

APPROVED  
by the decision of the Board of Directors  
of Mobile TeleSystems  
Public Joint Stock Company  
March 21, 2019, Minutes No.281

**REGULATION**  
**ON DIVIDEND POLICY**  
**OF MOBILE TELESYSTEMS**  
**PUBLIC JOINT STOCK COMPANY**

Moscow  
2019

## **1. GENERAL PROVISIONS**

- 1.1. This regulation on the dividend policy (hereinafter Regulation) has been developed in accordance with the Russian legislation, the Articles of Association of Mobile TeleSystems Public Joint Stock Company (hereinafter the Company) and its in-house documents.
- 1.2. The Company's dividend policy is based on the principles of maintaining MTS's investment attractiveness and shareholder return.
- 1.3. The Regulation is intended to determine the approach of the Board of Directors of the Company to the development of recommendations on the amount of dividends on the Company shares and the procedure for their payment.
- 1.4. Considering the present Regulation, the Board of Directors of the Company expects that the current dividend policy of the Company will remain in force for a period of 3 years.

## **2. DETERMINING THE AMOUNT OF DIVIDENDS**

- 2.1. In accordance with Russian legislation the dividends of the Company shareholders are paid of the Company's profit after tax (net profit) calculated on the basis of accounting (financial) statements prepared in accordance with Russian legislation.
- 2.2. In determining the Company's payout, the Board of Directors considers a number of factors, including cash flow from operations, capital expenditures and the Company's debt position.
- 2.3. If it gains profit, the Company shall annually allocate a certain portion of the free cash flow for the payment of dividends. The Company can also use the retained earnings accumulated over previous period for the payment of dividends.
- 2.4. The remaining profit of the Company is primarily used for reinvestment in order to increase the Company's capitalization.
- 2.5. The recommended amount of dividend payments shall be determined by the Board of Directors based on the financial results of the Company's activities, at that, the Company will seek to pay in 2019, 2020 and 2021 dividends of at least 28 (twenty eight) rubles per year per one ordinary share the Company by means of two semi-annual payments.
- 2.6. In case of deviation of the criteria for determining the amount of dividends from the established present dividend policy the Company is obliged to disclose full information about the reasons for the rejection.
- 2.7. The Company may not declare or pay dividends declared in the cases established by the legislation of the Russian Federation.

## **3. PROCEDURE FOR MAKING DECISIONS ON THE DIVIDENDS PAYMENT**

- 3.1. Based on the proposal of the executive body of the Company – the Management Board – the Board of Directors of the Company determines the recommended amount of dividend. In making its decision, the Board of Directors shall be governed by section 2 of this Regulation.
- 3.2. Recommendation of the Board of Directors on the amount of dividends based on the results of the financial year is submitted to the shareholders in accordance with applicable law for the adoption of a final decision at the shareholders meeting.
- 3.3. The decision on the payment of dividends and their amount shall be made by the general shareholders meeting. The amount of dividends may not exceed the amount recommended by the Board of Directors.
- 3.4. The general meeting of shareholders may decide to pay dividends both based on the results of the financial year and the results of the first quarter, six months, and nine months of the financial year. MTS will continue to pay semi-annual dividends as part of our commitment to enhancing shareholder value.

#### **4. PROCEDURE FOR THE PAYMENT OF DIVIDENDS OF THE COMPANY**

- 4.1. The date on which the persons entitled to receive dividends are determined shall be approved by the general meeting of shareholders on the proposal of the Board of Directors of the Company and shall be not earlier than 10 and no later than 20 days after the date of such a decision by the general meeting of shareholders.
- 4.2. Shares of the Company which are the underlying asset of the derivative securities – American Depositary Receipts (ADRs) – provide the owners of the latter with the right to receive dividends provided for by a decision on the issue of shares and the Company's Articles of Association in full subject to the requirements of the applicable law.
- 4.3. Payment of dividends to the persons whose rights to shares which are taken into account in the register of shareholders of the Company shall be made by the Company no later than 10 working days for the nominee shareholders or trustees who are professional participants of the securities market and not later than 25 working days for all other parties from the date on which the persons having the right to receive dividends were identified. Payment of dividends to the persons whose rights to shares are accounted for at the nominee shareholders is carried out by such a nominee shareholder within the period of 7 working days from the date of receipt of funds by a nominee shareholder.
- 4.4. Primary method for the payment of dividends is the transfer of funds to the accounts of the shareholders in the Russian banks specified by the shareholders in the Company's register keeping system, or defined by the relevant deposit agreement.
- 4.5. In the payment of dividends the function of a tax agent withholding and paying tax on dividends to the budget in accordance with the legislation shall be performed by the Company in respect of persons whose rights to the shares are recorded in the register of shareholders and by the nominee shareholder in respect of persons whose rights to the shares are taken into account by this nominee shareholder.

#### **5. NOTIFICATION OF THE COMPANY'S SHAREHOLDERS ABOUT THE COMPANY'S DIVIDEND POLICY**

- 5.1. The Company shall publish these Regulations, amendments thereto, as well as the Company's dividend history on the Company's website on the Internet.
- 5.2. The Company shall publish information on the decision of the general meeting of shareholders in relation to the payment of dividends on its Russian and English web sites on the Internet at: [www.mts.ru](http://www.mts.ru) and <http://ir.mts.ru>. -.
- 5.3. The materials to be submitted to the shareholders for decision-making at the general meeting of shareholders shall contain all necessary information indicating the presence or absence of the necessary conditions for the payment of dividends.
- 5.4. Obligatory notice of the decision to pay dividends, their amount, timing, method and form of payment Published by the Company must unambiguously and clearly give shareholders the idea on these issues. At the same time, the notice shall explain the duty of the shareholders to notify the Company's Registrar about the changes in their bank details and postal address, as well as about the consequences of non-compliance with this obligation.