

RISK MANAGEMENT

RISK MANAGEMENT SYSTEM

Risk management is carried out in MTS Group within the accepted conceptual risk management frameworks. The integrated risk management process is functioning efficiently in accordance with the needs of the Group and international standards. Risk management policy aims to minimize unexpected losses from risks and to maximize capitalization, taking into account the relation between risk and return on investments acceptable to the shareholders and the management of MTS Group.

The Integrated Risk Management Policy is approved in MTS Group. Integrated risk management is aimed at ensuring reasonable guarantee of achievement of strategic objectives of the Company and maintenance of risk level of MTS Group within limits acceptable for the Company management.

THE MAIN PRINCIPLES OF THE RISK MANAGEMENT PROCESS ARE AS FOLLOWS:




Integration principle

> envisions a systemic approach to management of all types of risks inherent in MTS business, in all organizational structure and geography of MTS Group presence. Cross-functional collaboration and coordination of business units is maintained to manage risks outside the framework of their specialization, as well as accounting of mutual effect of risks from various units. A single company management notification channel is provided for the whole risk spectrum to guarantee the completeness, quality and comparability of the information provided for each level of decision-making;



Continuity principle

> consists of the implementation of a complex of ordered risk management procedures on a regular basis;



Justification principle

> envisions an analysis of the ratio between costs for risk assessment reduction and potential damage from their realization.

Tasks of integrated risk management



Building and maintaining, on a quarterly basis, an effective system that includes:



- identification and systematic analysis of the risks of the Company,
- obligatory consideration of significant risks when making management decisions,
- distribution of responsibility for risk management,
- development of additional measures and plans for responding to significant risks and monitoring their implementation,
- monitoring of risks and their management effectiveness, and
- accumulation of knowledge in the field of integrated risk management.

The Risk Management Department of the Corporate Center (RMD CC) assesses the most significant risks on the basis of long-term financial model and regularly conducts simulations for obtaining key financial indicators considering the risk and probability distributions of these indicators. RMD CC applies econometric techniques for the analysis of individual risks.

A report on the status of the MTS Group risks is reviewed quarterly by the Risk Committee, which discusses the key company risks and makes collective decision on the elaboration of measures for their mitigation. The Chairman of the Risk Committee is the MTS President. The committee includes Management Board members, Vice Presidents, and other managers. The competences and responsibilities of the committee include consideration and approval of the following: objectives for development of the process of integrated MTS risk management; risk-management methodology; MTS risk portfolio and priority of actions to manage risks with account of the feasibility of their costs and restriction of resources; MTS risk-portfolio management strategy, etc.

Notification of the MTS Group management is carried out taking into account the whole risk spectrum to ensure the completeness, quality and comparability of the information provided for each level of decision-making.

Based on the results of evaluating the effectiveness of MTS Group's internal control systems in 2019, the risk management process was deemed effective, and areas for further development were identified.

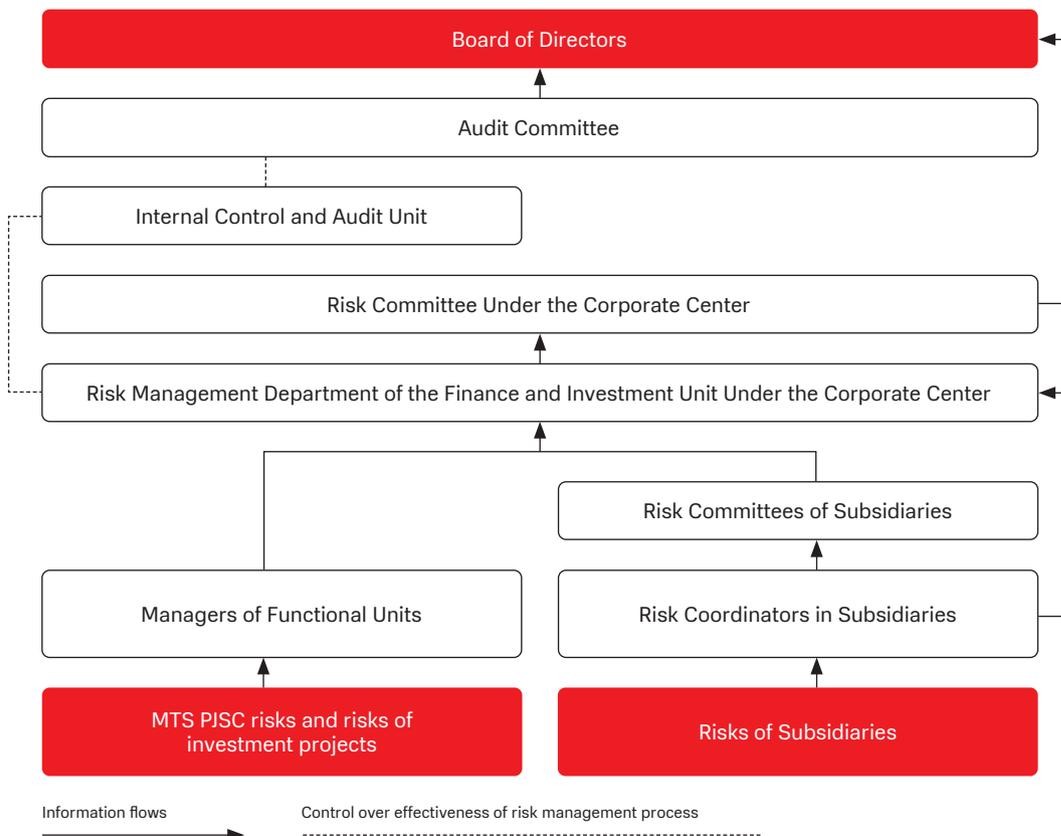
ORGANIZATIONAL RISK-MANAGEMENT SUPPORT

Risk management activity is distributed among the functional units of the Company.

- > RMD CC is responsible for developing a risk assessment methodology, regular collection of information and reporting the results of this assessment to the Risk Committee and the company executives. The Department also carries out operational control of the process and provides cross-functional interaction between units within the integrated risk management in the Company. Cross-functional interaction with the risk owners at subsidiaries is provided by the risk coordinators at such subsidiaries.
- > The risk owners are the heads of functional units, whose achievement of goals is affected by the risks. The owners are responsible for the analysis, evaluation, implementation of risk management measures and reporting on the activity within the process of integrated risk management.
- > The Risk Committee makes collective decisions in the field of integrated risk management.
- > The efficiency of the risk management process is estimated by the Unit for Internal Control

and Audit, this information is also presented to the Audit Committee.

- > The Audit Committee monitors the risk management efficiency, as well as the assessment of procedures used by MTS Group to identify the principal risks and evaluation of appropriate control procedures (including the procedures for loss control and risk insurance) in order to determine their adequacy and efficiency.
- > The Board of Directors operates directly or through its committees within its competences and resolves the issues of assessing the political, financial and other risks affecting the Company's operation. MTS' Board of Directors delegates monitoring of risk management efficiency to the MTS Audit Committee, and also reviews the Audit Committee's reports.



INTEGRATION OF RISK MANAGEMENT INTO DECISION-MAKING PROCESSES

Risk management is an integral part of all processes of the Company: policy development, strategic, business-, budget and investment planning, change management, and procurement procedures.



Strategic planning

- > Identification of risks related to various conditions of environment.
- > Analysis and accounting of key risks within the framework of the selected macro scenario.
- > Definition of substantial risks influencing strategic objectives, but not resulting in their revision, and development of actions to manage such risks



Business planning and budgeting

- > Analysis and accounting of risks related to failure to achieve the main financial KPIs.



Investment planning

- > Analysis and accounting of project risks related to failure to achieve NPV and other parameters of projects.



Procurement procedures

- > Analysis and accounting of risks in choice of suppliers.

The risk management process passed all stages of implementation, automation and integration into the company's business processes (into strategic and investment planning, as well as into the cross-functional projects and the preparation of external reporting), which now makes it possible

to identify and consider the risks when making key decisions for the guaranteed achievement of goals and strengthening of business leadership.

2019 KEY ACTIVITIES

- > Risk Committees of the MTS, VF Ukraine, MGTS, and RTC CCs were held based on the results of quarterly risk monitoring in each quarter of 2019. Risk reports for the first half of 2019 and for 2019 were also submitted for consideration by the Audit Committee and the Board of Directors.
- > The 20-F risk section for the New York Stock Exchange has been updated, in which the risk descriptions, including those associated with the influence of the coronavirus, regulatory changes, the development of 5G networks, etc., have been updated.
- > RMD assessed the main risks in the framework of the MTS Group's strategic session, including assessing the impact of risks on the MTS Group's financial figures over a five-year period. The results were reviewed by the MTS PJSC Board of Directors.
- > Since 2019, MTS has had a risk management system in the field of intellectual property, which is a part of the integrated risk management process of MTS Group. RMD participated in the development of a methodology for assessing these risks based on simulation and statistical methods. Further participation of RMD in the process is enshrined in local regulatory documents; in particular, the existing risks in the field of intellectual property are regularly reassessed and new risks are assessed in order to make risk-oriented decisions. An intellectual property risk assessment is included in the risk report for consideration at meetings of the Risk Committee. RMD assessed the risks of investment projects related to the modernization and construction of the network, the designing of new and development of existing products. Information on risks was taken into account when deciding on the allocation of financing at the Investment and Competition Committee.

PLANS FOR 2020

In 2020, there are plans to update section 20-F for the New York Stock Exchange and regularly hold Risk Committee meetings. It is also planned to further integrate into the decision-making processes, including to provide analytical conclusions for individual projects within functional units.

The most significant risk factors that may potentially influence MTS PJSC business results are provided below. Details on these and other risks see in the section "Item 3 – Key Information – D. Risk Factors" of the Annual Report according to the form 20-F¹, and in quarterly reports of MTS PJSC²

¹ <http://ir.mts.ru/investors/financial-center/annual-reports-and-form-20-f/default.aspx>

² <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/raskritie-informacii/ezhekvartalnie-otchety>

RISK FACTORS

STRATEGIC RISKS

Risks	Mitigation Measures	Impact on Objectives
<p>Depreciation of our services and loss of competitiveness, difficulties in developing additional sources of income</p> <p>Continuous improvement of technology, development of new products and services, increased competition associated with the emergence of new players in the market, and increased use of IP-telephony and other services provided via the internet, may adversely affect the ability to maintain subscriber base, lead to a reduction in market share and operating margin.</p>	<p>To ensure the highest level of quality of our basic communication services, we are systematically increasing the capacity and bandwidth throughput of the network, which is extremely important in the context of the observed continuous increase in the volume of data traffic consumption. We are comprehensively approaching the issue of network development, making the necessary investments in 3G and 4G infrastructure, ensuring the possibility of further network evolution in the direction of the fifth generation, including deployment and operation of 5G test zones, and carrying out pilot projects in the NB-IoT area. From the point of view of marketing activity, an effective method for leveling the adverse impact of VOIP-solutions are integrated V&D tariffs that combine voice and data services.</p> <p>Our key tool to maintain direct contact with the end user and increase the average level of income from the subscriber in the near future will be a gradually developing portfolio of high-level digital services aimed at meeting various customer needs. Both our own developments and high-quality partner products will participate in the formation of such a digital environment.</p>	<p>Retention of basic mobile revenue; compensation for traditional telecom revenues decrease caused by active development of digital products portfolio; leadership in the mobile internet and data services segment.</p>
<p>Loss of control over activities and assets in the countries of operation</p> <p>The risk of termination, suspension of operation or claims by regulators may adversely affect business, financial state and results of operations</p>	<p>We are monitoring the political situation in the markets of operation of the Group of Companies, and we strive to respond quickly to changing conditions in the markets</p>	<p>Achievement of sustainable business development</p>
<p>Risks of acquisitions, investments and mergers with other companies</p> <p>New acquisitions make it possible to diversify the business of MTS PJSC be additional risks associated with the obligations of the acquired companies, as well as risks of failure to achieve the initial financial and operational goals, problems with the integration of acquired assets, risks associated with a lack of experience in new markets, including political, economic, social, legal and regulatory risks, competition risks, etc.</p>	<p>We see opportunities for growth through our participation in promising new businesses in the digital economy, which enables us to significantly expand the range of services we provide and to enter new markets. When closing transactions in the field of M&A, we conduct a thorough audit of companies, where we plan to participate as a shareholder. Assessment of the feasibility of investments occurs with the involvement of independent consulting companies and takes into account the strategic position, financial results and features of the operating activities of such companies. Further implementation of MTS rights as a shareholder in them corresponds to the best practices of corporate governance. Integration of the acquired business into the management structure of MTS (if such decision is made) is carried out by a special unit with a wealth of experience of this kind.</p>	<p>Expansion of the Company's business and faster entrance into new markets; product line expansion; achieving operational synergies between different business areas; mutual exchange of best practices in management and operations.</p>

Risks	Mitigation Measures	Impact on Objectives
<p>Inability to successfully develop the network In connection with the development, construction and maintenance of the communications network, we need to make purchases of equipment and software, which is associated with significant capital investments. In addition, limitation of the frequency spectrum available for the development may prevent gaining all the expected benefits from network construction and weaken expansion effect. Network deployment may be connected with difficulties to obtain sites for base stations on commercially viable terms, to collect permits and certificates for telecommunications equipment and/or import and export permits for certain network equipment, which may delay procurement and interfere with network development plans. Starting from 2017, the issue of frequency resource allocation for the deployment of next-generation (5G) networks has been actively discussed in the telecommunications environment of Russia (including the relevant state authorities). The regulator's final decisions on spectrum distribution paths for 5G networks will significantly affect the development of the entire mobile communications market and may lead to a number of risks, including (but not limited to) increasing the time required for putting 5G networks into operation, increasing the level of capital and operating costs, the inability to exploit all the technological advantages of 5G due to the separation of 5G infrastructure and networks of earlier generations, the exploitation of market advantages by individual players due to the non-equal distribution of frequency resource or receiving other technological advantages associated with its distribution.</p>	<p>While further investing into the development of infrastructure, we see the opportunity for gradual reduction of our capital expenditures with maintained quality of the services provided. MTS with a number of partners conducts joint procurement procedures, as well as carries out joint construction and operation of network infrastructure elements. In addition to the economic benefits, within the framework of cooperation, technical and functional requirements, approaches and methods are unified. We are in constant contact and work closely with representatives of regulating bodies, industry associations, network hardware producers and other participants of the telecom market. This cooperation on our part is aimed at protecting the company's interests, encouraging an atmosphere of healthy market competition, dynamic and timely adoption of new technological solutions and, as a result, building an advanced and diverse customer experience. We firmly believe that all the actions of the regulator, including making decisions on a mechanism for rolling out 5G networks, should aim to support the long-term sustainability of the industry and should take into account the interests of all parties, including service consumers and operators.</p>	<p>Increasing network capacity and data rates to meet growing demand; effective network planning and investment optimization; protecting the company's interests in issues of the distribution of a frequency resource.</p>
<p>Inability to realize the benefits of investing in radio communications systems Key risks: impossibility to build 4G and NB-IoT networks in accordance with the planned terms or in accordance with the terms stipulated by the license conditions, difficulties in ensuring quality and required level of service, and demand for 4G services (including NB-IoT) in the markets of operation of MTS PJSC and its subsidiaries will be lower than expected.</p>	<p>We have significant experience in dealing with hardware and software vendors, as well as with regulatory authorities. This enables us to reach agreements under the most comfortable conditions for us, including in terms of delivery times and construction. We take all necessary measures to comply with licensing conditions and other regulatory requirements, as well as carry out timely renewal of licenses and permits. We conduct regular monitoring of communication quality parameters and promptly react in case of identifying the need for additional capacity and bandwidth throughput in local areas of the network, which enables us to maintain a consistently high level of service quality. With the help of marketing tools, we stimulate usage of data transfer services, thus increasing the degree of network resource utilization</p>	<p>Ensuring the best compliance with IoT technology requirements and infrastructure readiness for 5G implementation; efficient capital expenditures planning; increased operational efficiency by optimizing the operating costs associated with network operation.</p>

EXTERNAL ENVIRONMENT RISKS

Risks	Mitigation Measures	Impact on Objectives
<p>Economic and Social Instability</p> <p>Economic and social instability, just like possible future downturns or a slowdown of economic growth in the countries where we operate may lead to a decrease in demand for the provided services, and have a negative impact on the financial condition of our corporate customers and partners, including financial institutions, which could lead to a decrease in our revenues and performance indicators and adversely affect the security of our assets.</p> <p>For example, an outbreak of a previously unknown strain of coronavirus (COVID-19) negatively affected the global economy, disrupted supply chains, created significant volatility in the financial markets and destabilized them. The coronavirus pandemic, among other things, could lead to a fall in demand for MTS PJSC products and services, including international roaming services, to higher prices from suppliers, as well as their refusal to finance purchases, to a reduction in production or untimely supplies of equipment, subscriber devices and to delayed provision of services. Considering the great uncertainty associated the current epidemiological situation, including measures to counteract the spread of the virus, we are unable to accurately and completely evaluate its potential impact on the business of MTS PJSC, however, we admit that the current situation could negatively affect the business, financial position and performance of MTS PJSC.</p>	<p>We are monitoring the macroeconomic situation in the markets of operation of the Group, promptly and effectively respond to changes in the general economic background with the help of, first and foremost, tariff tools. We are constantly expanding the range of our services and stimulating consumption, increasing the level of satisfaction of our customers in the corporate and mass segments. We pay great attention to ensuring optimal conditions for raising outside financing for us, controlling the level, cost and structure of debentures, which makes it possible, in particular, to neutralize the negative effects of currency exchange rates variations under conditions of high volatility of foreign exchange markets.</p>	<p>Achievement of sustainable business development.</p>
<p>Regulatory Risks</p> <p>Our business in the countries where we operate is regulated by governments; in particular, through licensing and laws. Legislation in the field of communication services is constantly changing.</p> <p>For example, the Ministry of Communications of the Russian Federation is currently considering the possibility of changing the concept and regulation of inter-operator interaction. In addition, an issue on changes in the existing approaches and rules in the field of regulating prices for the services of interconnection and traffic transit is being considered. On 11.01.2019, the Federal Law dated 05.01.2019 No. 90-FZ "On Amending the Federal Law "On Communications" and the Federal Law "On Information, Information Technologies and the Protection of Information" (Law on Sovereign Internet) entered into force; its purpose is to ensure sustainable, safe and holistic functioning of the internet in the Russian Federation. In the framework of the implementation of this law, operators will be required, among other things, to install new equipment on the network, which can affect its stability and the quality of the communication services provided. The provisions of the Sovereign Internet Law are general in nature, and although most of the significant by-laws have already been adopted by the Russian authorities, practical implementation may require the adoption of additional by-laws to clarify the provisions of the law. Furthermore, the operators incur additional expenses required to maintain and operate this equipment.</p> <p>According to the Order of the Ministry of Communications of the Russian Federation No. 148 of March 31, 2020, an experiment to provide citizens with free access to socially significant information resources on the internet will be conducted from April 1 to July 1, 2020. The list of the socially significant information resources and sites includes, among other things, social networks, websites of news and information agencies, online stores, websites of banks and delivery services. At the moment, it is not clear what consequences the implementation of this order will have, including possible expenses for operators; there is no understanding when and in what form free access to the socially significant information resources will be realized in the future, however this initiative could potentially have negative consequences for our business, financial standing and the results of our activities.</p> <p>It is still unclear how these initiatives will be implemented, and at the moment it is difficult to estimate how such changes will affect the Company's operations.</p> <p>These and other potential regulatory changes in the future may entail decrease in revenues/additional costs for the operator, which may adversely affect our financial standing and performance.</p>	<p>We conduct regular monitoring of the legislation in order to meet the requirements set. As market representatives, we participate together with the regulatory authorities in working groups on the optimization of the regulatory framework in the communication industry. Regulatory risks are given special attention within the framework of strategic planning.</p>	<p>Achievement of good operating indicators; ensuring compliance with regulatory requirements.</p>

OPERATIONAL RISKS

Risks	Mitigation Measures	Impact on Objectives
<p>Financial Risks</p> <p>A considerable part of our expenses, costs and financial obligations, including capital expenses and loans (credits and Eurobonds) is denominated in USD and/or EUR, while a large portion of income is denominated in the local currency of the countries where we operate. The situation in our markets, including stability of the banking system, inflation, changes in the exchange rates of local currencies against USD and/or EUR, and the possibility for free conversion of currencies and making currency payments impacts our operating performance and business results. For example, at the beginning of 2020, the ruble depreciated from 61.91 rubles for 1 US dollar as of January 1, 2020, to 80.88 rubles for 1 US dollar as of March 24, 2020, as a result of the COVID-19 outbreak and a drop in oil prices.</p> <p>The rate of the Company's development and its financial standing, among other factors depend on debt financing. Crises on financial markets, external limitations and sanction may restrict the ability of the Company to raise debt financing.</p>	<p>A number of portfolio structuring measures have been taken in order to reduce dependence on exchange rate fluctuations, including implementation of currency risk hedging program.</p>	<p>Maintaining investment attractiveness by ensuring investment and operational efficiency growth.</p>
<p>The contracts related to certain issues of our bonds and the bonds of our controlling shareholder, and also some loan agreements include restrictive provisions that limit our opportunities to raise loans and engage in various activities. Failure to comply with these contractual provisions could have resulted in default and, as a result, in a request to immediately repay the debt, which could have negative effects on our business.</p>	<p>We are monitoring the implementation of the provisions of contracts and agreements for granting loans in order to comply with the financial covenants contained in the loan documentation.</p>	<p>Maintaining investment attractiveness by maintaining an optimal level of debt</p>
<p>Risks of technological failures</p> <p>The ability to continuously provide communications services is one of the basic conditions of licenses and subscription contracts. An occurrence of process failures on our network and information resources due to a system malfunction, accident, or a violation of the network's security can adversely affect the ability to provide services to subscribers or affect other business processes, which can lead to significant negative consequences for the business, performance results and reputation of MTS PJSC.</p>	<p>In order to ensure stability of the network and continuity of communication services rendering, the network management system is centralized, and the telecommunication network operation system provides for regular maintenance and use of the backup telecommunications equipment.</p> <p>In order to protect and be able to restore data from information resources for critical facilities, the processes of development and operation of infrastructure include the use of backup equipment, including that with a geographical distribution, and procedures for data recovery testing. Processes and systems for ensuring quality of information systems, as well as change monitoring and control are used in order to protect integrated information systems under the conditions of continuous changes. Information security in network management is provided by a complex system of technical and organizational information security measures.</p>	<p>Achievement of good operating indicators; achievement of sustainable business development.</p>

COMPLIANCE WITH REQUIREMENTS

Risks	Mitigation Measures	Impact on Objectives
<p>Compliance risks</p> <p>MTS securities are traded on the U.S. stock market, and we are subject not only to Russian, but also to American anti-corruption legislation (US Foreign Corrupt Practices Act), and potentially to the anti-corruption law of the UK (UK Bribery Act). If an inconsistency of our actions or actions of third parties acting on behalf of or in our interests with these requirements is revealed, this may result in criminal and/or civil law sanctions against us. In March 2014, MTS PJSC received a request for information from the US Securities and Exchange Commission and the US Department of Justice regarding the investigation of the former subsidiary in Uzbekistan.</p> <p>In February 2019, MTS Group reached a settlement with the US Department of Justice (DOJ) and the US Securities and Exchange Commission (SEC) in relation to the previously disclosed investigation of the Group's former subsidiary in Uzbekistan. The Group agreed with the restraining order (the "Order") issued by the U.S. Securities and Exchanges Commission.</p> <p>The district court of the Southern District of New York approved the agreement (the "Agreement") on the deferment of prosecution concluded by the Group and the agreement on admission of guilt concluded by the Group's subsidiary company in Uzbekistan.</p> <p>According to the terms of the agreements with the US Department of Justice, we agreed to pay the United States a fine of \$ 850 million (59.1 billion rubles as of December 31, 2018). The Group has accrued a provision for payment of the fine in the amount of USD 850 million (55.8 billion rubles as of the date of accrual) reflecting it as a loss caused by ceased operations in the consolidated profit and loss statement for the year ending on December 31, 2018.</p> <p>In accordance with the terms of the Agreement and the Order, the Group agreed to introduction of independent supervision (monitoring) over compliance with their requirements. According to the terms of the Agreement and the Order, monitoring will be conducted for three years from the date of its establishment and the monitoring period may be reduced or extended depending on certain circumstances. The final decision in this regard shall be made by the US Department of Justice and the US Securities and Exchange Commission.</p>	<p>Starting from 2012, when a separate compliance division was established at MTS, the Company has been systematically developing a system for anti-corruption compliance in accordance with the best international practices.</p> <p>The Company has special rules and procedures in place for the prevention of corrupt practices, both on the part of employees and with respect to contractors.</p> <p>The main documents governing anti-corruption requirements within MTS are the Code of Business Conduct and Ethics, Policy "Compliance with anti-corruption legislation." Besides, procedures for assuring compliance with anti-corruption legislation are fixed in the regulations of the company's business-processes.</p>	<p>Support of fair and ethical business conduct and abuse prevention</p>
<p>Tax risks</p> <p>The system of taxation in the countries where we operate is undergoing constant changes; legislation in this area may be interpreted ambiguously. For example, poorly drafted Russian transfer pricing rules may increase the risk of price adjustment by tax authorities and lead to additional tax burden within transfer pricing control. This may complicate tax planning and related business processes, and may also have adverse material impact on our business, financial standing and operating results.</p>	<p>We meet the requirements of the tax legislation in the countries where the Group operates. We respond to any changes promptly and follow the current trends in law-making, as well as the tax laws of Russia and foreign jurisdictions, which allows us to make timely integrated decisions in the field of tax planning and customs regulation. We regularly use the experience of qualified consultants.</p>	<p>Achievement of sustainable business development; compliance with requirements.</p>

SYSTEM FOR MANAGING THE KEY RISKS ASSOCIATED WITH THE SOCIAL ASPECTS OF BUSINESS

The ability of MTS PJSC to maintain its position in the competition and implement its business strategy largely depends on the work of its employees. Care for employees is one of the main priorities of the Company, determining the success of its activities in the contemporary market. We are constantly improving social and labor relations in the following areas: occupational safety and health of employees, social support, opportunities for career and personal growth.

For effective communication with personnel, a number of opportunities are provided to enable any employee of the Company to contact the management, as well as express their views on the prospects and plans of MTS development, to submit proposals for optimizing certain business processes and services, and introducing new services. To assess the internal climate of the Company, we regularly conduct sociological studies that enable us to verify the strategy and tactics of HR-work with the actual expectations of our employees.

The safety of employees and ensuring compliance with their rights at the workplace are the main components of the corporate social responsibility of the Company

Labor protection activities carried out by MTS PJSC are aimed at:

- > ensuring the priority of preserving life and health in the workplace;
- > improving the OSH management system;
- > training managers and specialists in a timely manner on labor protection;
- > organizing preventive and periodic medical examinations of employees; promptly providing employees with special clothing and other personal protective equipment; and
- > organizing production control and assessment of the special conditions of employment.

RISKS RELATED TO VIOLATIONS IN THE FIELD OF HEALTH AND SAFETY

Description of Risks	Mitigation Measures
Possible risks of violations in the field of health and safety associated with training of employees, medical examination, provision of personal protective equipment, compliance with sanitary and epidemiological requirements, special assessment of working conditions, etc.	MTS PJSC operates an OHSAS 18001:2007 certified Occupational Health and Safety Management System (OHSMS). OHSMS includes the following: organizational structure; planning; distribution of responsibility; procedures; processes and resources for developing, implementing goals, analyzing the effectiveness of health and safety policies and measures. The main objectives of OHSMS include monitoring compliance with laws and other regulatory legal acts on health and safety. Health and safety specialists are regularly trained. MTS adopted a number of local regulatory documents governing the main issues in the field of health and safety. The documents contain all the basic requirements and instructions in the field of health and safety, including the procedure for conducting internal control over status of working conditions.

The Company strictly adheres to the requirements of labor legislation and tries to take into account the interests of personnel as much as possible. The H&S management system at MTS PJSC has been recognized at the regional and district levels. In 2017, some MTS branches became prize winners of various H&S review competitions.



The Company strictly adheres to the requirements of labor legislation and tries to take into account the interests of its employees as much as possible¹

RISKS ASSOCIATED WITH HUMAN RIGHTS VIOLATIONS

Description of Risks	Mitigation Measures
Possible risks of human rights violations related to compliance with labor laws, non-discriminatory and ethical conduct, public statements, insurance deductions, etc.	The company regularly conducts self-assessment of the sustainable development management system for compliance with ISO 26000:2010 "Guidelines for Corporate Social Responsibility" with an external consultant involvement. One of the assessment areas is human rights and labor practices. Recommendations are developed based on the self-assessment results to improve business processes in the field of sustainable development. MTS adopted local regulatory documents governing the main issues of observance of human rights in the workplace. The documents consolidate key principles of respect for human rights and conduct of Company's employees.

¹ Information about messages to the hotline are presented in the "Unified Compliance System of MTS PJSC"

SYSTEM OF MANAGING THE KEY RISKS ASSOCIATED WITH THE ENVIRONMENTAL ASPECTS OF BUSINESS

For the purposes of compliance with the requirements of nature-conservation legislation and ensuring environmental safety at MTS facilities, the Company developed the Policy of Environmental Safety and Protection, the fundamental principles of which were:

- > compliance with the requirements of the nature-conservation legislation of the Russian Federation;
- > compliance with the requirements of national and international standards in the field of environmental protection;
- > improved level of environmental awareness and education among all company employees;
- > implementation of environmental socially significant projects;
- > openness and availability of environmental information; and
- > reduced level of negative impact at environment and aspiration for sustainability.

The principle of respect for nature forms the basis of social responsibility of the MTS business: The company strives to have a minimal impact on the environment and reduce it as much as possible.

RISKS RELATED TO VIOLATIONS IN THE FIELD OF ECOLOGY

Description of Risks	Mitigation Measures
<p>Failure to meet the requirements of environmental reporting provision.</p> <p>Doing business without state registration of a facility with a negative environmental impact.</p> <p>Failure to meet the requirements in the field of environmental control and monitoring.</p> <p>Doing business without permits issued in accordance with the established procedure for emissions of pollutants into the atmosphere, waste handling</p>	<p>For the purposes of compliance with the requirements of nature-conservation legislation and ensuring environmental safety at MTS facilities, the Company developed the Policy of Environmental Safety and Protection.</p> <p>The environmental policy has fixed/provided for a set of processes that ensure compliance with environmental legislation. Namely: the need for issuing permits and updating data, objectives for planning, financing and logistical support for implementation of environmental programs and environmental protection (EP) measures, the need to undergo training in the field of environmental protection, conducting industrial environmental monitoring (a set of preventive actions aimed at eliminating the possibility of an emergency and damage to the environment).</p> <p>At the level of CC and the regions, changes in the requirements of environmental legislation are monitored.</p> <p>MTS regularly bears the costs associated with waste management and atmospheric air protection, as well as with the reduction of risks associated with government regulation in the field of environmental protection and maintaining the image of the company's environmental sustainability</p>



The work on environmental protection is aimed at the implementation of measures of an organizational, technological and sanitary-hygienic nature with the aim to prevent and reduce the harmful effects of economic activities on the nature and health of people.