

OUR APPROACH TO SUSTAINABLE DEVELOPMENT/ SOCIAL RESPONSIBILITY

MTS TODAY –



is a digital company that develops innovations in education, healthcare, financial services, entertainment, and many other spheres. Our solutions using big data, artificial intelligence, virtual and augmented reality are aimed at improving the quality of life of our subscribers, customers, and employees.



As a responsible employer, we put the care of our employees at the forefront of sustainable business development. Therefore, the main emphasis in MTS is on improving the training system, respecting human rights in the workplace and improving working conditions, developing a corporate culture and creating a comfortable environment for the self-realization of each employee.



We create the professions of the future, develop talents and retrain employees so that they continue to remain in demand at MTS.



Special attention is paid to the development of the territories of our business operation and interaction with local communities. MTS projects are aimed at eliminating the digital divide, creating an effective system of social entrepreneurship, solving key environmental problems, educating and creatively developing children, and preserving their historical heritage. The greatest value for us is the support of these projects by volunteer employees of MTS.



Solving the company's strategic tasks in the field of social responsibility helps to strengthen the corporate spirit and reputation of the employer, demonstrates the transparency of the business and affects its attractiveness to shareholders, investors, partners, and suppliers.

Tatyana Chernysheva,

Member of the Management Board, Vice President, Human Resources, MTS PJSC

MTS features a mature system and the necessary resources to move from the classic CSR model to a model where sustainable development is integrated into the Company's business strategy and the activities of key divisions. This fact was confirmed during the self-assessment of compliance with the recommendations of the international standard ISO 26000: 2010 "Guidelines on Social Responsibility" back in 2018. During the reporting period, MTS implemented this readiness in practice.



BMTS is confident that in order to achieve the sustainable development goals in practice, business should play a key role. In this regard, programs and projects are implemented annually in accordance with best practices and international standards.

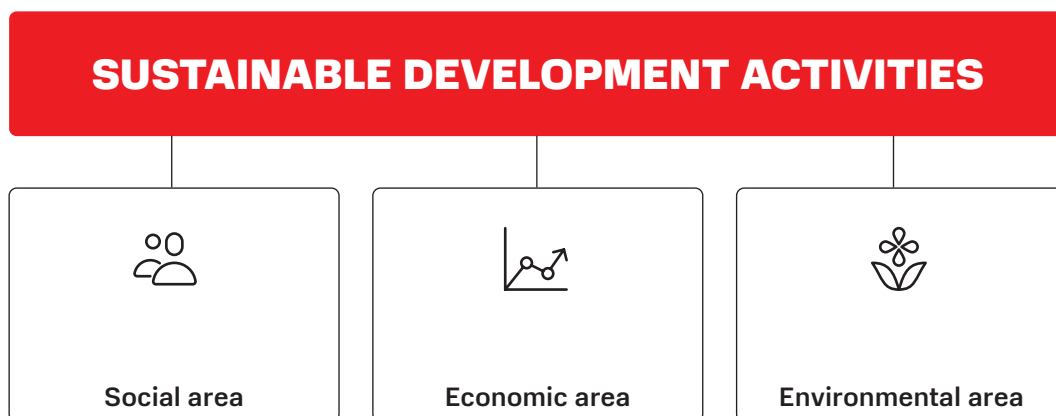
SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

The basis of sustainable development and corporate social responsibility of MTS is compliance with the principles of conducting socially responsible business aimed at improving the quality of life of the population, employees and society by expanding the range of services and introducing innovative solutions.

The Board of Directors, the MTS Management Board, and the Committee on CSR are the main management bodies for sustainable business development and corporate social responsibility, which approve the strategies of CSR and social programs, monitor the implementation and evaluate their effectiveness.

MTS activities in the field of sustainable development and CSR in 2019 were carried out on the basis of the adopted CSR Strategy, Business Strategy and HR Strategy of MTS, the UN Sustainable Development Goals until 2030 (SDGs), recommendations of the international Standard ISO 26000 (Guidelines for Corporate Social Responsibility) , best international and Russian practices.

The company's activities in the field of CSR cover the social, economic and environmental spheres and are formed in accordance with the requests of the company, MTS employees, partners, and investors.



MANAGEMENT SYSTEM FOR SUSTAINABLE DEVELOPMENT ASPECTS





COMPLIANCE COMMITTEE

- > Anti-corruption enforcement
- > Personal data processing security
- > Occupational safety
- > Respect for human rights
- > Compliance with environmental standards

OCCUPATIONAL SAFETY BLOCK

IR

PR

PROCUREMENT MANAGEMENT BLOCK

Code of Business Conduct of Supplier:

- > environmental protection;
- > human rights

COMPLIANCE DEPARTMENT

**RISK MANAGEMENT DEPARTMENT
MARKETING**

External audience involved in volunteer campaigns

125 k people (+20%)

HIGH-QUALITY PRODUCTS AND SERVICES FOR SATISFYING CUSTOMER NEEDS IN VARIOUS SPHERES OF THEIR LIFE WITH A VIEW TO MAXIMIZE VALUE FOR CUSTOMERS AND THE COMPANY

INCREASE OF LIFE QUALITY AND SAFETY OF A PERSON AND THE COMMUNITY THROUGH INNOVATION DEVELOPMENT

ENGAGEMENT IN MAJOR INTERNATIONAL AND RUSSIAN INITIATIVES

- **GSMA**
- **JAC Association**
- **UN Global Compact**
- **Russian Union Industrialists and Entrepreneurs**
- **Managers Association**

PUBLIC REPORTING

- > Sustainability report
- > Reporting under CDP international standard

UN SUSTAINABLE DEVELOPMENT GOALS

\\ MTS shares all 17 of the UN Global Sustainable Development Goals and implements projects in support of 13 of them in accordance with the company's areas of business:



SDG 1.

Eradication of poverty

The universal eradication of poverty in all its forms



SDG 3.

Good health and wellbeing

Ensuring a healthy lifestyle and promoting wellbeing for all at all ages



SDG 4.

High quality education

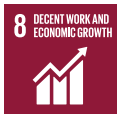
Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for everybody



SDG 5.

Gender equality

Gender equality and the empowerment of all women and girls



SDG 8.

Dignified work and economic growth

Promoting persistent, comprehensive and sustainable economic growth, full and productive employment and decent work for everybody



SDG 9.

Industrialization, innovation, and infrastructure

Development of robust infrastructure, promotion of inclusive and sustainable industrialization and innovation



SDG 10.

Reduction of inequality

Reducing inequality within and between countries



SDG 11.

Sustainable cities and localities

Ensuring openness, security, resilience and sustainability of cities and settlements



SDG 12.

Responsible consumption and production

Providing rational consumption and production patterns



SDG 13.

Fighting climate change

Urgent action to combat climate change and its effects



SDG 15.

Conservation of terrestrial ecosystems

Protection, restoration of terrestrial ecosystems and promotion of their rational use, sustainable forest management, combating desertification, ending and reversing land degradation and ending biodiversity loss



SDG 16.

Peace, justice, and strong institutions

Contributing to building peaceable and open societies for sustainable development, ensuring access to justice for all and creating effective, accountable and participatory institutions at all levels



SDG 17.

Partnership for sustainable development

Strengthening the means to achieve sustainable development and revitalizing global partnership mechanisms for sustainable development

CSR TRENDS IN 2019

- > Training, innovation and promotion of sustainable development, taking into account the recommendations of the audit of the Company’s business processes in the field of CSR for compliance with the ISO26000 standard.
- > Work with major stakeholder groups, including suppliers, customers and employees, was carried out within the framework of popularizing the SDGs and the benefits of their integration into the strategy, culture and activities of the company, contributing to the creation of common corporate values.
- > The implementation of environmental projects, which allowed MTS to contribute to sustainable development and the preservation of the ecological balance in its regions of operation.

THE VALUES WE CREATE

In the social sphere, we strive to improve the quality of the life of our clients, we care about our employees and their development, we cultivate corporate volunteering, and engage in charity. Our activities in the field of SD and CSR are aimed at supporting and promoting the main audiences with which the company interacts in the process of providing services. The main stakeholders are customers, employees, shareholders, government agencies and local communities.

- > MTS actively promotes the values of sustainable development. Among other things, in 2019 the following initiatives were implemented.
- > An online course of 8 video lessons on the topic “Sustainable Business Development” was developed for employees and external stakeholders. The course is available as a free resource <https://mtscu.ru/courses/ustojchivoe-razvitie-biznesa/>
- > Two open MTS conferences, “Responsible Business. Be Better Every Day” and “Sustainable Development. Be Better Every Day!” were held in Moscow. The conferences were attended by over 200 representatives of large equipment suppliers, 50 partner companies and clients of MTS, NPOs, international experts, CSR and sustainable development managers, and MTS top managers.



Stakeholders	Basic mechanisms and principles of interaction	2019 Results / Report Information
Clients	All MTS projects related to the main line of business are aimed, first of all, at improving the quality of life of customers and subscribers. Digital services, online education, telemedicine and environmental projects, social and charitable projects, educational programs for schoolchildren, students and people of mature age – all this is becoming accessible to a wide audience.	Detailed information is available in the “Management Report” (subsections “Looking to the Future,” “New Business Areas,” “Business Overview”) and “Sustainable Development” (subsection “Social Investments”) sections, as well as in the Report on Sustainable Development of MTS Group ¹
Employees	The company has the best practices for employee programs. New approaches to staff training, improving working conditions and communication channels, promoting a healthy lifestyle, adaptation and retraining programs – this is not the whole list of opportunities offered by the company to employees.	Detailed information is available in the “Sustainable Development” section (Our Employees sub-section), as well as in the Sustainability Report of MTS Group
Partners	The relations of MTS and its partners are based on the principles of honesty, integrity and transparency. The Supplier’s Code of Business Conduct for the MTS PJSC contains standards that are expected to be met by suppliers, in particular compliance with environmental laws and human rights. Also, in cooperation with partners, MTS expects them to clearly follow the principles of anti-corruption legislation and the requirements of business ethics.	Detailed information is available in the “Sustainable Development” section (subsection “Sustainability of the supply chain”)

¹ <https://moskva.mts.ru/about/mts-dlya-obshchestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>

Stakeholders	Basic mechanisms and principles of interaction	2019 Results / Report Information
Shareholders	The sustainability strategy affects the investment attractiveness of the company. The demonstration of transparency in the field of sustainable business development sets the tone for the company's quotes on the stock exchange and becomes an important factor in deciding on investments. Reporting in the field of sustainable development by MTS allows investors to get full access to information for making business decisions, taking into account the social and environmental consequences for the company and for society as a whole. To assess the full range of risks and make proper investment decisions in favor of a company, investors are increasingly paying attention to its commitment to ESG principles (environmental, social and governance).	Detailed information is available in the "Corporate Governance" section (subsection "Interaction with shareholders and investors")
State and local communities	MTS actively interacts with federal and regional government bodies and local communities under projects that support the development not only of the business, but also of the areas of operation. We train in new professions, develop quality services, provide support to socially vulnerable sections of the population, and carry out activities to protect the environment and environmental education.	Detailed information is available in the "Sustainable Development" section (the Social Investments section), as well as in the Sustainability Report of MTS Group ¹

OUR AWARDS AND ACHIEVEMENTS IN THE FIELD OF SUSTAINABLE DEVELOPMENT



- **MTS is the leader of the RUIE ratings "Responsibility and Openness" and "Vector of Sustainable Development,"** presenting the best Russian practice in the field of disclosing information on sustainable development and CSR, reflecting the positive dynamics of the social and environmental performance of its activities.
- **The high quality of MTS' public accounting** at the global industry level was noted during the Public Certification Procedure of the Committee for Non-Financial Reporting under the RUIE.



- **MTS is the leader in the social performance rating** of the largest Russian companies of AK & M news agency.



- **MTS entered the top 10 Russian companies in disclosure of information on climate change according to the CDP rating.**



- **MTS entered the TOP-15 ranking of Expert Media Holding** for sustainable development among the 100 largest Russian companies and became the leader among IT and telecom industry companies.

¹ <https://moskva.mts.ru/about/mts-dlya-obshhestva/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>