

APPROVED

By the resolution of the
Mobile TeleSystems
Public Joint Stock Company
Board of Directors

June 23, 2016, Minutes №250

REGULATIONS

ON THE REMUNERATION AND NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS OF MOBILE TELESYSTEMS PUBLIC JOINT STOCK COMPANY

1. GENERAL PROVISIONS

- 1.1. The Remuneration and Nomination Committee of the Board of Directors (hereinafter referred to as the Committee) is established to develop the human resources policy of the Mobile TeleSystems Public Joint Stock Company (hereinafter – “MTS PJSC” or the “Company”), as well as the policy and the motivation and remuneration system for the members of the Board of Directors, members of the Auditing Commission, Management of the Company and the executive officers of the subsidiaries and affiliates¹, and also to strengthen the professional composition and effectiveness of the Board of Directors.
- 1.2. These Regulations define the status, objectives and functions of the Committee, the procedure for its formation and termination of its powers, rights and obligations of its members and procedure for organization of its work and decision making.
- 1.3. The Committee is an auxiliary, collegial advisory body of the Company Board of Directors, which reports to the Company Board of Directors. The Committee is not a management body of the Company and the Company shall not undertake any rights and obligations via this Committee.
- 1.4. The purpose of the Committee is to elaborate recommendations to the Company Board of Directors on the following issues:
 - a) appointments to the Company management and controlling bodies;
 - b) motivation and remuneration systems for Company employees and members of Company’s management and control bodies;
 - c) development of the Company human resources and remuneration strategies;
 - d) evaluation of the Board of Directors, of the Committees, and of the Board of Directors’ members.
- 1.5. The Committee shall carry out preliminary consideration of the issues, relating to nomination and remuneration of the Company Management, to be subsequently considered at the meetings of the Company Board of Directors. The resolutions of the Committee shall be adopted in the form of recommendations to the Company Board of Directors.
- 1.6. When conducting its activities, the Committee shall be guided by the current laws, the Charter, Company by-laws, Code of Corporate Governance², resolutions of the Company management bodies and these Regulations.

2. COMMITTEE’S FUNCTIONS

- 2.1. The basic Committee’s functions are as follows:
 - 2.1.1. Development of the HR Policy in MTS PJSC and provision of the corresponding recommendations to the Board of Directors;
 - 2.1.2. Development of a set of measures aimed at the implementation of the HR policy in MTS PJSC, and provision of the corresponding recommendations to the Board of Directors;
 - 2.1.3. Performance of routine actions aimed at the improvement of the MTS PJSC HR policy, including the analysis of current and prospective requirements of the Company, due to Company’s competition and development needs, in respect to President’s, Board of Management’s and other key management employees’ professional expertise, and also including succession planning in their respect;

¹ The Affiliates are entities having 20% or more of their voting shares being owned by MTS PJSC

² Code of Corporate Governance recommended for implementation by the Bank of Russia (letter 06-52/2463 of April 10, 2014)

- 2.1.4. Elaboration of general requirements and criteria for the candidates nominated for election to the Board of Directors, Company Management Board, Company Auditing Commission, for appointment as the Company President, as well as for appointment as the heads of subsidiaries and affiliates (S&A), the members of the Boards of Directors of S&A, Auditing Commissions of S&A and to the key positions in MTS PJSC; provision of corresponding recommendations to the Board of Directors (including the introduction of amendments and additions to the Charter and the by-laws of MTS PJSC and S&A);
- 2.1.5. Nomination planning, with respect to assuring succession of Company's on-going business, of President and members of the Board of Management, recommendations to the Board of Directors in respect to candidates to the positions of the Corporate governance director, of members of the Board of Management, of the President, and of other key management employees³.
- 2.1.6. Development and periodic review of Company's remuneration policies in respect to the members of the Board of Directors and Board of Management, of the President, and of other key management employees including the development of Company's executive bodies' members short-term and long-term motivation provisions;
- 2.1.7. Supervision of the implementation and execution of Company's remuneration policy and of a variety of motivation policies;
- 2.1.8. Selection of the independent counsel with regard to the remuneration of members of the Board of Management, of the President, and of other key management employees; and also stipulation of the tender conditions and discharge of the Procurement commission duties (in case the Company's policies provide for obligatory tender procedures during such counsel selection);
- 2.1.9. Working out proposals on material terms and conditions of employment contracts, to be concluded with President and Management Board members, , and preliminary consideration of such contracts and proposals before their submission for approval of the Company Board of Directors;
- 2.1.10. Development of proposals and conditions for early termination of employment contracts with the Corporate governance director, members of the Board of Management, the President, and other key management employees, including all pecuniary obligations of the Company and conditions for their discharge; preliminary consideration of such proposals before their approval by the Board of Directors;
- 2.1.11. Development of recommendations to the Board of Directors concerning the determination of the remuneration of, and principles of bonuses payment to, the Corporate governance director;
- 2.1.12. Cooperation with the shareholders (including, but not limited to biggest shareholders) for the purpose of elaborating recommendations to the shareholders regarding election of the members of the Board of Directors;
- 2.1.13. Preliminary consideration and assessment of the following issues to be submitted for approval of the Company Board of Directors: candidates for the position of the President, members of the Management Board, members of the Board of Directors and the Auditing Commission:
 - checking their compliance with the requirements stipulated in the MTS PJSC Charter and by-laws,
 - analysis of all of the Board of Directors nominees' professional expertise and independence, using all the information available to the Committee.

³ Key management employees consist of the President and members of the Board of Management, as well as of employees defined by the Board of Directors who are subject to remuneration according to the Policy "Remuneration and material support of MTS PJSC TOP-management"

At its meeting regarding the Board of Directors nominees' preliminary assessment, the Committee determines each nominee's status: independent director, non-executive director, executive director;

- 2.1.14. Development of the introductory course program for newly elected Board of Directors members, aimed to familiarize them with Company's key assets, its strategy, business practices, organizational structure, and key management employees, as well as with the Board of Directors working procedures; oversight over the practical implementation of an introductory course;
- 2.1.15. Development of individualized training programs for the Board of Directors members, subject to their particular needs, as well as oversight over practical implementation of such programs;
- 2.1.16. Preliminary consideration of Company draft by-laws to be submitted for approval of the Board of Directors, which regulate the competence and activities of management bodies and performance of the basic procedures stipulated by the remuneration and nomination policy, HR and motivation policy; issue of opinion on the compliance of these drafts with the norms of the law, MTS PJSC by-laws and MTS PJSC best interests;
- 2.1.17. Analysis of the activities of the President, Auditing Commission members, Management Board members and MTS PJSC Board of Directors members and provision of recommendations to the Board of Directors regarding the corresponding remuneration amounts, as well as working out the criteria for determining the remuneration amounts for the members of the Auditing Commission, President, Management Board members and MTS PJSC Board of Directors members;
- 2.1.18. Stipulation of self-assessment methodology and issue of proposals for the selection of the independent counsel charged to assess the Board of Directors.
- 2.1.19. Carrying out formal annual self-assessment and external assessment of the Board of Directors, its members, and its Committees, in respect to their performance as a whole, as well as to the directors' individual contribution to the effectiveness of the Board of Directors and its Committees; development of recommendations for enhancements of the Board of Directors' and its Committees' procedures; generation of evaluation reports that are to be included into Company's annual report;;
- 2.1.20. Assessment of the Board of Directors with regard to its professional expertise, experience, independence and its members' dedication to the Board of Directors activities; prioritizing the development of the Board of Directors' composition;
- 2.1.21. Preliminary year-end assessment of the Company's President, of the Board of Management's members, and of other Company's key employees, according to the Company's remuneration policy; preliminary assessment of the extent of goals achievement by such persons, with regard to the long-term motivation program, as well as preparation of proposals on their reappointment;
- 2.1.22. Analysis of the activities of the executive offices of subsidiaries and affiliates (hereinafter – S&A) and provision of recommendations to the Board of Directors regarding appropriate rewards and sanctions to be applied to managers and the expediency of extending their powers, as well as other recommendations regarding S&A managers within the terms of the Board of Directors and the Committee and in accordance with the foundation documents and bylaws of S&A;
- 2.1.23. Provision of the Board of Directors with the list of key MTS PJSC positions, appointment to which shall be line with the general strategy of MTS PJSC development. Provision of the Board of Directors with recommendations regarding the appointment to key positions, termination of the appointment to key positions, terms and conditions of employment contracts concluded with the employees appointed to key positions, as well as analysis of the activities of employees holding

- key positions, and elaboration of recommendations to the Board of Directors regarding possible rewards and sanctions to be applied to these employees;
- 2.1.24. Drafting and submission for consideration by the Board of Directors of Company by-laws relating to the implementation of the Company's Stock Option Program.
 - 2.1.25. Supervision over the observance of the existing legislation, MTS PJSC Charter, MTS PJSC by-laws with respect to the implementation of the Company's HR Policy, standards and procedures relating to remuneration and nomination/appointments;
 - 2.1.26. Submission for consideration by the Board of Directors of the proposals on amendments and additions to the Company Charter as well as other Company's draft by-laws, aimed at improving the Company's remuneration and nomination/appointment policy;
 - 2.1.27. Submitting to the Board of Directors routine reports on the state of affairs within the Committee's terms of reference, as well as on the actions taken by the Committee to improve the MTS PJSC remuneration and nomination/appointment procedures, including the reports to be included into Company's annual report and other documents containing information on:
 - Committee's performance;
 - Practical implementation of the remuneration policy principles in respect of the members of the Board of Directors, Board of Management, and the President, as well as other key employees;;
 - 2.1.28. Ensuring the actual involvement of the Board of Directors members in the control and supervision activities and their personal awareness about Company's activities in the field of remuneration and nomination/appointment;
 - 2.1.29. Joint work with the Company's Sole Executive Body and other structural subdivisions and officers within the framework of performing the Committee's tasks and functions;
 - 2.1.30. Performance of comparative analysis and provision of the Board of Directors with information on remuneration and nomination/appointment policies of other companies;
 - 2.1.31. Supervision over the implementation of the Board of Directors' resolutions regarding the HR management strategy and motivation of the Company's employees.
 - 2.1.32. Supervision of disclosure (in the Company's annual report and on its corporate website) of the remuneration policies and practice and of the shares ownership with regard to the members of the Board of Directors, Board of Management, and other key employees.

3. COMMITTEE COMPOSITION AND FORMATION PROCEDURE

- 3.1. The Committee is formed out of Board of Directors members who satisfy the requirements applicable to MTS PJSC and stipulated by the Listing Rules of MOEX and New York stock exchange; if such requirements cannot be fulfilled by the members of the Board of Directors due to objective cause - the independent directors should constitute the majority of the Committee, and other members of the Committee should be the members of the Board of Directors other than the President or the members of the Board of Management.
- 3.2. The Committee shall consist of not less than 3 (three) members.
- 3.3. The number of Committee members shall be approved by the resolution of the Board of Directors. Candidates to the Committee shall be nominated by the Board of Directors members. The members of the Committee shall be elected by a simple majority of votes.
- 3.4. The issues relating to approving the number of members and the composition of the Committee of the Board of Directors shall normally be considered at the first meeting of the

newly elected Company Board of Directors. The powers of the Committee shall be terminated on the date of termination of the powers of the Board of Directors.

- 3.5. The Chairman of the Committee shall be approved by the Board of Directors. The Chairman shall be personally responsible for the results of Committee activities and fulfillment of the tasks set to the Committee. The Chairman of the Committee shall make regular reports to the Board of Directors on the results of the Committee activities.
- 3.6. Company employees, representatives of shareholders and other parties (specialists, experts, etc.) may be involved in the work of the Committee.
- 3.7. The powers of any Committee member may be terminated at any time by the resolution of the Board of Directors, adopted on the initiative of the Board of Directors members, Chairman of the Committee and even on the initiative of a member of the Committee.
- 3.8. The Chairman of the Committee, Secretary of the Committee as well Committee members can abnegate powers by sending a corresponding application to the Committee Chairman and the Chairman of the Board of Directors.

4. RIGHTS AND OBLIGATIONS OF COMMITTEE MEMBERS

- 4.1. The Committee members shall have the right:
 - 4.1.1. to request and receive any documents of the Company within the terms of reference of the Committee;
 - 4.1.2. to request the Company officers to provide information and explanations regarding all issues within the terms of reference of the Committee;
 - 4.1.3. to request the convening of a Committee meeting, to submit issues for consideration of the Committee;
 - 4.1.4. to request to include their personal opinion in writing in the Minutes of a Committee meeting.
- 4.2. The Committee members shall be obliged:
 - 4.2.1. to attend the Committee meetings and to actively participate in the preparation and discussion of the issues considered at Committee meetings;
 - 4.2.2. to take part in Committee's decision making by voting on the agenda items of Committee meetings;
 - 4.2.3. to make reasoned decisions, and, for this purpose, to consider all necessary information (materials) and bring to the notice of all Committee members all information relevant to the decisions to be made;
 - 4.2.4. to notify the Committee Chairman of inability to participate in the next meeting with the indication of reasons for such inability;
 - 4.2.5. when making decisions to act reasonably and in good faith in the interests of the Company shareholders and all parties concerned;
 - 4.2.6. notify the Committee without delay of the personal interest in making a particular decision;
 - 4.2.7. to avoid actions, that may compromise the Committee or question the professional competence of its members;
 - 4.2.8. to fulfill the instructions of the Committee Chairman;

- 4.2.9. in compliance with the approved Company by-laws not to disclose any information being confidential or constituting a commercial secret, to keep confidential all issues being discussed, not to disclose insider information to any third parties and not to use such information for personal gain or for the purposes of his/her affiliated parties;
- 4.2.10. to have approved by the Chairman of the Board of Directors and the Committee Chairman all his/her actions taken on behalf of the Company of Committee.
- 4.3. The Committee members shall be responsible towards the Company Board of Directors for the quality and results of fulfillment of the Committee's resolutions or instructions of the Committee Chairman.
- 4.4. By the resolution of the Board of Directors the Committee members can be paid remuneration and receive reimbursement of their costs related to the implementation of the powers of Committee members.

5. THE CHAIRMAN AND THE SECRETARY OF THE COMMITTEE

- 5.1. The Chairman of the Committee shall be responsible for the results of Committee activities and fulfillment of the tasks set to it.
- 5.2. The Chairman of the Committee shall:
 - 5.2.1. ensure that the Committee action plan is drafted and submitted for approval of the Committee;
 - 5.2.2. organizes the work of and convene Committee meetings and chairs these meetings;
 - 5.2.3. determine the form, date, time, venue and agenda of Committee meetings;
 - 5.2.4. approve the lists of persons to be invited to participate in a Committee meeting;
 - 5.2.5. ensure that the minutes of Committee meetings are taken, and sign the minutes of Committee meetings;
 - 5.2.6. distribute responsibilities among Committee members;
 - 5.2.7. give Committee members the instructions regarding the in-depth consideration of issues and preparation of materials for consideration at Committee meetings;
 - 5.2.8. report to the Board of Directors on the results of the Committee's work;
 - 5.2.9. exercise control over the implementation of the decisions made;
 - 5.2.10. perform other functions arising from the objectives and purposes of the Committee.
- 5.3. The Secretary of the Committee shall be approved by the resolution of the Committee upon recommendation of the Committee Chairman. Within the terms of his/her reference the Secretary of the Committee shall:
 - 5.3.1. draw up a plan of Committee activities based on the proposals of the members and the Chairman of the Committee;
 - 5.3.2. upon approval of the Committee Chairman prepare and send to Committee members notices of forthcoming meetings and information on agenda items provided by responsible persons;
 - 5.3.3. collect voting ballots in the event of a Committee meeting in absentia;
 - 5.3.4. draft the minutes of Committee meetings;
 - 5.3.5. have the minutes of Committee meetings signed within not more than 5 (five) business days from the date of the meeting;

- 5.3.6. prepare extracts from the minutes of Committee meetings and have them signed;
 - 5.3.7. include personal opinions of Committee members in the minutes of Committee meetings (subject to the corresponding instruction of Committee members);
 - 5.3.8. send the minutes of Committee meetings and Committee recommendations to the Secretary of the Company Board of Directors;
 - 5.3.9. arrange the storage of the copies of minutes and materials of Committee meetings, if necessary or at the request of the parties concerned;
 - 5.3.10. support the technical and procedural aspects of Committee's interaction with the Company's bodies and officers;
 - 5.3.11. implement the instructions of the Committee Chairman.
- 5.4. The Secretary shall have the right:
- 5.4.1. to request the Company officers to provide information and documents, required for preparing materials on the items of agenda of Committee meetings;
 - 5.4.2. to provide extracts from the minutes of Committee meetings signed by him/her.

6. ORGANIZATION OF THE COMMITTEE'S WORK

- 6.1. The Committee shall carry out its activities on the basis of these Regulations and the Plan of the Committee's Activities approved in accordance with items 6.2 - 6.5 hereof.
- 6.2. The Plan of the Committee's Activities shall be made for one year taking into account the Plan of Activities of the Board of Directors and the proposals of the Chairman and Committee members. The Secretary of the Committee shall be responsible for the preparation of the issues for consideration at the Committee meeting.
- 6.3. The Chairman of the Committee shall determine the agenda of a Committee meeting. Each Committee member shall have the right to initiate the inclusion of items in the agenda of a Committee meeting.
- 6.4. Committee meetings shall be held in accordance with the Plan of the Committee's Activities, as and when necessary, as well as on the initiative of the Committee Chairman, proposal of any Committee member, Board of Directors or the President of the Company not less than 4 (four) times a year.
- 6.5. The Plan of the Committee's Activities can be amended by the resolution of the Committee based on the proposals received from Committee members.
- 6.6. By decision of the Committee Chairman other persons can be invited to participate in the meeting. The persons, who are not the members of the Committee, shall have the right to participate in any meeting of the Committee only subject to the invitation by the Committee's Chairman.
- 6.7. The members of the Board of Directors, who are not the Committee members, the President of the Company, members of the Auditing Commission as well as experts invited to work in the Committee, shall have the right to address the Chairman a proposal to consider any issue within the competence of the Committee. Such issue shall be considered at the next planned meeting of the Committee, or if the issue is of special importance and its consideration cannot be postponed, it can be considered at an extraordinary Committee meeting.

7. COMMITTEE MEETING PROCEDURE

- 7.1. Notification of the forthcoming Committee meeting shall be sent by the Secretary of the Committee to Committee members by e-mail not less than 3 (three) business days before the meeting. All materials on the agenda items of a Committee meeting shall be provided by the person responsible for the item, to the Secretary of the Committee not less than 3 (three) business days before the meeting in the form of presentation or in other form. Materials on agenda items shall contain the required and sufficient information that would allow the Committee members to make a reasoned and objective decision on the agenda item. All materials shall be sent to the Committee members not less than 2(two) days before the date of the Committee meeting.
- 7.2. If the deadlines for sending materials to Committee members, as per item 7.1 hereof cannot be observed due to the absence of the materials (improper quality of materials) on agenda items, the Secretary of the Committee shall inform without delay the Chairman of the Committee and propose to exclude the corresponding item (items) from the agenda of the Committee meeting. Based on the results of consideration of the materials the Chairman of the Committee shall have the right to make a decision to exclude this item (items) from the agenda, to cancel or postpone the Committee meeting. The notification of exclusion of the item (items), cancellation or postponement of the meeting shall be prepared by the Secretary on the instruction of the Chairman of the Committee and sent to the Committee members not less than one day before the planned date of the Committee meeting.
- 7.3. In exceptional cases by decision of the Chairman of the Committee the notification of the Committee meeting and materials on the agenda items can be sent not less than one business day before the meeting.
- 7.4. The Committee meeting can be held in praesentia, when the Committee members are present at the meeting, or by absentee voting on agenda items (meeting in absentia).
- 7.5. The Committee meeting shall be deemed quorate (has the quorum) if the majority of elected Committee members are present at (participate in) the meeting.
- 7.6. The Committee meeting in praesentia shall be opened by the Chairmen of the Committee.
 - 7.6.1. The Chairman of the Committee determines whether the quorum for the Committee meeting in praesentia is present. When determining the quorum, participation of Committee members by way of audio- or videoconference calls, telephone calls shall be taken into account.
 - 7.6.2. At a meeting in praesentia the Chairman of the Committee informs the participants about the presence of the quorum for conducting the meeting and announces the agenda.
 - 7.6.3. If the quorum is absent the meeting shall be declared not quorate. In this case the Chairman of the Committee shall make one of the following decisions:
 - a) by consulting with the people present at the meeting determine the time, to which the meeting shall be postponed;
 - b) determine the date of the repeated Committee, meeting whose agenda will include the items that must be considered;
 - c) include the items supposed to be considered at the Committee meeting that did not take place, in the agenda of the next scheduled Committee meeting.
- 7.7. The decision to conduct the Committee meeting by absentee voting shall be made by the Chairman of the Committee.
 - 7.7.1. When conducting the Committee meeting in absentia voting ballots shall be sent to the Committee members together with the materials on agenda items.

- 7.7.2. When filling out the voting ballots on each item put to vote a Committee member shall only leave uncrossed one voting option («in favour», «against», «abstained»). A filled out voting ballot shall be signed by the Committee member with the indication of his/her name.
- 7.7.3. A filled out and signed voting ballot shall be submitted by a Committee member not later than on the date and time specified as the deadline for submission of voting ballots, to the Secretary of the Committee as an original copy, by fax or by e-mail with the subsequent mailing the original voting ballot to the address specified in the notification of the Committee meeting.
- 7.7.4. Committee members shall be deemed to have participated in the absentee voting, if their filled out ballots were received by the Secretary of the Committee before the deadline for submission of voting ballots.
- 7.7.5. A voting ballot filled out not in compliance with the provisions of item 7.7.2 hereof shall not be taken into account when counting the votes cast for the corresponding agenda item.
- 7.7.6. If in a voting ballot filled out by a Committee member, different voting options were left not crossed out, such voting ballot shall be deemed invalid and shall not be taken into account when summarizing the voting results on a particular agenda item (items) of the Committee meeting.
- 7.8. At the Committee meetings decisions on the issues considered shall be adopted by a simple majority vote of Committee members. When making decisions at a Committee meeting each Committee member shall have one vote. A Committee member shall not have the right to transfer his/her vote to any other Committee member or to any other person.
- 7.9. Based on the results of the Committee meeting the Secretary shall draft the minutes of the meeting. The minutes of the committee meeting shall include:
 - a) date, time and venue of the meeting;
 - b) participants of the meeting, including the Committee members and invited persons;
 - c) agenda of the meeting;
 - d) proposals and comments made during the discussion of the issues considered;
 - e) voting results for the issues considered and decisions made.
- 7.10. The minutes of the Committee meeting shall be drafted by the Secretary of the Committee within 3 (three) business days of the date of the meeting. The draft minutes of the Committee meeting shall be approved by the Chairman of the Committee and sent by e-mail to the Committee members.
- 7.11. The minutes of the Committee meeting, approved by the Chairman of the Committee, shall be executed and signed in one copy by the Chairman of the Committee and the Secretary of the Committee within 5 (five) business days of the date of the meeting. The documents, adopted (approved) by the resolution of the Committee (voting ballots in the event of absentee voting) shall be attached to the minutes of the Committee meeting.
- 7.12. A Committee member, who has a special opinion on an agenda item, shall have the right to send his/her opinion in writing to the Chairman of the Committee. Such opinion shall be prepared and submitted to the Secretary of the Committee not later than on the next business day after the Committee meeting. The written opinion shall be attached to the minutes of the Committee meeting.
- 7.13. Within 5 (five) days of signing the minutes, the Secretary of the Committee shall send by e-mail the scanned copies of the minutes (extracts from the minutes) to all Committee members, Secretary of the Board of Directors and appointed responsible persons.
- 7.14. The original of the minutes with annexes and voting ballots (in the event of absentee voting)

shall be handed over for safekeeping to the Secretary of the Board of Directors.

- 7.15. The Committee shall annually approve and submit to the Board of Directors a report on the results of its activities. The Report on the results of the Committee's activities shall be considered and provided at the last Committee meeting before the Annual General Shareholders Meeting, whose agenda will include the item on election of the new Board of the Directors of the Company.

8. FINAL PROVISIONS

- 8.1. These Regulations as well as all amendments and additions to the same shall be approved by the Company Board of Directors according to the procedure stipulated in the Charter and the Company's by-law, which regulates the activities of the company's Board of Directors.
- 8.2. By decision of the Chairman of the Committee approved by the Chairman of the Board of Directors, the Regulations on the Committee and information on the Committee members can be placed on the web site used by the Company for disclosing information. Responsibility for arranging the placement and conformity of such information, with the resolutions of the Board of Directors shall lie with the Secretary of the Committee.