

THE COMPANY'S ENVIRONMENTAL-PROTECTION ACTIVITIES¹

∥ In its activities, MTS strives to not only have a minimal impact on the environment, but also to reduce this impact. The Company is guided by applicable environmental legislation, as well as by the principles of responsible business conduct, and strives to improve the environmental culture of its employees and partners and to implement services based on advanced technologies.

In accordance with the recommendations of the international standard ISO 26000, MTS implements a set of measures in the field of "Environment." Within the scope of development of the "Ecology" compliance program, in 2018, the MTS Environmental Safety and Environmental-Protection Policy was enacted, which reflects the Company's position with respect to the environment at its administrative facilities.

The fundamental principles of the MTS Policy for Environmental Safety and Protection:

- > 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 of all company employees;
- > implementation of environmental socially significant projects;
- > openness and availability of environmental information;
- > continuous improvement of MTS environmental management system;
- > reduced level of negative impact at environment and aspiration for sustainability.

A unified approach is generated in MTS branches due to the introduction of a unified environmental-management system, to ensure compliance and the performance of nature-conservation legislation norms and requirements.

For the reporting period

- > a new paper waste storage system has been introduced in offices in connection with the entry of new waste management requirements into force;
- > an inventory of administrative facilities was organized and conducted to verify the availability of environmental documentation for all facilities, as provided for by the current legislation of the Russian Federation; and
- > experts in the field of environmental protection and safety analyzed all categories of products/works/services of the Company as specified in the "Procurement" Policy to determine their impact on the environmental protection and safety.

External experts conducted mandatory periodical training for managers of the branches and persons responsible for environmental safety with subsequent issue of certificates to confirm the knowledge gained.

¹ More detailed information is available in the MTS Group Sustainability Report for 2019: chapter "Corporate Social Responsibility", section "Ecology" ([HYPERLINK «https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya»](https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya) <https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>)

| Types of expenses and expenses of the organization for environmental protection | Amount, thousand RUB ¹ |
|---|-----------------------------------|
| Payments for adverse environmental impact | 414,465.2 |
| Preparation of environmental documentation (development of draft standards for waste generation and limits for their disposal, obtaining permits, etc.) | 3,731,341 |
| Solid waste removal to landfill | 9,744,429 |
| Recycling paper and paper waste | 20,517.78 |
| Disposal of mercury-containing lamps | 199,255.1 |
| Cartridge recycling | 340 |
| Disposal of computer equipment and IT equipment | 13,692.49 |
| Battery Disposal | 10,930.7 |
| Installation of automatic energy consumption level control systems (indoor motion sensors, etc.) | 16,007 |
| Conducting supervisory certification audits of environmental management systems | 63,006 |
| Training of employees to introduce environmental management systems | 154,652 |
| Other expenses | 56,000 |



The Company was not imposed with any fines and/or non-financial sanctions for non-compliance with environmental laws and regulations in 2019.

VOLUME OF THE ENERGY RESOURCES USED BY MTS PJSC IN 2019

\\ In kind

| Resource type | quantity | unit | In monetary terms, RUB, minus VAT |
|----------------|---------------|--------|-----------------------------------|
| Electric power | 1,357,524,418 | kW/h | 8,576,729,397 |
| Heat power | 54,974.33 | Gcal | 78,597,150,22 |
| Water supply | 241,002.67 | cub.m. | 12,670,363.17 |
| Gas supply | 690,946.37 | cub.m. | 5,483,660,98 |
| Petrol | 3,214,326.70 | liters | 123,847,979.40 |
| Diesel fuel | 1,825,258.81 | liters | 61,940,038.18 |

ENVIRONMENTAL INITIATIVES

Within the scope of its environmental initiatives, MTS evaluates environmental impact at all stages of its operations: from the construction of base stations to the production and packaging of SIM-cards. The entire MTS team and each employee, in particular, are involved as much as possible in the process of environmental-project implementation and objectively assess their responsibility to nature. The main environmental initiatives of the company include the following:

- > eco-packaging,
- > eco-telecom,
- > ecological cleanups,
- > tell batteries to "Give up!",
- > waste paper collection and recycling on an ongoing basis,
- > electronic signature for employees, and
- > Mobile Technologies for Environment.

¹ Excluding CC and Sibintertelecom JSC

ACHIEVEMENTS OF 2019 IN THE FIELD OF ENVIRONMENTAL PROTECTION:



- MTS PJSC took 2nd place in the nomination “Green Leader Office” during its participation in the annual environmental awareness campaign of the Department of Nature Management and Environmental Protection.
- The MTS Ecological Movement community has been launched on the Pulse portal.
- Containers for separate plastic waste were installed in 3 Moscow offices.
- Greenhouse Gas Report prepared for CDP (Carbon Disclosure Project).
- MTS began to disclose information on CDP standards, joining the GSMA global initiative to develop an industry roadmap for measures to minimize the impact of the telecommunications industry on the climate change in accordance with the Paris Agreement aimed at curbing global warming. MTS PJSC entered the top 10 Russian companies, receiving the “Awareness” rating (C). The resulting MTS score is higher than the simple “disclosure” level (D). This indicates a high level of transparency in the disclosure of environmental information and a deep understanding of the company’s own impact on the climate.

ENVIRONMENTAL IMPACT

MTS as a telecom provider objectively understands that its operations have virtually no negative impact on the environment. Nevertheless, the Company considers environmental protection activities as an integral component of business and works in the area of environmental balance and stability maintenance. In its attempt to minimize its environmental impact, MTS skillfully manages those insignificant sources of adverse environmental impact that currently exist.

The facilities of MTS PJSC relate mainly to facilities that do not have a negative impact on the environment. There are several objects of categories III and IV that have a minor or minimal negative impact on the environment.

The design of network objects and their commissioning takes place in compliance with all regulatory requirements.

Upon completion of facility construction, the organization accredited by the Federal Service on Customers’ Rights Protection and Human Well-being Surveillance (Rospotrebnadzor), performs measurements at the facility, issues a report and a protocol of measurements that are submitted to Rospotrebnadzor. As a result, MTS receives a Sanitary-Epidemiological Conclusion Certificate on compliance of the functioning facility with the SanPIN.

ENERGY

Our business does not impact the environment directly, but all our communication facilities, office buildings, sales offices and call centers consume power. Most generating stations in Russia run on gas and coal and emit carbon dioxide into the atmosphere. We are aware of the fact that

the more traffic grows and the faster the subscriber base expands, the more power we consume, which inevitably results in higher workloads at generating stations which therefore harms the environment.

\\ Total energy consumed, kW•h

| Year | Offices + Technology | Data Centers | Web-sites (MB) | FX (FB) |
|------|----------------------|--------------|----------------|------------|
| 2017 | 183,705,584 | 27,267,714 | 929,830,674 | 54,324,334 |
| 2018 | 187,537,547 | 31,716,418 | 1,005,349,691 | 60,835,675 |
| 2019 | 184,516,021 | 39,034,106 | 1,070,124,641 | 63,849,650 |

The growth of power consumption is related with network development (additional commissioning of both base stations and other infrastructure of the Company (DPCs, call centers, etc.), and with the growth of data traffic volumes. Traffic growth and installation of additional equipment result in increased consumption of power by base station sites. The increase in power tariffs is reflected in the growth of consumed power in monetary terms.

The Company introduces new energy efficient equipment everywhere and implements energy efficiency programs. Without such actions, with consideration for network growth, power consumption would be much higher.

Since 2010 the “Strategy of Energy Savings and Energy Efficiency” has been in operation in MTS, aimed at restricting growth and reduction of electric energy consumption. All MTS branches in regions implement their own energy savings and energy efficiency programs.

| Energy Efficiency Events Summary | Event Results (Savings) | 2019 Targets |
|---|-------------------------|--------------|
| Using energy-saving lamps | 5,247 kW/h | 5,000 kW/h |
| LED lightening | 487,449 kW/h | 450,000 kW/h |
| Turning off the HVAC systems after working hours (scheduling) | 464,390 kW/h | 462,000 kW/h |
| Turning off the lighting in technological rooms after working hours | 136,941 kW/h | 127,000 kW/h |
| Revision and shutdown of unused equipment | 971,220 kW/h | 950,000 kW/h |
| Air conditioning optimization | 144,271 kW/h | 150,000 kW/h |
| Other activities (switching to a thin client, replacing the equipment with a more energy-efficient one, etc.) | 218,645 kW/h | 200,000 kW/h |
| Implementation of the ASKUE project | 32,671,401 rubles | |

WATER CONSUMPTION AND DISCHARGE OF THE USED WATER

MTS PJSC business has no substantial impact on water intake, however, we strive to cut water consumption. The main source of water intake is a water services company. The entire volume of the water received from the water utility is used and discharged into the sewer.

EMISSIONS

As a result of MTS PJSC's activities, there are no significant direct greenhouse gas emissions. Despite this, the Company is developing a Unified program for carbon management and risk assessment of MTS PJSC related to climate change.

To further reduce the carbon footprint, the Company is testing alternative energy options: wind power plants, solar panels and photovoltaic installations.

The prospects for the use of renewable energy sources are related to their environmental friendliness and low cost of operation, in addition, this segment is a driver of technological innovations and has significant potential to reduce greenhouse gas emissions.

TRANSPORT

Considering the Company's business features, our direct impact at environment is reduced to generation of emissions by car fleet vehicles. To reduce this impact, the Company seeks to purchase ecological class 5 cars for its fleet, as well as to use taxi services for business trips.

WASTE

We treat the issue of waste disposal responsibly, and therefore, one of main requirements to cooperation with domestic waste disposal companies is performance of full cycle of waste handling when removed from our offices: sorting and secondary raw materials production, provision of reporting and supporting documents, ability to check progress and quality of works provided for waste handling.

The main share of the Company's waste is non-hazardous waste of classes IV and V.

DISPOSAL OF TELECOMMUNICATION EQUIPMENT

When disposing of telecommunication equipment, we usually sell spent devices back to the manufacturer, on a competitive basis sell it to other companies or make agreements with specialized recycling companies. Then we transfer spent equipment to the site of the specialized company, where it is disassembled, sorted, and the resulting metal scrap is weighed. Further inspection and confirmation is carried out that metal scrap was prepared according to GOST, surveyed by a pyrotechnician, neutralized, recognized as explosion-proof and may be admitted for recycling and remelting. The final metal scrap is sold by a recycling company, which will be in charge of its further recycling.

Our counterparties have the appropriate licenses for collection and disposal of hazard class I–IV waste and will perform work in accordance with the laws of the Russian Federation, observing all environmental standards.