

MANAGEMENT OF SUBSIDIARIES OF MTS GROUP

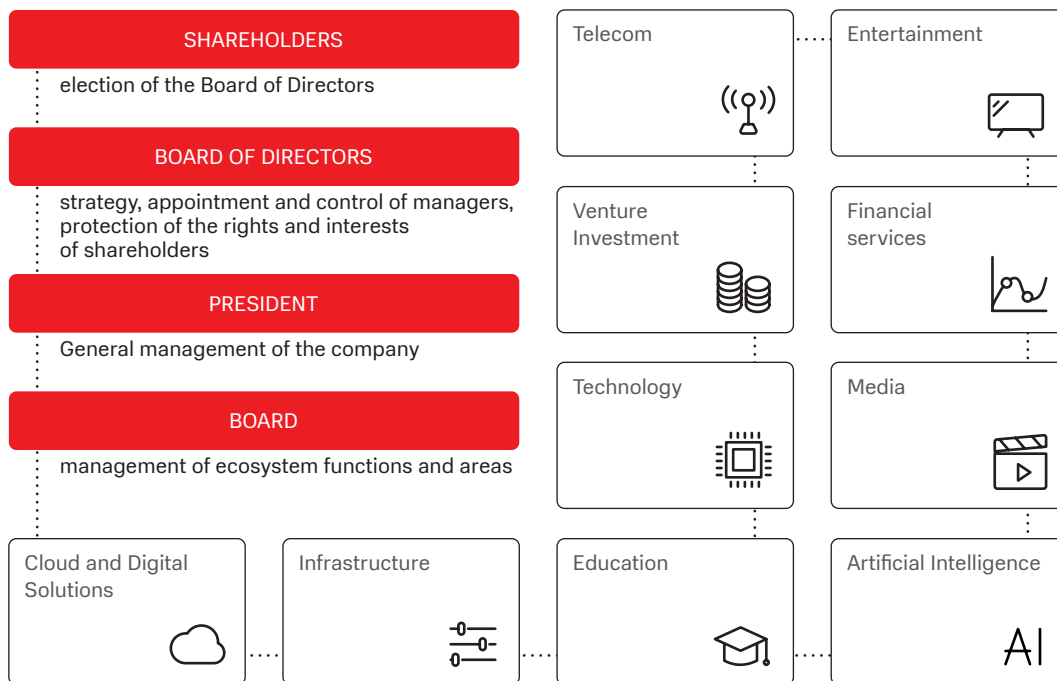
\\ MTS is implementing its strategy to create a large-scale ecosystem of new digital products based on our accumulated expertise and leadership in the telecommunications business through the development of new business areas, including acquisition and the creation of new companies.

New companies in the field of media, entertainment and artificial intelligence appeared in the MTS Group in order to implement the strategy in 2019.

A multi-level corporate governance system helps to implement the strategic goals throughout the Group of Companies, taking into account

the interconnectedness and continuity of decisions made by the MTS management bodies.

MTS has the following participants in the system for corporate governance over subsidiaries:



\\ Corporate governance approaches depend on the ownership share in the company.

In companies with an MTS ownership share of less than 50%, the property rights and interests of MTS are protected by the provisions of the charter or corporate agreement.

MTS ownership share in companies of more than 50% suggests the possibility of forming the composition of the Board of Directors and determining strategic and priority decisions of the Boards of Directors of subsidiaries.

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

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

In significant subsidiaries with large business, a strong and involved personal composition of Board of Directors members is formed with the involvement of independent directors.

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

- > personal skills, qualifications, experience,
- > knowledge of industry and sector of the subsidiary,
- > total employment, in particular, in other Boards of Directors,
- > exclusion of a possible conflict of interest, and
- > candidate's consent, including consent to meet anti-corruption compliance requirements.

A preliminary compliance check is carried out for independent directors.

Candidates for nomination to the Boards of Directors of subsidiaries are agreed upon by the President of MTS or responsible Vice Presidents of MTS. The Board of Directors approves candidacies for boards of directors of foreign companies in accordance with the list of such subsidiaries approved by the Board.

The MTS Board of Directors is the center for strategic decisions which are transmitted to subsidiaries through MTS representatives in management bodies.

The influence of the MTS Board of Directors on the main business processes:

- > strategy and investments,
- > business plan and budget,
- > functional strategies,
- > remuneration system,
- > management control, audit, compliance, and
- > asset control.

MTS representatives participate in the work of subsidiary management bodies, guided by the norms of MTS internal documents.

In order to effectively fulfill their duties, the representatives:

- > receive and analyze information about the company's activities,
- > initiate issues to be included in the agenda of management bodies,
- > take active part in meetings of governing bodies,
- > vote, taking into account the position of MTS management bodies,
- > control the implementation of decisions made, and
- > inform MTS about the occurrence of a conflict of interest and possible violations of the requirements of the applicable anticorruption legislation by the company.

Best practices are applied in order to develop a multi-level corporate governance system, including compliance with the requirements of the Corporate Governance Code, implementation of common standards for internal documents, planning of work of the Boards of Directors, and timely and complete disclosure of information.