

**Decision on recognition of an independent member of the Board of Directors of MTS PJSC
Thomas Holtrop**

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 the MTS PJSC Board of Directors member Thomas Holtrop

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 Thomas Holtrop with Independence criteria set by MOEX Listing rules (hereinafter – «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 Thomas Holtrop 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 Independence criteria, Thomas Holtrop is formally the person affiliated with the issuer from May 18, 2018, since he has been the member of MTS PJSC Board of Directors since February 14, 2013 till present time, and from June 30, 2009 till April 1, 2011 was the member of the Board of Directors of the entity subsequently affiliated with MTS PJSC during reorganization (COMSTAR-UTS OJSC¹). Therefore, Thomas Holtrop has been holding the post in the Board of Directors of MTS PJSC (taking into account the term of membership in the reorganized entity, the successor of which became the Company) for more than 7 years, but less than 12 years (11 years and 1 month as of June 22, 2022).

I.

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

1. Thomas Holtrop studied business administration in Economics and Organization of Production in German Academy of Civil Servants, and from 1990 to 1999 worked in banking sector, he also held post of Vice-President of American Express International Inc, was member of the Board of Directors of Bank 24 AG and Deutsche Bank 24 AG. This indicates the high level of financial expertise of Mr. Holtrop and enables him to participate actively in discussion of issues concerning establishment of main long-term financial targets of the Company's activities. His financial knowledge and skills are extremely important in the balanced strategy development and MTS budget-related process, as well as provide the ability to critically and independently assess proposed projects of financial and commercial plan (budget) of the Company.

Mr.Holtrop is financial expert and that provides compliance of MTS PJSC with the Code of Corporate Governance² and with the standards established by the MOEX Listing Rules and US legislation on securities market and the Listing Rules of New York Stock Exchange (NYSE)³ regarding requirements to financial expert of the Audit Committee of the Board of Directors.

Also, the financial expertise and experience of Mr. Holtrop on the Board of Directors of MTS PJSC acquired new additional and special importance as part of an independent monitoring of compliance execution conducted by MTS in accordance with a settlement agreement with the US Securities and Exchange Commission and the US Department of Justice regarding the investigation into the activities of the former MTS PJSC subsidiary in Uzbekistan. Since April 2019, being the Chairman of the Special Committee on Compliance Matters of MTS PJSC Board of Directors, established to promote the efficient improvement of the MTS compliance system, Thomas Holtrop plays a key role in improving the compliance system in the Company in accordance with the best Russian and international practices.

2. Analysis of work of Thomas Holtrop in MTS PJSC Board of Directors and within its committees shows that he exercises the utmost care and due attention in execution of the obligations imposed on him.

¹ PSRN 1027700003946, date of termination of activities - April 1, 2011.

² Recommended by the Bank of Russia (Letter of Bank of Russia dated 10.04.2014 No. 06-52/2463 "On the Corporate Governance Code").

³ NYSE Listed Company Manual – 303A.07 Audit Committee Additional Requirements; Item 407(d)(5)(ii) of Regulation S-K.

In particular, in calendar year 2021, Thomas Holtrop took part in 19 meetings of the MTS PJSC Board of Directors (which corresponds to 100% attendance) and 45 meetings of committees of the MTS PJSC Board of Directors, to which he belonged (which corresponds to 96% attendance). He 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 its committees, Thomas Holtrop regularly requested provision of explanations on emerging issues, prepared independent point of view.

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

- Since 2013 till present time Mr. Holtrop has been the Head of the Audit Committee of the MTS PJSC Board of Directors (hereinafter – «Audit Committee»). During this period, reformation of internal audit and control systems taking into account changes in ISO standards⁴ was carried out. Actions of the road map on implementation of the principles of the Corporate Governance Code⁵ were implemented in terms of internal audit and risk management of MTS. Mr. Holtrop regularly presents the Reports of the Audit Committee regarding work of relevant subdivisions at meetings of the Board of Directors of MTS PJSC.
- with the participation of Thomas Holtrop, the Company is improving its corporate compliance program. Under the leadership of Mr. Holtrop, the Audit Committee monitors compliance with ethical principles, enhancing of the level of corporate culture, consideration of the measures to manage the conflict of interest of members of the MTS management bodies (executive management and members of the MTS PJSC Board of Directors), as well as oversees the implementation of measures taken by the Company management to prevent cases of non-compliance with legislation and regulatory requirements;
- According to initiative and instruction of the Chairman of the Audit Committee Thomas Holtrop, the procedure of analysis of economic feasibility of interested-party transactions and related-party transactions was introduced. Mr. Holtrop actively participates in obligatory preliminary consideration or subsequent consideration of certain types of transactions of the said categories at the Audit Committee meeting and provides accounting of recommendations of the Audit Committee at consideration of transactions by the MTS PJSC Board of Directors in cases, when such transactions are presented for consideration by the MTS PJSC Board of Directors;
- Thomas Holtrop actively participates in discussions between directors and executive management at the Audit Committee meetings, subject to mandatory prior consideration of mergers and acquisitions with related parties, drawing attention to the due diligence results, including financial assessment, the compliance risks detected, as well as the risk mitigation management activities;
- Mr. Holtrop, who is also a member of Remuneration and Nomination Committee of the MTS PJSC Board of Directors (hereinafter also – «the Remuneration and Nomination Committee»), actively participated in 2018 in revision of the system of remuneration of the members of the MTS PJSC Board of Directors in order to improve it;
- According to initiative of Mr. Holtrop and instruction of the Audit Committee, a project on risk assessment in the building of the MTS PJSC ecosystem was implemented: risk assessment was carried out at the stage of joining assets to the ecosystem and in the process of their integration, an analysis of existing control procedures that reduce risks in the framework of building the ecosystem, a checklist was developed for submitting information to the MTS collegial governing bodies on the transaction profile, taking into account the inherent risks, and recommendations were prepared for optimization and automatization of the processes of building the MTS ecosystem;
- According to initiative of Mr. Holtrop and instruction of the Audit Committee, the impact of COVID 19 on the processes of risk management, internal control, ensuring integrated security, financial reporting, internal audit, business ethics and compliance was assessed;
- With the participation of Thomas Holtrop heading the Special Committee on Compliance Matters of the MTS PJSC Board of Directors, the Company improved its corporate governance procedures, including the improved procedures for the following: (1) interaction with shareholders, (2) related-party transactions, (3) disclosure of conflicts of interest among the members of management bodies, (4) nomination of independent directors;
- With the participation of Thomas Holtrop, the Special Committee on Compliance Matters of the MTS PJSC Board of Directors agreed on an approach to improving financial controls in the contractual work procedure, including controlling advance payments and due approval of the agreements concluded;
- With the participation of Thomas Holtrop, the Special Committee on Compliance Matters of the MTS PJSC Board of Directors agreed on an approach to improving the risk assessment procedure in MTS Group companies;
- According to initiative of Mr. Holtrop, in 2021, an analysis of practice and a comparison of the level of maturity of the information security management processes at MTS and its subsidiaries with similar companies in the industry was performed. Based on the analysis results, the Audit Committee instructed the executive management to ensure the development and introduction of an information security

⁴ For example, accounting of the provisions of ISO 19011:2011.

⁵ Recommended by the Bank of Russia (Letter of Bank of Russia dated 10.04.2014 No. 06-52/2463 "On the Corporate Governance Code").

program for the Company and its key subsidiaries, taking into account the best practices in the field of information security;

- According to initiative of Mr. Holtrop, in 2021, an external assessment of MTS internal audit activities for compliance with the requirements of the International Professional Standards developed by the Institute of Internal Auditors («IIA») and the IIA Code of Ethics was carried out. An assessment of compliance of internal audit measures with the expectations of stakeholders and a comparison of the current internal audit practice at MTS and its subsidiaries with the leading practices and trends in similar organizations were carried out as well;
- Mr. Holtrop actively participates in discussions of members of the MTS PJSC Board of Directors and members of the MTS PJSC Management Board concerning different aspects of Company's activities capable of influencing its perception by investors, customers and the market as a whole – for example, in discussions of the order and conditions of implementation of program of Company stock repurchase, in discussion of experiences of the leading world operators on work with customer claims and accounting of such experience in the activities of MTS Group.

3. Previously, Thomas Holtrop was the member of the Board of Directors of COMSTAR-UTS OJSC – company subsequently affiliated with MTS. Due to this, Thomas Holtrop has significant competency in relation to that part of Company Group business, which was affiliated during such reorganization. Experience in other telecommunication companies – T-Online International AG, Deutsche Telekom AG – shall be noted as well.

4. High level of competency, experience and outstanding business and personal abilities of Thomas Holtrop are recognized by investment community: by the results of 2016—2020, Thomas Holtrop was included into the rating “50 Best Independent Directors” prepared by Association of independent directors and Russian Union of Industrialists and Entrepreneurs in association with PwC.

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

II. Additionally, when recognizing Mr. Holtrop as an independent director, one should take into account the signing by Mr. Holtrop of the Declaration of the Independent Director of MTS PJSC, in which Mr. Holtrop declares that, in his good faith, he 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 Thomas Holtrop with the Independence criteria to establish presence of formal criterion of affiliation of Thomas Holtrop with the issuer stipulated by Listing Rules of Moscow Exchange PJSC and MTS PJSC Regulation on the Board of Directors in connection with that Mr. Holtrop has been holding the post of a member of the Board of Directors of MTS PJSC for more than 7 years in aggregate.

Taking into account reputation, experience, professional abilities, work practice and outstanding results of Thomas Holtrop 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 Thomas Holtrop as formal and Mr. Holtrop as independent director, as presence of formal criterion of affiliation with the issuer due to the fact that Mr. Holtrop has been 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 Thomas Holtrop to make independent and objective judgments.