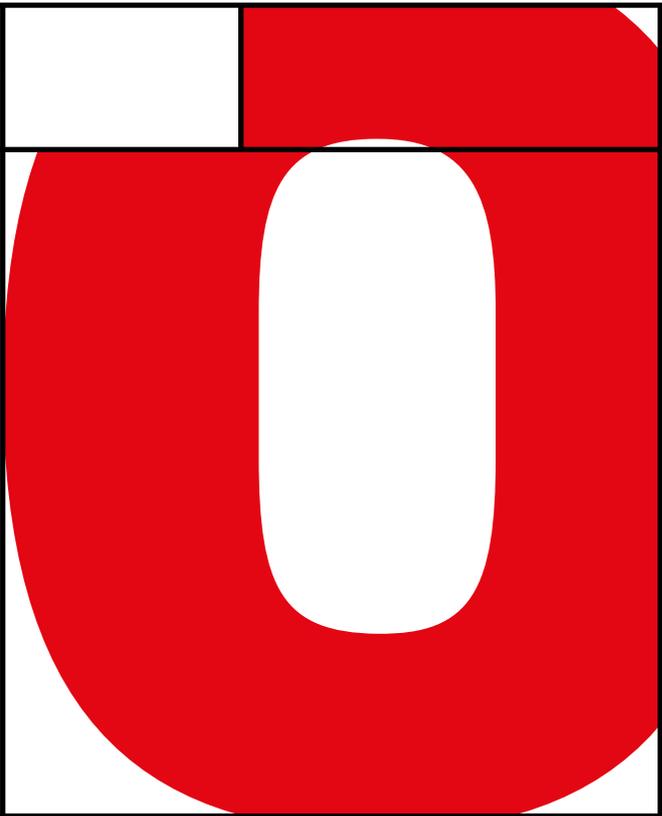
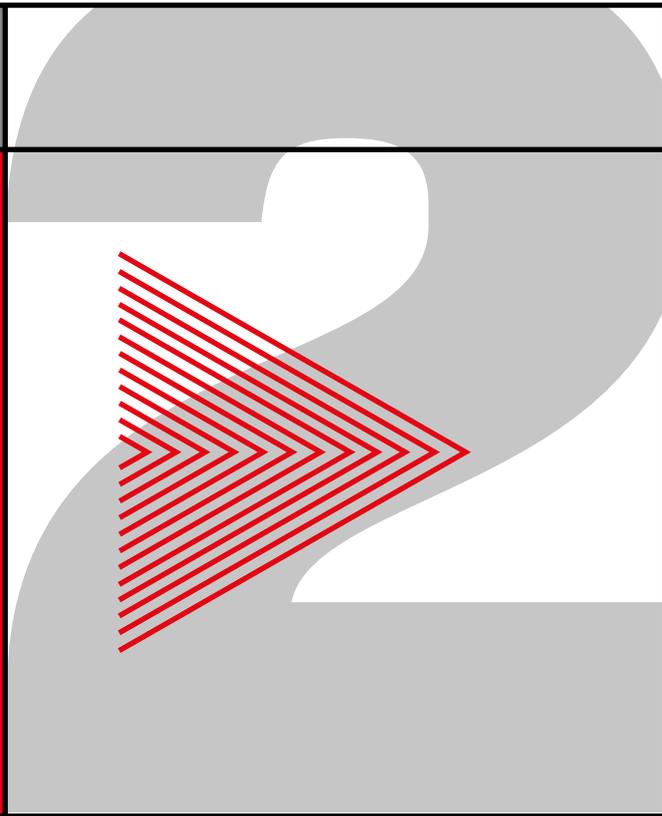
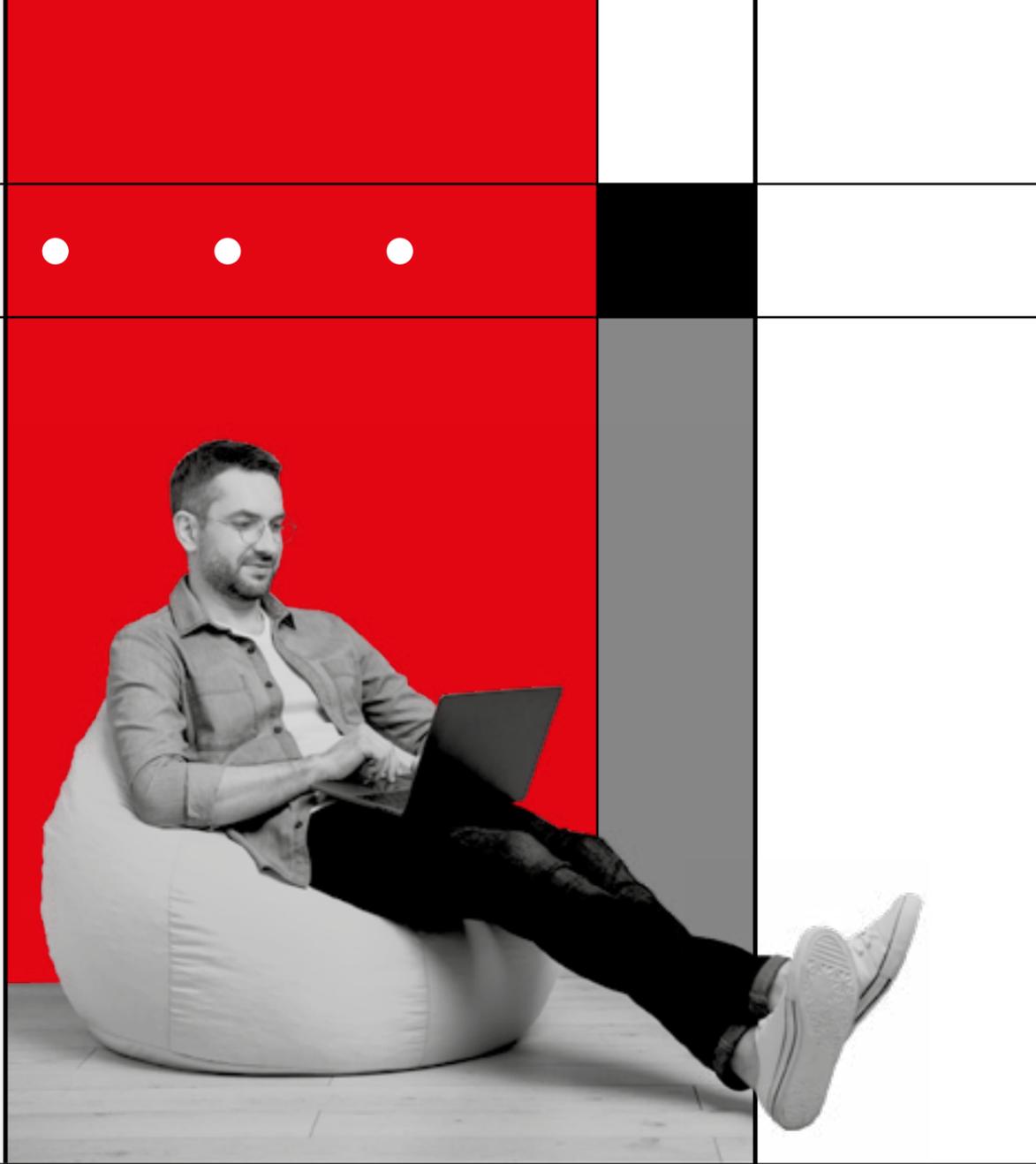


**SUSTAINABLE
DEVELOPMENT REPORT**





#ABOUT THE REPORT

[102-43] [102-44] [102-46] [102-47] [103-1]

MTS Group presents its 13th Sustainable Development Report. The business strategy of MTS Customer Lifetime Value 2.0, focused on building long-term, sustainable relationships with customers and partners, including through the provision of better customer service and the development of an ecosystem of digital solutions, identified the priority areas of the Report for 2020: the company's contribution to the formation of a sustainable society in part of the creation of socially significant digital products and the development of infrastructure that reduces the level of inequality in society, the creation of jobs and care for employees, as well as direct investments in social initiatives, work with communities in the territories of the company's operations, environmental and socio-cultural programs.

The Report has been prepared in accordance with the GRI Sustainability Reporting Standards (Core option) and national and international best practices. In addition, when developing the Report, the comments and recommendations of the Board on Non-Financial Reporting of the Russian Union of

Industrialists and Entrepreneurs obtained in the framework of public certification of the 2019 Report were used.

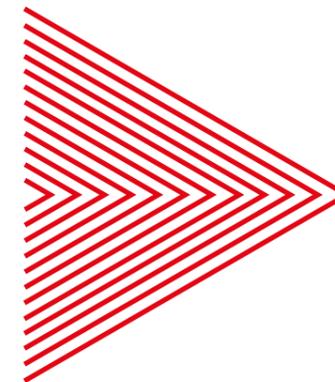
MTS runs regular surveys of key stakeholder groups to identify the most relevant topics to be addressed in greater detail. The final assessment of the significance of the topic for inclusion in the Report is also influenced by a comprehensive analysis of the Company's representatives service on public and state committees, management decisions, strategic priorities approved by the Board of Directors, and the issues raised during regular IR events. Thus, when drafting a Report concept, the working group has the fullest possible information on the preferences of all key stakeholder groups.

In addition, the company traditionally conducts a spot measurement of the preferences of the main audiences interested in obtaining detailed information about the company's activities aimed at sustainable development. From January to February 2020, we conducted an online survey of the main stakeholder groups (over 5,000 respondents). The survey covered 36 topics across three core dimensions: economic, environmental and social.

The most relevant aspects for respondents in both groups are presented in the materiality matrix (pp. 4–5). Top 10 topics relevant to all stakeholder groups:

- service quality;
- information security and data protection;
- consumer privacy;
- consumer health and safety;
- responsible business conduct;
- job creation in the regions of operation;
- development of innovative services;
- compliance with legislative requirements;
- telecommunication infrastructure development;
- respect for human rights.

As a digital company, MTS has no significant environmental footprint. At the same time, given the relevance of global climate change for MTS, we included environmental safety aspects within the boundary of the Report.

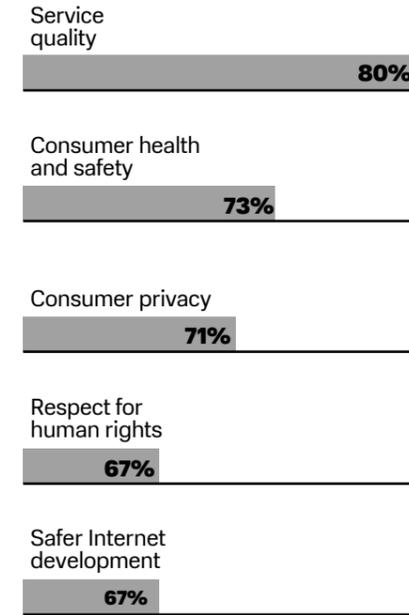


CORE SOCIAL STAKEHOLDER REQUESTS¹

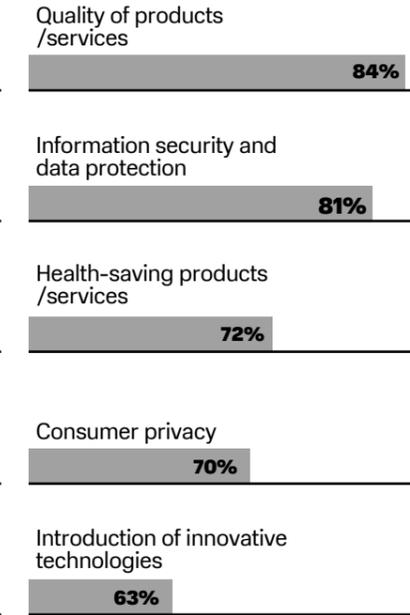
Top-10 topics relevant to all stakeholder groups

- service quality
- information security and data protection
- consumer privacy
- consumer health and safety
- responsible business conduct
- job creation in the regions of operation
- development of innovative services
- compliance with legislative requirements
- telecommunication infrastructure development
- respect for human rights

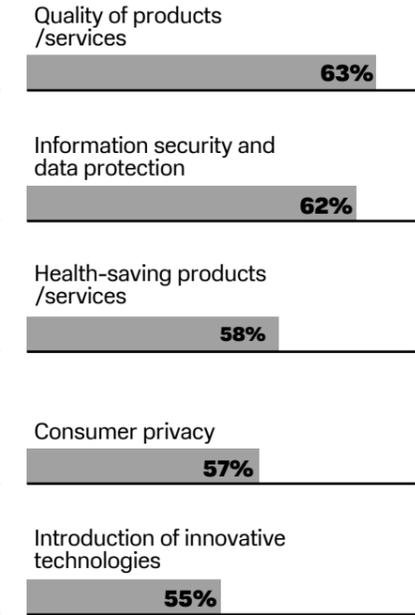
MTS customers (retail consumers)



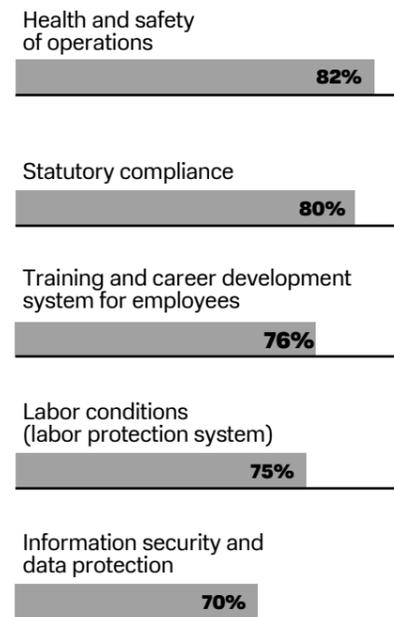
Corporate consumers



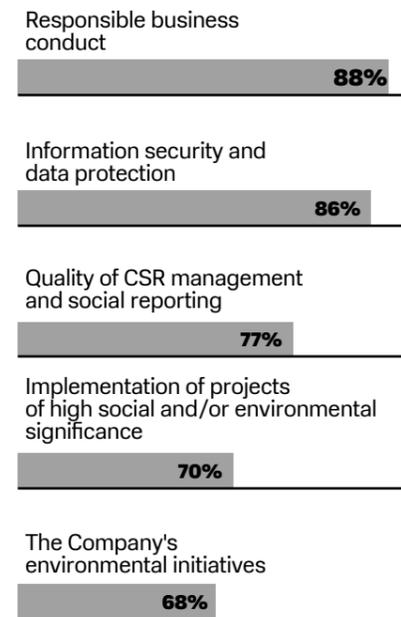
Authorities



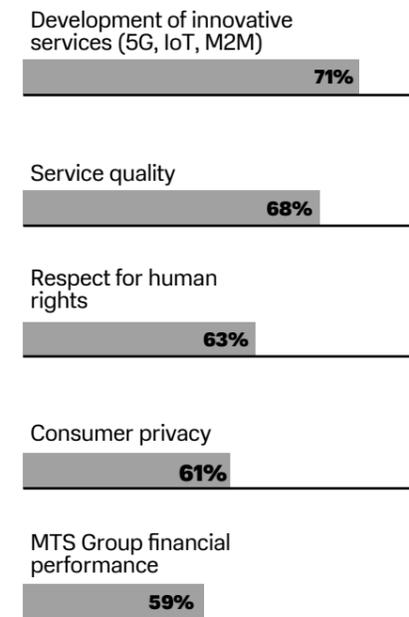
Local Communities



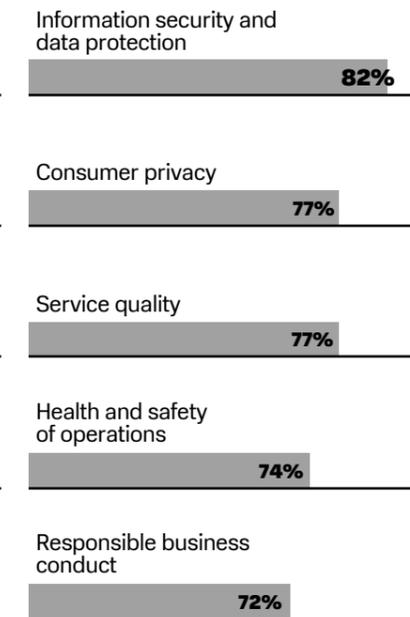
Non-governmental organizations



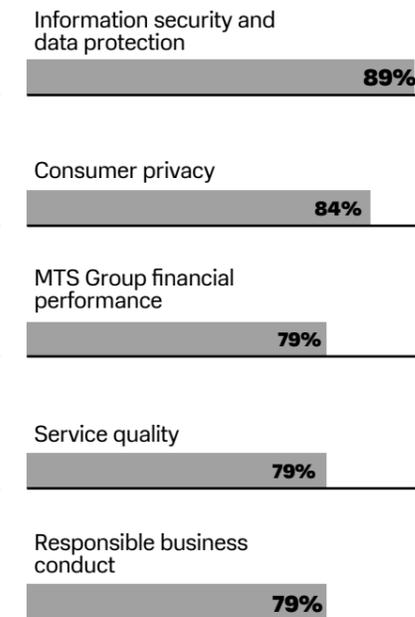
Personnel (MTS employees)



MTS Partners

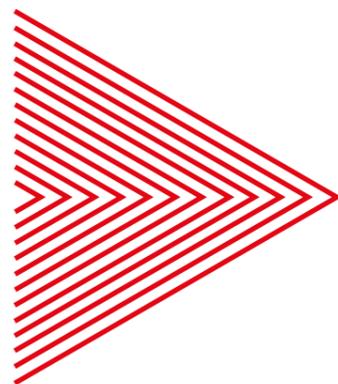


MTS Shareholders



¹ The factors relevant to MTS and considered or called important by >50% of respondents.

MESSAGE FROM MTS PJSC PRESIDENT



[102-14]

Dear friends and colleagues!

My colleagues at MTS and me are lucky to work in the industry and in a company that is not only one of the first to respond to the surrounding reality, but also independently sets trends, helping to solve global social problems with its own services, innovations and expertise.

Remember how dramatically the life of society has changed over the past year, when the pandemic literally «pushed» the world into the river of transformation. Remote work, virtualization of communications with a decrease in the overall mobility of the population, changes in patterns of behavior and consumption - many processes that were expected to occur only in a few years, occurred in a matter of months. And it is precisely the capabilities of digital ecosystem companies, such as MTS, that in the new circumstances have ensured effective interaction between the population, business and government, as well as determined the vector of creating digital products for years to come. Technological companies have essentially become the basis for the development of the country's social infrastructure, supporting the state's policy of digitalization of key sectors of the economy, contributing to the development of a new society with an emphasis on an individual, revealing his creative potential, providing resources for self-realization in a new society,

creating new entities using the possibilities of the digital world.

Today, the MTS portfolio includes a wide range of digital and media products related to key social areas: education, culture, ecology, fintech, security, tourism, leisure, entrepreneurship and small businesses. Our mission is to bring new technologies to these areas. Therefore, we are actively launching projects based on the Internet of Things, Artificial Intelligence, Big Data, 5G and NB-IoT networks, which can give a new impulse to the qualitative development of smart cities in Russia, their social infrastructure, industry and culture.

We pay special attention to social entrepreneurship and small business. For this audience, MTS has created a special online platform of digital products: from advertising tools for promoting products and services based on big data to online cash registers and cloud services. We also help startups to develop their projects within MTS 5G Center and the corporate accelerator, where there is a social track for startups in the area of eco-tourism and eco-education. We have launched the first Development Kit in Russia to create prototypes of devices for the Internet of Things networks, and such sets of equipment are already available in many Russian universities. In 2020, MTS and its partners launched several R&D laboratories for the development of Artificial Intelligence solutions, including in healthcare. In several Russian regions MTS also presented several integrated projects in the area of «smart» urban infrastructure: «smart kindergarten» in Perm, «smart video surveillance» in the city squares of Primorye, «smart parking» in Tatarstan, a digital residential complex in Moscow, and others. We still have a lot to do to make such projects truly widespread in Russia, but it is already clear that such initiatives are qualitatively changing people's lives and becoming drivers of social and economic development of the territories.

All MTS technologies and products are about people and for people. It is the awareness of the potential benefits for society that inspires the creation not only the business products of the MTS ecosystem, but



also our social programs aimed at developing the creative and intellectual potential of the country's population, especially the young generation, which in a few years will become a full participant in economic and social life of our society. Together with regional communities, we identify the needs of people in different territories and involve the population in the creation of joint projects in the field of culture, education and environmental education, offering our digital technologies as a resource for solving significant social problems. More than 6,000 MTS volunteers in different territories are involved in such activities. Often our employees are the initiators of social projects for the local communities. MTS is building up around the company the community of not indifferent public, including B2B customers, partners, representatives of local authorities and the media.

Implementing our business strategy from quarter to quarter, we certainly take social responsibility for our actions and their results. We are consciously moving at the forefront of the social agenda, setting trends in the market and using new tools that increase the sustainability of society and our business. This year, for the first time, MTS placed a social bond issue on the Moscow Stock Exchange, that would help us to finance a network deployment for about five thousand social objects in rural areas of a number of Russian regions.



Vyacheslav Nikolaev,
President & CEO

In 2020, MTS entered the TOP-5 in the rating of Russian companies - leaders in the field of sustainable development in the complex ESG ranking of Russian companies, conducted annually by the independent rating agency RAEX-Europe, and became the leader of the rating among IT and telecom companies. This is a fair assessment of our work, and I am sure that commitment to the best ESG-practices, following the principles of responsibility, integrity and transparency in relations with all parts of the society - customers, partners, suppliers, employees, shareholders - will increase the competitive advantages of the company and will help to expand the potential of our activities for positive changes in society.



MESSAGE FROM THE CHAIRPERSON OF THE ESG COMMITTEE

MTS strives to be a leader in the field of sustainable development and to achieve results that are meaningful for all groups of our stakeholders. That is why we are constantly improving the ESG- factors' management system. In 2020, a new MTS Strategy for Sustainable Development and Corporate Social Responsibility for 2021-2025 was developed. In March 2021, the Corporate Governance Committee of the Board of Directors was transformed into the ESG Committee. This change is not accidental. A growing number of investors around the world are considering these three areas – corporate governance, environmental and social responsibility – collectively. This is an important step for the company to focus on our long-term goals and identify the routes to achieve them effectively.

The results of the implementation of the first MTS CSR strategy for 2017-2020 did not go unnoticed. In 2020, MTS took the first place in the rating of social efficiency of the largest Russian companies (AK&M), the fourth place in the ESG rating of Russian companies (RA EX Europe) and entered the Top-10 local employers in the rating of employers of Russia (Forbes).

The past year 2020 has become special and unique for all of us, without any exception. The main background for the corporate events was the fight against the virus, self-isolation and the change in the usual way of life because of the pandemic. And it was also the pandemic, that has shown that telecommunications has become an essential part of maintaining a healthy lifestyle. Remote work,

study, medicine - everything depends on the telecom services now.

To organize life and leisure during the period of self-isolation, MTS made free of charge such digital services as «MTS Fitness», «MTS Library», MTS Music and the telehealth SmartMed application, which allows to get urgent online advice. Taking into consideration the transition to distance learning, MTS made its Smart University service free of charge to prepare schoolchildren for the Unified State Exam. To provide the interesting leisure time MTS hosted more than thirty online concerts of Russian pop-stars on the MTS Life platform.

MTS promptly made the necessary changes to the tariff policy to protect vulnerable groups of subscribers and provide them with the opportunity to communicate regardless of their financial condition. Even with a negative account balance, users of home Internet, cable and satellite TV from MTS continued to use all services. Business clients were able to use the cloud services from our provider #CloudMTS on special terms. For small enterprises, MTS Bank canceled the commission for transfers to the accounts of legal entities in other banks for all cash and settlement service programs, and provided favorable terms for Internet acquiring.

The Company continued to scale up our inclusion initiatives, aimed at the availability of services, at the hiring people with disabilities and of mature age, creating within the Company a culture supporting inclusive communities.

Many of MTS social projects went online: the Mobile Fairy Tale Theater performed online performances, dozens of online events were held within the framework of "Generation M" project, we launched the "Cultural Code" project to digitize cultural and historical heritage sites.

MTS takes an active position in the environmental agenda. The company develops digital services for «smart cities», and these services would allow to reduce resource usage and greenhouse gas emissions from various industries, urban and social facilities of the Russian regions.

We are particularly proud that MTS, together with AFK "Sistema", have become the only Russian companies outside of resource-intensive industries to receive a level «B» or higher in the CDP rating. This achievement is another demonstration of the strengthening of our leadership in reducing greenhouse gas emissions activities.

In 2020 году MTS launched the SCR-project "The Place of Power", aimed at preserving the natural heritage, developing environmental education and



Regina Von Flemming,
Deputy Chairperson of the MTS Board of Directors, an Independent
Director, Chairperson of the ESG Committee of the Board of Directors

supporting ecotourism through digital technologies. We believe that it is necessary to talk about a responsible attitude to nature, so environmental education has become the leading theme of the "Green Marathon" project, which was attended by more than 20 companies of the Sistema Group.

Looking back, I can assure that despite of all challenges, MTS Group managed to show outstanding results in accordance with the strategy and our plans.

MESSAGE FROM THE CHAIRPERSON OF THE SUSTAINABLE DEVELOPMENT AND CSR COMMITTEE

It were two words - «care» and «support», that became the most significant to people during the past year. Throughout the whole year, we tried to care and to support those who suffered in the newly tough circumstances. The strengthening of our social work was directed both to our customers, partners, population of the country in general, and, of course, to the employees of MTS Group.

In March 2020, most of MTS Group team started a remote work. Meanwhile the company provided safe and comfortable working conditions for the specialists, whose physical presence at the working place were vitally important to provide communication services and digital products to millions of MTS customers.

We did not suspend our activities for a single day during the pandemic. MTS digital services helped people to continue their education, to get medical care without visiting a clinic, and simply to stay in touch with family and friends during self-isolation.

In terms of human resources, the new conditions required the skills not just to preserve the efficiency of the current team, but to attract the professionals for the rapid launch of the services that would help people to maintain their usual life. Though many companies during that period drastically cut or even completely quitted the recruitment of new employees, we continued to attract experts to MTS to meet the growing needs of the business.

The HR team held remote interviews, hired new employees and ensured their smooth onboarding. Internships also turned to online format, that enabled young candidates to try their hand even in the departments of the company located in other regions.

We continued to work actively with students and young professionals In partnership with the leading educational institutions of the country. Together we launched several educational programs, where students get education considering the epidemiological requirements. They are Master's degree program «Digital Technologies in Business» by MTS, SKOLKOVO and MIPT; the MOOVE program together with the SKOLKOVO Business School; the AI laboratories at Skoltech and at the Samara State Medical Institute; a special ITMO Master's program «Technologies of Conversational Intelligence» .

The tremendous experience of 2020 made us to take a fresh look at the ordinary business processes and laid the foundation for further growth. I am confident that this will help us successfully navigate new challenges that are still beyond the horizon.



Tatyana Chernysheva,
Vice President for Human Resources,
Chairperson of the ESG and CSR Committee

WEARETOGETHER#

COVID

MTS responded promptly to the coronavirus emergency. As soon as it became clear that Russia would not be able to avoid disease outbreak, a task force was created to counter the spread of the new coronavirus infection under the leadership of Andrey Kamensky,

Member of the Management Board and MTS PJSC Vice President for Finance. The group included almost all MTS top management, its task was to monitor the situation, quickly develop and take measures to protect employees, customers and partners.

Clients support

#STAYHOME

In March 2020, MTS prepared a set of measures to help the Company's customers experiencing difficulties caused by coronavirus restrictions:

- enabled subscribers to receive incoming calls from any operators when they ran out of credit or had their number blocked;
- made free calls to the hotline of Russian Federal Agency for Tourism, Moscow Healthcare Department, The Ministry of Foreign Affairs of the Russian Federation Situation Center, and airlines providing flights both within the country and abroad as well. Users abroad also became able to send text messages and receive incoming calls from hotlines and airlines for free;

- offered a range of digital services in a single bundle #StayHome: when connecting to the MTS TV platform and subscribing to the Just TV bundle, users got access to 50 TV channels, over 500 series, fiction and documentary films for one ruble;
- provided free access to MTS Library, MTS Fitness, MTS Music, and SmartMed service;
- provided free access to popular educational platforms and resources on culture and arts—Netology, Arzamas, Coursera, Geek Brains, Synchronize, the Mariinsky Theatre in St. Petersburg, the Hermitage Academy, and Mobile Theater.

For more information, see section For Customers – Systematic Approach and Consistency..

Online concerts

[TA2]

MTS provided an opportunity for people to spend time interestingly without leaving home, watch performances of their favorite performers online in the absence of offline events and share emotions with other residents of our country who found themselves in the same circumstances, discussing live concerts on online platforms, - the company organized a series of live broadcasts of concerts of cult Russian performers.

Kasta, Vyacheslav Butusov, Neschastny Sluchai, Sekret, Pelageya, The Hatters, Chizh & Co, Gruppa Skryptonite, MOT.

Two virtual youth festivals were also held: MTS Live Youth Rap and MTS Live XR—Russia's first music festival with XR (extended reality) technological insight. You can watch recorded concerts on MTS TV and MTS Live platforms.

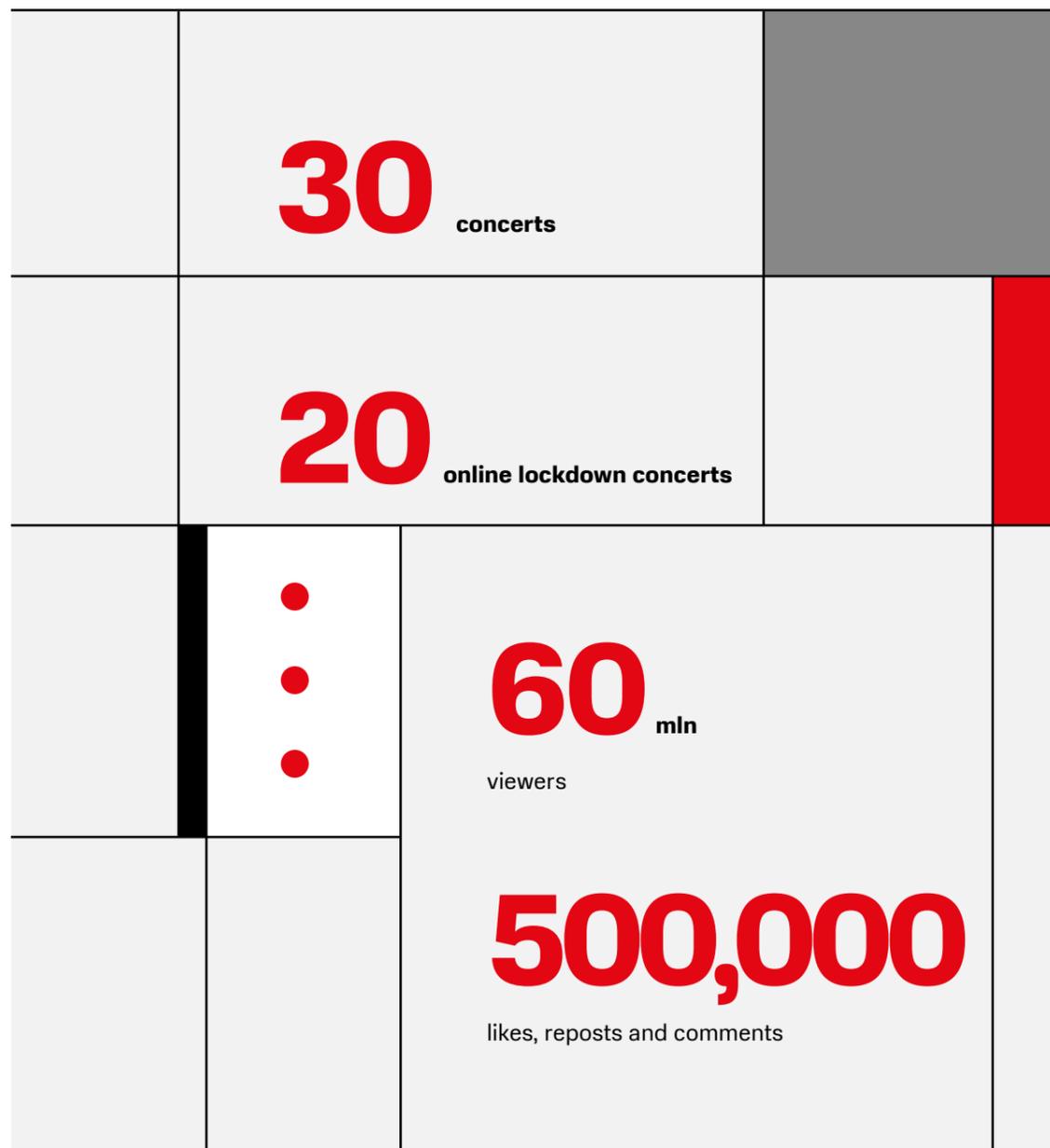
During the year, over 30 popular Russian musicians and bands of various genres performed for MTS Live, including: Morgenstern, Chaif, Anacondaz,

All online MTS Live concerts held in 2020 were free and available to subscribers of any operator: we created content that helped keep the audience and the artists connected. Our concerts are first of all an emotional product, which allowed to create an association of the MTS with music and entertainment and to charge people with positive energy during this challenging period.

”

Mikhail Minin
CEO of MTS Entertainment

During self-isolation, the MTS TV online movie theater launched online lockdown concerts of Russian celebrities for which they performed songs at home or in rehearsal studios. About 20 performers, including Uma2rman, Dolphin, Yolka, and others, took part in these concerts.



MTS Live website
<https://live.mts.ru/>



MTS TV website
<https://mtstv.mts.ru/>

For more information about MTS Entertainment, see the Our Markets section.

”

During the quarantine restrictions, digital solutions were in high demand among businesses of all sizes to help quickly move operations online to ensure the continuity and efficiency of companies' business processes. MTS provided special preferential terms of connection for almost all such services so that the transition to a remote work safe for employees and customers was relaxed and did not require urgent additional investments. In the long run, digital solutions implemented during this period will help businesses recover faster and improve their efficiency even after they return to business as usual.



Dmitry Khalin,
Member of the Management Board,
Vice President for Cloud & Digital Solutions of MTS PISC

Business support



MTS also supported the entrepreneurs who had to adapt to work in conditions of general social isolation, maintaining the same pace of work and not losing the efficiency of processes.

Some companies moved to remote work, which resulted in an increased mobile Internet consumption. For such customers, MTS provided a solution of increased traffic on their tariffs through additional bundles +Internet for Business. Some of the companies that had to suspend their activities temporarily were also supported by MTS and provided with the postponed payment option or free blocking of services for the required period.

While understanding the importance of ensuring reliability and continuity of operations for business, we offered favorable terms of access to our cloud

services for remote storage and corporate data exchange. This was crucial for small and medium-sized businesses that needed to adapt to new challenges.

Another important bonus for entrepreneurs was a three-fold increase in the duration of uninterrupted voice calls from 60 to 180 minutes specifically to facilitate conference calls and negotiations in remote work environments.

To support small businesses, we created Know in Person online card for entrepreneurs who continued to operate during quarantine restrictions, and organized online ordering and delivery services for independent stores.

As for individual entrepreneurs and small businesses, MTS Bank canceled the fee paid by legal entities and individual entrepreneurs for transfers between banks within all settlement and cash management services, and provided favorable conditions for online acquiring.

For more information, see section For Customers – Systematic Approach and Consistency.

Community and state support

#WEARETOGETHER

[PA6]

MTS launched many social initiatives aimed at improving the quality of life of people during the pandemic.

- Together with psychologists from Lomonosov Moscow State University and the Russian Presidential Academy of National Economy and Public Administration, MTS launched a free hotline Help Staying Home, which worked throughout the quarantine and helped Muscovites overcome distress, anxiety, depression, and loneliness.
- MTS developed a free tariff dedicated to doctors and medical personnel involved in the treatment of patients with COVID-19 in Russia.
- MTS allocated funds to support doctors and medical institutions, regional communities and volunteers helping the elderly.

Together with Sistema PJSC, we also provided regional hospitals with free COVID-19 tests.

- In April, together with MEDSI, we opened free access to telemedicine services so that people can monitor their health without going to clinics without an urgent need in the context of the spread of coronavirus.
- When classes reverted to online learning, MTS offered the opportunity to use education services for free to help prepare schoolchildren for exams.
- Training courses for the older generation were launched to help them acquire skills in using grocery delivery, receiving online medical consultations, and applying for services from the public authorities from the comfort of their own homes.
- MTS social projects such as Going to School with MTS, Generation M, Poplar of Victory, puppet shows of MTS Mobile Fairytale Puppet Theater, Cultural Code moved online, and also new ones appeared, taking into account the current realities in their concept—To a Fairy Tale from Home, Memory Through Generations, Place of Power.



The products offered by MTS today will be useful to ensure the safety of employees and eliminate the rapid spread of various infections in the enterprise or office even after the pandemic is over.

Company employees, including top managers, made regular donations to partner charity funds to purchase the necessary protective equipment for doctors.

Institutional Investor, a leading international publishing house for financial research, highlighted MTS President Alexey Kornya as a leader who has made a significant contribution to the fight against the COVID-19 pandemic effects.

Volunteer promotions MTS, MTS aimed at social support of citizens during the period of coronavirus infection, were marked by letters of thanks and diplomas of the President of Russia.



In March 2020, MTS joined the global Folding@Home project, studying the COVID-19 virus. The #CloudMTS provider allocated cloud resources for computer modeling of new virus mechanism and finding therapeutic remedies. Resources allocated for the Folding@Home project will allow computing operations at up to 3.6 petaflops.

Kommersant

MTS' digital technology also made working in the pandemic easier for businesses and government agencies. In particular, MTS developed a set of solutions to monitor the health of employees and control compliance with infection prevention measures.

For more information, see section For Local Communities – Support and Development.

For more information, see section For the State – Reliability and Scale.

Employee support

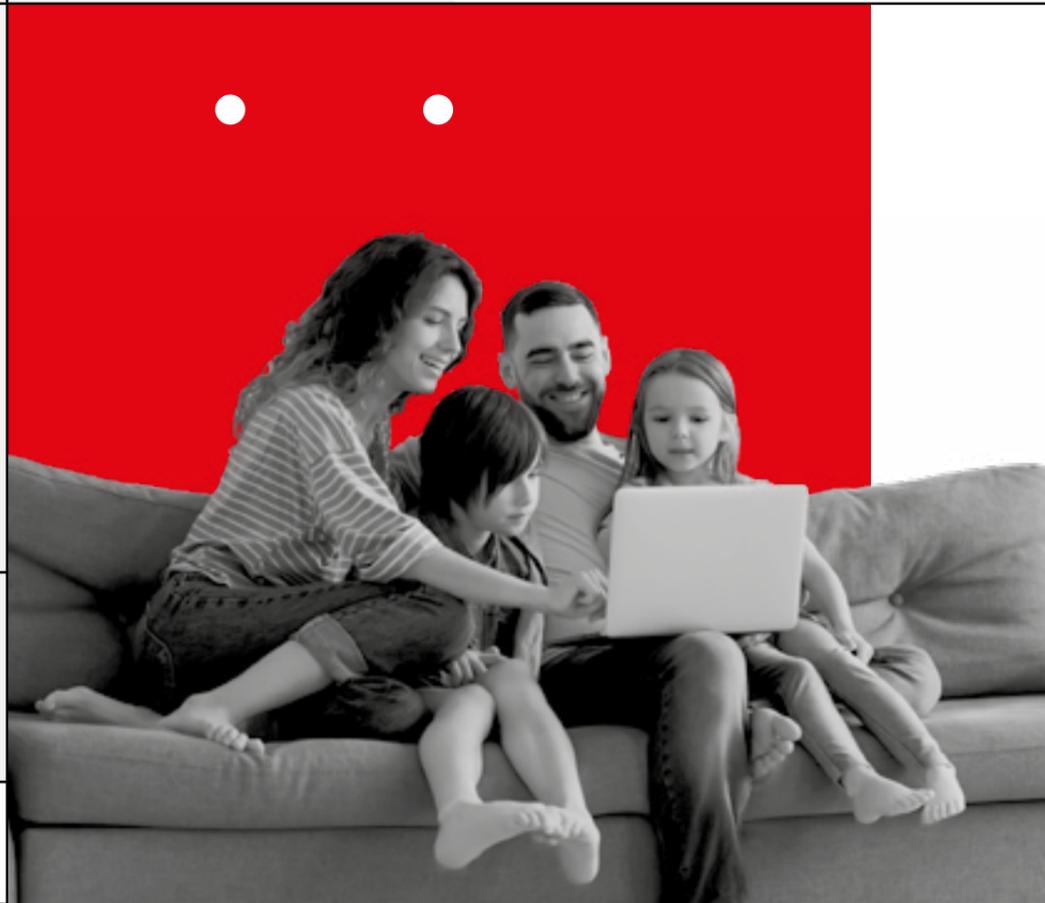
The first of the employee protection measures was the transition to a new mode of operation. Part of the staff were shifted to remote work. For those who had to stay at their workplace due to the nature of their work—technicians, field technicians, salespeople in company stores, and satellite TV agents—regular health checks were organized, personal protective equipment was provided, and instructions on protection against coronavirus infection were given.

All meetings moved online. Traineeships, interviews, and employment were remote.

In addition to the hotline, MTS created a mailbox, Myhealth@mts.ru, to answer any question about introduced or planned measures to combat coronavirus spread. Employees had to incur additional medical expenses due to the coronavirus disease were provided cash compensation.

For more information, see section For Personnel – Responsiveness and Care.

MTS ECOSYSTEM MANAGEMENT



BUSINESS MODEL

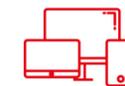
In 2020, we continued to implement the strategy called Customer Lifetime Value 2.0 (CLV 2.0), aimed at building a full-scale digital business on a sustainable telecommunication base. This strategy details the existing strategic goals of MTS and is focused on creating a product ecosystem based on the core telecommunication business with a seamless transition between services to maintain the best customer experience.

At the heart of our value proposition is the Customer, to whom we offer a wide range of digital services. We strive to maximize the client's "Lifetime" (Lifetime - the time during which he uses our services), creating and gradually strengthening emotional attachment to the brand, increasing the level of satisfaction and customer loyalty. We focus on offering more Value to the client and at the same time maximizing the value we get from him in the long run. «2.0» symbolizes our transition from the ideology of operating in one – the telecommunications – market (which we conventionally call «1.0») to the ideology of a digital service provider operating in diverse markets and offering a variety of products to meet the needs of customers in different areas of their lives in order to maximize value (both for clients and for the company) from the entire portfolio of services in the aggregate.

For more information, see MTS PJSC Annual Report 2020.

Our strategic priorities

Wide range of digital services



CUSTOMER



LIFETIME



VALUE



OUR MARKETS

[102-1] [102-2] [102-4] [102-5] [102-6]

MTS PJSC is a leading company in Russia and the CIS' providing its customers with an ecosystem of digital services built on the foundation of core telecommunication business.

MTS innovative services and solutions make a significant contribution to the development of the digital economy, government and business in the countries of presence. For tens of millions of MTS subscribers, the Company's services are an opportunity to stay in touch every day, work successfully, even in severe epidemiological conditions, gain access to medicine and education, and generally improve the quality of their lives.

Moving to the digital business ecosystem¹

Telecom	<p>the Company serves</p> <h1>86.3</h1> <p>million</p> <p>mobile subscribers in the countries of presence</p>	• •	<p>users of at least two services out of three product lines</p> <h1>7</h1> <p>million</p>
Fintech	<h1>2.47</h1> <p>million</p> <p>active MTS Bank clients</p>	<h1>TOP-5</h1> <p>Russian banks in terms of loan portfolio growth rates²</p>	
Media	<h1>6.6</h1> <p>million</p> <p>TV users</p>	<h1>TOP-3</h1> <p>according to the amount of TV subscribers in Russia</p>	
Cloud and digital solutions	<h1>>2</h1> <p>thousand</p> <p>corporate customers #CloudMTS</p>	<h1>78</h1> <p>regions</p> <p>covered by NB-IoT network</p>	

¹ At the end of 2020.

² According to Banki.ru.

MTS Group's Key Markets		
Operating segment	Major operators within MTS Group	Target market
MTS Telecom	MTS, MGTS, Stream MTS Armenia (Viva-MTS), Mobile TeleSystems	Mobile services Fixed-line communication Fixed broadband access TV
MTS Retail	MTS retail chain (Russian Telephone Company—RTC)	Retail sales of digital services and equipment (including the online store)
MTS Fintech	MTS-Bank	Banking and financial services Fintech services and applications
MTS Digital ¹	MTS Digital, ServiceHub MTS Artificial Intelligence Center	Big Data Artificial Intelligence OTT applications Fintech services for banking process automation Telemedicine Online education
MTS Cloud & Digital B2B	MTS, IT-GRAD 1 Cloud, NIS	Cloud services Internet of Things Industrial automation Smart City MTS Automotive Data centers System integration MTS StartUp Hub
MTS Media	MTS Media, Satellite TV	IPTV Cable and satellite TV Content distribution and production Kinopolis Film Studio OTT-platform Online-cinema
MTS Entertainment	MTS Entertainment LLC	Ticket aggregator (Ticketland, Ponominalu and MTS Live ticket services) MTS Live Arena Organization and production of events Partnerships with sites for events

¹ Until 2021—MTS IT.

MTS Telecom

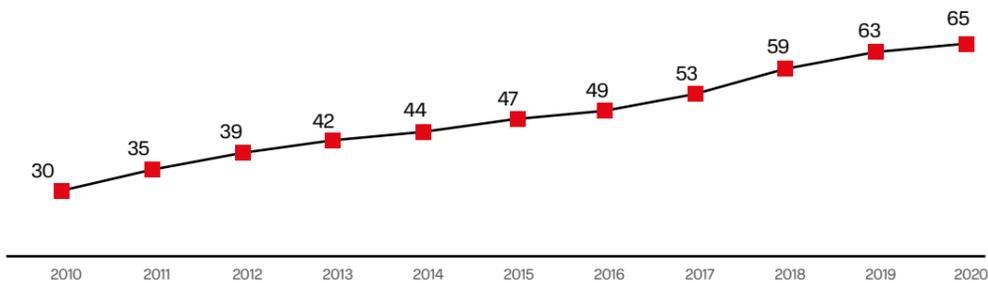
[103-2] [103-3] [PA4]

Mobile business in Russia

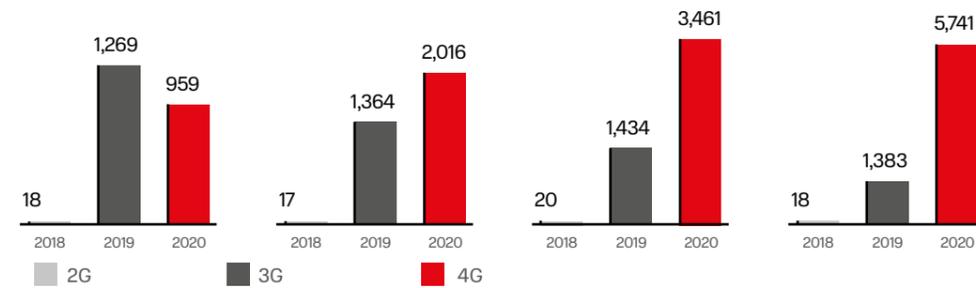
In 2020, the main driver of change was the COVID-19 pandemic and the subsequent lockdown. Due to restrictions for the population, as well as the need for many companies to actively implement remote operation in the reporting year, the demand for the provision of data transmission services significantly

increased. By 2019, the volume of mobile traffic increased by 45.3% and amounted to more than 71 thousand PB. It is important to note that the main growth fell at the high-speed 4G segment.

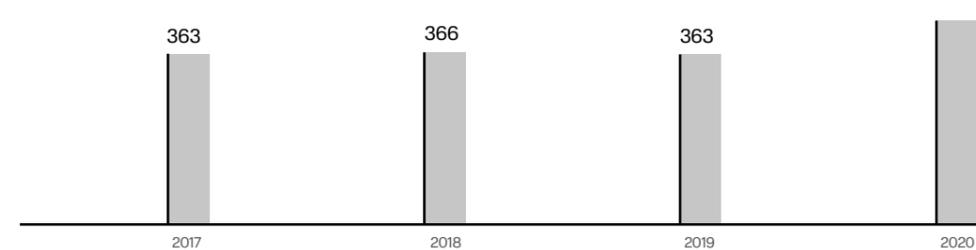
Mobile data penetration (proportion of monthly active users), %



Mobile traffic, PB



Voice traffic, million minutes



In the summer of 2020, due to the borders closure, the traffic of subscribers on trips across Russia also increased.

78.5 million

subscribers in Russia

Fixed-line communication

In the context of the fixed-line communication and broadband access (BBA) market saturation, MTS main strategy in this market is attracting and retaining subscribers through the development of package and convergent offers, as well as expanding the product portfolio.

In 2020, MTS continued to implement a large-scale program for the modernization and construction of fixed networks: the project affected more than 45 cities, where tariff plans with Internet access speeds of up to 1 Gb/s became available.

It is planned to modernize more than 80% of the capacity by 2023 as part of the investment program for the development of fixed networks.

In the broadband market, the penetration of broadband access in 2020 amounted to 61%. The growth of the subscriber base in the market was 2.1% (1.6% in 2019). In addition to expanding coverage, growth was facilitated by the connection of new subscribers during the period of self-isolation who previously used mobile Internet. As a result of this, the growth of the base turned out to be higher than last year's values.

TV market as a whole the dynamics of connections continued to decline. The growth driver is IPTV connections bundled with fixed broadband access.

New TV platform, expanding the capabilities of traditional TV with interactive components, continued to develop. Interactive TV products (IP TV and Hybrid TV) were relaunched in all cities where the fixed-line business was present.

In the fee-based TV market, MTS demonstrates stable positive dynamics and an increase in the number of users, despite the fact that in the Russian fee-based

MTS revenue in fixed-line communication segment increased by 3.4% in 2020.

At the end of 2020, MTS showed an increase in the subscriber base of fixed broadband access and television by 10% and 9%, respectively, which significantly exceeds the market average.



Mobile business abroad

Armenia

In Armenia, under the Viva-MTS trademark, the Company offers communication services in the GSM, UMTS and LTE standards. Viva-MTS subscribers have access to innovative tariffs and services, convenient service formats that meet MTS Group international standards.

In 2020, the 4G/LTE technology became available to 91.5% of the population of Armenia. At the end of 2020, 96% of Viva-MTS cell sites supported 4G/4G+ technology.

Viva-MTS maintains its leading position in the market, far ahead of its competitors. The market share at the end of 2020 stayed at 59%. At the end of 2020, the subscriber base amounted to 2.15 million users.

The main priority of MTS in the Armenian market in 2020 was the further expansion of the range of V&D tariffs targeted at the youth segment, in addition to the existing ones. The growth in the number of V&D tariff users was 4 p.p. compared to 2019. The average use of data transmission in 2020 increased by 40%.

Belarus

The coverage of the GSM mobile network by the operator Mobile TeleSystems PJSC (MTS PJSC subsidiary) is 98.1% of the territory of Belarus, where 99.9% of the population of Belarus lives. The 4G standard covers 76.5% of the population.

At the end of the year, MTS's subscriber base in Belarus amounted to 5.68 million users, 3.8 million people of which used data transmission services. The market share at the end of 2020 amounted to 47%.

The main priorities of the Company's activities in 2020 were the infrastructure development and communication quality improvement.

To increase the speed of wireless fixed broadband access and the coverage of the country's territory with mobile services, the installation of new 3G and 4G cell sites continued in 2020.

Viva-MTS is actively developing new products and services based on cloud infrastructure and virtual space, which are in demand among corporate customers.



MTS Retail

The MTS retail chain remains the main channel for attracting subscribers: over 39.4% of SIM card sales are carried out through MTS stores. The owned retail store network delivers superior performance by both the number and quality of new SIM card subscribers. MTS remains the largest non-food retail chain in Russia, with MTS's retail network comprising 5,244 stores at the end of 2020.

MTS Fintech

MTS Bank is responsible for the creation, development and sale of financial services for the entire MTS Group, which combines its own financial technologies with the capabilities of MTS's Big Data, providing the MTS Group with a competitive advantage in this market.

Despite the significant negative consequences of the pandemic for the entire banking sector, MTS Bank ended 2020 with an increase in its loan portfolio and a positive financial result. The retail loan portfolio grew by 29.7% year-on-year to RUB 117.6 billion. In 2020, MTS Bank entered the TOP-5 according to the growth rate of the retail loan portfolio at the end of the year among 30 leading Russian banks¹ and the TOP-10 banks according to the size of the credit card portfolio.

MTS Digital

The MTS Digital is focused on the development of digital solutions and the implementation of projects at the request of corporate customers. Within the framework of present directions MTS develops its own innovative products in the areas of automated building management, information security and financial management.

MTS has a Big Data Center (Big Data), which helps to develop existing products and creates new ones based on the analysis of anonymized big data of tens of millions of MTS clients. For example, this is a service for organizing advertising campaigns MTS Marketer, geoanalytical products for business and government, and others.

Another priority area for MTS development is the creation of products based on artificial intelligence and the integration of relevant technologies into existing solutions. Thus, MTS develops video analytics services, virtual assistants and a number of other promising products.

MTS is a member of the AI Alliance, which develops AI technologies in Russia.

¹ According to Banki.ru

MTS Cloud & Digital B2B

Cloud Ecosystem

MTS cloud ecosystem includes infrastructure solutions based on private, public and hybrid clouds, a range of advisory and professional services, as well as data center and telecom services. MTS cloud business includes the providers #CloudMTS and IT-GRAD, the 1cloud.ru individuals and small businesses-oriented platform, and the Avantage data center. Our customers: the Dymov Group, the Segezha Group timber holding, the Salym Petroleum oil production company, the Kortros Group, Utair airlines, ABBYY, Gazprombank and other major Russian and international companies.

In 2020, MTS became the first operator in Russia to launch eSIM for the Internet of Things and the M2M segment in accordance with international GSMA standards and regulatory requirements. The technology will allow the production and sale of equipment already provided with communication, which will greatly simplify the integration and testing of IoT devices in production, reduce the net cost and SIM cards logistics and maintenance costs, and improve the reliability of equipment.

Internet of Things

MTS has the largest NB-IoT network in Russia, which operates in 78 regions¹ of the country. This is Internet of Things network designed specifically for the smart city, housing and utilities infrastructure and smart real estate solutions. The network is highly energy efficient and allows connected devices to operate for up to 10 years without battery replacement. NB-IoT has a high degree of protection and improved penetration: the network works even in hard-to-reach locations for other communication standards. The capacity of the NB-IoT network is 50 times that of 4G, which allows to connect multiple devices per cell site.

In 2021, MTS plans to increase the coverage of the NB-IoT network to 83 regions of Russia, expand support for special functions of

In 2020, MTS began offering five types of basic and most popular NB-IoT equipment for B2B customers in vertical markets: gas, electricity, water meters; sensors for doors and hatches opening, and also released a NB-IoT Development Kit for the development of energy-efficient devices.



For more information on MTS NB-IoT network coverage, see our website at <https://moskva.mts.ru/business/podderzhka/nasha-set>

the NB-IoT standard in accordance with the current specifications and capabilities of its own IoT platform. It is planned to create a certification center for NB-IoT network equipment and launch new products in the areas of housing and utilities infrastructure, real estate and retail.

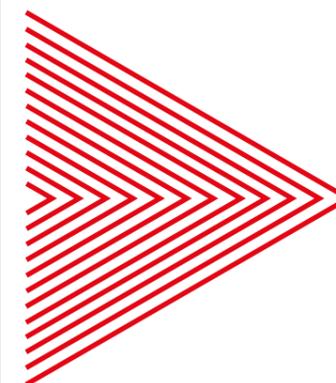
MTS maintains its leadership in the number of IoT SIM cards with a market share of about 43%.

MTS joined the working group of the Sphere space subprogram to create the Internet of Things satellite system. MTS specialists from the Satellite Communication Systems division were involved in the State Space Corporation Roscosmos initiative working group to assist in the development of preliminary project materials for determining the parameters of subscriber devices, services and Internet of Things traffic when creating the IoT Marathon multi-satellite low-orbit data transmission system.

In December 2020, MTS and Microsoft signed an agreement on the development of the Russian Internet of Things market. The companies will integrate the Microsoft Azure IoT Central global platform and Russia's largest Internet of Things MTS network NB-IoT, and will begin to provide access to the service for managing Internet of Things Microsoft Azure IoT Hub devices through the #CloudMTS cloud service provider.

At the beginning of 2021, MTS deployed an NB-IoT network at the Russian Antarctic Station Progress in Antarctica to transmit data from devices of the Arctic and Antarctic Research Institute (St. Petersburg). Network-powered trackers, multisensors and sensors will allow to explore the movement of glaciers and snow cover, monitor the integrity of snow runways and microclimate in residential and workrooms.

For more details, see sections For Customers – Systematic Approach and Consistency, For Local Communities – Support and Development.



¹ As at December 31, 2020.

MTS Media

MTS Media is a subsidiary of MTS PJSC, which develops media assets and television products, including IPTV, cable and satellite

television broadcasting, content distribution and production, and management of the Kinopolis Film Studio.

Content Production

In 2020, MTS Media began active development of a new direction—the production of exclusive content. Within the framework of present directions joint projects of an online cinema with the production companies Bazelevs by Timur Bekmambetov and Sreda by Alexander Tsekalo, as well as the film companies KIT and RWS are now being implemented.

In March 2020, MTS Media and Channel One Russia announced a strategic partnership to form

a new level media offer. Under the agreement, MTS Media received rights, including exclusive ones, to use content from the Channel One Russia library of feature and documentary films, as well as new products that had not previously been aired by the broadcaster.

On December 18, 2020, two of MTS Media's own round-the-clock TV channels began test HD broadcasting of films and series. KinoJam 1 TV channel is dedicated exclusively to domestic cinema, while KinoJam 2 channel will present popular foreign TV series and films.

At the end of the year, the MTS satellite TV subscriber base grew by 17% and exceeded the million mark. Converged solutions and an affordable high-quality linear product became the drivers of growth.

250 MTS Satellite TV channels

47 HD channels

3 Ultra HD channels



MTS TV

The MTS TV platform provides subscriptions with access to a wide range of TV channels, also acting as an aggregator for the main Russian streaming services—Amediateka, IVI, Megogo and Start. A subscriber of any operator can subscribe to the MTS TV video service and use it on a smartphone, tablet or computer, on interactive consoles or Smart-TV.

In 2020, a large-scale improvement of the MTS TV platform was carried out: more content became available to users, viewing became more comfortable thanks to the ability to share content from mobile devices to large screens using Chromecast and Airplay. In addition, Android devices now have the ability to save content locally for playback without Internet access.

The MTS TV platform unites

6.6 million

TV users

and is included in the **TOP-3** services

according to the number of TV subscribers in Russia

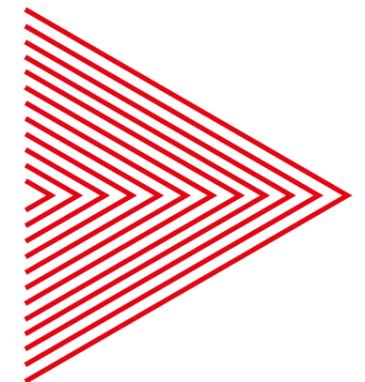
MTS is major Russian operator in terms of the number of subscribers, one of the three leaders in the Russian market among fee-based TV operators and is the only Company on the market that distributes content in all environments: cable, satellite TV, IPTV and its own OTT platform.

MTS Entertainment

Strategy for building MTS ecosystem involves the development of an entertainment business. MTS Entertainment is a subsidiary of MTS that unites projects and assets of offline entertainment and related online services. Current projects in this area: Ticketland and Ponominalu ticket services, MTS Live portal and application, direction for

organizing concert and theatrical performances, MTS Live Arena and management of a sites network in the regions of Russia. MTS ticket services are present in more than 60 cities of Russia.

MTS Entertainment's debut project in 2020 was investment in the musical Chess, which premiered in October 2020 and became one of the key theatrical premieres of the year. At the end of 2020, the musical gathered more than 41 thousand viewers.



NETWORK INFRASTRUCTURE DEVELOPMENT

[103-2] [103-3]

LTE

MTS is constantly developing its network to ensure high-quality voice communications and mobile Internet. In 2020, the Company continued to increase the capacity of its LTE network throughout the Russian Federation. The volume of construction in 2020 exceeded volume of 2019 by more than 20%,

which made it possible to increase the coverage and capacity of the network and provide customers with a high level of service, including data transmission speeds and the video views quality, as the most demanded services.

In 2020, over 16.3 thousand new cell sites were launched, 14.5 thousand of which operate in the LTE frequency bands.

>16.3 thousand

new 3G and LTE cell sites launched in Russia

>4 thousand

new sites built

Developing the MTS network, we pay great attention not only to the new construction site, but also to the optimization of the existing infrastructure.

5G

In addition to existing network development, MTS is strengthening its leading positions in the implementation of new technologies. In July 2020, MTS was the first in Russia to receive a license to provide the 5G/IMT-2020 standard mobile communication services in the 24.25–24.65 GHz range in 83 regions of the country. As of today, seven permanent 5G pilot zones have been organized in Russia,

on the basis of which a number of 5G solutions and technologies are being tested.

The deployment of 5G networks is involved in the Digital Economy of the Russian Federation national program as an essential component of the country's economic growth.

It is planned to continue the deployment of 5G pilot zones in Moscow and other regions of Russia in 2021.

For more information on MTS's participation in the Digital Economy national program, see section For the State – Reliability and Scale.

In July 2020, MTS was the first among Russian telecom operators to receive a license to provide 5G mobile services.

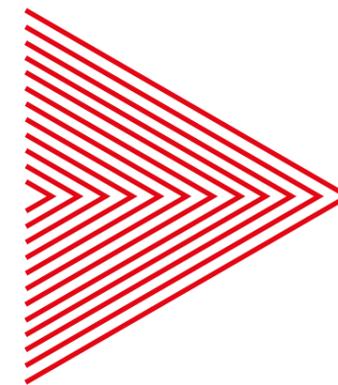
Transport and backbone data transmission networks

The growth of urban and zonal fiber optic communication lines (FOCL) in 2020 amounted to more than 9 thousand km, the total length of FOCL reached 250 thousand km. In 2021, it is planned to commission another 6 thousand km.

Thanks to operative control, the MTS network withstood the explosive growth in traffic when self-isolation began in April 2020, and the restrictions imposed in connection with the COVID-19 pandemic did not affect the quality and pace of new network construction.

For more information on the services and products of MTS, see section For Customers – Systematic Approach and Consistency.

In 2020, traffic to users (downlink) exceeded 7.06 Tbit/s (an increase of 46%), and traffic from users (uplink) reached 2.27 Tbit/s (an increase of 50%).



MTS KEY EVENTS IN THE 5G DEVELOPMENT FIELD IN 2020

Central Federal District (March)

- MTS and Ericsson signed an agreement to deploy 5G-ready equipment and Ericsson solutions for a large-scale upgrade of 2G/3G/4G MTS network across 16 regions of the Central Federal District of Russia.

Russia (July)

- MTS announced that it has received the first license in Russia for the provision of mobile communications services of the 5G/IMT-2020 standard in the 24.25-24.65 GHz band across 83 regions of the country. The license was granted by Roskomnadzor until July 16, 2025. The first users of the fifth generation network will be business clients and large industrial enterprises.

Tomsk (August)

- With the assistance of Tomsk region administration, MTS launched in Tomsk the first pilot communication network of fifth generation on the basis of Tomsk State University of Control Systems and Radioelectronics and Micran JSC, one of the leading developers and manufacturers of telecommunication equipment in Russia.

Moscow and Moscow Region (September)

- MTS and Huawei announced the start of a big upgrade of the mobile network in Moscow and the Moscow region to the 5G-ready level to increase network performance and introduce innovative services.

Vladivostok (October)

- In Vladivostok, MTS demonstrated Russia's first on-air streaming of the federal TV channel GTRK Vladivostok via the fifth-generation network, using equipment of leading telecommunications solutions provider Huawei. The broadcast was held from the territory of the Far Eastern Federal University, where MTS opened the first pilot 5G zone in the Far East

Moscow, Skolkovo (October)

- MTS and Skolkovo Institute of Science and Technology (Skoltech), one of the leading non-governmental educational and research institutes in Russia, have launched a pilot 5G network at the Skolkovo Innovation Center to test the development of 5G technologies and the creation of promising domestic industrial ICT solutions and services based on them with the involvement of Skolkovo residents and industrial partners of Skoltech.

”

The launch of the 5G zone in Skolkovo is another step in the long-term cooperation of MTS and Skoltech in creating an infrastructure for R&D in broad cooperation with the residents of the Skolkovo Foundation. I am sure that the activities of our joint innovation cluster, driven by the synergy of the scientific potential and IT competencies of all its participants, will accelerate the entry to the market of both competitive domestic telecom equipment and ready-made industrial 5G solutions and services for various sectors of the economy.



Dmitry Khalin,

Member of the Management Board,
Vice President for Cloud & Digital Solutions of MTS PJSC

OPEN INNOVATIONS

MTS got the lead in the ranking of activity in the field of work with open innovations for July 2019–June 2020 according to research project Barometer.

MTS StartUp Hub

MTS StartUp Hub consists of corporate accelerator, 5G Center, MTS's venture capital fund, direction for fast launch of pilots and international offices. Its task is to attract innovations, start-ups and technological solutions from the open market, which we can use

in one form or another in MTS—either separately, or embed in our products, or sell.

In 2020, the corporate accelerator conducted two intake campaigns, as a result of which 23 pilot projects were launched in the areas of retail sales, industry 4.0, environmental innovation, fintech and others.



MTS StartUp Hub Results¹

6 intake campaigns

>4.1 thousand applications

94 teams selected

15 5G Center residents

72 pilots launched

27 pilots scaled-up



In 2021, MTS plans to conduct three intake campaigns to the corporate accelerator and two intake campaigns to the 5G Center,

a branch of MTS StartUp Hub in Nizhny Novgorod and a venture studio for early stage startups. In March 2021, the Company has already launched the 5G Laboratory in St. Petersburg.

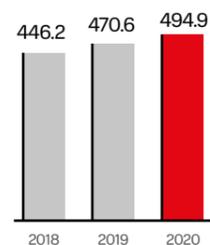
¹ Cumulative total by the end of 2020.

FINANCIAL RESULTS

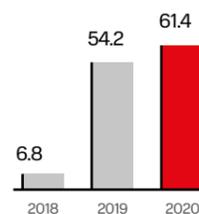


MTS headed the list of companies with the highest revenues in the telecommunications sector of the RBK 500 largest Russian companies rating

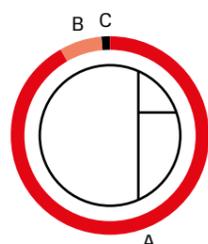
MTS Group consolidated revenue, RUB billion¹



MTS Group net profit, RUB billion

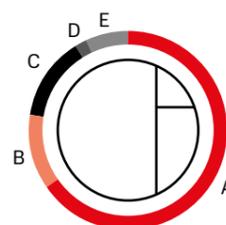


Structure of MTS Group revenue in 2020, RUB billion²



A	488.5	Russia
B	36.1	Belarus
C	7.2	Armenia

2020 MTS Group consolidated revenue structure in Russia, RUB billion³



A	334.5	Telecom
B	62.1	Fixed line
C	69.1	Product sales
D	10.8	System integration
E	34.4	Banking

Paid income tax by the MTS Group, RUB thousand

	2018	2019	2020
Russia	18,662,882	21,631,142	14,365,928
Armenia	0	445,967	475,274
Belarus	11,926	9,151	8,560
Special Purpose Vehicles (SPV), foreign	147,376	320,133	343,249
Total⁴	18,822,184	22,406,393	15,193,011

Capital expenditures of MTS Group, RUB billion

	2018	2019	2020
Russia	75.1	81.0	95.0
Armenia	2.0	1.5	1.9
MTS Group⁵	86.4	90.7	96.9

¹ Excluding revenue from Ukraine and NVision Group companies, recognized in loss from discontinued operations in the consolidated income statement.

² MTS PJSC owns 49% of the shares of Mobile TeleSystems PJSC, a mobile operator in Belarus, which is not consolidated in the MTS Group financial statements.

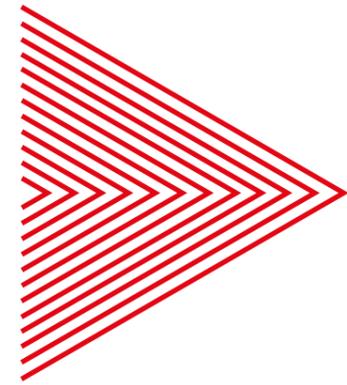
³ Excluding revenue from Ukraine and NVision Group companies, recognized in loss from discontinued operations in the consolidated income statement. Excluding other revenue (RUB 731 million) and intra-group turnover (RUB -23.3 billion).

⁴ Excluding Ukraine.

⁵ Excluding expenses for 4G license acquisition.



SUSTAINABLE DEVELOPMENT MANAGEMENT



SUSTAINABLE DEVELOPMENT AND CSR STRATEGY

MTS is in the top 5 of Russian companies – sustainable development leaders

MTS ranked fourth in the comprehensive ESG-ranking of Russian companies annually held by the independent rating agency Rating-Agentur Expert RA GmbH (RAEX-Europe). The Company also became a leader among IT and telecom companies that entered the ranking for the first time in 2020.

MTS is a leader in the Responsibility and Transparency Index and the Sustainability Vector Index of the Russian Union of Industrialists and Entrepreneurs (RSPP)

According to AK&M, MTS is recognized as a leader in the Social Efficiency Ranking of the largest Russian companies that contribute the most to society while minimizing their environmental impact

The Company's commitment to sustainable development and responsible business conduct is embedded in its development strategy that involves providing digital tools for sustainable development of other companies, government and society.

Practical results of implementing the CSR Strategy of MTS Group for 2017–2020:

- **The sustainable development and CSR management structure was updated.** The Company has an SD and CSR development unit and established a standing SD and CSR Committee under the President of MTS. Furthermore, HR, IR, compliance, procurement, and other services are actively involved in the Company's SD and CSR operations.
- **The collection and public disclosure of information have been optimized.** MTS regularly publishes the sustainable development reporting in accordance with the GRI Standards and undergoes public certification of the RSPP Board on Non-Financial Reporting. Several cycles of the Company's self-assessment were conducted to comply with ISO 26000 «Guidelines for Corporate Social

Responsibility» (KPMG) as well as the reporting on the CDP method (Carbon Disclosure Project) and others.

- **The employees became more active and engaged.** MTS implements a number of activities in this area. As a result, about 14% of the Company's employees participate in volunteer initiatives.
- **Participation in international initiatives was extended.** MTS supports the initiatives in the field of sustainable development of the international GSM Association (GSMA) and the international industrial association Joint Audit Cooperation (IAC).
- **High estimates have been achieved.** In the year under review, MTS ranked first in the social efficiency rating of the largest Russian companies (AK&M), fourth in the ESG-rating of Russian companies (RA EX Europe) and entered the top ten in the rating of employers in Russia, taking into account the social and environmental responsibility of business (Forbes). At the international level, MTS corresponds to the industry average scores for climate change criteria (CDP score – Climate Change: «B» with the same industry average), cooperation with suppliers (CDP supplier engagement rating: «B» with the industry average score «C»), ESG-risk level (Sustainalytics ESG Risk Rating: the Medium ESG Risk score with the same industry average) and a number of others.

Taking into account the qualitative and quantitative results of implementing this strategy, as well as external and internal contexts, in December 2020 the SD and CSR Committee approved and recommended for consideration by the MTS Group Board of Directors the Strategy for Sustainable Development and Corporate Social Responsibility for 2021–2025 (SD and CSR Strategy)¹.

¹ Approved by the SD and CSR Committee under the President of MTS PJSC on December 24, 2020.

SUSTAINABLE DEVELOPMENT AND ESG MANAGEMENT SYSTEM

ESG investor requests



SD and CSR Strategy (2020-2025)

- Social area
- Environmental area
- Business area



MTS Ecosystem

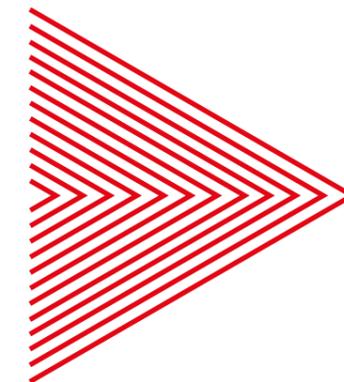
- MTS Telecom
- MTS Fintech
- MTS Retail
- MTS Digital
- MTS Entertainment
- MTS Media
- MTS Cloud & Digital B2B

Business strategy

- Customer
- Lifetime
- Value

Business strategy focus

MTS business strategy focuses on maintaining loyalty and emotional connection, including by operating our business in an environmentally and socially responsible way



The SD and CSR Strategy includes both the fundamental provisions developing those established in the similar strategy in the previous cycle as well as the provisions that have replaced the previous ones.

The approaches are to be improved until 2025 in the following three areas: **adjust** (fill in the gaps and utilize the rest); **multiply** (continue a good start); and **test** (check future opportunities).

THE MAIN GOALS OF DEVELOPING SD AND CSR UNTIL 2025 AND STRATEGIC TASKS TO ACHIEVE THEM



	Multiply		Test	
<ul style="list-style-type: none"> • Maintain compliance with standards and requirements • Improve the efficiency of SD and CSR management in respect of objectives and indicators of their achievement • Ensure growth of international benchmarking indicators 	<p>Continue the good start</p> <p>(In the CSR Strategy 2020 — AVOID RISKS by using a world-class CSR system based on the SDGs, ISO 26000:2010, ISO 19600:2014, ISO 37001:2016)</p>		<p>Check future opportunities</p> <p>(In the CSR Strategy 2020 — GIVING HOPE; CSR as an employee involvement tool)</p>	<ul style="list-style-type: none"> • Try a proactive approach to CSR by focusing on the solution of specific social and/or environmental issues • Use the potential of social and/or environmental components as marketing drivers

Fill in the gaps and utilize the rest

(In the CSR Strategy 2020 — DEVELOP the SD/CSR management system as a top managers' function)

- Teach all departments with SD and CSR competencies
- Build communication on SD and CSR with all stakeholder groups
- Make the SD and CSR activities more visible (by enlarging programs)

Adjust

Test

Check future opportunities

(In the CSR Strategy 2020 — GIVING HOPE; CSR as an employee involvement tool)

- Try a proactive approach to CSR by focusing on the solution of specific social and/or environmental issues
- Use the potential of social and/or environmental components as marketing drivers



The fundamental provisions of the new strategy are:

- goals of the new level based on the measurable contribution to addressing specific social issues of the society and the mankind in general;
- the UN Sustainable Development Goals (SDGs) as a planning framework where MTS commits to 14 out of 17 goals as part of its industry-specific and social role;
- new KPIs characterizing the changes;
- new tools related to the core business, such as marketing, assessment (information and evaluation), volunteering, and financial innovation tools;
- correlation of the sustainable development «ecosystem» with the business strategy (implying a consumer «ecosystem»);
- consideration for all stakeholders.

In line with the SD and CSR Strategy until 2025, the MTS Group carries out its activities in three areas in terms of the subject matter: social, business and environmental.

Social area includes the activities to achieve those sustainable development goals that can be influenced by MTS mainly within its corporate perimeter (the Company, subsidiaries and related organizations, suppliers and partners) and in local communities.

Business area includes the activities to achieve those sustainable development goals that are influenced by MTS mainly via its products and services and as a professional market participant primarily addressing its retail and corporate consumers, the industry, and its regulators.

Environmental area includes the activities to achieve those sustainable development goals that are influenced by MTS directly via effective and sustainable resource use in the organization itself and by providing environmentally relevant products and services to customers and partners.

AREAS AND PRIORITIES OF MTS IN ACCORDANCE WITH THE UN SDGS

Social area

SDG	MTS Priorities	Key Projects
	<ul style="list-style-type: none"> • Distance learning technologies and solutions • Improving the «digital literacy» of the population • Instruction and practical training of personnel • Training of counterparties in SD and CSR 	<ul style="list-style-type: none"> • Generation M • Kids Online • MOOVE • Corporate University • Online internships • Teaching elder people “digital literacy” • Sustainable Business Development course
	<ul style="list-style-type: none"> • Analyzing the gender situation in the Company’s area of influence • Developing corrective measures if necessary • Special disclosure in international statements 	<ul style="list-style-type: none"> • MTS is a company for all • Human Rights at the Workplace compliance program • MTC Inclusion
	<ul style="list-style-type: none"> • Labor rights • Remote labor protection and accounting issues • Inclusion: Work for Marginalized Groups • Volunteering as a means of social self-actualization 	<ul style="list-style-type: none"> • MTS Your Business • Know in Person online map for small businesses • MTS Garage • MTS is a company for all • Digital volunteering • MTC Inclusion
	<ul style="list-style-type: none"> • Human Rights at the Workplace • Inclusion: Corporate Diversity Culture • Solutions for persons with disabilities • Targeted support for disadvantaged groups • Development of telecommunication infrastructure and digital products 	<ul style="list-style-type: none"> • Human Rights at the Workplace compliance program • MTS is a company for all • MTC Inclusion • Path to Career competition • Mobile Fairytale Puppet Theater of MTS (performances with sign language interpretation) • Support of Local Communities
	<ul style="list-style-type: none"> • Municipal administration technologies and solutions • Inclusion: Barrier-Free Environment • Preserving cultural heritage • Volunteer assistance at the level of local communities 	<ul style="list-style-type: none"> • Network Infrastructure Development • Digital Model of the Region • Vdome application and Vdome+ platform • Digital Water Channel • Digital Kindergarten • City Legends • Support of Local Communities • Cultural Code



Business area

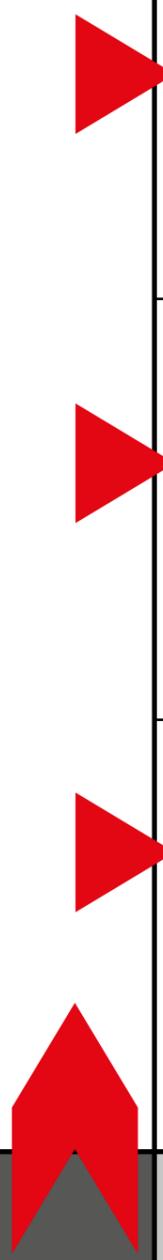
SDG	MTS Priorities	Key Projects
	<ul style="list-style-type: none"> Services and solutions to save the user funds Special offers for socially disadvantaged groups 	<ul style="list-style-type: none"> Support of Local Communities Network of eco-villages (Armenia) NeTarif Converged products
	<ul style="list-style-type: none"> MTS healthcare solutions Charity for the health of children EHealth solutions for retired and disabled persons Information security of children 	<ul style="list-style-type: none"> SmartMed In Motion Vision Zero Donor Days Kids Online Generation M Support of Local Communities Give Good MTS 120/80 application
	<ul style="list-style-type: none"> The system of “open innovations” and tools for introduction of socially and environmentally significant technological ideas (including social entrepreneurship) Development of network infrastructure and digital products Development of innovative solutions and technologies 	<ul style="list-style-type: none"> MTS StartUp Hub Dedicated 5G-ready networks #CloudMTS NB-IoT Development Kit MTS Estate Social Idea Pilot 5G networks, 5G-ready dedicated networks
	<ul style="list-style-type: none"> MTS solutions for digitalization of the regions MTS solutions for interaction between the society and the government 	<ul style="list-style-type: none"> Participation in National Programme “Digital Economy of the Russian Federation” Digital Model of the Region #CloudMTS Social bonds
	<ul style="list-style-type: none"> Full and reliable disclosure (Sustainable Development Report, ESG, CDP) Transparent and open procurement system Training and audit of suppliers and partners Internal audit based on the SD and CSR standards Partner social programs 	<ul style="list-style-type: none"> MTS StartUp Hub JAC audits Responsible Business. Be Better Every Day conference Sustainable Business Development course Audit ISO 26000 Carbon Management comprehensive project Generation M Place of Power Social Idea

Environmental area

SDG	MTS Priorities	Key Projects
	<ul style="list-style-type: none"> Energy efficiency improvement program for MTS facilities Renewable energy sources (RES) and expansion of their utilization program 	<ul style="list-style-type: none"> Energy efficiency improvement program Alternative energy sources Managing the energy efficiency of cell sites and data processing centers
	<ul style="list-style-type: none"> MTS digital solutions for responsible resource use Consideration of the lifecycle principles when creating MTS products and rendering services Responsible recycling and packaging-free programs Educational programs for responsible resource use 	<ul style="list-style-type: none"> JAC audits Eco-Office Telemetry cloud platform Federal program for digitalization of solid household waste removal and disposal My Clean Region portal
	<ul style="list-style-type: none"> Climate risk management MTS carbon footprint management based on SBTi goals 	<ul style="list-style-type: none"> Carbon Management comprehensive project Working Group on Environment and Responsible Financing CDP standard disclosure Participation in GSMA working group
	<ul style="list-style-type: none"> MTS digital solutions for environmental organizations Support for research and educational projects in the environmental field Volunteer events on environmental protection 	<ul style="list-style-type: none"> Place of Power For Kids about the Planet Corporate environmental movement Ecology Day with MTS Support for environmental startups Smart city solutions



KEY SD AND CSR TOOLS OF MTS



Promotion tools



Tools related to social commercial offer: preferential terms for purchasing products and services, the configuration of engineering and technical solutions to tackle social and environmental tasks, promotion based on social benefits, etc.

Education tools



Tools related to the formation of systemic knowledge and skills: programs for increasing digital literacy, environmental awareness, lessons, courses, lectures, Olympiads, competitions, etc.

Financial tools



Tools related to special financial solutions: green bonds, social investment and entrepreneurship, grants, sponsorship, subsidiary charity etc.

Innovation tools



Tools mainly related to engineering and technical solutions: new technologies and equipment, new products and services etc.

Inclusion tools



Tools directly related to the participation of marginalized groups – in the Company’s work: hiring people with disabilities and from other «quota» categories, consideration of the employees’ special needs, accessible environment and tolerant corporate culture, etc.

Volunteering tools



Programs, campaigns and events held by our employee volunteers, usually outside the Company: fundraising among employees, donation, litter picks, support for veterans, help for children and adults in difficult life situations, etc.

Information and assessment tools

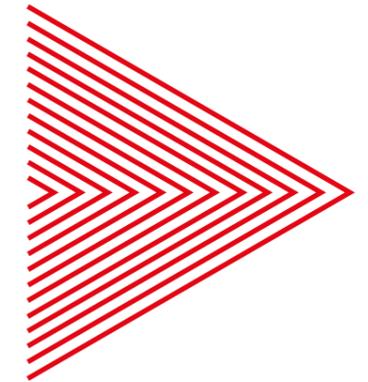


Tools for collecting, processing, assessing and disclosing the information: SDR, SDP, ESG, other internal SD/CSR statistics, Social Idea, research, ISO 26000 audit, rankings, etc.

Eco-management tools



External and internal programs, measures and initiatives for responsible use of resources and reduction of the Company’s environmental footprint



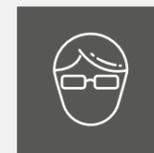
PARTNERSHIPS



SYNERGETIC
With related businesses (MTS Group, Sistema PJSC, Sistema Foundation) and with key suppliers for greater coverage and improvement of the SD/CSR control quality



FUNCTIONAL
With customers who use MTS products and services to fulfill their own social and environmental objectives (with us encouraging them to do so)



EXPERT/TECHNICAL
With companies specializing in certain implementation aspects of social and/or environmental programs and projects (educational institutions, auditors, non-profit organizations, event venues, mass media, etc.)

SUSTAINABLE DEVELOPMENT AND ESG MANAGEMENT SYSTEM

[102-40] [102-42]

MTS recognizes its responsibility to all stakeholders and aims to identify the needs and expectations of each of them. We strive to comply with the balance of interests and build dialogue and cooperation based on mutual respect, partnership and fairness. We seek to build on our stakeholder engagement practice and keep it at a high level. The Company has an ongoing dialogue with its stakeholders and provides them with all necessary information about its activities.

For more information about studying the stakeholder preferences, see the About the Report section.



STAKEHOLDERS

STAKEHOLDERS AND INTERACTIONS WITH THEM

- Public organizations
- Authorities



Public relations

- Retail consumers
- Corporate customers
- Partners and industry



Marketing relations

- Shareholders and investors
- Local communities
- Personnel

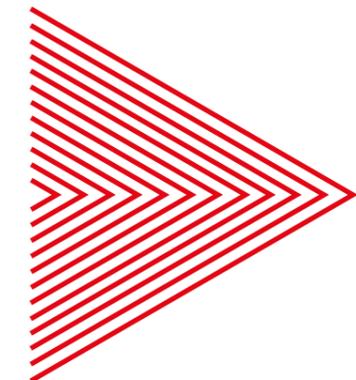


Corporate relations

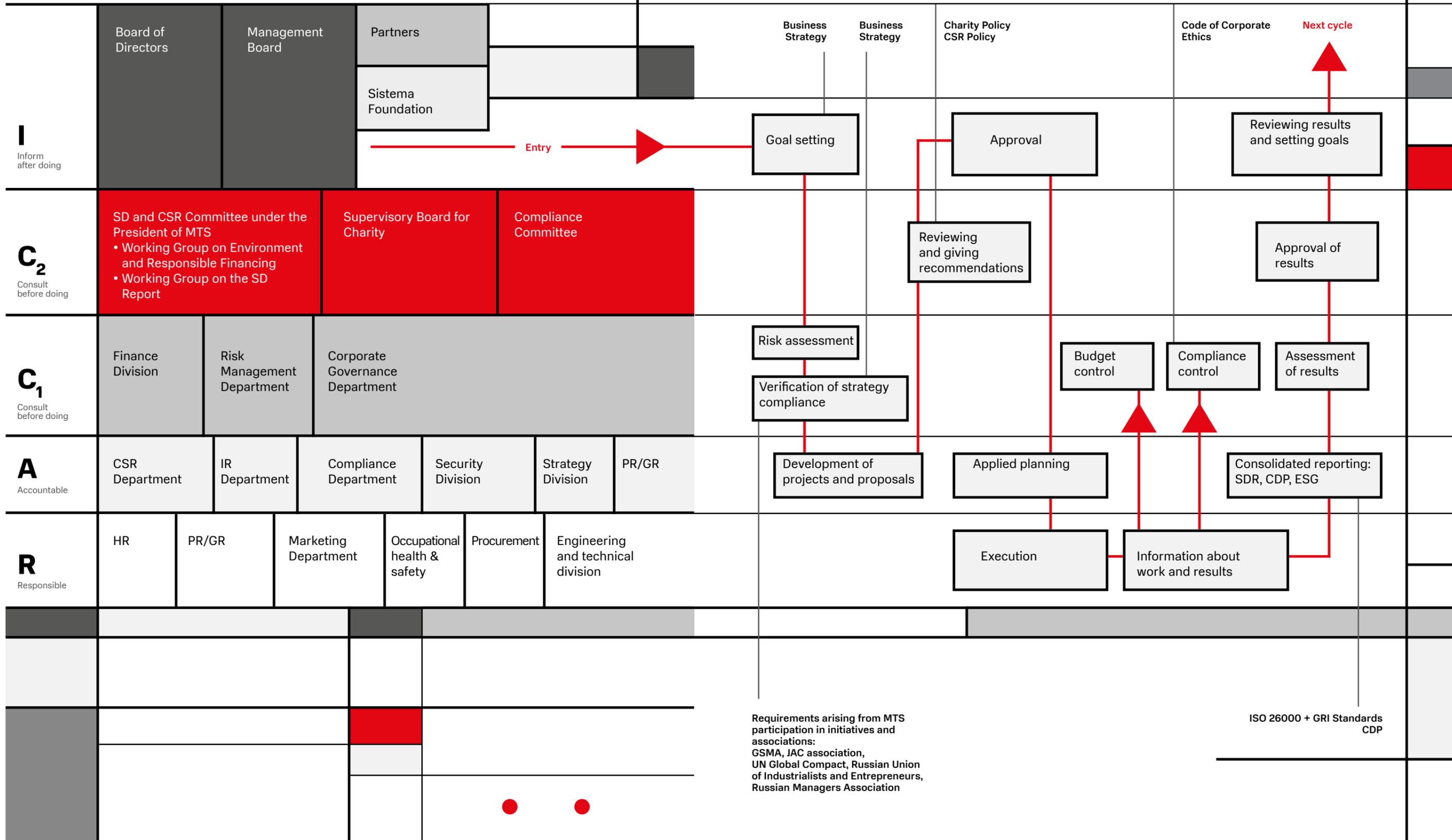
[102-20] [102-32]

We are building a sustainable development system that meets the expectations of stakeholders and striving to use all our potential to implement and anticipate these expectations.

The main management bodies for sustainable development and CSR are the Board of Directors and the Management Board of MTS PJSC. The Vice President for Human Resources and the Director of the Corporate Social Responsibility Department of MTS PJSC HR Unit are responsible for planning, consolidation and direct implementation of activities. Designated employees of the HR, Marketing and PR Department plan and implement the Company's initiatives in regions.



SUSTAINABLE DEVELOPMENT AND CSR MANAGEMENT SYSTEM



The Board of Directors and the Management Board

The Board of Directors and the Management Board of MTS PJSC are core management bodies for surveillance over the CSR issues, including the environmental policy and climate-related activities. They are responsible for approving the CSR Strategy and social initiatives as well as monitoring of implementation and effectiveness of social initiatives, including the environmental protection projects.

In terms of HR management, Member of the Management Board, Vice President for Human Resources, as well as Director of the CSR Department in the Human Resources Block are responsible for planning, direct implementation and consolidation of activities on CSR.

Employees of regional divisions, including HR managers in line with marketing and GR and PR Unit,

monitor planning and implementation of the MTS initiatives in the field of social climate in regions.

The Board of Directors of MTS PJSC is responsible for considering the Sustainable Development Report and monitoring the indicators of achieving the goals of projects and programs. The Board of Directors is regularly informed on the relevant risks including climate-related ones. A risk status report for MTS PJSC's risks is reviewed quarterly by the Risk Committee, which discusses the Company's key risks and makes collective decisions on mitigation measures. The Chairman of the Risk Committee is the President of MTS PJSC.

The Strategy Committee under the Board of Directors of MTS PJSC oversees IT and technological strategies, the former includes the energy saving policy. Every year the Strategy Committee under the Board of Directors of MTS PJSC and the Management Board of MTS PJSC review the technological strategy, which includes energy-saving and energy-efficiency programs, use of energy-efficient equipment and implementation of alternative sources.

MTS is one of the leaders in popularizing the ESG agenda in Russia. Since 2018, in cooperation with Effie Russia, MTS has been implementing a program to promote 17 UN SDGs. As part of the program, we gather data on how brands are building on sustainability goals in communications; identify factors that influence the effectiveness of such campaigns, and promote the best cases to inspire business and industry leaders to become more engaged in achieving the SDGs.

MTS participates in the activity of relevant boards, Russian awards, ESG and sustainable development ratings, business forums, and conferences (Sustainable Development Board of the Chamber of Commerce and Industry of the Russian Federation, Donors Forum, ESG and sustainable development ratings of AK&M, RAEX, Expert, Forbes, Corporate Philanthropy Leaders, etc.).

MTS established the ESG Committee under the Board of Directors

Assessment of the company's ESG practices is one of the factors used by portfolio investors to make investment decisions, which makes it important for publicly listed companies to maintain ESG practices at a high level and maximum transparency in disclosing ESG information to investors.

To develop this practice, on March 18, 2021, the Board of Directors of MTS PJSC approved establishing the ESG Committee (Committee for Corporate Governance, Environmental and Social Responsibility) by means of transforming the current Corporate Governance Committee while extending its competencies and focus areas. The function of the Committee is to monitor the implementation and execution of the sustainable development principles, as well as to assist the MTS governing bodies in forming a common strategy with regard to corporate governance, environmental and social responsibility.

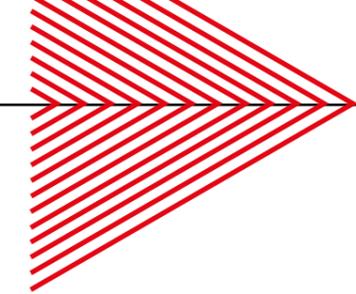
The transformation of the Corporate Governance Committee into **the ESG Committee** will make it possible to consider **corporate governance («G»)** in a comprehensive and interrelated way, as well as **additional issues of environmental («E») and social («S») responsibility** of MTS PJSC in one place.

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Establishing the ESG Committee under the MTS Board of Directors is an important step towards comprehensive and consistent implementation of MTS potential in the field of sustainable development and strengthening the Company's leadership in this area. Globally, when evaluating companies, investors are increasingly focused on factors beyond financial performance: from carbon emissions and commitment to responsible purchasing to labor management and respect for human rights. By strengthening and improving the ESG governance system, we affirm our commitment to delivering results that are meaningful to all of our stakeholders, including customers, employees, communities, and shareholders.



Regina Von Flemming,
Chairman of the ESG Committee,
Independent Director of the Board of
Directors of MTS PJSC



SD and CSR Committee

Since 2011, the Company operated the CSR Committee under the leadership of Member of the Management Board, Vice President for Human Resources of MTS PJSC. As the spheres of influence of MTS Group's sustainability projects expanded in 2020, the CSR Committee was restructured into the MTS PJSC President's Committee on Sustainable Development and Corporate Social Responsibility (SD and CSR Committee). The purpose of the SD and CSR Committee is to coordinate MTS activities in the field of sustainable development and corporate social responsibility, including the following issues:

- providing a sustainable ecosystem within and around the Company through consolidation and efficient use of resources in integrated cross-functional projects;
- integrating new sustainable development and CSR ideas and projects into the Company's business in accordance with the best Russian and international practices;
- contributing to the establishment of a sustainable business

environment in Russia and the countries of the Company operation by developing partnership programs and projects that promote responsible business conduct and are aimed at achieving the Company's sustainable development goals;

- other issues concerning the company/s sustainable development and its contribution to the sustainable development of society.

Carbon Management Working Group attached to the SD and CSR Committee has been operating since 2019 to facilitate the Unified Carbon Management Program and MTS PJSC's climate change risk assessment. In December 2020, it was reformatted as the Environment and Responsible Finance Working Group to form an ecosystem-based approach to environmental responsibility projects implementation.

For more information on carbon management, see the Environmental Responsibility section.

In 2020, to organize effective cross-functional cooperation of all structural divisions involved, a Finance and Investment Working Group was created within MTS PJSC President's Committee on Sustainable Development and Corporate Social Responsibility aimed at developing and implementing an action plan for issuing social / green bonds, approving the ESG financing procedure and a list of socially/environmentally significant projects.

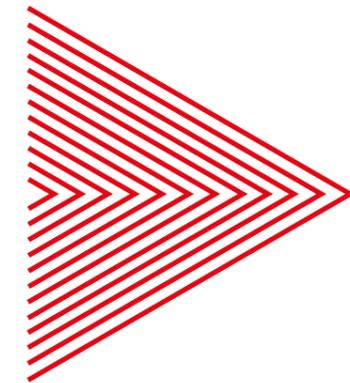
The SD and CSR Committee includes representatives of the MTS PJSC units, as well as representatives of MGTS PJSC, RTC JSC, and MTS IT LLC.

Supervisory Board for Charity

The Supervisory Board for Charity is a collective body under the Strategic Communications Department. The Board supervises MTS Group's charitable activities, endorses and approves the list of charitable projects to be funded out of MTS Group's charity budget.

The Supervisory Board For Charity:

- approves the Company's annual charitable activity plan;
- approves the charitable projects that emerge during the year and not included in the annual charitable activity plan;
- decides on increasing funding for a charitable project if such a request is initiated during the project implementation.



Compliance Committee

Since 2016, the Company has been operating MTS PJSC President's Compliance Committee, which includes MTS PJSC President and heads of direct subordination.

The Committee was set up to make decisions related to the development and implementation of compliance programs which together form the Unified Compliance System. The main tasks of the Committee are to carry out the risk compliance management policy and suggest ways of developing MTS Group in this area.



MTS'S CORPORATE RESPONSIBILITY PRINCIPLES

Code of Business Conduct and Ethics

[102-16]

MTS's Code of Business Conduct and Ethics (the Code) is the fundamental document in the field of business ethics and compliance and contains key principles and a set of standards and requirements adopted by the Company to promote honest and ethical business conduct and prevent abuse. Sections of the Code set forth the Company's responsibility in its relations with employees, customers and society. The Code also sets out procedures for interaction with partners and suppliers, and provisions on the role of management, and dealing with reported breaches of the Code. The Code contains

information about all compliance programs within Unified Compliance System.

MTS employees share the values of the Company's compliance culture, follow the provisions of the Code in their day-to-day operations and are responsible for complying with it. All employees get acquainted with the contents of the Code when commencing employment at MTS. Regular trainings in various aspects of business conduct are also included in the corporate training plan. In 2020, the mandatory electronic training on the Code of Business Conduct and Ethics reached more than 10,000 MTS PJSC employees.



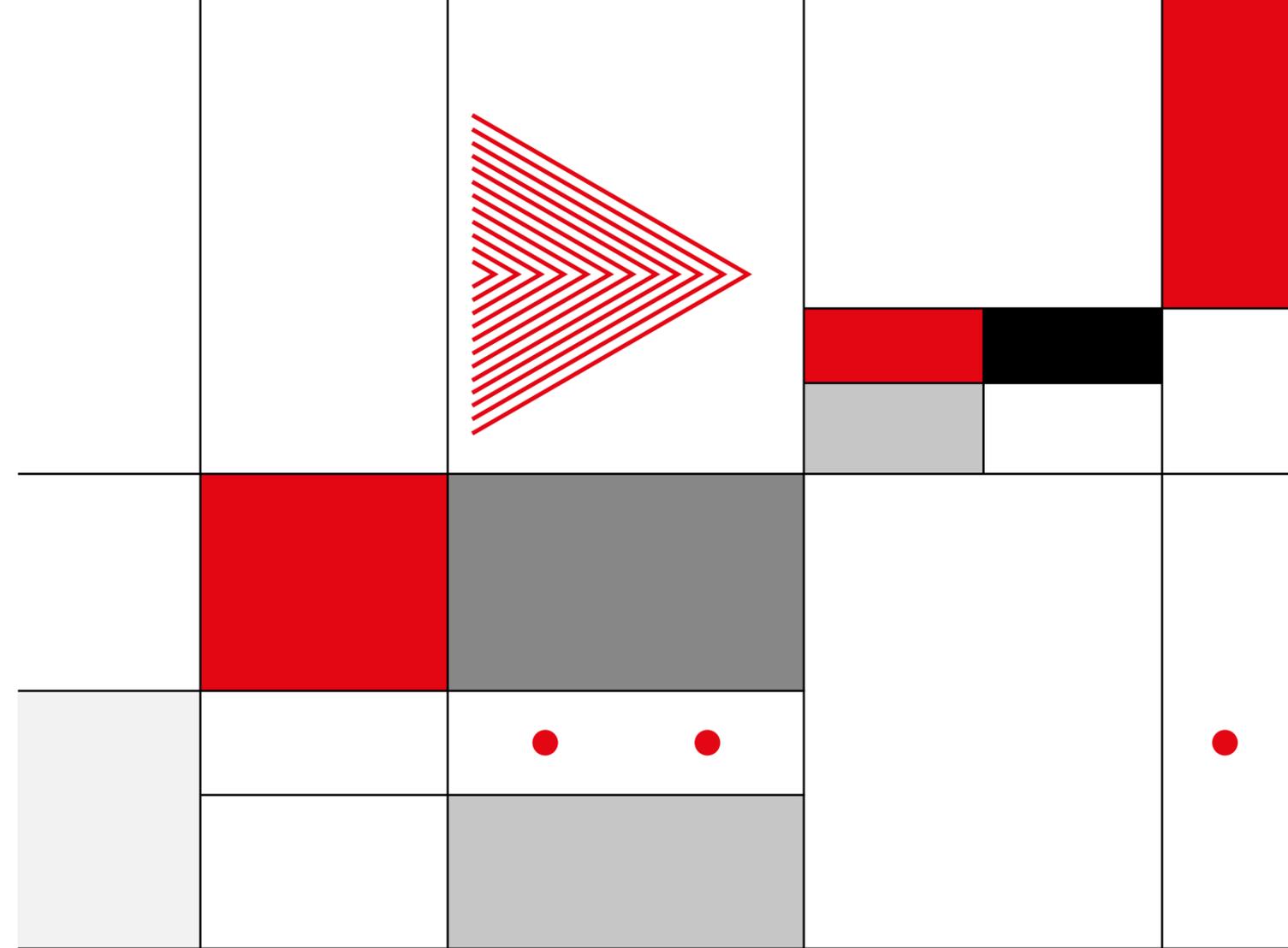
The Code of Corporate Conduct and Ethics is available on the MTS website at http://s22.q4cdn.com/722839827/files/doc_downloads/2021/03/MTS_employee_code_of_conduct.pdf

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The provisions of the Code of Business Conduct and Ethics, as well as relevant documents that form the regulatory basis of the Unified Compliance System, apply to all employees and directors of MTS, regardless of position, duties, length of service and place of work, including all subsidiaries, affiliates and joint ventures with which we manageable. MTS creates all the necessary conditions for adhering to the principles of business ethics, continuous development of a compliance culture and sustainability of compliance programs.



Leida Lukianova,
Vice President for Business Ethics and Compliance, MTS PJSC



Unified Compliance System

[102-16] [102-17] [103-2] [103-3]

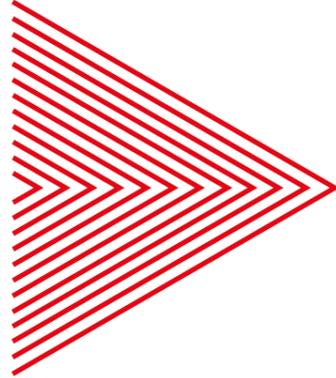
MTS strives to be an example of transparent and honest business for all stakeholders in all jurisdictions in which it operates.

The Company has set the long-term goal of developing and achieving a sustainable culture of business ethics and compliance as an element related to MTS' business strategy. MTS has implemented and is continuously developing a corporate system of compliance with applicable laws and ethical business conduct—the Unified Compliance System, created in 2016 for the purpose

of uniform and effective management of compliance risks. The most important task of the Company is to strengthen its business reputation among shareholders, customers, partners, competitors, the state, and society, and also to show an active and responsible position in the field of ethics of business conduct: MTS follows the principle of transparent and honest business conduct in all types of business relations and irrespective of the country where the Company operates.

The Unified Compliance System is based on the applicable legislation, recommendations of regulatory authorities, relevant international organizations, and best practices in developing corporate compliance programs

MTS COMPLIANCE PROGRAMS



Anti-corruption compliance and business ethics

Inside-Compliance

Organization of personal data processing

Combating money laundering, financing of terrorism, and financing of proliferation of weapons of mass destruction

Antitrust compliance

OHS management system

Human rights at the workplace

Environment

IP Compliance¹



¹ At the end of 2020, the Intellectual Property Risk Management System/IP Compliance Program formed an essential complement to the MTS Unified Compliance System.

In 2020, the three-year audit cycle of MTS' Unified Compliance System for compliance with the international standards ISO 19600:2014 Compliance Management Systems and ISO 37001:2016 Anti-Bribery Management Systems was successfully completed, and a new compliance audit cycle began in 2021.

Plans for 2021 and the midterm:

- implementation of the three-year business ethics and compliance strategy approved by the MTS Audit Committee in 2020, which supports the business strategy of MTS PJSC and contains strategic compliance objectives;
- further implementation of the Tone from the Top and the Tone at the Middle programs;
- provision of new local regulatory acts and update to the existing internal regulations related to compliance programs of the Unified Compliance System;
- participation in the Company's internal and external events aimed at developing a compliance culture.

Practices to prevent conflicts of interest

[102-25]

The Company follows the Policy on Managing Conflicts of Interest designed to maintain a uniform and effective system for managing actual and potential conflicts of interest.

In 2020, the Policy was supplemented with new typical conflict of interest situations, and responsibility for compliance with the Policy was assigned not only to employees and management bodies, but also to MTS counterparties.

When being hired, all employees get acquainted with this Policy, fill out and sign the Disclosure of Conflict of Interest form. In 2020, the Disclosure of Conflict of Interest form at MTS PJSC has been automated, and now every MTS PJSC employee can fill it out via his or her personal account.

As the conflict of interests arises, each situation is subject to review and settlement. During 2020, a total of 176 situations were checked and the information on conflicts of interest was evaluated by experts at MTS PJSC.



A new version of the Policy on Managing Conflicts of Interest is available on the MTS website at http://s22.q4cdn.com/722839827/files/doc_downloads/2021/01/MTS_policy_on_managing_conflicts_of_interest_2020_12.pdf

Compliance awareness and training system

[205-2]

MTS Group actively uses various communication channels to make compliance information accessible and understandable to employees at all levels. During 2020, the subject of compliance was actively covered in internal communications, in particular

- articles were published in the corporate magazine;
- posts and informational materials were published in the compliance communities launched on the intranet portal Pulse: in the community Anti-Corruption Compliance. News 22 posts on anti-corruption compliance were published in 2020, in the community Unified Compliance System. Blog—38 posts on the Uniform Compliance System eight areas;
- interactive banners on the intranet portal Pulse and screensavers on the desktops of employees on compliance-related topics were used;
- electronic compliance badges among employees as part of the Ethics and Compliance Day were exchanged;
- a pilot version of the MTS comic strip entitled Compliance. The Best Version of You was released. The issue was dedicated to making the right decision in the face of the supplier influences and timed to International Anti-Corruption Day.

In 2020, MTS' top management continued to convey to employees its commitment to ethical business practices (the Tone from the Top):

- MTS PJSC President sent out e-mails on the importance of the manager's role in shaping corporate behavior standards among employees, as well as the need to adhere to high business principles;
- the updated version of the MTS PJSC Code of Business Conduct and Ethics e-course includes latest messages from the Company's top managers to employees that open each module of the e-course;
- for Ethics and Compliance Day, emails were sent to all MTS PJSC employees with a message from the Vice President for Business Ethics and Compliance, emphasizing the importance of the Tone from the Top and the Tone at the Middle as key components of ethical business;
- on the International Anti-Corruption Day emails were sent to all MTS PJSC employees with a message from top management: MTS President, the First Vice President for Telecommunications Business, the First Vice President for Customer Experience, Marketing and Ecosystem Development. The message emphasized the importance of respecting compliance principles.

In addition to events involving senior management that show top management's involvement in and support for compliance initiatives (the Tone from the Top), the Company continues to actively develop the Tone at the Middle—leading by example of good faith behavior by middle management. In 2020, the regional development directors and the directors of the branches personally addressed the employees on compliance, reminded of the importance of compliance training and conducted activities in the regions, and discussed ethical dilemmas in their teams.

Training at MTS Group is based on a risk-oriented approach. To distribute current anti-corruption practices, training is provided for all categories of personnel: from Members of the Management Board and the Board of Directors to employees and counterparties. It includes the promotion and strengthening of compliance culture, principles and standards of compliance in accordance with the relevant legislation of the Russian Federation and foreign law.

During the reporting period, MTS employees were informed about the Uniform Compliance System and compliance training programs. The Unified Compliance System blog on the intranet portal provided regular publications on all Unified Compliance System compliance programs according to the schedule. Employee survey on the compliance culture at MTS was conducted. We traditionally held training sessions for employees and managers on anti-corruption compliance topics, training sessions to share experience within the MTS Group's compliance team, and webinars (e.g., Ethics and Compliance. Cases»), etc.

Number of MTS Group employees who completed anti-corruption training

	2018	2019	2020
Total	32,180	54,355	28,487
Top-level managers	15	36	146
Mid-level managers	305	826	296
First-level managers	1,715	4,165	2,619
Specialists	30,145	49,328	25,426

Due to the update of mandatory e-courses in 2019, the number of trainings grew. Since their launch, more than 24 thousand employees of MTS PJSC were trained in the Code of Business Conduct and Ethics, and about 25 thousand employees of the Company – in Anti-Corruption Compliance.

In addition, MTS conducts face-to-face and remote training of partners and counterparties, about 1.9 thousand third-party representatives were trained in 2020.

MTS PJSC employees who completed updated e-courses, people



Anti-corruption compliance and business ethics

The Anti-Corruption Compliance Program establishes measures to protect the Company from internal and external corruption. MTS framework anti-corruption documents are the Policy “Compliance with Anticorruption

Legislation” and Compliance Policy of MTS PJSC. Other policies and internal regulations that establish and detail compliance control are also conducted and updated. By means of newsletters, the Company’s employees are timely informed on enacting or amending the anti-corruption local regulatory acts as well as on the current compliance control in MTS business processes.



Policy “Compliance with Anticorruption Legislation” is available on the MTS website http://s22.q4cdn.com/722839827/files/doc_downloads/2021/01/MTS_policy_on_compliance_with_anticorruption_legislation_2020_12.pdf

The Anti-Corruption Compliance Program is implemented mainly through regular involvement of MTS managers in its functioning and development.

The Company may conduct internal audits and investigations in case of any corruption. These activities comply with the relevant regulations.

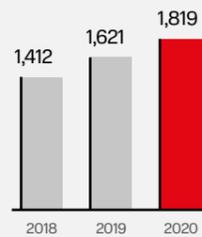
If a violation is confirmed, the Company develops various corrective measures aimed at preventing and avoiding similar violations in the future. Corrective measures include disciplinary penalties that may be applied both following the results of internal audit or investigation and the meeting of the Discipline Committee.

Single Hotline

[418-1]

MTS has a Single Hotline that handles even anonymous calls. Moreover, all good-faith callers are protected from any harassment and discrimination for the information reported. This pivotal resource enables the Company to timely and promptly respond to potential violations and take preventive measures. In 2020, the Single Hotline received more than 1.8 thousand calls on various issues.

Number of appeals received and processed, pcs.

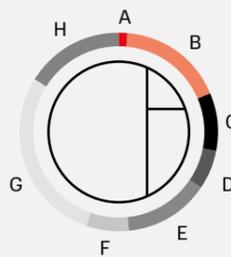


MTS Single Hotline: hotline@mts.ru, 8 800 234 44 18



Website for anonymous messaging to the MTS Single Hotline <https://hotline.mts.ru/>

Appeals received by the Single Hotline of MTS PJSC in 2020, pcs.



A	30	Security questions
B	312	Proposals for the supply of products, services and works
C	170	Compliance with legal requirements
D	117	Ethics and compliance
E	251	Quality of service and support
F	126	Procurement
G	523	HR
H	290	Other corporate issues

The Discipline Committee is a standing body within the Company responsible for considering anti-corruption and other substantial violations. In addition, the Discipline Committee regularly analyzes the violations identified for the period and their dynamics, identifies the root causes of such violations and adopts resolutions to provide sustainability of corrective measures.



Inside-Compliance

Being the Company whose financial instruments are traded through on-exchange trading in Russia and the USA, MTS pays great attention to maintaining an effective system to combat the misuse of insider information and market manipulation.

The Company has a set of measures, procedures and processes that aims to prevent

violating the legislation on insider information and is based on two main documents: the Policy on Countering the Misuse of Insider Information and Market Manipulation and the Regulations on Methods and Procedures to Prevent the Transactions Involving Insider Information of MTS. Local regulations of MTS determine the procedure of access to insider information, the rules of protecting its confidentiality and control over compliance with the legislation on using insider information in order to ensure fair pricing of financial instruments, protection of the rights and property interests of all shareholders of MTS and equality of other investors in terms of timing and volume of information received, strengthening investor confidence and prevention of abuse in the form of misusing insider information and (or) market manipulation.

Anti-money laundering

The Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) program at MTS was developed based on the requirements of the applicable laws.

Any MTS subscriber attempt to conduct a high-risk transaction via the personal account triggers

an additional check against the invalid passport database (apart from checking the lists of the Federal Financial Monitoring Service).

The Company also monitors on a daily basis contract terminations with account balance refunds and other unusual transactions made by subscribers.¹

The Regional Security Department monitors all the MTS subscribers on a daily basis for any individuals that are on the list of the Federal Financial Monitoring Service.

Organization of personal data processing

[103-2] [103-3]

In 2020, the face of MTS Group has fundamentally changed, and now it is a diversified digital holding. The Company expanded the scope of activities beyond telecom, shifted from IT projects with strictly defined tasks, resources and deadlines to IT products that use client-oriented «agile» tools and created teams of employees from various legal entities. These changes required to adapt or completely revise the processes where the Information Security Department units are involved.

To achieve systematic and comprehensive changes in the digital transformation processes, the basic principles of change were defined:

1. Customer focus.
2. Continuous engagement.
3. Product team assistance.
4. Simplicity.
5. Mutual trust with product teams.

As part of the Department, the center of information security of product solutions and a Division for Confidential Information Protection including a functional group for processing and protecting personal data were established.

In order to create the MTS ecosystem, new unique challenges are to be faced, including the legalization of the personal data exchange between the companies within MTS Group. Thus, in 2020, the employees of the Division for Confidential Information Protection solved the issues of concluding agreements on personal data processing and agreed on technical solutions on the restricted information exchange within the ecosystem.

The cumulative changes in the Company and Russian legislation required the following changes in the corporate regulatory documents of MTS PJSC:

- changes in the PT-010 Personal Data Processing in MTS PJSC and PT-002 Regulations on the Information Security (Confidentiality) Regime of MTS PJSC;
- participation in amending the regulatory documents of the Information Technology Division, including RP-023 Managing IT Product Development;
- preparation of draft amendments to other regulatory documents on information security, including in terms of secure critical information infrastructure.

One of the priority areas of the Information Security Department is raising awareness of the Company's employees in processing personal data and protecting confidential information. In 2020, the Division for Confidential Information Protection updated the Personal Data Processing in MTS PJSC course. The emphasis is on clarifying what is permissible and what is highly unacceptable. A new interactive distance learning course Working with Confidential Information has been developed.

Antitrust compliance

In 2020, MTS provided continuous antitrust control and consulting. Traditionally, crucial issues are tariff setting and interaction with contractors and other service providers. In addition, antitrust compliance focused on the development of ecosystem products and services, including interaction with partners, pricing, and promotion of these products. The Company attaches particular attention to monitoring legislative

requirements and antitrust practices against third parties, including the regulator cases against international ecosystem companies and dominant digital platforms.

In the reporting period, the Company was actively involved in the work of the Federal Antimonopoly Service of the Russian Federation to develop recommendations on the procedure for implementing antitrust risk prevention systems, which allowed taking into account the experience and best practices of other companies.

In 2020, an annual reassessment of risks was conducted that revealed no significant changes in the Company's antitrust risk map.

OHS Management System

The Company operates a two-tier health and safety management system focused on creating a safe working environment, prevention of occupational injuries and employee workplace safety training.

The annual health and safety budget has been on an upward trend as the Company's headcount and the list of implemented measures grow. Thus, in 2020, the occupational health and safety measures were extended with a set of measures to combat the coronavirus infection.

For more information, see section For Personnel – Responsiveness and Care.

¹In accordance with the Federal Financial Monitoring Service's Order No. 103 dated May 8, 2009, On Approval of Recommendations for Developing Criteria for Detecting and Identifying Signs of Unusual Transactions and the Information Statements of the Federal Financial Monitoring Service dated October 2, 2019.



Human rights at the workplace

MTS fully supports the globally recognized approach to observing human rights and seeks to guarantee and protect human rights through the continuous improvement of its feedback system. In 2020, the Company continued to develop its Human Rights at the Workplace Compliance program in accordance with the recommendations received following the results of the external annual audit of compliance programs and assessment of compliance risks at the business process level.

The system for managing human rights violation risks is a part of the integrated risk management process in MTS Group. Due to the challenging epidemiological situation, the risk portfolio for legislative violations and other applicable requirements for human rights at the workplace were reviewed in 2020. One more risk was added, related to violating employee rights during the coronavirus pandemic.

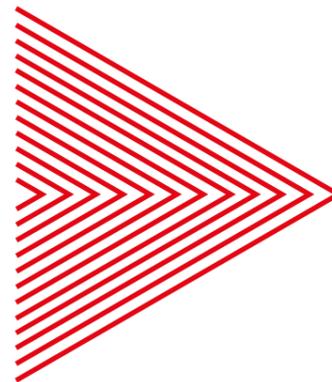
In order to raise employee awareness of the compliance program issues, the relevant section at the Pulse internal corporate portal was updated, and the Human Rights at the Workplace training course was developed and launched for all employees. The course covers aspects of applicable labor law and provides a clear understanding of how an employee should act if his or her rights are violated in the workplace.

Environment

In its activities, MTS strives not only to have a minimal impact on the environment but also to reduce this impact to the best of its ability. In achieving this objective, the Company is guided by Russian environmental laws and principles of responsible business conduct, and strives to enhance the environmental culture among its employees and partners and to implement services based on advanced technologies.

As part of our efforts to promote the Environment compliance program, regular mandatory trainings for branch managers and officers responsible for environmental safety and the registration of facilities producing negative environmental impact continued in 2020. As part of production environmental control, measurements were taken at emission sources, in line with air quality control within the boundaries of the sanitary protection zones of facilities.

For more information, see section Environmental Responsibility.



Intellectual property risk management system

MTS won IP Russia Awards, the first intellectual property awards

In 2020, our team of the Intellectual Property Management Division won the first intellectual property awards IP Russia Awards 2020, in the Effective Strategy for Intellectual Property Portfolio Management category.

MTS won in the Effective Intellectual Property Management category of the Best Legal Departments of Russia contest by Legal Insight Magazine

In 2020, the Intellectual Property Risk Management System program joined the Unified Compliance System which has been successfully operating and developing since 2019.

The IP Compliance program is aimed at establishing and improving the procedures of MTS and its subsidiaries for identifying, accounting, using, managing, and protecting intellectual property (IP) objects, building controls to identify and minimize IP risks, effectively managing IP objects, and improving the legal culture in terms of using IP objects.

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Our Company creates an ecosystem of products and services, many of which are innovative. They involve own and borrowed intellectual property objects, which inevitably leads to legal risks. We are introducing new procedures and approaches to protecting IP objects, including patenting our own technologies and establishing rules to help ensure that IP rights of others are not infringed.



Alexey Barsegian,
Member of the Management Board, Vice-President
for Corporate and Legal Issues of MTS PISC

To implement and maintain the program, the Company established an Intellectual Property Management Division comprised of patent attorneys and highly professional lawyers, including those noted in ratings

among the best Russian specialists in the field of Intellectual Property.

In 2020, a mandatory interactive distance learning course Rules of Using Intellectual Property in the Company was developed and completed by more than 14.5 thousand employees.

To protect innovative developments, MTS is developing a patenting line. In 2020, our Company received four new patents for inventions.

Since the services provided by MTS are being expanded, the number of registered trademarks is growing. Currently, the Company owns more than 300 trademarks that may be used in various business areas. A special automated system was developed to monitor trademark infringements.

Sustainable Development Risk Management System

[102-15]

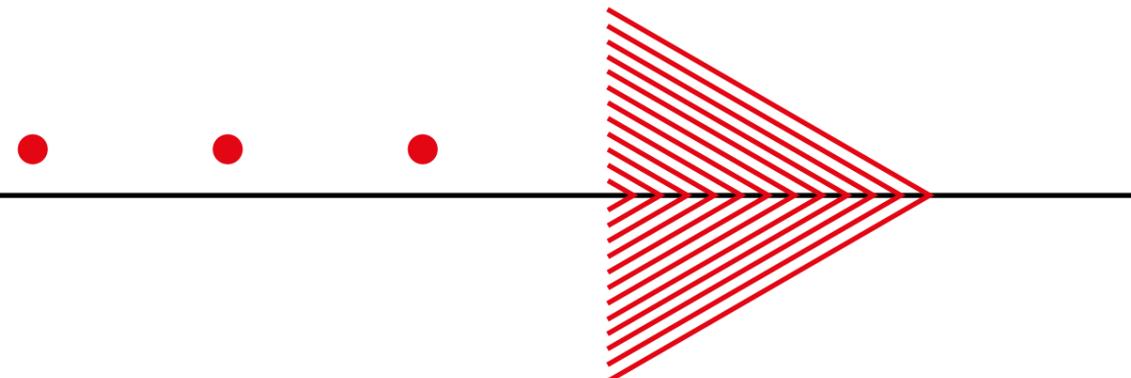
MTS Group has an approved Integrated Risk Management Policy. Integrated risk management is aimed at providing reasonable assurance that the Company will achieve its strategic objectives and that the level of risks are kept within the limits

acceptable to the Company's management. The risk register is updated on a quarterly basis.

Risk management is integrated into the policy development, strategic, budget, investment and business planning, and processes that manage various changes, as well as procurement procedures.

Risk factors by risk management and CSR priority areas

Risk description	Risk mitigation	Impact on targets
Economic and social headwinds		
Economic and social headwinds and the possible economic downturn or slowdown in countries where the Company operates may lead to lower demand for MTS services. They may also have an adverse impact on the financial position of corporate customers and partners, including financial institutions. This may result in a decrease in the Company's income and performance results, as well negatively affect the security of its assets. For example, the outbreak of a previously unknown strain of coronavirus (COVID-19) damaged the global economy, disrupted supply chains, created significant volatility in financial markets and destabilized them. Given the high uncertainty associated with the current epidemiological situation, including the measures to counter the spread of the virus, we cannot really and fully understand its potential effect on MTS PJSC. However, we can admit that there is a risk of negative impact on the business, financial position and performance of MTS Group.	MTS monitors the macroeconomic situation in its markets and responds promptly and effectively to changes in the general economic environment, primarily by using tariff tools. The Company strives to constantly expand its service range, stimulate consumption, and improve customer satisfaction in the corporate and mass segments. MTS is strongly focused on creating optimal conditions for attracting external financing and monitoring the size, cost and structure of its debentures. This allows the Company to offset the negative effects of currency fluctuations driven by high volatility in foreign exchange markets.	Achieving business sustainability
Regulatory risks		
In the countries where we operate, our business complies with applicable local laws, in particular, with regulations and licensing requirements. Laws on communications services are often amended.	In this regard, MTS regularly monitors national laws to make sure it follows the relevant requirements. The Company collaborates with regulators within working groups tasked with optimizing the legal framework for the communications industry. Close attention is paid to regulatory risks in the strategic planning process.	Achieving strong operating results; ensuring regulatory compliance
Compliance risks		
MTS securities are traded on the U.S. stock market, making the Company subject not only to Russian, but also to the USA anti-corruption laws (U.S. Foreign Corrupt Practices Act), and potentially to the UK anti-corruption law (UK Bribery Act).	Since 2012, the Company has been consistently developing an anti-corruption compliance system in line with global best practice. MTS has special rules and procedures required to prevent corrupt practices by employees or counterparties. For more information, see subsection Unified Compliance System.	Promoting integrity and ethical business conduct, and prevention of abuse
Tax risks		
Tax systems in the countries of operation undergo constant changes. Relevant laws may be interpreted ambiguously.	MTS complies with tax laws in the countries in which the Group operates. The Company promptly responds to any changes and monitors current trends in lawmaking and tax laws both in Russia and beyond. This enables us to make timely, comprehensive decisions related to tax planning and customs regulation. For this purpose, we engage qualified experts on a regular basis.	Achieving business sustainability; regulatory compliance



Risk description	Risk mitigation	Impact on targets
Social risks		
The ability of MTS PJSC to stay competitive and deliver on its business strategy largely depends on the performance of employees. Caring for employees is one of the Company's key priorities that determines the success in today's market.	MTS Group constantly improves social and labor relations, focusing on the following areas: <ul style="list-style-type: none"> • social support; • opportunities for career development and personal growth. For building an effective communication with the Company's personnel, there are many ways to contact the management, as well as to express personal opinions on MTS development prospects and plans, and to submit proposals for optimizing certain business processes and services or introducing brand new services. For assessing the internal climate within the Company, regular social studies are conducted that enable us to benchmark our HR strategy and tactics against the actual expectations of our employees.	Building an attractive employer brand; establishing high-performance teams; developing innovative products
Occupational health and safety risks		
Potential risks of health and safety breaches related to employee training, medical examinations, provision of personal protective equipment, compliance with sanitation and hygiene standards, special assessment of working conditions, etc.	MTS PJSC operates an OHSAS 18001:2007 certified Occupational Health and Safety Management System (OHSMS). The OHSMS covers the organizational structure; planning; split of responsibilities; procedures, processes and resources for developing, implementing and achieving goals as well as for reviewing the performance of health and safety policies and measures. For more information, see subsection Occupational Health and Safety.	Ensuring Employee Safety
Risks of human rights violations		
Potential risks of human rights violations related to compliance with the Russian labor laws, non-discrimination and ethical behavior, public statements, insurance payments, etc.	Risks of human rights violations are regularly digitized in accordance with the recommendations received after the external annual audit of compliance programs and upon the results of the compliance risk assessment at the level of business processes. MTS has adopted local regulatory documents governing the main issues related to the observance of human rights in the workplace. MTS has the Single Hotline for employees to report difficult work situations.	Comfortable working conditions and equal opportunities to unlock employee creative potential
Environmental risks		
Non-compliance with sustainability reporting requirements. Carrying out activities without registering a facility that has an adverse impact on the environment. Breaches of environmental control and monitoring standards. Carrying out activities without registered permits for air emissions or waste management.	With a view to complying with environmental laws and ensuring environmental safety at MTS facilities, the Company has developed the Policy of Environmental Safety and Protection. The Policy enshrines the need for proper permits and information updates, along with objectives in planning, financing and providing material and technical support for environmental programs and environmental protection measures; the need to take environmental protection training and run environmental operational control procedures (a set of preventive measures aimed at eliminating the risk of emergencies and environmental damage). Amendments of environmental laws are monitored by the Corporate Center and the regions. For more information, see section Environmental Responsibility.	Compliance with Russian environmental laws; compliance with national and international environmental protection standards; improving employee environmental awareness and education; implementing environmental community projects; openness and availability of environmental information; reducing adverse environmental impact; and focus on sustainable development



Risk description	Risk mitigation	Impact on targets
Risk of information security breaches		
Unauthorized acts by employees and partners in violation of the Information Security Policy, as well as unlawful acts by third parties may lead to a breach of confidentiality, integrity or accessibility of information, including leaks of subscribers' data. This may disrupt core business processes, cause a loss of market share, lead to complaints from subscribers, regulators or partners, and have a material negative impact on MTS' reputation, business activities, financial position, performance results and prospects.	MTS's Information Security Policy is in line with international standards and Russian legal requirements to information security. A centralized information protection system has been set up to comprise uniform measures aimed at protecting various types of restricted information in accordance with ISO 27000 standards and Russian regulations on personal data privacy, communications confidentiality, trade secrets, and insider information. The protection of personal data is ensured according to the third level prescribed by Russian laws. In addition, confidentiality is protected in communications networks supporting protection-enabled devices as per international communications standards and requirements of the industry regulator. MTS PJSC provides information protection services under licenses issued by the FSFEC and FSS of Russia for technical and cryptographic protection of confidential information, and for information security events monitoring.	Ensuring continuity and security of the Company's business processes when migrating to digital technologies amidst growing cyber risks and tightening legal requirements for information security.

Safety and Security Arrangements at MTS. Cybersecurity

To prevent illegal acts in the field of procurement, 53,269 inspections of draft contracts, additional agreements, orders, and supplier selection reports were carried out. Information on 36,509 counterparties was studied, of which 1,366 were rejected as unreliable.

In the process of studying candidates before entering into labor relations, 3,763 persons were denied the employment on negative grounds, due to the failure to meet the MTS PJSC requirements for candidates (apart from professional qualities).

Work was carried out on an ongoing basis to investigate the facts and attempts to steal and damage the Company's property, to identify violations of the requirements of communication secrecy, information security standards and compliance with the commercial secret regime.

Cybersecurity

As the pace of digital transformation accelerated during the pandemic, the level of risks associated with cyber threats increased too. Cybersecurity is an important area for MTS, and we are actively working with this "generation of risks". The Company operates the Security Operations Center (SOC), which provides round-the-clock protection of the infrastructure and corporate customers from various fields. MTS competencies and experience gained over the years are applied at all three levels:

- protection of own infrastructure and network;
- protection of end users and their devices;
- protection of companies and industries.

Based on the results of the 2020 supervisory audit, the British Standards Institution confirmed the compliance of the MTS PJSC Information Security Management System with the international standard ISO/IEC 27001:2013 INFORMATION TECHNOLOGY – SECURITY TECHNIQUES – INFORMATION SECURITY MANAGEMENT SYSTEMS – REQUIREMENTS and extended the validity of Certificate of Conformity No. IS719403 for 2021.

For more details on the information and economic security, as well as the safety of personnel and facilities, see the 2020 Annual Report of MTS PJSC, section Information Security and Protection.

RESPONSIBILITY AND PRIORITIES



3

FOR SHAREHOLDERS – OPENNESS AND TRANSPARENCY

MTS ranks second in the top 20 strongest telecom brands of the world according to Brand Finance 2020

MTS is the only Russian telecom brand included in this global rating. Brand Finance determines the Brand Strength Index (BSI) based on the following factors: marketing investment, awareness and loyalty among customers, staff satisfaction, and reputation.

MTS is in the world's top 10 of the BCG ranking of telecom companies by total shareholder return (TSR)

In 2015–2019, MTS ranked fifth in the annual ranking by BCG (international consulting company) among wireless and integrated operators and ranked ninth among the world's telecom companies, including cable and tower operators, with an average annual TSR of 16.1%.

MTS became the only company in the industry whose top managers won prizes in all 14 categories of the Top 1000 Russian Managers ranking for the Telecommunications industry.

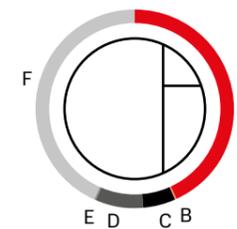
Seven first places went to MTS relevant managers.

For the fourth year in a row, MTS remains in the top 10 of the National Corporate Governance Index in 2020.

Shareholder Structure

The Company's major shareholder is Sistema PJSC, which held 43.23% of shares as of December 31, 2020.

Shareholder capital structure of MTS PJSC as of December 31, 2020¹, %



A	43.23	Sistema PJSC
B	0.38	MGTS PJSC
C	5.21	Stream Digital LLC
D	7.97	Bastion LLC
E	0.02	MTS PJSC
F	43.19	Free-float

Detailed information on shares and the share capital structure of MTS PJSC is available in the 2020 MTS PJSC Annual Report in section Capital and Securities.

Interaction with Shareholders and Investors

Institutional Investor, a leading international publisher doing financial research, recognized MTS PJSC top managers as the best management team among Russian technological companies

MTS was ranked the first technology, media and telecom company in the Emerging Europe, Middle East and Africa (EEMEA) geographical division by Institutional Investor. MTS President Alexey Kornya took first place in the CEO rating (Best CEO); Andrey Kamensky became the winner in the CFO ranking (Best CFO); Polina Ugryumova won in the Investor Relations Director ranking (Best IR Professional).

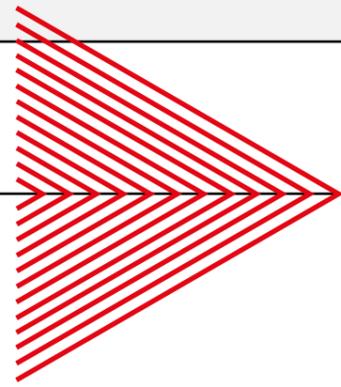
¹ The ownership interest of Sistema PJSC includes ownership interests of its following subsidiaries: Sistema Telecom Assets LLC (11.03% of shares in MTS PJSC) and Sistema Finance S.A. (0.43% of shares in MTS PJSC).

Vladimir Petrovich Evtushenkov is a controlling person of Sistema PJSC.

The ownership interest of Sistema PJSC, including indirect ownership through controlled entities (MTS PJSC, MGTS PJSC, Stream Digital LLC, and Bastion LLC) is 56.8% of MTS PJSC shares, while an effective interest is 50.0177%.

MGTS PJSC, Stream Digital LLC and Bastion LLC are subsidiaries of MTS PJSC.

Free-float includes 13.87% of MTS PJSC shares and American Depositary Receipts (ADR) for 29.32% of MTS PJSC shares.



Maintaining strong, trust-based relations with shareholders and investors and engaging with them directly in line with applicable laws and international best practice is a top priority for MTS.

The Company has an effective information disclosure system designed to meet the listing rules of the Moscow Exchange and the New York Stock Exchange, and ensure transparency.

Recently the interest of investors in ESG aspects (environmental, social and governance) has been growing steadily, to assess all risks and make the right investment decision. Reporting in the field of sustainable development by MTS Group allows investors to get full access to information, taking into account the social and environmental consequences for the Company and for society as a whole.

In 2020, the Company's operations were affected by the pandemic and the related restrictions. Starting from March 2020, the Company held no in-person events for investors. During 2020, MTS continued to build effective communications with investors online.



We are proud of our status as a reliable partner of the global investment community and are pleased that our IR program has been considered the best. This is evidence of our impeccable reputation, transparency, best information disclosure practices, and open dialog with investors. This year is the 20th anniversary of MTS becoming a public company, and we will continue our fruitful cooperation with all interested partners and investors.

Polina Ugrumova,
Director of Investor Relations of MTS PJSC

Dividend Policy

On March 21, 2019, MTS's Board of Directors approved the current dividend policy for 2019–2021, according to which the Company committed to a dividend payout of at least RUB 28.0 per ordinary share of MTS PJSC (RUB 56.0 per ADR) per calendar year.

Under the dividend policy, payments will be made on a semi-annual basis, with a full-year dividend payment for the preceding year and payment of interim dividend for the first half

of the current year. In determining the payout level, MTS will consider a number of factors, including cash flow from operations, capital expenditures and the Company's debt position.

In addition to regular payments under the dividend policy, the Company may further increase shareholder returns through a share buyback program in the open market. When making a decision on the launch and size of a buyback program, the Board of Directors takes into account the current availability of funds, operating performance, amount of debt and future cash requirements of the Company, as well as the overall market situation.



Full text of the dividend policy is available at http://s22.g4cdn.com/722839827/files/doc_downloads/statutes/2019/Statute-on-MTS-Dividends-Policy-2019-2021.pdf

Dividends paid by MTS PJSC ¹			
	2018	2019	2020 ²
Total dividends paid, RUB bln	52	57.3	85.4
Dividends paid per ordinary share, RUB	26	28.66	42.75
Dividends paid per American Depositary Receipts (ADR), RUB	52	57.32	85.5

Information on the MTS corporate governance system is available in the Annual Report of MTS PJSC for 2020.

In September 2020, the international rating agency Standard & Poor's upgraded the credit rating of MTS to the investment level BBB- with a stable outlook.

In December 2020, the Expert RA rating agency raised the MTS credit rating for non-financial companies to ruAAA, with a stable outlook.

¹ Total dividends paid include dividends on quasi-treasury shares owned by subsidiaries of MTS PJSC.

² In 2020, special dividends were paid in the amount of RUB 13.25 per MTS ordinary share (RUB 26.50 per ADR) for the total amount of RUB 26.48 bln. The decision to pay special dividends is based on MTS financial results for the first nine months of 2019 and the sale of PrJSC VF Ukraine, which took place in November 2019. The amounts shown in the column include special dividends.

FOR CUSTOMERS – SYSTEMATIC APPROACH AND CONSISTENCY

Increase of Private Customer Loyalty

MTS Bank was recognized as the best bank in the Customer Care category of the Banki.ru finmarket financial award Bank of the Year

Increase of Service Quality

[103-2] [103-3]

In April 2020, MTS started selling SIM-cards in the MTS online store that can be independently activated without visiting a telecom store using MTS application.

In the summer of 2020, it became possible to change or restore SIM-cards of any region of Russia in a number of stores in Moscow and St. Petersburg.

In June, MTS launched virtual numbers to make calls and send short messages without a SIM card. Virtual number could be connected in the MTS Connect App. Virtual number can be made ordinary by applying for a SIM-card in MTS store or by ordering its doorstep delivery.

In the fall of 2020, MTS piloted the eSIM technology, a chip in a smartphone working like an electronic SIM card. eSIM could be activated remotely, without visiting a telecom store or by courier delivery.

MTS subscribers can pay for services at the touch of a button when receiving a push-notification about the lowered balance—the payment is made with the help of Google Pay or Apple Pay services and is available if the MTS Money App is installed. MTS and MTS Bank were the first mobile operators in the world to launch such a service.

MTS actively introduces artificial intelligence technology in all areas of customer service. In 2020, intelligent chatbot able to solve a number of issues and perform customer service without transferring to the customer service center chat operator was actively developed.

MTS Group won in eight categories of the CX WORLD AWARDS customer experience award

MTS Customer Service Department, MTS Retail Network and MTS Bank won awards in the categories Best B2C Customer Experience, Effective Use of Technology in CX, Customer Interaction Team in Social Networks, Customer Service Manager, Digital Customer Experience, Staff Training and Development Program/Practice, Feedback Practice, and Customer Service Professional.

Digital showroom

In July 2020, MTS opened the first showroom in Russia, including demonstration areas to get

acquainted with the services of the MTS ecosystem in addition to classic customer service departments, sales of gadgets and accessories. The new store is located in Moscow at 2 bld, 5 Malaya Dmitrovka.

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We want visitors to our retail chain to see what MTS is today, test the company's digital services and enjoy comfort for daily life provided by these solutions. It is important to us that our customers are familiar with the most advanced innovations not only of the gadgets world, but also of the digital services world. The redesign of MTS retail stores with designated zones for all areas of our business is an important stage in the implementation of the ecosystem strategy.



Inessa Galaktionova,
Member of the Management Board, First Vice President
for Telecommunications of MTS PJSC

Convenient tariff plans

An important step in the work to increase subscriber loyalty was the restart of the MTS Premium subscription program, providing customers with various bonuses and discounts. The participants get the best rates in MTS Bank, discounts on gadgets in MTS stores, cash-back on the company's services, free access to a package of TV channels, movies and TV series MTS TV, priority service in MTS stores and MTS Bank offices.

In December 2020, for the first time on the market, MTS launched the NETARIFF offer, which combines mobile communication services and subscriptions to

popular services. The price for services is formed according to the principle «the more often you use it, the less you pay». All the basic parameters of NETARIFF—minutes of calls, gigabytes of mobile Internet, the number of SMS—could be adjusted based on your own needs and requirements at any time. You can also connect additional options and subscribe to entertainment services—streaming and music services, libraries.

Another new feature is the Go-Smart tariff plan for smart devices. We have roughly classified all smart devices into four types:

- modules (smart sockets, dog collars, GPS trackers, sensors, etc.);
- smart watches (for both children and adults);
- car systems;
- video cameras and video recorders.

In 2020, we actively developed a line of converged products that provide the subscriber with the convenience of payment and management, as well as a benefit of up to 50% from the combination of services and utilities of the MTS ecosystem.

“The Blocking of Spam Calls service has been added free of charge to the converged products of the All MTS and WE MTS product lines,” which provides automatic protection of subscribers from fraudulent calls.

In response to the multiply increased subscribers demand for unlimited Internet, available even in countryside, and for streaming service/online TV during the period of self-isolation, we have launched updated tariffs:

- «For a laptop», which includes unlimited mobile Internet and a subscription to 150 TV channels and MTS TV streaming service;
- «All MTS Extra»—unlimited mobile Internet and satellite TV.

Introducing both personal and targeted tariff plans helps to increase customer loyalty and emotional attachment to the brand, as well as improve customer experience, which is reflected in the Company's strategic priorities for 2020–2022.

Ecosystem Financial Services

In 2020, MTS Bank significantly expanded the possibilities for providing services using digital and remote channels. At the beginning of the year, the bank launched a new chat service channel and a chatbot on the website that became key service channels for customers during the pandemic. The bank ranked among top 7 banks with the best chat consultations based on the results of a study conducted by

Brobank.ru. In the latter half of 2020, customers became available to chat in the mobile application, receive push notifications and solve most of the service operations in the mobile application.

As part of further enhancing the quality and availability of the service under quarantine restrictions, MTS Bank expanded the geography of bank card delivery. «Courier delivery» has become available in more than 700 cities and towns of Russia.

MTS and MTS Bank are actively developing and transforming mobile applications. In November 2020, two financial applications—MTS Money and MTS Bank—were combined. Now it is a smart bank that enables customers of any banks to manage their personal finances.

MTS Mobile Bank ranked among the top 10 best mobile banks for everyday tasks of the Markswobb Internet Banking Rank 2020

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We are setting up a smartbank—a single showcase for user to manage different banks personal finances. Now it is not very convenient for customers of several banks to keep track of their finances—they need to install several applications, and add remaining balances from different banks in mind, table or in notebook to learn how much money they've got left. Consolidating data transmitted from different banks in one application solves this issue. And thanks to the digital financial assistant, the customer gets individual recommendations for making payments.

Vladimir Stasevich,
Head of Daily Banking, MTS PJSC

MTS Bank began issuing ruble cards MTS CASHBACK to individuals—non-residents of the Russian Federation from the CIS countries. Free transfers to the CIS countries cards of national payment systems are available for card holders. You can issue a card with free annual service in any MTS store the same day it is requested.

In 2020, MTS Bank has integrated a payment solution for paying for public services and charges, which can be integrated into regional e-service portals. The service was successfully launched in 15 Russian regions.

During the coronavirus pandemic, MTS Bank provided credit holidays for mortgage and consumer loans to all individual customers who fell ill with COVID-19, as well as to the customers whose income level decreased by more than 30%.

All the bank's customers were able to take advantage of the increased cashback for the most popular categories during self-isolation: food delivery from cafés and restaurants, including fast food, as well as online shopping at book store and streaming service.



For more details on the activities of MTS Bank, see MTS Bank PISC Annual Report 2020 <https://www.mtsbank.ru/o-banke/raskritie-informacii/year-reports/2020/>

The exchange trading service became available to individuals in the MTS Investments mobile application in November 2020. MTS Bank acts as a broker, Management Company Sistema Capital provides services of trust and mutual funds management. All operations, including initial account opening and documents signing are performed online.

In May 2020, MTS was the first to provide continuous coverage with voice services and high-speed mobile Internet access using LTE technology for the high-speed highway M-11 Neva Moscow–St. Petersburg, opened on November 27, 2019.

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The social significance of this project cannot be overemphasized. High-quality and uninterrupted communication along the road first of all involves safety of motorists, the ability to call the rescue or other emergency services. Another positive result of the implementation of the program can be considered improvement of the quality of MTS communications in nearby rural areas and villages made possible due to construction of cell sites along the route.



Victor Belov,
Vice President for Engineering of MTS PISC

669 km
of route

Providing Communication in Transport

MTS is actively expanding its coverage to provide high-quality services on the main highways of the country. In 2020, measures were taken aimed at expanding coverage in many directions, for example, on highways from Moscow to St. Petersburg, Ryazan, Voronezh, Smolensk, Yaroslavl in Central Russia, Rostov-on-Don–Krasnodar in the south of the country.

As part of a memorandum signed with JSCo RZD, MTS built 327 new cell sites providing DCS/LTE coverage of railroads in 2020.

In the reporting period, MTS provided coverage at all eight new stations of the Moscow Metro. A project to provide communication in the Moscow Metro cars was completed.

A communication system supporting 2G/3G/LTE technologies has been deployed in the St. Petersburg Metro on the Moskovsko-Petrogradskaya Liniya (2nd line), providing data transmission at a speed of up to 150 Mbit/s, including all tunnels and sections between stations.

Network Development in Moscow Region

We expect to quadruple Internet traffic by 2025 and are now working on the advanced development of networks to provide equally comfortable conditions for using the Internet for all customers in Moscow Region.

In 2020, a large-scale project was launched to modernize MTS mobile network in Moscow and Moscow Region. In September, MTS and Huawei announced the start of a big upgrade of the mobile network in Moscow and Moscow Region to the 5G-ready level to increase network performance and introduce innovative services.

Over the past three years, the volume of mobile Internet traffic in the MTS network of the capital region has been growing steadily by an average of 36% per year.



It will be possible to quickly deploy coverage in the 5G standard on the upgraded network further on by reconfiguring the software and using the technology of dynamic

reallocation of the frequency spectrum between 4G and 5G standards. Modernization will also help optimize the network infrastructure and reduce operational costs.

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For MTS, as a technology leader in the industry, it is essential to invest in the advanced development of the network. Through implementing the largest project to modernize the radio network in the Moscow metropolitan area, we accelerate the preparation of MTS physical infrastructure for the growing needs of our subscribers in IT services, the speed and volume of data traffic, and in the future we will be able to provide the speed, capacity and performance of 5G on LTE networks in a relatively short time frame.



Victor Belov,
Vice President for Engineering of MTS PJSC

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One of the promising areas of application of digital solutions to improve production efficiency is working with big data. Large enterprises have huge amounts of data, MTS has competencies in data analysis, predictive analytics and the Internet of Things. This helps us to find new data use cases in the enterprise, which as a result provides means to optimize production processes.



Dmitry Khalin,
Member of the Management Board,
Vice President for Cloud & Digital Solutions of MTS PJSC

Comprehensive Solutions for Large Businesses

MTS provides cloud services for business and cloud IT outsourcing services for migration to the cloud, configuration, management and support of customers IT infrastructure, and also performs complex design work.

The Company offers manufacturing and mining enterprises individual projects and ready-made integrated solutions for the digitalization of production processes.

LTE/5G-ready dedicated networks

The Company has accumulated a wide range expertise in establishing an innovative ecosystem of digital services that help transform key industries in Russia's regions.

In 2020, MTS launched a number of pilot projects as part of test dedicated networks and signed several contracts for the construction of commercial dedicated technological wireless networks with leading industrial enterprises in Russia.

A dedicated or technological wireless network (Private network), designed to solve critical technological issues, unites various elements of the production ecosystem and enterprise IT infrastructure into a common closed loop. This ensures stability, increased reliability and security of all elements of the IT system.



In December 2020, MTS and Zyfra entered into a partnership agreement, under which MTS will develop industrial services for business clients based on the Zyfra Industrial Internet of Things Platform (ZIIoT) digital analytical platform. The companies plan to deploy the ZIIoT platform in the MTS cloud infrastructure and integrate it into MTS digital industrial solutions based on dedicated private LTE / 5G-ready technological networks.

In August, MTS and SIBUR, one of the largest petrochemical companies in Russia, agreed to deploy a private technological network on the territory of the SIBUR-Khimprom plant by May 2021. Industrial Private Network will enable developing projects in industrial Internet of things, augmented reality, advanced analytics to control product quality and increase productivity.

In October, MTS and Gazprom Neft, the high-tech leader of the Russian oil industry, announced

the deployment of Russia's first pilot dedicated 5G-ready technological network for the needs of the oil industry based on the concept of edge computing.

In November, MTS announced that it had signed an agreement with Polymetal Group, one of the largest gold and silver producers in the world, to build a 5G-ready commercial dedicated network at the Nezhdaninskoye gold deposit in the Republic of Sakha (Yakutia).

In December, MTS and JSC Greenatom, the IT integrator of Rosatom State Atomic Energy Corporation deployed integrated digital services based on a dedicated LTE/5G-ready network on the territory of the Kochubeevskaya wind farm of NovaWind JSC as part of a pilot project. Dedicated network in the nuclear industry allows accelerating the implementation of complex digital services, automating a number of processes using IoT telemetry collection devices.

Market.CNews IT marketplace named #CloudMTS provider one of the best IaaS providers for large companies

Such criteria as applied virtualization platforms, availability level, cost of services, team, developed line of services, availability of certificates, number and characteristics of data centers were estimated in the IaaS Enterprise 2021 rating.

#CloudMTS provider expanded its cloud storage by 1.5 times and increased computing speed by 2.5 times. Improving the characteristics of the cloud will allow companies to accelerate achievement of artificial intelligence and machine learning goals, and increase customer applications operation speed.

#CloudMTS portfolio includes more than 25 cloud services in various directions: computing resources, security, data storage, corporate services, etc.

A new stage in developing MTS's cloud business was the creation of a direction of design solutions. A team of experts will help design the digital environment and prepare a roadmap for the development of a cloud-based business—customer cloud journey. The provider takes over the whole technological cycle: architecture design, supply and configuration of equipment and licenses, as well as implementation, launch and support of IT systems in the cloud.

”

MTS was one of the first companies in the country to successfully launch a number of pilot projects with leading Russian enterprises to create LTE and 5G-ready dedicated networks for various industrial needs. I am confident that the competence and experience of MTS in the implementation of unique network and IT solutions, digitalization and automation of production processes will help our customers increase the efficiency of their business and improve working conditions for people.

Georgy Dzhabiev,
Director of Digital Solutions
Sales Department, MTS PJSC

Cloud Services

Russian business is actively digitalizing: business models are being rebuilt, new digital solutions are being introduced, the volumes

of stored and processed data in the cloud are growing. Sales are moving online, cloud applications are becoming more widespread, and the coronavirus pandemic has had a particular impact on the demand for cloud services.

”

Establishing a direction of design solutions is a fundamentally new stage in the development of MTS's cloud business. We have acquired great deal of expertise and are willing to help companies develop comprehensively, introduce innovations and find their own cloud transformation path. Working with us you benefit from having a reliable IT partner who will help implement complex projects without attracting additional expensive workforce. We have implemented one of these projects for Segezha Group timber industry holding, providing the foundation and launch of a digital platform in the cloud based on SAP solutions with a set of individual requirements.

Oleg Motovilov,
Head of Cloud Ecosystem of MTS PJSC

In the spring of 2020, MTS launched cloud IT outsourcing services for business. This area involves two types of services. Managed Services involve the transfer of operational processes related to ensuring the operability of the IT infrastructure to #CloudMTS specialists.

Professional Services are aimed at solving project issues related to the audit of IT infrastructure, migration to the cloud, and the development of an emergency recovery plan.

In 2020, the capabilities of the #CloudMTS cloud service were expanded for high-speed data processing based on a supercomputer. Its computing capacity has quadrupled and included new function of hyperscale computing.

MTS cloud business became the leader (14%) in IaaS segment according to TMT Consulting 2020 Research

In December 2020, #CloudMTS provider successfully passed state certification—you can now process personal data from the first to the fourth security levels and place state information systems from the first to the third security classes in #CloudMTS.

MTS has also expanded its range of cloud backup services. The Company launched a feature-rich solution based on CommVault

technologies that allows to back up all commonly used operating systems, virtualization platforms, databases and software.

Thanks to the ability to compress data, the service reduces the volume of backups in the cloud by 70%, which reduces costs by an average of one third.

In 2020, the Avantage data center was certified for compliance with the requirements of the global Payment Card Industry Data Security Standard (PCI DSS) of version 3.2.1. It is therefore possible to place IT equipment in the data center, which is involved in storing, processing or transmitting payment card data.

In October 2020, MTS offered corporate customers an NB-IoT Tester for quickly checking the presence of a network in the desired location: a portable device demonstrates the signal strength and checks data transmission via NB-IoT.

In 2020, the Industrial Automation Center and the Department of Open Innovations and Investments of MTS implemented four partner projects that expand the capabilities of the MTS Internet of Things digital platform with the following functionality:

- indoor positioning for employees and moving objects;
- indoor navigation control;
- support of field personnel based on augmented reality in hazardous work;
- control of drones for inspection and inventory of warehouse facilities.

Internet of Things

In 2020, MTS released the first Development Kit in Russia for creating prototypes of devices operating in the NB-IoT network. The kit is designed for the

development of sensors and devices that transmit small amounts of data and require high energy efficiency. The set can be widely used by device manufacturers, start-ups and leading technical universities to work with the NB-IoT network, develop a variety of electronic devices.

In 2021, MTS launched an educational program on the development of devices for the NB-IoT Internet of Things network in cooperation with leading technical universities in Russia. The company handed over to six universities from the regions where the largest Russian federal network NB-IoT from MTS is deployed - MIEM HSE (Moscow), GUAP (St. Petersburg), TUSUR (Tomsk), MIREA (Moscow), UrFU (Yekaterinburg) and NEFU (Yakutsk) - 77 starter kits for the development of energy-efficient IoT devices.

Big Data for Outdoor Advertising

MTS, together with the leading advertising holding Dentsu Russia and the developer of the outdoor digital advertising management platform Synaps Labs, have created an analytical tool that allows to increase the effectiveness of outdoor advertising and measure its impact on indicators that are significant for business: calls, website visits and advertiser's customers visits.

Combining the capabilities of MTS big data analysis and the targeting system based on artificial intelligence made it possible to show ads only to the target audience and measure the efficiency of each message.

MTS also provides services for media measurements and profiling of advertising structures using Big Data.

Digital Tools for Small and Medium Businesses

MTS is actively developing services for the digitalization of business processes, offering small

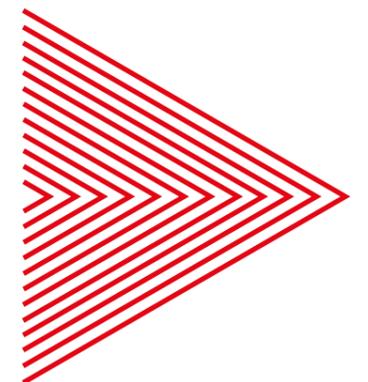
and medium businesses simple and modern tools to optimize and improve work efficiency.

MTS Your Business Digital Solutions Platform

In February 2020, MTS presented a new platform for digital tools for small and medium businesses, MTS Your Business. Using it, customers can benefit from useful IT services for business without installing special software and third-party applications.



MTS Your Business platform website
<https://tb.mts.ru>



”

NB-IoT network is the most promising technology for the fastest growing segments of the Internet of Things. Manufacturers able to integrate into this trend will receive a significant competitive advantage, the opportunity to enter new markets and create fundamentally new products and services. The main criteria for this development is the ability to experiment. The set of tools that MTS provides to device developers—federal network, IoT platform, special rates, and now the NB-IoT Development Kit—will simplify this process and obviate the need for large investments in equipment at the development stage.



Dmitry Khalin,
Member of the Management Board,
Vice President for Cloud & Digital Solutions of MTS PJSC

KEY TOOLS OF THE MTS Y OUR BUSINESS PLATFORM



Workzen

- task scheduler that helps you manage your business and replaces isolated analog tools

MTS Marketologist

- service that enables you to launch targeted mobile and media online advertising based on Big Data on your own

Insider

- service that you can use to remotely check the reliability of counterparts

MTS Estate

- service that helps to reduce taxes on real estate and land lease

MTS Cash Desk

- complete solution for automating trade, managing and monitoring sales with service support

In partnership with the GetMeBack startup, MTS has launched Loyalty GetMeBack service for creating a loyalty program. The service will enable small businesses to issue virtual bonus cards with their own design and conditions.

In September 2020, MTS integrated MTS Cash Desk and Moe Delo accounting cloud service. The service is adapted for ordinary users and is an alternative to the services of a full-time accountant for small and medium businesses

The Office #CloudMTS service makes it possible to quickly organize remote interaction of employees on the basis of the cloud and flexibly manage a set of digital services. The service will enhance the productivity of distributed teams by accessing a range of unified communications services based on a single platform.

In 2020, MTS Bank launched the next generation acquiring product—MTS Payment. This is an ecosystem module for accepting payments for MTS Group products and a payment module for paying for goods and services of third-party organizations.

Small Business Delivery

In the summer of 2020, MTS launched several delivery services for small businesses.

- In July, MTS and Rate & Goods launched a service for the delivery of goods from regional grocery stores using MTS Cash Desk. The service helps to inform potential customers and enables small stores to compete with retail chains in the express delivery market.
- In August, together with a contactless trading platform Brisky, MTS launched an online ordering and delivery service from local stores and cafés in 500 Russian cities.

As a result of the restrictions associated with the coronavirus pandemic, in the spring of 2020, many restaurants, shops, farms and other small organizations switched to delivery and home services. In this regard, the demand for the MTS Mobile Employees service for arranging the work of the mobile personnel has grown significantly. The largest increase in the number of connections was shown by food delivery, trade, transport and logistics services.

During the pandemic, Mobile Employees digital solution was used actively to automatically distribute calls between doctors, taking into account specialization, work schedule and geographic location, and to organize the management of groups of doctors working with COVID patients.

The number of implementations of MTS solutions for arranging the work of traveling employees in 2020 increased by 2.5 times.

Online map of a working small business

Know in Person online card won the Foundation award in the category Support for Small and Medium Business

The award recognized the merits of large businesses in supporting users, doctors and entrepreneurs facing challenges during the pandemic.

During the spring quarantine of 2020, MTS launched an interactive map of small businesses that continued to work. Customers could use the card to find out which cafés and shops continued to operate nearby and how they could use their services.

The project has no commercial benefit for MTS, but is rather aimed at supporting small businesses, which are being rebuilt to work in a new contactless format—through delivery or online. In 2021, the project development course will involve using Instagram tools.

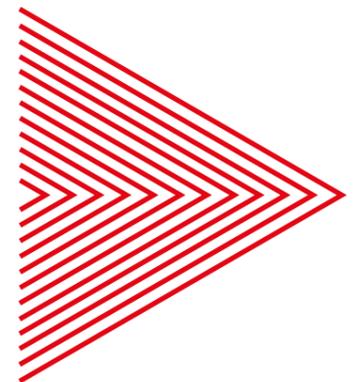


Interactive small business map
<https://znaem.mts.ru/>

38 cities

>1.6 thousand

small business stores



FOR PERSONNEL — RESPONSIVENESS AND CARE

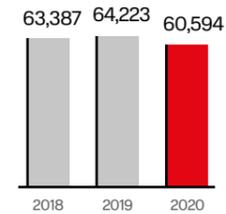
MTS entered top 10 Russian employers in the ranking of 50 best employers in Russia in 2020 according to Forbes magazine

MTS has climbed to the ninth place, improving its last-year position. When evaluating companies, the organizers took into account working conditions, opportunities for employee training, investment in infrastructure, environmental policy and social responsibility of companies.

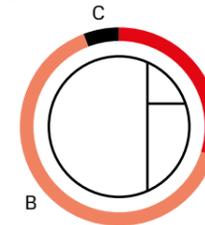
MTS Group becomes the most renowned winner of HR Brand Award by HeadHunter

MTS Group won in three categories at once in the annual HR Brand Award for the projects implemented in 2019. MTS PJSC pulled off a win in the Federation category and a special category Analytics in HR for the introduction of its own solution for working with the talent pool based on big data analytics. MTS Bank became the winner in category Capital City for the implementation of the Employee Journey Map for the Bank: UX Approach in the HR Ecosystem project that helped job seekers and employees interact with all the processes of the bank's HR functions and thus enhanced their experience.

MTS Group's headcount as of Dec 31, 2020, people



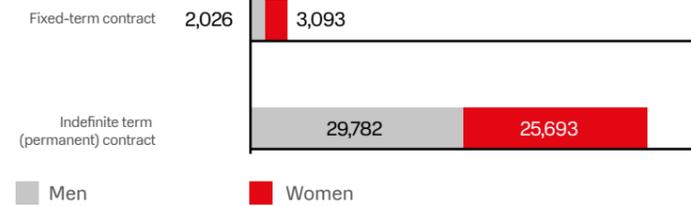
MTS Group's personnel structure by region as of Dec 31, 2020, people



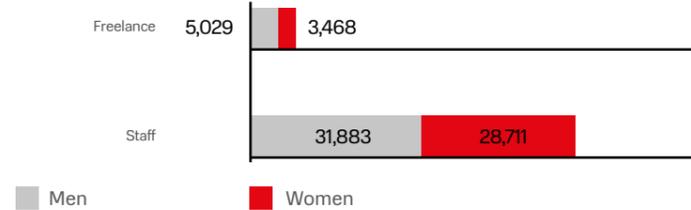
A	18,174	Moscow
B	39,053	Russian regions (including the Moscow Region)
C	3,367	Foreign countries

Number of MTS Group employees by type of employment as of Dec 31, 2020, people

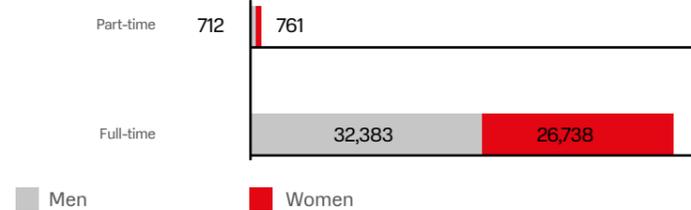
Employment contract



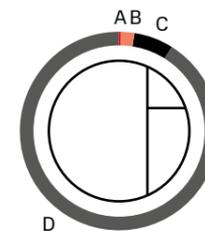
Headcount



Employment of staff members



MTS Group's personnel structure by employee category as of Dec 31, 2020, people



A	118	Top-level managers
B	1,269	Mid-level managers
C	3,844	First-level managers
D	55,363	Specialists

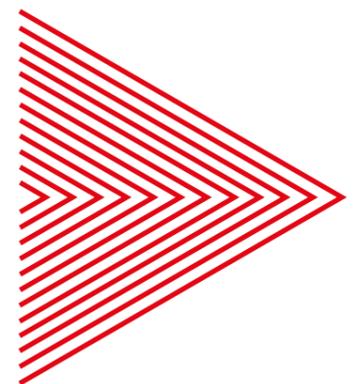
Staffing and Job Placement

Personnel Structure

[102-8] [103-2] [103-3] [405-1]

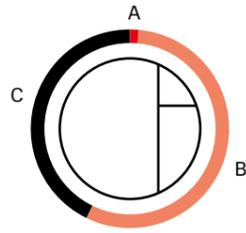
MTS supports a gender- and age-balanced team structure. We believe that this approach allows the Company to ensure

the stability of its personnel, to support a healthy corporate morale and to maintain and share professional experience.



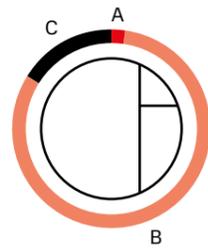
MTS Group's full-time personnel structure by age as of Dec 31, 2020, **people**

Top-level managers



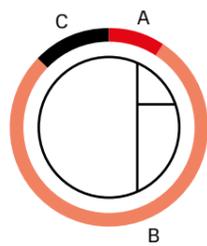
A	1	≤ 30 years
B	88	30–50 years
C	29	> 50 years

Mid-level managers



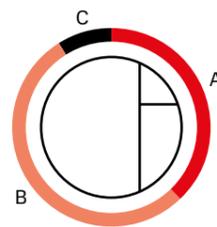
A	30	≤ 30 years
B	1,035	30–50 years
C	204	> 50 years

First-level managers



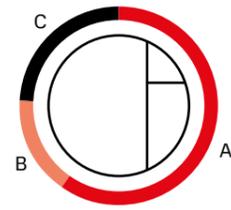
A	359	≤ 30 years
B	2,996	30–50 years
C	489	> 50 years

Specialists



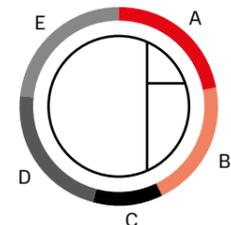
A	20,939	≤ 30 years
B	29,537	30–50 years
C	4,887	> 50 years

Educational background of MTS Group employees as of Dec 31, 2020, **people**



A	36,212	University degree
B	9,862	Vocational
C	14,520	Secondary (basic)

Years of service of MTS Group employees as of Dec 31, 2020, **people**



A	13,378	Under 1 year
B	12,585	1–3 years
C	6,882	3–5 years
D	13,777	5–10 years
E	13,972	Over 10 years

Recruitment

MTS became the Best Telecom Company for Young Professionals in Future Today's Best Employers ranking

MTS entered the top 10 employers and headed the list of tech companies in the employee ranking by HeadHunter.

MTS recruits qualified personnel, talented young people and mature professionals to work for the Group.

Due to quarantine restrictions, MTS completely switched to

remote recruitment and on-boarding. New employees whose job functions allow them to work out of the office can start working from home immediately.

In the course of the reporting period, 26,315 people joined MTS Group, including 1,444 managers, 329 of whom are representatives of the local community.

MTS Group's structure of hired employees, **people**

	2018	2019	2020
Total	26,718	27,662	26,245
Top-level managers	10	13	34
Mid-level managers	81	102	114
First-level managers	298	365	1,296
Specialists	26,071	26,877	24,499
Of these, RTC JSC experts	17,608	16,522	12,917
Young professionals	258	306	302

Internship

Internships for students and graduates of Russian universities also switched to the online format. The peculiarity of the online

format of MTS program is that it is not tied to the regions of internship: students can intern even in those Company departments that are not represented in their city. For better correlation with the educational process, a flexible work schedule is provided.

The MTS online internship program won the Business Breakthrough of the Year category in the annual Changellenge ranking of top employers for young people.

401 student

completed an internship at MTS Group in 2020



For more information, <https://job.mts.ru/youth>.

On-boarding for New Employees

In July 2020, the Corporate University department launched an updated introductory course titled MTS Start. This is an interactive course that combines educational and entertaining formats. For 45–60 minutes, employees get acquainted with the history, structure, products, strategy, corporate culture, the basics of compliance and specifics of working at MTS.

Since 2020, the corporate immersion for new employees has been online. They have enough time to learn the courses and are able to do so in a convenient way in order to pass the mandatory training within the prescribed time frame. After training, what seemed complicated and incomprehensible becomes simple and accessible.

For more information about compliance at MTS, see section Sustainable Development Management.

Corporate Culture

As a responsible employer, we put the care of our employees at the heart of sustainable business development. Our main focus is on advancing the training system, respecting the human rights in

the workplace and improving working conditions, developing a corporate culture and creating a comfortable environment for self-fulfillment of each employee. We create the professions of the future, develop talent and retrain employees to keep them in demand.

MTS is one of the few companies in the country that provides additional days off for foster parents, as well as three paid days off to participate in the Company's social activities.

Remote Work

On March 16, 2020, MTS made a decision that all employees, who in terms of business and job duties could work remotely, should work from home. In total, 89.3% employees in Moscow and 59.3% employees in Russia worked remotely at the end of the year.

In the spring of 2020, MTS created a remote operation headquarters, where the Company's IT infrastructure load was analyzed in real time, and corrective measures were developed and implemented.

> 30,000

employees switched to telecommuting

~100 %

IT and digital employees worked remotely

>50 %

employees are willing to continue to work in combined mode

MTS Values

In 2020, new MTS values were recognized. The #etoMTS (This is MTS) culture brings together all MTS ecosystem employees.

The six hashtags inspire us to be better at everything we do, help us make difficult choices easy and achieve results together.

MORE THAN A JOB

I love what I do and squeeze it out to the fullest. The fixed work schedule is not for me. My key performance indicator is the result, but not effort or time.

FOR THE CUSTOMER

I do it for people. Solving customers' issues is the main goal of my work. I treat them with respect, do not mislead or manipulate. I strive to exceed the customer's expectations and the result at least meet them.

FAST IN ESSENCE

I save the time of my team and mind them: my tasks are accompanied with the context, I express myself in a succinct manner, I stick to the facts and cut through the red tape. I try to find the solution instead of making excuses why I cannot or should not do something. If I criticize, I suggest.

TAKE AN ACT

I start with myself, rather than wait for others to act. I take responsibility and act. I keep track of the end result, think beyond the boundaries of my duties and have responsibility for the whole process. I deal with the challenges instead of complaining. If something is beyond my area of responsibility, I do not ignore it and ask my team for the help.

DO IT COOL

I speak for the quality of my work and avoid mediocrity. I explore new and I am not afraid to take my changes and learn, including from my mistakes. I am honest with myself and admit when I am wrong.

TOGETHER

I contribute to building the digital ecosystem of MTS. I appreciate the diversity of business cultures, and I believe that our strength is multiplied when we work as a whole. I am open to opinions and ideas of my team, trust their competence, help them and share my ideas and experiences to achieve the common goal of making people's lives better every day.

Employee engagement

The first engagement survey was conducted by MTS in 2011. A lot has changed since then: Instead of one annual session, the surveys are conducted in two stages—in March and September—and it has become much more convenient to fill out the questionnaire.

Along with the usual questions in the questionnaire, there are open questions that allow employees not just to check the boxes, but to give detailed comments, voicing their complaints or wishes. Not all questions are solely work-related. The range of topics is much broader and includes everything from sports to nutrition.

Our surveys are anonymous and conducted by an external provider who summarizes the responses into statistics by division.

Engagement of MTS employees, %			
Company	2018	2019	2020
MTS Group in Russia, including:	86.0	85.6	87.0
MTS PJSC	88.0	90.0	91.0
RTC JSC	84.0	80.2	79.0
MGTS PJSC	81.0	81.5	87.0
STV LLC	75.0	75.6	77.0
Stream LLC	-	75.8	86.0
MTS Entertainment LLC	-	-	68.0
Mobile TeleSystems PJSC (Belarus)	85.0	87.0	88.7

MTS Code Magazine

MTS Code magazine won in category Best Internal Corporate Digital Publication of Medialider-2020

510 from Russia and countries near and far abroad were submitted to the contest.

MTS Code magazine won silver in category Web-media of Digital Communications Awards-2020

The MTS Code corporate magazine is an information tool with the most interesting and important news about the

Company. In the reporting year, there were ten business issues and one New Year's edition devoted to the holiday, internal cultural events and hobbies of our employees.

Our MTS

Our MTS became the prize-winner in category Mobile App of Digital Communications Awards-2020

Company employees have a universal mobile assistant, Our MTS application, which facilitates the life both at work and outside of it.

In 2020, it welcomed new features: viewing training webinars, getting all sorts of certificates, coordinating changes in the vacation schedule or vacation orders. Our app became even more diversified: there are features designed for mass usage by all employees, and there are features created for special groups of users that are nevertheless popular among them.

”

We want to proceed with the development of the application and add not only work-related functionality, but also information services and useful information about discounts and promo codes, everything that makes life more convenient and comfortable for its users.

Dmitry Solovyov,
IT Product Manager of the Service Process
Management Center, MTS PJSC

In the pandemic time, information about the procedure for visiting offices and leaving for self-isolation, as well as the provision of temporary remote access was posted in the Our MTS application. It enabled employees to prepare daily reports and managers to review them. In ToDoList we created tasks and submitted performance reports. For our Moscow employees, we arranged a COVID-19 testing appointment service.

MTS Garage

We designed the Garage program for MTS employees who want to bring their own digital product ideas to commercial realization within our Company.

In 2020, MTS Garage held two rounds to collect applications and received 100 proposals from 17 cities. 39 were selected for acceleration. 13 out of the 25 teams managed to create a prototype product which they presented at Demo Day in September 2020. Three prototypes were chosen for further development. Another 14 ideas already selected will begin acceleration in 2021, and one more round of applications will take place. In addition, the program will have a pre-facilitator, where one can come up with a raw idea.

Garage has become an important element in transforming the Company's culture into a more product and entrepreneurial one.



IN MOTION PROGRAM AREAS



In Motion

[403-6]

In the year under review, different sports and other activities were combined under a single program called In Motion. This is a club for healthy and energetic people, and employees of entire MTS Group can join it (the number of participants is not limited). This format includes not only a sports program, but also Anti-stress and Cybersports ones, which involved a wider audience. All inclusive is the key concept: all the necessary information is collected in the Pulse, Facebook and Instagram communities. Over 2,000 people took part in the program in the reporting year. The plan is to engage the company's top management in the project and finalize the motivation program for its active participants.

Sports



- 12 sprints in different areas (fitness, crossfit, dancefit, yoga, combat, etc.) lasting a month
- Check-ups with a virtual badge issued that can be changed into branded merch
- Webinars with coaches, video tutorials, articles and guides for beginners and experienced athletes

Antistress



- Antistress rituals, developing mindfulness, meditation, digital detox, psychological and mental practices
- Webinars with public advice by psychologists
- Regular antistress podcasts
- Lifehacks for healthy sleep, concentration, mindfulness

eSports



- 2 online tournaments for 5 games per year, winners participating in external tournaments
- Content about video games and eSports disciplines
- Webinars with professional athletes



Personnel Capacity Development

Assessment of individual performance

[404-3]

Starting from 2020, the evaluation of individual performance indicators for the previous year takes place in January. Previously, the assessment was conducted in April in respect of both individual tasks and corporate KPIs at the same time.

Now managers have the opportunity to assess their employees in a timely manner, talk to them, and give feedback.

In addition, it became possible to get an assessment of competencies not only from the manager, but also from the colleagues. The personnel efficiency automated management system allows for choosing a colleague and send them a request to conduct the evaluation. Similarly, each employee can take the initiative to give feedback to someone in their work environment. To determine the quality of interaction and communication between employees, a manager can ask their colleagues for an evaluation.

Individual goals for the new annual cycle are now also set in January.

E-library

MTS employees have free access to Alpina Digital's corporate library on their computer and in the app. In 2020, MTS ranked among the top 3 most readable companies and took second place in the contest from Alpina Digital.

9,865
readers

25,376
hours of reading

2,837
business books and summaries

808
audiobooks

350
books on IT

119
video lectures

Harvard Business Review best articles

15
courses

15
cognitive simulators

Employees also read the Public.ru periodicals library with the best business publications: Forbes, Kommersant, RBC, Profil, and Ekspert. Moreover, the library has Psychologies, Geo, Computerworld Russia, Zakon and other magazines.

Corporate University

[103-2] [103-3] [404-1]

MTS' Corporate University Department is responsible for comprehensive staff training.

The Department's experts operate and maintain a distance learning management system, develop e-learning, launch educational programs for units, conduct trainings, and support new employees.

Development programs

For the professional development of hard and soft skills of employees and increasing the efficiency of business processes within the framework of creating an ecosystem in 2020, the following were launched:

Leadership Development Program

In 2020, the new Department of Management and Leadership at MTS Corporate University launched a program for the development of middle managers. The faculty programs take into account the different managerial experiences of the participants, allow the training to be tailored to the needs of a particular manager, as well as flexibly integrate learning activities into a busy work schedule. For example, it takes two weeks to complete one course (40 minutes).

980
participants

76.5 %
NPS

9.2
benefit assessment

School of Product Owners

A comprehensive training program started in 2020, covering all stages of digital product creation and development. It was attended by product owners from different functional areas: marketing, digital business solutions, financial services, artificial intelligence, media, B2B, etc. The training was conducted remotely, with webinars led by external and internal expert practitioners.

3
groups of students

>150
employees

4-6
people per team

2.5
months

Results of employee training on the Corporate University platform

	2019	2020
Distance learning coverage (unique users who completed at least one course)	76%	90%
Percentage of engaged users who took more than three courses	31%	62%
Number of courses taken	242,540	294,106

In view of coronavirus restrictions in 2020, the number of in-person external and internal training and conferences declined.

Number of MTS Group employees who completed the training	2018	2019	2020
In-person external training	10,479	9,611	6,326
Top-level managers	48	60	136
Mid-level managers	682	635	308
First-level managers	1,875	1,839	813
Specialists	7,874	7,077	5,069
In-person internal training	39,873	38,771	19,745
Top-level managers	9	18	36
Mid-level managers	238	440	205
First-level managers	6,949	7,266	3,366
Specialists	32,677	30,987	16,138
Distance learning¹	65,161	82,400	63,806
Top-level managers	15	47	529
Mid-level managers	871	1,317	808
First-level managers	8,458	13,230	8,526
Specialists	55,817	67,806	53,943
Number of man-courses per year	2018	2019	2020
Total	2,472,814	2,690,109	1,449,155
External training (in-person)	9,921	14,140	8,636
Internal training (in-person)	87,476	97,802	43,438
Distance learning	2,375,417	2,578,167	1,397,081
Number of hours spent on training	2018	2019	2020
Total	615,290	985,396	528,904
Senior managers – men	1,491	2,076	2,364
Senior managers – women	987	292	1,244
Middle managers – men	16,550	25,905	7,228
Middle managers – women	6,265	10,275	2,677
Junior managers – men	50,350	84,437	40,153
Junior managers – women	38,064	64,564	36,897
Specialists – men	253,576	419,031	211,276
Specialists – women	248,007	378,816	227,065

¹ Including the number of current and dismissed employees in 2019. For MGTS PJSC, data for 2018 is not provided, as such analytics were not previously conducted.

Online trainings

In 2020, the Corporate University Department converted 90% of its in-person trainings to an online format due to the transition to remote working.

23,262 man-hours

550 training events

74 %
NPS

Coaching

The MTS Internal Coaching Institute takes an active part in coaching sessions of both individual and team formats.

Individual sessions are available to all employees in any convenient format: in person or remotely via phone or Skype.

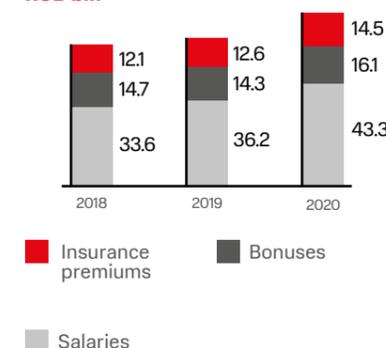
Motivation and Social Guarantees

Financial Incentives

A competitive payroll system consisting of fixed and variable parts is introduced in the Company. A compensation and benefit package, meeting the requirements existing on the labor market, is provided to the Company's employees.

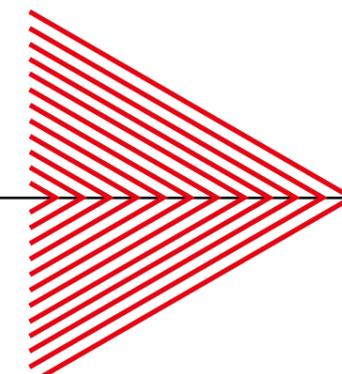
The Company uses an integrated approach to the system of staff motivation and applies the best international practices of remuneration that ensure objective evaluation of the performance of employees and MTS as a whole and allows to motivate the employees, thus increasing their efficiency. The principles of payroll competitiveness and fair reward underlie every system of MTS personnel remuneration.

Labor costs of MTS Group, RUB bln



In 2020, an average salary in MTS PJSC, including the fixed part and bonuses, amounted to RUB 679 thousand.

MTS Group's labor costs in 2020 totalled RUB 73.9 bln.



TEAM

CATEGORIES

Best team		Well done!
<ul style="list-style-type: none"> • for groups, divisions, departments • high engagement rates + completing individual tasks by each employee 		<ul style="list-style-type: none"> • for cross-functional teams • a team itself chooses a project to participate • a project is to bring a substantial economic benefit and have an impact on the entire region/cluster

MTS Group Recognition Programs

MTS Group has been operating its recognition programs for eight years. In that time they have become an important part of our

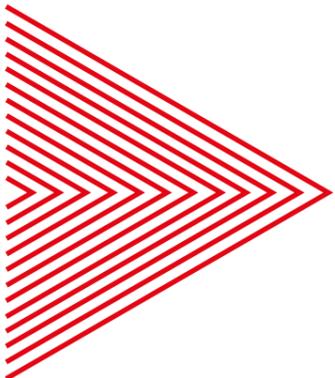
corporate culture. In 2020, the recognition programs were held under new rules. The approach to the selection of winners and the voting procedure has changed, which allowed all Company employees to participate.

8 categories

385 applications

97 winners

Manager of the Year		Professional of the Year		Best Product Owner	Engineer of the Year
<ul style="list-style-type: none"> • for managers • at least one year in office • high division performance 		<ul style="list-style-type: none"> • for specialists • high efficiency rating for the last two years 		<ul style="list-style-type: none"> • for employees responsible for developing and implementing the product solution • product value confirmed by the customer 	<ul style="list-style-type: none"> • IT specialists developing software development solutions

• • •		
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In the course of the reporting year, MTS employees received 398 departmental awards of the Ministry of Communications of Russia, as well as 58 letters of appreciation from the President of Russia.

Departmental awards of the Ministry of Communications of the Russian Federation, pcs.		
2018	2019	2020
368	268	398

Social Guarantees

[103-2] [103-3] [401-2]

MTS provides its employees with the full range of social guarantees established by applicable

legislation, but not limited to, and pays special attention to social protection.

We believe that enhanced commitments are necessary in order for employees to feel confident and comfortable in any situation.

All employee benefits fall into social and corporate ones. The system of benefits for MTS employees does not differ by region, except for the Far North and equated localities, where employees are provided with additional compensation of travel expenses to the place of vacation.

Corporate benefits (including cars or compensation of costs for their usage, mobile communication with a high spending limit, and compensations of relocation for work in another region) are ensured irrespective of the length of employment in the Company, work time duration or contract terms. The benefits are given on the basis of the needs of the service.

Social benefits, including the voluntary medical insurance (VMI) and health and accident insurance, additional payment for the sick list or financial aid, are given to all employees at their principal place of work except those who have been hired under term labor contracts for periods of less than three months or working for less than one third of the standard work time.

The temporary disability-related additional payments are made regardless of the length of service in the Company; they do not depend on the work time or contract term.

In certain cases, any employee can be offered material assistance. Apart from the standard statutory benefits for temporary disability because of illness, industrial accident or occupational disease, in the period of maternity leave and etc., MTS makes additional payments. In a number of cases, the Company pays the housing rent for its employees and compensates the expenses for relocation, thus supporting the desire of employees to move and develop.

For employees with a certain length of service in the Company, we provide compensation of costs for swimming and fitness clubs.

Besides, employees may take part in the Benefit Cafeteria program, where their set of benefits may be changed based on the individual decision. Such approach enables to fully meet personal needs of Company employees and avoid huge costs.

Medical Care

MTS gives additional social protection to all employees by means of medical and accident insurance. Every two years we conclude voluntary medical insurance contracts with insurance companies, which enable our employees to get medical aid in modern clinics. The voluntary medical insurance program covers the costs of ambulatory medicine, dental care, house calls and residential treatment. Employees' relatives can also join the program. VHI costs of MTS Group in 2020 amounted to RUB 793.4 mln.

Corporate Pension Scheme

Pursuing the state pension reform, the Company is implementing a project of transferring the accumulative component of the labor pension from the Russian Pension Foundation to the Bolshoi non-state pension fund.

Pension costs of MTS Group in 2020 amounted to RUB 1.4 mln.

Occupational Health and Safety

OHS Management System

[103-2] [103-3] [403-1] [403-2] [403-3] [403-4]

Ensuring a favorable and safe working environment for employees is a priority for MTS.

In 2020, MTS joined the international approach Vision Zero, or Zero Injury. This is a qualitatively new approach towards the organization of prevention that combines three areas:

- safety;
- occupational health;
- well-being of employees at all production levels.

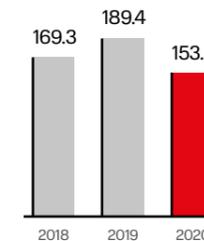
The new MTS Group safety, health and well-being strategy for 2021–2023, which is based on international practices and Vision Zero, is waiting for its approval.

Labor protection in MTS includes:

- preserving the life and health of employees in the workplace;
- continuous improvement of the occupational safety management system;
- recording and analyzing occupational injuries, identifying and investigating the root causes of injuries with Company employees and contractors, and taking measures to prevent occupational injuries and diseases;
- continuous identification and management of occupational risks;
- up-to-date and high-quality training of managers and specialists on labor protection;
- motivating employees to comply with the safety rules and build their awareness;
- involve Company employees to develop the culture of safety.

A total of RUB 153.2 mln were allocated to occupational safety measures at MTS Group in 2020. The decrease in expenses compared to 2019 is due to the impact of coronavirus restrictions, as a result of which a number of activities (medical examinations, training, OHSMS, risk assessment, participation in exhibitions and conferences) were cancelled or postponed until 2021. At MTS PJSC, RUB 69.5 mln were allocated to occupational safety measures in 2020.

Occupational safety costs of MTS Group, RUB mln



Unit managers and employee representatives participate in monitoring and development of annual labor protection action plans in branches for the coming year, as well as the list of measures to improve labor safety and develop a safety culture for 2021. These activities are planned to support the new Vision Zero approach.

Every year the Company assesses the effectiveness of occupational safety management system based on quantitative indicators that objectively assess the degree of implementation of the labor policy. Assessment is carried out for each region. As a result of evaluating the effectiveness of the system, analysis is performed and certain measures on labor protection improvement are planned.

MTS PJSC has developed and approved standards according to which those employees who operate under harmful and (or) dangerous conditions shall receive special clothing, footwear and other personal protective equipment for free. The certified PPE is timely purchased, the terms of use and inspection are adhered to. PPE storing and accounting is properly arranged. Amid the coronavirus pandemic, MTS employees were provided with the necessary protective equipment.

[403-6]

MTS employees who operate under harmful and (or) dangerous conditions undergo preventive (at employment) and periodic (during work) medical examinations. The purpose is a dynamic monitoring of the employee's health in the workplace, prevention and timely establishment of the signs of occupational and general diseases, and prevention of accidents. In 2020, 1,814 and 5,777 people, respectively, underwent preliminary and periodic medical examinations at MTS PJSC. According to the results, 32 employees needed to be transferred to another job and 103 employees were recommended sanatorium treatment.

The Company pays great attention to the promotion of occupational safety. One of the tools is the development of a safety culture among our employees and managers. Since 2018, a distance learning video course, Culture of Safety, has been available in the Virtual Academy.

Occupational Health and Safety Training

[403-5]

In 2020, 34,402 people received external and internal occupational safety training, including 17,816 employees of MTS.

Various training systems are used for internal occupational safety training, such as the specially

developed Colossus program which includes training in occupational, fire and electrical safety, as well as a distance learning system on occupational safety from the Virtual Academy of MTS Corporate University.

The Company provides training in first aid for people injured in industrial accidents before the arrival of emergency services.

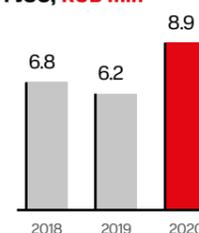
During the pandemic, MTS was one of the first to launch a mobile version of mandatory briefings (on labor protection, fire safety, local regulations, civil defense and emergency situations).



Information about the results of special assessment of working conditions is available at <https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/ocenka-usloviy-truda>

Cooperation with the Fund of Social Insurance

Funds granted by the Fund of Social Insurance of the Russian Federation to MTS PJSC, RUB mln



Every year, MTS PJSC teams up with the Fund of Social Insurance of the Russian Federation to finance the preventive measures and reduce the accident injury rate and occupational diseases, and the resort treatment for employees who work under hazardous and (or) dangerous conditions, as well as to obtain discounts on insurance tariff for compulsory social insurance against industrial accidents and occupational diseases.

Injury Prevention

[403-9] [403-10]

MTS focuses on the organization of work to prevent occupational injuries and diseases. One of the key mechanisms for the prevention of occupational injuries is the accurate and timely assessment of occupational risks that may arise in the workplace, as well as their due management. Among the employees with high probability of occupational injury

are vehicle drivers and technical specialists (who work at heights or with electrical equipment) maintaining the communication network.

Since 2019, the Company has had a standard in place called the Requirements for Accident Investigations, according to which the relevant measures are carried out in the branches.

Six accidents occurred at MTS PJSC, including four minor, one severe and one group accident. A total of eight workers (men) were injured. No occupational diseases were revealed in the reporting period.

MTS PJSC injury indicators			
Indicator	2018	2019	2020
Accident frequency rate ¹	0.27	0.17	0.20
Accident severity rate ²	106.6	107.4	55.7
Lost time accident frequency rate (LTAFR)	0.03	0.02	0.09
Lost day rate (LDR)	2.18	1.47	1.10
Absence rate (AR)	4.36	4.31	4.41

¹ The accident frequency rate determines the number of accidents during the reporting period per 1,000 employees.

² The accident severity rate determines the number of lost days per accident.

FOR PARTNERS AND SUPPLIERS – TRUST AND COOPERATION

MTS entered the top 16 companies awarded the Leader of Competitive Procurement

MTS won the 2020 Leader of Competitive Procurement award in one of the main categories for the Best Supplier Relationship System. The victory was brought by the Participation of MTS in the International Association JAC project, implemented by the Procurement Management unit.

[102-9]

MTS builds its relationships with counterparties based on the principles of good faith, integrity and transparency. Procurement management is intended to maximize the business expansion, satisfy the Company's needs and offer the best value for money.

The Company's procurement is made following the MTS Procurement Rules, developed

in line with the legal requirements and aimed at the efficient use of funds, increasing competition and transparency.

Equal access to the procurement procedures is ensured by setting equal competitive opportunities and unified rules for all participants of the procedure before its start.



MTS Procurement Rules are available at <https://tenders.mts.ru/>

Improvement of the Procurement System

In 2020, a large-scale transformation of the MTS Procurement Management Unit took place in order to implement the Unit's service model with a focus on business customer satisfaction and efficiency. A

team of account managers was set up for product verticals. This is a one-stop-shop procurement service for all issues of product business customers that coordinates work within the Unit, as well as independently and proactively manages a complex and unstructured need.

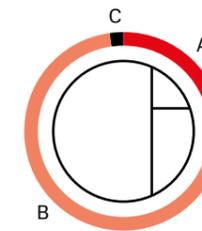
Activities of the Unit have been optimized and reconfigured as part of the procurement transformation project.

For the purpose of complying with the applicable anti-corruption legislation, a new risk-oriented approach has been developed to conduct anti-corruption inspections of counterparties and third parties. The new procedure provides for the involvement of employees of procurement departments and business customers at the stage of the procurement or conclusion of contracts, and with relevant information about counterparties and third parties

involved necessary for the economic security department to check their reliability.

In total, 404 requests were received from counterparties in 2020. Consultations are provided upon all requests from existing and prospective counterparties, explanations and answers are given on the questions received.

Requests received via hotlines of the Procurement Management Unit in 2020



A	98	Issues of participating in procurement procedures
B	298	Proposals for the supply of products, services and works
C	8	Other corporate issues

Participant's Questionnaire

The qualification assessment of counterparties starts from their registration and completion of the Participant's Questionnaire. It is an integral part of the procurement documentation and mandatory for all counterparties of MTS Group.

Relevant questionnaires accelerate the counterparty's verification in the system for their compliance with the requirements of MTS PJSC for bidding procedures, including in terms of CSR and compliance. The questionnaire is available in Russian and English.

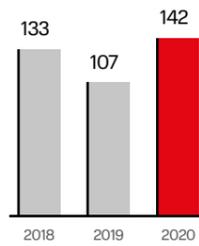
The questionnaire helps not only to receive up-to-date information about suppliers, but also to develop training activities for them in terms of risk management and CSR, compliance, policies and codes of the Company in accordance with the MTS PJSC Strategy.

When filling out, suppliers also put their signature in order to confirm that they have read and understood MTS PJSC Anti- Corruption Laws Compliance Policy, MTS PJSC Code of Corporate Conduct and Business Ethics, and MTS PJSC Counterparty Code of Business Conduct.

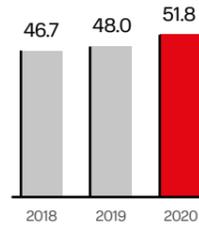
Procurement Procedures in 2020

MTS has introduced the Oracle Sourcing IT system module, which enables us to conduct 100% procurement procedures in electronic form. The total procurement, as well as the procurement carried out in electronic form, totalled RUB 142 billion in 2020. As usual, purchase of equipment remains the key procurement group; in the reporting period, it accounted for 61%.

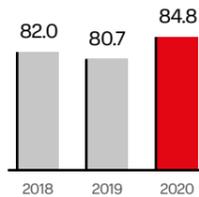
Total MTS PJSC procurement, RUB bln



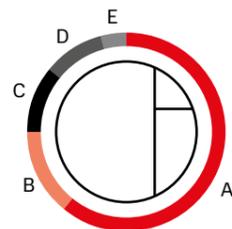
Share of small and medium-sized entrepreneurs in MGTS PJSC procurement structure, %



Share of MTS PJSC Russian suppliers, %



MTS PJSC procurement by category, %



A	61	Equipment
B	14	Services and solutions
C	11	IT
D	10	Communications and marketing
E	4	Customer premises equipment

Local suppliers, %	2018	2019	2020
MTS PJSC	82.0	80.7	84.8
MGTS PJSC	98.0	98.9	99.1
RTC JSC	99.0	99.0	100.0
Subsidiaries in Russia	55.0	91.0	93.0
MTS Armenia CJSC	77.3	82.4	75.4

Practice of Joint Procurement

MTS PJSC conducts joint procurement procedures with a number of partners. Apart from economic benefits, the unification of technical and functional requirements, approaches and methods is achieved thanks to such cooperation.

In 2020, MTS PJSC continued to outsource procurement activities and involve five partner companies in various procurement categories. Procurement takes place in the form of joint procedures, accession or individual procedures. The total budget of partner procurement procedures amounted to RUB 1,744 billion.

Counterparty Code of Business Conduct

[102-16]

In 2020, MTS PJSC updated its Counterparty Code of Business Conduct. Now the revised Code applies to counterparties of MTS PJSC dependent subsidiaries. In addition:

- the Code has been updated to meet the MTS CLV 2.0 strategy;
- two major sections were highlighted: the good faith and integrity in commercial activities;
- requirements for significant counterparties were added in respect of the protection of confidential information, interaction with public authorities, avoidance of conflicts of interest, AI and protection of intellectual property.

The Code appeals to the counterparties to maintain an effective environmental policy and comply with the current legislation and regulations on environmental protection. Whenever possible, the counterparties should practice a proactive approach to environmental issues, undertake initiatives focused on improving their sustainability, and facilitate propagation of environment friendly technologies as well as the use of efficient methods of product life cycle implementation. Participants of the MTS procurement procedure have to confirm their compliance with the Code in order to submit their quotations.



MTS PJSC Counterparty Code of Business Conduct is available at http://s22.g4cdn.com/722839827/files/doc_downloads/2021/02/EN_CodeCounterparty2020.pdf

MTS PJSC Counterparty Code of Business Conduct contains the minimum set of standards that counterparties are expected to comply with. Apart from the good faith and integrity, the Code underpins the significance of supplier adherence to the environmental laws and human rights.

JAC Supplier Audits

[102-12]

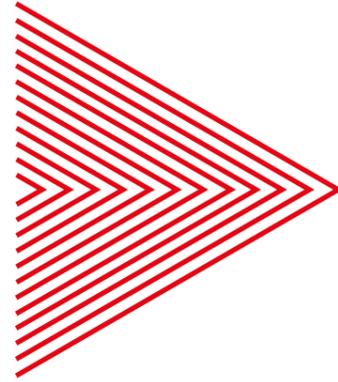
MTS is a member of the international association of telecom operators JAC (Joint Audit Cooperation) since 2017. The association was founded in 2010 and is currently comprised of 17 global telecom operators, including Deutsche Telecom, Orange, Telecom Italia, Swisscom, Verizon, Vodafone and other.

JAC works to improve the performance of all participants in the information and telecommunications technology supply chain.

Being a JAC member, MTS together with other participants organizes annual CSR audits of suppliers for the benefit of all members of the Association, attracting leading auditors who have the necessary experience. On average, each JAC member conducts five audits per year.

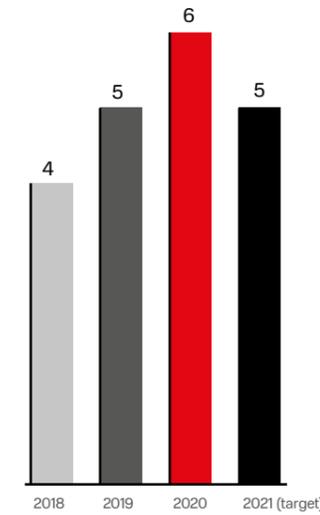
CSR audits are carried out in accordance with JAC principles based on the international CSR standards (SA8000, ISO 14000) and cover five key areas.

KEY AREAS OF JAC AUDITS



JAC AUDITS BY MTS

Labor	Health & Safety	Environmental
Ethics	Management Systems	



Based on results of each audit, an auditor's report is drawn up and a corrective action plan is approved, whose implementation is carefully

monitored. The reports, action plans and information on the progress are stored in a single database accessible to all JAC members.

This approach helps members of the Association to save their financial and time resources spent on conducting audits. As a result of joint efforts, each JAC member gets the opportunity for even better interaction with suppliers, which provides for timely identification of production downsides, elimination of shortcomings and improved sustainability of supply chains.



JAC official website: <http://jac-initiative.com/>

FOR THE STATE — RELIABILITY AND SCALE

Digital Economy

We see the great potential of MTS digital solutions to create smart cities.

In Russia, economic sectors are being digitized on a large scale, and the primary driver of the digital agenda is the government, who sets strategic and national development goals. The Digital Economy of the Russian Federation national project is aimed at accelerating the digital transformation of the economy and social sector.

To coordinate the project, Russia's Government and major digital economy players, have established ANO Digital Economy, one of the founders of which is MTS PJSC. Ruslan Ibragimov, MTS Management Board Member, Vice President for Government Relations and Public Relations, serves on the ANO Supervisory Board.

To strengthen work with government agencies in 2020, Department of Government Programs and Projects was established in MTS, which included the Smart City Center, the Federal Programs Center and a number of product divisions.

In 2020, the most relevant for federal and regional government customers were MTS solutions based on Big Data and infrastructure projects aimed at creating equal access to digital solutions for residents of all regions of the country.

In 2020, MTS successfully implemented the second stage of government contracts for connecting socially significant objects of the Russian Federation to the Internet within the

framework of the Digital Economy of the Russian Federation national program. In addition, projects on geanalytics based on Big Data were implemented for the Moscow Government, federal executive authorities and government customers in the regions.

MTS and Rostelecom cooperation in the Kirov Region

In 2019, the administration of the Kirov Region offered operators to merge with Rostelecom and establish communications in small cities of the region. Of all the operators, only our Company has the appropriate infrastructure, and in November 2019, MTS and Rostelecom signed a triple agreement with the regional Ministry of Information Technology on conducting communications to remote villages and towns.

The inter-operator partnership format is unique for MTS—the Company has never practiced cooperation under such a scheme before.

The operators have developed a targeted program to cover 46 small cities with communications and the Internet, each of which is home to 250–500 people. SmallCell 3G cell sites were built in 28 cities with MTS equipment placed on Rostelecom supports. In other villages, coverage was organized according to the NaaS—Network as a Service—type, where the mobile sector was moved from the nearest MTS cell site.

As a result, 20 thousand residents were provided with Internet access.

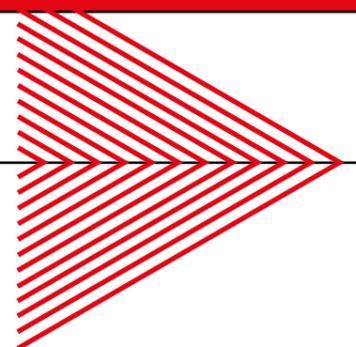
In 2020, thanks to MTS, 23 institutions located in rural areas of the Yaroslavl Region were provided with high-speed Internet access. Secondary schools and colleges, rural health posts, local administrations and fire departments were among the connected ones.

Within the framework of the Digital Economy of the Russian Federation national project, MTS has built a modern digital communications infrastructure for 320 socially significant institutions of the Yaroslavl Region.

”

The past year made a strong case for importance and essentiality of the digitalization of villages, so we tried to connect rural cultural institutions before the New Year ahead of the plan established by the government contract. To provide residents of rural areas with a fast and reliable Internet connection, we have laid 400 km of fiber-optic communication lines and configured the network so that the Internet becomes a convenient tool for solving pressing issues of the residents of our region.

Alexey Salva
Director of MTS PJSC branch
in Yaroslavl



In August 2020, MTS signed a cooperation agreement with the Kostroma Region, implying investment of more than RUB 1 billion in the implementation of digital initiatives in the Kostroma Region by the end of 2021 by the Company.

As part of an agreement with Kuzbass government, MTS will invest more than RUB 2 billion in the region by 2022. Investments will be directed to the digital infrastructure development, including the creation of Smart City project test zones and programs aimed to increase the level of availability of digital services and financial services for the population.

In October 2020, the Digital Business webinar was held for Nizhny Novgorod entrepreneurs, at which Dmitry Bobikov, Director of MTS PJSC branch in Nizhny Novgorod Region, told 5 thousand participants about MTS services and products for SME. The webinar was held as part of the Popularization of Entrepreneurship program, which is part of the Small and Medium Enterprises and Support for Individual Entrepreneurial Initiatives national project.

My Business Portal

Solutions to combat COVID-19 and mitigate the consequences were a separate area of B2G activity in 2020: SMS-informing services for citizens about restrictive measures and measures to combat the spread of coronavirus infection, services for generating digital and SMS passes for movement during restrictive and quarantine measures, temperature measuring

devices. Regional authorities also used geoanalytics to identify the public gathering places during the pandemic.

For more information on MTS projects in the smart city field, see section For Local Communities – Support and Development.

For more details on MTS projects in the field of providing the population with high-quality communications, see section For Customers – Systematic Approach and Consistency.



Social bonds

In June 2020, the Board of Directors of MTS PJSC approved amendments¹ to the existing Exchange-Traded Bond Program: an increase in the maximum volume of bonds placed under the Program to RUB 400 billion, the possibility of placing social/green bonds in accordance with the principles and standards in

the field of green/social financing of the International Capital Market Association (ICMA).

In December 2020, SD and CSR Committee approved a project of social significance, which could be financed by the Company by issuing social bonds: Connecting Socially Significant Facilities to the Internet in 8 Constituent Entities of the Russian Federation under Government Contracts 2019–2021.

¹ The changes were registered by the Moscow Exchange on July 24, 2020.

MTS implements the project as the winner of the auction announced by the Ministry of Digital Development, Communications and Mass Media of the Russian Federation in 2019 within the framework of the Digital Economy of the Russian Federation national program and the Information Infrastructure federal project.

As part of the project, MTS should ensure the construction of communication centers and Internet connection for about 5 thousand socially significant facilities (hospitals, schools, fire departments, police stations, government and local authorities, military registration offices, etc.) in eight regions of Russia.

~5 thousand socially significant facilities
RUB 4,9 billion of costs on infrastructure

8 constituent entities of the Russian Federation

The project will create conditions for the most effective functioning of socially significant facilities, provide Internet and digital technologies access to the population living in nearby territories, including healthcare, education, and financial services.

In March 2021, MTS successfully placed the debut issue of social exchange-traded bonds 001P-18 for RUB 4.5 billion, the funds from which will be used to finance the costs of implementing the project to provide socially significant facilities with Internet access, as well as refinancing the costs incurred as part of this project in 2019–2020.

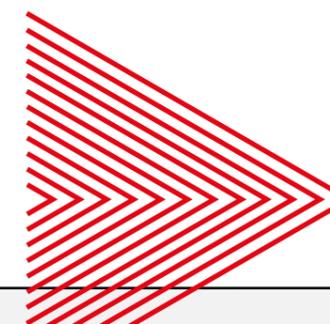
For the first time, the placement of MTS bonds was organized using digital channels, including showcases on the websites and in the mobile applications of the organizing banks. Almost 3,000 applications were received from a wide range of investors during the placement of bonds—banks, institutional customers and the predominant number of retail investors.



Bond issue compliance with internationally recognized Social Bond Principles (SBP) of the International Capital Markets Association (ICMA) is confirmed by Expert RA agency <https://raexpert.ru/releases/2021/feb15a/>



The issue of MTS social bonds is included in the register of the International Capital Market Association (ICMA), the conclusion is published on the association's website http://icmagroup.org/assets/Uploads/MTS_External-Review-Report.pdf



FOR LOCAL COMMUNITIES – SUPPORT AND DEVELOPMENT

[103-2] [103-3] [203-1]

MTS rated B+, Best Practice, in Leaders of Corporate Philanthropy

MTS operates in 83 regions of the country and places special emphasis on developing the territories of its presence and business sustainability in the long run. Based on the business strategy, CSR strategy and charity policy, MTS has elaborated and is constantly implementing a comprehensive social investment program.

Our strategic goal in the social investments is to enhance the quality of life of individuals and society, increase their safety through the provision of a wide range of services and the development of innovations in healthcare, education and urban infrastructure and other areas. Using its own pool of services, the Company strives to make society more open and modern, and to keep people more informed; establish a comfortable environment for life and favorable conditions for self-development regardless of their place of residence or income.

Smart Cities for People

[TA2]

MTS takes an active part in the federal program for digitalization of the urban economy and introduction of Smart City advanced engineering solutions along with the national project Housing and Urban Environment.

MTS innovative services are able to enhance the safety level of the urban environment, the efficiency of using the city's infrastructure, its tourist attractiveness, as well as reduce pressure on the environment



Digital Model of the Region

During the pandemic, city-level administrations on average were three times more likely to use digital services, in particular thermal imagers, smart cameras, and geanalytics. MTS data were actively used to calculate and measure fluctuations in the self-isolation index, as well as to forecast

the rate and geography of the spread of the virus, and to take measures to prevent crowding. In 2020, MTS delivered more than 65 geoanalytical projects in 36 regions of Russia.

Together with the Department of Tourism of the Samara Region, a pilot project was launched to assess the number of tourists in the region, determine the most eye-catching locations and attractions and obtain information about the transport preferences of travelers.

The city's digital model provides for obtaining impersonal data on the size and density of the population, movement dynamics, and tourist flow.

Platform for Smart Cities in Moscow Region

In 2020, MTS started a program to develop a fixed data transmission network in the Moscow Region, which will become a technological platform for launching innovative services for both the residents and towns of the region.

The program is aimed at the intensive development of high-speed Internet access channels via the GPON fiber-optic network in residential and office buildings. Emphasis will be placed on cities where coverage was previously inadequate.



Fixed-line development program in the Moscow region:

2020–2023
36 towns
with a population of 50,000 people

2020
9 towns

2021–2022
20 towns

2023
7 towns

Advanced Internet and digital services will be available

in **75** %

of towns in the Moscow Region

1,5 mln

households and offices will be connected to the fiber-optic network

MTS investment
~ **2** RUB bln

”

Today, MTS 4G Internet is available to residents of all settlements of the Moscow Region. We have created one of the largest networks using GPON technology in Moscow, and our goal is also to build a fixed network comparable to that in the Moscow Region. A unified telecommunications infrastructure will serve as the basis for massive introduction of innovative services and converged solutions for residents of the entire Moscow metropolitan area.



Dmitriy Rylov,
Vice President and Director of the Moscow Region of MTS PJSC

”

The MTS solution operates in two directions: right now, it helps prevent the formation of unauthorized landfills, and can make it possible to predict the load on landfills and waste processing plants in the long view. Establishing a transparent and effective system for dealing with waste in the regions is a primary condition for enhancing the environmental situation and improving the quality of life.

Rashid Ismailov,
Chairman of the Russian Ecological Society

Solutions for Housing and Utility Services

Smart Water Metering

In September 2020, MTS and Mezhdurechensky Vodokanal installed industrial modems in the basements of residential buildings in the city, designed for remote data collection from metering devices and allowing to control water consumption.

Waste Management Digitalization

In November 2020, MTS and the Russian Ecological Society launched a federal program for digitalizing the removal and disposal of solid municipal waste. The first commercial projects were implemented in the Oryol and Sakhalin regions.



Digitalizing the process of removal of solid municipal waste, as well as equipping containers with ultrasonic sensors for filling and connecting garbage trucks to a single platform allow us to guarantee high-quality cleaning of the territory and timely service.

In December 2020, MTS tested a new solution Digital Vodokanal in the Samara Region, a system for remote monitoring of sewer manholes.

Remote control of hatches makes it possible to prevent accidents or unauthorized access to city utilities and reduces injuries among people and pets.

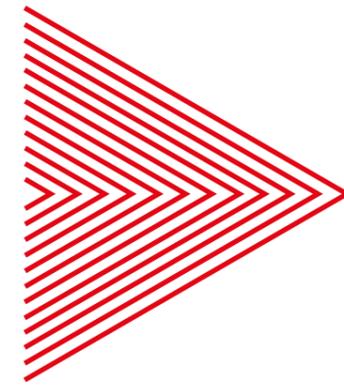
ComNews



DIGITAL KINDERGARTEN

Digital Kindergarten

In 2020, MTS branch in the Perm Region piloted the country's first project of a digital safe kindergarten in the city of Solikamsk. The set of innovative systems will provide for high-quality and cost-effective management of the kindergarten infrastructure and children safety.



		▶ Smart Video Surveillance		▶ Smart Intercom	▶ Water Leakage Sensors
		Control of people on the kindergarten territory. The system reacts to crossing the perimeter. Analysis of gender and age characteristics of visitors and their emotional state. Data obtained from CCTV cameras can be transferred to other security systems.		For enhanced kindergarten security. All calls from the intercom are transmitted to the video panel of the administrator and their smartphone. The ability to see and communicate with visitors is provided.	Online notification of leaks is sent to the manager's computer and smartphone
		▶ Resource Counters	▶	▶ Humidity and Temperature Sensors	
		Collecting readings of water, heat, and electricity. The ability to remotely monitor resource consumption online is further ensured. In case of deviation from the set values, a notification is sent to the manager's computer and smartphone.		Using sensors ensures that children are feeling comfortable in playrooms and bedrooms. Notifications of changes in the normal range are received in the personal account and on the manager's smartphone.	

Solutions for Apartment Buildings

MTS is involved in the construction of new-type smart houses. Advanced telemetry technologies, united in the Teleuchet cloud platform, establish a comfortable and environmentally friendly living environment. The Teleuchet services provide reliable collection and processing of data on energy and water consumption, help detect leaks in time, optimize ventilation and heating systems, control water losses, and ensure a significant decrease in electricity consumption.

Introducing modern digital systems will make living in the house more comfortable and help reduce the costs of the management company for manual data collection and processing.

Online Medicine

[TA2]

SmartMed

SmartMed medical service is a joint project of MTS and MEDSI, combining the capabilities of telemedicine, appointment scheduling and secured storage of medical histories.

In April 2020, given the spread of coronavirus pandemic, MTS and MEDSI initiated free access to urgent online consultations with therapists and pediatricians on duty via the SmartMed service. The number of such consultations during this period grew 14 times compared to February 2020. To meet the increased demand at the beginning of the epidemic, more than 300 additional doctors were connected to counseling in the service.

MTS 120/80 for Addressing Heart Issues

The MTS 120/80 application, developed in cooperation with the National Medical Research Center of Cardiology of the Ministry of Health of the Russian Federation, uses a set of modern technologies to help develop a healthy habit of paying closer attention to heart health. The system designed by

MTS does not require special blood pressure monitors or other devices and makes it possible to connect any number of patients, allowing for remote monitoring of their condition. During the lockdown, we give medical organizations the opportunity to connect to the app for free and continue their work.

In December 2020, MTS introduced a new DiaBalance application for people with different types of diabetes, facilitating the self-control of the disease. The results of blood sugar measurements can be added to the digital diary through voice input or a photo of the meter screen.

In November 2020, the Kuzbass Clinical Cardiology Dispensary named after Academician L.S. Barbarash, one of the leading institutions of the healthcare system in Siberia and the entire country, started a pilot project for remote monitoring of blood pressure indicators of people struck by cardiovascular diseases using the MTS 120/80 system.

MTS has equipped IoT-cardiographs with SIM cards for emergency medical doctors in the Altai Territory for remote transmission of electrocardiograms from anywhere in the region to a cardiological dispensary for further decoding and online consultation. Thanks to the new system, specialists can make a diagnosis and decide where to take patients within a few minutes, which reduces the risk of complications and irreversible consequences for the health.

AI and Healthcare

In February 2020, MTS and Samara State Medical University signed an agreement on cooperation in digital healthcare. As part of the agreement, an

artificial intelligence laboratory will be created on the basis of the SamSMU Institute for Innovative Development. Its research and development activities will parallel the Healthcare national project and serve its purpose, i.e. enhancing the efficiency of the healthcare system through introduction of digital technologies and elaboration of platform solutions.

Pre-shift Inspection System

This MTS solution helps perform mandatory inspection taking into account all the requirements of Federal Law No. 196-FZ «On Road Safety» and the Order of the Ministry of Health, regulating the procedure for admission to work of drivers of transport companies and employees of enterprises associated with hazardous production. The system makes it possible to remotely measure the temperature, blood pressure and pulse, and also determines the presence of alcohol in the exhaled air of the person being tested and allows a medical worker to conduct a mandatory visual examination using a video camera 24/7 and, based on the totality of all received indicators, make a decision on admission or ban. A mark certified by an electronic digital signature is entered into the waybill or permit.

Educational Technologies

[TA2]

In March 2020, during the period of distance learning, MTS offered students of grades 9–11 to prepare for the Unified State Exam at an educational platform of our own design free of charge. Also, pupils of grades 5–11 were given the opportunity to join English conversation clubs for free.

In 2020, MTS collaborated with the country's leading educational institutions to open a number of new programs and laboratories:

- Digital Technologies in Business master's program in cooperation with MIPT and SKOLKOVO;

- MOOVE program of additional education for students in digital project management based on the SKOLKOVO business school;

- an AI-driven laboratory at the Skolkovo Institute of Science and Technology;
- Technologies of Conversational Intelligence program as part of the master's program System and Applied Software at ITMO University;
- an AI-driven laboratory at the Institute of Innovative Development of the Samara State Medical University.

In 2020, MTS and the SKOLKOVO Business School launched the MOOVE program, providing students with a real work experience before graduation.

This is the country's first experience of cooperation between a corporation and a university of such magnitude in redesigning education, aimed at developing students' product management and soft skills.

The second round of MOOVE took place in October 2020.

In 2020, MTS signed a strategic partnership agreement with the Southern Federal University, as part of which the Company's specialists would take part in the development and modernization of the educational and material and technical base of the university for the key educational programs aimed at training IT specialists.

When we all entered lockdown, #CloudMTS provider helped Belgorod State University and North-Eastern Federal University (NEFU) organize distance learning for students by offering its cloud technologies. With the #CloudMTS, an admissions campaign and two online Olympiads were organized at NEFU.

Using the cloud, employees of the Samara State Medical University were provided with the opportunity to participate in research events remotely.

MTS offered a virtual IT infrastructure based on VMware for Omsk State Technical University, which made it possible to transfer educational activities online and arrange work in a remote format.

For the engineering class of the Department of Education and Science of the city of Moscow of the Moscow Institute of Electronics and Mathematics of the Higher School of Economics, MTS organized a set of remote workplaces with access to the IT infrastructure of the university, which enabled the students to take exams online.

In the spring of 2020, in Armenia, Viva-MTS provided its subscribers with access to the first university educational platform iUniversity, Armenian Schoolbooks application, and the website <http://schoolbooks.am/>, featuring digitized versions of textbooks recommended by the Ministry of Education, Science, Culture and Sports without additional Internet fees. Viva-MTS also donated 500 smartphones to disadvantaged schoolchildren for distance learning.

As part of cooperation with the Ministry of Education of Belarus, MTS has released a series of mathematics, physics and chemistry videos for high school students and applicants to review the material and prepare for the Centralized Testing. The content has received over 62,000 views.

In December 2020, for the first time in Russia MTS and the Higher School of Economics National Research University launched a project aimed at organizing online broadcasting of lectures in augmented reality format, with six lecture halls in Moscow equipped with 360-degree panoramic video cameras and a video camera with auto-tracking of movement around the classroom. More than 150 classrooms are equipped to conduct classes with a classic online viewer connection. This enables teachers to simultaneously deliver courses to both students in the classroom and those who reside in other cities.

Digital Literacy and Cybersecurity Projects

[PA2]

MTS consistently implements comprehensive programs aimed at teaching digital literacy to two audiences, that is, young schoolchildren and older people.

The gramota.mts.ru portal helps eliminate the digital divide, acquaint the older generation

with capabilities of modern mobile devices and the Internet, demonstrate advanced technologies and services that can simplify a person's life in a variety of situations: from taking medications to sports activities and maintaining an active lifestyle. The project involves people who were not previously familiar with technologies in the digital economy of the country. Training on the portal is provided for free, and the online format allows people with limited mobility or those who live in remote corners of Russia to learn about mobile technologies.

In 2020, MTS Bank adapted a test Don't get Hooked! for online and integrated it on the official website to help check the financial literacy and recognize a fraud, as well as an educational quiz True or False on the finance topic.



The test can be found at <https://www.mtsbank.ru/o-banke/bezopasnost-ispolzovania/#quiz>

#TEACHYOURCLOSEONES

In the fall of 2020, in Belarus, MTS transferred the Tablet from Scratch social project to digital format and launched a free online course on digital literacy for older people #TeachYourCloseOnes. The webinars are held by a certified specialist in Zoom, and children as well as grandchildren can also help course attendees. The geography of its participants expanded owing to the new online format.

In order to protect children from negative content and fraudulent resources, MTS, together with psychologists from Moscow State University, developed a lesson in Useful and Safe Internet in 2011,

which became the basis of the federal educational project Children on the Internet. The methodology of the lesson was published by the Federal Institute for Education Development. Since its establishment, the program has proven to be a reliable and effective means of increasing the digital competence of primary school students.

In 2020 in Belarus, MTS and the UN Children's Fund UNICEF put their efforts to prevent cyberbullying among children and adolescents within the framework of the joint information campaign For the Safe Childhood. In the My MTS application, the possibility of fundraising using a USSD number was implemented in support of online counseling by psychologists of children exposed to cyberbullying.

MTS/Media Educational Project

MTS/Media specializes in elaborating educational and supporting materials and promoting them to different target audiences. The finished content is posted on the main website media.mts.ru, on the ru, in sections of mts.ru, on the

Company's landing pages, in My MTS and MTS Cashback apps (stories format), as well as in the MTS/Media blog on Yandex.Dzen.

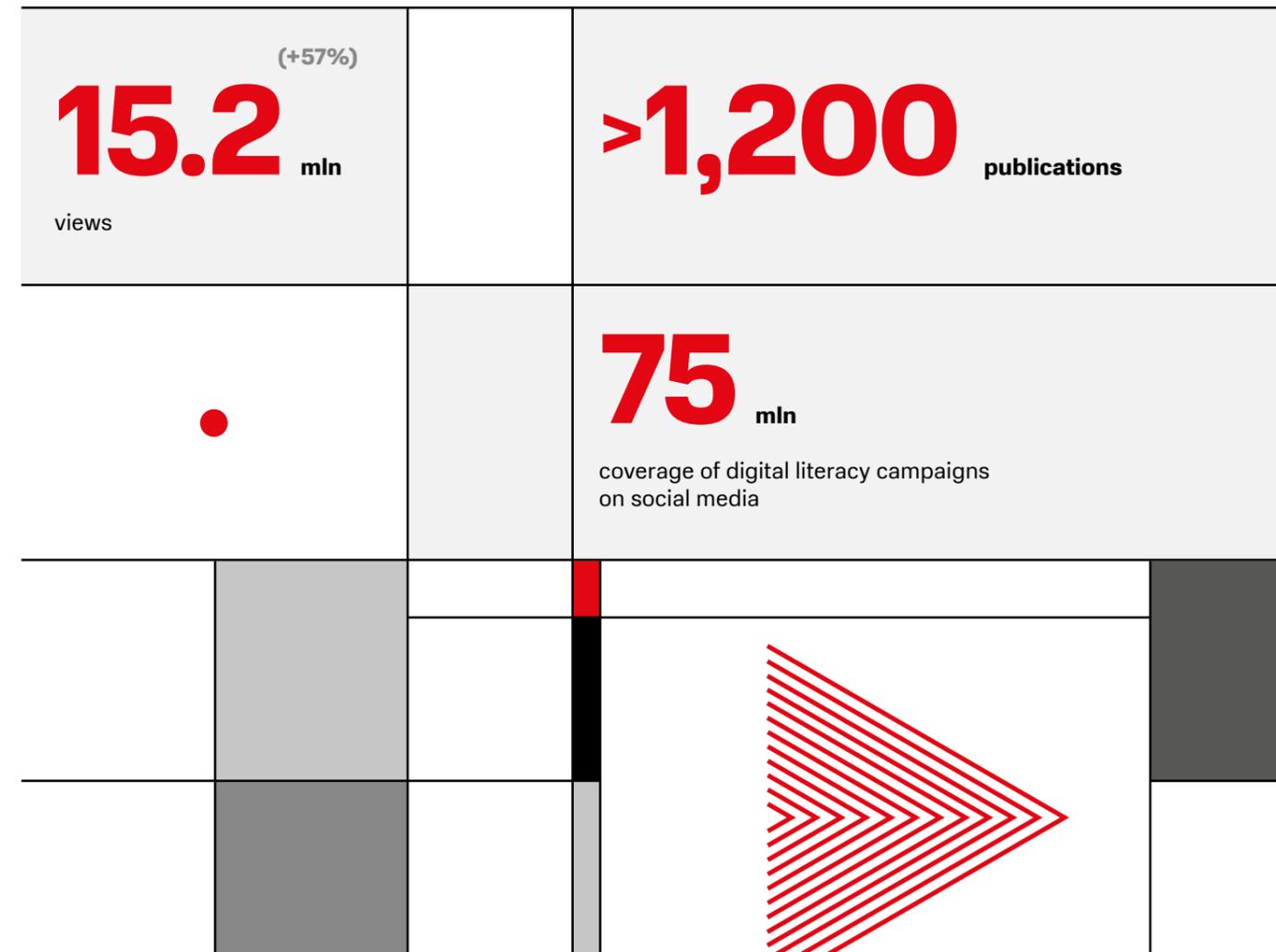


MTS Media website:
<https://media.mts.ru/>
https://zen.yandex.ru/mts_media

The key task of MTS/Media is the popularization of technologies and presentation of complex topics in a simple terms. MTS offers its readers ready-made solutions and useful tools for work, everyday activities and leisure.

MTS distributes materials that help solve everyday issues using technology, as well as find relevant

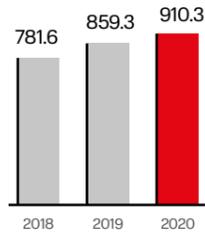
useful and entertaining content, through social networks and direct communications with customers - SMS, e-mail newsletters and others.



Social Initiatives

[103-2] [103-3] [413-1]

MTS Group expenses on charitable and social projects, RUB mln



MTS is running its charitable and social projects in accordance with the business strategy, SD and CSR strategy and the Charity Policy. In 2020, MTS expenses on charitable and social projects amounted to RUB 910.3 million.

Support of Local Communities Program

Support of Local Communities program wins in category Integrated Campaigns of the leading international communications award PROBA Awards 2020

Since 2016, MTS has been implementing a comprehensive social investment program aimed at supporting local communities. As part of this program, we interact with independent groups of people who, while not being charitable foundations, are trying to address social problems important for their local environment on their own, uniting in communities of interest.

Planning and distribution of priorities from the point of view of territories as part of the social investment program is carried out annually on the basis of MTS regional business development strategy, analysis of the socio-economic situation in each individual region, the needs of stakeholders and the results of previous periods.

MTS performs a comprehensive assessment of completed projects with the involvement of project participants and external experts. The results and the feedback received are discussed with every

The key priority in planning social investments in the regions is an individual approach and focus on the most pressing and topical issues of each specific territory.

stakeholder. The key principle of evaluating social and charitable projects is to analyze the compliance of invested resources (material, labor and others) with the achieved results, expressed in the amount of public goods received and positive changes, audience coverage and its involvement.

The program features an established system of efficient management, which includes a federal team of employees who are constantly involved in the project, regional specialists throughout Russia, as well as volunteer movements. The project directly involves the Company's top management and directors of regional offices, who become ambassadors for the program.

Our approach requires a deep immersion in the life of the community and the provision of assistance aimed at solving a specific and important problem at the moment. Having identified the problem of the community, MTS offers help in various formats.



FORMS OF MTS ASSISTANCE TO LOCAL COMMUNITIES



	Volunteering					
				Purchase of equipment and logistics costs		
					Help with content (organizing lectures, webinars, etc.)	

496 projects

arranged to help local communities

>500,000

beneficiaries

In 2020, in the midst of powerful forest fires, MTS assisted volunteer firefighters: in 11 regions of the Russian Federation, the Company promptly purchased equipment and overalls for extinguishing fires.

During the pandemic, MTS was active in helping volunteer teams by purchasing food sets and essential goods for those in need; organizing the work of call centers and free communication; providing volunteers with bicycles and scooters for prompt assistance and delivery of essential equipment (laptops, portable chargers).

Our communication with the local communities does not stop there. We identify additional needs of community members that the Company can meet with the help of an ecosystem of its own digital

products and other social projects. We have built trusting relationships, and now we form an even bigger community of people sensitive to the problems of the region, attract corporate clients, partners, and regional authorities. More and more people join our volunteer movement, and community members become our volunteers on other projects.

Social Idea Competition

On November 10, 2020, the final of the 10th anniversary Social Idea contest by MTS took place. This time the event was held in an online format and brought together experts, participants and spectators from all over Russia and neighboring countries.

3 categories

60,000 participants

425 projects

45 teams in the final

500,000 audience coverage

Generation M Project

Generation M project becomes a finalist of the PROBA AWARDS 2020 in category Social Project

Generation M is a comprehensive charitable program initiated and implemented by MTS for the seventh year in partnership with leading creative associations, federal and regional authorities, and business corporations.

master classes and interactive exercises from Russian celebrities in various directions. Moreover, MTS converts all activities in Internet communities and on the Generation M website into “real money” and transfer them to the treatment of children who suffer from severe diseases. Through their creative activities, the project participants generated more than RUB 20 million, which MTS sent to help 63 children.

As part of the project, 638 children from 68 regions became winners of competitions, received unique opportunities for creative growth and continue their development under the guidance of mentors.

Built on online mechanics, the Generation M project has become a quick and effective response to the new challenges of the pandemic and lockdown. As part of the project, additional educational streams and online events were held to help parents arrange useful leisure activities for children in isolation. More than 40 million people joined the initiative.

In April 2020, within the framework of Generation M, together with the Tretyakov Gallery, a new educational competition program for children aged 11–18 was launched. The schoolchildren had to think of an idea for a work of art for outer space and draw a sketch. Works that were selected by a team of project curators from the gallery formed the basis of a multimedia space installation, presented at the New Tretyakov Gallery. The Generation M project website also hosted online conversations for young talents with artist, sculptor and installation author Rostan Tavasiev.



Generation M project website: <http://pokolenie.mts.ru/>

The project combines the idea of fostering the creative abilities of children coming from the regions of Russia and assistance in the treatment of those who are seriously ill. On the virtual creative platform of the project, children from all over the country can demonstrate their talents by participating in contests, online

Every year, the number of children taking online training as part of our creative charitable project, which we are implementing in cooperation with leading cultural and educational institutions of Russia, increases by more than a third. Today, 30 million children from all regions of Russia have already been trained using digital tools for more than 15 directions of creativity. 638 talented children from 68 regions, including remote and sparsely populated ones, were selected by the mentors of our project for further training, and continue to develop under the guidance of masters.

”

People are at the heart of MTS ecosystem, and our goal is to make sure that human needs are fully met 24/7. At the same time, MTS walks the path of sustainable development. We interact with society and respond to its requests not only with our business ideas, but also with social projects that matter. This year, we are celebrating the 10th anniversary of our innovation competition, and regardless the challenging context we have managed to engage a large number of participants, experts and partners. For 10 years we have been helping people who do not ask themselves “Why am I doing this?”, but rather do good deeds and come up with ideas that change the world. We see our mission in bringing goodness through technology, and Social Idea fully meets our principles.



Tatyana Chernysheva,
Member of the Management Board,
Vice President for Human Resources of MTS PISC

”

Vyacheslav Nikolaev,
President of MTS



The project has become an effective assistant for creative universities that are faced with the need to quickly restructure the process of organizing the

admission of children in a pandemic situation. In cooperation with GITIS, one of the largest theatrical universities in Russia, MTS has brought to life the country's first program of online auditions, which attracted more than 1,000 applicants. The experience was recognized as successful and is planned for implementation in the practice of the university.

Into a Fairy Tale Right from Home Project

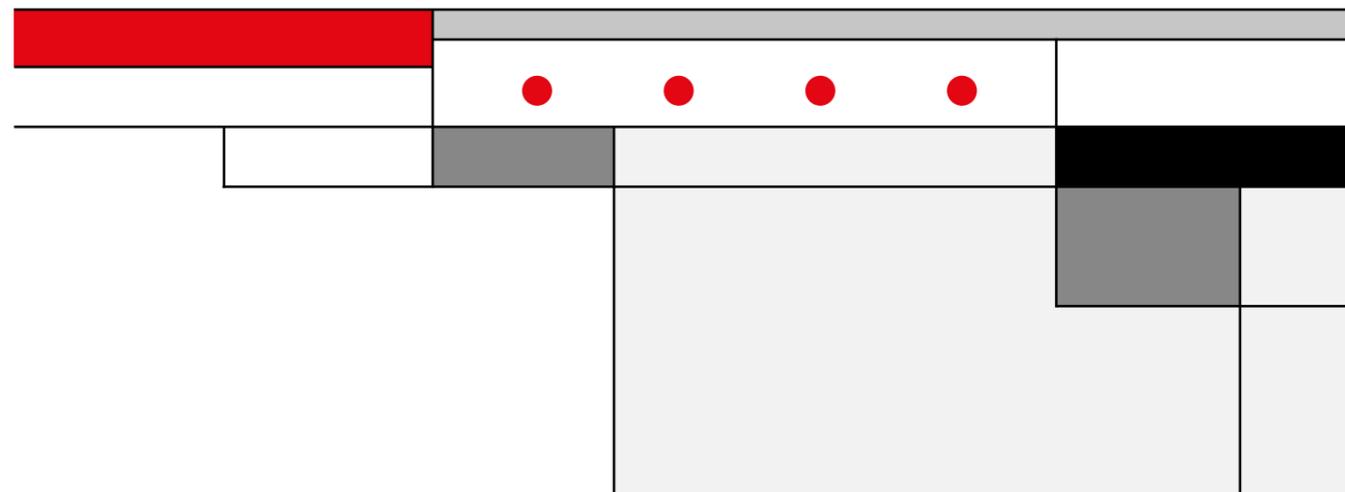
Into a Fairy Tale Right from Home volunteer action marked by the President of the Russian Federation as an efficient project aimed at social support of citizens amid coronavirus infection

Into a Fairy Tale Right from Home project wins in category Local Communities of the all-Russian competition of projects in the field of corporate volunteering Champions of Good Deeds

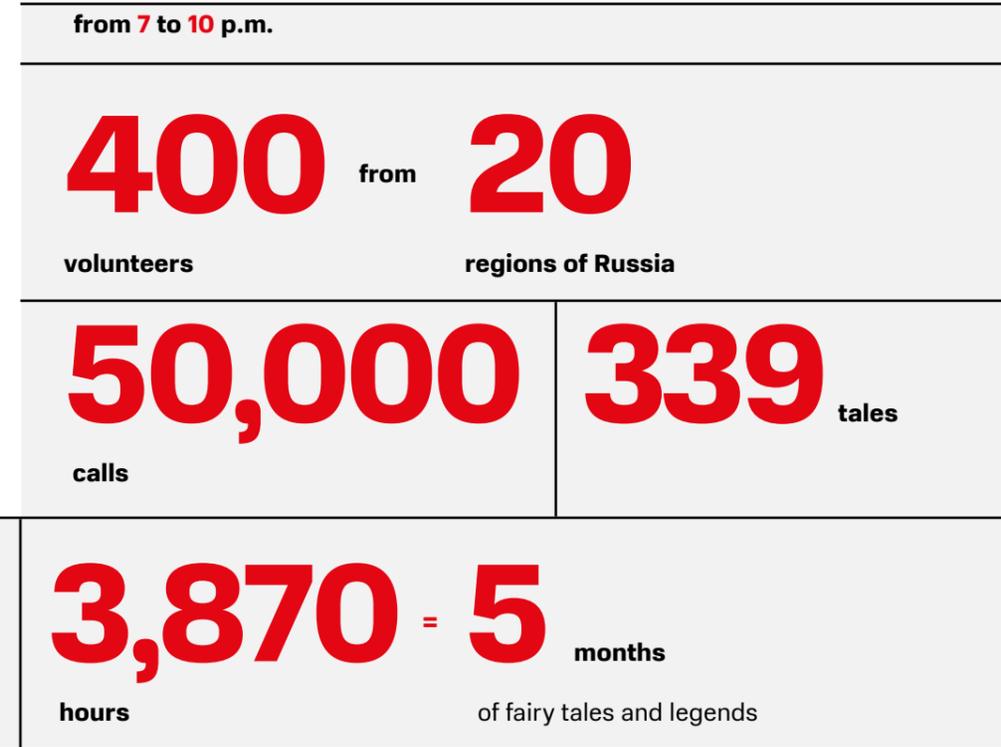
In April 2020, MTS teamed up with the Russian Movement of Schoolchildren and the Russian State Children's Library to launch a project called Into a Fairy Tale Right from Home for children under 14 years old, supported by the Ministry of Culture of the Russian Federation.

Every evening volunteers read fairy tales from the collection of the National Electronic Children's Library and Children's Radio to children from all over the country who called the free hotline. The team of storytellers comprised famous writers, actors, journalists, librarians, leaders of the Russian movement of schoolchildren, students of the Faculty of Journalism of Moscow State University and other Russian universities, as well as MTS employees. All volunteer storytellers underwent special training under the guidance of the Department of Stylistics and Russian Language of Moscow State University, so that listeners of all ages could enjoy competent performance in compliance with the norms of the Russian literary language.

In May 2020, MTS announced a five-day marathon of reading poems and stories related to the war, timed to coincide with the celebration of the 75th anniversary of the Victory Day. The hotline was available free of charge to residents of all regions from 12 to 10 p.m. local time. Children could choose of more than 150 stories and poems dedicated to the memory of the Great Patriotic War from the collection of the National Electronic Children's Library, which were specially selected by psychologists for two age categories: 8–10 and 11–14.



They could also participate in a fairy tale reader competition to get the opportunity to chat with a celebrity via video call and take a personal excursion to the country's main library – the Russian State Library in Moscow. All the participants were involved as part of the Generation M large charitable project.



Cultural Code Project

[TA2]

Cultural Code took the second place in the national award Leaders of Corporate Charity 2020 in category Best Program (Project) Aimed at Supporting Culture and Art

The Cultural Code is a volunteer project of Company employees aimed at preserving and supporting cultural values and initiatives unique to the territories: the development of creative technologies, preservation of cultural monuments, support of craft schools and unique craftsmen, initiative local communities and movements, as well as distinctive regional events, exhibitions, and art objects.

- using MTS VR technologies in the Krasnoyarsk Krai, we showed how the northern lights look over one of the most inaccessible and most beautiful places in the country – the Putorana plateau;
- in Yakutia, MTS volunteers digitized exhibits and designed an electronic catalog of the Cherkhek Museum, which was posted on the official cultural and tourist sites of the region;
- in Veliky Novgorod, our volunteers helped with streaming equipment to the Museum of the Narrow-Gauge Railway. The first online tour in the history of the museum was held, watched by more than 60 thousand people.

At the end of 2020, the project expanded to 52 regions. One of the priority formats took the form of digitalizing existing objects of cultural and historical heritage for accessible online study and visits:

These and many other projects were carried out with the direct participation of branch directors: they actively engaged the audience through social networks, and their social media accounts became a discussion platform for local residents, b2b partners, and local authorities.

Urban Legends Project

[TA2]

MTS engages city dwellers and local experts to create “folk” audio guides. These audio tours should help to see the well-known sights, as well as those features that are appreciated and loved by locals, places and events that best reveal the flavor and characteristics of the region.

Audio routes are targeted at both local residents and guests of the regions. In order to walk around the places of the Urban Legends, you need to download the free Surprise Me application or the izi.TRAVEL audio guide to your mobile phone. You can use the guide even without an Internet connection and at any convenient time.

The Urban Legends project involves the general public in the development of modern innovative products. It is designed to support and develop domestic tourism using modern digital services and extraordinary content.

>30
regions of
Russia

~100,000
users

MTS is also elaborating environmental audio guides as part of the Place of Power project, for more details see section Environmental Responsibility.

In October 2020, MTS and the Togliatti administration signed an agreement on social and cultural cooperation aimed at introducing digital technologies in culture. The signed agreement will mark the beginning of cooperation on joint implementation of projects to develop culture and education, increase the city attractiveness for tourists, popularize art and creativity, support gifted youth, as well as increase the availability of educational services.

Kommersant

Give Good! Program

MTS charity program called Give Good! is meant for urgent assistance to severely ill children. As part of the program, funds which were previously allocated for the procurement of souvenirs

are now used for charity assistance through federal charities with an impeccable reputation, which provide strict financial reporting. Under this program, MTS cooperates with such charitable foundations as AiF. Dobroe Serdtse (Kind Heart), Podsolnukh (Sun Flower), Sozidanie (Creation). In 2020, funds were used to treat more than 40 children coming from 30 regions of Russia.

Events in honor of the Great Victory

One of the key areas of social activity of MTS in 2020 were programs and events in honor of the 75th anniversary of the Great Victory.

Poplar of Victory Project

As part of the Poplar of Victory project, MTS engages volunteers to preserve the memory of the Great Patriotic War. Schoolchildren, communications veterans and war veterans, government officials, MTS employees are planting seedlings of the legendary Stalingrad poplar, a living witness of the heroic defense of Stalingrad, in the regions.

Poplar is the only tree that survived the bloody Battle of Stalingrad, which almost wiped out the city from the face of the earth. Despite the fact that its entire trunk is strewn with «wounds» of war, in the spring of 1943, after the liberation of Stalingrad, the tree blossomed again, symbolizing the victory of life over death and the invincibility of the Russian people.

Over the four years of the campaign, thousands of people have planted the sprouts of the legendary poplar from Volgograd:

Company employees, students, war veterans, MTS subscribers and partners. Today, this piece of the Great Victory is growing in more than 60 regions of Russia.

In 2020, the Poplar of Victory project was held in a non-standard format. In conditions of self-isolation, we invited people to join our action and plant trees in their summer cottages in memory of relatives — participants in the Great Patriotic War and home front workers under the official hashtag #remembertheland. Hundreds of people across the country supported the MTS action by planting trees in memory of their heroes.

#REMEMBERTHELAND

Book of Memory

For five years now, MTS has been annually publishing the Book of Memory. Released in the jubilee year of the 75th anniversary of the Great Victory, Book of Memory. Your Victory in Our Hearts represents a collection of true life stories of relatives of our colleagues who witnessed the

terrible events of the Great Patriotic War. More than 700 stories have been carefully collected, edited, decorated with real photo documents in an accessible and convenient electronic format. These are simple and honest stories telling how ordinary residents of our country lived, fought, worked, loved, made friends, overcame themselves and circumstances during the war years.



MTS memory book is available at <http://vov.mts.ru/>

MTS Book of Memory project wins in category Corporate Projects of the VIII all-Russian competition Best Social Projects of Russia

Memory Through Generations Project

In 2020, to commemorate the 75th anniversary of the Great Victory, MTS launched an educational

patriotic project Memory Through Generations. 14 regions of Russia joined the project. The participants were inmates of children's social institutions, children of employees and partners, as well as veterans and elderly people living in nursing homes. Due to the epidemiological situation, it was carried out online.

As part of the project, MTS together with the Children's KinoMai Foundation performed sign language translation and made subtitles for the film Soldier (2018) so that people with hearing impairments could watch it.

Supporting the Inclusive Community

For the second year in a row, MTS has been supporting the Dobroshrift (Good Font) project aimed at drawing the attention of a wide audience to the problems of people with cerebral palsy. In 2020, the communities of MTS Bank and MTS Live joined the campaign. They also updated the logos using the «good font».

MTS is a partner of the LAMPA International Film Festival of Socially Oriented Short Films, Videos and Social Advertising and supports the Cinema without Barriers International Film Festival relating to the life of people with disabilities.

About the support for inclusive community, see also section For Personnel – Responsiveness and Care.

LAMPA



<https://lampa.film/>

>8,000

participants

Cinema without Barriers



<https://kinofest.org/news>

80 movies

30 countries

4,000

participants

In 2020, MTS Media presented a film To Eat an Elephant, which is shot on the basis of the inclusive project VzaimoDeistvie (Interaction) with the participation of the Sindrom Lyubvi (Syndrome of Love) charitable foundation. The film is part of a comprehensive, inclusive MTS program aimed at socialization, training, creative development and employment of people with special needs. It became the winner in the Media Efficiency category of the all-Russian competition of social advertising of the non-profit organization Reklama Budushchego (Advertising of the Future).

Culture Mania

In Cheboksary, in 2020, a new dance and rehabilitation class was opened with the participation of MTS for pupils of the autonomous non-profit organization Solntse Na Ladoni (Sun on the Palm). Here, children with Down syndrome can practice gymnastics and dance under the guidance of teachers. A team of MTS volunteer employees took an active part in the implementation of the project.

Volunteer Movement

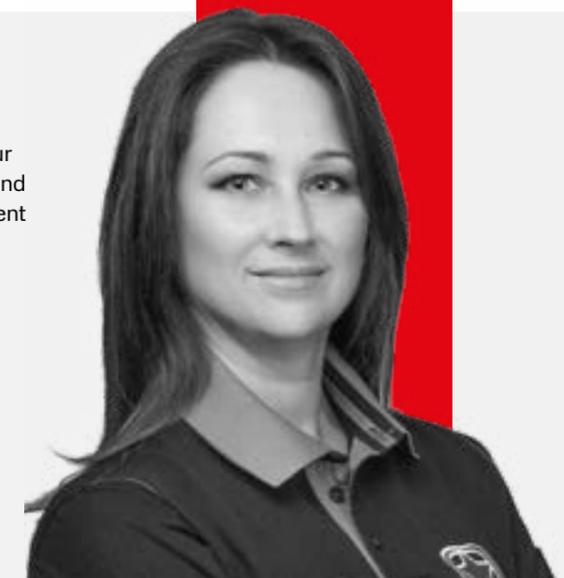
[103-2] [103-3]

Every year more and more MTS employees join the ranks of volunteers. The Company's volunteer movement already numbers over 7.5 thousand people. Based on the survey results, our employees are most interested to

support people in difficult life situations, as well as to participate in environmental actions. Fundraising, support for the elderly, donation, raising financial literacy, elaborating physical education and sports, searching for missing people and legal assistance are considered equally important and useful.

”

MTS actively develops and popularizes volunteer programs. By combining efforts in all regions of our presence, we establish a variety of opportunities and make participation in volunteer events as convenient as possible for all employees.



Tatyana Chernysheva,
Member of the Management Board —
Vice President for Human Resources, MTS PJSC

ENVIRONMENTAL RESPONSIBILITY

MTS entered the top 7 Russian brands in terms of disclosure of information on climate change in the Carbon Disclosure Project rating

MTS has upgraded its rating to Management (B) from last year's Awareness (C) in the CDP, an international non-profit organization operating the world's largest electronic carbon reporting database containing the most comprehensive information related to greenhouse gas emissions and corporate climate change strategies.

MTS won the Eco Best Award 2020

The Company won the award for the Environment Day with MTS: Learn Your Ecological Footprint project in the category For Contributing to the Development of Environmental Culture.

Environmental Policy

[103-2] [103-3]

Telecom and IT companies have minimal negative impact on the environment. In addition, it is offset by the positive environmental effect of introducing digital services. According to the Global e-Sustainability Initiative (GeSI) and the Carbon Trust, the world's digitally avoided carbon footprint is five times the carbon footprint of mobile infrastructure. Despite

this, MTS is putting efforts aimed at reducing its own ecological footprint.

The Company is actively elaborating digital services using the Internet of Things, artificial intelligence, cloud technologies, and Big Data, the implementation of which will make it possible to structurally influence changes in energy consumption and reduce greenhouse gas emissions in various industries, municipal services, and the social sphere of the regions.

”

MTS was originally set up as a green company, we work in a technology segment that causes minimal harm to the environment. Nonetheless, we take an active position in the environmental agenda and implement a set of projects aimed at supporting the environment, shaping an environmental way of thinking and developing environmental education. It is especially important that MTS employees share these values and are actively involved in the Company's environmental initiatives.

Ekaterina Filatova,
Head of the Group of Charitable and
Social Projects of the Department of Strategic
Communications of MTS PJSC

The Company applies an Environmental Policy¹ that makes it possible to systematize the activities of various subdivisions of the MTS Group in the environmental protection.

[307-1]

MTS investments in environmental protection in 2020 amounted to RUB 20.9 million. Rosprirodnadzor imposed one administrative fine in the amount of RUB 220 thousand.

Investments and expenses of MTS PJSC on environmental protection², RUB million

Types of organization costs and expenses for environmental protection	2018	2019	2020
Payments for negative impact on the environment	2.01	0.41	0.42
Environmental documentation preparation (elaborating draft waste generation standards and limits for their disposal, obtaining permits, etc.)	5.91	3.75	4.83
Solid municipal waste removal to the landfill	13,68	9.75	13.79
Paper and paper waste recycling	0.02	0.02	0.05
Mercury-containing lamps disposal	0.19	0.20	0.24
Cartridges recycling ³	0.002	0.0003	-
Computer and IT equipment disposal	0.0002	0.01	-
Batteries disposal	0.002	0.01	0.02
Installation of automatic systems for the energy consumption level regulation (motion sensors in rooms, etc.)	-	0.02	0.73
Installation of renewable energy sources	n/a	n/a	0.83
Conducting supervisory certification audits of environmental management systems	-	0.06	-
Employee training as part of the implementation of environmental management systems	-	0.15	-
Other	-	0.06	-
Total	21.8142	14.4403	20.91

¹ Policy PT-030-2 Environmental Safety and Environmental Protection at Administrative Facilities.

² This table does not include the costs of enhanced environmentally-friendly company vehicles procurement.

³ Since 2020, used cartridges are transferred for refilling or disposal by a service company.

Eco-Office

The Eco-Office program envisages introducing the principles of rational use of electricity, consumables for office equipment, separate collection of recyclable materials to increase the share of waste sent for disposal and recycling, as well as the implementation of programs aimed at promoting environmental friendliness.

In 2020, MTS digitized the outbound document flow between counterparties and the Company. Previously, up to half a million sheets of white paper were used for the outgoing flow during the year.

Separate waste collection program

[103-2] [103-3]

MTS takes a responsible approach to the choice of waste management method. For many years, the Company's offices have applied a separate waste collection program. The list of waste transferred for disposal, recycling or reuse gets extended every year.

Most of the Company's offices have specially marked containers for collecting waste paper.

As part of the environmental campaign for collecting used batteries AlterEco, the official partner of the program, removed 1,179 kg of batteries and used batteries for recycling.

Presses and containers for collecting transparent plastic bottles are installed in six Moscow offices of MTS.

MTS takes an active part in the Good Caps campaign. In 2020, more than 250 kg of plastic caps were collected.

MTS puts special emphasis on the telecommunications equipment recycling program, in which used devices are mainly sold back to the manufacturer, sold on a competitive basis to other companies or transferred to specialized utilization companies to recover valuable components.

MTS strictly controls that all partners have valid licenses for the collection and disposal of hazard class I–IV waste and carry out work in accordance with the legislation of the Russian Federation, observing all environmental safety standards.

	● ● ●	



In 2021, MTS plans to scale programs for separate waste collection and battery disposal in the regions of presence and retail outlets.

[306-2]

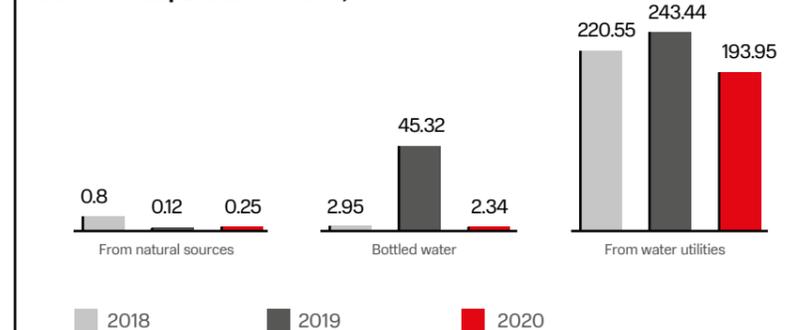
Total waste volume of MTS PJSC				
Waste type	2018	2019	2020	Management method
Hazard class I (extremely hazardous)				
Mercury-containing waste (fluorescent lamps), pcs.	15,509	12,611	6,146	Disposal
Hazard class III (moderately hazardous)				
Used cartridges ¹ , pcs.	165	755	0	Landfilling
Computer equipment, pcs.	570	1,315	452	Disposal
Batteries, kg	874	1,927	1,179	Disposal
Hazard class IV (low-hazard)				
Non-ferrous metal scrap, tonnes	156.21	35.04	5.75	Recycling, disposal
Other types of waste ² , tonnes	4,574.57	3,475.68	4,572.7	Landfilling
Hazard class V (virtually non-hazardous)				
Ferrous metal scrap, tonnes	188.44	34.62	62.84	Recycling, disposal
Waste paper, tonnes	24.08	93.32	80.85	Recycling
Other types of waste ³ , tonnes	1,466.762	376.543	668.9	Landfilling/disposal/recycling

Water consumption

Telecom companies do not have a significant impact on water resources, but MTS promotes their rational use. The volume of waste water supplied by water utility is transferred to the municipal water networks for treatment. In 2020, water consumption at MTS PJSC decreased due to the transition of some employees to remote work and amounted to 196.5 thousand m³, the total volume of discharges - 172.0 thousand m³. In PJSC MGTS, water consumption amounted to 111.5 thousand m³, including 10.5 thousand m³ from

natural sources. Water dispensers are installed in the Company's offices, and used bottles are returned to the supplier for reuse.

Water consumption in MTS PJSC, ⁴ thousand m³



¹ Since 2020, used cartridges are transferred for refilling or disposal by a service company.

² Garbage from offices, construction, furniture waste, low hazard sweepings from the territory.

³ Waste and garbage from cleaning office premises, sweepings from the territory is practically harmless.

⁴ An artesian well is located on the territory of the branch of MTS PJSC in the Krasnodar Territory, which is used to supply water for technical purposes.

Energy Efficiency

[103-2] [103-3] [302-1]

In all regions covered by the Company's activity, the energy saving and energy efficiency strategy is in effect, according to which MTS installs energy-saving equipment during the construction of cell sites and, whenever possible, uses alternative energy sources.

MTS annually designs and implements regional energy efficiency and energy saving programs, approved by the directors of the branches, reporting on their implementation on a quarterly basis. Internal audits are performed on a regular

basis to assess energy efficiency and are periodically compared with other operators.

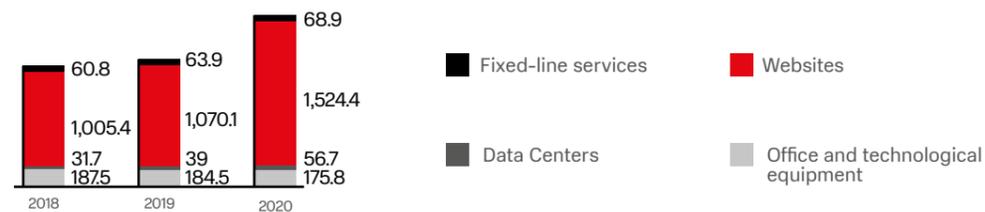
Electricity consumption at MTS PJSC in 2020 amounted to 1,499.9 million kWh, including 12.944 kWh from renewable energy sources. Electricity consumption at PJSC MGTS in 2020 amounted to 100.7 million kWh.

In MTS Armenia CJSC, the volume of electricity consumption in 2020 amounted to 36.6 million kWh, having increased by only 0.9%, despite the expansion of the network due to the implementation of the strategy Energy Consumption Reduction Initiative for 2020 strategy.

Electricity consumption in Mobile TeleSystems PJSC was 108.1 million kWh.

The amount of energy resources used by MTS PJSC			
Resource type	2018	2019	2020
Electricity, kWh	1,284,501,778.00	1,357,524,419.00	1,499,908,100.1
Heat, Gcal	52,673.57	42,211.40	46,154.72
Gas, m ³	1,164,281.55	535,102.37	1,233,853.97
Gasoline, l	4,708,900.63	2,903,158.545	3,051,170.91
Diesel fuel, l	3,231,360.67	1,789,913.68	2,811,480.58

Electricity consumption in MTS PJSC and MGTS PJSC, mln kWh



Saving electricity as a result of measures to improve energy efficiency in MTS PJSC

Energy efficiency measure	Results of the measure (savings), kWh	Target readings for 2020, kWh
Use of energy saving lamps	10,830.0	10,000.0
LED lighting	697,451.3	600,000.0
Shutdown of ventilation and air conditioning during non-working hours (scheduling)	2,323,057.0	2,000,000.0
Turning off lighting in technological rooms during non-working hours	337,850.1	300,000.0
Revision and shutdown of unused equipment	1,054,918.7	1,000,000.0
Optimizing of air conditioning	786,392.0	700,000.0
Other activities (transition to a thin client, replacement of equipment with a more energy efficient one, etc.)	1,709,661.5	1,500,000.0
Total	6,920,160.6	6,110,000.0

Energy efficiency of cell sites

When constructing cell sites, MTS uses energy-saving equipment and appropriate approaches.

For standby power supplies, diesel power plants from leading European manufacturers are used with stringent requirements for fuel efficiency and CO2 emissions. In addition, in order to provide power to cell sites, the Company uses alternative energy sources: wind power plants and solar panels.

In 2020, in the Astrakhan Oblast a work was performed to organize the uninterrupted operation of power supply installations, cell sites, and transport hubs using solar panels.¹

Alternative energy sources used in MTS

The first solar power supply system was introduced at MTS in 2015 in the Far East. In 2019, a cell site with power only from photo panels was launched there.

Solar panels are procured annually from Viva-MTS in Armenia for the needs of the Website Implementation Department of the Technical Department. In 2020, 48 410W solar panels were procured.



¹ The launch date of the solar power plant is January 13, 2021.

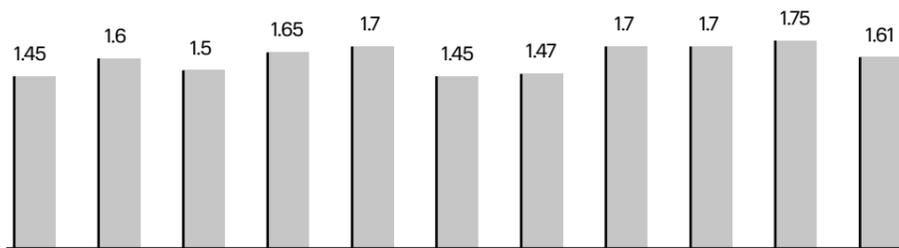
Efficient energy saving in data centers

Efficient energy saving process is becoming the main global environmental trend in the construction of data centers.

The most energy-intensive link in the traditional data center cooling scheme is the refrigeration machines with their compressors. The freecooling approach was a revolutionary step towards an optimized and cost effective cooling system.

PUE (the ratio of the amount of energy required for the main equipment to the amount of energy required for all other building functions (such as ventilation, lighting, etc.) of MTS data centers is in the range of 1.45 – 1.75. The average PUE of data centers in the world in 2020 was ~ 1.59¹.

PUE of MTS data centers at the end of 2020



The principle of adiabatic cooling is to spray water into tiny droplets.

The new data center constructed in 2020 in the village of Fedorovskoye, Leningrad Oblast, became the first MTS data center

with an adiabatic cooling system, which is implemented in one of two already built modules. Adiabatic cooling does not require significant energy consumption.

”

This is a proprietary development of MTS, our know-how, which enabled us to save both energy and money for the Company. A modular data center based on such a cooling system consumes up to 30% less energy than usual.

Alexander Tishkin,

Head of the Data Center Services Center of MTS PJSC

¹ Based on a global survey of data centers by the Uptime Institute.

Carbon management

[103-2] [103-3] [305-1] [305-2]

Since 2019, MTS has been a member of the JAC Climate Change Workstream, a group aimed at developing and implementing standards aimed at reducing the negative impact on the environment, contributing to climate change.

MTS discloses its own carbon footprint-related information through the CDP platform as part of the GSMA initiative to develop a roadmap for telecommunications companies to achieve zero greenhouse gas emissions by 2050 in accordance with the Paris Agreement, as well as in accordance with international obligations adopted under participation in the JAC association

Participation in the specialized JAC working group enabled MTS to gain access to the best practices in the field of carbon management and made it possible to more effectively continue the implementation of environmentally significant initiatives, in particular:

- identifying the most significant sources of greenhouse gas emissions and their share in the MTS supply chain;

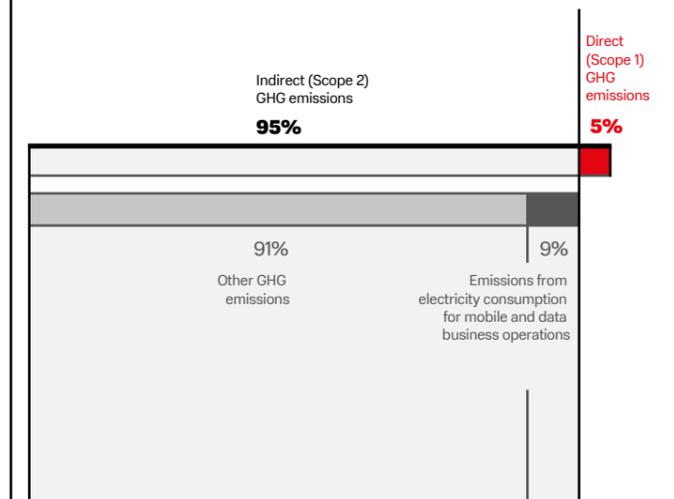
- enhancing the quality of MTS¹ CDP reporting, in particular, by providing data on the volume of greenhouse gas emissions (Scope 3), and, as a result, increasing the overall CDP rating of MTS.

For more information about MTS membership in JAC, see section For Partners and Suppliers – Trust and Cooperation.

In 2020, MTS received a CDP grade B, Management.

Most (95%) of MTS emissions are indirect (energy) emissions. Considering the expected growth in the consumption of mobile services, MTS is striving to improve energy efficiency in order to reduce greenhouse gas emissions. In 2020, the volume of greenhouse gas emissions in MTS PJSC grew due to an increase in natural gas consumption for heating due to a colder winter than in the abnormally warm 2019².

Structure of greenhouse gas emissions by MTS, %



¹ The full MTS 2020 Climate Impact Questionnaire can be viewed by registering on the CDP website <https://www.cdp.net/>

² Report on the peculiarities of the climate in the territory of the Russian Federation for 2019. – Moscow, 2020. – 97 p. ISBN 978-5-906099-58-7

At the end of 2020, in the MTS greenhouse gas emissions management:

- an inventory of direct (Scope 1) and indirect energy emissions (Scope 2) was performed;

- a current list of key risks associated with climate change was compiled;
- a primary calculation of the Scope 3 category in the supply chain was prepared;
- an assessment of the carbon footprint from the use of different types of transport by employees on the way from home to office and back was performed;
- the carbon footprint from business trips of employees was calculated.

Greenhouse gas emissions¹, tons CO₂E		
Emission category	2019	2020
Direct emissions (scope 1)	24,116.5	31,246.4
MTS PJSC	19,699.4	27,093.1
MGTS PJSC	4,417.1	4,153.3
Indirect (energy) emissions (scope 2)	508,004.3	631,574.7
MTS PJSC, including	462,431.2	603,169.9
related to electricity consumption (regional method)	447,807.5	589 531.5
related to thermal energy consumption	14 623.7	13 638.4
MGTS PJSC	45,573.0	28,404.8
related to electricity consumption (regional method)	27,962.6	18 948.4
related to thermal energy consumption	17,610.4	9 456.4
Total	532,120.8	662,821.1

To ensure a structured approach to environmental responsibility in 2020, within the framework of the Sustainable Development and CSR Committee under the President of MTS PJSC, a specialized Working

Group on Environment and Responsible Financing was established, comprising representatives of more than 13 structural divisions. One of the strategic tasks of the Working Group is to elaborate a Unified Carbon Management Program and MTS PJSC's climate change risk assessment. In 2021, it is planned to start setting targets to reduce greenhouse gas emissions.

Reducing carbon footprint with MTS products and services

MTS activities in information and communication technologies play an important role in global digitalization and decarbonization. Modern mobile technologies and the growing opportunities for their use are helping to avoid greenhouse gas emissions. Most of these avoided emissions result from reduced consumption of electricity, natural gas and fuel. IoT technologies and behavior change as a result of the use of smartphones play a major role in this. 2020 has proved that the online translation of a significant part of everyday tasks (work, meetings, events, etc.) bears a huge impact on reducing harmful emissions.

MTS is the leader in the Russian Internet of Things market. Our products and services provide for reducing emissions through optimizing logistics (by installing SIM cards in cars, Mobile Workers service), reducing travel (by using products in the field of online education, medicine, finance, entertainment, etc.), reducing resource consumption (due to smart city systems).

For more details on specific products and services of MTS, see sections Our Markets, For Customers – Systematic Approach and Consistency, For the State – Reliability and Scale, For Local Communities – Support and Development.

Education Programs

MTS implements comprehensive measures aimed at reducing its own negative impact on the natural environment and also puts emphasis on environmental education of a wide range of the Company's stakeholders.

The Company regularly holds corporate events aimed at improving the environmental culture of MTS Group employees. For many years, MTS eco-lessons have been held throughout the country, VR movies have been created, audio guides have been developed along the routes of national parks and natural areas, ecological trails have been built, camera traps have been installed, providing the means to see rare animals in their unique habitat.

Place of Power project

The Place of Power project won the Silver Archer regional competition in Samara

In 2020, MTS launched a federal comprehensive program in ecology «Place of Power» aimed at preserving natural heritage, developing environmental education and supporting eco-tourism using digital technologies. The Place of Power project forms

part of a comprehensive MTS environmental program aimed at establishing the necessary infrastructure to protect natural sites and preserve populations of rare animals, enhance the environmental culture of the population and its involvement in the preservation of natural heritage, as well as the development of eco-tourism.

¹ Direct emissions are estimated using the IPCC methodology taking into account the fifth assessment report (AR5) and include emissions from stationary and mobile fuel combustion, as well as emissions associated with refrigerant leaks in cooling systems. Data for 2019 has been restated based on IPCC coefficients.

As part of the program and in close cooperation with national parks, reserves and urban areas, MTS creates technological

products in environmental protection. In addition, MTS opens eco-classrooms in the regions, conducts special lessons for schoolchildren, and supports the cultural traditions of national protected areas.

High technologies today are one of the most promising tools in tackling environmental protection.

Digital services and other solutions forming part of the Place of Power project have also been implemented on the territories of the Kenozersky, Krasnoyarsk Pillars, Pleshcheyevo Lake, Samara Luka, and other national parks

Our Planet for Kids project

As part of the Our Planet for Kids project, MTS conducts eco-lessons "Who an ecotourist is and why they need a smartphone" for children of primary and secondary school age. At the same time, the eco-lesson programs are universal. The classes are held by

teachers in schools, volunteers in social institutions, and library staff in leisure centers. Educators adapt lessons for the older groups of the kindergarten. Educators talk about the basics of ecotourism in high school and college.



The lesson is free and available for download after registration at <https://заповедныйурок.рф/ecotourist>

Since the launch of the Our Planet for Kids project, more than 500 MTS eco-lessons have been held, attended by over 10 thousand children of primary and secondary school age



We chose junior and middle grades on purpose. This is a unique age when a personality is being shaped, in line with the culture and behavior foundation being laid. We are glad to see interest in ecotourism. Digital technologies help make our story even more interesting further on. The dedication with which the guys complete the tasks confirms that we are on the right track.

Ksenia Kosogorova,
Head of the Ecology functional group of the CSR
Department of MTS PJSC

Environmental programs as part of the Generation M project

In November 2020, MTS and the Moscow Zoo launched a creative and educational program on ecology for schoolchildren.

their habitat. Each topic features individual workshops and modeling assignments. To consolidate the knowledge gained, the participants draw paintings and make craftworks on the ecology topic.

On the Generation M project website, children aged 6–14 can master an interactive course on studying rare species of animals and get a closer look at



Program page on the website of the Generation M project https://pokolenie.mts.ru/contests/laboratory_zoo



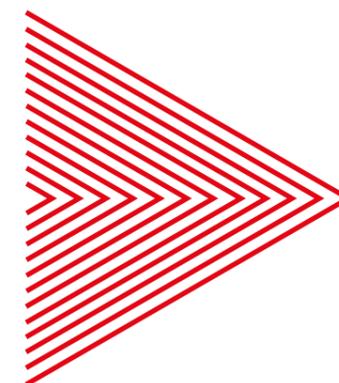
We decided to offer the guys a new focus for using their creative abilities and pay attention to the topic of ecology. Children will come up with sketches of eco-friendly clothes, create eco-robots, make movies about a responsible attitude to nature, and much more. Furthermore, thanks to our partnership with the Moscow Zoo having deep expertise in nature conservation, we are launching a special competitive educational stream that will teach children to take care of nature in a game format. Together with The Fixies, we supplemented the cognitive part with an exciting creative component, so that the training was as entertaining and efficient as possible.

Ekaterina Filatova,
Head of the Group of Charitable and
Social Projects of the Department of Strategic
Communications of MTS PJSC

In December 2020, MTS and The Fixies animation project launched a joint environmental program. Using a special video course with their favorite characters, children

coming from all over Russia will be able to acquire useful eco-habits and compete for a trip to Moscow to an animation studio where The Fixies cartoon is being created.

For more information on the Generation M project, see section For Local Communities – Support and Development



MTS corporate environmental movement

The environmental responsibility of the Company is also the personal responsibility of all its employees.

For the purpose of environmental education of MTS Group employees in the eco-community, the corporate portal regularly publishes articles, lectures, and other information materials pertaining to the issues of a responsible attitude to nature. In 2020, a series of webinars called «Ecology and Health», dedicated to the subtle relationship and delicate balance of the environment and human

immunity, aroused particular interest, prepared with the expert support of specialists from the Clinical Immunology Laboratory of the Federal Medical-Biological Agency (FMBA) of Russia.

The Environment Days with MTS are held every year. In 2020, the eco-holiday was held online for the first time, and both MTS employees throughout Russia and everyone interested got involved.

In autumn 2020, with the digital support of MTS, the Green Marathon of Sistema Group PJSC was held, within which the participants improved their eco-abilities, and the companies competed for the title of the greenest. The hands-on experience was tested at the All-Russian Ecological Dictation.



The Ecological Footprint Calculator is available at <https://ecoday.mts.ru/>

Environmental startups

In February–March 2020, the corporate accelerator MTS StartUp Hub selected projects in ecological tourism and eco-education. Within two months, the teams adapted

their solutions to the Company's needs. After successfully passing the accelerator, startups managed to launch a paid pilot project with MTS and gained access to the Company's multi-million client base and infrastructure, as well as legal and mentoring support.

”

MTS implements digital services in ecology using the Internet of Things, AI, and Big Bata. Introducing innovations, we strive to establish a comfortable and favorable environment for people and to make society more open and modern. The development of technological services in environmental education will also be among the priority areas under the sustainable development strategy of MTS.

Dmitry Kurin,
Head of the Open Innovation and Investments
Department of MTS PJSC

For more information on the MTS StartUp Hub accelerator, see section Open Innovations.

CONTACTS

[102-3] [102-53]

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SD and CSR contact point

Olga Strigina

Head of the group of social and charitable projects

Strategic Communications Department

MTS PJSC

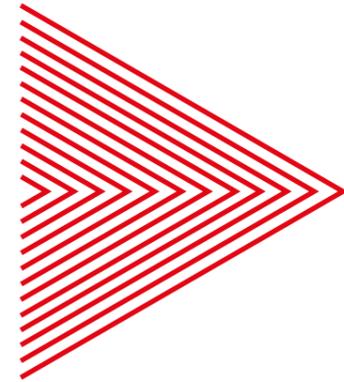
E-mail: pr@mts.ru





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APPENDICES



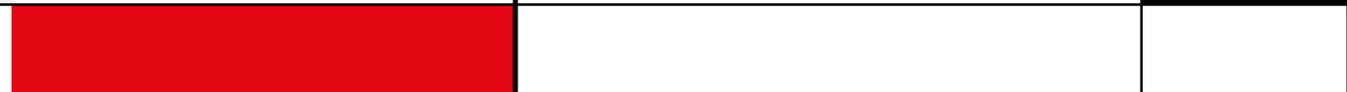
ACHIEVEMENTS

RANKING/CONTEST/AWARD NAME	ACHIEVEMENT	ARRANGED BY	RANKING/CONTEST/AWARD NAME	ACHIEVEMENT	ARRANGED BY
Corporate Awards					
World Branding Awards (international)	MTS won in the Telecommunications category in the National group and was voted to be the best telecommunications brand in Russia	World Branding Forum	Expert RA ranking	Expert RA affirmed MTS Bank's rating to ruBBB+ level, a stable outlook	Expert RA
Telecoms 150 Annual Report	MTS is the second strongest telecom brand in the world and the only Russian telecom brand in the global brand value ranking. The brand value index complements the Brand Finance ranking—the total brand value, by which MTS continues to be the leader among all Russian telecom companies, rising to 56th position by 13 steps in the overall global ranking of the most valuable telecom brands.	Brand Finance	Research by Deloitte CIS	MTS Bank became the leader in the number of customers using several ecosystem products at once	Deloitte CIS
Telecoms 300 ranking of the world's most valuable telecom brands	MTS was included in the Telecoms 300 ranking of the world's most valuable telecom brands. The Company won 69th position in the ranking	Brand Finance	Marketing and communications awards		
Russia 50 2020 ranking of the most valuable and strongest Russian brands	MTS was ranked eighth most valuable brand and rose to the third position in the list of the most valuable brands in Russia	Brand Finance	All-Russian Ranking of Directors for Corporate Communications and Corporate Relations TOP-COMM	MTS topped the ranking of companies with the best corporate communications and relations system	The Russian Association of Communication Directors and Corporate Publishing
Sustainable development ranking of Russian companies	MTS entered the top 15 and became a leader among IT and telecom companies	Expert Media Holding	Communications PROBA Awards 2020 (international)	MTS communication program Helping Local Communities won in the category Integrated Campaigns	Award organizing committee
Russia's top 500 largest companies	MTS topped the list of the most profitable telecoms	RBC	Corporate Charity Leaders Award	MTS received a rating of B+ Best Practice. The MTS Culture Code project took the second place in the category Best Program (Project) to Support Culture and Art (project partner—Ministry of Culture of the Russian Federation)	Donors Forum, Kommersant publishing house
Russia's top 200 largest private companies	MTS was included in the top 20 ranking	Forbes	Gratitude from the President of the Russian Federation V. V. Putin	The President of the Russian Federation announced gratitude to volunteers of To a Fairy Tale from Home action within the framework of the Generation M project for the effective project aimed at social support of citizens during the coronavirus infection	Executive Office of the President of the Russian Federation
Total shareholder return (TSR) ranking of the world's telecoms	MTS ranked among the top 10 world's telecoms in terms of shareholder value	BCG global management consulting firm	Certificate of the President of the Russian Federation V. V. Putin	Commemorative medal For disinterested contribution to the organization of the All-Russian campaign of mutual assistance #WeAreTogether was awarded to a number of MTS employees	Executive Office of the President of the Russian Federation
ESG ranking	MTS ranked among the top 5 Russian companies—sustainable development leaders in the comprehensive ESG ranking. MTS became the leader among IT and telecoms entered the ranking for the first time	Rating-Agentur Expert RA GmbH (RAEX-Europe)	All-Russian contest of social advertising	The MTS Media project To Eat an Elephant became the winner of the Contest in the category Media Efficiency.	Adfuture NPO
CNews Telecom 2020 ranking	MTS was ranked the first Russia's Largest Telecom in the CNews Telecom 2020 ranking	CNews Agency	Russia's Best Social Projects Award	MTS Memory Book. Your Victory in Our Hearts Project won in the category Corporate Projects.	Award organizing committee
Social efficiency ranking of the largest Russian companies which contribute the most to society while minimizing their environmental impact	MTS took the first place in the AK&M rating	AK&M Rating Agency	Digital Communications AWARD	MTS was named a four-time honoree of the Digital Communications Awards. #CloudMTS B2B campaign to promote cloud services won gold award in the category Digital projects and strategies. Our MTS mobile application for employees and Spherum intellectual games won in the category of internal communications. The MTS Code corporate magazine won silver award in the special category Web-media	The Russian Association of Communication Directors and Corporate Publishing.
Institutional Investor	MTS PJSC top management was recognized as the best management team among Russian technology companies. MTS was ranked the first technology, media and telecom company in the Emerging Europe, Middle East and Africa (EEMEA) geographical division.	Institutional Investor	XIV RETAIL FINANCE AWARDS 2020	MTS Bank won in the category the Creative Idea of the Year with the project Creative Battle of Red Banks and took second place in the category Breakthrough of the Year with the project POS-credit from MTS Bank	The Retail Finance magazine
Top 1000 Russian managers	MTS top managers won in seven categories of the ranking. MTS became the only Russian telecoms operator with its top managers included in all 14 categories of the ranking in the Communications and Telecommunications sector. Five top managers of MTS Bank were included in the top ten in the Commercial Banks sector	Russian Managers Association, Kommersant publishing house.	All-Russian corporate volunteering projects contest Champions of Good Deeds	To a Fairy Tale from Home action within the framework of the Generation M project won in the Local Communities category	The Russian Managers Association
Carbon Disclosure Project (CDP)	MTS ranked among the top 7 Russian companies in terms of climate change disclosure and environmental impact in the ranking on the CDP platform (Level B Management)	Carbon Disclosure Project (CDP)	Media Leader 2020 contest	MTS Code magazine won in category Best Internal Corporate Digital Publication	Image Media publishing house
Fitch Ratings	Fitch Ratings agency affirmed MTS Bank's long-term issuer default rating at BB- level with a stable outlook. The bank's stability rating was affirmed at b+ level.	Fitch Ratings	Foundation Award	Online map Mne Blizko (Close to Me) received an award in the category Support for small and medium businesses	Award organizing committee

RANKING/CONTEST/AWARD NAME	ACHIEVEMENT	ARRANGED BY
HR awards		
Employer ranking	MTS took first place among technology companies in the employer ranking. The Company was included in the TOP 10 ranking.	HeadHunter
HR Brand Award	MTS pulled off a win in the Federation category and a special category Analytics in HR for the introduction of its own solution for working with the talent pool based on Big Data analytics. MTS Bank won in the Capital City category for the Employee Journey Map for the Bank: UX Approach in the HR Ecosystem project	HeadHunter
Forbes Ranking: Russia's 50 Best Employers	MTS ranked among top 10 best employers in the country (ninth place)	Forbes
Future Today's Best Employers ranking	MTS became the Best Telecom Company for Young Professionals	FutureToday
Industry awards		
Best Legal Departments contest	MTS won in the Effective Intellectual Property Management category	Legal Insight Magazine
Russia's most reliable banks ranking	MTS Bank ranked among Russia's top 100 banks	Forbes
Competitive Procurement Leader contest	MTS became the winner in the category The Best Supplier Relationship Management System	B2B-Center electronic trading platform.
CX WORLD AWARDS 2020	MTS Customer Service Department, MTS Retail Network and MTS Bank won eight awards in the categories Best B2C Customer Experience, Effective Use of Technology in CX, Customer Interaction Team in Social Networks, and Customer Service Manager. MTS became the honoree in the categories Digital Customer Experience, Personnel Training and Development Program/Practice, Feedback Practice, and Customer Service Professional.	Award organizing committee
IP Russia Awards	MTS became the winner in the category Best Automated Trademark Protection Strategy	Chamber of Commerce and Industry of the Russian Federation, Russian State Academy of Intellectual Property
Corporate Governance Code Index	MTS took a top 5 spot among companies with best corporate governance practices	National Corporate Directors Association
Bank of the Year finance award	MTS Bank was recognized as the best bank in the Customer Care category	Banki.ru
Internet Banking Rank 2020	MTS Mobile Bank ranked among the top 10 best mobile banks for everyday tasks	Markswebb
FINAWARD	MTS Bank won in the category Best Social Project and took third place in the category Star Marketing	Banking review
Cbonds Awards 2020	MTS Bank won the Cbonds Awards 2020 in the categories The Best Primary Non-Financial Sector Bond Deal and The Best Primary Communications Segment Bond Deal	Cbonds
Best Credit Cards of 2020	MTS CASHBACK credit card took first place in the ranking of the best credit cards with a long grace period	vbr.ru
EcoBest Award 2020 in the field of ecology, energy and resource saving	Ecology Day with MTS: Learn Your Ecological Footprint project won in the category For contribution to the development of environmental culture	Award organizing committee

RANKING/CONTEST/AWARD NAME	ACHIEVEMENT	ARRANGED BY
Corporate reporting awards		
Annual report contest	Awardee in the category Best Corporate Governance Disclosure in the Annual Report	Moscow Exchange
Marcom Awards (international)	MTS Group Sustainable Development Report was a platinum winner in the Print Media Annual Report category	Association of Marketing and Communication Professionals (AMCP)
The Eventiada IPRA GWA Communications, Marketing and Advertising Award	MTS Group Sustainable Development Report became the award honoree	International Public Relations Association
The Visionaries. Change Management Award	MTS Non-Financial Report became the winner of the Visionaries Award	Communication Platform +1
Individual awards		
Institutional Investor	MTS President Alexey Kornya took first place in the CEO rating (Best CEO); Andrey Kamensky became the winner in the CFO ranking (Best CFO); Polina Ugryumova won in the Investor Relations Director ranking (Best IR Professional).	Institutional Investor
Director of the Year 2020 National Award	Regina Von Flemming, member of the MTS Board of Directors, received an award in the Independent Director category	Independent Directors Association (IDA)

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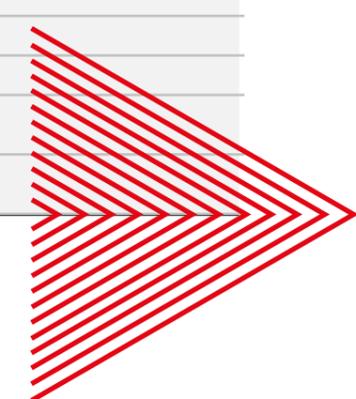
GRI CONTENT INDEX

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GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.	
GRI 102: General Disclosures 2016	Organizational profile				-			
	102-1	Name of the organization	22		-			
	102-2	Activities, brands, products, and services	22		-			
	102-3	Location of headquarters	171		-			
	102-4	Location of operations	22		-			
	102-5	Ownership and legal form	22		-			
	102-6	Markets served	22		-	1.2		
	102-7	Scale of the organization	2020 MTS PJSC Annual Report, Interaction with Shareholders and Investors		8			
	102-8	Information on employees and other workers	100		-	3.1.1, 3.1.12	S4. Gender diversity	
	102-9	Supply chain	122		-			
	102-10	Significant changes to the organization and its supply chain	None		-			
	102-11	Precautionary Principle or approach	In accordance with the precautionary principle, MTS seeks to avoid any assumed damage to the environment, even if there is no rigorous, measured scientific evidence that any particular type of activity may cause such damage		-			
	102-12	External initiatives	125		-	1.1, 3.3.4		
	102-13	Membership of associations	178		-	3.3.5		
	Strategy							
	102-14	Statement from senior decision-maker	6		-			
	102-15	Key impacts, risks, and opportunities	74 2020 MTS PJSC Annual Report, Risk Management		-			
	Ethics and integrity							
	102-16	Values, principles, standards, and norms of behavior	62, 63, 105, 125		16	1.1	G5. Supplier code of conduct G6. Ethics & anti-corruption	
102-17	Mechanisms for advice and concerns about ethics	63		-				
Governance							G9. ESG disclosure practices	
102-18	Governance structure	2020 MTS PJSC Annual Report, Governance System in MTS Group		-		G2. Board independence		
102-19	Delegating authority	Authorities from the Board of Directors or the Management Board are delegated at the level of instructions to vice presidents and then below from vice presidents to department heads		-				

GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
	102-20	Executive-level responsibility for economic, environmental, and social topics	54 Vice President for Human Resources, Vice President for Finance and Investment, Mergers and Acquisitions		-		
	102-22	Composition of the highest governance body and its committees	2020 MTS PJSC Annual Report, Governance System in MTS Group		5, 16	3.1.12	G1. Board diversity
	102-23	Chair of the highest governance body	2020 MTS PJSC Annual Report, Governance System in MTS Group		16		
	102-25	Conflicts of interest	66 2020 MTS PJSC Annual Report, Corporate Governance Development		16		
	102-28	Evaluating the highest governance body's performance	2020 MTS PJSC Annual Report, Assessment of Board of Directors' Performance		-		
	102-32	Highest governance body's role in sustainability reporting	54		-		
	102-35	Remuneration policies	2020 MTS PJSC Annual Report, Information on Remuneration of Members of the Board of Directors, President and Management Board of MTS		-		G3. Incentivized pay
	102-36	Process for determining remuneration	2020 MTS PJSC Annual Report, Information on Remuneration of Members of the Board of Directors, President and Management Board of MTS		-		
	102-37	Stakeholders' involvement in remuneration	Not involved		16		
	Stakeholder engagement						
	102-40	List of stakeholder groups	54		-		
	102-41	Collective bargaining agreements	In case of a change in the conditions of the labor contract or its termination at the initiative of the Company, all MTS employees receive notice thereof two months in advance. MTS concludes a labor contract individually with each employee and there is no practice of concluding collective agreements with the Company (excluding MGTS PJSC)		8	3.1.4	
	102-42	Identifying and selecting stakeholders	54		-		
	102-43	Approach to stakeholder engagement	3		-		
	102-44	Key topics and concerns raised	3		-		
	Reporting practice						
	102-45	Entities included in the consolidated financial statements	http://s22.q4cdn.com/722839827/files/MTS-IFRS-Cons-FS-19-20-e-030321_Final.pdf		-		
	102-46	Defining report content and topic Boundaries	3		-		
	102-47	List of material topics	3		-		
	102-48	Restatements of information	None		-		
	102-49	Changes in reporting	No significant changes		-		
	102-50	Reporting period	01.01.2020-31.12.2020		-		
	102-51	Date of most recent report	July, 2020		-		
	102-52	Reporting cycle	Annual		-		G8. ESG reporting
	102-53	Contact point for questions regarding the report	171		-		
	102-54	Claims of reporting in accordance with the GRI Standards	Core		-		



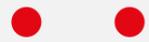
GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
	102-55	GRI content index	180		-		
	102-56	External assurance	None		-		
Economic performance							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	2020 MTS PJSC Annual Report, Management Report		1, 5, 8, 16	1.1	
	103-3	Evaluation of the management approach	2020 MTS PJSC Annual Report, Management Report		-		
GRI 201: Economic Performance 2016	201-4	Financial assistance received from government	MTS PJSC obtained a subsidized credit from VEB.RF state development corporation as part of supporting the projects for the transformation of priority economic sectors through the introduction of domestic products, services and platform solutions based on "end-to-end" digital technologies RTC JSC obtained a subsidized credit from PJSC VTB for urgent needs to support and maintain employment (state support related to COVID-19)		-		
Indirect economic impacts							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	132		16	1.1	
	103-3	Evaluation of the management approach	132		-		
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	132		12		
Anti-corruption							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		16	1.1	G6. Ethics & anti-corruption
	103-3	Evaluation of the management approach	63		-		
GRI 205: Anticorruption 2016	205-2	Communication and training about anticorruption policies and procedures	67		16		
Energy							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	162		16	1.1, 2.12	
	103-3	Evaluation of the management approach	162		-		



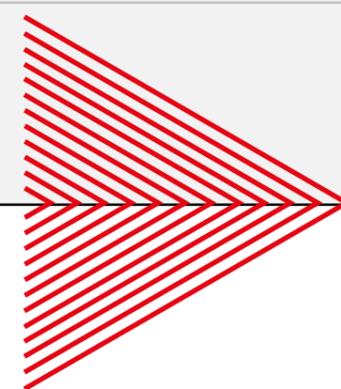
GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
GRI 302: Energy 2016	302-1	Energy consumption within the organization	162		7, 8, 12, 13	2.2	E3. Total amount of energy consumed (directly and indirectly) E5. Energy usage by generation type
Emissions							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	165		16	1.1, 2.12	
	103-3	Evaluation of the management approach	165		-		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	165		3, 12, 13, 14, 15	2.5	E1. GHG emissions
	305-2	Energy indirect (Scope 2) GHG Emissions	165		3, 12, 13, 14, 15		
Effluents and waste							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	160		16	1.1, 2.12	
	103-3	Evaluation of the management approach	160		-		
GRI 306: Effluents and waste 2016	306-2	Waste by type and disposal method	161		3, 6, 12	2.8	
Environmental compliance							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	158		16	1.1, 2.12	E7. Environmental management system
	103-3	Evaluation of the management approach	158		-		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	159		16	2.10	
Employment							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	100		5, 8, 16	1.1	
	103-3	Evaluation of the management approach	100		-		
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	116 Supplementary corporate pension fund schemes at MTS are not implemented.		8	1.8	
Occupational health and safety							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	117		16	1.1	S8. Occupational health & safety
	103-3	Evaluation of the management approach	117		-		



GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	117		8	3.1.9	
	403-2	Hazard identification, risk assessment, and incident investigation	117		8		
	403-3	Occupational health services	117		8		
	403-4	Worker participation, consultation, and communication on occupational health and safety	117 There are no official joint health and safety committees at MTS PJSC. There are 5 joint health and safety committees in MTS Armenia CJSC with the participation of representatives of management and employees.		8		
	403-5	Worker training on occupational health and safety	118		8		
	403-6	Promotion of worker health	108, 118		8		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	MTS expects the Suppliers doing business with the Company to comply with our Company's health and safety standards and to create a healthy work environment and safe working conditions for all of their employees. In addition, any Supplier representative providing on-site services on the Company's territory shall comply with the safety standards established by MTS.				
	403-9	Work-related injuries	119	Breakdown by gender is omitted	3, 8	3.1.5 3.1.6 3.1.7 3.1.8	S7. Injury rate
	403-10	Work-related ill health	119		3, 8		
	Training and education						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	111		16	1.1, 3.1.11	
	103-3	Evaluation of the management approach	111		-		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	111	Breakdown by gender is omitted	4, 5, 8	3.1.10	
	404-3	Percentage of employees receiving regular performance and career development reviews	110	Information is disclosed in days, breakdown by gender and employee category is omitted	5, 8		
Diversity and equal opportunity							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63, 100		5, 8, 16	1.1.	
	103-3	Evaluation of the management approach	63, 100		-		
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	100		5, 8	3.1.12	



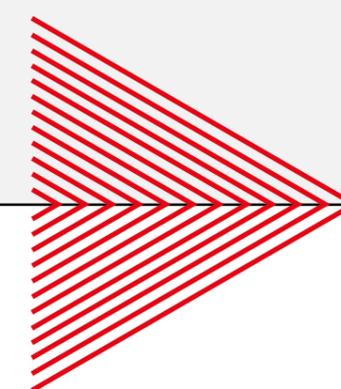
GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
Non-discrimination							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		5, 8, 16	1.1 3.2.1	
	103-3	Evaluation of the management approach	63		-		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	None		5, 8, 16	3.2.2	
Child labor							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		1, 8, 16	1.1	
	103-3	Evaluation of the management approach	63		-		
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	None		8, 16		
Forced or compulsory labor							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		8, 16	1.1	
	103-3	Evaluation of the management approach	63		-		
GRI 409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None		8		
Rights of indigenous peoples							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		1, 5, 8, 16	1.1.	
	103-3	Evaluation of the management approach	63		-		
GRI 411: Rights of indigenous peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	None		2	3.2.3	
Human rights							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	63		1, 5, 8, 16	1.1, 3.2.2	S10. Human rights
	103-3	Evaluation of the management approach	63		-		



GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments			-		
Local communities							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	144		1, 5, 8, 16	1.1	
	103-3	Evaluation of the management approach	144		-		
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	144		-	3.3.3	
	413-2	Operations with significant actual and potential negative impacts on local communities	No significant negative impact		1, 2	3.3.3	
Customer Privacy							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3		-		
	103-2	The management approach and its components	70		16	1.1	G7. Data privacy
	103-3	Evaluation of the management approach	70		-		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	68	Information is disclosed on all complaints without breakdown by substantiated and non-substantiated	16		
Access to Telecommunication Services					10, 11		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	24, 32				
	103-3	Evaluation of the management approach	24, 32				
Providing Access							
	PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age	142		10		
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates	24		10		
	PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	16				
Development of Innovation Services					9, 11		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	36				
	103-3	Evaluation of the management approach	36				



GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
Technology Applications	TA2	Examples of telecommunication products, services and applications that have the potential to replace physical objects	13, 132, 138, 140, 151, 152		9, 11		
Development of Safer Internet					9		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	7				
	103-3	Evaluation of the management approach	7				
Personnel Social Guarantees					8		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	116				
	103-3	Evaluation of the management approach	116				
-	-	Total costs for providing personnel with social guarantees	116				
Digital divide					10		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	142			3.3.1	
	103-3	Evaluation of the management approach	142				
Telecommunication Infrastructure Development					9, 11		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	24				
	103-3	Evaluation of the management approach	24, 32				
-	-	Capital expenditures	39				
-	-	Number of new base stations	32				
Responsible Business Conduct					16		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	62			1.1.	
	103-3	Evaluation of the management approach	62				



GRI Standard	Disclosure number	Disclosure name	Link to page/other sources, disclosure	Omission/ comments	UN SDG	RSPP base indicator	ESG Reporting Guide 2.0 Nasdaq.
Service quality							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	84			3.4.2	
	103-3	Evaluation of the management approach	84				
Charity							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	144				
	103-3	Evaluation of the management approach	144				
-	-	Total expenditures for charity and social projects	144			1.7	
Volunteering							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3				
	103-2	The management approach and its components	155				
	103-3	Evaluation of the management approach	155				
-	-	Total number of Company's volunteers	155				