

Decision on recognition of an independent member of the Board of Directors of MTS PJSC Regina Dagmar Benedicta von Flemming

Date of the meeting of the Board of Directors: June 24, 2022

Date of compilation and number of the minutes of the meeting of the Board of Directors:
June 24, 2022 (Minutes 334)

Composition of the Board of Directors: P. Berriman, F.V. Evtushenkov, A.I. Zassoursky, V.K. Nikolaev, R. Flemming, Sh. Kheradpir, T. Holtrop, N. Shouraboura, V.B. Yumashev

Quorum of the meeting of the Board of Directors: Nine (9) members of MTS PJSC Board of Directors were present at the meeting, representing 100 % of the number of elected members of MTS PJSC Board of Directors. A quorum was present. The meeting of MTS PJSC Board of Directors was confirmed to be quorate and duly constituted.

Content of the decision of the Board of Directors:

1. Organizational issues of MTS PJSC Board of Directors activity:

1.3. On determining the status of members of MTS PJSC Board of Directors.

Reported: Director for Corporate Governance R. Safronov on determining the status of members of MTS PJSC Board of Directors.

Issues put to the vote:

1. On determination of the status of Thomas Holtrop and Regina von Flemming, members of the Board of Directors of MTS PJSC.

1) To take into consideration the results of the evaluation and reasoning of the independence of Thomas Holtrop and Regina von Flemming, member of MTS PJSC Board of Directors (Annexes 4 and 3 accordingly).

2) Based on the completed check of members of the Board of Directors, Thomas Holtrop and Regina von Flemming, for the Independence criteria, established the presence of pro forma criteria of affiliation of Thomas Holtrop and Regina von Flemming with the issuer specified by the Listing Rules of the Moscow Exchange PJSC and the Regulations on the MTS PJSC Board of Directors, in relation to the members of the MTS PJSC Board of Directors having served for a total of over 7 years.

3) Considering the reputation, experience, professional qualities and work practice of Thomas Holtrop and Regina von Flemming on the Board of Directors and committees of the MTS PJSC Board of Directors, as well as the lack of other affiliation criteria, based on the recommendations of the Remuneration and Nomination Committee of MTS PJSC Board of Directors (May 17, 2022 and June 21, 2022) recognize members of the Board of Directors, Thomas Holtrop and Regina von Flemming, as Independent Directors, since the presence of a pro forma criterion of affiliation with an issuer due to serving as members of the MTS PJSC Board of Directors for a total of over 7 years, but less than 12 years, does not affect the capability of Thomas Holtrop and Regina von Flemming to make independent and objective judgements.

4) Charge the subdivision, acting as corporate secretary of MTS PJSC, to disclose information about this decision made by the Board of Directors of MTS PJSC.

Voting:

IN FAVOUR – P. Berriman, F.V. Evtushenkov, A.I. Zassoursky, V.K. Nikolaev, R. Flemming, Sh. Kheradpir, T. Holtrop, N. Shouraboura, V.B. Yumashev

AGAINST – none

ABSTAINED – none

RESOLUTION IS APPROVED

Written reasoning of independence of member of MTS PJSC Board of Directors Regina Dagmar Benedicta von Flemming

Pursuant to the requirements of the Listing Rules of Moscow Exchange PJSC and local normative acts of MTS PJSC (hereinafter also – «MTS», «the Company»), we conducted an assessment of compliance of the MTS PJSC Board of Directors Member Regina Dagmar Benedicta von Flemming (hereinafter also – «Regina von Flemming») with Independence criteria set by MOEX Listing rules (hereinafter also – «Independence criteria»). As a result of the check carried out (by the Remuneration and Nomination Committee of the Board of Directors of MTS PJSC on May 17, 2022 and June 21, 2022), it was established that Regina von Flemming is not a person affiliated with:

- material shareholder of the issuer;
- material counterparty of the issuer;
- competitor of the issuer;
- state or municipal body.

According to the Independence Criteria, Regina von Flemming from 25 June 2022 will formally be a person affiliated with the issuer, since has been a member of the MTS PJSC Board of Directors since June 25, 2015, to the present day. Thus, Regina von Flemming will hold the post on the MTS PJSC Board of Directors for more than 7 years, but less than 12 years (7 years and 1 day) as of June 25, 2022.

I.

Analysis of experience, reputation, professional abilities and work practices of Regina von Flemming showed that revealed criterion of affiliation with the issuer has formal nature and doesn't influence the capability of Regina von Flemming to make objective and fair judgments, her independence from influence of the executive bodies of the company, certain groups of shareholders or other stakeholders. Facts evidencing this are stated below.

1. Regina von Flemming graduated at FU Berlin with a degree in political science, studied at Sciences Po in Paris, the INSEAD Business School in Paris and she is postgraduate of the German Development Institute (Germany).

From 1996 to 1999 she was CEO of Krone Russia, from 1999 to 2000 she was CEO of Ehrmann AG. From 2000 to 2003, Ms. Flemming worked as Vice President at Delta Capital, a U.S.-Russia Investment Fund. From 2003 to 2009, she was the owner of the Flemming & Partner GmbH Berlin consulting firm (Moscow). From 2005 to 2015, she held the role of CEO of Axel Springer Russia. From 2017 to 2018, she was a member of the Board of Directors of Pronto Media Holding LLC. In 2020 she entered the Board of Directors of ChTPZ PJSC, also, in 2020 she worked as a Marketing Director of Weinstube LLC. Regina von Flemming is one of the founders of the German Business Club («Committee for Entrepreneurial Practices of the German Economy Union», VDW; today, the German-Russian Trade Chamber, AHK) operating since 1996, where she was a member of the Management Board until 2007, as well as chaired the Investment Committee and the Security Advisory Board for German investors. Moreover, Regina von Flemming has held and holds positions on the Boards of Directors and Committees of large public companies.

Currently, Regina von Flemming is a member of the Board of Directors and committees of Raspadskaya PJSC and an advisor to the CEO of Accenture LLC.

Education and practical experience of Regina von Flemming set out above testifies to the high level of her expertise, including in the field of HR policy, ESG, media and TV, consulting, marketing and advertising, finance and audit. Her knowledge is extremely useful for MTS and provides the Company with additional business benefits. Education and practical experience of Regina von Flemming, inter alia:

- allow her to actively participate and play a key role in discussing sustainable development issues and determining the main areas of MTS activities in this field;
- are extremely important in developing and implementing the MTS ESG Strategy;
- allow her to develop a succession planning system for the Board of Directors and executive bodies of MTS;
- allow her to take an active part in elaborating the strategy and financial guidelines for MTS;
- help her in exercising control over the conclusion of transactions by MTS (within the Audit Committee of the MTS PJSC Board of Directors (hereinafter also – «the Audit Committee»)).

2. Analysis of work of Regina von Flemming in MTS PJSC Board of Directors and within its committees shows that he exercises the care and due attention in execution of the obligations imposed on her.

In particular, in calendar year 2021, Regina von Flemming took part in 18 meetings of the MTS PJSC Board of Directors (which corresponds to 100% attendance) and 64 meetings of committees of the MTS PJSC Board of Directors, to which she belonged and was due to attend (which corresponds to 98% attendance). She made decisions after comprehensive study of all the materials on the appropriate issues of agenda. During holding of meetings of the MTS PJSC Board of Directors and the committees of the MTS PJSC Board of Directors, Regina von Flemming regularly requested provision of explanations on emerging issues, prepared independent point of view.

Specific examples of actions of Regina von Flemming in MTS evidencing her objectivity and protection of interests of the Company as a whole, balanced consideration of interests of all shareholders of the Company, members of governing bodies, employees, customers of MTS Group, include:

- As proposed by Regina von Flemming, the Corporate Governance Committee of the MTS PJSC Board of Directors was transformed into the Committee on Corporate Governance and Environmental & Social Responsibility of the MTS PJSC Board of Directors (hereinafter also – «the ESG Committee») in order to fulfil the potential of MTS in the field of sustainable development and strengthen the Company's leadership in this area; the competence of the ESG Committee was expanded with sustainable development issues;
- According to initiative and with the active participation of Regina von Flemming, the Policy of Succession of Members of the MTS PJSC Board of Directors was developed and approved by the MTS PJSC Board of Directors; a policy of succession of executive bodies at MTS is under development. Both documents are aimed at ensuring the continuity of MTS operations and the controlled turnover of the composition of management bodies, as well as at ensuring the transparency of the procedure for electing members of the Board of Directors and executive bodies of MTS, respectively;
- As the Chairperson of the ESG Committee, Regina von Flemming proposed to develop the MTS ESG Strategy, as well as led and participated in the development of recommendations on generating the ESG Strategy of the Company;
- Regina von Flemming initiated the development and acceptance of the Policy on Diversity, Equality and Inclusion aimed to strengthen the Company's commitment to the principles ensuring equality, non-discrimination, respect for the individual and fairness in relation to its own employees, customers, partners, residents of the regions where MTS operates;
- As the Chairperson of the ESG Committee, Regina von Flemming participates in the development of principles and recommendations for major socially significant projects related to equipping mobile communication retail outlets taking into account people with special needs, employment of people with special needs, educational programs in children's social institutions; she guides the product portfolio development in the area of ESG, the integration of ESG criteria into procurement management and in the field of e-waste management; she also participates in developing the ESG-related principles and recommendations for key subsidiaries of the Company;
- As the Chairperson of the Remuneration and Nomination Committee of the MTS PJSC Board of Directors (hereinafter also – «the Remuneration and Nomination Committee»), she participated in elaborating the key performance indicators, individual tasks and their target values for members of the MTS PJSC Management Board taking into account the «ecosystem course» held by MTS;
- Regina von Flemming actively participates in discussions between directors and executive management at the meetings of the Audit Committee, ensuring an objective and independent consideration of interested-party transactions, including mergers and acquisitions with related parties.

3. Pursuant to the recommendation of an independent consultant based on the results of an external assessment of the MTS PJSC Board of Directors and in order to follow the provisions of the Corporate Governance Code¹, Regina von Flemming was appointed Deputy Chairperson of the MTS PJSC Board of Directors to ensure organization of the efficient operation of the MTS PJSC Board of Directors and coordination of interaction between independent directors, as well as to strengthen the role and functions of independent directors in the corporate governance of the Company, including the balanced nature of managing the assessment processes for the Chairperson of the MTS PJSC Board of Directors.

4. The high level of competencies, experience and outstanding business and personal qualities of Regina von Flemming are recognized by the business community: in 2019, she was nominated in the *Independent Director* category for the prestigious *Director of the Year* award annually held by the Association of Independent Directors, and at year-end 2020, Regina von Flemming won the XV *Director of the Year* National Award in the *Independent Director* category. In 2021, Regina von Flemming was on the advisory board of the XVI *Director of the Year* National Award.

¹ Recommended by the Bank of Russia (Letter of Bank of Russia dated 10.04.2014 No. 06-52/2463 "On the Corporate Governance Code").

Summarizing the above, it is worth noting that long-term membership of Regina von Flemming in MTS PJSC Board of Directors is advantage for the Company, since it promotes deeper immersion of the director into internal processes of the Company, their better understanding and, as a result, more timely making of quality decisions. Factors evidencing against independence of making decisions by Regina von Flemming were not revealed.

II.

Additionally, when recognizing Regina von Flemming as an independent director, one should take into account the signing by Regina von Flemming of the Declaration of the Independent Director of MTS PJSC, in which Regina von Flemming declares that, in her good faith, she is an independent director and in the performance of duties as a member of the Board of Directors of MTS PJSC and making decisions on agenda items for meetings of the Board of Directors of MTS PJSC will act independently of other persons, in good faith and reasonably.

III.

Based on the assessment of compliance of the member of the Board of Directors Regina von Flemming with the Independence criteria to establish presence of formal criterion of affiliation of Regina von Flemming with the issuer stipulated by Listing Rules of Moscow Exchange PJSC and MTS PJSC Regulation on the Board of Directors, starting June 25, 2022, in connection with that Regina von Flemming will be holding the post of a member of the Board of Directors of MTS PJSC for more than 7 years.

Taking into account reputation, experience, professional abilities, work practice of Regina von Flemming in the MTS PJSC Board of Directors and committees of the MTS PJSC Board of Directors and absence of other criteria of affiliation, on the basis of recommendations of the Remuneration and Nomination Committee (as of May 17, 2022 and June 21, 2022), to recognize affiliation of the member of the MTS PJSC Board of Directors Regina von Flemming as formal and Regina von Flemming as independent director, as presence of formal criterion of affiliation with the issuer due to the holding the post of a member of the Board of Directors of MTS PJSC for more than 7 years, but less than 12 years in aggregate, doesn't influence the ability of Regina von Flemming to make independent and objective judgments.