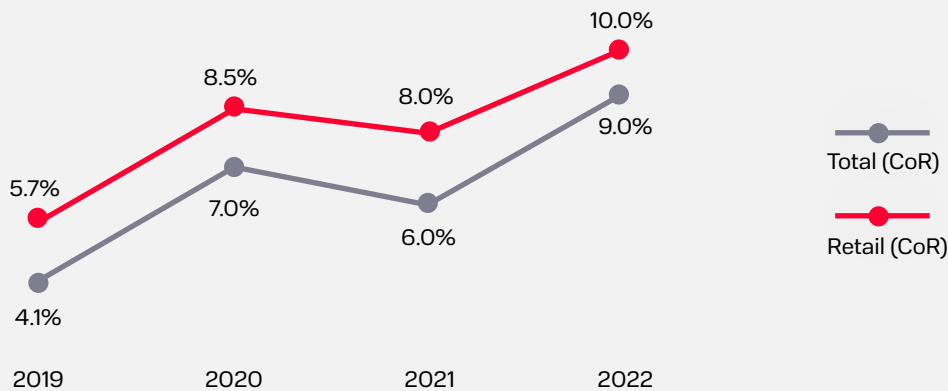
Fintech vertical includes Bank, mobile commerce, investments, factoring and a credit broker

Retail portfolio growth¹



¹ Based on unsecured lending data, Frank Research

With a moderate cost of risk (CoR)

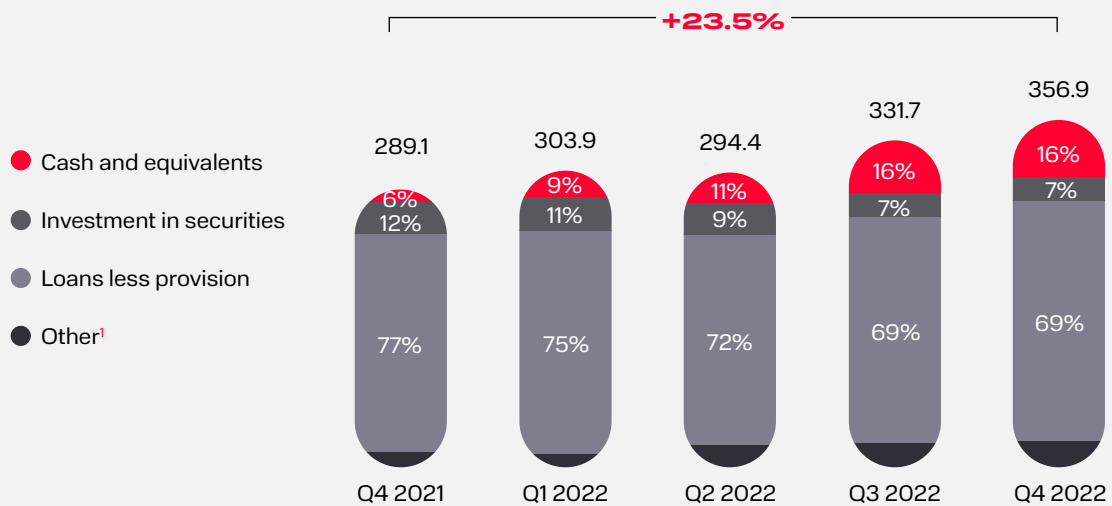


- The strategic focus is on the retail lending segment and everyday banking services.
- The number of active users of Bank's payment and digital services is almost 12 million, of which 3.5 million are Bank customers.
- The share of sales of basic products (consumer loans and credit cards) through digital channels already exceeds 80%.

Continued Portfolio Growth

Assets

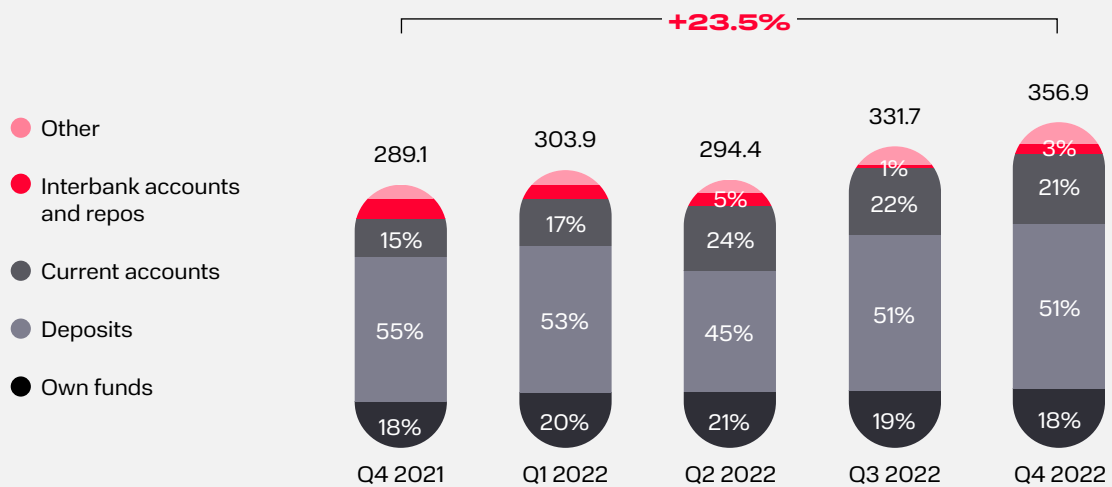
RUB billion at the end of the period



¹ Other assets include real estate, fixed assets, deferred tax, intangible assets and other assets

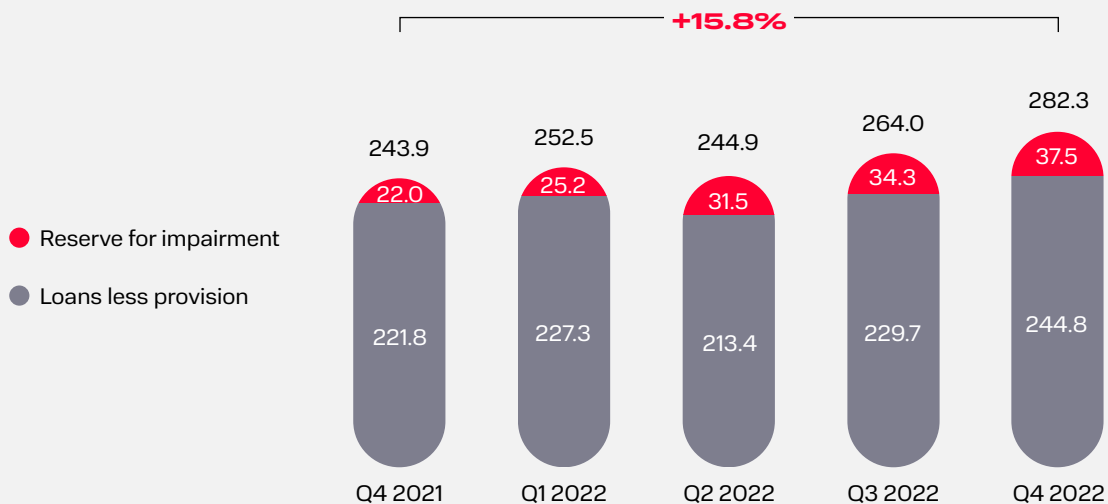
Liquidity sources

RUB billion at the end of the period



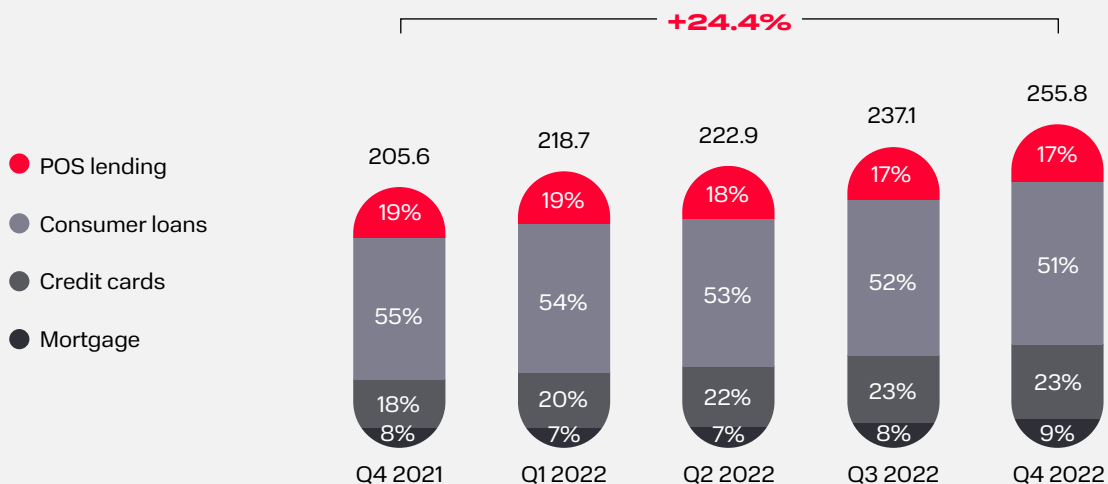
Total loan portfolio

RUB billion at the end of the period



Personal loans

RUB billion at the end of the period



RETAIL

Nº 1

Telecom retail chain in Russian by phone sales

Focus

On service quality and market share

200 mln+

Annual store traffic

60 mln+

Transactions per year

Vectors of strategic development

- 1 Advanced financial services (+online) →
- 2 MTS ecosystem entry point →
- 3 100% Omni-channel approach →
- 4 Implementation of the best industry practices →
- 5 A broader product range, complementary to the MTS ecosystem →

MWS (MTS WEB SERVICES)

The strategic focus of MWS is to become the leading private provider of digital infrastructure and cloud solutions in Russia.

Strategic Goals

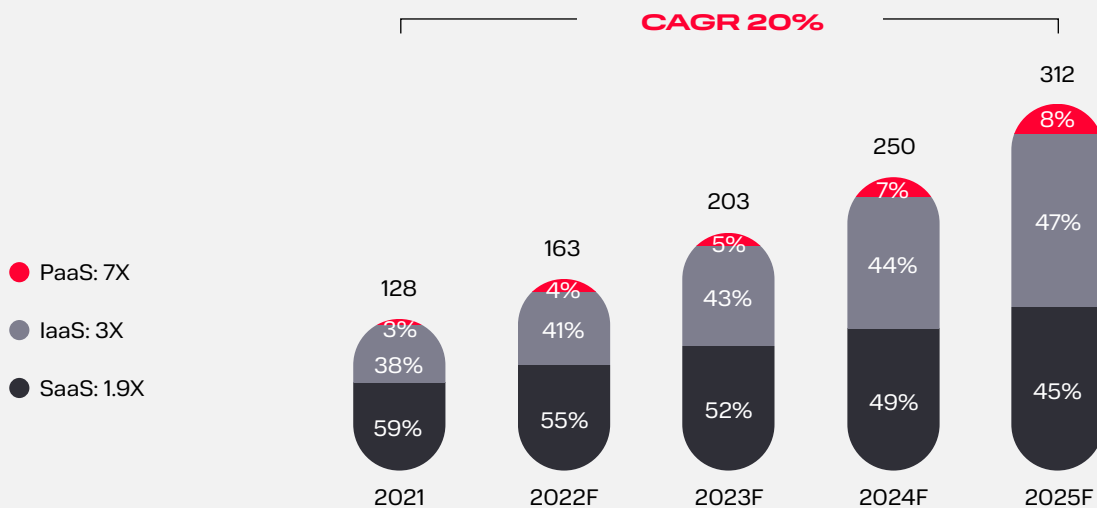
- Using a unique combination of telecom network across the country with data center infrastructure to provide best-in-class innovative cloud and network B2B services.
- Performance improvement and cost optimization in high-tech and IT infrastructure
- Gaining a leading position in the Cloud and Edge Cloud

Cloud solutions

- One of the leaders in the IaaS market
- Unique telecom infrastructure + Edge potential
- Ready-made convergent solutions for business (cloud and telecom)

Cloud Market in Russia*

RUB bln

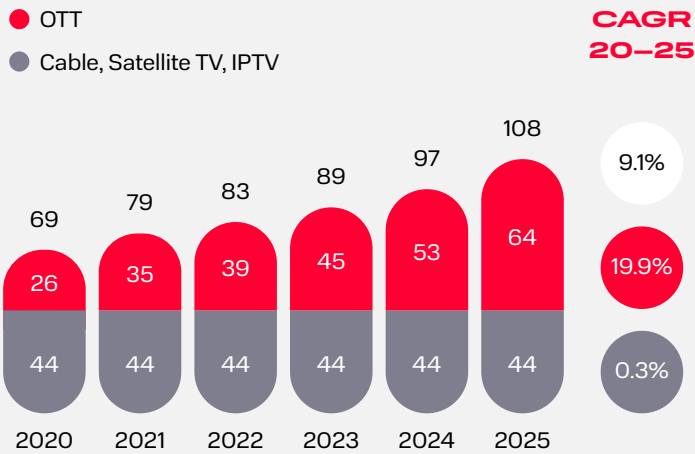


¹ Gartner, The infrastructure cloud provider market of the Russian Federation 2022, HSE ISSEK "Indicators of the Digital Economy 2022", TadAdviser, analysis by Arthur Consulting

MEDIA

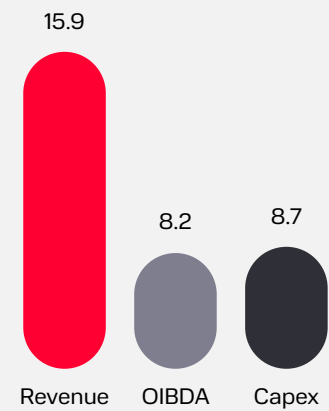
MTS Media produces and distributes original and licensed VOD and TV content via cable/IPTV, satellite TV and OTT platforms.

Forecast of the number of users of Pay TV in Russia¹ mln



¹ J'son Partners "Russian legal video market", March 2022 and MTS Media's estimates as of February 2023

Media 12M 2022 RUB billion



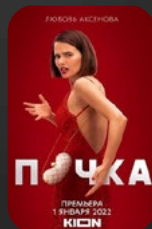
Balanced approach to investment in the content

MTS Media's Key Priorities:

- Developing the KION streaming platform — deep integration into the MTS ecosystem and strengthening the offer through original content and exclusive partnerships
- Growing customer base with a market-leading pace in the OTT and IPTV segments
- Maintaining market share in stable historical segments of Cable and Satellite TV
- Using Big Data to personalize the interface and TV recommendations, improvement of user retention rates and, as a result, long-term relationships with the client.

KION

Creation of a leading streaming platform



55

Original titles
(13 in Q4 2022)

100+

Original movies under elaboration and production

x8.1

MAU¹

x10.3

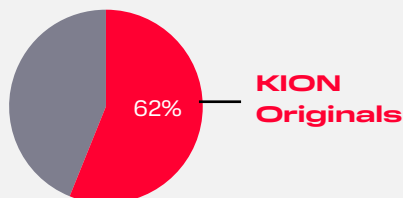
active KION customers with an OZON Premium subscription ²

x2.5

TVTU driven by VOD¹

Partnership with the OZON online store – access to a new showcase to expand the customer base (from December 2021)

Share of spectators, watching KION Originals



Positive attitude of the audience

KION Originals
Average rating³

Mutual consent.....	★ 8.4
Pregnancy test 3.....	★ 8.2
Negotiator.....	★ 8.2
Union of Salvation Time of anger ..	★ 8.1
A kidney.....	★ 8.0
Life on call.....	★ 7.7

¹ from KION launch in April 2021

² Q3 2022 to Q4 2023

³ Calculated based on the ratings of the public review aggregator and the KION platform

QUALITY AND CUSTOMER EXPERIENCE AND SERVICE IMPROVEMENT

In 2022, MTS actively developed tools for the company's employees and self-service for customers. We continue this trend with an even greater emphasis on ecosystem, omnichannel and seamless customer experience:

- we created an ecosystem seamless service at all points of contact between the client and the Company;
- we launched a remote process of obtaining the missing information and documents from the client;
- we launched the development of the "MTS Unified Ecosystem Client Card". This employee's workplace will be a convenient and intuitive tool for customer service of the MTS ecosystem;
- we implemented speech and text analytics tools for customer service. The introduction of this tool allowed to increase the share of analyzed dialogues to 20% (previously it was less than 1%). Operator tNPS has grown by an average of 3 p.p. At the beginning of 2023, it is planned to expand the share of analyzed dialogues to 100%;
- we improved operator tools for safe remote work of employees. At the moment, about 50% of employees work completely remotely;
- we started transferring SMS traffic from the Company to the client to the Omnichannel service, developed in the Company and guaranteeing delivery of a message to the customer numbers of other operators. This made it possible to reduce the proportion of repeated requests to the contact center and MTS stores;
- we continued to actively develop our knowledge base — the Knowledge Management System (KMS). More than 20 thousand employees monthly use the KMS for quality customer service, taking advantage of parametric scenarios and updated search;
- we continued to develop customer service in MTS stores. We have launched a pilot for passport-free service in stores using biometric personal data of customers for authentication. At the beginning of 2023, we will conduct a pilot on speech analytics in MTS stores;

- Together with the MTS Artificial Intelligence Center, a voice bot was launched in 2022 in the pilot regions of mobile and fixed-line businesses. In 2023, we plan to replicate the voice bot for the entire client service. At the same time, the voice bot will be a real assistant to the Contact Center operator, passing the client's question to the operator;
- we carried out active development of Smarty Chatbot, which solves a number of issues and performs customer service without transferring to the chat operator;
- we implemented notification of clients about the status and deadlines for resolving previously registered applications/incidents/claims. Granting bonuses to customers affected by network failures has been automated.
- In 2023, together with the Artificial Intelligence Center, we plan to transfer the chatbot to the updated NLP platform, which will reduce the TimeToMarket of introducing new service scenarios and increase customer satisfaction of the ecosystem;
- we continued to actively develop the tool for technical equipment diagnostics of fixed-line customers of the Russian Federation (Inetcore). Inetcore has become a tool for conducting diagnostics not only by a Customer service center employee, but also directly by the Client. We have set up integration with key self-service services: IVR, voice and chat bots. Now the Russian Federation fixed-line customer has the opportunity to diagnose and solve technical issues independently, without a contact center operator, using self-service systems.

Thus, in 2022, we continued the trend to improve the quality of service in the MTS customer service, which in turn leads to the implementation of the company's strategy CLV 2.0.

In 2022, we revised the scheme of working with product teams and developed a process of interaction to create a CJM (Customer Journey Map). As a result of the innovations, new CJMs were developed together with product teams, while the CJM development period was halved

47 audits of customer journeys were conducted, thanks to which the use of most products became easier, interfaces became clearer, and customer satisfaction increased

We continued to improve the clarity of write-offs: expanded the coverage of informing about changes in tariff conditions, became more transparent to inform about events on write-offs.

We have improved the scheme of notifying the client on debt: optimized the number of SMS messages, changed the texts to more concise and understandable, and implemented PUSH-informing

An important area for improving the customer experience was the introduction of the Customer Journey function of experts in product teams. This made it possible to build high-quality customer paths in products, to compose and prioritize tasks taking into account customer pains.

To increase the expertise of the company's employees in the field of customer experience, a training course "How to improve customer experience with CJM" was launched. The course helps create products that fully meet the expectations of customers.

In 2022, we successfully launched and are using an updated automated testing system for tariff plans and services. Using the new system, we managed to more than triplicate the amount of processes tested at peak performance, and continue to increase the number of products tested. We successfully use and continue to develop a monitoring system that helps to identify failures in the operation of tariff plans and services for unhindered use by our customers. We also continued the development of the alpha and beta testing portal, thanks to which we receive high-quality feedback from users and, taking into account their opinion, ensure high quality products.

In 2022, the coverage of products by the digital satisfaction survey (tNPS) was increased by

89%, which made it possible to better understand the needs of the client and use this knowledge to improve the user experience. New technological metrics reflecting the availability of products, systems and software have been introduced, which has served as the development of an integrated approach to assessing the quality of products. The concept of product differentiation based on criticality classes has been developed. Due to this, it was possible to build a high-quality monitoring and observability system that ensures the stable operation of ecosystem products. In 2022, together with the product teams, we focused on customer feedback analytics, as a result of which we managed to increase the tNPS satisfaction rate: +10 p.p. KION, +6 p.p. MTS Business Personal Account — and reduce the level of claims by 23 and 19%, respectively.

The Closed Loop project develops, within which the customers are additionally contacted based on the results of satisfaction surveys to help resolve their issues. This project helps adjust the existing business processes to raise customer satisfaction with interacting with the company and its products.

We expanded the areas of the "Closed Loop" to users of My MTS and MTS Business. In 2023, we will continue scaling the project to customers of the ecosystem's digital products.

Artificial intelligence systems have begun to be introduced into the survey system in order to increase the comfort of customers when taking surveys. Customers will be able to communicate with a voice bot that understands speech and captures customer evaluation and feedback.

The unification and scaling of satisfaction surveys on new verticals of the ecosystem has begun: MTT, Zelenaya Tochka, IT-GRAD and CloudMTS. This will allow us to assess the current level of satisfaction and develop measures for its growth.

BIG DATA

As part of the work on strategic products, the Big Data Center has achieved noticeable results in the area of the development of the MTS Recommendation Platform: individual developments of recommendation algorithms were combined into universal libraries and modules, which positively affected the quality of recommendations received in MTS products.

During 2022, prototypes of three of the five modules of the Recommendation Platform were implemented and introduced in certain communication channels with a statistically significant increase in product metrics of the following products:

- KION (up to 12% growth of total viewing time);
- MTS Bank (CTR growth up to 18%);
- Ticketland (CTR growth from 9.5 to 32%);
- "Lines" (read books in recommendations – growth up to 45%).

The platform's recommendations are seen monthly by about 20% of the active MTS base (6–7 million people).

As part of the development of scoring, quality indicators were achieved at the level of market leaders, which was due to the generalization of previous developments and the creation of a prototype of the MTS Scoring Platform and the transfer of scoring processes to it. The connection time of a new client to the scoring service has been significantly reduced (from 24 to 3 hours), and the service availability indicators have been improved. With the use of the Scoring Platform, the provision of new anti-fraud scoring services in the market began to counter fraudulent schemes in online products (marketplaces, bulletin boards, financial and sharing services, etc.).

In 2022, due to the introduction of auto look alike and the segmentation platform for the MTS Market product, the functionality of building segments on MTS Big Data has been significantly expanded and improved. Dynamic retargeting based on recommendation systems has been launched to increase efficiency. Generative banners and SMS have been

piloted to increase conversion due to personalized images and text. We automated and improved the selection of the optimal CPC (cost per click) rate using the dynamic retraining method – Reinforcement Learning.

#FinTech

Targeted promotion using Big Data has been expanded for the Fintech area, including new products (investments, deposits). An mpv-tool for automating the assembly of segments was also implemented. Improved payment recommendations in the banking application due to the transition to the platform solution of the Recommendation Platform.

Risk scoring models migrated to an internal platform solution in 2022, reducing development time by three times.

#Telecom

Telecom has expanded the use of Big Data in its products and processes. We have increased the effectiveness of attracting users due to ML models based on big data. We have implemented connection quality control tools, reducing the number of fraud in sales. We provided users with tools based on Big Data technologies for automatic scoring and formation of construction programs. We also increased by 5 p.p. the accuracy of predicting the profitability of locations through the use of external data.

New external sources have been added for the Defender service to mark up spammers' search models. An NLP model has been implemented to increase coverage and speed up spam detection.

#GEO services

Operation of GEO services and tools has undergone a deep modernization, both in terms of speeding up the work of interfaces, and in terms of improving the accuracy and quality of GEO data processing, which will allow in 2023 to gain a greater competitive advantage in the GEO analytics market.

ARTIFICIAL INTELLIGENCE

MTS Artificial Intelligence Center Limited Liability Company (MTS AI LLC, MTS AI) is a subsidiary of MTS and the competence center of the MTS ecosystem in the field of artificial intelligence. Founded in 2017. MTS AI specialists develop solutions based on neural networks, computer vision, natural language processing and synthesis for MTS ecosystem companies, as well as for external customers.

MTS AI LLC combines its own expert opinion with the world's leading developments in the AI field so that the company's solutions are in demand not only in the Russian market, but also in the global one.

By the end of 2022, MTS AI has implemented more than 20 projects for the MTS ecosystem. They include: skipping titles and screensavers, automatically increasing the video resolution, as well as generating series covers for the KION online cinema. The company's specialists have developed AI functions for the MVP business decision support system Smart Rollout. Artificial intelligence based on 500 parameters determines areas with similar business behavior, tests hypotheses about the potential profitability of investments in the development of the network. For another project, MTS AI developers tested a neural network for marking an audio signal and recognizing audio events in an audio stream.

In July 2022, MTS AI presented the TenVision cloud video surveillance and analytics platform. On its basis, a video surveillance and analytics platform was created for the MTS Video Surveillance for Business product. In addition, MTS AI provided Gulfstream with a video surveillance system for working with the video stream and archive, as well as camera software.

On the basis of the Audiogram speech synthesis and recognition platform, an experiment was launched on voicing books using AI for the MTS Lines project. By the end of 2023, it is planned to

prepare 5,000 works in this format. At the moment, 1562 works have been voiced using Audiogram, and work is being done to prepare the first books for listening by the end users of the service.

In 2022, 36 startups of various stages from pre-seed to late B passed the MTS AI acceleration programs. Companies that have undergone acceleration have collectively raised \$9 million in investments, 70% of which have achieved significant changes in technology, product, and revenue.

In the period from January to April 2022, the first MTS AI acceleration program was held. Its graduates were 12 startups from 10 countries of the world. 60% of companies raised investments during the accelerator period.

In August-September 2022, MTS AI launched the WinChina program for individual preparation of startups to enter the Chinese market, and also selected early-stage startups with a strong technological component for subsequent pitching to the US-Chinese venture fund. MTS AI experts have received more than 200 applications from Deep-Tech companies from seven countries. In the fall of 2022, preparations began for the launch of an accelerator for the search and testing of Metaverse technologies, MTS became the customer of the project. MTS AI organized a seminar on the topic of metaverses with three speakers at the Head of Tencent Cloud technologies level for the management of the company. MTS AI analysts have also prepared an 88-page report on significant cases and applications of Metaverse technologies in seven countries around the world.

MTS AI combines its own expert opinion with the world's leading developments in the AI field so that the company's solutions are in demand not only in the Russian market, but also in the global one.

DEVELOPING NEW SERVICES/APPS, PARTNERSHIPS

Service/Applications

Fog Play

At the end of 2022, MTS launched a new solution in the beta version, free from the problems of classic Cloud Gaming, the Fog Play product, which allows owners of gaming PCs to rent them out to other players. The HELIOS technology developed by the company allows the user to play the most modern and popular games directly in the browser. After the launch of the product, more than 15 thousand players were registered in the beta version by the end of 2022.

AppBazar

In November 2022, MTS launched an application store for Russian and foreign developers in test mode. By the end of 2022, AppBazar hosted over 100 applications from more than 50 companies.

Thanks to this product, developers can monetize applications as before, through a one-time sale of applications, in-app purchases or subscriptions. AppBazar users can be confident in the security of applications. Each application and its updates undergo three stages of verification: for viruses (Kaspersky), for performance with different manufacturers and architectures of Android smartphones, and for the security of the contents of the application or game.

MTS Launcher

By the end of 2022, the total number of product installations for convenient user interaction with a smartphone and quick access to its main MTS Launcher functions in all promotion channels exceeded 1.1 million units. The growth of DAU and MAU year-on-year was x10 and x5, respectively.

Monthly retention of product users increased by 13.5% year-on-year. By the end of 2022, the number of installations of ecosystem applications by users via MTS Launcher exceeded 170 thousand.

Lines

After the relaunch of the MTS Library in the fall of 2022 as "Lines", the MAU indicator of the product increased 3.8 times compared to the data at the end of 2021. By the end of 2022, the product released original content in the amount of 52 titles of e-books and 142 units of audio content, of which it is possible to distinguish:

- 17 books for adults: top-fiction, non-fiction, love story, true crime);
- unique audio stories with top authors;
- Netflix film adaptations;
- we translated the book of the Nobel Laureate for the Russian audience.

The average user uses the app 2.5 hours a week. At the same time, the product is actively used not only by MTS subscribers, but also by subscribers of other operators (22%).

Defender

In 2022, the MTS Defender product was launched, which helps subscribers to deal with annoying calls. Blocked calls are transferred to the bot, and the subscriber receives a text transcript in the My MTS application. By the end of 2022, the number of users of the service has grown to 7.2 million people (an increase of 84% year-on-year). The number of spam calls blocked by the product to MTS subscribers has increased.

In 2022, a widget for the Defender product was built into the My MTS application, where subscribers can get detailed information on blocked calls. If the caller left a voice message, the service transcribes the message into text and shows the text to users. The user also has the opportunity to independently add blocked numbers to the whitelist.

During the year, we expanded the user base of the product by integrating MTS Defender into the mass tariff plans of MTS Access and the MTS Smart Business line.

MTS Music

The service has been growing dynamically and gaining a user base throughout 2022. Thus, the DAU of the product has grown to 250 thousand (+100% year-on-year), and the 1M MAU of the service has grown by 60% year-on-year. MTS Music has entered the top 3 Russian streaming services, as well as the top 5 audio services on the Russian market. The indicator of time spent per user increased by 52% year-on-year. The total listening time in the service by the end of 2022 amounted to 3 million hours per month (an increase of 308% year-on-year).

GOGYM

MTS continues to develop a sharing service that provides the opportunity to train in various fitness clubs, visit studios and spas without a subscription. By the end of 2022, more than 400 partners were connected to the service, and the total geography of the service increased to 30 cities in Russia. Over the past year, the total number of trainings through the service has increased 12 times. GMV of the service has grown more than 10 times year-on-year. The total amount of time that users of the service spent in training has reached almost four years.

MTS Cashback

The number of registered users in the MTS Cashback program has tripled by the end of 2022. The number of 1M active MTS Cashback users in 2022 increased 2.8 times compared to the previous period. The total number of points received by customers at the end of the year was twice as high as in 2021.

My MTS

"My MTS" continues to act as a universal showcase of the ecosystem, which provides the client with easy access to the entire range of ecosystem products and services through the introduction of a Catalogue of offers where one can get acquainted with all ecosystem services (Premium subscription, MTS Cashback, telecom, bank, online store, etc.).

In 2022, calls appeared in the My MTS application — now you can call the MTS call center via the Internet (which is especially convenient for roaming customers) and get an exhaustive consultation without additional identification (you do not need to look for a passport, as when consulting a support number).

During 2022, the functionality of the My MTS application expanded, other products were added to the application in the form of modules: Defender, Search, MTS Pass. The main page of the application has been improved — an entrance to Cashback has appeared, which has increased the usability of the service for customers, it has become easier to track their score, as well as to see options where to spend the points without exiting the application.

The subscriber's personal account on the site has now become an ecosystem.

The number of 1M active users of the My MTS reached 26.4 million users at year-end 2022 (growth by 1.3 million compared to 2021).

MTS Search

The usability of the application for customers has increased — MTS Search has become available in the subscriber's personal account and in the My MTS application. The user can see where the loved ones are on the map without leaving My MTS. These features are currently available for smartphones running Android OS.

Partnerships

By the end of 2022, MTS continues to actively work together with the largest international and Russian companies, increasing the breadth and quality of product integrations every year.

In 2022, joint projects were launched with such leading companies in their industry as X5 Group, Lukoil, BelkaCar, Cofix, etc.

The main work with partners in 2022 was based on four directions:

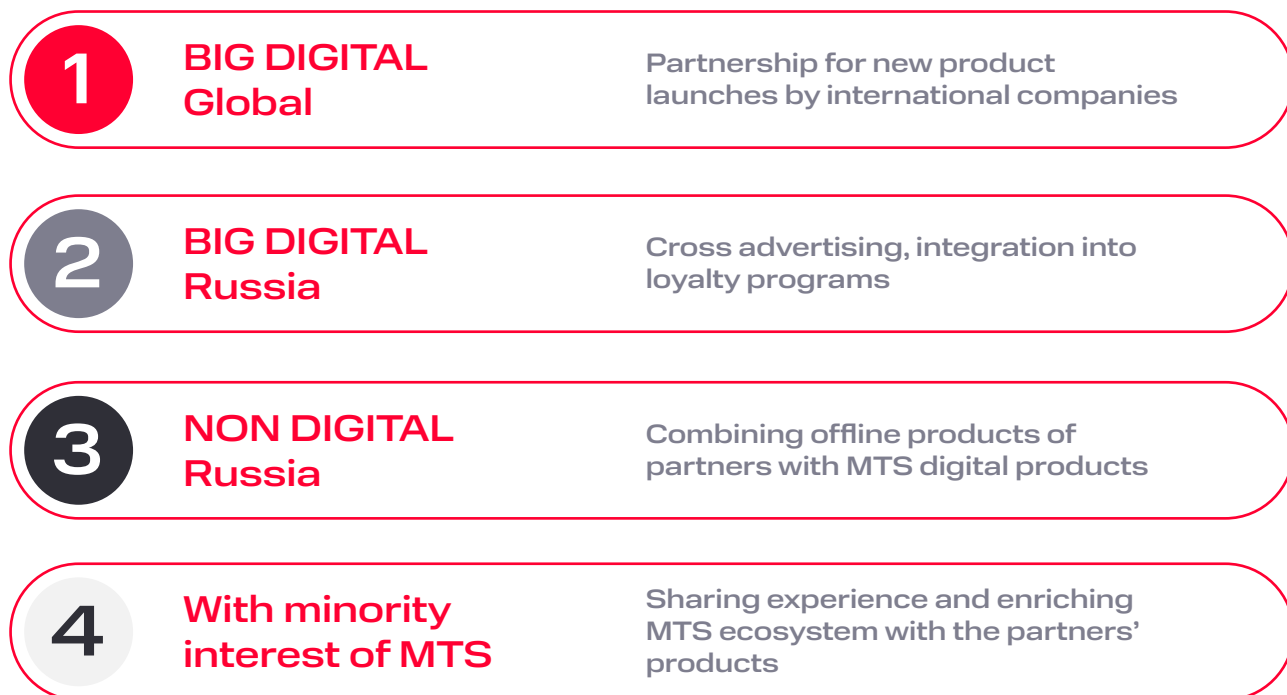
- creation of exclusive subscriptions for partners;
- inclusion of partner products in popular bundles of MTS;
- expansion of the MTS ecosystem program for partner products (MTS Cashback, MTS Pass);
- expansion of the ecosystem presence in partner services.

This, in 2022, RUB 3 billion of cashback in total was written off for purchases of MTS services and partners. RUB 50 billion was earned by product partners together with MTS over the past three years. Over the past year, more than 30 million MTS customers have used various partner services thanks to product integration. The total tNPS of MTS partners increased to 74% by the end of 2022.

Among the new partnerships for 2022, we can single out a partnership with Urent in terms of Premium subscription. Thus, by the end of 2022, MTS Premium users made 7% of all trips in the service for a month. The indicator could have been even higher if it had been possible to implement this partnership at the beginning of the 2022 season.

Good indicators are noted as a result of the integration of access to "Match! Premier" in MTS subscriptions and convergent offers, which positively affected the average number of hours of viewing per user, as well as the number of views inside KION.

Partner segmentation:



Success factors:**Mutually beneficial relations**

Willingness to cooperate to enrich the ecosystem and business development of partners

Openness

Accessibility of the ecosystem for building deep integration of partners

Efficiency

Decision-making on the launch/extension of partnership based on efficiency data

Partnership management

Personal approach to the partner, open dialogue regarding expected results, consistency of goals at all levels

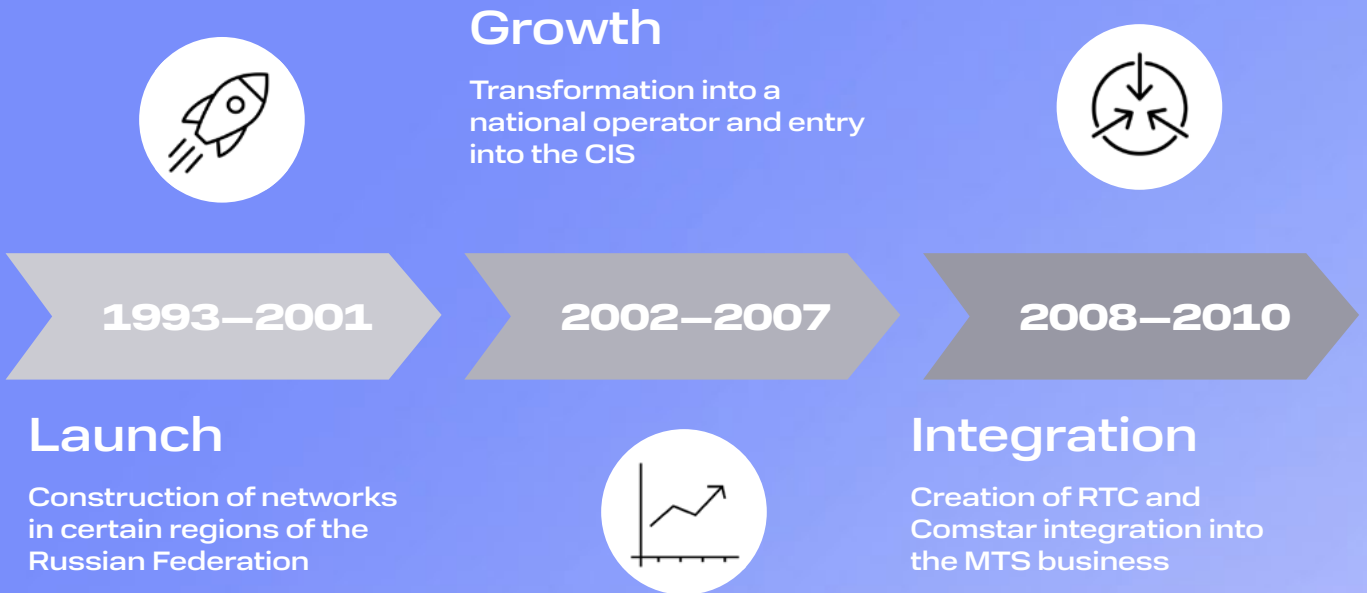
Evaluation and improvement

Regular analysis of partner projects and an iterative approach to the next steps of partnership

Long-term approach

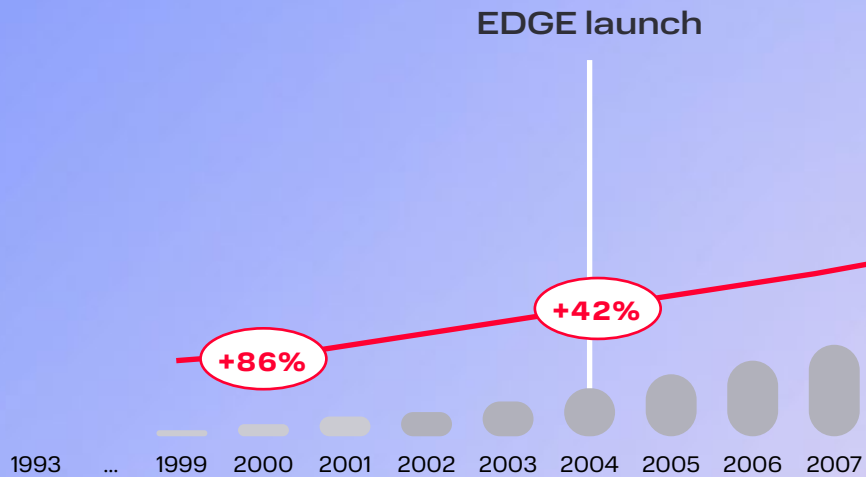
Building long-term partnerships and maximizing LTV

EVOLUTION OF MTS GROUP BUSINESS



Revenue growth rate of MTS Group

+NN%



Historic Challenges

Choice of standard

Growth and scaling

DP Development

Development of data products, V&D tariffs and LTE networks



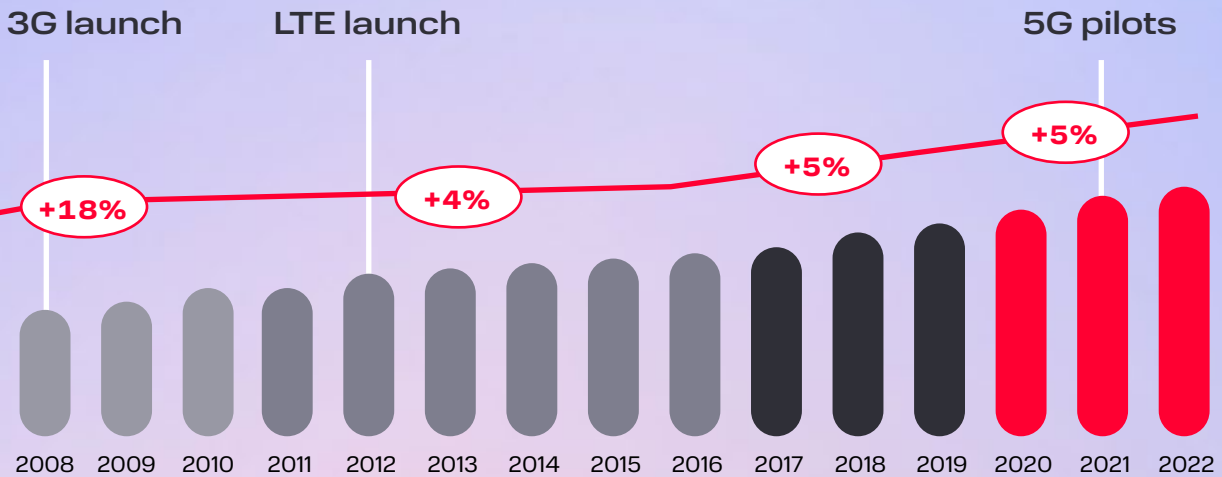
Ecosystem

Creation of an ecosystem based on the Group's businesses



Towards "Digital"

Purchase of the first digital businesses in new markets



Transition from voice to data

Fundamental change in the business model

MTS BUSINESS MODEL

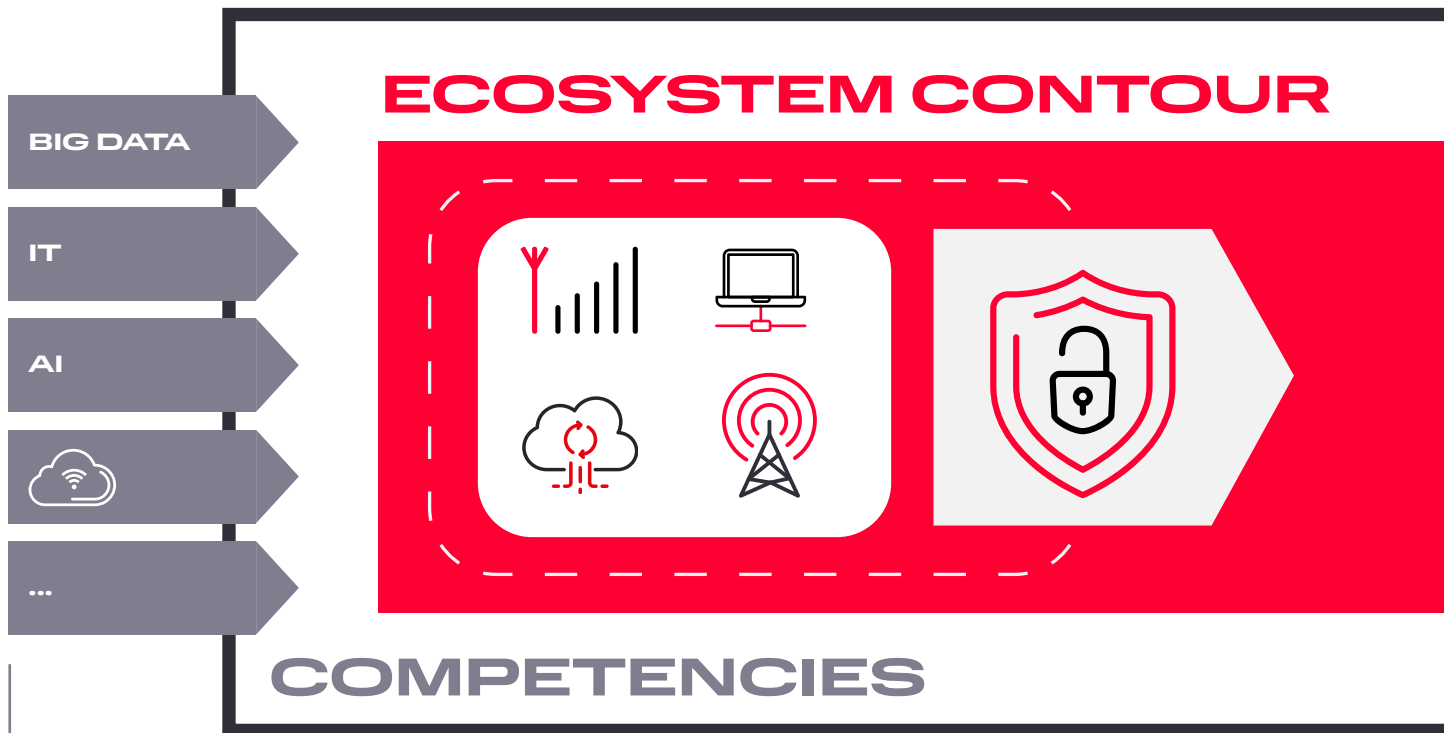
Protection of the underlying business and value growth through the development of an ecosystem and a single, but flexible management of all business areas



The Core of the ecosystem business: customers of basic telecom services and hyperconnected cloud and telecom infrastructure



Core protection is the basic task of the Ecosystem



Accumulation and development of competencies is a source of efficiency and competitiveness growth for all businesses of the Group



- reuse of competencies in other business areas increases their competitiveness
- The Group creates sufficient domestic demand to develop the "expensive" competencies



Value creation tools

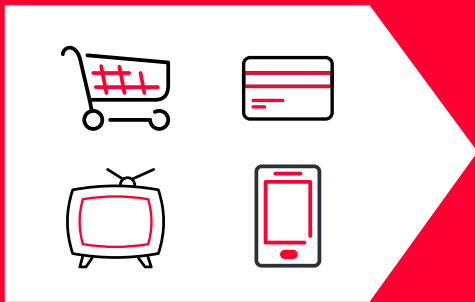


Multi-product customers: not only protection (reducing churn), but increasing returns from each client, pre-sale of services of its... .. and partners



- seamless customer experience
- customization
- subscription model flexibility
- unified loyalty program
- assistance in launching new services

Increasing economic returns from consumer business through its development based on the MTS ecosystem and Core protection



IPO
M&A



GROUP COUNTOUR



- quality and flexibility of management through the business area autonomy
- raising of external capital in business areas (strategic investors, IPO)
- M&A of required assets
- capital redistribution between business areas
- interaction management within the Group

Growth in the value of the Group through the spin-off of major business areas and growth in their value

LOOKING INTO THE FUTURE

Current trends in the development of ecosystems and the forecast of their development in Russia for 2023 and the midterm

The geopolitical realities of 2022, the phenomena associated with them and the actions of Russian and foreign regulators, contractors and representatives of the competitive environment had a significant impact on the landscape of Russian digital ecosystems.

- Withdrawal of or significant reduction of operations in Russia by foreign companies provoked, in particular, a reduction in demand for a number of digital services (advertising, communications, data processing services, etc.). However, the vacant niches are quickly filled by local players, and demand is gradually recovering. At the same time, the departure of foreign digital services reduces the overall level of competition in this market and opens a window of opportunity for Russian companies.
- A sharp reduction in access to foreign capital markets, in particular the suspension of trading in shares and other financial instruments of Russian companies on foreign platforms, required immediate and active actions to restructure debt obligations. Due to difficulties in raising capital, some companies began to limit investments in secondary areas and projects until they were suspended, focusing on key elements of the business.
- The intensification of local competition for investments has also affected smaller companies and projects for which the search for an investor has become a question of the possibility of further existence. This is especially true for digital startups, for which a negative financial result with rising costs is a natural development model.
- The situation was aggravated by sanctions pressure, including personal sanctions against business owners and management. This triggered a wave of change of ownership of a number of companies and individual areas, and also entailed significant changes in their leadership.
- The process of staff outflow or relocation, including outside Russia, had a negative impact on the implementation of some projects and required additional management efforts and funding for the organization of remote workplaces and office spaces.
- In an effort to mitigate country risks, a number of cross-border companies, including digital players, are planning to divide businesses and projects into Russian and foreign parts.
- It is important to note the strengthening of the role and participation of the state in a number of companies, as well as the emergence of new requests from the state and the launch of new projects designed to compensate for the outflow of foreign technologies and solutions, including in the field of technological infrastructure and digital services.

In connection with the above phenomena and factors in the short and mid term in the field of digital ecosystems, we expect the following key trends to come to life. At the first stage (and this was observed during 2022), companies reconfigure their business with a focus on the most sustainable areas in which they have high competencies.

Secondary and experimental areas are sold, transferred to foreign assets, put on pause or closed. Therefore, the primary stabilization of the state occurs. Further on, reliance on key business areas, some adjustments to the business model, as well as updates to product offerings are likely. We can expect a greater focus of product offers on customer requests and broadcasting to them the maximum benefit, including financial (which the consumer seeks during periods of uncertainty). Then, having a strong business core as a base that consistently generates revenue, companies are likely to seek to invest — to search for promising projects and areas for consolidation, acquisitions or partnerships.

We see the following combination of the main factors that will contribute to the further active investment position of digital ecosystems.

- The situation on the capital market is gradually normalizing, access to it for stable reliable borrowers is becoming easier.
- General economic uncertainty and sharply increased risks have led to a general deep drop in business valuations, that is, the price that an investor has to pay has significantly decreased.
- Many owners have become more inclined to sell businesses or partner with strong stable players.
- Ecosystems have not yet achieved their long-term strategic goals, they are still forming and developing, which means that it is advisable for them to continue strengthening the product portfolio in order to form a more attractive ecosystem offer.

Thereby, we believe that the sphere of digital ecosystems, which experienced a primary shock in 2022, like the entire economy, is already confidently showing signs of recovery and recovery and has high chances not only to maintain its key business areas, but also to make profitable investments and expand the product portfolio by acquiring new businesses or implementation of partner programs, making their offers more attractive and profitable for customers

Key vectors of development: technological and business trends

Regarding the substantive trends in various fields and business areas relevant to digital ecosystem companies in the world, we would like to note the following points.

In the telecom field:

- deployment of 5G networks by mobile operators around the world continues;
- at the same time, the main share of 5G subscribers is still concentrated in several countries — China, the USA, South Korea, and Japan. The same countries are characterized by their highest penetration into the common base — exceeding several times the global average. Thereby, despite the massive launch around the world, 5G networks have not yet entered mass use;
- relatively modest popularity of 5G in the world can be explained by the lack of new (regarding

LTE) significant scenarios for the use of such networks — both in B2C and B2B segments. Obviously, the search for cases and relevant experiments will continue — and probably not only by the operators themselves, but also by third-party companies, in cooperation with telecom or independently;

- a qualitative leap is observed in the field of satellite communications. In addition to the ongoing deployment of low-orbit groupings, 2022 was marked by a number of significant events related to providing the possibility of direct satellite-smartphone communication, based on both existing satellite systems and promising ones;
- a guarantee of this kind of availability of communication "everywhere" (albeit in the form of SMS/messengers) on a standard smartphone, as well as cheaper and more compact broadband terminals of low-orbit systems can potentially lead to the emergence of new services in completely different areas — for example, in fintech (access to a digital wallet / digital money), in control of unmanned vehicles (remote control, if necessary), etc.

In our opinion, the following trends are significant in the field of media.

- "Smart" TVs are a significant (and against the background of the pandemic, having greatly increased their share, even the main) channel of video content consumption, which intensifies the struggle of digital ecosystems for control over this channel (through the appropriate operating systems) — both at the global level (Samsung, Amazon, Google) and at the selected local markets, including Russia.
- On the other hand, in the video content sales segment, 2022 showed that independent online players — even powerful ones like Netflix — can hit the growth ceiling, which calls into question the sustainability of their business model. On the contrary, diversified companies, as well as digital ecosystems that have other products besides the online cinema, are likely to be more sustainable in the long run.

The prospects of cloud technologies are determined by the role they play and will continue to play in the emergence of new products and services.

- The expansion of artificial intelligence and machine learning applications and the growth in the quality of products based on such technologies require increasingly powerful (and specialized) computing resources, often available —

even for large companies — only in the form of cloud solutions from external providers.

- Another area — "edge" computing based on a geographically distributed network of data centers — is an example (along with 5G) of a technology for which the search for practical tasks is still in its initial stage, but which already promises a great future.
- At the same time, cybersecurity issues are becoming increasingly critical, require increased attention from both cloud providers themselves and their customers — and create a growing long-term demand for products and services in this area.

In general, it is worth noting that the current development of many technologies (including AR, VR, digital money, NFT — saying nothing about those listed above) has already reached a certain maturity, but at the same time there are relatively few mass cases of their application. Therefore, we believe that "groping" and testing such cases, checking their business models in the midterm will be no less important process than technological development itself and the generation of innovations. At the same time, taking into account the geopolitical realities of the current moment, product development based on these trends in different parts of the world may go differently.

OUR STRATEGY

Since 2019, MTS has been following the Customer Lifetime Value 2.0 (CLV 2.0) strategy aimed at building a sustainable digital ecosystem business on the solid telecom leader foundation.

We strive to extend the customer's "lifetime" as much as possible (the time, during which the customer uses our services), creating and strengthening emotional affection for the brand, and increasing the degree of satisfaction and customer loyalty.

We also transit from the ideology of operating on a single telecommunications market to the ideology of a digital service environment with a comprehensive offer including products and services of different markets to meet the needs of the customers in various spheres of their lives.

We are confident that going beyond the boundaries of the telecom business to new markets, for example, the markets of financial services and media/entertainment, with the functional support of such digital areas as Big Data and AI, will allow us to transform into a multi-service digital company. We will build up a portfolio of digital products 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, offering them more innovative, diverse and convenient services. We are planning to gradually expand capabilities of our programs, increase the number of partnerships and become the best possible choice in the market for companies looking to expand their customer base and gain additional value.

The Russian digital service market is unique to a certain degree, since local players in most segments who successfully compete with global giants occupy leading positions. This situation is down to a number of fundamental reasons, ranging from consumer preferences and language specifics to regulatory requirements and the structure of the borrowed capital market. This allows large Russian business groups, representatives of areas such as the banking sector, retail, high-tech sphere and telecommunications, to actively develop new business directions in the digital environment, relying on the ecosystem approach in their strategies. As a result of recent changes in the geopolitical situation, global digital players have significantly weakened their presence or left the Russian market altogether, turning it into a field of competition for local companies and business groups.

We are confident in the reliability of our position in the context of this kind of competition. Our strong brand and deep customer knowledge, supported by powerful analytical tools based on AI and Big Data, will allow us to provide users with a seamless, deeply customized and personalized customer experience in a wide range of digital services. Even now, we are witnessing a significant synergistic effect from the joint offer of telecommunication, banking and media products, which allows us using

"In 2022, the MTS team demonstrated the highest professionalism, combined with flexibility of thinking and the ability to instantly adapt to the most difficult environmental conditions. The strategy we have chosen has proved not only its effectiveness in periods favorable for development, but also the stability and flexibility necessary in times of economic turmoil. Our bet on the consistent and gradual evolution of ecosystem directions with increased attention to the telecommunications core turned out to be correct, taking into account the current external conditions, we have demonstrated good annual results."

President of MTS PJSC

marketing tools more efficiently and gaining more and more knowledge about our clients. At the same time, the customers using several types of services bring us more value, demonstrate a greater brand commitment, a higher level of loyalty, and a greater degree of satisfaction. Our key priorities for developing the ecosystem in the upcoming years are: increasing the ecosystem customer base, developing and improving high-quality digital products and expanding the pool of partner companies.

In 2022, as the company's operating structure was brought in line with the CLV 2.0 concept principles, the efforts of MTS' senior executives and corporate governance bodies were aimed at finding the optimal "format" for key business verticals and efficient allocation of financial flows among them to ensure their dynamic development and access to fair evaluation by the market.

A comprehensive analysis helped us come to the conclusion that some of our business areas have reached such a scale and maturity level that allow them to become a driver of growth in the MTS Group fundamental value. Therefore, we started to gradually allocate such areas into independent structures, separate companies that will freely operate on the market, raise external funding and may become in the future full-fledged entities and attractive assets for the investment community.

We are sure that such an approach will provide high motivation for teams of business areas, will allow to set up internal business processes in the best way and in accordance with the specifics of each of the areas, which, in turn, will ensure high dynamics in developing the products qualitatively corresponding to the level of market leaders. It will also simplify the process of raising external funding, allow new promising digital business lines to go beyond market valuation by telecom segment multiples and fully unlock the growth potential of their shareholder value. In this sense, we are striving to move away from the market seeing the MTS Group as a single inert entity to perceiving it as a "sum of parts", where each part is evaluated fairly in accordance with the results of its operation and the multipliers accepted by the market for each specific area.

In 2022, we adopted a new logic for structuring the Group's business on two levels: "Core" and "Growth Areas". The first element of the structure is the Core, which includes a number of areas: B2C and B2B telecom (our historical core competence), as well as ecosystem and technological infrastructure, digital ecosystem products and functionality that ensures the connectivity of ecosystem elements. The Core is an indivisible whole, over which we will maintain direct control in the long term. As the second structural element, we identify 10 product areas of various

scales and maturity levels operating in the markets adjacent and complementary to the Core, which we consider as points of growth and value creation. The youngest areas (for example, "Smart Home" and "Travel") have great growth potential, but at the current stage their scale is not yet material at the Group level. Larger areas (for example, "Fintech" and "Media") are already tangible and have independent value for investors.

In the next few years (depending on the situation in the financial markets), we aim to give independence to the FinTech area, which has been demonstrating high dynamics over the recent years approaching the sector leaders not only in size, but, even more importantly, in a set of products and the degree of business digitalization in general. Other business areas, such as media, cloud and infrastructure services, also have the potential to independently enter the open financial market and engage co-investors or strategic partnerships in the long term.

We would like to emphasize that the formation of independent companies does not mean our transformation into a holding of weakly connected businesses. We are still a Group and go on cultivating ecosystem links between individual areas. As the main binding forces we see:

- clear and detailed agreements on interaction between the Group's companies;
- general marketing and brand management (not necessarily a single one);
- sharing customer knowledge, Big Data and AI mechanics;
- following a single CLV logic, which remains decisive for all businesses, while maximizing CLV is their main strategic guideline.

In addition to ecosystem connections, in the Group, we pay special attention to the nurturing and strengthening of competencies related to generating digital products and the ecosystem in general, as well as the mutual exchange of such competencies between areas and structural divisions of the MTS Group corporate center.

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 financing and debt servicing, and fulfillment of obligations to external and internal counterparties. In this context, we consider our strategy relevant to the current moment. Nevertheless, we pay increased attention to risk mitigation,

MTS Group Strategy Evolution



CLV 2.0

CLIENT: focus on the customer, seamlessness of services, customization

LIFETIME: focus on the long-term profit, loyalty and NPS

VALUE: high quality of products, incl. those of partners

WE ARE TURNING INTO A GROUP

FOCUS AND FLEXIBILITY IN MANAGEMENT

specialization and efficient motivation of heads of business areas improving the management quality

CAPITAL RAISING

possibility of independent entry of businesses to the capital market

VALUE CONFIRMATION

possibility of increasing the value through the sum of the parts model



CLV 2.0

+ transforming into the Group

CLV 2.0: creating the value through seamless client experience, customizing, long-term client relationship and focus on the high quality of products

GROUP:

increasing the flexibility while maintaining the manageability

efficient capital raise

"disclosure" of the value

and on the other hand, we are ready to promptly use dynamically opening windows of opportunity. Such opportunities, in particular, include a significant weakening of the positions of foreign players in Russia, a general weakening of competition, and an expanding field for M&A activities.

It is worth noting that taking into account the current conditions, we see with even greater clarity the

fundamental role of partnerships in the formation and development of the product content of the ecosystem offer. We will strive to ensure the long-term sustainability of the most significant partnerships, for which we are ready to make the necessary investments in partner companies, participating in them as a minority shareholder.

Implementation of the Strategy in 2022

In 2022, MTS confidently demonstrated stable operation and efficiency of its core business in a rapidly changing external environment. In the current situation, we were focused primarily on the uninterrupted provision of high-quality services for our customers, as well as on ensuring the long-term continuity of our activities and maintaining positive dynamics due to key growth points.

It is important to emphasize that our consistently implemented strategy for the development of a customer-oriented ecosystem of digital services based on a strong telecom has once again confirmed its relevance. MTS ecosystem revenue by the end of 2022 increased by 67% and amounted to more than RUB 100 billion, and the number of ecosystem customers increased to 13.5 million people, which is 52.7% higher than the same indicator last year. Average number of ecosystem products per customer increased from 1.43 in the Q4 2021 to 1.6 in Q4 2022. The number of monthly active users of the My MTS application (MAU) increased by 5% and amounted to 26.4 million.

We continued to improve the main ecosystem tools that provide more value to our customers and encourage them to use new offers in addition to the existing products of the MTS ecosystem. The growth of users of a single ecosystem subscription for all key MTS Premium services amounted to 71%, and registered users of the loyalty program aimed at strengthening ties between verticals of the MTS Cashback ecosystem became 2.3 times more — 37 million.

Despite the high level of external uncertainty, we are recording a steady growth of our digital verticals. The number of users of the MTS Media OTT platform increased by 63.4% to 6.6 million as of the end of 2022. The total number of pay TV subscribers (satellite, cable, IPTV, OTT) increased by 32.6% to 11.1 million. The significant strengthening of our position in the media market confirms the successful experience of developing the KION streaming platform with the aim of deep integration into the MTS ecosystem and strengthening the offer through original

content and exclusive partnerships — 55 titles and 62% of viewers watching KION Originals.

Revenue from financial services in the Fintech area increased by 40.4%, reaching RUB 68 billion. The number of MTS Bank customers increased by 19.4% to 3.5 million, and the number of active users of payment and digital services is almost 12 million at the end of 2022. The share of sales of basic products (consumer loans and credit cards) through digital channels exceeded 80%.

We also note the success of new area and products in 2022. For example, "MTS Lines" — the growth of MAU after restarting by 3.8 times, the average time of using the service — 2.5 hours per week. MTS Entertainment — achieved a twofold increase in ticket sales. MTS Marketer — revenue growth by 22%, the number of registered customers — by 73%, and the number of launched advertising companies in Digital — by 115%.

In turn, we continuously invest in such areas as MTS Travel, Smart Home, cybersecurity.

In 2022, to strengthen the telecommunications core, we used a balanced approach to investing in the development of our networks, using artificial intelligence (AI) at the planning stage. This allowed not only to remain the largest player in the mobile market, but also to ensure a 17% growth in the convergent base. As a leading provider of digital infrastructure and cloud solutions in Russia, MTS has strengthened its leadership in B2B telecom. We have completed the deployment of the largest federal network of the NB-IoT standard for the Internet of Things in all regions of its presence. The company holds the largest market share of M2M/IoT connections and publicly announced Private LTE projects — 15 major contracts.

It is also necessary to note our successes as the strongest technology brand in Russia (according to Brand Finance Russia 50 2021) in the development and implementation of our own technology platforms — The Platform, which combines all end-to-

end IT solutions of the MTS ecosystem, the launch of the AppBazar app store for Android OS, in which Russian and foreign developers can host, promote and monetize their services, as well as the transition of MTS IoT Hub to its own software, completely replacing foreign solutions when creating NB-IoT products.

In 2022, we conducted a number of selective M&A transactions and investments to further scale new promising areas of our ecosystem:

- we invested 740 million rubles in the capital of "Urent" — the market leader in short-term rental of scooters in Russia in order to expand the range of services of the MTS ecosystem — MTS Premium, MTS Cashback;
- through the MTS corporate venture fund, 72 million rubles were invested in the Bartello online food and beverage ordering service for subsequent integration with MTS Live and MTS Bank applications;
- we acquired for RUB 2 billion 58.38% of shares of Gulfstream Security Systems JSC (the Gulfstream brand), one of the leaders of the Russian security market, for the comprehensive development of the new MTS Smart Home business vertical;
- we acquired 100% of the Bronevik Group — one of the leaders of the Russian online hotel booking market for the development of a new business line of MTS Travel in the field of travel and tourism;

- we acquired a controlling stake in the Webinar Group, the largest Russian developer of solutions for video meetings, webinars and online events;
- we acquired 50.85% of Navitel Group, a Russian provider of navigation and mapping solutions, for RUB 690 million. As a result of the transaction, MTS will be able to form its own geoplatform for the development of ecosystem services and transport solutions.

We use partnerships as an effective way of retention of MTS customers in the ecosystem, as well as attracting new ones. The key success factors for us remain mutually beneficial cooperation, availability of an ecosystem for building deep integration of partners, efficiency and consistency of goals at all levels, regular analysis of partner projects, and a long-term approach to maximizing LTV. Therefore, over the past four years, we have earned more than RUB 50 billion with our partners and more than 10 million customers have used the products of our partners through MTS channels. 74% of companies recommend MTS as a partner for business development with other companies.

Our ability to provide high-quality communication services in the context of our historical core business, as well as the comfortable presence of the client in the MTS ecosystem due to the expansion of the service portfolio is the basis for business sustainability in conditions of severe economic constraints.

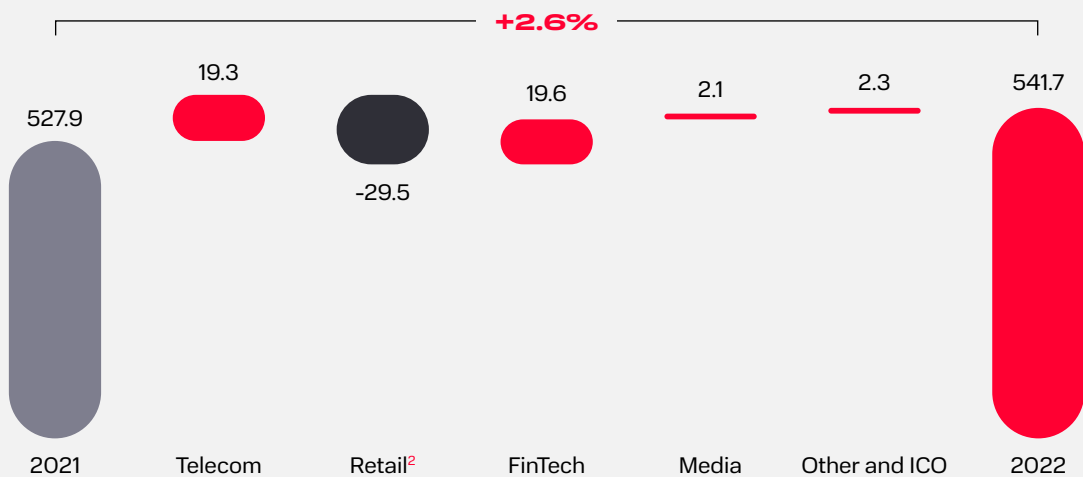
FINANCIAL OVERVIEW

- 66 Revenue of the Group
- 67 OIBDA of the Group
- 68 Net profit
- 69 Telecom Results
- 70 Investments in Infrastructure and Digital Ecosystem
- 71 Managing Debt Portfolio in Unstable Macro Environment



REVENUE OF THE GROUP

Revenue of the Group¹ RUB bln



¹ Revenue is calculated taking into account intercompany operations, the amounts may differ as a result of rounding. Financial results for 2020 and 2021 have been restated due to the deconsolidation of NVision a.s. (Czech Republic).

² Retail – RTC JSC, 100% subsidiary of MTS, provides customer service and sells SIM cards, services, products of the MTS ecosystem, gadgets and other devices in retail stores.

Top-line growth constrained by sales of handsets

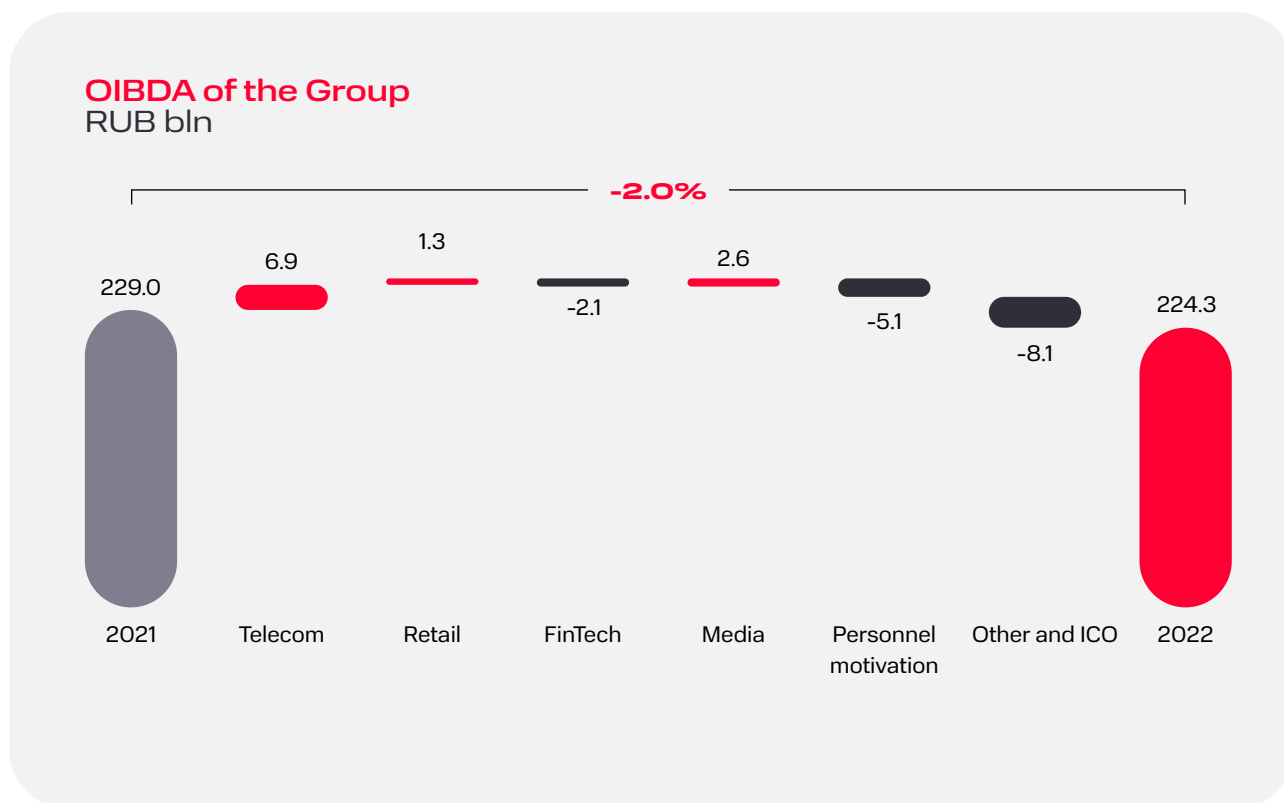
- In 2022, the Group's revenue increased slightly year-on-year due to positive contributions from Telecom, Fintech and Media services
- The decline in sales of phones and accessories due to import restrictions significantly limited revenue growth, but had a weak impact on the Group's OIBDA
- The positive contribution of the Fintech vertical was mainly provided by the growth of Bank's retail loan portfolio and commission income.

Information on the consolidated financial and operating results of MTS Group for Q4 2022 and entire 2022 is available on the company's website



Financial statements –
Moscow.(mts.ru).

OIBDA OF THE GROUP



OIBDA impacted mainly by personnel motivation and one-offs

- The Group's OIBDA showed a 2% decrease YoY, mainly due to:
- increase in staff motivation costs
- ICO and investments in new businesses
- noticeable increase in MTS Bank reserves against the background of changes in the macroeconomic situation
- The positive driver in the dynamics of OIBDA was the contribution of Telecom, Media and Retail verticals, which reflects the high results of telecom services, further development of OTT services and retail sales.

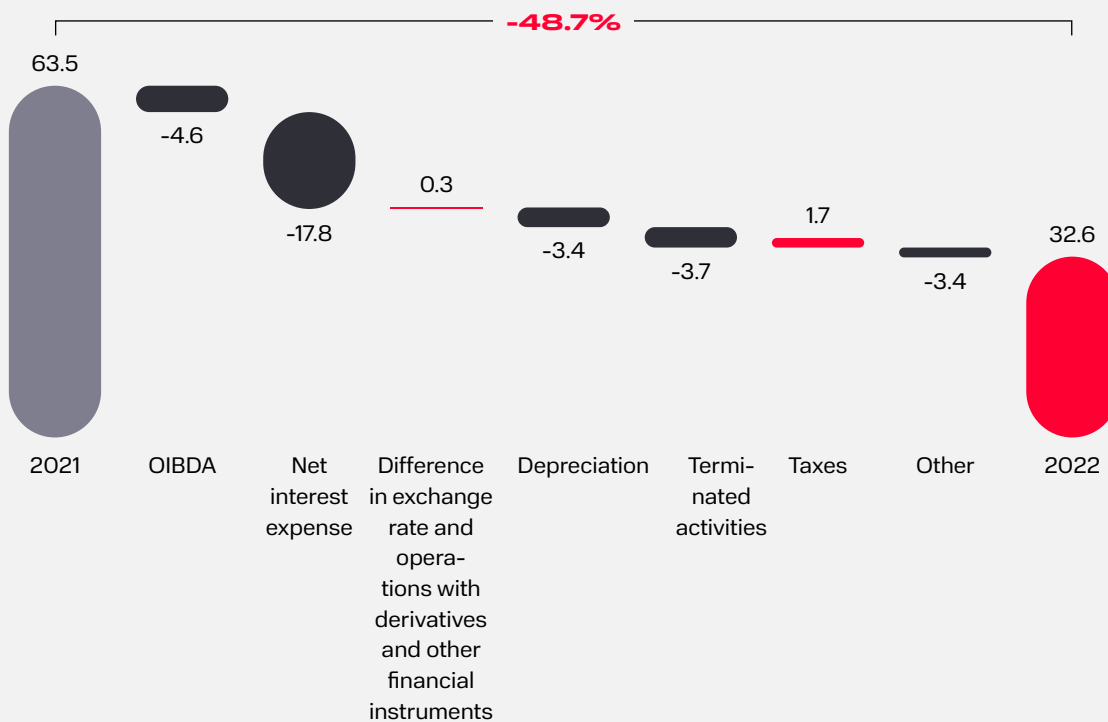
By the end of 2022, MTS demonstrated stable operation in a changing external situation. In the current environment, we are focused on the uninterrupted provision of quality services for our customers, as well as on ensuring business continuity.

It is important to emphasize that the strategy we implement for the development of an ecosystem of digital services on the platform of a strong telecom has once again confirmed its relevance. MTS ecosystem revenue by the end of 2022 increased by 67% and amounted to more than RUB 100 billion. Despite the high level of external uncertainty, we continue to record the growth of our digital verticals: MTS Media, MTS Entertainment and others. We also note the success of new area and products, such as MTS Travel and MTS Lines.

MTS President

NET PROFIT

Net income of the Group RUB bln

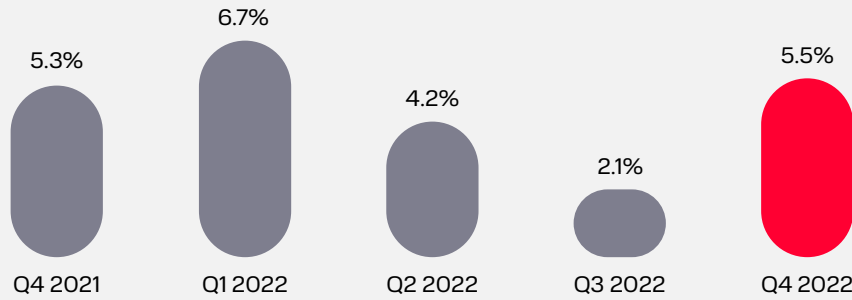


In 2022, the Group's net profit amounted to RUB 32.6 billion, mainly due to pressure from:

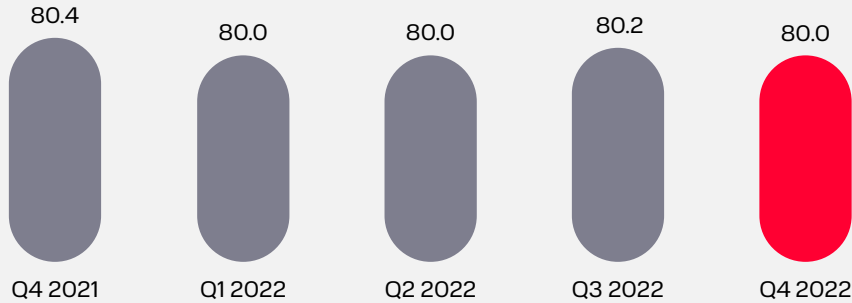
- decreased OIBDA due to increased personnel costs, one-time expenses, investments in new areas and the bank's reserves
- increased financial expenses against the background of higher interest rates
- loss from terminated activities
- higher depreciation reflecting investments in the network and digital areas.

TELECOM RESULTS

Growth of revenue from communication services¹ % changes from year to year



3M subscriber base¹ mln



17%

Convergent base growth Q4 2022 to Q4 2021

35

Russian regions with completed refarming of the 2100 MHz range in 2022

Nº1

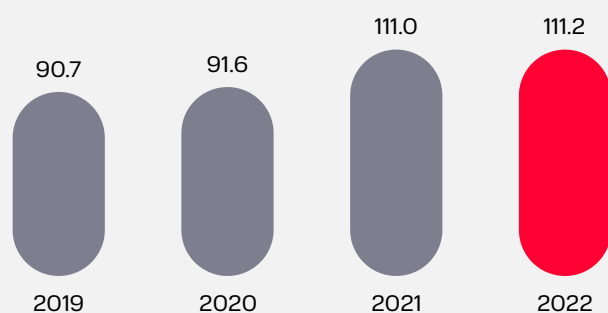
Among mobile operators in terms of M2M/IoT connections²

¹ All figures for Russia only.

² According to the ONSIDE study "Competitive Analysis: IoT, III–IV quarters of 2022".

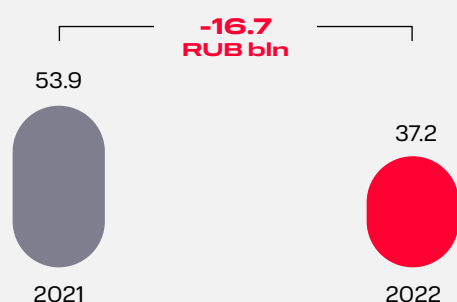
INVESTMENTS IN INFRASTRUCTURE AND DIGITAL ECOSYSTEM

Capital expenditures of the Group¹ RUB bln



	2021	2022
Russia²	109.0	109.6
Armenia	1.7	1.6
Group²	111.0	111.2

Free Cash Flow without Bank³ RUB bln



- In 2022, The Group's FCF, excluding the Bank, decreased by RUB 16.7 billion year-on-year due to higher investments in personnel, increased interest costs and more intensive M&A activity compared to last year.

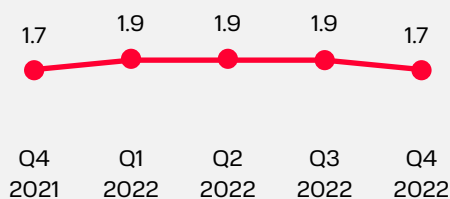
¹ CAPEX of the Group in 2020 was RUB 91.6 billion, taking into account money receipts under swap contracts related to changes in foreign exchange rates against the ruble; excluding this factor, CAPEX of the Group in 2020 was RUB 96.9 billion.

² Excluding money receipts under sharing agreements.

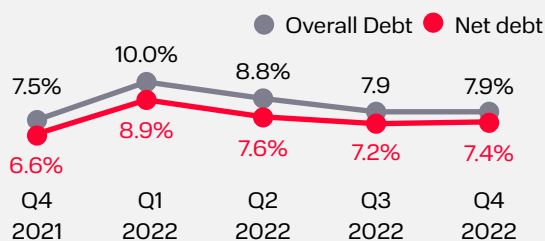
³ FCF without Bank and cash receipts from the sale of Foreign subsidiary. Amounts may differ as a result of rounding.

MANAGING DEBT PORTFOLIO IN UNSTABLE MACRO ENVIRONMENT

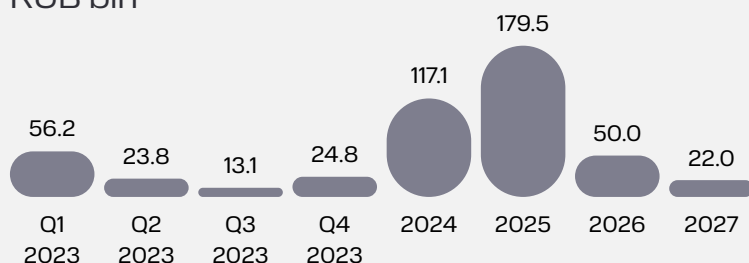
Net debt¹ / LTM of adjusted OIBDA



Weighted average interest rates as of the end of the period



Debt payment schedule RUB bln

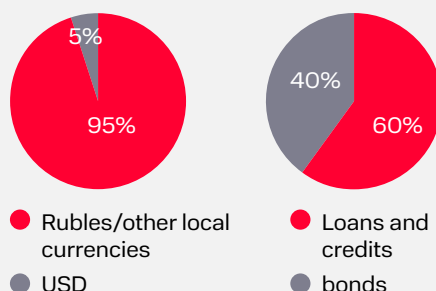


Total DEBT²

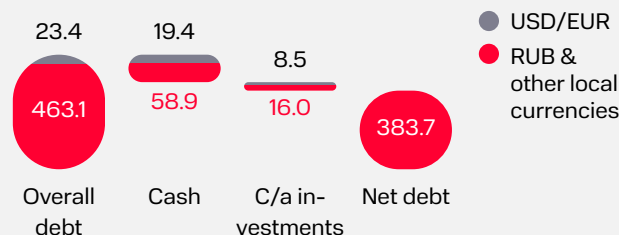
486.5 RUB bln

Ruble bonds BO-02 contain put options that may be exercised in February 2026 as of December 31, 2022

Structure of total debt²



Transition from total to net debt¹ RUB bln



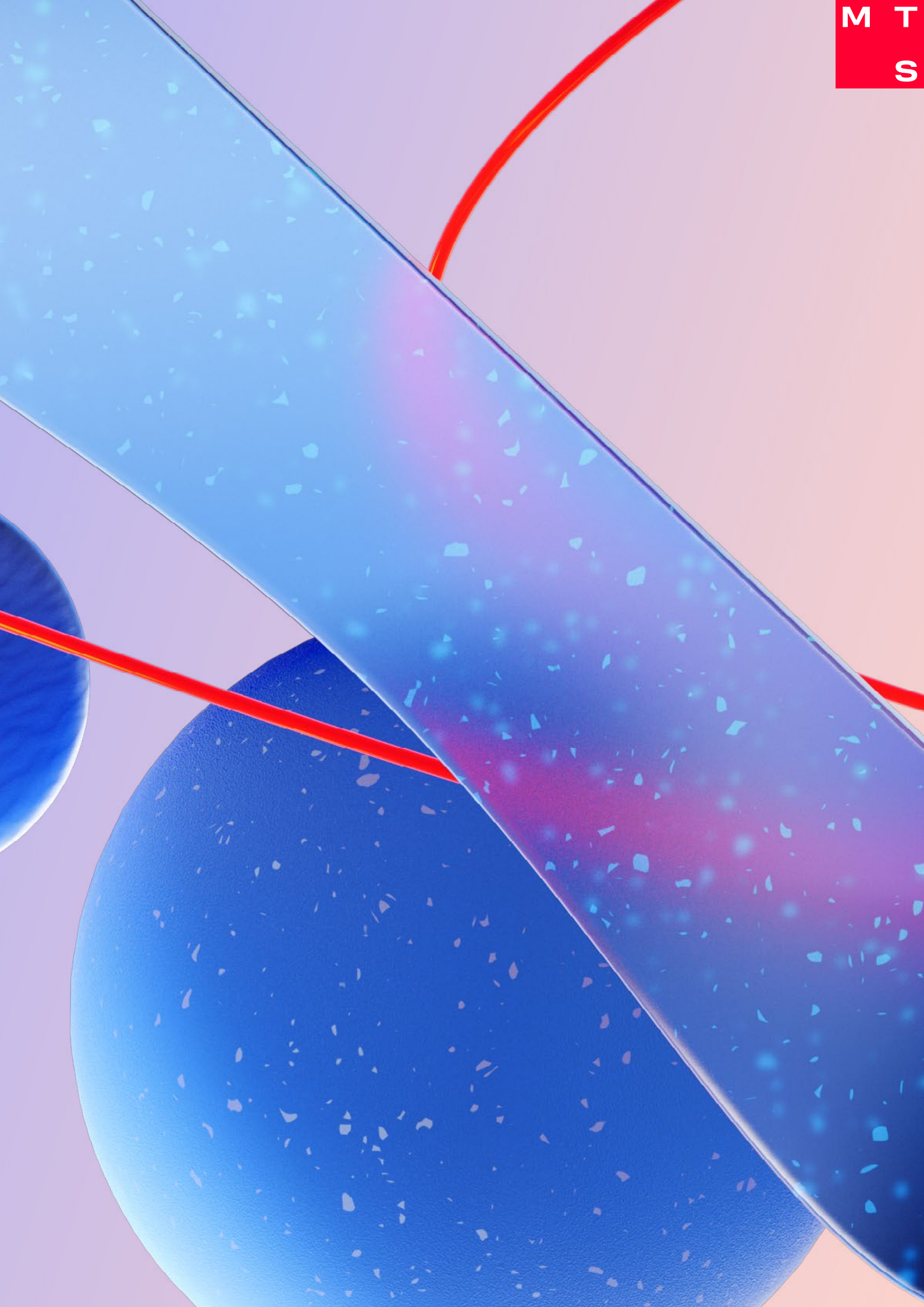
¹ Excluding lease under IFRS; after hedging.

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

CORPORATE GOVERNANCE

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

- 74 Report by the Board of Directors
- 77 Corporate Governance System
- 78 MTS Group Governance Structure
- 82 Corporate Governance Bodies
- 130 Risk Management
- 145 Capital and Securities



REPORT BY THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE SYSTEM

Corporate Governance Model Development

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

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

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

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

Corporate governance index

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

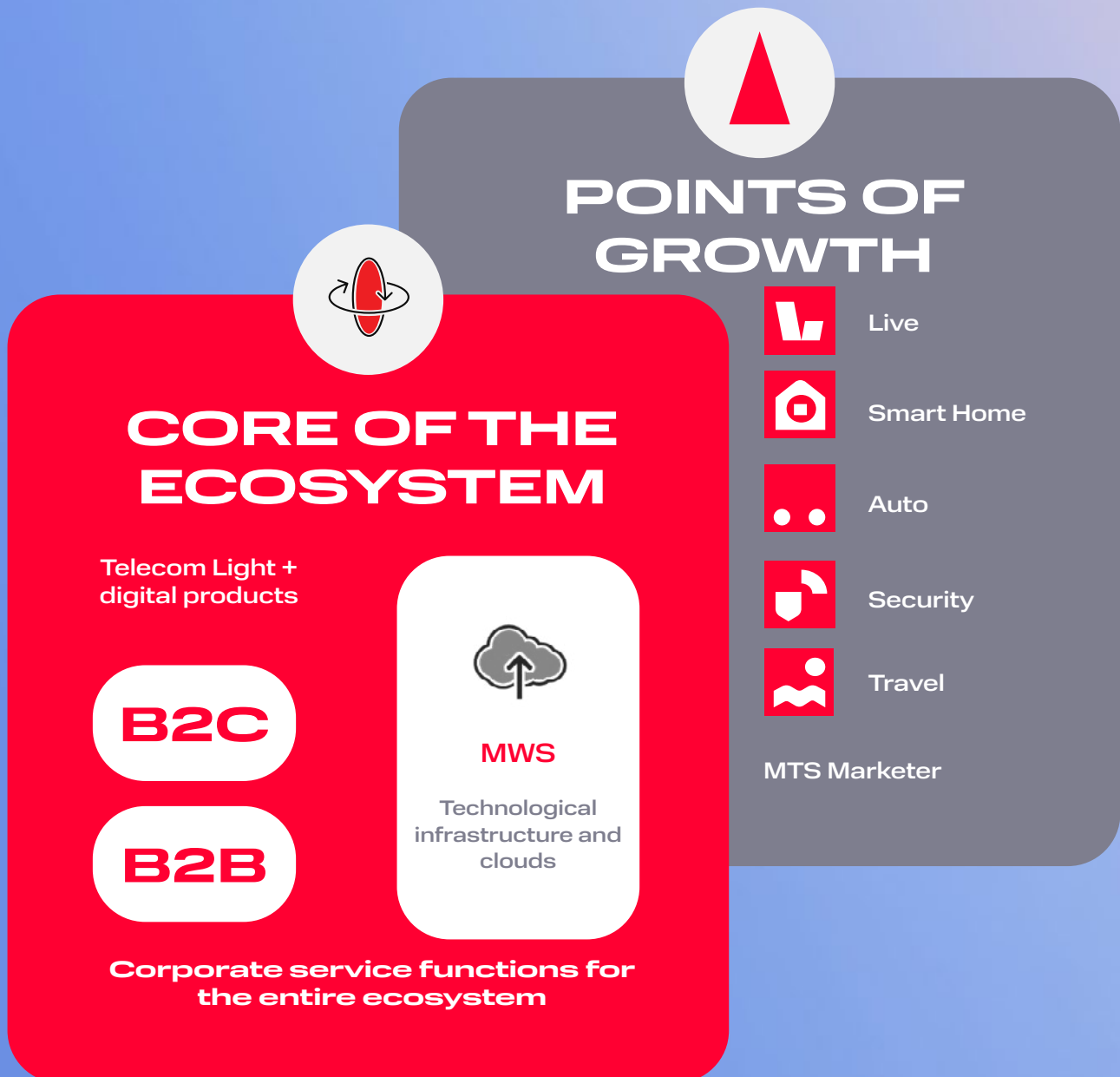
MTS has been demonstrating a consistently high level of compliance with the main recommendations of the Corporate Governance Code. A high level of corporate governance is a fundamental value for MTS, so the Company will continue to strive to follow the best practices.

MTS Corporate Governance Principles

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

MTS GROUP GOVERNANCE STRUCTURE

MTS ECOSYSTEM STRUCTURE



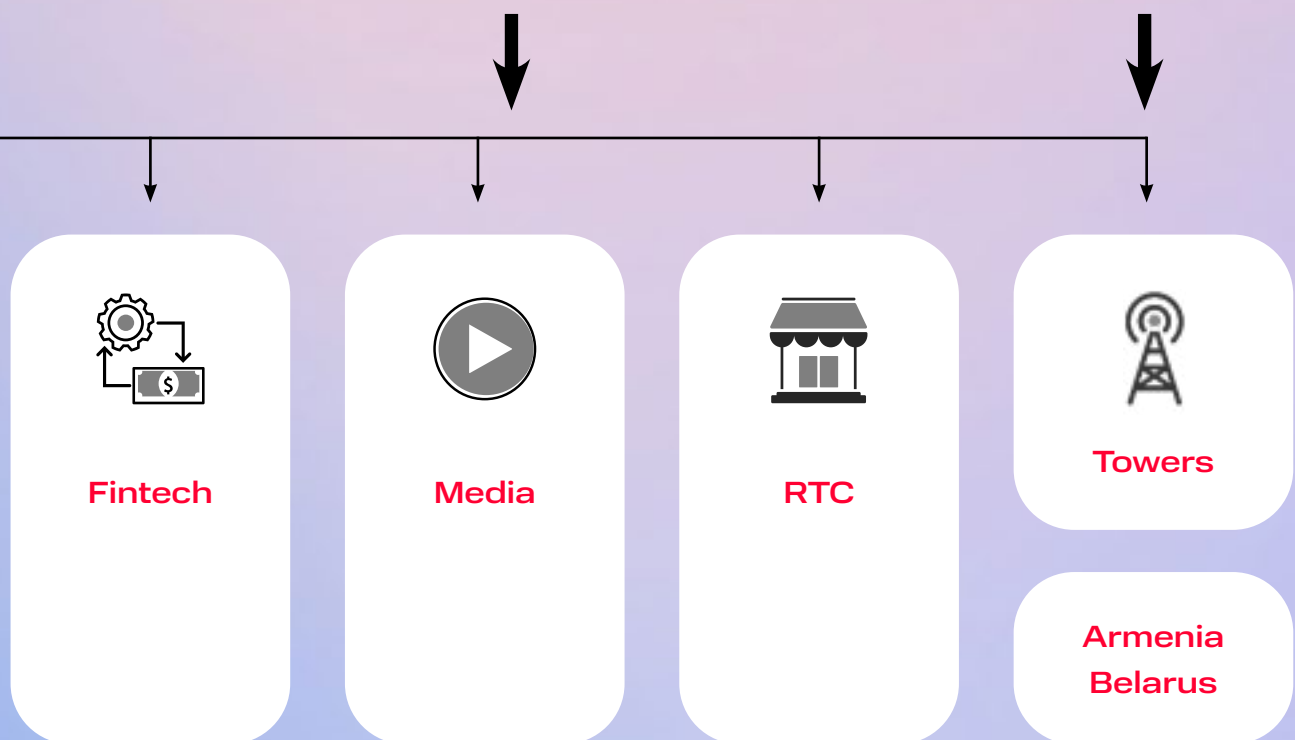
Core / telecom provide funding for the development of new products and promising areas

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

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

Segregation of business areas with independent value into "satellites"

Non-core assets



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

MANAGEMENT OF SUBSIDIARIES OF MTS GROUP

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

Principles of management of MTS controlled subsidiaries

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

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

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

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

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

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

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

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

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

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

In order to effectively fulfill their duties, the representatives:

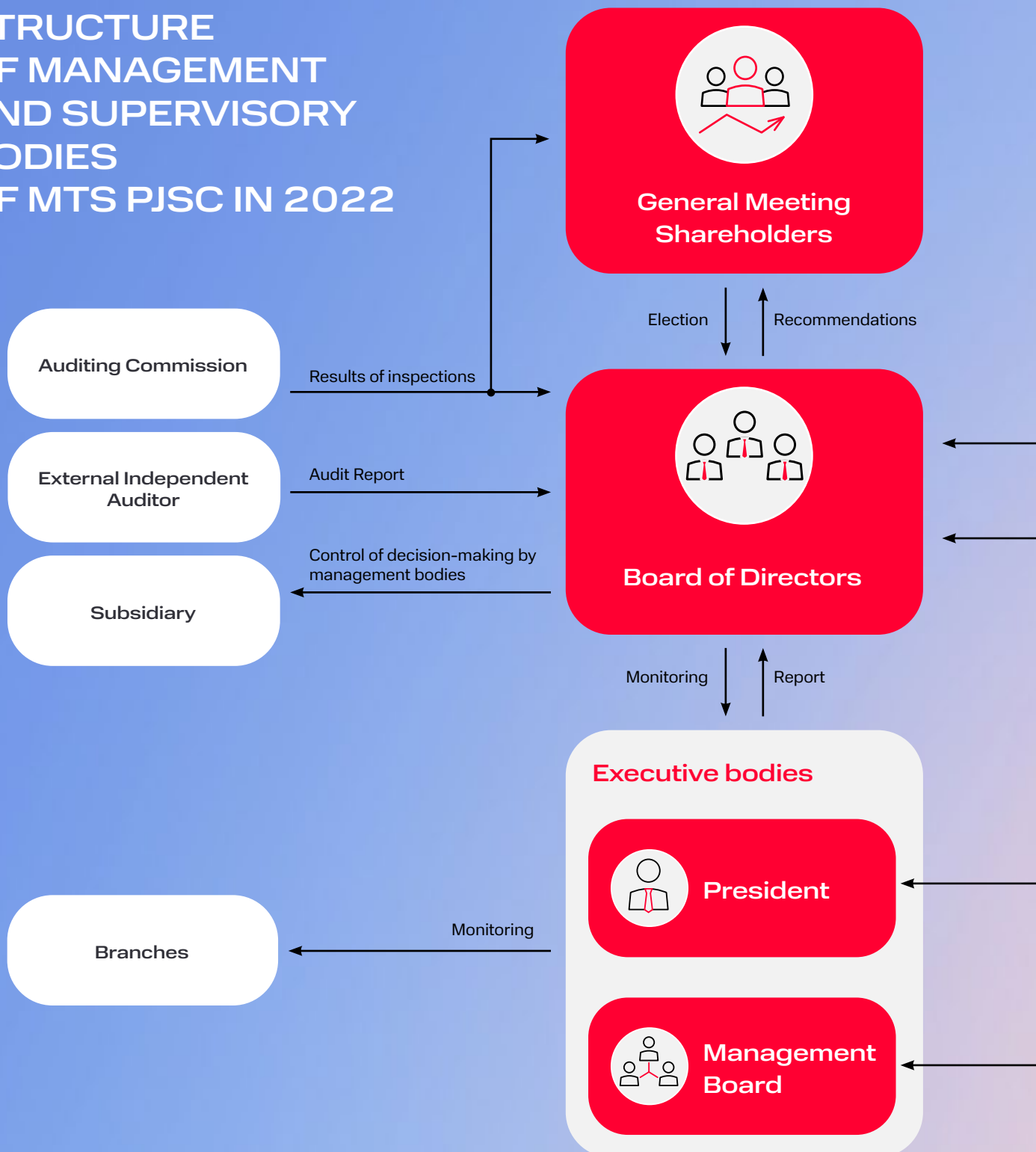
- receive and analyze information about the company's activities;
- initiate issues to be included in the agenda of management bodies;
- take active part in meetings of management bodies;
- vote taking into account the position of the MTS management bodies, determined in accordance with the MTS Articles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

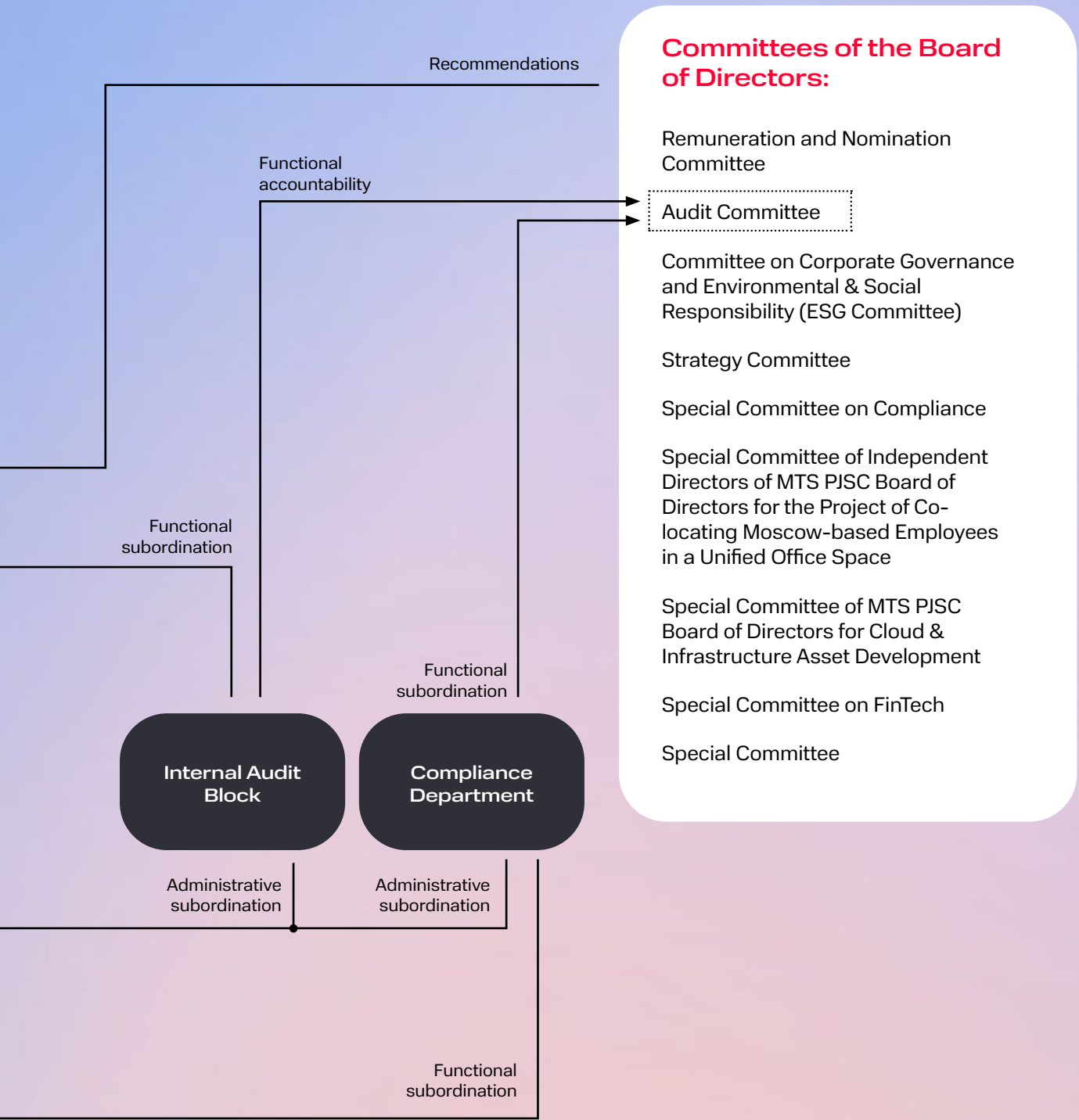
- control the implementation of decisions made;
- participate in developing a culture of ethical business conduct and compliance with applicable anti-corruption laws;
- inform MTS about the occurrence of a conflict of interest and possible violations of the requirements of the applicable anti-corruption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

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

CORPORATE GOVERNANCE BODIES

STRUCTURE OF MANAGEMENT AND SUPERVISORY BODIES OF MTS PJSC IN 2022





GENERAL MEETING OF SHAREHOLDERS

General Meeting of Shareholders – supreme management body of MTS PJSC Procedure for holding the General Meeting of Shareholders is aimed at ensuring the adherence to the rights of shareholders, and meets all the requirements of the Russian Federation legislation. Procedure for the preparation, convocation, holding and summarizing of results of the General Meeting of Shareholders is defined by the Chart and the Regulations on the General Meeting of Shareholders of MTS PJSC¹.

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

Notifying shareholders on the holding of the General Meeting of Shareholders

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

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

of shareholders in accordance with the Russian Law on securities.

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

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

Holding of the General Meeting of Shareholders

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

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

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.

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

Results of the Annual General Meeting of Shareholders 2022¹

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

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

BOARD OF DIRECTORS

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

Establishment procedure, status, composition, functions, tasks and objectives, powers of the Board of Directors, its operating procedure and interaction with other management bodies of the company are determined by the provisions of the law of the Russian Federation, the Charter and the Regulations on the Board of Directors of MTS PJSC¹, as well as by taking into account the recommendations of the Corporate Governance Code of the Bank of Russia.

Basic functions of the Board of Directors:

- developing and analyzing general corporate strategy, and exercising control over its implementation;
- providing for the control over executive bodies and chief executive officers of the Company, and assessing their activities;
- increasing the Company’s capitalization, expanding its market positions, achieving and preserving the Company’s competitiveness;
- maintaining financial stability, and increasing revenues and profitability;
- protecting rights and legitimate interests of the Company’s shareholders.

Composition of the Board of Directors

The composition of the Board of Directors is formed in accordance with the interests of shareholders, taking into account the balance of professional qualifications, experience and business skills of its members. Issues related to the needs of the Board of Directors in the area of professional qualification, background and business skills of its members, and also to the numerical composition, were considered within the framework of the procedure for assessing the Board of Directors’ work². The present members

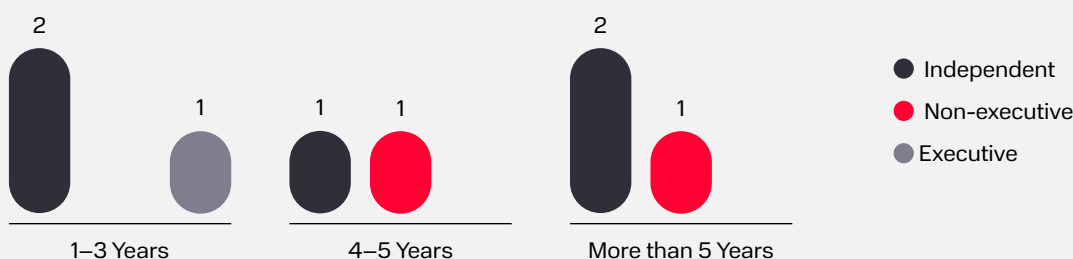
of the Board of Directors of MTS PJSC were approved at the annual General Meeting of Shareholders of MTS PJSC on June 22, 2022.

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

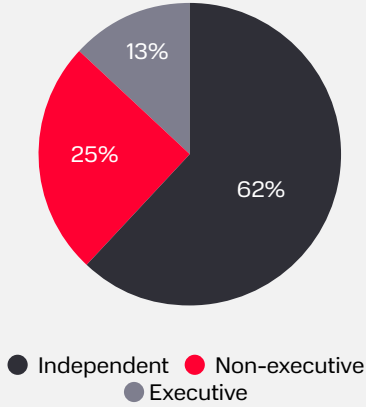
¹ https://storage.ir.mts.ru/mts-ir/images/documents/MTS-BoD_Regulations_eng.pdf.

² For more details, see section "Assessment of the Performance of the Board of Directors"

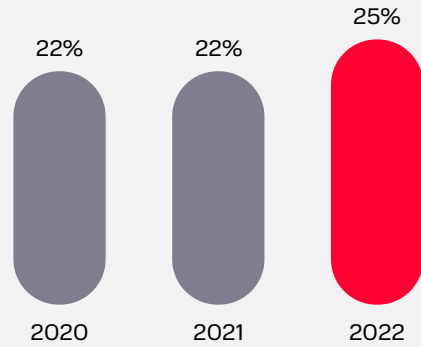
Duration of work in the Board of Directors



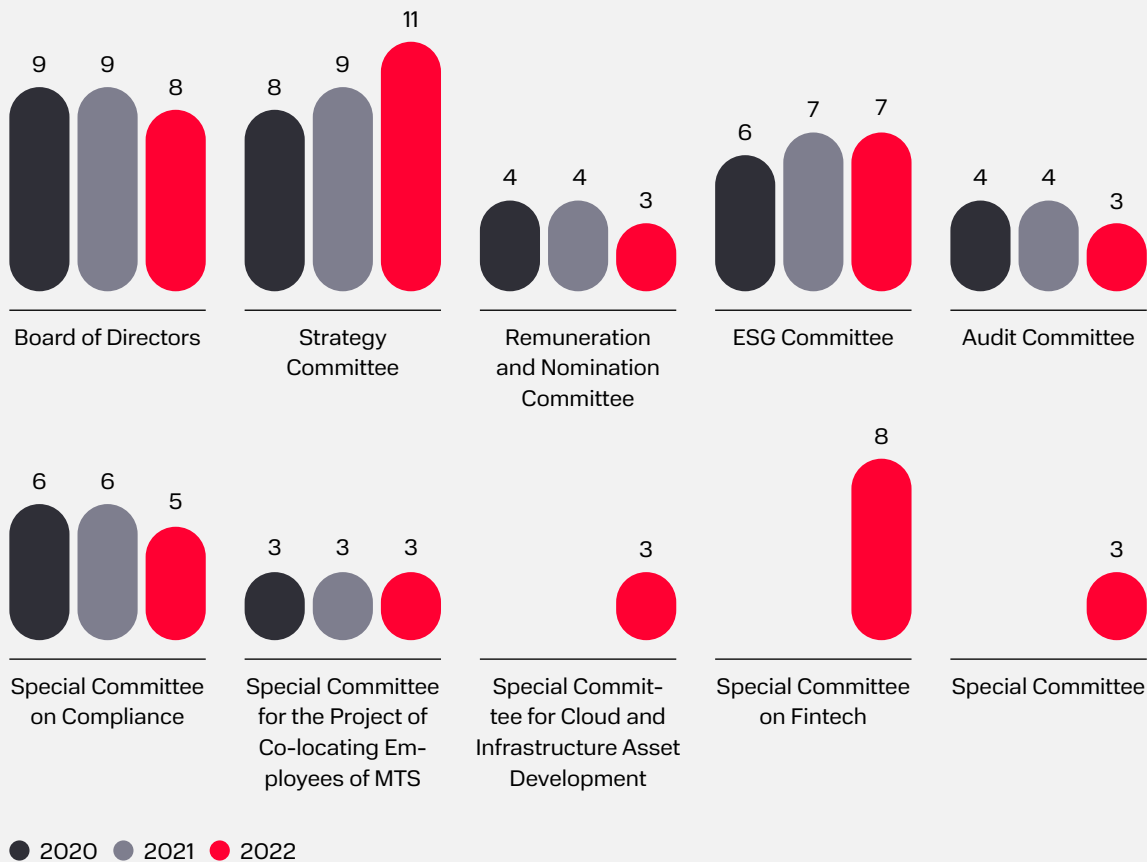
Members of the Board of Directors¹
(without the resigned Board of Directors member)



Share of female directors in the composition of the Board of Directors¹
(without the resigned Board of Directors member)



Numerical composition of the Board of Directors and Committees¹
(without the resigned Board of Directors member)



¹ data as of December 31, 2022

Chairman of the Board of Directors

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

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

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

Independent directors

Independent directors ensure a reasonable balance of interests of all the parties concerned: the Company itself, its shareholders and other stakeholders. Criteria of independence of the Board of Directors' members are defined in the Regulations on the Board of Directors of MTS PJSC¹ and correspond to advanced international practices of corporate governance.

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

The Board of Directors includes two independent female directors.

According to the internal rules of MTS, the Company is required to have at least one member of the Board of Directors (in the Audit Committee) with expertise in accounting or relevant financial management experience (financial expert). The Audit Committee under the Board of Directors is headed by an independent director, who has experience and knowledge in the preparation, analysis, evaluation and audit of financial reporting. The status of "financial expert" has also been assigned to the other two members of the committee.

According to recommendations of the Code, the key committees of the Board of Directors (Audit, Remuneration and Nomination) are formed exclusively

from independent directors. Other committees include at least one or two independent directors.

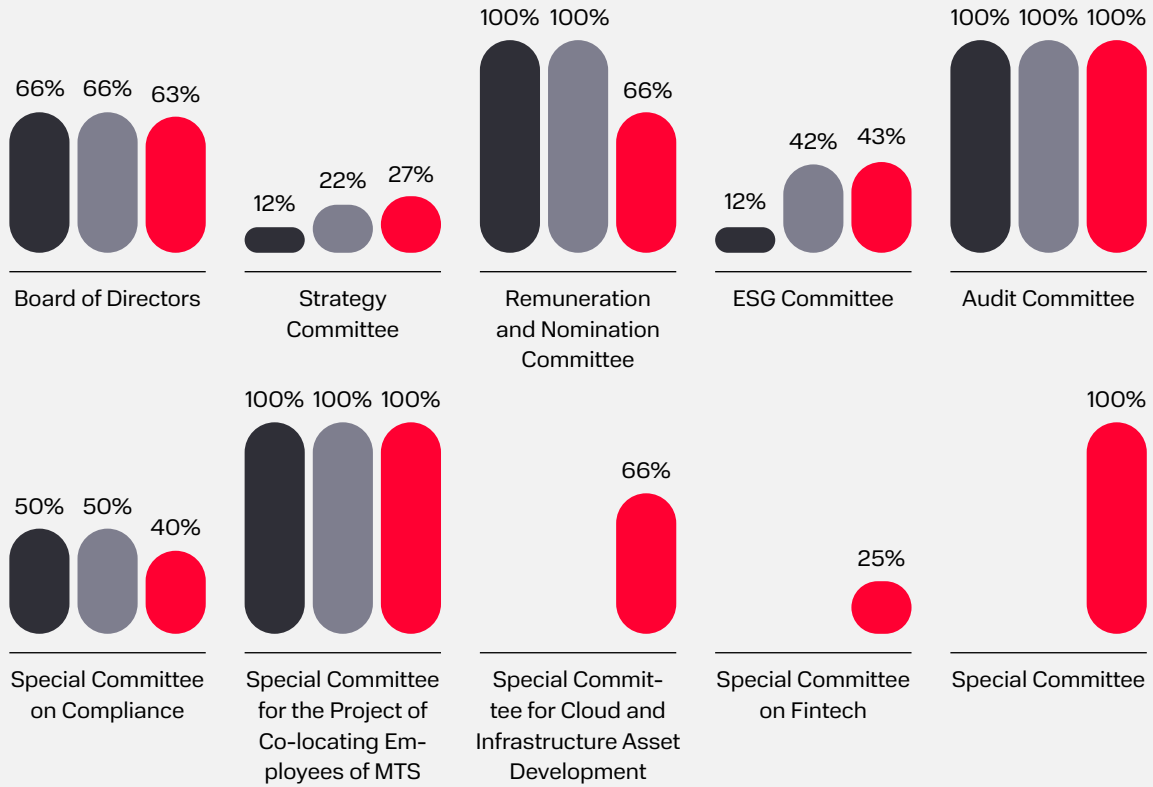
Independent directors are members of the committees on key projects: Special Committee for Compliance, Special Committee of Independent Directors for the Project of Co-locating Moscow-based Employees of MTS PJSC in a Unified Office Space. In 2022, with the participation of independent directors, a Special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

Independent directors participate in strategic sessions for discussing the Company's strategy update with participation of BoD members, representatives of the majority shareholder and the Company's management.

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

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

Share of Independent Directors in the composition of the Board of Directors and Committees¹
(without the resigned Board of Directors member)



¹ data as of December 31, 2022 ● 2020 ● 2021 ● 2022

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

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

Informing newly elected members of the Board of Directors and the Board of Directors committees about the Company's operation

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

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

The President, the Company's management and the secretary of the Board of Directors take part in the presentation. Individual meetings with senior functional management of the Company are also offered to members of the Board of Directors, at which members of the Board of Directors may obtain any information required for their work.

The role of the Board of Directors in the organization of an efficient risk management and internal control system¹

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

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

An efficient risk management, compliance and internal control system is in place in the Company designed to ensure a reasonable level of confidence in the Company achieving its objectives.

Organization of the Board of Directors activities

At least six in-person meetings shall be conducted each year in accordance with the approved plan of meetings of the Board of Directors. If necessary, it is possible to participate in a joint meeting through video conferencing. Extraordinary meetings shall be convened to take decisions on urgent matters. At meetings in the form of absentee voting, issues are submitted that were previously qualitatively elaborated and on which the members of the Board of Directors do not have significant comments.

Plan of the Board of Directors activities for the next year shall be approved in June of the current year. Dates, periods and locations of meetings shall be

determined according to the schedules of activities of the Board of Directors members in order to provide for participation of all the directors.

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

¹ More complete information is provided in the section "Risk Management".

In-person meetings of the Board of Directors are held in Moscow headquarters. First meeting of the newly elected Board of Directors shall be held with personal attendance, on the day of the General Shareholders' Meeting or within a few working days after the election of the Board of Directors in a new composition, which decided on election of the Board

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

The Chairman of the Board of Directors holds monthly meetings/consultations with representatives of shareholders and/or management of the Company. Main topic of such meetings is a matter of the management of strategic changes.

Corporate Secretary

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

The functions of the Corporate Secretary in MTS PJSC are performed by the Corporate Governance Department, which acts on the basis of the Regulations on the Corporate Governance Department¹. The Corporate Governance Department is headed by the Director of Corporate Governance appointed and dismissed by the President of the Company in agreement with the Board of Directors of the Company.

The Functions of the Corporate Governance Department include:

- participating in the improvement of the Company's corporate governance system and practice;
- participating in the organization of the preparation and holding of the Company's general meetings of shareholders;
- supporting the work of the Board of Directors and Committees of the Board of Directors of the Company;
- participating in the implementation of the Company's policy on information disclosure, and also ensuring storage of the Company's corporate documents;
- ensuring the Company's interaction with its shareholders and participating in the prevention of corporate conflicts;
- ensuring the implementation of the procedures established by the law and the Company's internal documents, ensuring the rights and

legitimate interests of shareholders and control over their use;

- ensuring the Company's interaction with regulators, trade organizers, the registrar, other professional participants of the securities market within the powers assigned to the Corporate Secretary;
- immediately notifying the Board of Directors of all identified violations of the law and the Company's internal documents, the observance of which is within the functions of the Corporate Governance Department.

Director of Corporate Governance of MTS

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

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

Secretary of the Board of Directors

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

Secretary of the Board of Directors performs its functions in accordance with the Charter, Regulations on the Board of Directors of MTS PJSC¹.

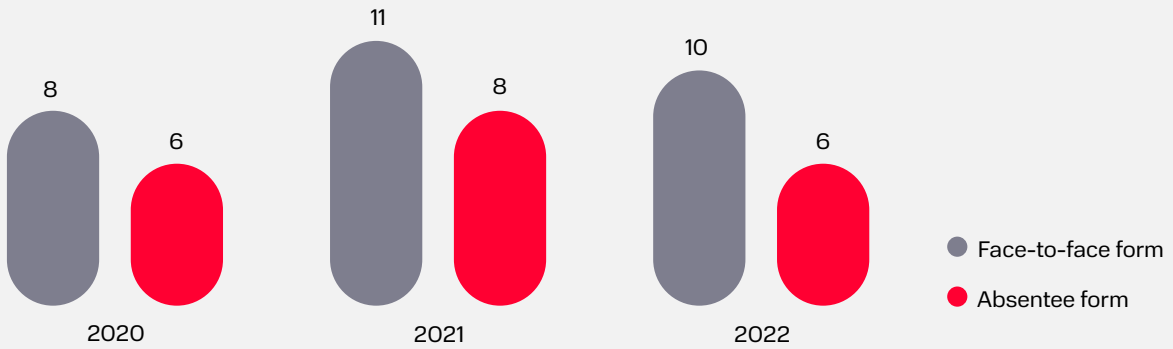
The functions of the Board of Directors Secretary include:

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

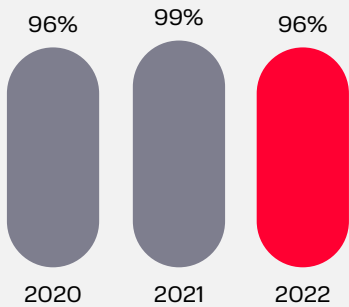
¹ data as of December 31,2022

Report on the Work of the Board of Directors

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



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

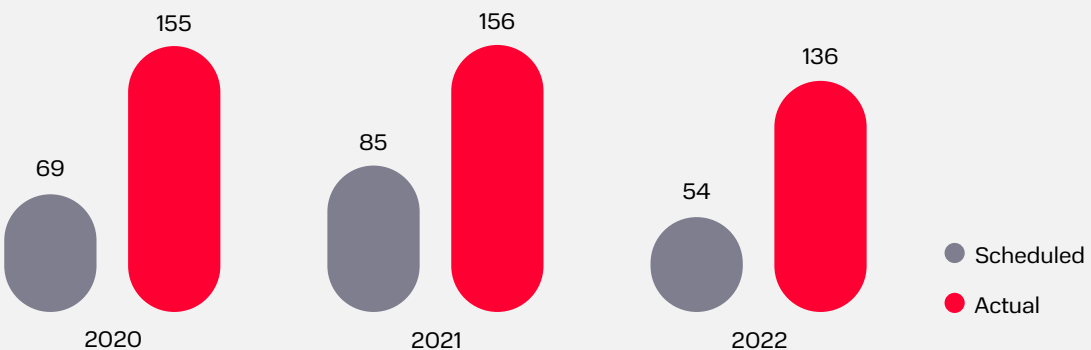


2022 saw

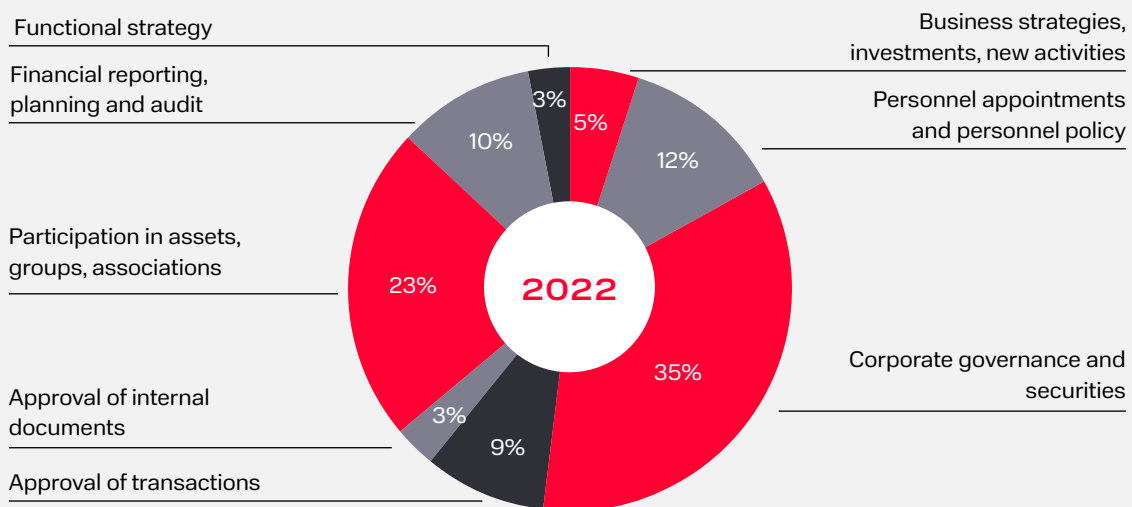
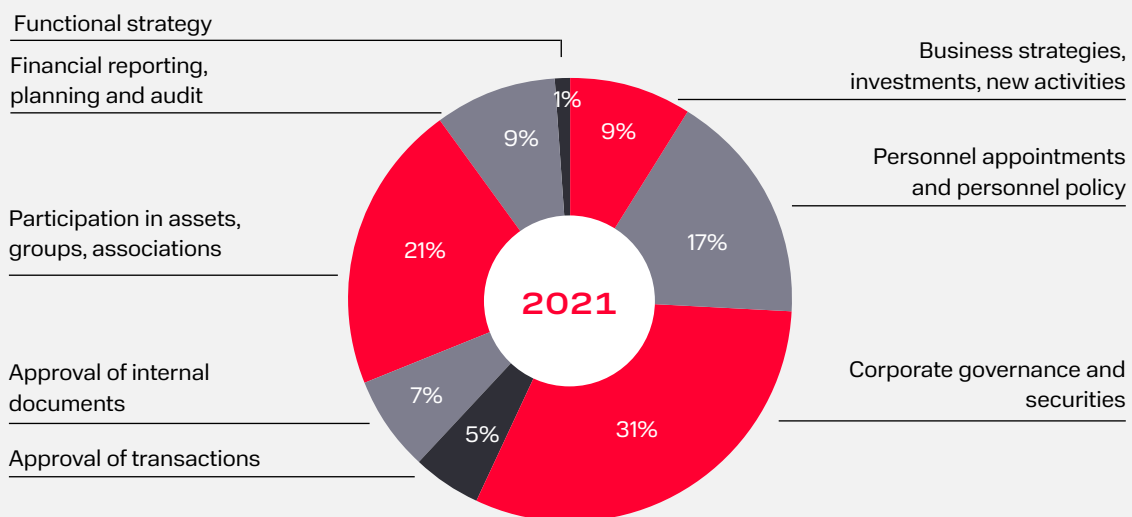
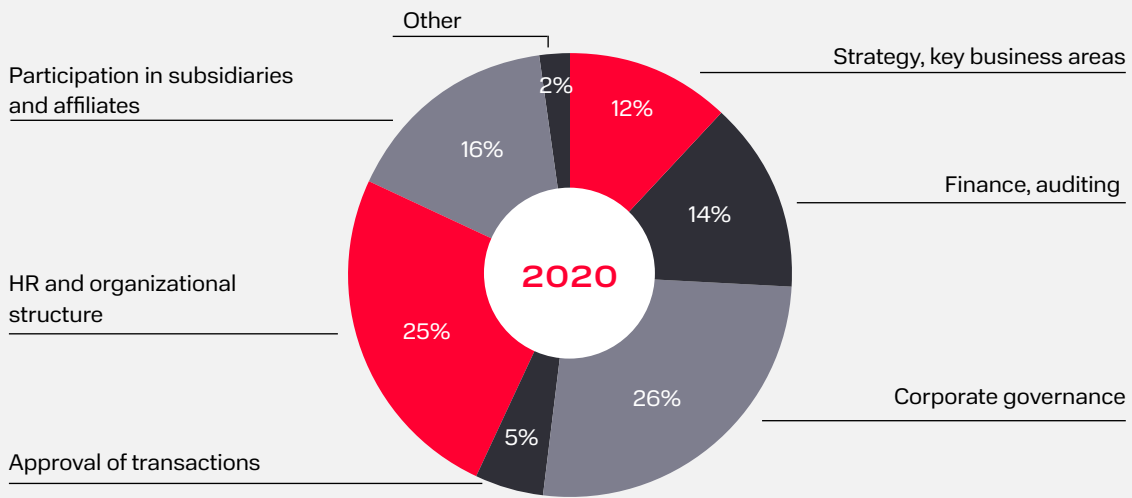
16 meetings

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

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



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



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

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

Assessment of Board of Directors performance

The Methodology of assessment defines the approach to the assessment, aimed to improve the performance of the Board of Directors, its committees, Board of Directors members, and to enhance the quality of corporate governance at MTS as a whole. The assessment is carried out on a regular basis (annually) and can be conducted both independently (by questionnaire method) and with the involvement of an independent consultant.

Assessment Scope:

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

Assessment of Board of Directors performance included:

- ensuring a balanced composition of the Board of Directors from the point of view of professional experience, knowledge, skills and personal qualities of its members;
- analysis of effective approaches and procedures used by the Board of Directors and Committees in their work;
- tracking the presence and level of motivation of the Board of Directors members;
- confirmation of sufficient control from the Board of Directors over operations of the organization and determination of the quality of interrelations between the Board of Directors and the management;
- determination of the Board of Directors contribution to development of the MTS corporate governance system and ensuring efficient cooperation of its subjects.

Assessment of Board of Directors' committees performance included:

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

- confirmation of the role, function and objectives of the Committee;
- inspection of the balanced composition of the Committee from the point of view of number of its members, their knowledge, professional experience and competences;
- analysis of the quality and efficiency of the Committee's interaction with the Board of Directors and the management.

The individual assessment of members of the Board of Directors included:

- determination of contribution to operations of the Board of Directors and Committees, and also to detect directors' need for upgrade or development of certain skills enabling more effective operation of the Board of Directors and the Committees.

Results of assessment of Board of Directors performance

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

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

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

Liability insurance

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

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

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

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

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

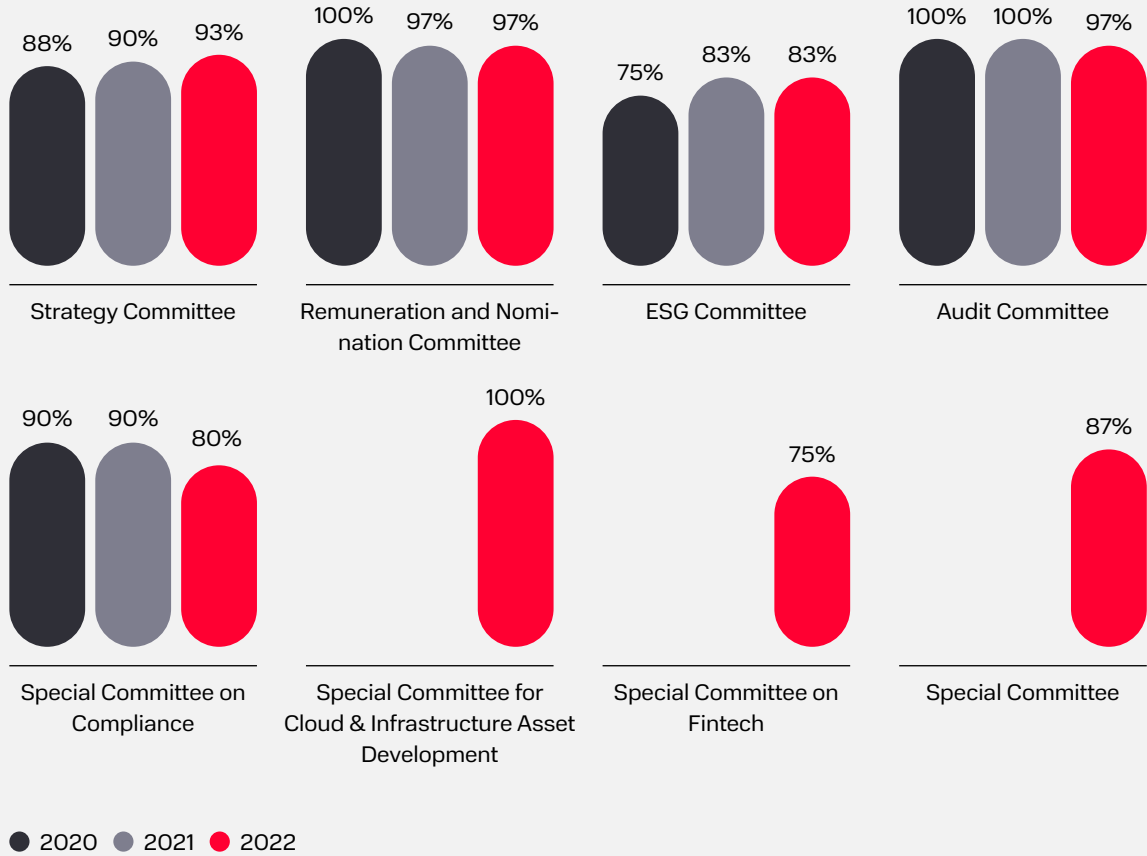
advisors in order to resolve their tasks. The results of reviews of agenda issues by the Committees are communicated to the Board of Directors members prior to every meeting of the Board of Directors.

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

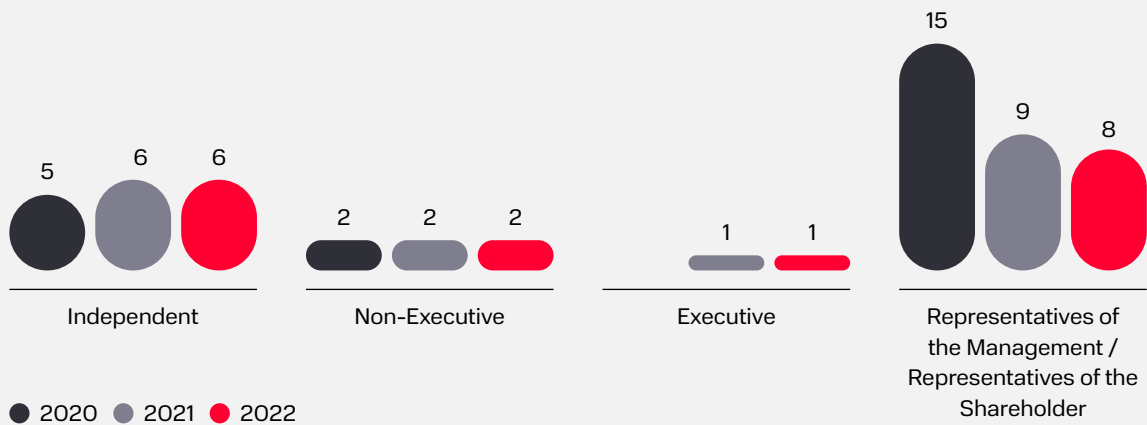


¹ data as of December 31,2022

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



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



¹ data as of December 31,2022

Audit Committee

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

In their activities, the Committee members are guided by the applicable law, the Charter and the internal documents of the Company, the Corporate Governance Code¹, the Code of Business Conduct and Ethics of MTS PJSC, decisions of the Company's management bodies, and the Regulations on the Audit Committee².

Key functions of the Committee:

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

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>.

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

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

Quantitative composition

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

Meetings

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

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

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

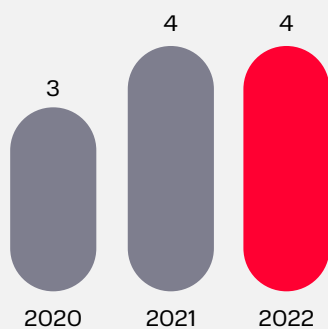
Issues considered

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

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

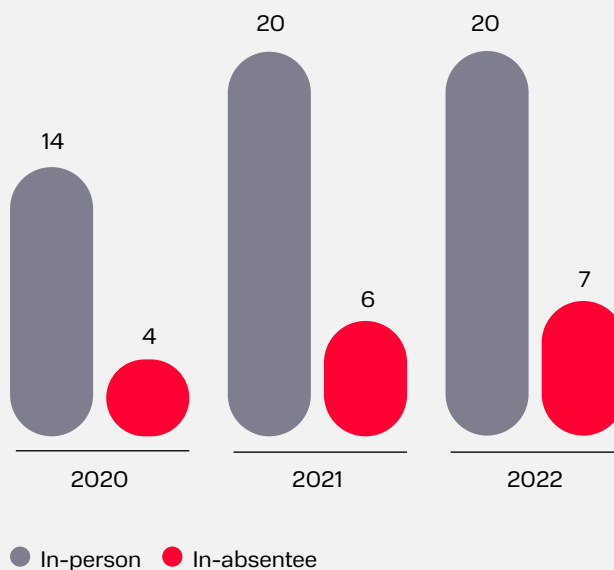
Composition of the Audit Committee in 2020–2022

Independent directors¹



¹ data as of 31.12.2022 without the resigned Committee member

Meetings of the Audit Committee in 2020–2022



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

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

In financial reporting

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

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

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

In risk management, internal controls and corporate governance system

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

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

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

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

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

Work results in 2022

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

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

Chairman of the Audit Committee

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

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

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

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

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

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

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

In the field of internal audit

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

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

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

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

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

In external audit

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

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

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

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

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

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

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

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

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

Remuneration and Nomination Committee

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

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

In its activities the Committee follows the recommendations and requirements of the relevant legislation, the Company’s Charter and internal documents, Code of Ethics and Business Conduct, decisions of the Company’s management bodies, and Regulations on the Committee¹.

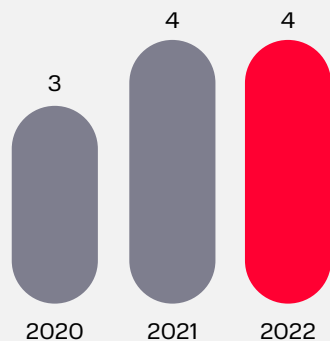
Objectives:

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

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

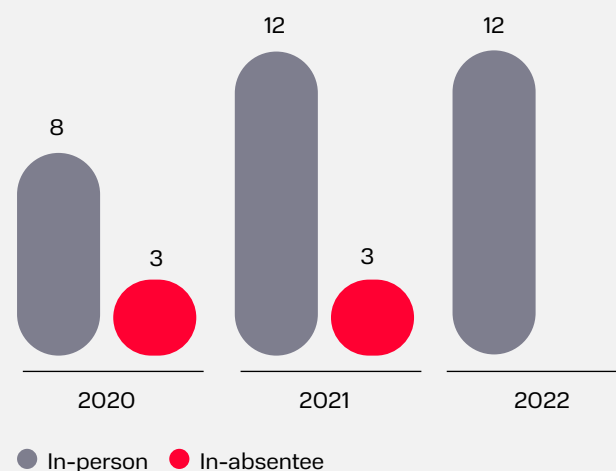
Composition of the Remuneration and Nomination Committee in 2020–2022

Independent directors¹



¹ data as of 31.12.2022 without the resigned Board of Directors member

Meetings of the Remuneration and Nomination Committee in 2020–2022



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

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

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

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

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

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

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

Work results in 2022

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

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

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

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

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

Chairperson of the Remuneration and Nomination Committee

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

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

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

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

Issues related to personnel policy and remuneration strategy of the Company

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

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

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

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

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

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

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

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

Work results in 2022

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

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

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

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

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

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

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

Work results in 2022

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

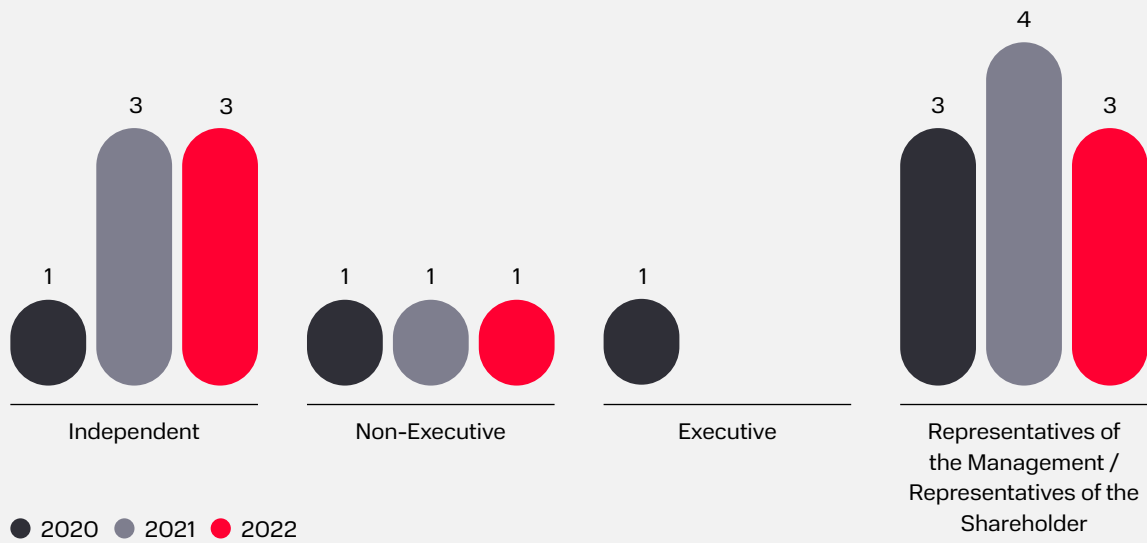
The ESG Committee continues to develop the ESG agenda, following the strategy adopted by ESG. In 2022, the ESG Committee considered issues of the company's sustainable development: in particular, the current status of projects for the development of ESG projects in subsidiaries, new HR initiatives for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

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

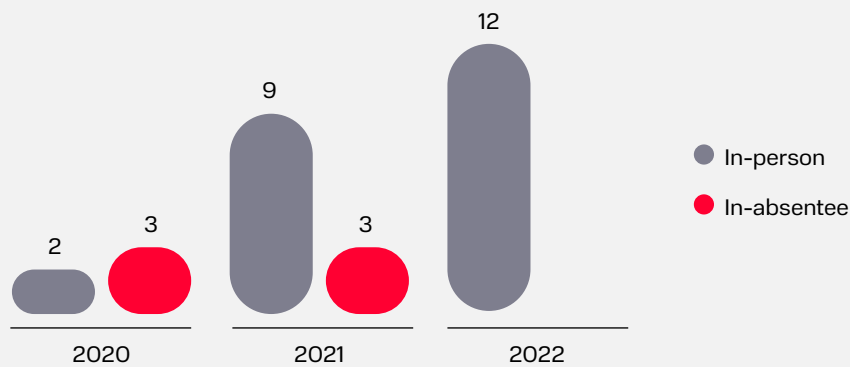
Despite many changes around the Company in 2022, MTS maintains its standards, goals and processes on all relevant ESG topics, I am very pleased with the high professional level of work done by the entire MTS Management and the ESG Committee team. I also express my special gratitude to all members of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

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

Composition of the ESG Committee



Meetings of the ESG Committee



Quantitative composition

Composition of the Committee was changed during the reporting year.

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

Meetings

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

Issues considered

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

Strategy Committee

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

Quantitative composition

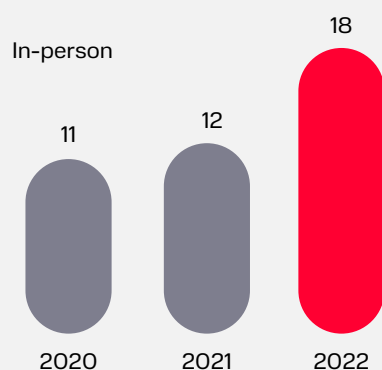
Composition of the Committee was changed during the reporting year.

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

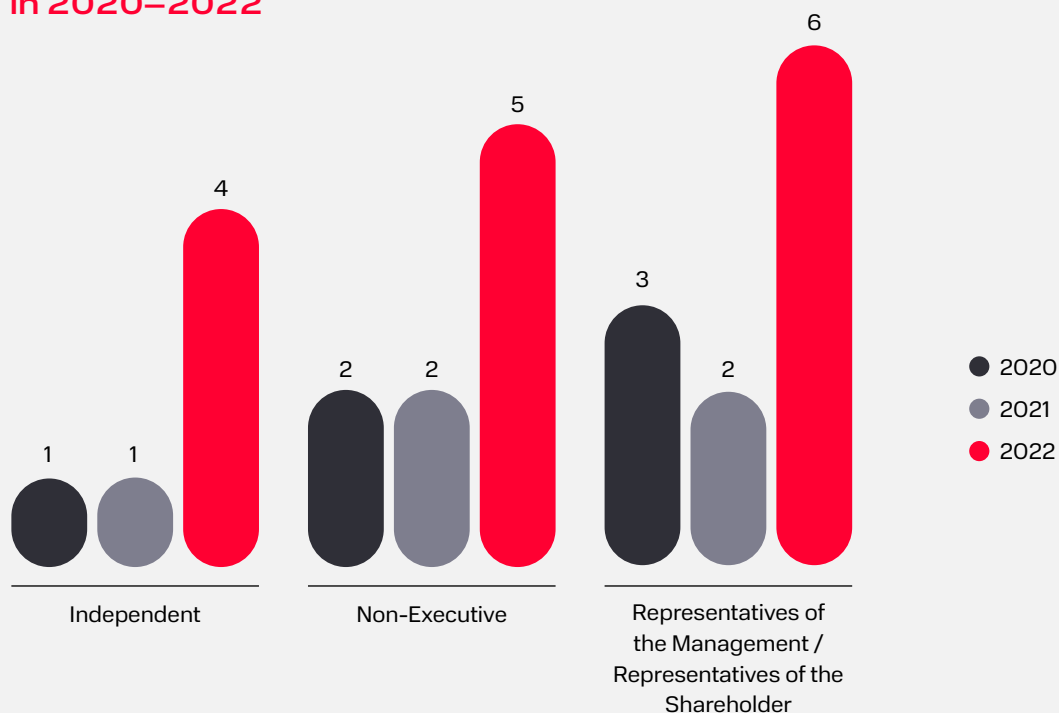
Meetings

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

Meetings of the Strategy Committee



Composition of the Strategy Committee in 2020–2022



Issues considered

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

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

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

Work results in 2022

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

Chairman of the Strategy Committee

Special Committee on Compliance

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

Quantitative composition

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

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

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

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

Meetings

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

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

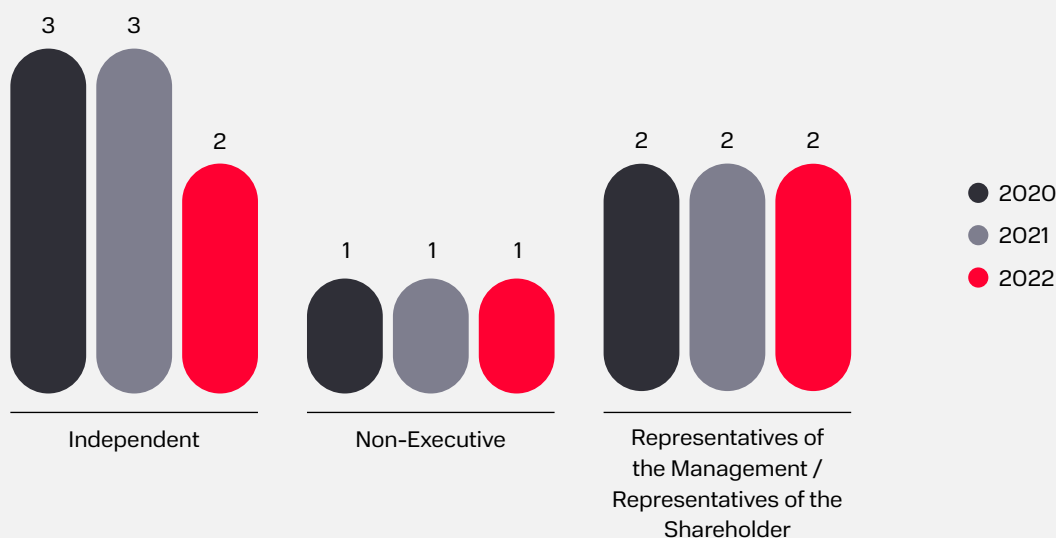
Issues considered

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

Work results in 2022

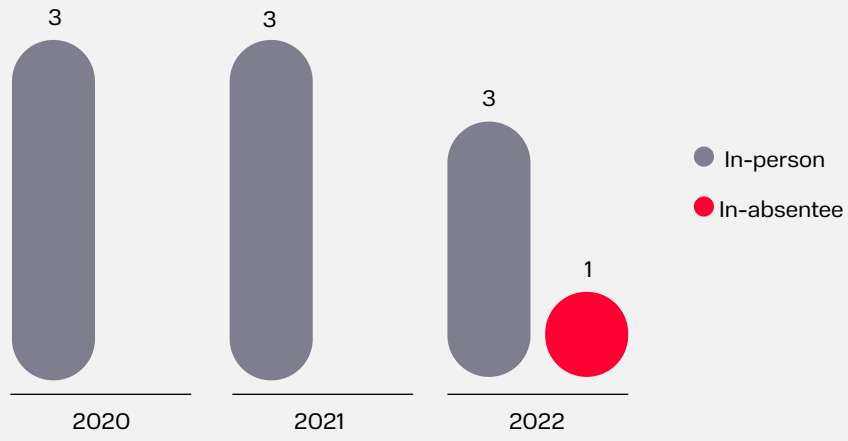
In the reporting year, the Committee reviewed issues related to compliance supervision measures implemented by the Company.

Composition of the Special Committee on Compliance Matters¹



¹ without the resigned Board of Directors member

Meetings of the Special Committee on Compliance Matters



Special Committee for Cloud & Infrastructure Asset Development

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

Quantitative composition

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

Meetings

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

Issues considered

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

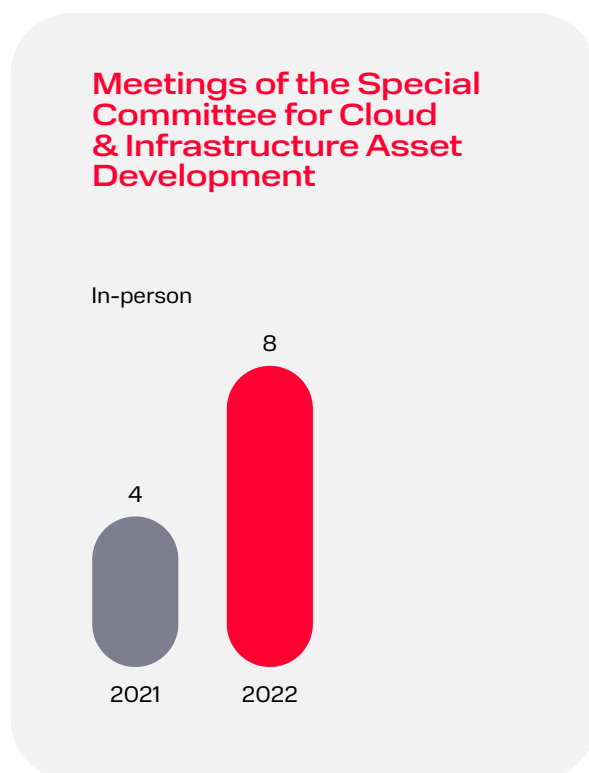
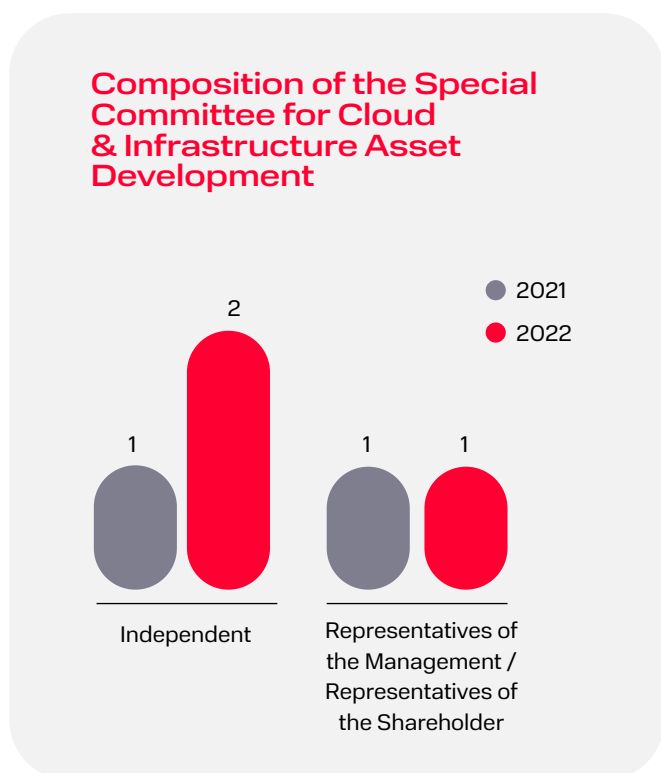
Company as a leading provider of digital infrastructure technologies and cloud solutions in the market of cloud and IT infrastructure services.

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

- The Committee issued recommendations within the current competence.

Work results in 2022

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



Special Committee on FinTech

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

Quantitative composition

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

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

Meetings

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

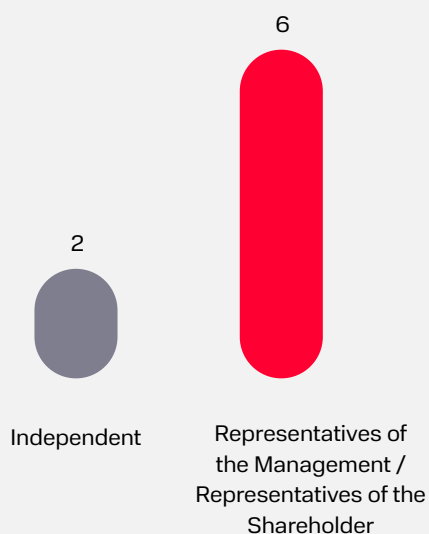
Issues considered

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

Work results in 2022

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

Composition of the Special Committee on FinTech 2022



Number of meetings of the Special Committee on FinTech in 2022



Special Committee

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

Quantitative composition

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

Meetings

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

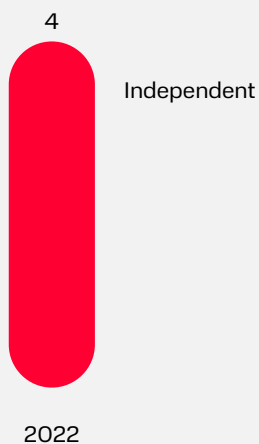
Issues considered

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

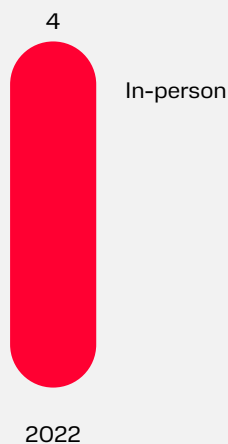
Work results in 2022

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

Composition of the Special Committee in 2022



Number of meetings of the Special Committee in 2022



REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS

The procedure and terms of remuneration payment to members of the Board of Directors of MTS PJSC are defined in accordance with the Regulations on remunerations and compensations paid to members of the Board of Directors of MTS PJSC¹.

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

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

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

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

Remuneration paid to members of the Board of Directors in 2022

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

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

Remuneration components:



¹ Mandatory committees: Audit Committee, Remuneration and Nomination Committee, ESG Committee, Strategy Committee

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

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

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

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

PRESIDENT AND MANAGEMENT BOARD OF MTS

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

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

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

The President and the Management Board act on the basis of the Charter of MTS PJSC, the Regulations on the President of MTS PJSC¹ and the Regulations on the Management Board of MTS PJSC.²

Executive bodies' powers:

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

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

Meetings of the Management Board

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

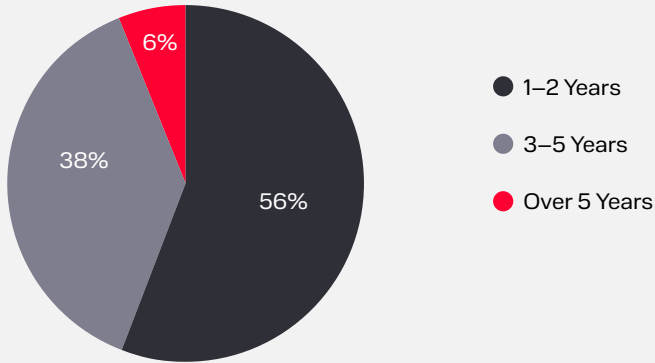
Issues reviewed at the meetings of the Management Board

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

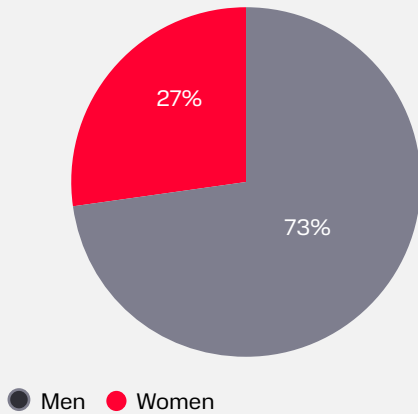
¹ <https://storage.ir.mts.ru/mts-ir/images/documents/MTS-CEO-Regulations-2020-ENG.pdf>.

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

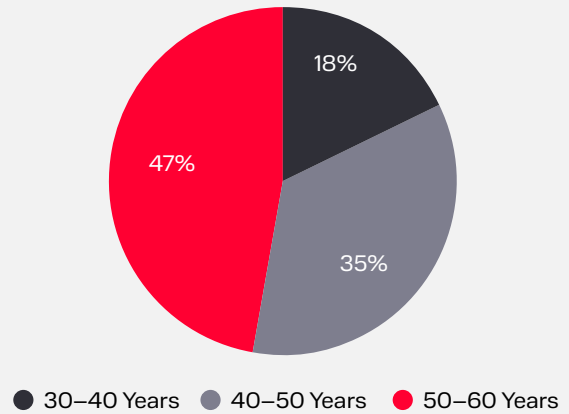
Duration of work in the Management Board



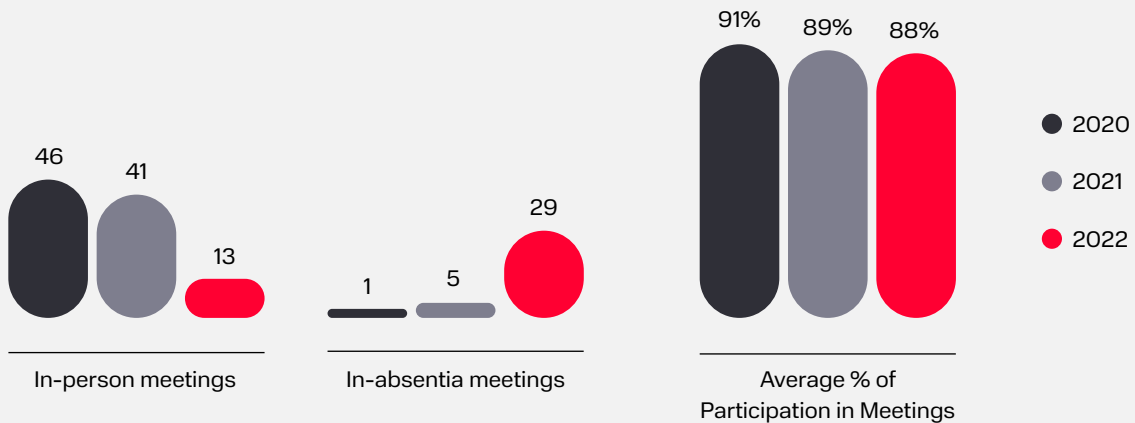
Gender composition of the Management Board in 2022



Age composition of the Management Board members in 2022



Statistics of Management Board operation in 2020-2022



Report on the work of the Management Board in 2022

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

Principles of remuneration of Management Board members and senior executive officers

A contract is entered into with every Management Board member, which defines labour terms, procedure for definition of the amount of remuneration, terms of reimbursement of expenses connected with execution of duties of the Management Board member and contract termination procedure. The contract shall be signed on behalf of the Company by the Chairperson of the Board of Directors of the Company or by a person authorized by the Board of Directors. The Board of Directors is entitled at any time to terminate the contract with a member of the Company's Management Board. Terms and conditions of the contract shall be approved by the Board of Directors of the Company.

Remuneration of senior executive officers is fixed and calculated based on the Policy for labor payment of employees of MTS PJSC and meets the following principles:

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

The system of remuneration to senior executive officers includes elements of base remuneration and variable premium part:

- base remuneration – monthly official salary;
- variable part of remuneration is determined by the results of the Company's business in the reporting period in accordance with the Company's internal regulations and approved by the Company's Board of Directors and consists of:

– short-term motivation system is an annual premium paid for fulfilment of key performance indicators ("KPI") fixed in general for the Company for a corresponding reporting period, as well as for fulfilment of functional tasks defined by the Board of Directors.

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

MTS PJSC Business Key Performance Indicators System

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

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

The list of indicators for the Company's directors are approved by the Board of Directors of the Company with preliminary discussion at the relevant committees on an annual basis.

The list of corporate performance indicators of the MTS PJSC President includes such indicators as:

- OIBDA;
- income;
- ecosystem indicators;
- integral assessment of the implementation of strategic projects and initiation of business.
- transformation objectives.

Structure of remuneration for top management in 2022

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

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

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

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

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

Remuneration paid to members of the Management Board in 2022

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

Remuneration paid to senior executive officers in 2022¹

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

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

MONITORING AND AUDIT

Internal Control System

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

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

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

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

The internal control system of MTS PJSC corresponds to the COSO model¹. In the Company, a control environment is established, the risk assessment system is applied, the Internal Control Systems Department provides for implementing control procedures and monitoring of their performance, the monitoring of changes in organizational structure and business processes is carried out.

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

organizational structure, rules and procedures assuring non-admission of corruption².

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

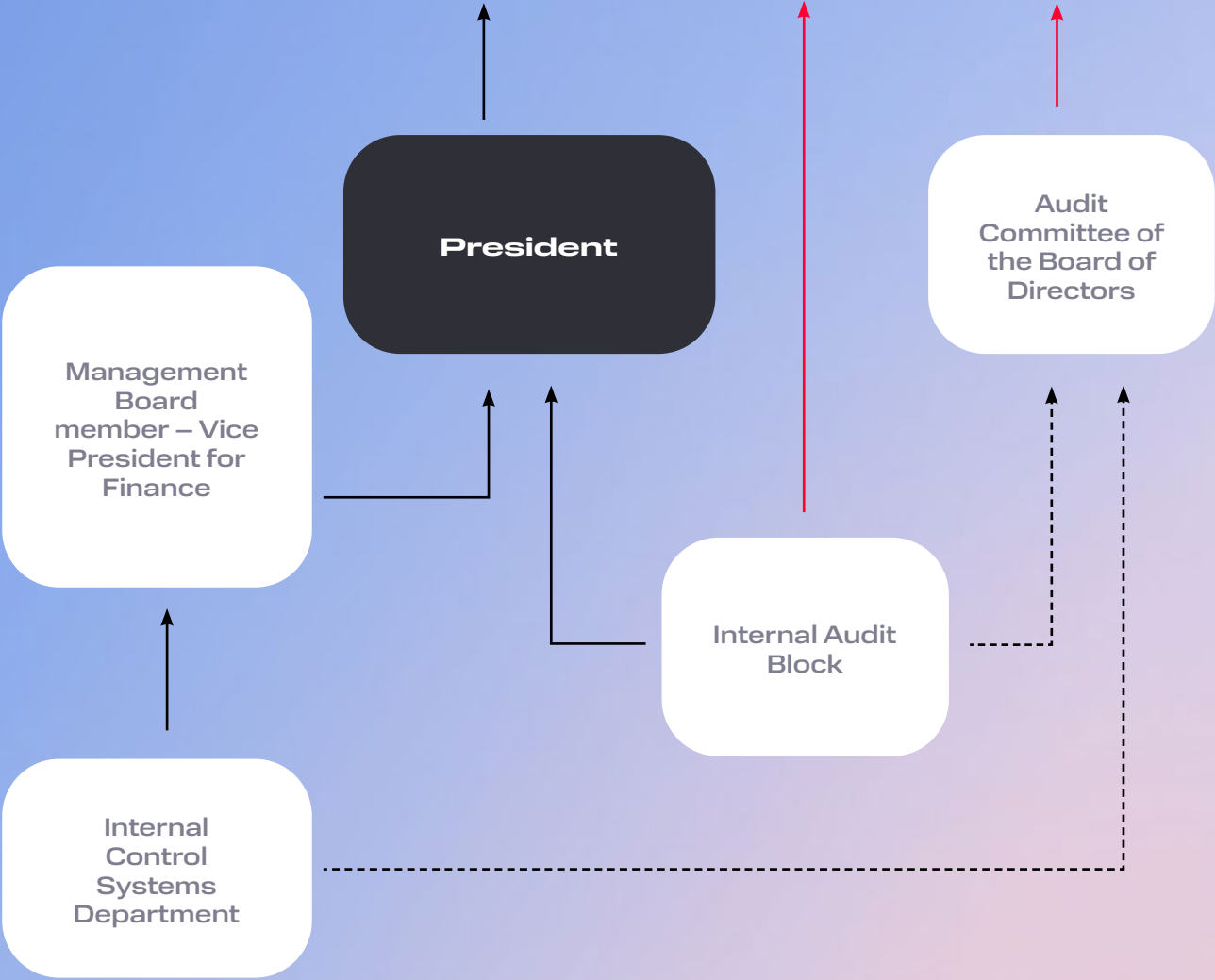
For some areas, the Internal Control and Audit Block of MTS not only holds the leading positions in Russia, but also meets the strictest global standards of quality in terms of setting objectives and performance of tasks, communications building, and also organization of the work and status of the Internal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

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

¹ COSO Internal Control — Integrated Framework 2013

² Detailed information is provided in the section "Unified Compliance System".

Board of Directors



Functional subordination



Administrative (direct) reporting relationship



Accountability

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

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

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

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

Audit Committee of the Board of Directors

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

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

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

Auditing Commission

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

Report on the operation of the Auditing Commission

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

while carrying out financial and economic activities of the Company.

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

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

Internal Audit Block

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

The Internal Audit Block performs the following functions:

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

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

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

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

Report on operation of the Internal Audit Block

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

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

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

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

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

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

indicators and internal audit objectives for 2022 were fully achieved.

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

Internal Control Systems Department

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

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

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

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

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

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

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

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

External Audit

At the Annual General Meeting of shareholders of MTS PJSC¹ approved Business Solutions and Technologies Joint Stock Company as the auditor (hereinafter referred to as the "Auditor" (location: 125047, Russian Federation, Moscow, Lesnaya Str., 5), OGRN 1027700425444, certificate of membership in the Self-Regulatory Organization of Auditors of the Association "Commonwealth" (Association) of January 31, 2020, ORNZ 12006020384.

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

In the reporting year, the Auditor performed:

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

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

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

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

Procedure for the selection of the issuer's auditor.

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

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

Auditor's remuneration

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

¹ The Annual Meeting was held on June 22, 2022

Settlement of potential conflict of interest

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

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

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

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

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

RISK MANAGEMENT

Risk Management System

Risk management is carried out at the MTS Group within the accepted conceptual risk management frameworks¹. Risk management policy aims to minimize unexpected losses from risks and to maximize capitalization, taking into account the relation between risk and return on investments acceptable to the shareholders and the management of the MTS Group.

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 are as follows:

Integration principle

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

Continuity principle

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

Justification principle

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

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

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

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

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

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

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

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

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

Organizational Risk Management Support

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

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

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

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

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

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

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

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

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

Integration of risk management into decision-making processes

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

Strategic planning

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

Business planning and budgeting

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

Investment planning

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

Procurement procedures

- Analysis and accounting of risks in choice of suppliers.

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

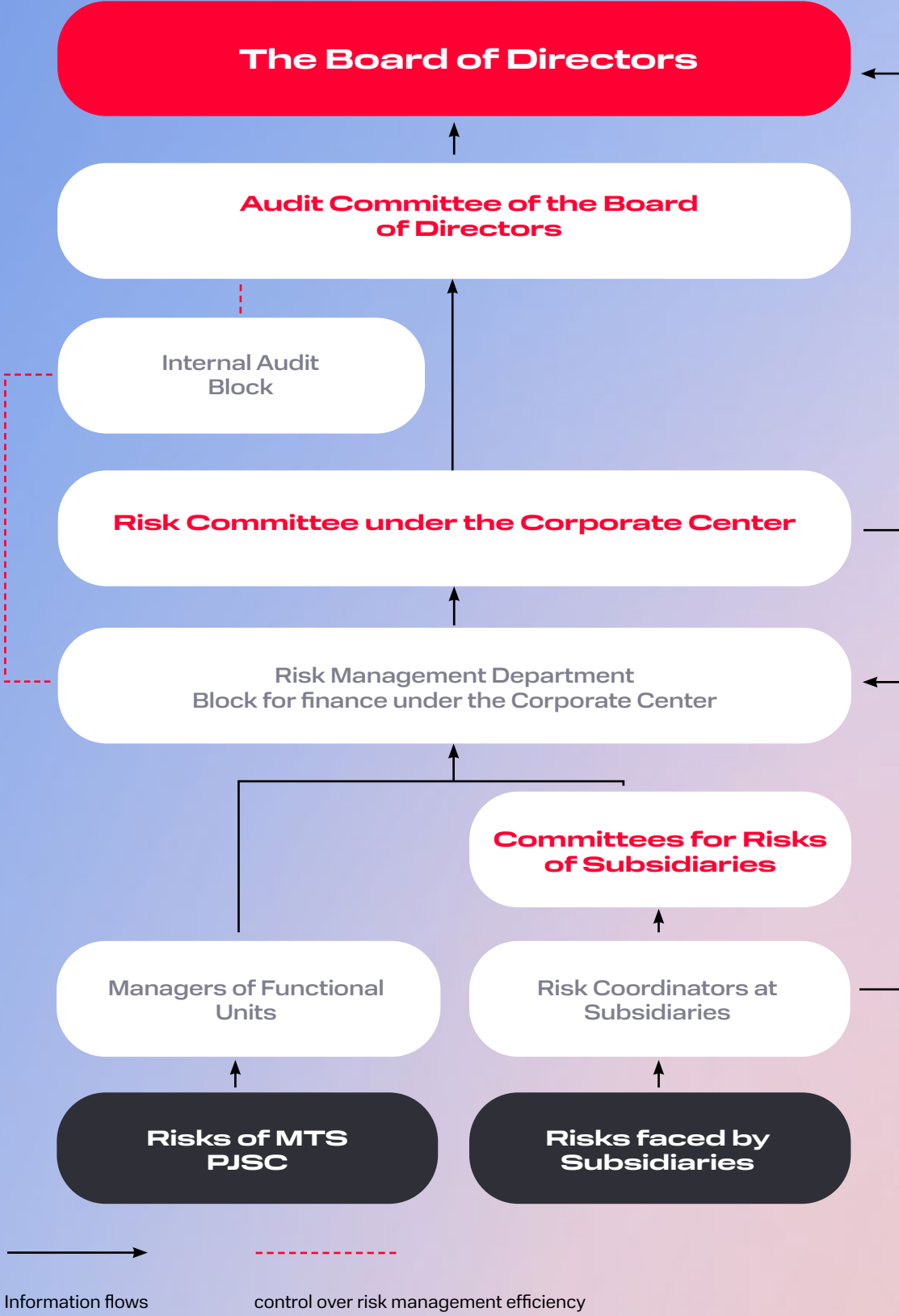
2022 Key Activities

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

Plans for 2023

The most significant risk factors that may potentially influence MTS PJSC business results are provided below. Details on these and other risks see in the section "Item 3 — Key Information — D. Risk Factors" of the Annual Report according to the form 20-F, and in reports of MTS PJSC.

Organizational Risk Management Support



Key risk factors

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

Details on these and other risks see in the section "Item 3 – Key Information – D. Risk Factors" of the Annual Report according to the form 20-F¹, and in reports of MTS PJSC².

Strategic risks

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

¹ https://ir.mts.ru/investors/financial_center/annual_reports.

² https://ir.mts.ru/investors/financial_center/financial_results.

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

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

External environment risks

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

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

Operational risks

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

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

Compliance with requirements

Risks	Mitigation Measures	Impact on Objectives
<p>Compliance risks</p> <p>MTS securities are traded on the U.S. stock market, and we are subject not only to Russian, but also to American anti-corruption legislation (US Foreign Corrupt Practices Act), and potentially to the anti-corruption law of the UK (UK Bribery Act). If an inconsistency of our actions or actions of third parties acting on behalf of or in our interests with these requirements is revealed, this may result in criminal and/or civil law sanctions against us.</p> <p>In March 2014, MTS PJSC received a request for information from the US Securities and Exchange Commission and the US Department of Justice regarding the investigation of the former subsidiary in Uzbekistan.</p> <p>In February 2019, the MTS Group reached a settlement with the US Department of Justice (DOJ) and Securities and Exchange Commission (SEC) in relation to the previously disclosed investigation into the activities of the former subsidiary of the Group in Uzbekistan.</p> <p>The Group agreed with a restraint order issued by the US Securities and Exchange Commission ("Order").</p> <p>The district court of the Southern District of New York, USA, approved the deferred prosecution agreement (the "Agreement") concluded by the Group and the agreement on admission of guilt concluded by the Group subsidiary company in Uzbekistan. According to the terms of the agreements with the US Department of Justice, we agreed to pay the United States a fine of \$ 850 million (59.1 billion rubles as of December 31, 2018). The Group has accrued a provision for payment of the fine in the amount of USD 850 million (55.8 billion rubles as of the date of accrual) reflecting it as a loss caused by ceased operations in the consolidated profit and loss statement for the year ending on December 31, 2018.</p>	<p>Starting from 2012, when a separate compliance division was established at MTS, the Company has been systematically developing a system for anti-corruption compliance in accordance with the best international practices.</p> <p>The Company has special rules and procedures in place for the prevention of corrupt practices, both on the part of employees and with respect to contractors¹.</p> <p>The main documents governing anti-corruption legislation within MTS are the Code of Business Conduct and Ethics,² Policy "Compliance with anti-corruption legislation"³. Besides, procedures for assuring compliance with anti-corruption legislation are fixed in the regulations of the company's business processes.</p>	<ul style="list-style-type: none"> Support of fair and ethical business conduct and abuse prevention

¹ For more information, see the section "Compliance and Ethical Culture".
² https://ir.mts.ru/about_mts/compliance_and_business_ethics/anticorruption_policies.
³ https://ir.mts.ru/about_mts/compliance_and_business_ethics/anticorruption_policies.

Risks	Mitigation Measures	Impact on Objectives
<p>In accordance with the terms of the Agreement and the Order, the Group agreed to introduction of independent supervision (monitoring) over compliance with their requirements. According to the terms of the Agreement and the Order, monitoring had to be first conducted for three years from the date of its establishment and the monitoring period could have been reduced or extended depending on certain circumstances. The final decision in this regard shall be made by the United States Department of Justice and the United States Securities and Exchange Commission. We received no notice about any violations of the Order or the Agreement from the US Department of Justice or the US Securities and Exchange Commission or the third-party compliance Monitor. Nevertheless, with account of some factors, including the COVID-19 pandemic, we agreed with the US Securities and Exchange Commission and the US Department of Justice to extend the duration of monitoring for one year, in order to provide (i) the Group with sufficient time for introduction of the necessary improvements into certain important elements of the business ethics and anti-corruption compliance program, (ii) the opportunity to complete the inspection of the Group actions, including introduction of the Monitor's recommendations and assessment of the resistance of actions taken by the Group. Therefore, the duration of the third-party compliance monitoring will last until September 2023</p>		
<p>Tax risks</p> <p>The system of taxation in the countries where MTS operates is undergoing constant changes; legislation in this area may be interpreted ambiguously. For example, poorly drafted Russian transfer pricing rules may increase the risk of price adjustment by tax authorities and lead to additional tax burden within transfer pricing control. This may complicate tax planning and related business processes, and may also have adverse material impact on MTS PJSC business, financial standing and operating results.</p>	<p>MTS meets the requirements of tax legislation in the countries of the Group's presence, is responding quickly to any changes and following the current trends in law-making, as well as the tax laws of Russia and foreign jurisdictions, which allows us to make timely integrated decisions in the field of tax planning and customs regulation. The Company regularly uses the experience of qualified consultants</p>	<p>Achievement of sustainable initiation of business</p> <p>Compliance with requirements</p>

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

Care for employees is one of the main priorities of the Company, determining the success of its activities in the contemporary market. The Company is constantly improving social and labor relations in the following areas: occupational safety and health of employees, social support, opportunities for career and personal growth¹.

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

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

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

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

Risks associated with human rights violations

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

There is a Unified Hotline at MTS, through which employees can file an appeal on issues of complex work situations¹.

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

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

In order to comply with the requirements of environmental law and ensure environmental safety at MTS facilities, the Company has developed an Environmental Safety and Environmental Protection Policy, the fundamental principles of which are compliance with the requirements of national and international standards in the field of environmental protection, increasing the level of environmental awareness and education of all employees of the company, reducing the level of negative impact on the environment and striving for sustainable development¹.

Description of Risks

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 the atmosphere, waste handling 	<p>The Environmental Safety and Environmental Protection Policy has fixed/provided for a set of processes that ensure compliance with environmental legislation. Namely: the need for issuing permits and updating data, objectives for planning, financing and logistical support for implementation of environmental programs and environmental protection (EP) measures, the need to undergo training in the field of environmental protection, conducting industrial environmental monitoring (a set of preventive actions aimed at eliminating the possibility of an emergency and damage to the environment).</p> <p>At the level of CC and the regions, changes in the requirements of environmental legislation are monitored.</p> <p>MTS regularly makes the payment provided for by the legislation for adverse impact at the environment, bears the costs associated with waste management and atmospheric air protection, as well as with the reduction of risks associated with government regulation in the field of environmental protection and maintaining the image of the Company's environmental sustainability.</p> <p>MTS regularly reports under the forms of the state reporting and prepares non-financial reporting on the activities of MTS Group of Companies in the field of environmental responsibility and safety at the level of the Committee for Sustainable Development and CSR under the President of MTS and within the framework of the working group on environmental issues and responsible finance</p>

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

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

¹ <https://ir.mts.ru/sustainability>.

CAPITAL AND SECURITIES

SHARE CAPITAL

The authorized capital of the Company comprises

199,838,157.50
RUB

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

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

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

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

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

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

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

³ MGTS PJSC, Stream Digital LLC and Bastion LLC are subsidiaries of MTS PJSC.

Information on the number of shareholders

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

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

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

The Management of MTS PJSC has no information¹ about existing share ownership interests exceeding five percent of authorized capital of MTS PJSC apart from the above-mentioned.

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



[Structure of Shareholder Capital of MTS PJSC – Moscow \(mts.ru\).](https://ir.mts.ru/investors/shares/shareholder_structure)

¹ https://ir.mts.ru/investors/shares/shareholder_structure.

INFORMATION ABOUT SECURITIES

Shares

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

2000

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

August 8, 2022

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

October 3, 2003

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

December 2003

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

October 2010

Shares have been traded in "A1" quotation list

June 2014

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

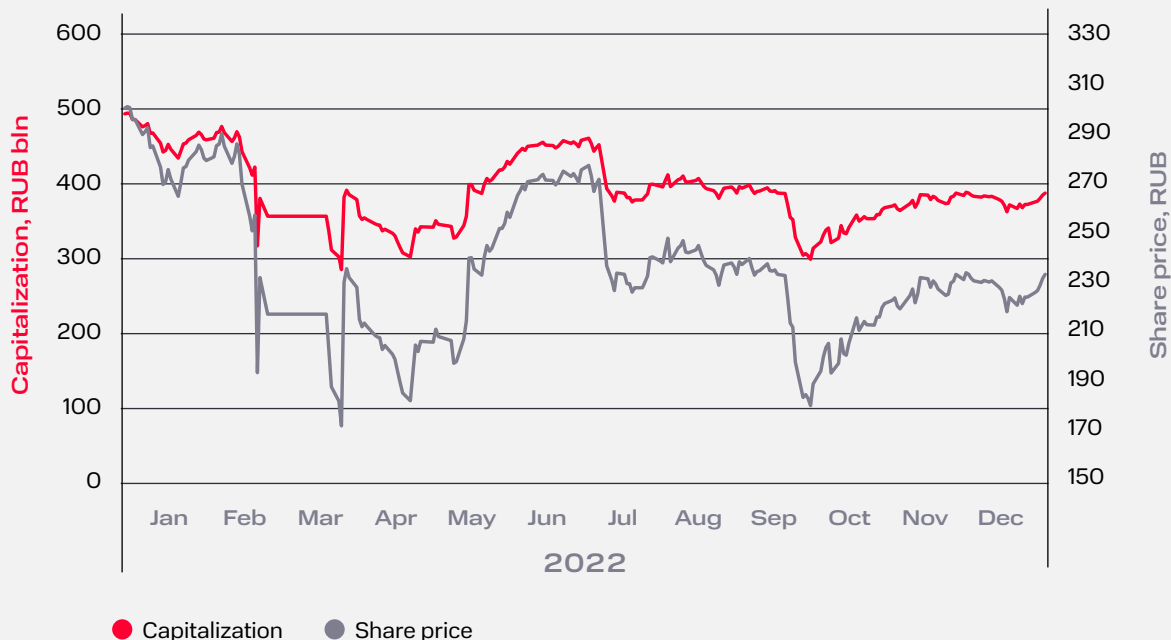
Federal Law No. 114-FZ dated April 16, 2022 obliged Russian companies to terminate their foreign depository receipt programs, except in cases when the company obtained permission to continue the program from the Government Commission for the Control of Foreign Investments in the Russian Federation. In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

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

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

MTS PJSC price and capitalization dynamics

Trading platform: MOEX (Moscow), issuer code MTSS



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

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

Information about current lists and transaction prices



<http://www.moex.com>

DIVIDENDS AND SHARE REPURCHASE PROGRAM

History of dividend payment in 2022

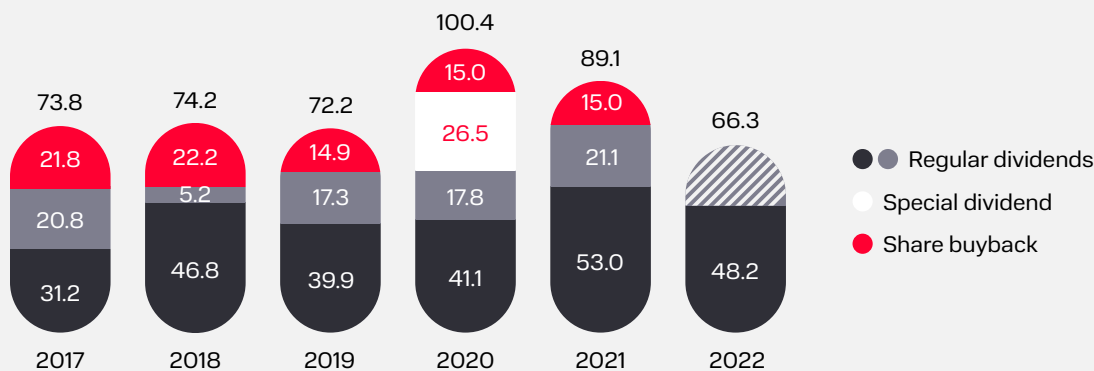
In June, at the Annual General Meeting of Shareholders (AGMS), MTS shareholders approved annual dividends based on the Company's financial results for 2021. Dividends amounted to 33.85 rubles per ordinary share, or a total of RUB 66.3 billion, including payments on quasi-treasury shares of MTS. Dividend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

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

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

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

Dividends and buyback¹ RUB bln



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

66.3
RUB bln

Total declared dividends
in 2022

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



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

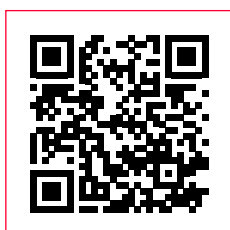
BONDS

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

Bond issues/repayments in 2022

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

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



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



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

Issue of bonds in 2022

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

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

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

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

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

INTERACTION WITH SHAREHOLDERS AND INVESTORS

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

The current information disclosure system is built taking into account the requirements of listing rules of the Moscow and New-York stock exchanges, operates in the Company¹.

In accordance with the public availability principle the Company publishes information on significant events at the website of US Securities and Exchange Commission², of the Russian Information Agency (newsfeed)³, at the official website of MTS: for shareholders and investors in Russian⁴ and in English⁵.

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

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

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

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

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

Contact information for investors and shareholders:

Corporate Governance Development of MTS PJSC:

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

Corporate Governance Development of MTS PJSC:

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

¹ Delisting took place from August 8, 2022

² <http://www.sec.gov>.

³ <http://www.disclosure.ru>.

⁴ <https://ir.mts.ru/home/>.

⁵ <https://ir.mts.ru/home/>.

⁶ https://ir.mts.ru/about_mts/corporate_governance.

Investor's calendar for 2023

The investor's calendar is posted on the MTS website



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

Issues of interest for investors in 2022

Macroeconomic matters:

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

Industrial matters:

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

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

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

ESG AND SUSTAINABLE DEVELOPMENT

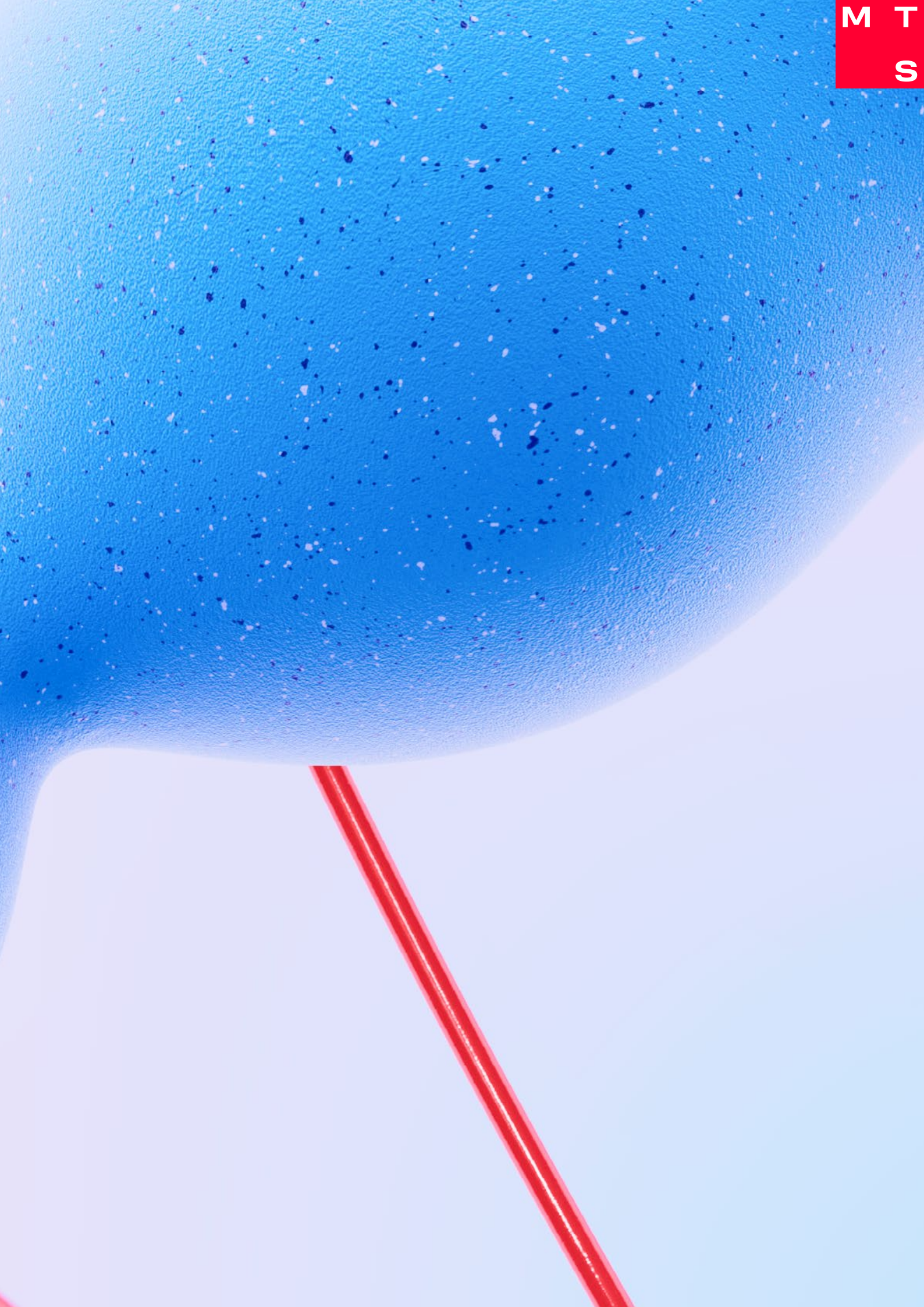
156 ESG Agenda in MTS

159 Responsible Business Management

171 Social Responsibility and DE&I

175 Social Investment

179 Environmental Care



ESG AGENDA IN MTS

In 2022, MTS has maintained a proactive approach to the implementation of the ESG agenda, taking into account current business challenges. Key principles of MTS are openness, transparency and high quality disclosure of significant ESG information for a wide range of stakeholders in the Annual Report, the Sustainable Development Report and the CDP.¹

As a representative of the JSFC Group, MTS took an active part in meetings of the ESG Alliance profile committees, contributed to the refinement of national methodologies for rating and ESG evaluation of Russian companies. Within the framework of the international ESG agenda, the Company continued to participate in the GSMA Association's international project "ESG Metrics for Mobile" on the development and piloting of an integrated ESG metrics system for the telecom industry and digital IT companies.

In 2022, MTS representatives joined the 5 profile committees of the national ESG Alliance, which unites the leaders of the sustainable development agenda in Russia.

MTS participates in an international project to conduct an ESG assessment of the largest suppliers of telecom and IT equipment. In 2022, a pilot was launched to survey a number of national counterparties according to ESG criteria.

ESG agenda management system

Board of Directors ESG Committee — determines development priorities and advises on the MTS ESG agenda, evaluates the results of work in ESG areas. In the reporting year, 12 meetings were held in face-to-face form, including joint meetings of the ESG Committee and the Remuneration and Appointments Committee (for detailed information see "Board of Directors' Committees" Section).

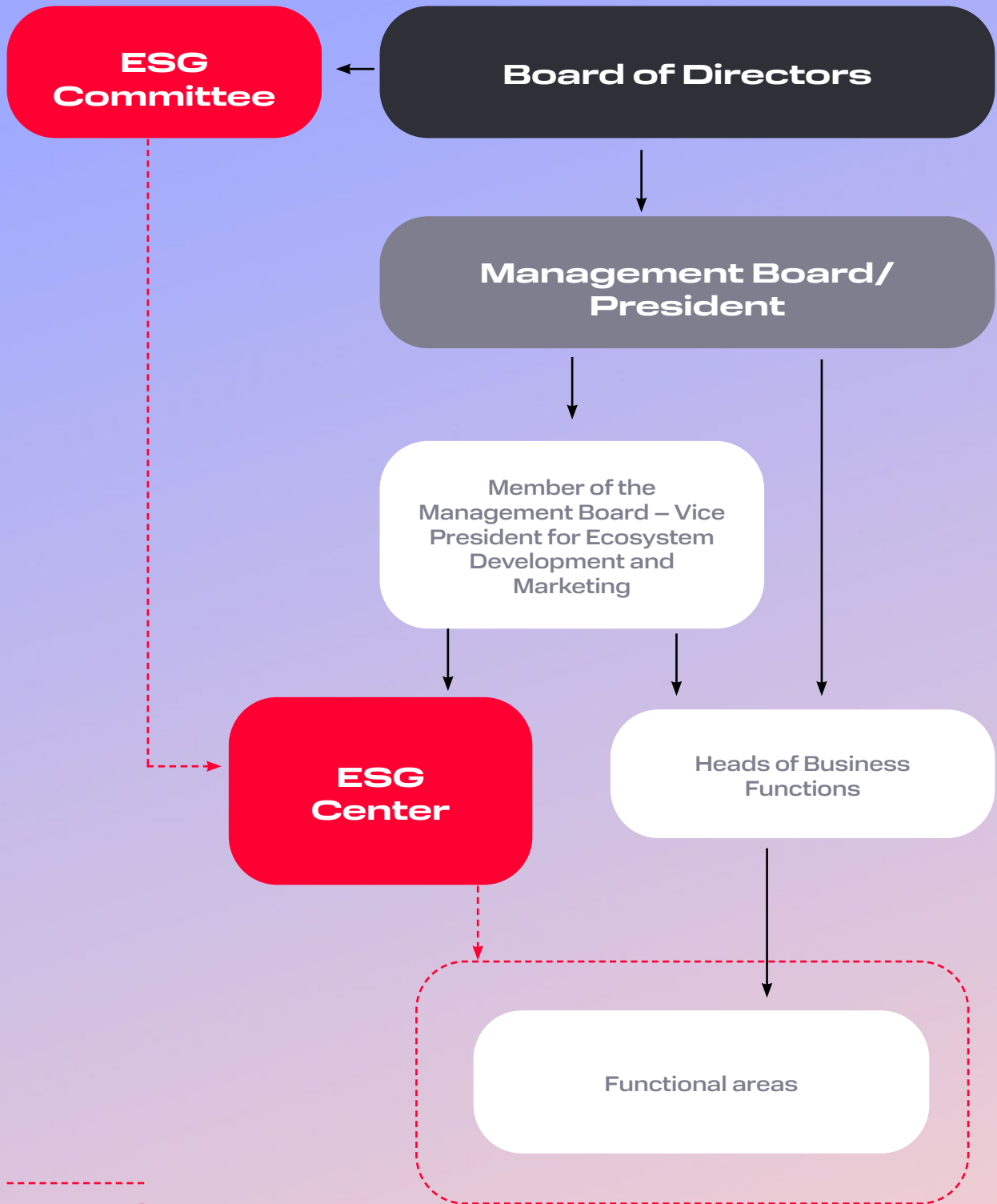
Подробная информация в разделе «Комитеты Совета директоров»

MTS ESG Center — is responsible for the formation and effective implementation of the ESG strategy, coordinates the implementation of key ESG areas, promotes the introduction of ESG aspects into the Company's business processes and the agenda of sustainable development in the MTS Group.

Business areas involved in the ESG agenda are responsible for the implementation of activities in key ESG areas, as well as collecting ESG data for further consolidation in the ESG Center.

¹ <https://ir.mts.ru/sustainability>.

ESG Center in MTS structure



Focus on SD

Business agenda

ESG strategy

The MTS approach is based on the ESG risk management system and their consistent integration into all decision-making procedures, including strategic and operational planning, analysis of the impact of MTS projects and products on the ESG agenda.

In 2022, MTS revised the priorities of the implemented ESG initiatives, shifting the emphasis towards social support for employees and customers.

MTS actively expanded educational programs, introduced elements of an inclusive culture, provided support for a healthy lifestyle, etc. The company has provided continuous access to modern digital services and high-quality communication services for all categories of citizens, regardless of geographical location, nationality, age and health characteristics. национальной принадлежности, возраста и особенностей здоровья.

MTS ESG Strategy



Environmental care

- Energy efficiency management
- Carbon footprint monitoring
- Development of circular economy
- Ecological education



Development of digital society

- Providing everyone with affordable products and services
- Digital skills training
- Development of skilled IT professionals
- Developing digital infrastructure



Providing an inclusive environment

- Observance of human rights, decent working conditions, inclusion and diversity
- Providing everyone with accessible environment
- Volunteering
- Support of development of regions and communities



Responsible business management

- Ethical business conduct
- Information security
- Efficient ESG agenda management
- ESG agenda development at the local and global level

● Environment ● Social area ● Corporate governance

RESPONSIBLE BUSINESS MANAGEMENT

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 with the purpose of maintaining fair and ethical business of

MTS PJSC and preventing abuse. Provisions of the Code were updated in 2021. In 2022, more than 97% of employees of MTS PJSC completed e-training in the Code of Business Conduct and Ethics.

Code of Business Conduct of MTS PJSC Counterparty

In accordance with the best international practices, the Company has approved the MTS 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 MTS Group. Familiarization with the Code and acceptance of its commitments are an integral part of the contractual relationship with the Company. Over 3,200 counterparties completed training in various formats during 2022.

Unified Compliance System supporting ESG strategy

Compliance programs that support our ESG strategy allows us to develop our ecosystem based on business ethics principles, strictly following the requirements of the regulatory authorities, investing in sustainable development of society while observing the balance of stakeholders' interests.

Since 2016, the Company has been actively developing the Unified Compliance System (hereinafter — 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. UCS allows us to to develop our ecosystem based on business ethics principles,

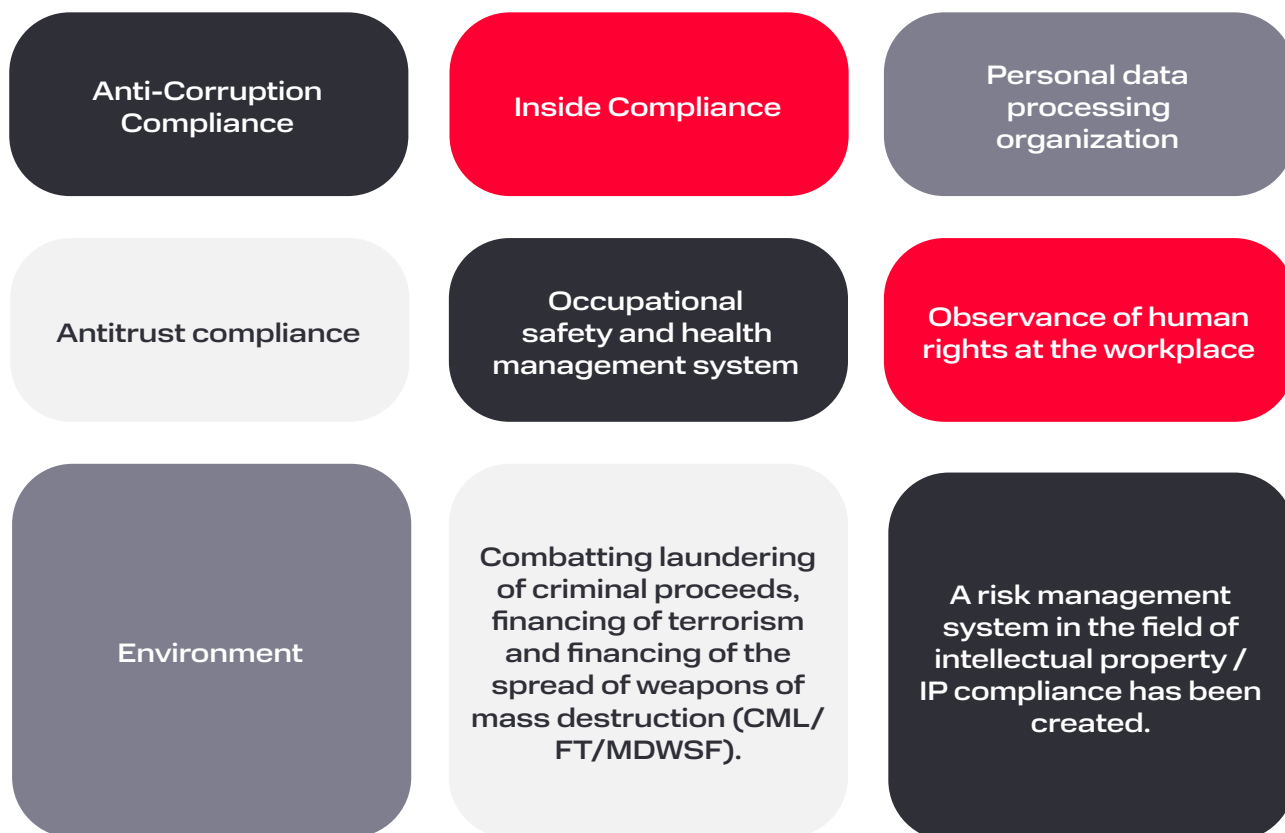
strictly following the requirements of the regulatory authorities, investing in sustainable development of society while observing the balance of stakeholders' interests.

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 effective compliance risk management system at all levels, in all businesses and in all areas of presence. The unified compliance system for the entire MTS digital holding is based on the general principles of sustainable development and ethical behavior,

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 MTS Unified Compliance System



forms the foundation of its responsible management (G part of ESG strategy).

Each compliance areas is assigned to the relevant mentor functional units, each of which implements its compliance program and risk minimization system. Coordination of implementation and operation of the Unified Compliance System is entrusted to the Department of Business Ethics and Compliance of MTS PJSC.

In 2022, a supervisory audit of USC MTS compliance was performed with ISO 37001:2016 (“Systems of Compliance Management”). MTS also confirmed compliance with the requirements to the international standard ISO 37301:2021 with the scope of application “Anticorruption Compliance Management Systems”.

In 2022, a scheduled work was carried out to reassess risks with a subsequent adaptation of compliance programs. The risks of compliance programs are taken into account in the general risk management system of the Company. Much attention was

paid to activities aimed at improving the level of compliance culture of employees. On the corporate portal, the blog of the UCS regularly posted publications on the most significant events of the compliance program. An annual survey of MTS employees was conducted to assess the level of compliance culture in the Company. The overall level of compliance culture was 91.1 points, which is 2.1 points higher than last year’s results.

Compliance Committee

In 2016, the Company established the Compliance Committee under the President of MTS PJSC, which included the President, the managers in his direct subordination. 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 the area of compliance risk management and to make proposals on the directions of development of MTS Group in this area.

As part of the Committee's work in 2022, the following issues were considered:

- results of the Supervisory Audit of the USC 2022 for compliance with ISO 37301:2021 (formerly ISO 19600:2014) and ISO 37001:2016;
- approval of changes in the Regulations on the Compliance Committee, as well as making changes to the Working Group composition;
- consideration of the Progress Report of MTS PJSC UCS for the 2nd half of 2021 and the 1st half of 2022.

Day of Ethics and Compliance

Annually in October, the Company celebrates the corporate Day of Ethics and Compliance. On this day, MTS PJSC and subsidiaries of the Company conduct training sessions, master classes, and topical competitions. In 2022, the Day of Ethics was held under the slogan "Ethics has its own aesthetics". An appeal was published from the Vice President for Business Ethics and Compliance on the importance of the corporate value #together as an element of trust, support and respect among the company's employees. Engaging events were also held: the Compliance Cup game among MTS Group employees, creative contests, dialogues on the principles of employment in the company, as well as other events prepared by the curators of compliance programs of the MTS Unified Compliance System.

The Unified Hotline

Information on violations of business ethics and compliance standards by MTS employees can be reported to the Unified Hotline¹. All requests received are checked in accordance with the local regulation

that determines the procedure for addressing such requests.

Proposals for improvement of anti-corruption procedures and other internal control procedures are received at the hotline addressed to the Audit Committee of the Board of Directors and the Internal Control Block. A person who has submitted relevant information is protected from any forms of pressure (including from dismissal, persecution, any forms of discrimination).

In 2022, the processing of reports received at the Unified Hotline (hereinafter referred to as the "UH") was carried out in accordance with the Regulations on Processing of Reports Received at the Unified Hotline of MTS Group. Conclusions and responses to messages' authors were prepared in a timely manner. Press releases on UH were posted on the corporate MTS information portal on a monthly basis in order to inform MTS Group employees about the UH operational results.

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 Management Policy and the Anti-Corruption Law Compliance Policy approved by the Company with the involvement of the Business Ethics & Compliance Department.

The Company ensures an independent and comprehensive review of all reports of possible violations. MTS has a permanent MTS Discipline Committee that reviews cases of compliance violations and other significant violations, ensuring compliance with the principles of legality, fairness, uniformity and reasonableness when making decisions on the imposing disciplinary penalties to employees, and develops sustainable corrective measures. In addition, the Company has developed and applied

¹ <https://hotline-mts.b1.ru/>

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, internal 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

Number of messages received at the Unified Hotline of MTS Group

MTS Group companies	2020	2021	2022
RTC JSC	575	534	460
MTS PJSC	1105	647	327
MGTS PJSC	32	38	33
MTS Digital LLC	1	15	31
MTS Bank PJSC	37	13	17
MTS Armenia CJSC	24	14	16
MTS Belarus	11	16	14
Satellite TV LLC	0	5	7
Green Point Group of Companies	0	12	2
MTS Entertainment LLC	0	1	0
NVision Group JSC	41	—	—
NIS JSC	2	—	—
Total	1,828	1,295	907

compliance KPIs and compliance triggers that support the commitment of all employees to business ethics and compliance standards.

In accordance with the law, work has been carried out with employees who have committed violations of the Company's internal regulatory documents to eliminate violations and prevent the recurrence of such situations in the future.

Anti-Corruption Compliance

The anti-corruption compliance program at MTS PJSC 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 improve the corporate culture, introduce and develop in the Company the best corporate governance practices, as well as standards of responsible and ethical behavior.

The Company provides an independent and comprehensive investigation of all possible violations. In MTS, the Discipline Committee of MTS is in place on a constant basis that reviews cases of violations of compliance requirements 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 sustainable corrective measures. Moreover, the

Company has developed and applies compliance KPIs and compliance triggers that support the commitment of all employees to the business ethics and compliance standards.

Projects and initiatives in the development of the anti-corruption compliance program and strengthening of the compliance culture in 2022

In 2022, in order to improve the compliance culture, a number of initiatives were implemented:

- All local regulations containing compliance controls have been reviewed and updated taking into account the risks identified.
- A methodological framework of MTS Group has been updated to perform operational tasks in accordance with the requirements of the regulator and anti-bribery and anti-corruption best practices.
- As part of a large-scale project to automate compliance processes:
 - a single IT tool "Risk Matrix" has been developed and implemented. Risk-Matrix is applicable for the annual risk assessment, quarterly monitoring and testing, compliance policies' management, annual management compliance certifi—

cation and integrated review of the Company's business environment;

— a case management system (CMS) has been introduced, which increases the efficiency of the investigation and verification process, as well as systematizes the identified root causes and the results of working therewith;

— a process of contractor complex verification has been automated;

— an automated conflict of interest management system has been implemented.

- Mandatory compliance courses were held, in which more than 26 thousand MTS employees (more than 97 %) took part.
- Directors for regional development and directors of the branches spoke to the employees on the subject of compliance, explained compliance controls, promoted values and importance of compliance culture and conducted activities in the regions, discussed ethical dilemmas in teams. In 2022, about 450 events were held with the participation of more than 89 thousand employees.
- Posts and information materials were posted in compliance communities, on the corporate portal "Pulse". In 2022, 21 posts were published on the anti-corruption area of compliance, in the group "Unified Compliance System. A communication campaign was conducted to promote the culture of open conversation.
- For the purposes of spreading best compliance practices and sharing experience, in 2022, representatives of the Business Ethics and Compliance Department were speakers at 12 external compliance events, including: the conference "Compliance in Russia — the future we are creating today", the 9th Annual Conference "Compliance in Russia: The future that we are creating today", meetings of RCCA Anti-corruption Core Group, etc.

Inside Compliance

MTS PJSC, as a company with on-exchange trading of its financial instruments in Russia and the United States, pays great attention to maintaining an effective system of misuse of insider information and market manipulation.

The system preventing breaches of legislation on the usage of insider information built with due account of best Russian and international practices, based on the three 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 Companies MTS Group by Individuals Specified in Clauses 7 and 13 of Article 4 of the Law on Insider Information¹, included in the list of MTS insiders, and persons associated therewith."

Local regulations of MTS PJSC define the procedure for using insider information, rules for protecting its confidentiality and monitoring compliance with the requirements of law on the use of insider information. Control procedures ensure fair pricing 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.

In accordance with best practices, the Company set limits for all employees regarding the performance of operations involving MTS PJSC securities in so-called "closed" periods. The next Closed Period starts every time 14 calendar days prior to the scheduled date of publication of MTS financial performance data for the previous financial quarter and ends two business days after the publication.

In order to ensure compliance with the requirements for "closed" periods, the system provides for quarterly reporting (twice per quarter) of employees and members of management bodies on their beginning and end. In addition, special calendar has been created in a special information system for members of the management bodies, which contains up-to-date information on the current "closed" or "open" period.

The Company maintains a list of its insiders. It includes individuals and legal entities. Since 2014, the Company has operated a full-time training system for all insiders who are employees of the Company. When being hired, each employee reads Company's regulations aimed at preventing violations of insider laws. In 2022, an interactive course for all employees of the Company dedicated to the basics of insider law was updated.

Risks related to the violation of insider legislation are recorded in a specialized automated system and are reevaluated every six months or on a regular basis.

¹ Federal Law dated 27.07.2010 N 224-FZ "On Countering the Misuse of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation".

Results of independent appraisal of the compliance culture level

General survey results

91.1

Overall indicator of culture in MTS Group in 2022

+ 2.1 point to the 2021 results of MTS Group

89.0

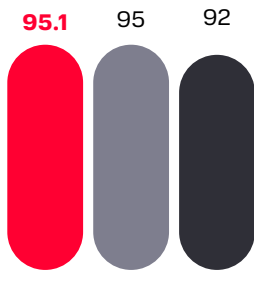
Overall indicator of culture in MTS Group in 2021

83.7

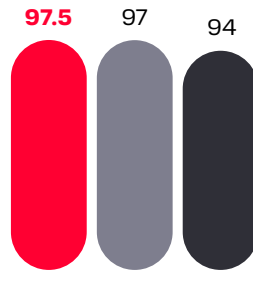
Benchmark

+ 7.4 points to the 2021 benchmark

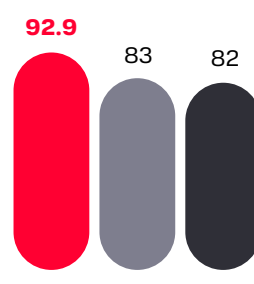
Results by each Pillar



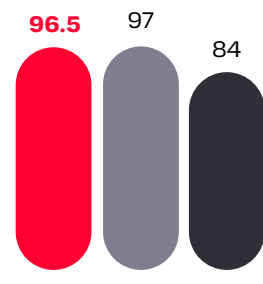
Pillar 1.
Awareness of the Program and Resources



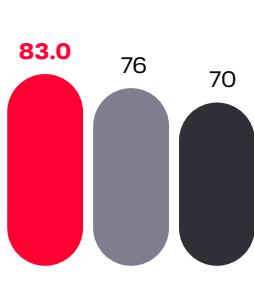
Pillar 2.
Perception of the Function



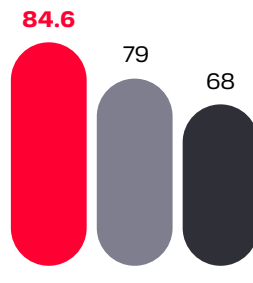
Pillar 3.
Controlling Misconduct and Reporting Violations



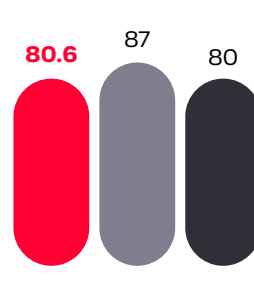
Pillar 4.
Pressure



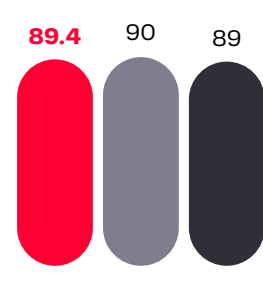
Pillar 5.
Organizational Justice



Pillar 6.
Perception of the Supervisor



Pillar 7.
Perception of the Senior Management



Pillar 8.
Perception of Colleagues and the Environment

● 2022 ● 2021 ● Benchmark

In accordance with the requirements of the Law on Insider Information, MTS has approved Internal Control Rules for Preventing, Detecting and Suppressing the Misuse of Insider Information and (or) Market Manipulation, and a working group has been established to control compliance with the requirements of insider information law and monitor its implementation. The internal control rules establish the goals, objectives and methods of internal control over MTS' compliance with the requirements of the law on insider information, the procedure and timing of disclosure of MTS insider information, the procedure for access to insider information and the rules for protecting its confidentiality. Monitoring MTS' compliance with the requirements of insider information law is part of the duties of the Vice President for Corporate and Legal Affairs of the MTS Group CC (member of the Management Board), who is accountable to the President of MTS.

In order to maintain an effective insider compliance program, the Company audits the program controls as necessary (taking into account the risk-based approach) — by the internal audit unit headed by a person accountable to the Board of Directors.

Personal data processing organization

In 2022, the Information Security Department identified the main areas of changes.

- Customer care
- Continuous engagement
- Assistance of product teams
- Simplicity and speed
- Mutual trust with product teams

In the reporting year, the following documents were updated: Policy "Personal data processing in MTS PJSC" and Regulations of the Process "Recruitment, hiring and adaptation of personnel". Notifications in the register of personal data operators have been updated taking into account changes in the personal data law. 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 2022, 32.1 thousand MTS employees completed training in "Personal Data Processing at MTS PJSC".

Antitrust compliance

In 2022, the Company conducted large-scale anti-trust training in subsidiaries based on a risk-oriented approach and taking into account the specifics of MTS activities. Antitrust controls were also finalized when acquiring new assets, interaction between various units in subsidiaries was strengthened, including accountability for antitrust risks.

In order to consolidate employees' "zero tolerance" to violations of antitrust law, the Company regularly informs employees about antitrust requirements using various formats.

Occupational Health and Safety Management System¹

The Company operates a two-tier system of H&S management, focused on creating a safe working environment, prevention of occupational injuries and personnel training in safe work rules.

As part of the compliance program, the following activities were carried out in 2022:

- 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 the field of health-and-safety;
- provision of the employees with the special clothing, safety shoes and other personal protective equipment;
- various events and communications in order to increase employee awareness of 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.

¹ Detailed information on the program is contained in the section "Our Employees".

Human rights at the workplace¹

In 2022, the Company continued work on development of the compliance program "Observance of Human Rights at the Workplace" according to the recommendations received based on the results of the external annual audit of compliance programs and the results of assessment of compliance risks at the level of business processes.

Based on 2022 results:

- an additional risk associated with violation of employee rights during the coronavirus pandemic was added to the risk register;
- the "Human Rights at the Workplace" section was updated at the internal corporate portal;
- the company launched a training course "Human Rights at the Workplace" to be completed by all employees.
- the Policy "MTS Activities in the Field of Diversity, Equality and Inclusiveness" has been updated in accordance with the Company's strategic goals.
- Four educational courses have been created for managers, recruiters and HR specialists, team employees and employees with disabilities within the framework of the MTS Inclusion program on the topics of interaction with people with disabilities.
- an audit of the company's business processes DEI-metrics was conducted, an action plan has been drawn up to comply with the principles of inclusiveness, diversity and equality, including in the field of human rights.
- Workplaces and offices of the Company were audited from the position of accessibility for people with disabilities.

Environment²

The MTS approach is based on effective management of regulatory environmental and climate risks. In 2022, the Company continued to implement the environmental safety program at MTS facilities, strategic projects on environmental responsibility aimed at the widespread introduction of the principles of cyclical economy into the business

processes of MTS Group, and also approved the results of an analytical study on the areas and indicators of energy efficiency improvement of companies in the technology sector at the ESG Committee of the Board of Directors. Regular work on the audit of the environmental protection function in MTS branches has continued.

In August 2022, the Company updated the intra-corporate eco-educational project. More than two thousand employees watched a series of MTS Terra training webinars.

Employees are regularly informed about the requirements of law in the field of environmental safety and environmental protection. On the MTS Blog platform, over 30 articles on various environmental topics have been published.

Combatting the legalization (laundering) of criminal proceeds, the financing of terrorism and/or financing of the spread of weapons of mass destruction (CML/FT/MDWSF).

The CML/FT/MDWSF program has been developed pursuant to the requirements of the applicable legislation, which changes are monitored on a regular basis. The Department of Regional Security 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 carries out daily monitoring of 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 2022, the Company:

- updated local regulations developed for the purposes of CML/TF/MDWSF;
- conducted scheduled training of the top management in the form of targeted briefing / raising the level of knowledge for the purpose of CML/TF/MDWSF.

¹ Detailed information is provided in "ESG and Sustainable Development" Section, as well as in MTS PJSC Sustainability Report for 2022

² 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 2022.

Risk management system in the field of intellectual property

In 2022, 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 regulating the processes of software lifecycle management, the launch of marketing programs and the organization of contractual work.

To simplify the verification of the designations of marketing materials, a naming verification service was created. The service helps to speed up the verification for infringement of intellectual property rights of third parties by checking designations against databases and ranking the results depending on the possible risks of infringement of rights.

In 2022, the mandatory remote learning course "Rules for the Use of Intellectual Property" was

updated, which is taken by all employees of the Company.

Training events were held on the issues of risks in procurement and conclusion of contracts in the field of intellectual property, use of copyright items in PR events, creation of derivative copyright objects and the International Intellectual Property Day.

The Company continued to work on projects for the automation of management of intellectual property and related risks.

Compliance training for members of MTS PJSC Board of Directors

In 2022, trainings on the anti-corruption compliance system were conducted for members of the Board of Directors of MTS PJSC, the Management Board and members of the Board of Directors committees.

The training was attended by 100% of the members of the Board of Directors, the Management Board and members of Committees of the Board of Directors.

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, 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 2022, procedures aimed at increasing the transparency of procurement activities were introduced, namely:

- mandatory anti-corruption training for contractors was introduced;
- a questionnaire for sub-contractors and compliance verification was introduced;
- business procurement processes were developed for profitable contracts in case of spontaneous irregular needs, as well as for mass regular needs;
- a set of measures has been implemented to consolidate procurement procedures for companies belonging to the MTS Group.

The 3Click "Independent Procurement" system has been developed and implemented, in which MTS Group employees can independently carry out a small purchase with a digital footprint, but with a simplified design.

Increasing the transparency of procurement procedures

In order to comply with the requirements of applicable anti-corruption law, a risk-based approach is used to conduct an anti-corruption audit of counterparties and third parties. The procedure involves the involvement of employees of procurement departments and business customers 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 2022, mandatory anti-corruption training of counterparties was introduced, as well as compliance verification of sub-counterparties.

Suppliers ESG evaluation (JAC)

Since 2017, as part of its membership in the international association of telecoms operators JAC (Joint Audit Cooperation³, MTS annually conducts ESG audits of suppliers, engaging leading audit companies for this purpose. Audits are conducted in accordance with the JAC methodology developed on the basis of international standards SA8000 and ISO 14000, taking into account the industry specifics of the sector.

ESG-audit reports on suppliers, corrective action plans, and information on their implementation progress are available to all JAC members. As a result of joining efforts, each JAC member gets opportunities to increase the sustainability and transparency of their supply chains.

MTS is a member of the Climate Change Workstream and Circular Economy Workstream working groups, created as part of the JAC association. The objectives of the working group are to develop and implement the standards aimed at reducing the negative impact of digital companies on the climate and the nature environment.

100%

of procurement procedures are carried out by the company in electronic form⁴

¹ <https://tenders.mts.ru>.

² <https://profile.mts.ru/documents/contracts/offers/kodeks-kontragenta>.

³ <http://jac-initiative.com/>.

⁴ MTS procurement procedures are carried out electronically through the EDM module (electronic document management) of the Oracle Sourcing IT system (among contractors who have the appropriate IT systems)

Complex Security System

In 2022, activities to ensure the corporate security and access control were conducted in accordance with the Functional Strategy of MTS PJSC in the Field of Ensuring Complex Security for 2022 and the Action Plan for Ensuring Integrated Security of MTS PJSC for 2022.

Information security

The information security system operates with consideration of the best global practices on the basis of national and international standards. In 2022, a comprehensive assessment of the level of maturity of information security of the key companies of the MTS Group was carried out, which confirmed a fairly high level for all companies of the Group.

In 2022, MTS established Serenity Cyber Security LLC to develop and promote innovative products in the field of information security, increase the level of knowledge of employees about the best practices in the field of cybersecurity.

The changes in legislation that occurred during 2022, including restrictions on the use of information security tools from unfriendly countries, required the development of a roadmap for their import substitution, amendments to the technical specifications of projects for the organization of tenders for the purchase of software and hardware, as well as reengineering of the corporate architecture of the CII protection system.

During 2022, significant changes were made to the vulnerability control system. A vulnerability scanner has been implemented on signal communication networks. Data protection measures have been implemented on corporate laptops. An IGA SSO authentication system of its own design has been implemented. In 2022, more than 9.3 million incidents of information security violations were recorded.

Conflict of interest management

The Policy "Conflict of Interest Management", as well as the instruction on the conflict of interest management at 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, fill in the form "Disclosure of information about the conflict of interests". A survey is conducted twice

a year for members of the management bodies of MTS PJSC. During 2022 information in regard of 417 situations was audited in order to identify the presence of the conflict of interest. 306 situations were resolved, 111 — the conflict was not confirmed.

SORM (Law Enforcement Support System)

Special complexes have been installed on the communication networks of MTS PJSC, the availability of which provides the possibility of providing new communication technologies (NB IoT, IMS, RCS, 4G/5G, eSIM), as well as new converged services.

Economic security and anti-corruption

The Department of economic security and anti-corruption ensures transparency and efficiency of procurement procedures, security of transactions, reimbursement of overdue receivables, and measures are taken to prevent economic damage to the Company. In 2022, in order to speed up the Company's procurement activities, the process of checking counterparties was switched to automatic mode. The process of verification of foreign companies — founders of MTS counterparties was organized.

Security of personnel and facilities

The anti-terrorist protection and security of facilities was provided in accordance with the MTS Group Strategy in the field of integrated security for 2022–2023.

In 2022, fire-fighting and anti-terrorist training were conducted on a regular basis. In order to increase the level of anti-terrorist security, checks are carried out on persons admitted to critical information infrastructure facilities.

¹ https://ir.mts.ru/about_mts/compliance_and_business_ethics.

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. Incidents and violations at the facilities were excluded.

Antifraud

The Anti-Fraud Department has carried out work on the implementation of technical requirements for connecting telecom operators to the "Anti-Fraud" information system. In 2022, 1.7 million facts of fraud were detected; the amount of prevented losses was RUB 415.76 million. In 2022, 88.1 billion calls were processed on the MTS network, of which 3.8 billion were blocked.

Joint controls have been organized with MTS Fintech, the function of blocking/unblocking linked electronic wallets has been implemented. More than 100 thousand restrictions "prohibition of the return of part of the advance" were imposed on the personal accounts of subscribers of MTS PJSC. The amount of citizens' funds saved was more than RUB 94 million.

Responsible supply chain

The Company's purchases are carried out in accordance with the MTS Procurement Rules¹ developed

in accordance with the legal requirements. 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 2022, procedures aimed at increasing the transparency of procurement activities were introduced, namely:

- mandatory anti-corruption training for contractors was introduced;
- a questionnaire for sub-contractors and compliance verification was introduced;
- business procurement processes were developed for profitable contracts in case of spontaneous irregular needs, as well as for mass regular needs;
- a set of measures has been implemented to consolidate procurement procedures for companies belonging to the MTS Group.

The 3Click "Independent Procurement" system has been developed and implemented, in which MTS Group employees can independently carry out a small purchase with a digital footprint, but with a simplified design.

¹ <https://tenders.mts.ru>

SOCIAL RESPONSIBILITY AND DE&I¹



MTS pays priority attention to building and developing an effective and successful team of professionals.

Recruitment and adaptation

Onboarding of a new employee in the work and corporate culture is done through the adaptation measures that were organized in 2022 in a new online platform. The adaptation program includes seven courses and includes knowledge about the culture and processes in the company and mandatory requirements. Also, within the onboarding, newcomers participate in the Welcome Day online event, where trainers immerse them into the company structure, introduce them to the strategy and opportunities.

Internships

Since 2022, both students and graduates of educational institutions may participate in the MTS Intro internship program, without reference to the year of graduation. 562 trainees were trained under the program in 2022. More than 25% of interns were transferred to the company staff, while the transfers to the IT staff amounted to about 45%.

	2020	2021	2022
Number of students who completed internship in MTS, pers.	350	465	562

Work with universities

MTS Group cooperates with leading universities. Among the Company's specialists, there are graduates of: HSE, MIPT, Plekhanov Russian University of Economics, Lomonosov Moscow State University, St. Petersburg State University, and other leading universities of the country. The Company develops partnerships in master's degree programs.

Moove

Moove is an additional education program for students aimed at developing soft skills and skills in managing products and services in IT. The project

More detailed information is available in MTS Group's Sustainability Report for 2022



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

>64 thousand employees

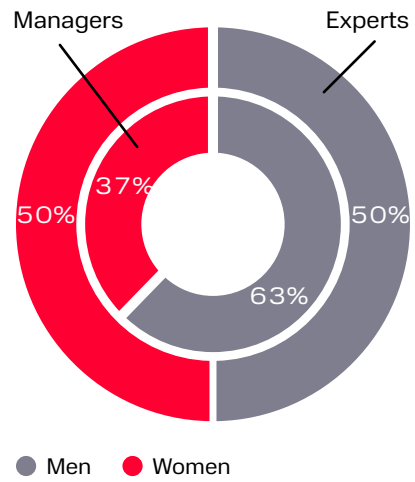
the number of employees of MTS Group as of the end of the year (including non-personnel)

¹ DE&I – Diversity, Equity & Inclusion

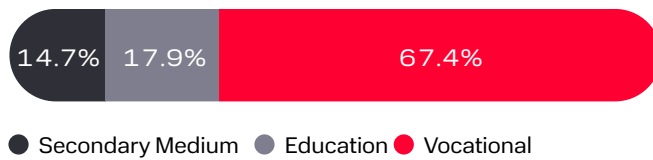
Portrait of the company's average employee



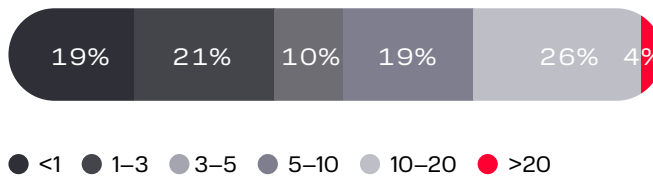
Gender composition



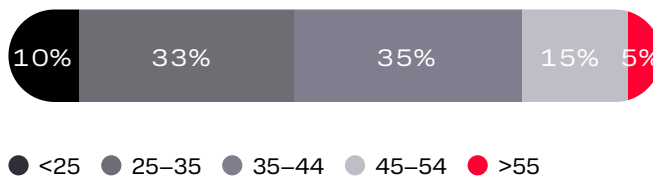
Personnel structure by education



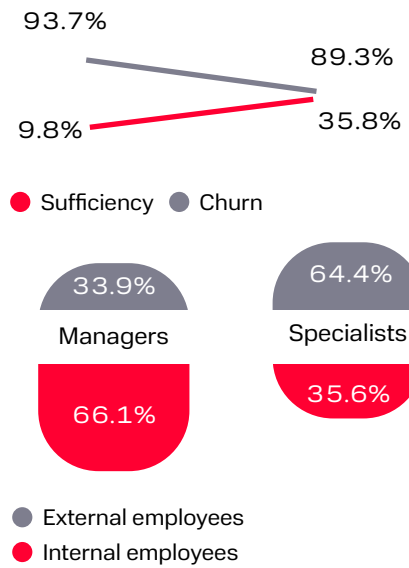
Personnel structure by experience



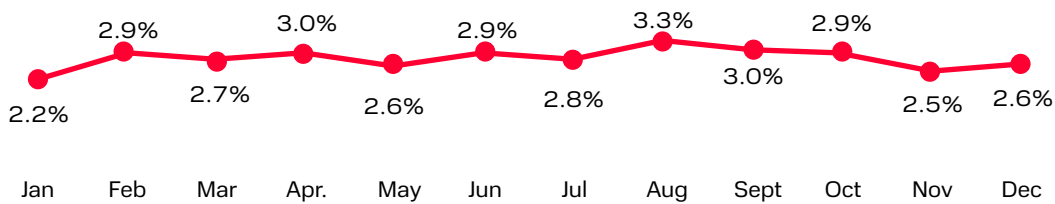
Personnel structure by age



Closing of vacant positions



Net churn dynamics



2022
33.3%

is implemented in support of digital leadership in cooperation with a leading business school and includes analysis of real business cases, lectures, workshops, as well as individual consultations and coaching. In 2022, 1028 applications were received

(681 in 2021), 42 students were accepted into the program. Graduates mainly build careers in digital companies and startups, including businesses in the MTS digital ecosystem. In just four years, 175 young specialists have been trained.

Remuneration and social benefits

MTS has a competitive remuneration system. According to the data for 2022, the average salary at the Company is 19.7% higher than in the country as a whole. Furthermore, the employees can take part in the "Benefit Cafeteria" program where a set of an

employee's benefits may be changed based on their individual decision. In 2022, MTS employees got the opportunity to receive medical care within the framework of the corporate VMI program from the first month of work.

Performance Evaluation

All employees of the Company annually undergo an assessment of the implementation of key performance indicators and the development of competencies. In 2022, the work on the improvement of the

KPI system was continued, including an increase in the number of cross-cutting team indicators which help effectively unite teams in order to achieve common objectives.

Advanced training for personnel

Personnel training in MTS is provided by Corporate University Department (CUD), which presents more than 3000 remote courses. The Corporate University has been given the opportunity to build flexible individual development trajectories taking into account the business context and the results of constant research on the experience of employees. In 2022, 20.6 thousand students completed their studies at 22 departments. Thanks to a properly built personnel development system, 66% of manager's vacancies in the company are closed by means of in-house candidates.

MTS Corporate University platform coverage

	2020	2021	2022
Remote training coverage,%	90	96	98

Training formats

In 2022, three main training formats were used: online trainings, online workshops for the purpose of developing skills, and offline format. During the year, 356 events were held, in which more than 16 thousand employees of the Company took part. A pilot of product training was conducted for 200 managers of the technical unit.

Personal consultations

In 2022, the service of individual consultations, psychological support, coaching and career consultations was expanded. Due to the increased interest in the service, an additional 14 career consultants were engaged, who conducted 431 consultations.

Occupational health and labor safety

The MTS Group's strategy in the field of safety, health and well-being for the period 2021-2023 involves the implementation of the Vision Zero international approach in three areas: safety, occupational health and well-being of workers at all levels of production.

Costs for the implementation of occupational safety measures, RUB million

	2020	2021	2022
Budget of all programs	69.5	87.3	83.9

In 2022, 26.6 thousand people, including managers, specialists, members of occupational safety commissions and other categories of employees, underwent external and internal training on occupational safety.

In all departments, an assessment of working conditions is carried out, which allows identifying and evaluating hazardous production factors and plan-

ning measures to improve working conditions. As of December 31, 2022, in the MTS Group Corporate Center and MTS PJSC branches, 24 thousand workplaces (94% of the total quantity) were evaluated.

The "Requirements to investigation of accidents" standard has been in effect at the Company, which the branches use to take the corresponding actions. In 2022, six minor accidents took place at MTS PJSC, as a result of which six employees were injured (men).

	2020	2021	2022
Accident Frequency Rate (AFR) ¹	0.20	0.25	0.20
Accident Severity Rate (ASR) ²	55.7	30.4	29.0

MTS annually works with the Social Insurance Fund of the Russian Federation (SIF RF) to reduce occupational injuries and occupational diseases of employees. No occupational diseases were found in employees in 2022.

Detailed information on assessment results is available



[Labor conditions assessment ... Moscow \(mts.ru\).](#)

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 builds and consistently implements long-term social investment programs aimed at achieving sustainable positive changes in society, improving the quality of life of the population, digitalizing the economy, increasing digital security by providing a wide range of services and developing innovations in education, social services and urban infrastructure.

The Company focuses its efforts on the implementation of the UN goals that best meet the main areas of its business strategy. Thus, the main principle of MTS social strategy is the focus on the effective solution of social and environmental problems with the help of technological tools and digital expertise of MTS.

At the same time, the Company actively engages a wide audience in its social programs, provides an opportunity for personal contribution to solving urgent problems, thereby creating a basis for high-quality and long-term interaction with the public, develops partnership practices and intersectoral interaction to achieve synergy in solving socially important issues.

Charitable activities of the Group are a continuation of the business strategy and social strategy of the company. It is regulated by the Policy "MTS Activities in the field of charity", mandatory for all subsidiaries.

In 2022, the expenses on social and charitable projects, including social support for employees, amounted to RUB 603.5 million. Significant initiatives include: MTS federal social programs:

- Generation M: MTS online platform for the creative development of children and adolescents in a digital environment with vivid educational content from more than 350 masters of art and competitive mechanics. The project is among the world's best practices recognized by the UN as advanced for achieving Sustainable Development Goals
- MTS "Place of Power" and "Urban Legends" programs for the creation of free digital products (VR films, audio guides, smart video monitoring systems, educational materials with AR elements, interactive books, etc.) for the preservation of natural and popularization of cultural values using digital technologies operate in 69 cities and 10 national parks countries.
- Volunteer project "Cultural Code" to support unique cultural values in the regions of the country and original ethno-cultural formations to preserve the national identity of the peoples of Russia.

Developing an Inclusive Environment and Information-Oriented Society

The MTS program is based on the principles of inclusivity, equality and diversity. The program is implemented within the framework of the company's ESG strategy and DE&I¹ — Policy — "MTS activities in the field of diversity, equality and inclusivity"². The DE&I policy applies to all subsidiaries of the MTS Group. Since 2022, the Company has been an official member of the National Inclusive Agreement.

In 2022, a comprehensive audit of the Company's business processes was also conducted from the point of view of DE&I metrics, growth points were identified, and a work plan for 2023 was drawn up taking into account the results obtained. Following the study, 60% of MTS ecosystem employees and leaders are ready to help the company develop the inclusion principles.

As part of the development of a corporate culture of inclusivity, MTS, in partnership with the All-Russian Society of the Disabled (ARSD), conducted an audit of the conditions of an accessible environment at

workplaces in the Company's offices. A survey of employees with health limitations recorded that most of them (80%) are satisfied with the existing working environment.

MTS has started implementing a large-scale project to translate KION online cinema films into Russian sign language³.

Digital Inclusion

In 2022, MTS launched a project to train employees in all areas and create manuals for specialists to increase the availability of the Company's products and services.

Training will help make digital products accessible, convenient and understandable for anyone. The course provides cases on all stages of inclusive development practice: design, WEB, IOS, ANDROID, testing.

¹ DE&I — Diversity, Equity & Inclusion.

² Approved by the Board of Directors in 2021

³ <https://kion.ru/video/filter/mainSignLanguage>.



[Video on Inclusion](#)



[Cinema in Russian sign language](#)

The Company actively helps form an inclusive culture both within the company and in society. The company has special HR initiatives for recruiting employees of "unpopular" age groups, as well as people with disabilities; training, adapting managers and teams to work with inclusive target audiences. These programs have already shown results: more than 70% of employees are in favor of hiring people with disabilities and mature age, in 2022 alone 420 candidates with health problems have completed training programs and internships.

Head of the MTS Center for Corporate Social Responsibility, Diversity and Inclusion



Program: "MTS – a Company for Everyone"

- Short list of ESG AWARDS RUSSIA 2022
- is included in the collection "Successful CSR practices" of the educational acceleration program of corporate social responsibility "CSR University"

Project "MTS Inclusive Culture"

- HR IMPACT award in the nomination "Diversity&Inclusion"

Project "Inclusive Hiring"

- 2nd place of the People Investor Award in the nomination "Human Resource Management"

Corporate volunteering

A separate area of the Company's social investments is corporate volunteering. MTS volunteer movement "Simply Do Good!" has a long history bringing together 7.5 thousand volunteer employees of the Group.

The main areas of the volunteer movement in MTS include: assistance to children, people with disabilities, the elderly, mentoring, assistance to people with low starting opportunities, cultural support, donorship, digital volunteering, and eco-volunteering.

Employees have 3 additional paid days to carry out volunteer activities

MTS implements a special incentive program for volunteers annually celebrating the most significant initiatives of employees. In 2022, 255 social Ecosystem projects from 25 regions of the Russian Federation took part in the competition for the Best social project.

Acknowledgement of the Resource Center of Volunteerism in Russia "Mosvolonter"

for contribution to the development of the volunteer movement in the capital and socially significant public activities in the nomination "Responsible business"

Acknowledgement of the Moscow Regional Duma

for volunteering to MTS employees in Moscow

Award "Time of Innovations"

in the category "Telecommunication technologies", nomination "Social Innovation of the Year" by the project "My country SvyaziyA".



ENVIRONMENTAL CARE

E

Environmental

Environmental responsibility 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". The company consistently reduces its environmental footprint, and also actively develops digital services using Internet of Things technology, artificial intelligence, cloud technologies, big data, the implementation of which allows our customers to effectively manage their own resource consumption and reduce emissions of harmful substances and greenhouse gases.

MTS activities in the field of environmental protection are based on the law of the Russian Federation and regulated by the 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.

Energy efficiency management

The "Strategy of Energy Savings and Energy Efficiency" effective at MTS is aimed at restricting growth and reducing electric energy specific consumption. In order 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.

MTS actively uses modern renewable energy systems to ensure stable operation of base stations in hard-to-reach areas. They have proven their effec-

tiveness due to their environmental cleanliness and low cost of operation.

Carbon management

Carbon management is one of the strategic areas of the ESG strategy. Understanding the relevance and importance of the carbon agenda for society, MTS regularly discloses information about the carbon footprint of the MTS Group, as well as about opportunities and actions aimed at decarbonization. Since 2019, the Company has been reporting annually on the results achieved in reducing greenhouse gas emissions on the international Carbon Disclosure Project (CDP) platform. Thereby, the company contributes to the implementation of the industry GSM Association's initiative to develop a roadmap for the telecommunications industry for achieving zero greenhouse gas emissions by 2050 in support of the Paris Climate Agreement. MTS discloses a wide range of environmentally important data about its operations, including resource consumption and direct and indirect greenhouse gas emissions. Every

1,875.5 (+ 4.7%)
million kWh

amount of electricity used by MTS in 2022

year, the Company expands the scope of disclosed information and involves an increasing number of subsidiaries in public non-financial reporting.

Development of circular economy

In 2022, the implementation and consistent scaling of environmentally significant initiatives of the integrated ecosystem project "MTS Life Cycle Laboratory" continued. Thanks to the widespread introduction of a system of separate waste collection (SWC) and recyclables, over 7,750 tons of recyclables were collected and transferred to responsible contractors for processing and disposal at MTS Group facilities. Technologies that increase the service life of IT equipment were actively introduced. In partnership with SuperWave, in 2022, 362.6 thousand units were restored under the client equipment referral program. 22,396 kg of plastic and 18,745 kg of electronic components were transferred for responsible disposal.

MTS continued to work on the widespread introduction of electronic document management systems. By the end of the year, 93% of internal personnel documents were transferred to electronic form.

By the end of 2022, together with its subsidiaries, the Company sent:

- 130 tons of waste paper for recycling and responsible disposal,
- more than 100 kg of plastic bottles and 280 kg of plastic caps,
- 1.5 tons of used batteries,
- 1,100 kg of telephones and over 45 tons of other small electronic equipment.

MTS pays special attention to improving the efficiency of resource use.

Environmental education

The Company implements educational projects aimed at raising awareness of a wide range of stakeholders about the need for rational consumption of natural resources. In 2022, the Company updated the MTS Terra intra-corporate eco-educational project, and also developed and launched a new interactive environmental lesson "What is an eco-trail and how digital technologies help to reduce it"¹, which has already been listened to by more than 2.5 thousand high school students across Russia.

Volume of the energy resources used by MTS PJSC in 2022

Resource type	In kind quantity	Unit of measurement	In monetary terms, RUB, w/o VAT
Electric power	1,875,543,332	kWh	11,242,983,365
Heat power	52,089.4	Gcal	92,819,115.42
Water supply	239,182.56	m ³	9,125,214.111
Gas supply	1,729,822	m ³	10,485,264.82
Petrol	2,859,120	liters	114,986,183.00
Diesel fuel	3,572,303	liters	158,719,772.00
Liquified petroleum gas – propane	14,433	liters	264,319.00

¹ <https://заповедныйурок.рф/ekosled/>.

Best ESG projects

- The integrated ecosystem project "MTS Life Cycle Laboratory" became the winner in the category "Responsible consumption and production"

Environmental culture. Peace and Harmony" (V.I. Vernadsky Foundation competition)

- The project "BUD'ECO (#BUD'ECO) with MTS" won in the nomination "Eco-education"

ECObest Award 2022

- MTS became the winner of the award – the project "MTS Life Cycle Laboratory" won in the nomination "Best intra-corporate project"

"Green and healthy office 2022"

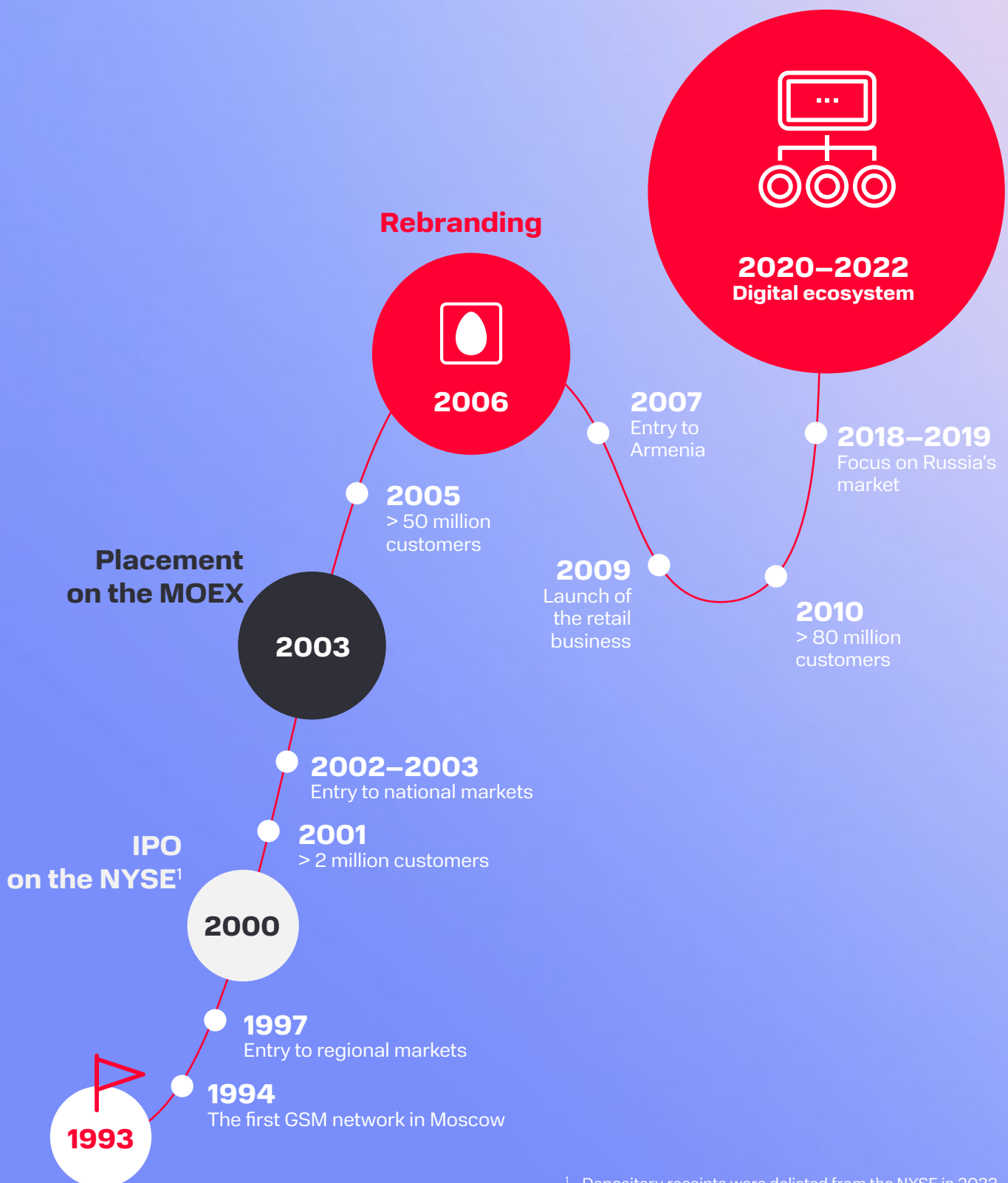
- MTS projects won in two nominations "Best eco-education and training program for employees" and "Best environmental corporate project"

ADDITIONAL INFORMATION

- 184 Achievement and Retention of Leadership
- 185 List of major and interested-party transactions made by MTS PJSC in 2022
- 186 Report on Compliance with the Principles and Recommendations of the Corporate Governance Code
- 214 Annual Consolidated Financial Statements of MTS PJSC and Subsidiaries for 2022
- 214 MTS Information Channels
- 215 Contacts and Additional Information about MTS
- 216 Feedback



ACHIEVEMENT AND RETENTION OF LEADERSHIP



¹ Depository receipts were delisted from the NYSE in 2022

LIST OF MAJOR AND INTERESTED-PARTY TRANSACTIONS MADE BY MTS PJSC IN 2022

In 2022, MTS PJSC did not made any transactions which are recognized as major transactions in accordance with the Federal Law "On Joint Stock Companies".

In 2022, MTS PJSC made 50 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 \(mts.ru\)](#)

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 18, 2023, Minutes No. 348.

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 2022, 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 PJSC¹.

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 2023, 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.

Due to the spread of coronavirus infection (COVID-19), and in accordance with Article 2 of Federal Law No. 25-FZ dd. February 25, 2022, all General Meetings of Shareholders of MTS PJSC in 2022 were held in the form of absentee voting.

¹ The reporting year shall be specified, and if the report on compliance with the principles and recommendations of the Corporate Governance Code comprises data for the period that elapsed from the time of reporting year completion and to the date of preparation of this report, the date of preparation of this report shall be specified.

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	Substantiation (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 checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</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
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	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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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	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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
		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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
1.2	Shareholders were provided an equal and fair opportunity to participate in the profit of the Company by receiving dividends				
1.2.1	The Company developed and introduced a transparent and clear mechanism for determination of the dividend amount and their payment	<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> <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> <p>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)</p>	<input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <input checked="" type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The previously effective Dividend Policy of MTS PJSC was approved in 2019 and determined the amount of dividends that the company will seek to pay during the 2019, 2020 and 2021 calendar years. This dividend policy is posted on the official website of MTS PJSC.</p> <p>In 2022, MTS PJSC continued to pay dividends in an effort to ensure dividend yield to its shareholders. To determine the amount of dividends, MTS PJSC also used the indicators of the company's consolidated financial statements.</p> <p>At the same time, due to the current uncertainty of external conditions, the adoption of a new dividend policy has been postponed in time.</p>	
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 type="checkbox"/> complied with <input checked="" type="checkbox"/> partially complied with <input type="checkbox"/> not complied with	<p>The previously effective Dividend Policy of MTS PJSC did not contain clear indications of financial/economic circumstances under which the Company should not pay dividends, but included a provision stating that the Company has no right to declare or pay declared dividends in cases stipulated by the legislation of the Russian Federation.</p>	

1	2	3	4	5	6
---	---	---	---	---	---

The Company has been consistently paying dividends for the entire duration of its public history, providing for dividend income to shareholders at the level of global and regional communications service providers. Sustainable payment of dividends have been an important element of the Company's investment appeal. In 2014, the MTS "3D" strategy was introduced, according to which payment of dividends was one of its key elements. The company did not rule out paying dividends out of retained income of previous years, and therefore did not consider it possible to set, for example, a ban on the decision to pay dividends in the event that the net income for the reporting year is below the amount recommended for payment of dividends for the fiscal year. In accordance with the dividend policy, the Board of Directors of the Company took into account the financial results of the Company's operations when determining the recommended amount of dividends. When determining the amount of dividends, the Board of Directors took into account a number of additional factors, including prospects for revenue growth, capital expenditure requirements, funds received from general business, potential acquisition opportunities, and the state of the Company's debt obligations. The Company did not make a decision on payment of dividends, if such a decision is economically unjustified and may result in misrepresentation and misperception about the Company's business. The existing practices for dividend payment and the considerable attention paid to this issue by the Board of Directors provided a balanced approach and mitigated risks associated with not fully implementing the recommendation. At one of the meetings of the Corporate Governance Committee of the Board of Directors in 2018, the issue of partial compliance with this recommendation of the Code was considered. It was noted that MTS PJSC did not comply with the recommendation on formal grounds only. Besides, in our opinion, the Company complies with the basic principle of the Code, therefore it will not attempt to fully follow this recommendation of the Code

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	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with
-------	--	---	--

1	2	3	4	5	6
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		<p>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.</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 of MTS PJSC, owning 42.09 % of the authorized capital jointly with its subsidiary (the effective share of less than 50 %) is Sistema PJSC.</p>
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		<p>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 clause 1.2.4. (1).</p>
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 checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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				

1	2	3	4	5	6
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 ¹ 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		
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	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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1

1	2	3	4	5	6
		2. During the reporting period, the Board of Directors considered the issues related to the specified policy (policies)	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.15	The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts between the Company's bodies, shareholders and employees	1. The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts. 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	<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		
2.16	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	1. In the Company's internal documents, there are persons defined as those responsible for implementation of the Information Policy	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
2.17	The Board of Directors monitors the corporate governance practices at the Company and plays a key role in significant corporate events of the Company	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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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	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. 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	<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		
2.2.2	The Chairman of the Board of Directors is available for communication with the Company's shareholders	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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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				

1	2	3	4	5	6
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 checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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		
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				

1	2	3	4	5	6
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>	<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</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>		
2.4.2	<p>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</p>	<p>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.</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>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).</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>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</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>		
2.4.3	<p>Independent directors make up at least one third of the elected composition of the Board of Directors</p>	<p>1. Independent directors make up at least one third of the composition of the Board of Directors</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>		
2.4.4	<p>Independent directors play a key role in preventing internal conflicts at the Company and making major corporate actions by the Company</p>	<p>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</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>		
2.5	<p>The Chairman of the Board of Directors contributes to the most efficient performance of functions imposed upon the Board of Directors</p>				

1	2	3	4	5	6
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 ¹ .	<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 is not an independent director; a senior independent director is not defined. Besides, an independent director was elected as the deputy Chairperson of MTS Board of Directors.</p> <p>MTS 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. During the Committee's meetings, recommendations of the Code that are not adhered to by the Company are analysed and the practicality of their implementation is assessed. This recommendation of the Code has been considered by the Committee and the Board of Directors many times before. In previous years, we came to the conclusion that the level of corporate governance achieved by the Company and the created constructive discussion environment did not require implementation of this recommendation of the Code.</p> <p>In 2022 MTS returned to consideration of this recommendation of the Code. With account of recommendations of the independent consultants, following the results of the last conducted external assessment of the MTS Board of Directors work, on June 24, 2021 by the resolution of the MTS Board of Directors an independent director was elected as the Deputy Chairperson of the Board of Directors of MTS.</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.</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 (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</p>	

¹ Specified, which of the two alternative approaches permitted by the principle is introduced at the Company, and explained the reasons for the chosen approach.

1	2	3	4	5	6
				considered as a tool to reduce the potential risks of failure to comply with the Code recommendation.	
				Implementing the recommendations of the Code, we adhere 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 we do not see it as necessary to elect an independent director as the Chairman of the Board of Directors 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		

1	2	3	4	5	6
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		
2.6.3	The members of the Board of Directors have sufficient time to perform their obligations	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. 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	<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		
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	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. 2. There is a formalized program of induction events for newly elected members of the Board of Directors at 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		
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	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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	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.	<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. 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

- complied with
- partially complied with
- not complied with

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

- complied with
- partially complied with
- not complied with

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

- complied with
- partially complied with
- not complied with

The Charter of the Company 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, 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 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, including due to the fact that their implementation may negatively impact urgency of decision-making.

1	2	3	4	5	6
					<p>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).</p>
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		

1	2	3	4	5	6
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	<p>1. The Board of Directors established the Remuneration Committee, which is only comprised of independent directors.</p> <hr/> <p>2. The Chairman of the Remuneration Committee is an independent director, who is not the Chairman of the Board of Directors.</p> <hr/> <p>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</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> <hr/> <p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p> <hr/> <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 also include tasks contained in recommendation 180 of the Code. At the same time the internal documents of MTS do not determine the conditions (events), upon occurrence of which the committee will consider the issue of revising the policy of the Company for remuneration of the Board of Directors members, executive bodies' members and other key managers.</p> <p>Such conditions (events) were not specified in the internal documents of the Company, since the level of corporate governance of MTS until recently made it possible to organize the process of the Company's remuneration policy revision at a proper level without additional formalization of these conditions and events, and also in absence of the specified recommendation in the Corporate Governance Code.</p> <p>However, as a result of analysis by the Company of the practices and conditions for revising the MTS policy on remuneration payable to members of the Board of Directors, executive bodies and other key executives, it was concluded that it is possible to include conditions and events upon the occurrence of which the Remuneration and Nomination Committee will resume its revision. Relevant amendments will be made to the internal documents of MTS until the end of 2023.</p>	
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 ¹), the majority of the members of which are independent 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 If objectives of the Nomination Committee are implemented within a different committee, its name is specified.

1	2	3	4	5	6
		<p>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.</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>Activities of the Remuneration and Nomination Committee of the Board of Directors are performed on the basis of the Committee Regulations. In accordance with the Regulations, the Committee's functions include, inter alia, all objectives listed in Recommendation 186 of the Code, excluding sub-clause 8. 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 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;</p> <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 Remuneration and Nomination Committee of the Board of Directors 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 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, the Corporate Governance Committee made a decision on unreasonableness of including the objective specified in sub-clause 8 of Recommendation 186 of the Code into the functions of the Remuneration and Nomination Committee of the Board of Directors.</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. In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part.</p>	

1 2 3 4 5 6

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

- complied with
- partially complied with
- not complied with

The tasks of the Remuneration and Nomination Committee of the Board of Directors of MTS 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.

In the reporting year, the Board of Directors of MTS underwent only a minor change: instead of the retired member, an independent director, new for the current composition of the Board of Directors and the Company, became a member of the Board of Directors.

Two candidates were nominated by Sistema PJSC, two candidates were nominated by Sistema Telecom Aktiv LLC and nine candidates were proposed by the Board of Directors of MTS. The proposed independent candidates took most offices in the Board of Directors of MTS (6 out of 9). The Board of Directors of MTS is well-balanced both in terms of numerical composition and in terms of experience and qualification of its members.

With a strong block of independent candidates MTS actually did not need to search for additional candidates. Inclusion of 6 independent directors into the Board of Directors also made it possible to balance the risks that could have occurred since MTS in the reporting year did not resort to the help of shareholders when selecting candidates to the Board of Directors of the Company.

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 will try to organize cooperation with the shareholders in the context of selecting candidates to the Board of Directors whenever it becomes necessary.

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.

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

- complied with
- partially complied with
- not complied with

1	2	3	4	5	6
	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.)				
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, Nomination 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>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.8.6	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	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
2.9	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>	<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 checked="" 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	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 checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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	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
	higher remuneration than necessary, as well as unjustified high gap between levels of remuneration paid to the specified persons and employees of the Company				
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.	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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		

1	2	3	4	5	6
	The Company does not use any forms of short-term motivation or additional financial incentives in respect to members of the Board of Directors	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). Re-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		
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 checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
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		

1	2	3	4	5	6
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		
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	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		
	of the Company's reporting, reasonableness and acceptability of the risks undertaken by the Company	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		

1	2	3	4	5	6
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	<p>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.</p> <p>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</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>		
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	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
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	<p>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.</p> <p>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</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>		
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	<p>1. The Board of Directors of the Company has approved the Information Policy of the Company developed with account of the Code's recommendations.</p> <p>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</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	2	3	4	5	6
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	<p>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.</p> <p>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).</p> <p>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</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>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.</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 of MTS PJSC, owning 42.09 % of the authorized capital jointly with its subsidiary (the efficient stock of less than 50 %) 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>	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
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	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><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. 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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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.	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with		
		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	<p>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.</p> <p>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</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <hr/> <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	<p>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.</p> <p>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</p>	<input checked="" type="checkbox"/> complied with <input type="checkbox"/> partially complied with <input type="checkbox"/> not complied with <hr/> <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
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	<p>1. During the reporting period, the Company did not reject requests from the shareholders for provision of information, or such rejections were justified.</p> <p>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</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> <hr/> <p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
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	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
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	<p><input checked="" type="checkbox"/> complied with</p> <p><input type="checkbox"/> partially complied with</p> <p><input type="checkbox"/> not complied with</p>		
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.	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.	<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
	<p>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.</p> <p>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.</p>	<p>2. During the reporting period, all major corporate actions were approved prior to their implementation</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>		
7.2	<p>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</p>				
7.2.1	<p>Information on making substantial corporate actions is disclosed with explanation of reasons, conditions and effects of such actions</p>	<p>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</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>		
7.2.2	<p>Rules and procedures related to the implementation of major corporate actions by the Company are stipulated in the internal documents of the Company</p>	<p>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.</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>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.</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>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</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>			

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF MTS PJSC AND SUBSIDIARIES FOR 2022



Information is available on MTS PJSC corporate website
https://storage.ir.mts.ru/mts-ir/images/documents/MTS_Group_Full-year_Consolidated_Financial_Statements_2022.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 2022 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!

