

Decision to recognize Robert Kocharyan as an independent director

Date of the Board of Directors meeting

30 June 2018

Date and number of the minutes of the Board of Directors meeting

02 July 2018, Minutes No 07-18

Quorum for the Board of Directors meeting

10 members of the Board of Directors took part in the meeting, which equals 91% of the total number of the elected members

Resolution of the Board of Directors

1. Assign the status of an independent director to the following members of the Board of Directors of Sistema PJSFC:

<...>

Robert Kocharyan

<...>

2. Take note, when determining the status of the members of the Board of Directors of Sistema PJSFC (hereinafter, "the Corporation"), that <...> R. Kocharyan <...> has formal criteria of affiliation with Sistema PJSFC as his tenure as a member of Sistema's Board of Directors exceeds 7 (seven) years <...>.

3. Take note that the decision to recognise R. Kocharyan as an independent director is based on the following:

3.1. R. Kocharyan complies with the criteria of independence of board members set out in Annex 4.1 of the Listing Rules of the Moscow Exchange and the Corporate Governance Code recommended by the Central Bank of Russia. R. Kocharyan is not affiliated with the Corporation's substantial shareholder, the Corporation's substantial counterparty or competitor, or the state, and is also not affiliated with the Corporation, except for his tenure as a member of Sistema's Board of Directors, which amounts to 9 (nine) years.

3.2. R. Kocharyan has no contractual obligations with the Corporation, is party to no transactions performed by the Corporation and/or any persons/entities controlling the Corporation or controlled by the Corporation, takes no part in such transactions, and provides no advisory services to the Corporation and/or any persons/entities controlling the Corporation or controlled by the Corporation.

3.3. R. Kocharyan receives no monetary or non-monetary rewards from the Corporation and/or any persons/entities controlling the Corporation or controlled by

the Corporation, except pursuant to Policy on Remuneration and Compensations payable to members of the Board of Directors of Sistema PJSFC.

3.4. Shares of the Corporation held by R. Kocharyan represent less than 1 (one) % of the authorised capital of Sistema PJSFC, and their total market value does not exceed the threshold set by the criteria of independence of board members.

3.5. R. Kocharyan makes objective and independent judgements, evaluates the activities of the Corporation's management critically and impartially, and does not represent the interests of the management or any shareholders or groups of shareholders of Sistema PJSFC. R. Kocharyan's work as a member of Sistema's Board of Directors serves the long-term interests of the Corporation and all of its shareholders.

3.6. R. Kocharyan's extensive professional experience and vast knowledge in the area of strategic planning and corporate governance are crucial for the efficient work of the Corporation's Board and Board Committees. R. Kocharyan is well aware of the Corporation's activities and is an active participant in the process of challenging the management's proposals for the development strategy and investment activities of Sistema PJSFC.

Voting results

V. Evtushenkov	- FOR,
A. Belova	- FOR,
S. Boev	- FOR,
A. Dubovskov	- FOR,
F. Evtushenkov	- FOR,
R. Sommer	- FOR,
R. Kocharyan	- FOR,
J. Krecké	- FOR,
R. Munnings	- FOR,
D. Iakobachvili	- FOR.