Corporate Governance

Owing to the existing highly effective corporate governance system of the Company, MTS is able to balance the interests of shareholders and management and effect cooperation between them based on trust and a high culture of business relationships and ethical norms, which is clearly evidenced by impeccable business reputation of the Company in business circles.

The principal features of corporate governance for MTS OJSC are:

- Comprehensive protection of the rights and interests of shareholders;
- Information openness and transparency;
- Single corporate policy regarding subsidiaries and affiliates;
- Independence of the Board of Directors in defining the Company's strategy and approving business plans and important business decisions;
- Control over management activities;
- Compliance with business ethics;
- Maintaining a socially responsible business, aiming at sustainable development of the Company, the growth of its welfare.

The Company aspires to meet best practices and standards of corporate governance, both domestic and international. We approved and comply with the Code of Business Ethics and Code of Corporate Conduct, containing key principles of key principles of ethical and law-abiding business, as well as basic principles of corporate governance, aimed at both directors and executives of the Company and for all other employees. MTS fully complies with statutory requirements regarding prescribed procedures for major and related-party transactions, as well as involves independent directors in special consideration of material transactions with related parties through the creation of special committees of the Board of Directors.

MTS OJSC follows a common corporate policy towards its subsidiaries and affiliated companies, and other entities where the Company is a participant, founder or

1 Detailed information on compliance with the Code of Corporate Conduct is set out in the Annex 1 to the Annual Report http://www.company.mts.ru/comp/ir/control/data/annual_reports/52/.
2 Detailed information on compliance with transaction approval procedures is set out in the Annex 2 to the Annual Report http://www.company.mts.ru/comp/ir/control/data/annual_reports/52/.
Corporate Governance

MTS OJSC informs its shareholders that on March 21, 2014 the Board of Directors of the Bank of Russia approved the new Code of Corporate Governance. The update and revision of the Code of Corporate Conduct approved by Russia’s FCSM Order No. No. 421/r of 04.04.2002 has been triggered by significant changes in Russian corporate law, progress of corporate governance practices in Russian companies, the global financial crisis of 2008–2009, focusing attention on risk management issues and fair remuneration of members of companies’ management bodies as well as on the use of corporate governance as a tool for reducing non-market risks that investors are not able to estimate.

MTS OJSC plans to actively apply in its practice the provisions of the new Code of Corporate Governance to enhance the attractiveness of the Company for existing and prospective investors.

CODE OF CORPORATE GOVERNANCE

MTS OJSC informs its shareholders that on March 21, 2014 the Board of Directors of the Bank of Russia approved the new Code of Corporate Governance. The update and revision of the Code of Corporate Conduct approved by Russia’s FCSM Order No. No. 421/r of 04.04.2002 has been triggered by significant changes in Russian corporate law, progress of corporate governance practices in Russian companies, the global financial crisis of 2008–2009, focusing attention on risk management issues and fair remuneration of members of companies’ management bodies as well as on the use of corporate governance as a tool for reducing non-market risks that investors are not able to estimate.

MTS OJSC plans to actively apply in its practice the provisions of the new Code of Corporate Governance to enhance the attractiveness of the Company for existing and prospective investors.

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In particular, the following novelties of the Code of Corporate Governance have been already implemented in the corporate governance practices of MTS OJSC:

1. Rights of shareholders and fair treatment for shareholders in exercising their rights:
   • Prevention of acts that lead to artificial redistribution of corporate control;
   • Protecting the dividend rights of shareholders and exclusion of other ways for shareholders to generate income from the company, besides dividends and liquidation value;
   • Provision of the fullest possible information on agenda items of the general meeting of shareholders.

2. Board of Directors of the Company:
   • Election and early termination of powers of executive bodies by the Board of Directors;
   • Discussion of the most important and strategic issues at the meetings of the Board of Directors;
   • Committees on Audit, Remuneration and Nominations of the Board of Directors have been established and operating;
   • Independent directors constitute at least one third of the Board of Directors.

3. Independent Director:
   • Has sufficient professionalism, experience and independence to form his opinion;
   • Is able to make objective and honest judgment, independent of the influence of related parties;
   • Not connected to the Company, major shareholder, major counterparty or competitor of the Company;
   • Regular assessment for compliance with independence criteria.

4. Remuneration of members of management bodies:
   • Sufficient level of remuneration to attract, retain and motivate qualified personnel;
   • For members of the Board of Directors — a fixed annual remuneration, as well as the variable part of the remuneration that depends on capitalization of the Company on the basis of performance for the year;
   • For executive bodies — fixed and variable components of remuneration, short- and long-term incentive system;
   • Limiting the amount of “golden parachutes” for members of executive bodies.
1. Organization of Proxy solicitation.

In preparation for the Annual General Meeting of Shareholders, in 2013 MTS OJSC campaigned for proxy solicitation, aimed at identifying ADR holders and interaction with ADR holders to attract minority shareholders to participate in AGM.

As a result of the campaign, we were able to increase the number of MTS OJSC shareholders taking part in the annual meeting, reaching the highest percentage of participation in the last 5 years.

2. Dividend Policy

In April 2013, the Board of Directors of MTS OJSC approved a new revision of the Dividend Policy Regulations of MTS OJSC, which set out the new profit distribution policy of the Company. Details of the Regulations are contained in the relevant section of this report.

3. Improving related party transactions approval procedure.

In 2013, in addition to the existing system of internal corporate approval of transactions, the practice of prior review of transactions at the meeting of the Audit Committee of the Board of Directors was introduced. This practice creates an additional level of control over the management and provides additional protection for the interests of shareholders of the Company in approval of related party transactions.

4. Development of electronic document management system for the preparation, conduct and recording of the results of meetings of collegial bodies of MTS OJSC

In late 2013, the Company started preparation for the development of electronic document management system with unique features for conducting and preparation of meetings of collegial management bodies in electronic format. This system will allow participants of collegial bodies to take management decisions efficiently, consistently, quickly, thereby greatly improving the efficiency of collegial bodies and the Company as a whole.
MTS OJSC CORPORATE GOVERNANCE STRUCTURE IN 2013

COMMITTEES OF THE BOARD OF DIRECTORS
- Budget Committee
- Audit Committee
- Remuneration and Nomination Committee
- Corporate Conduct and Ethics Committee
- Strategy Committee
- Special Committee

EXTERNAL INDEPENDENT AUDITOR

AUDITING COMMISSION

MANAGEMENT BOARD

INTERNAL AUDIT

REPORT, PRELIMINARY EXAMINATION OF DOCUMENTS,FULFILLMENT OF RESOLUTIONS

INSTRUCTIONS

ELECTION, TERMINATION OF POWERS

BOARD

GENERAL

ELECTION, APPROVAL OF MEMBERS

RECOMMENDATIONS

PRELIMINARY EXAMINATION OF DOCUMENTS, FULFILLMENT OF RESOLUTIONS

INSTRUCTIONS

RESULTS OF REVISIONS

REPORT

REPORT

PERFORMANCE REPORT

AUDIT OF FINANCIAL STATEMENTS, INCLUDING IFRS STATEMENTS
CORPORATE GOVERNANCE STRUCTURE

The supreme management body of the Company is the General Shareholders Meeting. The Board of Directors carries out overall management of activities and defines development strategy of the Company.

Executive bodies of the Company, namely Management Board (collegial executive body of the Company) and the President (sole executive body), are responsible for management of daily operations of the Company.

In compliance with the requirements of the Russian law, the independent Auditor and the Auditing Commission exercise control over financing and economic activities of the Company.

GENERAL SHAREHOLDERS MEETING

The General Shareholders Meeting is the supreme management body of the Company and executes its activities in compliance with the provisions of the Company’s Charter, Regulations on the General Meeting of Shareholder of MTS OJSC and requirements of the Russian Federation legislation.

The Company’s shareholders participate in the management of the Company by making decisions at the general shareholders meeting. Shareholders can considerably influence the business through voting. In particular, the powers of the general shareholders meeting include approval of the annual report and accounting statements, profit distribution, including payment of dividends, election of the Company’s key management and control bodies, approval of major and related-party transactions, and some other important matters.

The procedure of holding a General Shareholders Meeting is aimed at observance of the shareholders' rights and meets all requirements of the Russian legislation.

Shareholders that own at least 2% of the Company’s voting shares are entitled to offer proposals for the General Shareholders Meeting agenda and to nominate candidates for the management and control bodies of the Company. Proposals for the Annual General Shareholders Meeting agenda are accepted by the Company in writing not later than 100 days after financial year end. Proposals received from shareholders are considered by the Board of Directors of the Company, and if proposals comply with legislative requirements, they are included into the agenda of the general shareholders meeting.

The notice on holding a General Shareholders Meeting is forwarded to all shareholders.
Besides, each shareholder may also personally (or via an authorized representative) attend General Shareholders Meetings and vote on agenda issues directly at the meeting.

In preparation for the Annual General Meeting of Shareholders, in 2013 MTS OJSC campaigned for proxy solicitation, aimed at identifying ADR holders and interaction with ADR holders to attract minority shareholders to participate in AGM.

As a result of the campaign, we were able to increase the number of shareholders of MTS OJSC taking part in the annual meeting, reaching the highest percentage of participation in the last 5 years.

According to analysts of Standard & Poor's, active participation of minority shareholders is the evidence that positive aspects of corporate governance in MTS OJSC depend not only on the goodwill of the majority shareholder and regulatory requirements, but these structures are also supported by active efforts of minority shareholders.

Thus, MTS OJSC developed a tool to take into account votes of holders of MTS OJSC shares denominated in ADRs, which, if necessary, will allow to submit to the General Meeting of Shareholders of MTS OJSC and obtain decisions on transactions, the approval of which shall be provided by a simple majority vote of all shareholders—owners of voting shares disinterested in the transaction.

In 2013, 4 (four) general meeting of shareholders took place:
- January 14, 2013
- February 14, 2013
- June 25, 2013
- September 30, 2013.
## General meetings of shareholders in 2013

<table>
<thead>
<tr>
<th>General meeting of shareholders</th>
<th>Meeting agenda</th>
</tr>
</thead>
</table>
| Extraordinary General Meeting of Shareholders, January 14, 2013 | - Procedure of the Extraordinary General Meeting of Shareholders.  
- Reorganization of MTS OJSC in the form of merger of CR-1 CJSC by MTS OJSC, created by reorganization in the form of splitting off Comstar–Regions CJSC.  
- Reorganization of MTS OJSC in the form of merger of SVIT–COM CJSC, Universal TV CJSC, MC “Altair Tula” CJSC, Telekompaniya Altair CJSC, Altair Tula CJSC, MultiKabelnye Seti Tambova CJSC, Infocenter CJSC, SibGrupplnvest Company CJSC, Skif-Line CJSC, SKIF–OREL CJSC, SKIF–TAMBOV CJSC, TC Spektr CJSC by MTS OJSC.  
- Amendments and additions to the Charter of MTS OJSC. |
| Extraordinary General Meeting of Shareholders, February 14, 2013 | - Procedure of the Extraordinary General Meeting of Shareholders.  
- Early termination of powers of the Board of Directors of MTS OJSC.  
- Election of members of the Board of Directors of MTS OJSC.  
- Early termination of powers of members of the Auditing Commission of MTS OJSC and election of members of the Auditing Commission of MTS OJSC.  
- Participation of MTS OJSC in Association “National Payments Council.” |
| Annual General Meeting of Shareholders, June 25, 2013 | - Procedure of the Annual General Meeting of Shareholders.  
- Approval of the annual report of MTS OJSC, annual financial statements of MTS OJSC, including profit and loss statement of MTS OJSC, distribution of profits and losses of MTS OJSC based on the results of 2012 (including payment of dividends). Election of members of the Board of Directors of MTS OJSC.  
- Election of members of the Auditing Commission of MTS OJSC.  
- Approval of the Auditor of MTS OJSC.  
- Approval of new revision of the Charter of MTS OJSC.  
- Approval of new revision of the Regulations on General Meeting of Shareholders of MTS OJSC.  
- Approval of new revision of the Regulations on the Board of Directors of MTS OJSC.  
- Approval of new revision of the Regulations on the Management Board of MTS OJSC.  
- Approval of new revision of the Regulations on the President of MTS OJSC. |
| Extraordinary General Meeting of Shareholders, September 30, 2013 | - Procedure of the Extraordinary General Meeting of Shareholders.  
- Distribution of profits (payment of dividends) of MTS OJSC following the results of the 1st half of 2013. |
MTS OJSC Board of Directors is a key element of the Company’s corporate governance system. The Board of Directors represents the interests of shareholders and is responsible for increasing business value by organizing efficient management. The Board of Directors of the Company carries out overall management of activities of the Company in compliance with the provisions of the Company's Charter, Regulations on the Board of Directors of MTS OJSC\(^1\) and requirements of the Russian Federation legislation.

The main objectives of the Board of Directors are:

- development and analysis of the general corporate strategy and control over its implementation;
- ensuring monitoring and assessment of performance of executive bodies and top executives of the Company;
- increasing capitalization of the Company, strengthening its market positions, achieving and retaining the Company’s competitive strength;
- maintaining good financial standing, increasing income and profitability;
- protection of rights and legitimate interests of shareholders of the Company.

Members of the Board of Directors of the Company are elected by the General Shareholders Meeting for a term lasting until the next Annual General Shareholders Meeting. The members of the Board of Directors are elected by cumulative voting at General Shareholders Meeting.

Resolutions of the Company's Board of Directors are adopted by majority vote of directors attending the meeting, unless otherwise provided for by the Charter and law. Each member of the Board of Directors has only one vote in making decisions at the Board of Directors meeting.

Meetings of the Board of Directors are held on a regular basis.

A meeting of the Board of Directors is convened by the Chairman of the Board of Directors, at his own discretion, or at the request of a member of the Board of Directors or Auditing Commission, Auditor of the Company, President of the Company and other persons specified by the Federal Law “On Joint-Stock Companies” and the Company’s Charter.

The Chairman of the Board of Directors organizes and manages the Board of Directors’ activities in accordance with the approved meetings schedule.

Notice of the meeting, together with attached materials, is sent to each member of the Board of Directors at least 10 calendar days prior the meeting.

Extraordinary meeting is called within 15 days following the request to hold such meeting.

Over the past 3 years MTS completely abandoned paper documents when considering the materials at the meetings of the Board of Directors. Board members are

\(^1\) [http://www.mtsgsm.com/about/corporate_governance/statutes/](http://www.mtsgsm.com/about/corporate_governance/statutes/)
provided with notebooks where they can review the agenda of the meeting and all the necessary materials in interactive presentation format. Thus, the Company reduced costs and time to prepare handouts, and increased convenience and flexibility of working with information.

**Informing the newly elected members of the Board of Directors about activities of the Company.**

In accordance with the best corporate governance practices, an introductory (information) course is conducted for newly elected members of the Board of Directors in the form of interactive presentation, in Russian and English.

This course allows to briefly introduce the history of the Company, work of the Board of Directors, main documents regulating the activities of the Company, annual financial statements, development strategy, governance structure of the Company, etc. to the new members of the Board of Directors.

The presentation is attended by the President, management of the Company and Secretary of the Board of Directors. Members of the Board of Directors are offered the possibility to hold individual meetings with senior functional management of the Company, where members of the Board of Directors may obtain all the information which is necessary for their work.

**Membership of the Board of Directors**

MTS OJSC Board of Directors consists of nine (9) members.

In accordance with the global corporate governance standards and provisions of the Company’s corporate documents, the Company is interested that the Board of Directors includes at least three independent directors. Criteria of independence of a member of the Board of Directors are set forth in the Regulations of MTS OJSC Board of Directors and are in line with the best global corporate governance practice.

Currently, three independent directors are members of the Board of Directors. The presence of independent directors ensures reasonable balance between all stakeholders: the Company itself, its shareholders and other stakeholders.

[1] [http://www.mtsgsm.com/about/corporate_governance/statutes/](http://www.mtsgsm.com/about/corporate_governance/statutes/)
The Board of Directors was elected at the Annual General Meeting of Shareholders of MTS OJSC held on June 25, 2013, with a term of office commencing upon election and lasting through 2013.

Ron Sommer
Chairman of the Board of Directors

In 2013 was rated among “Top 25 Chairman of the Board” as a part of the National Award “Director of the Year 2013”.

Thanks to Ron Sommer, an effective work system of the Board of Directors and Committees of the Board of Directors has been developed.

The main merit of Ron chairmanship of the Board of Directors of MTS is that the activities of the Board of Directors became more structured, open and understandable for both top management and for shareholders and investors.

Born in 1949.
Mr. Sommer studied mathematics in the University of Vienna, receiving his doctorate in 1971.

In 1980 he joined the Sony Group as a Managing Director of its German subsidiary. In 1986 Mr. Sommer became the Chairman of the Management Board of Sony Deutschland. 1990–1993 — President and COO of Sony Corporation in the USA. 1993–1995 — President and COO of Sony Europe, Germany.

1995–2002 — President, Chairman of the Management Board of Deutsche Telekom AG, Germany.

In 2005 he joined the Board of Directors of JSFC Sistema as independent director, and also exercised functions of Chairman of the Committee for Investor Relations. 2009–2011 — First Vice–President of JSFC Sistema, Head of the Telecommunication Assets Business Unit, Management Board member.

2004–2012 — member of the international consultancy Board of Blackstone Group.

2004–2009 — Board of Directors member of Motorola Inc., USA.
2006–2009 — Board of Directors member of WEATHER INVESTMENTS, Italy.
2009 — Chairman of the Management Board of COMSTAR–UTS OJSC.
2009–2011 — Chairman of the Management Board of SMM OJSC.
2009–2010 — Chairman of the Management Board of Sky Link CJSC.

At present Mr. Sommer is the member of Supervisory Board of the company Munich Reinsurance, Chairman of the Board of Directors of SISTEMA SHYAM TELESERVICES LIMITED, member of the Board of Directors of Tata Consultancy Services.

Chairman of the Board of Directors of MTS OJSC since 2009, Chairman of the Strategy Committee and member of the Budget Committee of the Board of Directors of MTS OJSC.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.

Additional Information

On February 14, 2013, an extraordinary General Meeting of Shareholders of MTS OJSC was held, which elected a new membership of the Board of Directors. The powers of the new Board of Directors lasted until the annual general meeting of shareholders of MTS OJSC, held on June 25, 2013.

Current members of the Board of Directors of MTS OJSC:

- Ron Sommer (Chairman),
- Anton Abugov (Deputy Chairman)
- Alexey Buyanov (Deputy Chairman)
- Alexander Gorbunov
- Andrey Dubovskov
- Michelle Combes
- Stanley Miller
- Vsevolod Rozanov
- Thomas Holtrop

The changes in membership of the Board of Directors of MTS OJSC were related to compliance with the requirement of Federal Law No. 208–FZ of December 26, 1995, “On Joint–Stock Companies” of mandatory election of a company’s board of directors at its annual general meeting of shareholders.
Anton Abugov
Deputy Chairman of the Board of Directors

Born in 1976.
Mr. Abugov graduated from the Academy of National Economy under the Government of the Russian Federation.

In 1995 he was involved in developing the infrastructure and a regulatory framework for the stock market in Russia. Between 1995 and 2002 Mr. Abugov was Director of Corporate Finance at United Financial Group, seeing through a number of major fundraising, strategic consultancy, and merger and acquisition projects in various industries in Russia and Eastern Europe.

In 1999 he was an advisor to RAO UES of Russia. From 2003 to 2006, he was in charge of the Corporate Finance Department at AKB Rosbank OJSC. Currently he has been serving as Sistema’s First Vice President and Head of Strategy and Development, the member of the Management Board.

Mr. Abugov is a member of management bodies of SMM JSC, SISTEMA SHYAM TELESERVICES LIMITED and other companies.

Member of the Board of Directors of MTS OJSC since 2008, Deputy Chairman of the Board of Directors of MTS OJSC since 2012.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.

Alexander Gorbunov
Member of the Board of Directors

Born in 1967.
Graduated from the Moscow Engineering Physics Institute in 1992 majoring in engineering and physics.

During the period of 2005–2006, he was the Head of Corporate Development Department, Acting First Vice President — Head of Strategy and Development Complex of JSFC Sistema; in 2006–2010 served as Vice President for Strategy and Development of JSC Comstar–UTS; in 2011–2012 served as Executive Vice President for Development of Telecommunications Assets of the Business Unit “Core Assets” of JSFC Sistema.

Currently holds the position of Executive Vice President (Investment Portfolio) of JSFC Sistema.

Member of the Board of Directors of MTS OJSC since 2013.

Mr. Gorbunov is a member of management bodies of SMM JSC, Cosmos TV JSC, Stream LLC and SISTEMA SHYAM TELESERVICES LIMITED.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.
Sergey Drozdov
Member of the Board of Directors

Born in 1970.
In 1993 graduated from the Ordzhonikidze State Academy of Management (GAU).
PhD in Economics.
In 1994 and 1995 headed the Financial Innovation and Marketing Directorate of Moscow Property Fund. Since 1995 has been working in JSFC Sistema. From 1995–1998 — Executive Director of Development and Investment Department of the Corporation, from 1998–2002 — Vice-President, Acting President, First Vice-President of Sistema-Invest CJSC. Since April 2002 — Head of Corporate Property Department, and from May 15, 2002 — Acting First Vice President of JSFC Sistema. In September 2002 he was appointed First Vice-President of JSFC Sistema, from April 2005 to April 2011 was Senior Vice President — Head of the Property Complex of JSFC Sistema. Since April 2011 he has been Senior Vice President — Head of the Corporate Governance Complex of JSFC Sistema, a member of the Management Board of JSFC Sistema.

Mr. Sergey Drozdov is a member of management bodies of Reestr JSC, Bashneft JSC, JSOC RussNeft and other companies.
Member of the Board of Directors of MTS OJSC since 2013.

Earlier, in the period from 2008 to 2011, was a member of the Board of Directors of MTS OJSC, in the period from 2008 to 2009 — Deputy Chairman of the Board of Directors of MTS OJSC.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.

Andrey Dubovskov
Member of the Board of Directors

Born in 1966.
In 1993 graduated from the All-Russian State Institute of Cinematography named after S.A. Gerasimov, with degree in stage directing.
Headed the business unit MTS Ukraine from January 2008. In November 2007 started his work in MTS Ukraine as the first deputy general director. In 2006–2007 was the director of macroregion MTS Ural, from 2004 to 2006 was the MTS branch director in Nizhny Novgorod. From 2002 to 2004 was the general director of the company of the Tele2 Group in Nizhny Novgorod.
Before March 2011 was the General Director of PrJSC MTS Ukraine.

Since March 05, 2011 — the President of MTS OJSC, the Chairman of the MTS OJSC Management Board.

According to the decision of the Board of Directors of MTS OJSC dated February 13, 2014 the term of office of Andrel Dubovskov as the President of MTS OJSC was extended for three (3) years, with effect from 5 March 2014.

Mr. A. Dubovskov has a vast experience of working in telecommunications companies: having started his work in 1993, he occupied several management positions in such companies as Millicom International Cellular S.A., Millicom International Cellular B.V., LLC Regional Cellular Communications, CJSC 800 and other companies in Moscow, Almaty, Nizhny Novgorod, Ekaterinburg, Perm and Kiev.
Currently is the member of the management bodies of JLLC Mobile TeleSystems, PrJSC MTS Ukraine, International Cell Holding LTD., Russian Telephone Company CJSC, MGTS
Member of the Board of Directors of MTS OJSC since 2011.

During the reporting year owned common registered shares of MTS OJSC in the amount of 15,620 shares.
**Corporate Governance**

**Michel Combes**

Member of the Board of Directors

Non-executive Independent Director of MTS OJSC

Born in 1962 in France.

Graduated from the École Polytechnique and the Higher National School of Telecommunications in Paris, has a degree from the University of Paris-Dauphine (PhD in Corporate Strategy) and the Conservatory of Arts and Crafts (PhD in Forecasting).

From 1985 to 2002 held various management positions in a number of leading French companies.

In 2003, Mr. Combes was appointed Senior Vice President and CFO of France Telecom, in this position until 2006 he worked on integration of the French telecom operator with Orange and Wanadoo and its transformation into an integrated communications operator.

Since 2006 he served as Chief Executive Officer at TDF (Telediffusion de France).

From 2008 to 2012 he served as Chief Executive Officer for Europe at Vodafone, London, and Non-Executive Director of Vodafone PLC.

At various times, Mr. Combes served on the Board of Directors of Vodafone, Weather (Orascom Wind), Atari, TDF, Eurotunnel, Atos and Procater.

In 2013, Mr. Combes was appointed Chief Executive Officer of Alcatel-Lucent SA.

Chairman of the Supervisory Board of Assystem and Non-Executive Director; Member of the Board of Directors of ISS.

Member of the Board of Directors of MTS OJSC since 2013.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.

In 2013 was rated among “50 Best Independent Directors” as a part of the National Award “Director of the Year 2013”.

**Stanley Miller**

Member of the Board of Directors

Non-executive Independent Director of MTS OJSC

Born in 1958.

Mr. Miller received a degree in law and administration from the University of South Africa and a degree in human resources management from the Institute of Administration and Commerce in Cape Town, South Africa. He has also completed several business management programs, including the Proteus Leadership program at the London Business School.

From 1998 to 2011, he served in a number of top leadership positions at KPN (the Netherlands), including the CEO of KPN Mobile International, the CEO and Chairman of the Supervisory Board of E-Plus, the CEO and the Chairman of the Board of Directors of BASE in Belgium.

From 1991 to 1997, Mr. Miller headed operating and corporate governance at NetHold Group companies, including he served as the CEO of Telepiu, Italy. Prior to that, he served as the CEO of Electronic Media Network in South Africa and the Netherlands.

Mr. Miller is a member of the Board of Directors of AlINMT (AB) Sweden, the executive director of Leaderman — SA Lux, Leaderman — NV Belgium. ULS BVBA Belgium, Milvest BVBA Belgium.

Member of the Board of Directors of MTS OJSC since 2010.

The member of the Board of Directors held no shares of MTS OJSC during the reporting year.
Vsevolod Rozanov  
Member of the Board of Directors

Born in 1971.  
Graduated from Moscow State University with a degree in economics.  
Since 2013 — Senior Vice President, Head of Investment and Finance Complex, Member of the Board of JSFC Sistema.  
Mr. Rozanov is a member of management bodies of SISTEMA SHYAM TELESERVICES LIMITED, JSOC Bashneft, Leader–Invest CJSC.  
Member of the Board of Directors of MTS OJSC since 2012.  
During the reporting year owned ordinary registered shares of MTS OJSC in the amount of 72,792 shares.

Thomas Holtrop  
Member of the Board of Directors 
Non-executive Independent Director of MTS OJSC

Born in 1954 in Germany.  
Studied Psychology at the University of Freiburg and Business Administration, majoring in “Economics and Production Engineering” in the German Civil Servants Academy.  
From 1990 to 1999 he worked in the banking sector, served as Vice President of American Express International Inc in New York, Frankfurt and London, Member of the Board of Directors of the Bank 24 AG and Deutsche Bank 24 AG.  
From 2001 to 2004 he was President of T–Online International AG, which was led by Mr. Holtrop to the leading positions in the broadband Internet services market in Europe.  
Also from 2002 to 2004 Mr. Holtrop served on the Board of Directors of Deutsche Telekom AG, where he was responsible for directing the development of broadband services.  
From 2005 to 2006 Mr. Holtrop held the position of Chief Executive Officer of travel company Thomas Cook AG.  
During 2005–2011, he was a member of the Supervisory Board of the publishing house Gruner + Jahr (Hamburg).  
From 2009 to 2011, Mr. Holtrop was a member management bodies of Comstar–UTS JSC.  
Member of the Board of Directors of MTS OJSC since 2013.  
The member of the Board of Directors held no shares of MTS OJSC during the reporting year.
Corporate Governance

Secretary of Board of Directors

The main objective of the Secretary of MTS OJSC Board of Directors is to ensure that the Company’s management bodies comply with the requirements of law and the Company’s bylaws guaranteeing that the rights and interests of its shareholders are exercised.

The regulatory basis for the Secretary of MTS OJSC Board of Directors to perform his functions is, in addition to the Charter, the Regulations of MTS OJSC Board of Directors approved at the Annual General Meeting of MTS OJSC Shareholders on June 25, 2013.

Since 2005 and until now the powers of the Secretary of MTS OJSC Board of Directors have been performed by Maxim Kalinin, the Director of Corporate Governance, MTS OJSC.

Directors’ attendance at Board meetings in 2013

<table>
<thead>
<tr>
<th>Director</th>
<th>Meetings in praesentia</th>
<th>Meetings in absentia</th>
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<tbody>
<tr>
<td>Ron Sommer 1</td>
<td>9</td>
<td>8</td>
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<tr>
<td>Anton Abugov 1</td>
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<td>Alexander Gorbunov</td>
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<td>Andrey Dubovskov 1</td>
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<td>Sergey Drozdov 1</td>
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<td>Michelle Combes 1</td>
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<td>Stanley Miller 1</td>
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<td>Vsevolod Rozanov 1</td>
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<td>Thomas Holtrop 1</td>
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<tr>
<td>Alexey Buyanov 2</td>
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<td>4</td>
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<tr>
<td>Paul Ostling 2</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Gregor Harter 2</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Mikhail Shamolin 2</td>
<td>–</td>
<td>1</td>
</tr>
</tbody>
</table>

Over the past year 2012, the Board of Directors held 17 meetings; 9 meetings in praesentia and 8 in the form of absentee voting

AVERAGE PERCENTAGE OF PARTICIPATION OF MEMBERS OF THE BOARD IN BOARD MEETINGS

90%

More than 90% meetings of Board of Directors with 100% participation of members of the Board in Board meetings

1 Member of the Board of Directors elected at the Annual General Shareholders Meeting on June 25, 2013.
2 Not a member of the Board of Directors elected at the Annual General Shareholders Meeting on June 25, 2013.
Among the issues discussed at the meetings of the Board of Directors of MTS OJSC in 2013, a number of issues should be noted decisions on which were of key importance for our Company:

- Developments concerning business in the Republic of Turkmenistan and Republic of Uzbekistan;
- Long-term tangible incentive program for employees of MTS OJSC;
- Implementation of the budget of MTS Group in 2012 and projected budget performance of MTS Group in 2013;
- Optimization of the process of real estate management of MTS OJSC;
- Conclusion of contracts for construction of LTE FDD network in the territory of the Russian Federation;
- Recommendations of the Board of Directors to pay dividends for 2012 and the 1st half of 2013;
- Report on risk management in MTS OJSC;
- Election of the Chairman and Deputy Chairman of the Board of Directors of MTS OJSC;
- Formation of committees of the Board of Directors of MTS OJSC;
- Approval of the Settlement Agreement between MTS OJSC, Altimo, Nomihold Securities Inc. and other related parties in
Information on Remuneration of Members of Board of Directors

Terms and procedure of payment of remuneration to members of the Board of Directors of MTS OJSC is set out in the Regulations of Remunerations and Compensations Payable to the Members of the Board of Directors of MTS OJSC.

Remunerations for the performance of duties as members of MTS OJSC Board of Directors are paid by the Company to the Board members who are independent directors, as well to those members of the Board of Directors who are neither employed with the Company nor are members of management bodies of the companies being a part of the Group.

In accordance with the Regulations, members of the Board of Directors of MTS OJSC, during their term of office, receive remuneration and are compensated for expenses associated with their duties as members of the Board of Directors. Compensation is paid for actually incurred and documented costs of travel to and from the destination, accommodation expenses, communication services fees, and other documented expenses. Besides, the members of the Board of Directors are compensated other expenses in the amount to a maximum of $200,000 per annum.

Remuneration is paid to Members of the Board of Directors of the Company in three forms:

- **Basic remuneration**
  The basic remuneration is paid in money for the performance of duties as member of the Company’s Board of Directors during the corporate year and does not depend on the number of meetings the Director attended.
  The basic remuneration of each Director and the Chairman of the Board of Directors is $250,000 and $275,000, respectively, during a corporate year, and may be changed by special decision of the general shareholders meeting of the Company based on the Company’s performance for the reporting year.
  In case of early termination of powers of a Board member, and election of a Board members at extraordinary general shareholders meeting of the Company, the basic remuneration is paid in the amount proportional to the actual term of powers of the Director and determined as a product of the basic remuneration and the amount equal to the ratio of the actual term of powers and the duration of the corporate year that is deemed to be equal to 365 days.
  The basic remuneration is paid by the Company quarterly at least with 30 days

Information for Shareholders and Investors

after the quarter end, on the basis of an office memo that must be provided by the Corporate Secretary of the Company (a person performing the duties of Corporate Secretary), and an extract from the minutes of the general shareholders meeting of the Company regarding the election of members of the Board of Directors. The amount of quarterly remuneration is equal to ¼ of the basic remuneration, and if the powers of a Board member arise after the beginning of the reporting period, to the part of the quarterly payment pro rata to the actual period of office.

- **Remuneration for performing additional duties**

  Members of the Board of Directors receive additional remuneration for performing duties associated with work on committees of the Board of Directors:

  for work in mandatory committees of the Board of Directors: as Committee Chairman — $25,000 per annum, as Committee member — $15,000 per annum (for participation in each of committees);

  for work in other committees of the Board of Directors: as Committee Chairman — $10,000 per annum, as Committee member — $5,000 per annum (for participation in each of committees);

  for work on ad hoc committees of the Board of Directors: as Committee Chairman — $25,000 per annum, as Committee member — $20,000 per annum (for participation in each of committees).

  The remuneration for performing additional duties is paid by the Company quarterly, in equal installments, not later than 30 days after the quarter end, based on memo that must be provided by the Corporate Secretary of the Company (a person performing the duties of Corporate Secretary) and contain the number of Committees of the Board of Directors in which each of Directors participates, and an abstract from the minutes of the Board meeting that reflects the allocation of responsibilities between members of committees of the Board of Directors. In case of early termination of powers, the remuneration is paid in the amount proportional to the actual period of office of the Director during the corporate year.

- **Performance-based annual bonus**

  Members of the Board of Directors receive a performance-based annual bonus depending on the Company’s capitalization value where there is profit under the U.S. GAAP standards.

  The amount of the bonus is determined using the following formula:

  \[ S = \left( \$175,000 \times \frac{K}{P1} \right) \times P2, \]

  where: \( S \) is the bonus amount;

  \( K \) is the number of full months between general shareholders’ meetings of the Company at which an independent director is reelected, divided into 12 (\( K = 1 \), if an independent director was not reelected during the corporate year);

  \( P1 \) is the weighted average price of one (1) ADR of the Company for 100 days before the date of election of an independent director; and

  \( P2 \) is the weighted average price of one (1) ADR of the Company for 100 days before the date of termination of powers of an independent director.

  Herewith, the maximum performance-based annual bonus payable to Directors may not exceed $200,000. In case of early termination of powers of a director, the maximum bonus payable to the member of the Board of Directors may not exceed \( K \times \$ 200,000 \).
The performance-based annual bonus is paid by the Company based on the Regulations and the office memo of the Corporate Secretary approved by the Vice President of Finance and Investments of the Company, at least within 45 days after the date of the annual general shareholders' meeting.

**TOTAL AMOUNT OF REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS IN 2013:**

**37,311,439 RUR**

**Liability insurance of Directors, officers and companies of MTS Group**

<table>
<thead>
<tr>
<th>Period</th>
<th>Insurance coverage (limit of liability)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2006 to September 2007</td>
<td>USD 100 million</td>
</tr>
<tr>
<td>October 2007 to October 2008</td>
<td>USD 195 million</td>
</tr>
<tr>
<td>October 2008 to October 2009</td>
<td>USD 250 million</td>
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<tr>
<td>October 2009 to October 2012</td>
<td>USD 250 million</td>
</tr>
<tr>
<td>October 2010 to October 2011</td>
<td>USD 250 million</td>
</tr>
<tr>
<td>October 2011 to October 2012</td>
<td>USD 250 million</td>
</tr>
<tr>
<td>October 2012 to October 2013</td>
<td>USD 250 million</td>
</tr>
<tr>
<td>October 2013 to October 2014</td>
<td>USD 250 million</td>
</tr>
</tbody>
</table>

**D&O policy purpose**

To provide protection of the members of the Board of Directors, the Management Board and management of MTS OJSC (hereinafter — the “Officers”) in the following cases:
- Recovery of Officers' losses in connection with suits or claims filed against them or prosecution by authorized government agencies for their actions/failures to act in the course of performance of their job duties, namely:
  - Compensation of attorney fees and legal defence costs incurred by Officers in connection with the above suits or claims;
  - Recovery of damage caused to claimants by Officers' actions/failures to act (in case the claim has been satisfied by court);
  - Recovery of losses of MTS OJSC and its subsidiaries on claims related to securities (excluding claims related to IPO of American depositary receipts).

**Evaluation of performance of the Board of Directors**

In accordance with the best international and Russian corporate governance practices and the provisions of MTS OJSC Code of Corporate Governance, MTS OJSC conducts the assessment of performance of the Board of Directors (hereinafter, “the Assessment”) every year.

The assessment is carried out by MTS OJSC independently, using existing assessment method (questionnaire survey). In the course of questioning, members of the Board of Directors are asked more than 30 questions; opinion is given using four-point grading scale. The questions deal mainly with the work procedure, planning and organization of activities of the Board of Directors and Committees.

Based on the results of questionnaires, a summary is prepared containing the results with respect to all analyzed criteria; priority areas for improvement of standards and operating procedures of MTS OJSC Board of Directors and Committees are identified.

The Report on Assessment of the Board of Directors' Performance is approved by the Committee for Corporate Conduct & Ethics at the MTS OJSC Board of Directors.
The previously established committees continued their work in the reporting year, namely: the Budget Committee, the Audit Committee, the Remuneration & Nomination Committee, the Committee for Corporate Conduct & Ethics, the Strategy Committee; also the Ad Hoc Independent Directors Committee was established.

Please find below the information on membership of Committees of the Board of Directors of MTS OJSC as of December 31, 2013.

### COMMITTEES OF BOARD OF DIRECTORS

The Committees of the Board of Directors are consultative-advisory bodies and are designed to solve issues in especially important aspects of the Company’s business. Their activity is controlled by the Regulations on Committees of the Company’s Board of Directors. Meetings of the Committees are held separately from the meetings of the Board of Directors.

#### information on membership of Committees of the Board of Directors of MTS OJSC as of December 31, 2013

**Budget Committee**
1. V. Rozanov – Chairman
2. R. Sommer
3. A. Kornya
V. Travkov – Secretary

**Remuneration and Nomination Committee**
1. S. Miller – Chairman
2. M. Combes
3. T. Holtrop
N. Sirenko – Secretary

**Strategy Committee**
1. A. Abugov – Chairman
2. R. Sommer
3. A. Gorbunov
4. S. Miller
5. M. Hecker
6. A. Dubovskov
A.S. Babin – Secretary

**Audit Committee**
1. T. Holtrop – Chairman
2. M. Combes
3. S. Miller
V. Charlesworth – Secretary

**Corporate Conduct and Ethics Committee**
1. S. Drozdov – Chairman
2. A. Dubovskov
3. V. Rozanov
4. T. Holtrop
Yu. Romashkina – Secretary

**Ad Hoc Independent Directors Committee**
1. T. Holtrop – Chairman
2. M. Combes
3. S. Miller
A. Kaurov – Secretary
Membership of Committees of MTS OJSC Board of Directors before the Annual General Shareholders’ Meeting in 2013:

**Budget Committee**: A. Buyanov (Chairman), R. Sommer, A. Kornya, V. Rozanov

**Audit Committee**: T. Holtrop (Chairman), M. Combes, S. Miller

**Remuneration & Nomination Committee**: S. Miller (Chairman), M. Combes, T. Holtrop

**Committee for Corporate Conduct and Ethics**: A. Buyanov (Chairman), S. Miller, A. Dubovskov, V. Rozanov

**Strategy Committee**: R. Sommer (Chairman), A. Abugov, A. Gorbunov, S. Miller, M. Hecker, A. Dubovskov.

Powers of Committees and their activities during reporting year

**Budget Committee**

The Budget Committee is an auxiliary body of MTS OJSC Board of Directors serving to develop recommendations to the Board of Directors in reviewing issues related to preparation, approval, adjustment of MTS budgets, long-term business plans and investment plans of MTS OJSC, and overseeing their implementation.

During the reporting year the Budget Committee reviewed and made decisions on such issues as:

- MTS Investment Program 2014–2015;
- Draft budget of MTS for 2014;
- Debt Management in 2014;
- Refinancing loan from Sberbank;
- etc.

**Audit Committee**

The main function of the Audit Committee is to monitor accounting and the preparation and auditing of financial reports of MTS OJSC and its subsidiaries.

During the reporting year the Committee considered and made decisions on the following issues:

- Discussion of the draft report on MTS OJSC financial and operating results in Q4 2012 and 2012;
- Discussion of the draft report on MTS OJSC financial and operating results in Q1, Q2 2013;
- Discussion of the financial results (Deloitte review for 2012);
- Discussion and pre-approval of the Annual Report according to the Form 20 -F;
- Review and approval of the results of evaluation of risk management system and internal control systems for 2012;
- etc.

**Remuneration & Nomination Committee**

The main function of the Remuneration & Nomination Committee is to prepare recommendation for MTS OJSC Board of Directors regarding the Company’s priorities relating to the development and implementation of human resources policy and development strategy in human resources and remuneration.
During the reporting year the Committee considered and made decisions on the following issues:

- Discussion of changes in the organizational structure of MTS OJSC;
- Preliminary assessment of candidates nominated for the Board of Directors and Auditing Commission of MTS;
- Consideration of the report on the development of corporate culture of MTS;
- Pre-approval of changes in the basic principles of remuneration, compensation and incentives for top managers of MTS;
- Etc.

Corporate Conduct & Ethics Committee

The main function of the Corporate Conduct and Ethics Committee is to prepare recommendations to the Board of Directors regarding priority areas of activity of the Company in developing and implementing corporate conduct (governance) and ethics standards, and also to prepare recommendations regarding the Company’s development strategy in the area of corporate conduct (governance) and ethics.

During the reporting year no substantial breaches of corporate conduct rules or ethics were identified in the operation of the MTS Single Hotline.

During the reporting year the Committee considered and made decisions on the following issues:

- Preliminary consideration of the 2013 Annual Report of MTS OJSC;
- Performance of hotline of the Corporate Conduct & Ethics Committee in 2013;
- Approval of the new format and content of the Code of Business Conduct and Ethics of MTS;
- Results of the annual testing knowledge and certification for compliance with the Code of Business Conduct and Ethics 2013;
- Etc.

Strategy Committee

The main function of the Strategy Committee is the strategic development of the Company and drawing up recommendations on other priority areas of the Company’s development.

During the reporting year the Committee considered and made decisions on the following issues:

- Development strategy of MTS for 2014–2016;
- Etc.

Ad Hoc Independent Directors Committee

The main function of the Ad Hoc Independent Directors Committee is analysis of terms of the transaction and the associated risks, development of opinions on advisability of the transaction, drawing up recommendations to the Board of Directors regarding approval of the transaction, interaction with consultants in respect of the transaction and other matters.

During the reporting year period the Committee reviewed and made decisions on such issues as:

- Approval of the Regulations on the Committee;
- Information on the project status;
- Approval of the transaction consultants;
- Information about the outcome of negotiations;
- etc.
SOLE EXECUTIVE BODY OF COMPANY: PRESIDENT

In accordance with MTS OJSC Charter, the President of the Company is vested with full authority for day-to-day management of the Company’s activities and addressing relevant issues that are not within the competence of the Company’s General Shareholders Meeting, Board of Directors and Management Board. The President of the Company carries out management of activities of the Company in accordance with the provisions of the Company’s Charter, Regulations on the President of MTS OJSC\(^1\) and requirements of the legislation of the Russian Federation.

Activities of the President of MTS OJSC are aimed at ensuring profitability and competitiveness of the Company, financial and economic stability, securing shareholder rights and social guarantees of employees of the Company.

The President represents the point of view of the executive bodies at meetings of the Board of Directors and the General Meeting of Shareholders.

The President chairs the Management Board of the Company and organizes its work.

The President of the Company is elected by the Board of Directors of the Company by a majority vote of the elected members of the Board of Directors. In this case, the votes of the retired members of the Board of Directors are not counted.

The President is accountable in its activities to the General Meeting of Shareholders and Board of Directors of the Company.

In 2013 (since March 05, 2011) the functions of the sole executive body (President) of MTS OJSC were exercised by Andrey Dubovskov.

According to the decision of the Board of Directors of MTS OJSC dated February 13, 2014 the term of office of Andrey Dubovskov as the President of MTS OJSC was extended for three (3) years, with effect from 5 March 2014.

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2. More information about A. Dubovskov see the section “Management Board”.
The implementation of the selected strategy and specific resolutions of the Board of Directors is delegated to the President (Sole Executive Body) and the Management Board (Collegial Executive Body) that are responsible for the fulfillment of resolutions of the Board of Directors within their terms of reference.

The President (Chairman of the Management Board) and the Management Board act on the basis of the Federal Law “On Joint-Stock Companies”, MTS OJSC Charter and Regulations of MTS OJSC Management Board.

Number of members and composition of the Management Board is approved by the Board of Directors at the suggestion of the President of the Company. Chairman of the Management Board is the President of the Company. Management Board members are elected for the term of three (3) years. Management Board members may be re-elected an unlimited number of times.

The Management Board carries out its activities by means of meetings and resolutions.

Meetings of the Management Board are held on a planned basis. Meetings of the Management Board are convened by the Chairman of the Management Board, or on request of any member of the Management Board, Board of Directors, Auditing Commission or the auditor of the Company. A resolution of the Company’s Management Board, within its competence, may be taken via absentee voting (questioning).

Members of the Management Board in 2013

Members of the Management Board as of December 31, 2013.

Mikhail Arkhipov
Management Board Member — Vice President, Human Resources

Born in 1982.
In 2004 graduated from the Faculty of Sociology of M.V. Lomonosov Moscow State University.
Appointed as a Board Member — Vice President, Human Resources of MTS OJSC in April 2013.
Before joining MTS OJSC, in 2009, Mikhail Arkhipov worked at SIBUR, where as HR Director built a new effective HR unit, organized staff competencies assessment system, completely restructured recruitment process to ensure skilled workforce for new plants of the company. In 2008-2009 at KPMG CJSC was responsible for establishing policies and strategies for compensation and benefits in Russia and CIS. Previously worked in HR management in large FMCG companies — SUN In-Bev OJSC and Kampomos MPZ LLC.
Mr. Arkhipov is a member of management bodies of MGTS OJSC and RTK CJSC.
The member of the Management Board held no shares of MTS OJSC during the reporting year.

Frederic Vanoosthuyze
Management Board Member – Vice President, Information Technology

Born in 1973 in Belgium.
Mr. Vanoosthuyze graduated from Institut Superieur Industriel Liegeois (Belgium) in 1995 with Engineering degree in Electronics and Communications, and in 1999 graduated from University of Mons (Belgium) with Engineering degree in Computer Science and management. He also received Executive Master degree in IT governance at the Solvay Business School in 2006.
He joined MTS OJSC in February 2012 as Vice President, Information Technology.
From 01 March 2013 to 31 March 2014: Member of the Board — Vice President, Information Technology
Mr. Vanoosthuyze started his career at Siemens Atea (Belgium); subsequently he was employed with Alcatel Bell (Belgium) and KPN Group Belgium NV/SA Orange/ BASE (Belgium). He served at Millicom International Cellular SA (Luxemburg) as Millicom Group Chief IT Officer from 2006.
Mr. Vanoosthuyze is a member of management bodies of MTS UKRAINE PrJSC, OJSC Intellect Telecom.
The member of the Management Board held no shares of MTS OJSC during the reporting year.
Born in 1972.


In June 2005 was nominated as the Director of MTS OJSC branch Macrorregion North-West, where he was responsible for operational management of mobile and fixed business of MTS in all regions of North–West Federal District — Republic of Karelia, Republic Komi, Arkhangelsk Region, Vologda Region, Kalingrad Region, Leningrad Region, Murmansk Region, Novgorod Region, Pskov Region, St. Petersburg, Nenets Autonomous District.

Joined MTS in January 2005 for the job of the MTS branch manager in Tula.

In September 2011 was nominated as the General Director of PrJSC MTS Ukraine. In October 2011 was elected the member of the Management Board of MTS OJSC.

The member of the Management Board held no shares of MTS OJSC during the reporting year.

Born in 1963.

Mr. Ibragimov graduated with degree in law from the Moscow State University in 1986, where he continued to post-graduate studies. Cand. Cs. (Law).

Mr. Ibragimov joined MTS OJSC in 2006 as Director of the Legal Department, and in February 2007 was appointed to the position of Director for Legal Matters. In February 2007 he headed the Legal Block.

From 2008 — Vice President, Corporate and Legal Matters of MTS OJSC.

Member of the Board — Vice–President, Corporate and Legal Affairs of MTS Since March 1, 2013.

Prior to joining MTS OJSC, he worked at the Moscow college of lawyers Ibragimov, Kagan, and Partners. From 1997 to 2002 held the position of director-partner, Deputy General Director, Head of Tax and Legal Consultation Department at Top–Audit. From 1992 to 1996 he headed legal services in several commercial banks.

He is a member of the Management Board and Vice–President of the Non–profit Organization Russian Corporate Counsel Association (RCCA), member of the Non–profit Partnership for Promoting Competition and Non–profit Partnership Promoting Competition in CIS Countries, member of the All–Russian public organization “Association of Lawyers of Russia”, senior director of the Association of Independent Directors, member of the National Payment Council Association, member of the Board of Directors of “High School Publishing” OJSC.

The member of the Management Board held 19,824 registered common shares of MTS OJSC during the reporting year.
Born in 1975.
Mr. Kornya graduated from the Saint Petersburg State University of Economics and Finance in 1998.
Mr. Kornya joined MTS OJSC in July 2004 as the Chief Financial Officer of MTS OJSC Ural Macro Region. In October 2004 he occupied the position of Director of the Financial Planning and Analysis Department, the Financial Block, MTS Group CC, in March 2007 he was appointed Director of Controlling, Finance and Investment Block.
Since August 2008, he has been heading Finance and Investment Block. He served as MTS OJSC Deputy Vice President for Finance and Investment, Acting Vice President for Finance and Investment until the end of 2009.
In 2010 he was appointed Vice President, Chief Financial Officer of MTS OJSC.
Member of the Board — Vice President, Chief Financial Officer of MTS OJSC since March 01, 2013.
Prior to joining MTS OJSC, from 2000 to 2004 Mr. Kornya was employed at Severo-Zapadny Telecom OJSC in Saint Petersburg, Petrozavodsk. Prior to that, he served as an auditor at the Audit Department of PricewaterhouseCoopers CJSC in Saint Petersburg.
Mr. Kornya is member of management bodies of Mobile TeleSystems JLLC, MTS UKRAINE PrJSC, International Cell Holding Ltd., Russian Telephone Company CJSC, etc.
The member of the Management Board held no shares of MTS OJSC during the reporting year.

Born in 1972.
Graduated from the Higher State Institute named after N. Lysenko in 1995 (Ukraine, Lvov).
From 1996 to 2001 Vasiliy occupied several positions in Coca-Cola Ukraine Ltd, Coca-Cola Bottlers Siberia in Russia and Ukraine in the sphere of marketing and general management. In 2001-2005 was the Director of the Marketing Department in PrJSC MTS Ukraine, in October 2005 he was nominated as Marketing Director of PrJSC MTS Ukraine.
Since 2012 Vasilly Latsanich is the co-chairman of the Telecom Committee at the American Chamber of Commerce in Ukraine.
Headed PrJSC MTS Ukraine since March 2013.
In September 2011 he was appointed Vice President, Marketing of MTS OJSC
Member of the Management Board, Vice President, Marketing of MTS OJSC since March 01, 2013.
Mr. Latsanich is the member of the management bodies of PrJSC MTS Ukraine, Stream LLC, MGTS OJSC, Russian Telephone Company CJSC, MTS Bank OJSC.
The member of the Management Board held no shares of MTS OJSC during the reporting year.
Andrey Smelkov  
Management Board Member — Vice President, Foreign Subsidiaries

Born in 1976.  
In 1998 graduated from the Faculty of Management and Economics of Novgorod State University named after Yaroslav Mudry. In 2000 he received a degree in Economics and Business Administration from the University of Telemark (Norway). In 2012 he took a course in Wharton business school (USA) under CEO competences development program.  
In October 2013 appointed member of the Management Board — Vice President, Foreign Subsidiaries of MTS OJSC.  
Andrey Smelkov has extensive experience in telecommunications industry in the CIS countries. He joined MTS being a senior adviser to the executive vice president of Tele2 AB (Stockholm). In 2010–2013 he worked as the Chief Executive Officer and Chairman of the Management Board of Tele2 Kazakhstan, where he successfully launched operations under Tele2 brand and made the company a group leader in business growth dynamics. In 2008–2010 he headed SkyMobile in Kyrgyzstan, and from 2006 to 2008 worked as Deputy General Director for regional business development in a subsidiary of VimpelCom in Uzbekistan. From 2004 to 2007 headed VimpelCom branch in Veliky Novgorod. He began his career in the mobile operator Novgorod Telecommunications as marketing and advertising manager in 2002.  
Mr. Smelkov is a member of management bodies of JLLC Mobile TeleSystems.  
The member of the Management Board held no shares of MTS OJSC during the reporting year.

Vadim Savchenko  
Management Board Member — Vice President, Sales & Customer Service

Born in 1974.  
Graduated from the Law Faculty of the Humanitarian University of Ekaterinburg, and Kiev National Economic University named after Vadim Hetman, with major in corporate economics.  
Vadim gained vast experience in sales — from sales coordinator to branch director — working in such companies as LLC PEPSI INTERNATIONAL BOTTLERS, CJSC JTI and OJSC Vienna. From 2005 to 2007 worked as the Director of Partnership Relations Department, Macro-region Ural, MTS OJSC. In the period from 2007 to 2008 Vadim Savchenko held the position of the Ural branch Director, OJSC TS—retail.  
In the period from November 2008 to July 2011 Vadim held the position of Sales and Subscriber Service Director of the Business Unit PrJSC MTS Ukraine.  
In July 2011 appointed as Vice President of MTS OJSC, Sales and Service.  
Member of the Management Board, Vice President, Sales & Customer Service of MTS OJSC since March 01, 2013.  
Mr. Savchenko is the member of the management bodies of PrJSC MTS UKRAINE, Russian Telephone Company CJSC, MTS Bank OJSC, MGTS OJSC, and other companies.  
The member of the Management Board held no shares of MTS OJSC during the reporting year.
Andrey Ushatsky
Management Board Member — Vice President, Chief Technology Officer

Born in 1974.


He joined MTS OJSC in 1996, first in the position of a specialist of the Macrowave Link Service and, thereafter, he headed the Network Operation Service and the Network Operation Department and served as Deputy Director of the MTS Russia Business Unit.

Mr. Ushatsky was appointed Vice President, Chief Technology Officer of MTS OJSC in April 2009.

Member of the Management Board, Vice President, Chief Technology Officer of MTS OJSC since March 01, 2013.

Mr. Ushatsky is a member of management bodies of Intellect Telecom OJSC, METRO–TELECOM CJSC.

The member of the Management Board held 14,000 registered common shares of MTS OJSC during the reporting period.

Michael Hecker
Management Board Member — Vice President, Strategy, M&A and Corporate Development

Born in 1970.

Mr. Hecker is a graduate in administration and international politics from Pierre Mendez France University of Grenoble (France) and a graduate in law and modern history from Goettingen University (Germany), where he also earned a PhD in the history of constitutional law.

He joined MTS OJSC in May 2006 as the Director of Strategic Projects.

Since 2008 he has been the MTS OJSC Vice President, Strategy, M&A and Corporate Development.

Member of the Management Board, Vice President, Strategy, M&A and Corporate Development of MTS OJSC from March 01, 2013 to January 09, 2014.

Prior to joining MTS OJSC, from 2000–2006 Mr. Hecker worked at A.T. Kearney Europe, where he was involved in strategy, marketing, and finance projects for telecommunications companies and consumer-goods manufacturers. Prior to that he served as a junior associate lawyer in Berlin and Brandenburg (Germany).

The member of the Management Board held no shares of MTS OJSC during the reporting year.
Participation of members of the Management Board in meetings of the Board in 2013

<table>
<thead>
<tr>
<th>Member of the Board</th>
<th>Meetings in praesentia</th>
<th>Absentee meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Dubovskov</td>
<td>26</td>
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</tr>
<tr>
<td>M. Arkhipov</td>
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<td>I. Zolochevsky</td>
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<td>M. Hecker</td>
<td>11</td>
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<td>O. Raspopov</td>
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<td>K. Markov</td>
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<td>A. Popovskiy</td>
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Over the past year 2013, the Management Board of MTS OJSC held 30 meetings: 27 meetings in praesentia and 3 in the form of absentee voting.

80%
Average percentage of participation of members of the Management Board in board meetings

1. Elected to the Management Board by decision of the Board of Directors of MTS OJSC dated April 11, 2013.
2. Elected to the Management Board by decision of the Board of Directors of MTS OJSC dated March 26, 2013.
4. Powers of the member of the Management Board terminated by decision of the Board of Directors MTS OJSC of February 14, 2013.
5. Powers of the member of the Management Board terminated by decision of the Board of Directors MTS OJSC of September 26, 2013.
6. Powers of the member of the Management Board terminated by decision of the Board of Directors MTS OJSC of May 16, 2013.

Secretary of the Management Board of MTS OJSC

This function is assigned to the Corporate Governance Department of MTS OJSC.

Secretary of the Management Board — Olga Alexandrovna Oleynik.

Remunerations and compensations payable to the members of the Management Board

The Company concludes a contract with each member of the Management Board providing for additional employment terms, the procedure for determining the amount of remuneration, conditions for the compensation for expenses related to the performance of Management Board member’s duties, and procedure for contract termination. On behalf of the Company, the contract is signed by the Chairman of the Board of Directors of the Company or a person duly authorized by the Board of Directors. The Board of Directors may terminate the contract with the member of the Management Board of the Company at any time. The terms and conditions of the contract are approved by the Board of Directors of the Company.

TOTAL REMUNERATION PAID TO THE MEMBERS OF THE MANAGEMENT BOARD IN 2013 WAS

597,987,340 RUR
BODIES SUPERVISING FINANCIAL AND ECONOMIC ACTIVITIES

The bodies supervising financial and economic activities of MTS OJSC are structured as follows:

- Auditing Commission of MTS OJSC
- Director of Internal Control and Audit of MTS OJSC
- Internal Audit Department of MTS OJSC
- Control Department of MTS OJSC
- Internal Control Systems Department of MTS OJSC
- Audit Committee of the Board of Directors of MTS OJSC

MTS OJSC Auditing Commission

On June 25, 2013, the Annual General Meeting of MTS OJSC Shareholders elected the following persons as members of the Auditing Commission:

1. Irina Borisenkova, born in 1963, holds the position of Chief Accountant, Managing Director of Finance and Investment Complex of JSFC Sistema.
2. Maxim Mamonov, born in 1978, holds the position of Director of Internal Control of MTS OJSC.

Auditing Commission, acting in accordance with the Charter of MTS OJSC, as well as the Regulations on the Auditing Commission of MTS OJSC is a permanent elected body of the Company and carries out periodic supervision over financial and economic activities of the Company, the activities of its management bodies and officers (in including its separate subdivisions, departments, branches and representative offices) by performing documentary and factual audits.

The Auditing Commission is independent from officers of the Company's management bodies and is accountable only to the

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1 In February 2014, the organizational structure of control and audit bodies was changed: The Internal Audit Department and Control Department were merged into Internal Control and Audit Block of MTS OJSC, functionally subordinate to the Director of Internal Control and Audit of MTS OJSC.
General Meeting of Shareholders of the Company.

Based on the results of its work, the Auditing Commission presented its findings on the financial statements of MTS OJSC for 2013. According to the Auditing Commission, the audit provided sufficient grounds to express the opinion that the financial and economic activities of MTS OJSC during the reporting year were carried out in all material respects in accordance with current legislation, and that this Report and annual financial statements of MTS OJSC for 2013 fairly present the Company’s financial condition as at December 31, 2013, and the results of its financial and economic activities for the period from January 1 through December 31, 2013.

Director of Internal Control and Audit of MTS OJSC

Director of Internal Control and Audit is functionally subordinate to the Chairman of the Audit Committee of the Board of Directors of MTS OJSC and administratively subordinate directly to the President of MTS OJSC.

Director of Internal Control and Audit has the following duties:

• provides overall management, coordination, analysis and supervision of activities of overseen units. Organizes and provides effective interaction with the structural units of MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes monitoring of observance of financial discipline in MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes monitoring of effectiveness and efficiency of the procedures relating to financial and economic activity of MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes monitoring of compliance with legal and regulatory documents in MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes monitoring of conformity of contracts and agreements of MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC with third parties to financial and economic interests of MTS, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes monitoring of effectiveness and transparency of the management system of MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC, revealing abuses by executive bodies and officers of MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC;
• organizes independent investigations at MTS OJSC, subsidiaries of MTS OJSC, foreign subsidiaries of MTS OJSC and prepares opinions on violations for consideration by the Committee on Discipline;
• other duties.
Internal Audit Department of MTS OJSC

The Internal Audit Department of MTS OJSC was created in September 2003, and is an independent unit of the Company within the MTS Group’s Corporate Center. The Department operates in accordance with its Regulations. The Department is headed by the department head and includes the financial audit division, the operations audit division, the functional IT and technologies audit group, and employees of the department at the Company’s macro-regional branches.

The Department renders assistance to the Board of Directors and management of MTS OJSC in the performance of their duties for the construction of effective corporate governance system, risk management and internal control system by providing independent and objective assurance and consultations aimed at improvement of activities of MTS OJSC.

To do this, the department carries out an objective analysis of audit evidences for the purpose of independent assessment and preparation of opinion on reliability and efficiency of systems, processes, operations in the following areas:

- timely identification of risks and risk analysis;
- reliability of financial and management information;
- preservation of assets;
- compliance with laws and internal policies and procedures;
- implementation of financial and business plans;
- efficient use of resources.

The Internal Audit Department is subordinated to the Director of Internal Control and Audit.

Control Department of MTS OJSC

The Control Department was created in June 2006, and is an independent unit of MTS OJSC within the MTS Group’s Corporate Center. The Department operates in accordance with its Regulations. The Department is headed by the department head and includes the operations audit division, the administrative control division, the indicators control division and the performance assessment division.

The Control Department performs the following functions:

- monitoring procedures related to financial and economic activity (including operations) of MTS OJSC units, analyzing the results of the specified activities;
- monitoring compliance with fiscal and executive discipline at MTS OJSC and monitoring the implementation of decisions of its management bodies, including its collective management bodies;
- verifying that internal documents and decisions of the management bodies of MTS OJSC are consistent with the Company’s financial and business interests;
- monitoring that the Company’s agreements with third parties are consistent with MTS’ financial and business interests;
• monitoring the effectiveness and transparency of the governance system in the Company, including revealing abuses by executive bodies and officers of MTS OJSC;
• coordination of activities of units that process messages arriving to the address of the single hot-line, preparation of conclusions;
• preparing opinions on violations brought before the disciplinary commission of MTS OJSC;
• monitoring efficiency of business processes of operations, project activities of the company units;
• monitoring calculation of process performance indicators;
• monitoring fulfillment of instructions and recommendations of collective bodies of MTS OJSC, initiative instructions of the President of MTS OJSC, meetings at the President of MTS OJSC.

The Control Department is subordinated to the Director of Internal Control and Audit and in its work coordinates plans, performs functions and exchanges information with other units involved in control of financial and economic activities of the Company.

Internal Control Systems Department of MTS OJSC

The Internal Control Systems Department was created in 2006, and is an independent unit of MTS OJSC within the MTS Group’s Corporate Center. The Department operates in accordance with its Regulations. The Department consists of a head of the department, the development and support division, the certification and testing division and the IT processes control division.

The Internal Control Systems Department performs the following main functions:
• development of effective internal control system in MTS Group;
• maintaining internal control system of MTS Group up-to-date;
• identification of risks in terms of reliability of financial reporting; development of risk assessment methods, assessment systems and support for risk-related decisions;
• monitoring requirements of financial regulators (stock exchange) in terms of disclosure requirements, evaluation of operational efficiency, monitoring changes in certification requirements of the U.S. Securities and Exchange Commission (SEC);
• implementation of unconditional and accepted requirements of government and supervisory authorities and regulators in terms of requirements for financial reporting internal control system and certification of internal control system (SEC, New York Stock Exchange (NYSE));
• testing, evaluation and certification of internal control systems at MTS Group.
• coordination of interaction of external auditors and the functional departments of the company in the course of audit of effectiveness of internal control system of MTS Group.

The Internal Control Systems Department reports directly to Vice President, Chief Financial Officer of MTS OJSC and is accountable to the Audit Committee of MTS OJSC Board of Directors.
Audit Committee of the Board of Directors of MTS OJSC

The Committee shall consist of at least two members. Only members of the Board of Directors may be Members of the Committee.

The Auditing Commission is guided in its activities, by legislation of the Russian Federation, other foreign legislation applicable to MTS OJSC, the Charter of MTS OJSC, corporate governance principles adopted by the MTS OJSC, Regulations on the Board of Directors and the Regulations on the Audit Committee.

The main duties of the Audit Committee are:

- overseeing the work of the management of MTS OJSC, evaluating its effectiveness, and providing information to the Board of Directors, and formulating relevant recommendations, in the following areas:
  - risk management and internal control systems;
  - financial accounting and preparation of the Company's reports and evaluation of their fair presentation;
  - compliance with requirements applicable to the activities of MTS OJSC;
  - efficiency of implementation of goals and objectives by the Board of Directors.
- overseeing and coordinating activities and plans and evaluating the performance of the internal audit service of MTS OJSC;
- appointing and determining the qualifications, level of remuneration, and independence of the external auditor; evaluating the quality of services provided by the auditor; reviewing opinions and results of the work of external auditors; providing preliminary approval and confirmation of auditors' services in accordance with applicable requirements of regulators; and formulating relevant recommendations for the Board of Directors and management team;
- providing effective coordination of information exchange between external and internal auditors, maintaining proper independence of auditors, and assisting in addressing factors that diminish their independence;
- ensuring the development and implementation of effective policies and standards relating to risk management, compliance with the Company's requirements and internal controls, and compliance with measures to prevent fraud and abuse, including measures to support procedures for receiving, keeping, and reviewing complaints;
- advising employees of MTS OJSC on accounting, internal controls, and auditing, including whistle-blower initiatives.
AUDITOR OF MTS OJSC

On June 25, 2013, the Annual General Meeting of Shareholders of MTS OJSC approved Closed Joint Stock Company Deloitte & Touche CIS as the Company’s auditor (location: 5 Lesnaya St., Moscow, Russian Federation 125047, primary state registration number (OGRN) 1027700425444, Certificate of Membership in Self-Regulating Auditor Organization “Non-profit Partnership “Auditor Chamber of Russia” No. 3026 of May 20, 2009.

Deloitte CIS is one of the leading auditing and advisory firms that provides auditing, tax, consulting, corporate finance, risk management, tax and legal consulting services, using the experience of approximately 3,000 employees in 17 offices in 11 countries of the region. Deloitte CIS is a part of the international association of firms Deloitte Touche Tohmatsu Limited that is one of the global leaders in the provision of professional services, with over 200,000 employees in more than 150 countries of the world.

Deloitte has received international recognition and numerous awards for its high quality of service and unique corporate culture.

The work performed by the Auditor in the reporting year:

- audit of MTS’ 2013 Annual Financial Statements prepared under Russian accounting standards;
- integrated audit of MTS Group’ and subsidiaries’ US GAAP Consolidated Financial Statements 2013 and audit of the effectiveness of internal control over financial reporting for the year 2013.

Based on the audit the Auditor of MTS OJSC expressed the opinion that the financial statements of MTS OJSC prepared in accordance with the Russian Accounting Standards were fairly presented and accounting procedures and statements were consistent with the laws of the Russian Federation, and the opinion was also expressed about fair presentation of the consolidated financial statements prepared in accordance with US GAAP requirements.

Issuer’s auditor selection procedure

Tender for selection of external auditor of MTS OJSC is held not less than one time in five years. To hold the tender, MTS OJSC forms the tender committee (RAS) or, in the event of a tender to select an auditor for consolidated financial statements (US GAAP), MTS OJSC appoints a representative to a joint tender committee.

According to the results of the tender, tender committee generates recommendations on selection of the external auditor, which are sent for approval to the members of the Audit Committee of the Board of Directors of MTS OJSC. If the candidate of the auditor is approved by the Audit Committee, Board of Directors and General Meeting of Shareholders, a contract is signed with the audit firm for the provision of financial statements audit services.

The Auditor’s fee is approved by MTS OJSC Board of Directors and was, based on 2013 results, RUB 124,886,025, ex-VAT (including works on audit of compliance with Sarbanes-Oxley Act requirements).
The company is committed to compliance with anti-corruption laws (anti-corruption laws of the countries in which the Company operates, Foreign Corrupt Practices Act 1977, The Bribery Act 2010) and ethical business conduct in all kinds of business relationships, regardless of the country where the Company conducts its economic activities. The Company has established the principle of zero tolerance to corruption in all forms and manifestations, both in daily activities and in implementation of strategic projects. The main documents regulating compliance procedures within MTS are the Code of Business Conduct and Ethics and the Policy “Compliance with anti-corruption laws.” In addition, procedures to ensure compliance with anti-corruption laws are contained in regulations of business processes of the Company.

Compliance system in MTS OJSC establishes measures aimed at managing regulatory risk, improving corporate culture, introduction and development of the best corporate governance practices within the Company, as well as responsible business conduct standards, based on the applicable laws, recommendations of regulatory authorities, industry specifics and best practices in this area.

The basic principles and elements of compliance system of MTS OJSC are:

- The management of the Company actively demonstrates its commitment to compliance principles, and supports efforts to implement and support operation of corporate compliance system (“tone from the top”).
- The Company regularly carries out activities to identify and further update corruption risks, paying particular attention to the risks specific to its operations, regions of presence, as well as potentially vulnerable business processes.
- The Company develops and implements procedures to combat corruption, reasonably and proportionally corresponding to the level and nature of identified risks.
- The Company implements and supports a program for its employees and members of management bodies to train them in principles and standards of compliance with applicable anti-corruption laws by means of specially developed training system. Through briefing and training the Company promotes improvement of corporate culture level, awareness of anti-corruption and ethical business practices.
• The Company is monitoring the effectiveness of implemented corruption prevention procedures, monitors compliance, and improves them if necessary.
• The Company has established criteria for determining the need to include anti-corruption clauses in contractual texts, which take into account the level of risk both depending on the category of a counterparty, and the type of relationship established.
• To minimize the risks of involvement of the Company in corrupt activities, the Company has developed screening procedures (“due diligence”), both in respect of counterparties — legal entities (including members of joint ventures, companies or associations), and individuals with whom the Company plans to enter into an employment contract or a civil law contract. This procedure shall also apply in cases of acquisition of shares by the Company to participate in any legal entities.
• The Company is developing preliminary control procedure and reporting system and subsequent analysis of transactions involving the highest risk in terms of compliance, including in the field of gift, entertainment expenses, events, corporate social responsibility, procurement, marketing, sales, etc.; 
• Within the framework of internal control procedures, the Company performs inspections of discipline of compliance with the established procedures of execution of business processes, including verification of legality of transactions with assets of the Company.
• The Company operates a hotline, which allows, in particular, send anonymous messages. Bona fide informers are provided with Company protection from any form of harassment or discrimination.

In 2013, the Company continued to improve the compliance system:
• The number of compliance function specialists doubled, which allowed for the penetration of the function into activities of the regional units of the Company, thus providing a uniform understanding and fulfillment of principles and compliance rules established in the Company by the Company’s employees, regardless of the region where the Company operates in Russia.
• Compliance manager team established in subsidiaries and affiliates located in 5 different jurisdictions in the territory of Russia and CIS, adopting and developing compliance system locally in accordance with the unified approach adopted in MTS Group; monitoring local compliance with applicable anti-corruption legislation, as well as operational management of compliance system and its continuous improvement.

In 2013, the Company continued development of corporate compliance culture; formats and approaches to training activities were diversified, the frequency of internal communications on compliance issues increased, including the corporate media.

The project of detailed study of the Company’s business processes in terms of their vulnerability to corruption (compliance risk assessment) was completed. The result of the project, completed with the assistance of an international consultant, was detailed
audit of compliance risks and identification of measures to strengthen the internal control system.

The new version of the Code of Business Conduct and Ethics was developed and approved by the Board of Directors, which takes into account important aspects of responsible business conduct of the Company in the modern world. The analysis of corporate compliance system in the context of the new Russian legal requirements, which came into effect in 2013, and the recommendations for their execution was carried out.

A number of critical compliance system procedures was revised and improved.