

REPORT ON FULFILMENT OF THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

\\ The Board of Directors of MTS PJSC hereby declares that the corporate governance principles of the Corporate Governance Code recommended by the Bank of Russia¹ (hereinafter referred to as the Code) are followed by the Company, with the exception of certain principles and recommendations of the Code specified in the Appendix to this Statement.

\\ This report on keeping the principles and recommendations of the Code by MTS PJSC was considered by the Board of Directors of MTS PJSC at the meeting on May 21, 2020, Minutes No. 297.

\\ The Board of Directors confirms that the data provided in this report contain full and valid information on compliance of the company with the principles and recommendations of the Corporate Governance Code for 2019, as well as for the period after the reporting date before the approval of the Annual Report of MTS PJSC by the Board of Directors of MTS PJSC.²

¹ Letter of the Bank of Russia dated April 10, 2014 No. 06-52/2463 "On the Corporate Governance Code".

² The reporting year is 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 moment of reporting year completion and to the date of making this report, the date of making this report is specified.

BRIEF DESCRIPTION OF MOST SUBSTANTIAL ASPECTS OF THE MODEL AND PRACTICE OF CORPORATE GOVERNANCE IN THE COMPANY

The system (model) of corporate governance of MTS PJSC was built on the basis of the norms of the existing legislation 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 NYSE, 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 practice 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 RECORDED BY THE CORPORATE GOVERNANCE CODE

Assessment of compliance with corporate governance principles recorded in the Code is implemented by the method of analysis and comparison of internal standards and procedures with recommendations of the Code.

PLANNED (SUGGESTED) ACTIONS AND MEASURES OF THE JOINT STOCK COMPANY TO IMPROVE AND MODEL AND PRACTICE OF CORPORATE GOVERNANCE

In 2015 the President developed and approved the Roadmap for implementation of the Corporate Governance Code recommendations in MTS PJSC (hereinafter referred to as the Roadmap). Roadmap actions were carried out in 2015–2018, which increased the number of performed recommendations of the Corporate Governance Code. In particular, following the results of 2018 the company implemented some actions, having achieved compliance with the recommendations of the Code, related to remuneration of directors, access to information before the general meeting of shareholders, and recording of rules and procedures related to fulfillment of corporate actions.

In 2020 MTS will concentrate on tracking and analyzing new international practices and trends in the field of corporate governance, as well as introducing practices that will help to increase the level of corporate governance in the company.

Detailed data 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 Application.

\\ Appendix to the Statement of the Board of Directors of MTS PJSC on compliance with the principles and recommendations of the Corporate Governance Code recommended for use by the Bank of Russia

№	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
1.1	The company shall ensure equal and fair relations with all shareholders that exercise their right for participation in governance of the Company.	complied with		
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 considered issues.	<p>1. The internal document of the Company approved by the General Meeting of shareholders that regulates the procedures of holding a General Meeting is openly available.</p> <p>2. 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 in respect to the agenda undergoing preparation for the General Meeting. The specified actions were undertaken by the Company before every General Meeting held during the reporting period.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
1.1.2	The procedure for communicating about the realization of a General Meeting and providing materials for the General Meeting enables the shareholders to properly prepare for their participation in it.	<p>complied with</p> <p>1. The message on holding a General Meeting of shareholders is placed (published) on the website on the internet at least 30 days before the date of the General Meeting.</p> <p>2. The message on holding a General Meeting specifies the venue of the meeting and 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 Audit Commission of the Company.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

¹ The status "complied with" is only specified 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 complies only with some criteria or does not comply with any criterion of assessment of compliance with the principle. If the company specified the status "complied with," no explanations are required.

№	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
1.1.3	In process of preparation and holding of a General Meeting, the shareholders could freely and promptly receive information on the meeting and materials to it, ask questions to the executive authorities and members of the Board of Directors of the company, communicate with each other.	<p>complied with</p> <p>1. In the reporting period shareholders were given a chance to ask questions to the members of the executive authorities and members of the Board of Directors of the Company before and during the annual General Meeting.</p> <p>2. The position of the Board of Directors (including special opinions included into the minutes), on each issue of the agenda of the General Meetings held in the reporting period was included into the materials for the General Meeting of shareholders.</p> <p>3. The Company provided access to entitled shareholders to the list of persons authorized to participate in the General Meeting, starting from the date of its receipt by the company, in all cases of holding General Meetings in the reporting period.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	
1.1.4	Implementation of the shareholder's right to request the calling 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 by unwarranted difficulties.	<p>complied with</p> <p>1. In the reporting period the shareholders were able within at least 60 days upon completion of the appropriate calendar year to make proposals for inclusion into the agenda of the annual General Meeting.</p> <p>2. In the reporting period the Company did not reject the inclusion of proposals for the agenda or candidates to the company bodies due to misprints and other minor defects in the shareholder's proposal.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	
1.1.5	Each shareholder was able to freely implement their voting right in the way that was most simple and convenient for them.	<p>complied with</p> <p>1. The internal document (internal policy) of the Company contains provisions, in accordance with which each participant of the General Meeting may before the end of the appropriate meeting request the copy of the filled bulletin certified by the counting board.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	

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1.1.6	The procedure for holding a General Meeting established by the Company provides equal opportunity to all persons present at the meeting to speak their opinion and ask their questions of interest.	<p>complied with</p> <p>1. During General Meetings of shareholders in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items, as well as time for discussion of these questions.</p> <p>2. Candidates to the Company management and control bodies were available to answer questions from shareholders at the meeting, where their candidatures were put to a vote</p> <p>3. The Board of Directors, when making decisions related to the preparation and holding of General Meetings of shareholders, considered the question of using telecommunications facilities for the provision of remote access to shareholders for participation in the General Meetings in the reporting period.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
1.2 Shareholders were provided 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>complied with</p> <p>1. The dividend policy in the Company was developed, approved by the Board of Directors and disclosed.</p> <p>2. If the dividend policy of the Company uses the Company 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 statements.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

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1.2.2	The Company does not make a decision on the payment of dividends if such decision, formally not breaking the limitations established by the law, is economically unjustified and may result in the formation of false representations about the Company's business.	<p>complied with</p> <p>1. The dividend policy of the Company includes clear references to the financial/ economic circumstances, when the Company should not pay dividends.</p>	<p>○ complied with</p> <p>⊗ partially complied with</p> <p>○ not complied with</p>	<p>1. The Company's dividend policy¹ does not contain clear indications of financial / economic circumstances under which the Company should not pay dividends, but includes 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. The Company has been consistently paying dividends for the entire duration of its public history (MTC had IPO in the New York Stock Exchange in 2000), ensuring dividend income to shareholders at the level of global and regional telecom operators. Stable dividends are an important element of the Company's investment appeal. In 2014, MTS introduced its 3D strategy, according to which the payment of dividends is one of its key elements.</p> <p>We do not rule out paying dividends out of retained profit from previous years, and therefore do not consider it possible to set, for example, a ban on the decision to pay dividends in the event that the net profit for the reporting year is below the amount recommended for payment of dividends for the fiscal year.</p> <p>In accordance with the Dividend Policy, the Board of Directors of the Company takes 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 takes 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 does not make a decision on payment of dividends, if such decision is economically unjustified and may result in the formation of false representations about the Company's business. The existing practices for dividend payment and the considerable attention paid to this issue by the Board of Directors provide a balanced approach and mitigate risks associated with not fully implementing the recommendation. At one of the meetings of the Corporate Governance Committee under the Board of Directors in 2018, the issue of partial compliance with this recommendation of the Code was considered.</p> <p>It was noted that MTS PJSC does not comply with the recommendations on formal grounds only. With this being said, in our opinion, the Company complies with the Code's basic principle. At the next revision of the Dividend Policy, MTS PJSC plans to return to consideration of the possibility of a separate reference in the Dividend Policy to the fact that when determining the amount of dividend payments, the Board of Directors takes into account the indicators of the consolidated financial statements.</p>

¹ http://static.mts.ru/uploadmisk/contents/1656/Statute_on_MTS_Dividends_Policy_2016_rus.pdf

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1.2.3	The Company does not allow a deterioration of the dividend rights of the existing shareholders.	complied with 1. In the reporting period, the Company did not commit any actions resulting in deterioration of the dividend rights of existing shareholders.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1.2.4	The Company strives to exclude the use of other methods of gaining profit (income) by the shareholders at the expense of the Company, apart from dividends and liquidation value.	complied with 1. In order to exclude other methods of gaining profit (income) by the shareholders at the expense of the Company, apart from dividends and liquidation value, the internal documents of the Company establish controls, which provide for timely detection and procedure of approval of transactions with persons affiliated (related) with major shareholders (persons entitled to dispose of voting rights of voting shares), in those cases, when the law formally does not recognize such transactions as transactions of interest.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1.3	The system and practice of corporate governance ensure equal conditions for all shareholders – owners of shares of one category (type), including minority (small) shareholders and foreign shareholders, and equal treatment of them by the Company			
1.3.1	The Company created conditions for the fair treatment of each shareholder by the management bodies and controlling persons of the Company, including conditions preventing abuse by majority shareholders of minority shareholders.	complied with 1. Within the reporting period the procedures of management of potential conflicts of interest in major shareholders are effective, and the Board of Directors paid proper attention to conflicts between shareholders, if these occurred	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1.3.2	The Company does not undertake actions that result or may result in the artificial redistribution of corporate control.	complied with 1. Quasi-treasury shares are absent or did not participate in voting during the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1.4	Shareholders are provided with reliable and effective ways of register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own			
1.4	Shareholders are provided with reliable and effective ways of register rights for shares, as well as the opportunity of free and unhindered alienation of shares they own	complied with 1. The quality and reliability of activities executed by the Company registrar to keep the register of securities' owners comply with the needs of the Company and its shareholders.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

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2.1	The Board of Directors carries out strategic management of the Company, determines the main principles and approaches to the organization of the risk management system and internal control in the company, monitors activity of the executive bodies of the Company, and implements other key functions	complied with		
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 strategy of development and main directions of the Company's business.	<p>1. The Board of Directors has powers registered in the charter for the appointment, dismissal and determination of the agreement terms in respect to the members of the executive bodies.</p> <p>2. The Board of Directors considered the report (reports) of the sole executive body and members of the collective executive body on achievement of the Company strategy.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.1.2	The Board of Directors establishes the main reference points for the Company's business in the 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.	complied with	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.1.3	The Board of Directors defines principles and approaches for the organization of the risk management and internal control system in the Company.	complied with	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

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2.1.4	The Board of Directors defines the Company policy on remuneration and (or) recovery of costs (compensations) to members of the Board of Directors, executive bodies and other key management employees of the Company	complied with 1. The Company developed and introduced the policy (policies) approved by the Board of Directors for remuneration and recovery of costs (compensations) of the members of the Board of Directors, executive bodies of the company and other key management employees of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	2. During the reporting period, at the meetings of the Board of Directors, issues related to the specified policy (policies) were considered.
2.1.5	The Board of Directors plays a key role in prevention, detection and settlement of internal conflicts between the Company authorities, shareholders of the Company and employees of the company.	complied with 1. The Board of Directors plays a key role in the prevention, detection and settlement of internal conflicts. 2. The company 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="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.1.6	The Board of Directors plays a key role in ensuring the transparency of the Company, timeliness and completeness of information disclosure by the company, unhindered access of shareholders to the Company documents.	complied with 1. The Board of Directors approved the Regulation on Information Policy. 2. There are individuals in the Company who are designated as being responsible for the implementation of the information policy.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.1.7	The Board of Directors monitors the practice of corporate governance in the Company and plays a key role in the substantial corporate events of the Company	complied with 1. During the reporting period, the Board of Directors considered the issue on the practice of corporate governance in the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

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2.2. The Board of Directors reports to all shareholders of the Company				
2.2.1	Information on the operation of the Board of Directors is disclosed and provided to shareholders.	<p>complied with</p> <p>1. The annual report of the Company for the reporting period includes information on attendance of the meetings of the Board of Directors and committees by individual directors.</p> <p>2. The annual report contains information on the main results of assessment of the activities of the Board of Directors carried out in the reporting period.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <hr/> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.2.2	The Chairman of the Board of Directors is available for communication with the Company shareholders.	<p>complied with</p> <p>1. There is a transparent procedure in the Company, which provided for the shareholders an opportunity to send questions and their position on them to the Chairman of the Board of Directors.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.3. The Board of Directors is an effective and professional management body of the Company, capable of producing objective independent opinions and making decisions to protect the interests of the company and its shareholders				
2.3.1	Only persons with a perfect business and personal reputation and the knowledge, skills and experience required for making decisions related to the competences of the Board of Directors, and required for effective realization of its functions, are elected by the members of the Board of Directors.	<p>complied with</p> <p>1. The procedure accepted in the company for the assessment of the efficiency of the operation of the Board of Directors also includes assessment of professional qualification of the members of the Board of Directors.</p> <p>2. In the reporting period the Board of Directors (or its Nomination Committee) performed an assessment of the candidates for the Board of Directors to check for the necessary experience, knowledge, business reputation, absence of conflict of interest, etc.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p> <hr/> <p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.3.2	The members of the Board of Directors of the company are elected through a transparent procedure, making it possible for shareholders to receive information about candidates, sufficient for the generation of representation on their personal and professional qualities.	<p>complied with</p> <p>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 the shareholders with the biographic data of all candidates to the members of the Board of Directors, the results of assessment of such candidates performed by the Board of Directors (or its nomination committee), and also information on the compliance by the candidate with the independence criteria, in accordance with the recommendations 102–107 of the Code and written consent of candidates to be elected into the Board of Directors.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
2.3.3	The composition of the Board of Directors is balanced, also by qualification of its members, their experience, knowledge and business qualities, and enjoys confidence of shareholders.	<p>complied with</p> <p>1. Within the procedure for assessing the work of the Board of Directors performed in the reporting period, the Board of Directors analyzed its needs in the field of professional qualification, experience and business skills.</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	
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 for the substantial minority shareholders of the company the possibility of election of the candidate they vote for into the Board of Directors.	<p>complied with</p> <p>1. Within the procedure of assessment of the Board of Directors performed in the reporting period, the Board of Directors considered the issue of compliance of the quantitative composition of the Board of Directors with the needs of the company and interests of shareholders</p>	<p>⊙ complied with</p> <p>○ partially complied with</p> <p>○ not complied with</p>	

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2.4 The Board of Directors includes a sufficient number of independent directors				
2.4.1	<p>An independent director is a person with sufficient professionalism, experience and independence for the formation of their own position, capable of producing objective and fair opinions independent on the influence of the executive bodies of the Company, separate groups of shareholders or other stakeholders. 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 they are related to the Company, its major shareholder</p>	<p>complied with</p> <p>1. Within the reporting period all independent members of the Board of Directors met all the criteria of independence specified in the recommendations 102–107 of the Code, or were recognized as independent by the decision of the Board of Directors.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	
2.4.2	<p>Assessment of compliance of the candidates to the members of the Board of Directors with the independence criteria is performed, and regular analysis is carried out for compliance of independent members of the Board of Directors with the independence criteria. During performance of such assessment the content shall prevail over the form.</p>	<p>complied with</p> <p>1. In the reporting period the Board of Directors (or the nomination committee of the Board of Directors) produced the opinion on independence of each candidate to the Board of Directors and provided the appropriate report to the shareholders.</p> <p>2. During the reporting period, the Board of Directors (or the nomination committee of the Board of Directors) at least once considered independence of the existing members of the Board of Directors, which are specified by the Company in the annual report as the independent directors.</p> <p>3. The Company developed procedures that determine the necessary actions of the member of the Board of Directors, if they stop being independent, including obligations on timely notification of the Board of Directors, accordingly.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	

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2.4.3	Independent directors make up at least one third of the elected composition of the Board of Directors.	complied with 1. Independent directors make up at least one third of the composition of the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.4.4	Independent directors play a key role in prevention of internal conflicts in the Company and making substantial corporate actions by the Company.	complied with 1. Independent directors (with no conflict of interests) preliminarily assess the substantial corporate actions related to a potential conflict of interest, and results of this assessment are provided to the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.5 The Chairman of the Board of Directors supports the most efficient implementation of the functions laid upon the Board of Directors				
2.5.1	The Chairman of the Board of Directors is an independent director, or a senior independent director is decided from the elected independent directors, who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors.	partially complied with 1. The Chairman of the Board of Directors is an independent director, or a senior independent director is defined among independent directors ¹ 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 type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	<p>1. The Chairman of the Board of Directors is not an independent director, a senior independent director is not defined.</p> <p>Today we do not see the real scope of duties of the Senior Independent Director, however, we do not rule out that in the future in case of any changes to the Board of Directors (quantity, composition), such an appointment may be necessary.</p> <p>When implementing the recommendations of the Code, we follow the position that each recommendation of the Code must be evaluated for its usefulness and applicability to the system of corporate governance of a specific company. In particular, 4 of 9 company directors are independent. There is good communication in the company, including between independent directors (in virtue of long-term period of entrance to the MTS Board of Directors), and furthermore, there is a democratic and open culture of interaction, including with the company management and key shareholders. Thus, MTS has no objective need for additional coordination of the independent directors by the Senior Independent Director.</p>
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 performance of decisions made by the Board of Directors.	complied with 1. The efficiency of the work of the Chairman of the Board of Directors is assessed within the procedure of assessment of Board of Directors efficiency in the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.5.3	The Chairman of the Board of Directors takes the necessary actions for timely provision of the information necessary to make decisions on the issues of the agenda to the members of the Board of Directors.	complied with 1. The obligation of the Chairman of the Board of Directors to take actions to provide for timely provision of materials 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="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

¹ Specify which of two alternative approaches permitted by the principle is introduced in the company, and explain the reasons for the chosen approach

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.6 Members of the Board of Directors act fairly and reasonably for 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	Members of the Board of Directors make decisions with account of all available information, in absence of conflict of interests, with account of equal attitude to shareholders of the Company, within regular entrepreneur risk.	<p>complied with</p> <p>1. Internal documents of the Company establish that the member of the Board of Directors must notify the Board of Directors, if they have a conflict of interest in respect to any issue of the agenda of the meeting of the Board of Directors or the committee of the Board of Directors, before discussion of the appropriate item of the agenda.</p> <p>2. Internal documents of the Company provide that the member of the Board of Directors shall abstain from voting on any issue, where they have a conflict of interest.</p> <p>3. In the Company there is a procedure, which makes it possible for the Board of Directors to receive professional consultations on issues related to its competences, at the expense of the Company.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	
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.	<p>complied with</p> <p>1. In the Company there is an internal document accepted and published, which defines the rights and obligations of the members of the Board of Directors.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	
2.6.3	Members of the Board of Directors have sufficient time to perform their obligations.	<p>complied with</p> <p>1. Individual attendance of the meetings of the Board and the committees, as well as time allocated for preparation to participate in the meetings was taken into account within the procedure to assess the Board of Directors, in the reporting period</p> <p>2. In accordance with the internal documents of the company, the members of the Board of Directors must 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 on the fact of such appointment.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.6.4	All members of the Board of Directors to the same extent are able to access documents and information of the Company. Newly elected members of the Board of Directors within the shortest time possible are provided with sufficient information about the Company and work of the Board of Directors.	<p>complied with</p> <p>1. In accordance with the internal documents of the Company, the members of the Board of Directors are entitled to access the documents and make queries related to the Company and its subsidiaries, and executive bodies of the Company shall provide the appropriate information and documents.</p> <p>2. In the Company there is a formalized program of introductory events for newly elected members of the Board of Directors.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.7	Meetings of the Board of Directors, preparation for them and participation by members of the Board of Directors in them ensure the effective operation of the Board of Directors.			
2.7.1	Meetings of the Board of Directors are held when required, with account of the scale of activities and objectives of the Company at a certain period of time.	<p>complied with</p> <p>1. The Board of Directors held at least six meetings in the reporting period.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.7.2	The internal documents of the Company record the procedure of preparation and holding of the meetings of the Board of Directors, providing the opportunity for the members of the Board of Directors to properly prepare for its holding.	<p>complied with</p> <p>1. In the Company there is an internal document, which defines the procedure of preparation and holding of the meetings of the Board of Directors, where it is also established that notice on holding a meeting should be made as a rule at least 5 days before the date of the meeting.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
2.7.3	The form of holding a meeting of the Board of Directors is determined with consideration for the importance of the agenda items. Most important issues are resolved at the meetings held with physical presence.	<p>complied with</p> <p>1. The Charter or the internal document of the Company provides that the most important issues (according to the list provided in the Recommendation 168 of the Code) shall be considered at in-person meetings of the Board.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.74	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 majority of votes of all elected members of the Board of Directors.	<p>partially complied with</p> <p>1. The charter of the Company provides that the decisions on the most important issues specified in the recommendations 170 of the Code shall be made at the meeting of the Board of Directors by qualified majority, with at least three quarters of votes, or by the majority of votes of all elected members of the Board of Directors.</p>	<p><input type="radio"/> complied with</p> <p><input checked="" type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	<p>1. The charter of the Company does not provide that the decisions on the issues specified in the Recommendation 170 of the Code shall be made at the meeting of the Board of Directors by qualified majority, with at least three quarters of votes, or by the majority of votes of all elected members of the Board of Directors.</p> <p>In accordance with the Charter, decisions on most issues related to the competences of the Board of Directors, are taken by simple majority (more than a half) 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.</p> <p>In practice the specified recommendation of the Code is complied with: in recent years more than 90% of the Board of Directors' meetings took place with 100% participation of the members of the Board of Directors. Therefore, in most cases the simple majority of votes of the Board of Directors members attending the meeting is comparable to majority of votes of all elected members of the Board of Directors.</p> <p>After approval of the Code, the issue on implementation of the recommendation was considered by the members of the Corporate Governance Committee at 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 in connection with the fact that their implementation may negatively impact the urgency of decision making.</p> <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, and also decision making procedures adopted in the Company: decisions made by the Board of Directors are built 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 the committees' work.</p> <p>In connection with the above, the Company does not plan to achieve full compliance with this recommendation of the Code in this part. Additionally, the Company will continue monitoring compliance with such recommendation of the Code by the Russian issuers and evaluate the opportunity of its introduction in MTS PJSC (depending in changes happening in the field of the Russian corporate governance).</p>

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.8	The Board of Directors establishes 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 financial and economic activities of the Company, the Audit Committee is established, comprised of independent directors	complied with		
		1. The Board of Directors established the Audit Committee made exclusively of independent directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		2. The internal documents of the company define the objectives of the Audit Committee, including objectives contained in the Recommendation 172 of the Code.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		4. Meetings of the Audit Committee were held at least once per quarter during the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.8.2	For preliminary consideration of the issues related to formation of efficient and transparent remuneration practice, the Remuneration Committee is established, comprising independent directors and headed by the independent director, not being the Chairman of the Board of Directors.	complied with		
		1. The Board of Directors established the Remuneration Committee, which comprises only independent directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		2. The Chairman of the Remuneration Committee is an independent director, who is not the Chairman of the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
		3. The internal documents of the company define the objectives of the Remuneration Committee, including objectives contained in the Recommendation 180 of the Code.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
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 Committee (for appointments, HR) is established, majority of the members of which are independent directors.	<p>partially complied with</p> <p>1. The Board of Directors established the Nomination Committee (or its objectives specified in the Recommendation 186 of the Code, are implemented within a different committee¹, the majority of the members of which are independent directors.</p> <p>2. Internal documents of the Company define the objectives of the Nomination Committee (or the appropriate committee with the combined functionality), including the objectives contained in the Recommendation 186 of the Code.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>○ complied with ⊙ partially complied with ○ not complied with</p>	<p>1. The objectives specified in Recommendation 186 of the Code are imposed upon the Appointments and Remuneration Committee.</p> <p>2. Activities of the Appointments and Remuneration Committee 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.</p> <p>The objective to describe individual duties of directors and Chairman of the Board of Directors was not included into the list of functions of the Appointments and Remuneration Committee for two main reasons:</p> <ul style="list-style-type: none"> ➤ main duties of the 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; ➤ the composition of the Board of Directors is stable enough. Therefore, the circle of individual duties of each director has already been formed, and the Company believes that additional description of duties of the directors by the Appointments and Remuneration Committee will be of exclusively formal nature and would not be a catalyst for increased efficiency of the Board of Directors' work. <p>Risks related to partial compliance with such recommendation, are levelled out by introduction of an Induction in the Company for newly elected members of the Board of Directors, which also contain description of duties of directors and Chairman of the Board of Directors.</p> <p>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 Appointments and Remuneration Committee. The Company does not plan to apply this objective to functions of the Appointments and Remuneration Committee. 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 If objectives of the Nomination Committee are implemented within a different committee, specify its name

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.8.4	With account of the scale of activity and level of risk, the Board of Directors of the Company verified that the composition of its committees fully complies with the objectives of the Company's business. Additional committees were either formed or were not recognized necessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	complied with 1. In the reporting period the Board of Directors of the company considered the issue of compliance of the composition of its committees with the objectives of the Board of Directors and objectives of the Company's business. Additional committees were either formed or were not recognized necessary.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	1. As of 01.01.2019, the following committees were formed under the Board of Directors: — Audit Committee, — Remuneration and Nomination Committee, — Strategy Committee, — Budget Committee, and — Corporate Governance Committee At the meeting of June 27, 2019, the Board of Directors considered the issue of compliance of the composition of its committees with the objectives of the Board of Directors and objectives of the Company's business. Established committees continued their operations. The need to establish additional committees was not identified.
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.	complied with 1. Committees of the Board of Directors are headed by independent directors. 2. Internal documents (policies) of the company provide for the provisions, in accordance with which the persons not included into the composition of the Audit Committee, Nomination Committee and Remuneration Committee may visit the meetings of the committees only with the invitation of the chairman of the appropriate committee.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
2.8.6	Chairmen of the committees regularly inform the Board of Directors and its chairman on the work of its committees.	complied with 1. During the reporting period the chairmen of the committees regularly report to the Board of Directors about the work of the committees.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
2.9 The Board of Directors provides for performance of assessment of the quality of Board of Directors' work, its committees and members of the Board of Directors				
2.9.1	Performance of assessment of quality of Board of Directors' work is aimed at definition of degree of efficiency of Board of Directors', committees' and members of the Board of Directors work, compliance of their work with the needs of the company development, activation of work of the Board of Directors and detection of areas, where their activity may be improved.	<p>complied with</p> <p>1. Self-assessment or external assessment of work of the Board of Directors performed in the reporting period included assessment of the work of committees, separate members of the Board of Directors and the Board of Directors in general.</p> <p>2. Results of self-assessment or external assessment of the Board of Directors performed during the reporting period were considered at the in-person meeting of the Board of Directors.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	
2.9.2	Assessment of work of the Board of Directors, Committees and members of the Board of Directors is realized on a regular basis at least once per year. For independent assessment of quality of work of the Board of Directors, at least once in three years an external organization (consultant) is employed	<p>partially complied with</p> <p>1. To perform independent assessment of quality of work of the Board of Directors within the last three reporting periods, at least once the Company employed an external organization (consultant).</p>	<p><input type="radio"/> complied with</p> <p><input checked="" type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	<p>1. Within three last reporting periods, the external consultant to independently assess the Board of Directors' performance was not involved. However, in 2017, with the methodological support of the external consultant, the Company performed self-assessment of the Board of Directors' performance. Within self-assessment, the certain external assessment tools were used. In particular, all members of the Board of Directors and some management willingly took part in individual interviews held by the independent consultant on the basis of the results of questionnaires. Furthermore, the independent consultant analyzed the internal documents of the Company. Therefore, the self-assessment procedure was brought as close as possible to the format of external assessment of the Board of Directors. Following the assessment procedure results, the Company obtained an independent opinion with recommendations, which were included into the Board of Directors work plan for 2018–2019. In 2018–2019, based on the results of the execution of the approved plan based on the results of the assessment conducted in 2017, the Company considered the possibility of conducting an external assessment of the Board of Directors, and taking into account that the assessment of the Board of Directors in 2017 practically corresponded to the external assessment procedure, as well as a large number requiring the implementation of measures based on the results of the assessment and the inclusion of new members in the Board of Directors, it was deemed inappropriate to conduct it in 2018. In 2019, the MTS Board of Directors decided to conduct an independent external assessment with an external organization. At the time of preparation of the report, the Company is in the process of conducting an independent assessment.</p>

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
3.1	The corporate secretary of the Company performs effective current interaction with the shareholders, coordinates actions of the Company for protection of rights and interests of shareholders, supports effective work of the Board of Directors.			
3.1.1	The corporate secretary has knowledge, experience and qualification, sufficient for performance of its obligations, stellar reputation and enjoys confidence of shareholders.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1. The corporate secretary has knowledge, experience and qualification, sufficient for performance of its obligations, stellar reputation and enjoys confidence of shareholders				
2. On the website of the Company on the internet and in the annual report there is biographic information available on the corporate secretary, with the same level of detail as for the members of the Board of Directors and executive management of the company.		<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with		
3.1.2	The corporate secretary has sufficient independence of the executive bodies of the Company and has the necessary powers and resources to perform its objectives.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1. The Board of Directors approves appointment, dismissal and additional remuneration of the corporate secretary.				
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. Payment of remuneration to the members of the Board of Directors, executive bodies and other key management employees of the company shall be carried out in accordance with the remuneration policy accepted in the Company.			
4.1.1	The level of remuneration provided by the Company to the members of the Board of Directors, executive bodies and other key management employees creates sufficient motivation for their efficient work, making it possible for the Company to employ and retain competent and qualified experts. At the same time the Company avoids higher remuneration than necessary, as well as unjustified high gap between levels of remuneration of the specified persons and employees of the Company.	complied with	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
1. There is an internal document (documents) accepted in the Company – a policy (policies) on remuneration of the members of the Board of Directors, executive bodies and other key management employees, which clearly defines the approaches to the remuneration of the specified persons.				

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
4.1.2	The Company remuneration policy is 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 implementation and execution of the remuneration policy in the Company, and if necessary – revises and corrects it.	complied with 1. During the reporting period the Remuneration Committee considered the remuneration policy (policies) and practice of its (their) introduction, and if required, the necessary recommendations to the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
4.1.3	The remuneration policy of the Company comprises transparent mechanisms for determination of the remuneration amount of the members of the Board of Directors, executive bodies and other key management employees of the Company, and also regulates all types of payments, benefits and privileges provided to the specified persons.	complied with 1. The remuneration policy (policies) of the Company comprises (comprise) transparent mechanisms for determination of the remuneration amount of the members of the Board of Directors, executive bodies and other key management employees of the Company, and also regulates (regulate) all types of payments, benefits and privileges provided to the specified persons.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> 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 a component of the Company's remuneration policy.	complied with 1. The remuneration policy (policies) or other internal documents of the Company establish the rules for recovery of the expenses of the members of the Board of Directors, executive bodies and other key management employees of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
4.2	The remuneration system of the members of the Board of Directors provides for approach of financial interests of directors with long-term financial interests of shareholders.			
4.2.1	The Company pays fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board or committees of the Board of Directors. The Company does not use forms of short-term motivation and additional material stimulation in respect to the members of the Board of Directors.	complied with 1. Fixed annual remuneration was the only monetary form of remuneration of the members of the Board of Directors for work in the Board of Directors during the reporting period.	⊙ complied with ○ partially complied with ○ not complied with	In April 2018 at the joint meeting of the Corporate Governance Committee and Remuneration and Nomination Committee, it was decided to modify the directors' remuneration system to achieve compliance with the requirements of the Corporate Governance Code. In June 2018 the decision of the General Meeting of Shareholders made corresponding changes to the Regulations on Remunerations and Compensations, paid to the members of the Board of Directors, which excluded the bonus for the work per year, depending on current parameters of company operations, and provide a payment of shares instead aimed at long-term stimulation of directors.
4.2.2	Long-term ownership of the Company shares to the largest extent promotes approach of financial interests of the members of the Board of Directors and long-term interests of the shareholders. 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.	complied with 1. If the internal document (documents) – remuneration policy (policies) of the Company – provides for provision of the Company shares to the members of the Board of Directors, clear rules of shares ownership by the members of the Board of Directors aimed at stimulation of long-term ownership of such shares must be provided for and disclosed.	⊙ complied with ○ partially complied with ○ 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 the members of the Board of Directors in connection with transfer of control over the Company or other circumstances.	complied with 1. The Company does not provide for any additional payments or compensation in case of early termination of powers of the members of the Board of Directors in connection with transfer of control over the Company or other circumstances.	⊙ complied with ○ partially complied with ○ not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
4.3	The system of remuneration of the members of executive bodies and other key management employees of the Company provides for the dependence of remuneration on the result of operation of the Company and their personal contribution to achievement of this result.			
4.3.1	Remuneration of the members of the executive bodies and other key management employees of the company is determined so that reasonable and justified ratio is provided between the fixed part of remuneration and the variable part of remuneration depending on the results of Company operation and personal (individual) contribution of the employee to the final result.	<p>complied with</p> <p>1. During the reporting period, the annual indicators of efficiency approved by the Board of Directors were used to determine amount of variable remuneration of the members of the executive bodies and other key management employees of the Company.</p> <p>2. During the last completed assessment of the remuneration system of the executive bodies and other key management employees of the Company, the Board of Directors (Remuneration Committee) verified that the Company uses effective ratio of the fixed part of remuneration and variable part of remuneration.</p> <p>3. The company provides for the procedure providing for return of bonus payments to the Company, which were illegally received by the members of executive bodies and other key management employees of the Company.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
4.3.2	The Company introduced a program of long-term motivation of the members of the executive bodies and other key management employees of the company using shares in the Company (options or other derivative financial instruments, the basic asset for which is the shares in the Company).	<p>complied with</p> <p>1. The Company introduced a program of long-term motivation of the members of the executive bodies and other key management employees of the Company using shares in the Company (financial instruments based on the Company shares).</p> <p>2. The program of long-term motivation of the members of executive bodies and other key management employees of the company provides for the fact that the right to sell shares and other financial instruments used in this program arises not earlier than in three years from the moment of their provision. At the same time, the right for their sale is provided through the achievement of certain indicators of the Company activities.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
4.3.3	The amount of compensation (golden handshake) paid by the Company in case of early termination of powers to the members of the executive bodies or key management employees at the initiative of the Company and with absence of unfair actions from their side, does not exceed double size of the fixed part of the annual remuneration.	complied with 1. The amount of compensation (golden handshake) paid by the Company in case of early termination of powers to the members of the executive bodies or key management employees at the initiative of the Company and with absence of unfair actions from their side in the reporting period did not exceed double size of the fixed part of the annual remuneration.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
5.1 In the Company an efficiently operating risk management and internal control system aimed at assuring reasonable confidence in achievement of objectives set in the Company was established.				
5.1.1	The Board of Directors of the Company defined principles and approaches to organization of the risk management and internal control system in the Company.	complied with 1. Functions of various management bodies and subdivisions of the Company in the risk management and internal control system are clearly defined in the internal documents/appropriate policy of the Company approved by the Board of Directors.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
5.1.2	Executive bodies of the Company provide for development and maintenance of functioning of the efficient risk management and internal control system in the Company.	complied with 1. Executive bodies of the Company provided for distribution of functions and powers in respect to risk management and internal control between their subordinate managers of subdivisions and departments.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
5.1.3	The risk management and internal control system in the Company provides for objective, fair and clear presentation of the current status and prospects of the Company, integrity and transparency of the Company reporting, reasonableness and acceptability of the risks undertaken by the Company.	complied with 1. The Company has an approved anti-corruption policy. 2. The Company has an available method for informing the Board of Directors or the Audit Committee of the Board of Directors about the facts of breaching of the law, internal procedures, Company code of ethics.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
5.1.4	The Board of Directors of the Company undertakes the necessary actions in order to verify that the existing Company risk management and internal control system complies with the principles and approaches to its organization determined by the Board of Directors and functions effectively.	complied with 1. During the reporting period the Board of Directors or the Audit Committee of the Board of Directors assessed the efficiency of the risk management and internal control system in the Company. Data on the main results of such assessment is included into the annual report of the Company.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
5.2 For systematic independent evaluation of reliability and efficiency of the risk management and internal control system and corporate management practice, performance of the internal audit is organized by the Company				
5.2.1	For internal audit, there is a separate structural subdivision in the Company, or an independent external organization is employed. Functional and administrative accountabilities of the internal audit subdivision are separated. The functional subdivision of internal audit reports to the Board of Directors.	complied with 1. For internal audit, the Company has is a separate structural subdivision of internal audit, which functionally reports to the Board of Directors or the Audit Committee, or an independent external organization is employed with the same principle of accountability.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
5.2.2	The internal audit subdivision performs assessment of efficiency of the internal control system, assessment of efficiency of the risk management system, and also the corporate governance system. The Company applies the generally accepted standards of activities in the field of an internal audit.	complied with 1. During the reporting period within the implementation of the internal audit, the efficiency of the internal control and risk management system is assessed. 2. The Company applies generally accepted approaches to internal control and risk management.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	
6.1 The Company and its activities are transparent for shareholders, investors and other stakeholders				
6.1.1	In the Company there is an information policy developed and introduced, which provides for effective information interaction of the Company, shareholders, investors and other stakeholders.	complied with 1. The Board of Directors of the company approved the information policy of the Company developed with account of the Code recommendations. 2. The Board of Directors (or one of its committees) considered the issues related to Company compliance with its information policy at least once in the reporting period.	<input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with <input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
6.1.2	The Company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations of the Code.	<p>partially complied with</p> <p>1. The Company discloses information about the corporate governance system in the company and general principles of corporate governance, used in the Company, including those on the website of the Company on the internet.</p> <p>2. The Company discloses information on the composition of executive bodies and the Board of Directors, independent members of the Board and their membership in the committees of the Board of Directors (in accordance with the definition of the Code).</p> <p>3. If there is a person that controls the Company, the Company publishes a memorandum of the controlling entity in respect to the plans of such entity in respect to the corporate governance in the Company.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>○ complied with ⊙ partially complied with ○ not complied with</p>	<p>The Company did not publish the memorandum of the controlling entity in respect to its plans as regards the Company in connection with the fact that such memorandum was not adopted by the controlling entity.</p> <p>The controlling shareholder of the Company (Sistema PJSC, hereinafter also referred to as "Corporation"), promptly provides public access to information about all of its plans in respect to the Company with the help of various information disclosure channels (annual report, notices of substantial facts, press releases, etc.), following the principles of protection of the confidential information and rights of shareholders of the Company.</p> <p>Furthermore, on the website of Sistema PJSC there is the Corporate Governance Code published.¹ The Corporate Governance Code of Sistema PJSC declares the aspiration of the Corporation to ensure compliance with regulations and requirements of the existing legislation, and also best standards of corporate governance in practice of its subsidiaries and affiliates. Besides, the code contains information on principles of building relations in Sistema PJSC Group of Companies. In accordance with the Code, the main objective of the Corporation in respect to subsidiaries and affiliates (portfolio companies), shall be proclaimed assistance to their comprehensive development for the purposes of their cost increase. Furthermore, when making management decisions, the Corporation takes into account interests of all shareholders, investors, main consumers of subsidiaries' products, and also other stakeholders, including state authorities and employees of portfolio companies.</p> <p>In connection with the above, use of an additional tool of information disclosure (controlling entity's memorandum) for disclosure of the public information is unreasonable. Risks of failure to comply with the recommendation are levelled out by the timely and high-quality disclosure of all material information of the Corporation.</p> <p>MTS has no data on plans of Sistema PJSC on acceptance of the specified memorandum. If the controlling entity accepts the memorandum recommended by the Code, it will be published by the Company.²</p>

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
6.2 The Company promptly discloses full, relevant and valid information about the Company to ensure the possibility to make justified decisions by the Company shareholders and investors				
6.2.1	The Company discloses information in compliance with the principles of regularity, consistence and efficiency, as well as availability, validity, completeness and comparability of disclosed data.	<p>complied with</p> <p>1. The information policy of the Company determines approaches and criteria for definition of information capable of significantly influencing the assessment of the Company and cost of its securities and procedures providing for timely disclosure of such information.</p> <p>2. If securities of the Company circulate in the foreign organized markets, disclosure of substantial information in the Russian Federation and in such markets is done synchronously and equivalently during the reporting period.</p> <p>3. If foreign shareholders own a substantial quantity of Company shares, then during the reporting year disclosure of information was done not only in Russian, but also in one of the most common foreign languages</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	
6.2.2	The Company avoids formal approach in disclosure of information and discloses substantial information about its activities, even if disclosure of such information is not provided for by the law.	<p>complied with</p> <p>1. During the reporting period the Company disclosed annual and semi-annual financial reporting prepared in accordance with the IFRS standards. The annual report of the Company for the reporting period includes annual financial reporting made according to the IFRS standards jointly with the auditor's report.</p> <p>2. The Company discloses full information on the structure of the company capital in accordance with the Recommendation 290 of the Code in the annual report and on the website of the Company on the internet.</p>	<p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p> <p><input checked="" type="radio"/> complied with <input type="radio"/> partially complied with <input type="radio"/> not complied with</p>	

¹ http://www.sistema.ru/fileadmin/user_upload/corporate_documents/kodeks_korporativnogo_upravljenija.pdf.

² Due to the fact that the formal complying with the recommendations of the Code depends on a controlling entity, and not on MTS PJSC, the company has no information on whether inconsistency with the provisions of the Code temporary and whether the controlling shareholder had intention to achieve Code compliance in the future. However, the company will continue to monitor compliance with this Code provision by Russian issuers and initiate consideration of the issue by the corporate governance Committee, if the practice will change.

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
6.2.3	The annual report of the Company, being one of the most important tools for information exchange with shareholders and other stakeholders; it contains information for evaluating the results of the Company activities over the year.	<p>complied with</p> <p>1. The annual report of the Company contains information on key aspects of operating activities of the Company and its financial results.</p> <p>2. The annual report of the Company contains information on environmental and social aspects of the company's business.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
6.3 The company provides information and documents for requests of shareholders in accordance with the principles of fairness and no hardship				
6.3.1	The Company provides information and documents for requests of shareholders in accordance with the principles of fairness and no hardship.	<p>partially complied with</p> <p>1. The information policy of the Company determines the unhindered procedure of provision of access to information to shareholders, including information on controlled legal entities of the Company, at the request of shareholders.</p>	<p>○ complied with ⊙ partially complied with ○ not complied with</p>	<p>In 2019, the information policy of the Company did not include the shareholders' right for access to information on controlled legal entities of the Company. Besides, the shareholders received sufficient information to exercise their rights. The Company and its business are fully transparent for shareholders, investors and other stakeholders. All information to be disclosed shall be regularly published on the Company's website. Additionally MTS provides public access to separate types of information recommended for disclosure by the Code. Besides, the information policy provides for various methods and forms of information provision (including internet conferences, meetings, telephone negotiations and other contacts with professional participants of the market and shareholders, it is possible to visit Company offices). Therefore, the Company provides considerable volume of information about itself and its business in accordance with principles of equal and unhindered access. In connection with it, shareholders' exercise of the right for access to documents and information of the Company in practice is not coupled with unjustified difficulties. MTS information policy is a top-level document containing the basic principles adhered by MTS for disclosing material non-public information. In this regard, we have disclosed (on our website on the internet) the procedure for providing shareholders with access to information on legal entities controlled by the Company at the request of shareholders.</p>

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
6.3.2	If the Company provides information to shareholders, a reasonable balance is provided between interests of specific shareholders and interests of the Company itself, which is interested in preservation of confidentiality of important commercial information, which may substantially influence its competitiveness.	<p>complied with</p> <p>1. During the reporting period, the Company did not reject requests of 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 warned about the confidential nature of information and undertake to maintain its confidentiality.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> 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 shareholders (substantial corporate actions), are carried out under fair conditions, providing for compliance with the rights and interests of shareholders, as well as other stakeholders			
7.1.1	Substantial corporate actions include reorganization of the company, acquisition of 30 and more percent of the voting shares in the company (acquisition), closing of major transactions by the company, increase or decrease of the charter capital of the company, listing and delisting of the company shares, as well as other actions, which may result in substantial change in the rights of shareholders or violation of their interests. The charter of the Company defines a list (criteria) of transactions or other actions, being substantial corporate actions, and such actions are related to the competences of the Board of Directors of the company.	<p>complied with</p> <p>1. The charter of the Company defines a list of transactions or other actions, being substantial corporate actions, and criteria for their definition. Decision making in respect to substantial corporate actions is referred to the competences of the Board of Directors. In cases when realization of these corporate actions is directly related by the law to the competence of the General Meeting of shareholders, the Board of Directors provides the appropriate recommendations to the shareholders.</p> <p>2. The charter of the company includes at least the following actions as the substantial corporate actions: reorganization of the company, acquisition of 30 or more percent of the voting shares in the company (acquisition), closing of major transactions by the company, increase or decrease of the charter capital of the company, listing and delisting of the company shares.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p> <hr/> <p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	
7.1.2	The Board of Directors plays a key role in making decisions or generation of recommendations in respect to substantial corporate actions, the Board of Directors relies on the position of the independent directors of the Company.	<p>complied with</p> <p>1. In the Company there is a procedure, in accordance with which the independent directors state their position on the substantial corporate actions before their approval.</p>	<p><input checked="" type="radio"/> complied with</p> <p><input type="radio"/> partially complied with</p> <p><input type="radio"/> not complied with</p>	

№	Corporate governance principles	Criteria of assessment of compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of the deviation from criteria of assessment of compliance with the corporate governance principle
71.3	When making substantial corporate actions, which affect the rights and legal interests of the shareholders, equal conditions are provided for all shareholders of the Company, and if the mechanisms specified by the law and aimed at protection of the shareholders' rights are insufficient, additional measures are taken to protect rights and legal interest of the Company shareholders. At the same time the Company not only complies with the formal requirements of the law, but also the principles of corporate governance specified in the Code.	<p>complied with</p> <p>1. The charter of the Company with account of the features of its activities establishes lower minimum criteria to refer the Company transactions to the substantial corporate actions compared to the law.</p> <p>2. During the reporting period all substantial corporate actions were approved before their realization.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	
7.2	The company provides for such procedure of making substantial corporate actions, which makes it possible for the shareholders to promptly obtain full information on such actions, makes it possible for them to influence making such actions and guarantees compliance and adequate level of protection of their rights during commitment of such actions			
72.1	Information on making substantial corporate actions is disclosed with explanation of reasons, conditions and effects of making such actions..	<p>complied with</p> <p>1. During the reporting period the Company promptly and in detail disclosed information on substantial corporate actions of the Company, including grounds and timing for making such actions.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p>	
72.2	Rules and procedures related to realization of substantial corporate actions by the company are recorded in the internal documents of the Company.	<p>complied with</p> <p>1. Internal documents of the Company provide for the procedure of employment of an independent appraiser to define the cost of property alienated or purchased within a major transaction or a transaction of interest.</p> <p>2. Internal documents of the Company provide for the procedure of employing an independent appraiser to assess the cost of purchase and redemption of the Company shares.</p> <p>3. Internal documents of the Company provide for the extended list of grounds, under which the members of the Board of Directors of the Company and other persons specified by law are recognized as interested in the Company transactions.</p>	<p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p> <p>⊙ complied with ○ partially complied with ○ not complied with</p>	In 2018 changes were made to the Regulations on the Board of Directors of MTS PJSC aimed at formalization of the procedure to employ an appraiser in some cases when making substantial transactions.