



**MTS Group
Sustainability
Report**

2021

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PRESIDENT'S STATEMENT

GRI 2-22



Vyacheslav Nikolaev

President of MTS Group

Dear Friends,

Time does not nullify values – true values exist beyond time. Moreover, they are the true foundation of sustainability over time – for the individual, society, and any business. Such values permeate the Company at all levels and govern its activities in every area to eventually become a vector for business development, determining its long-term competitiveness. For us, such a value is the caring for a person, or rather, the desire to make a person's life better wherever he might come in contact with MTS and our services.

Historically, we have relied on directing our resources and knowledge towards creating affordable products for all our customers and a comfortable environment in the territories where we operate. After strategically transforming our business model over the past year and by developing an ecosystem based on partnership and synergy in digital services, MTS has also put people and their needs at the centre of our growing ecosystem.

Therefore, we closely monitor how customers live and what they expect from us. And we see that our growing attention to their needs and expectations, to our products and quality of service, is already bearing fruit. In 2021, the number of subscribers in the MTS digital ecosystem grew by 40%, and this confirms the relevance of the business strategy implemented by the Company.

If speaking about expectations, in 2021, it was help that was most expected from us. And all of us, to one degree or another, answered the question, 'How can I help?' In the midst of the pandemic, MTS developed a wide range of support measures for those for whom our help was most important. To reach as many people as possible, we have enlisted the support of volunteers, public organisations, and the media. With our support, over 7,000 people have become volunteers.

At the same time, we have maintained focus on the systematic development of our long-term environmental and social initiatives. MTS not only builds business processes in such a way as to achieve the best indicators to save the planet's key resources and to reduce its impact on the environment, but also to involve our partners in these activities. In the social sphere, we are implementing the charitable educational project 'Generation M', designed to promote the creative development of children

and youth. In 2021, the UN included it amongst the world's best practices for achieving the Sustainable Development Goals. Our proactive contribution to solving social problems in the interests of local communities was recognised by The Donors Forum, an association of grant-making organisations: in 2021, MTS was awarded the highest A+ category in the annual rating of Leaders of Corporate Charity.

Today, the world is grappling with new challenges that test the strength of our social and economic resilience. But we are optimistic about the future, striving to unlock the enormous potential of technology for the benefit of civilisation: technology should improve safety, empower people, and help everyone create a better future. As a leader in the technology industry, MTS has been operating for many years, focusing on achieving 14 of the 17 UN Sustainable Development Goals. In 2021, we systematised the implemented environmental, social, and governance (ESG) initiatives, the result of which was the approval of the MTS ESG strategy; thus, in our report, we have examined the Company's activities in the field of sustainable development through its prism. The ESG strategy has identified the main directions for optimising business processes and launching initiatives that contribute to the sustainable development of both MTS Group itself and all spheres of life with which we come into contact.

I am convinced that MTS, with our effective ESG strategy and deep involvement in the life of the regions where we operate, as well as with a well-established and effective system of partnerships, has significant impact on the achievement of global Sustainable Development Goals. I am proud of MTS's results and hope this report will help you appreciate the scope of work that allows us to remain a leader in sustainable development.

CHAIRPERSON OF THE ESG COMMITTEE STATEMENT

GRI 2-22



Regina von Flemming

Chairperson of the ESG Committee,
Deputy Chairperson of the MTS Board of Directors

Friends and Colleagues,

Before you is the MTS Sustainability Report, which we present for the first time through the Environmental, Social, and Governance (ESG) prism, reflecting the ongoing transformation in ESG agenda management at MTS.

The sustainable development of society and business are inextricably linked. Long-term planning and business conduct that take into account not only economic, but also social, environmental, and other intangible factors, make a hefty contribution to the sustainable development of society. In turn, the stability and predictability of the external environment allow us to form the sustainable development and growth of businesses.

Additionally, every year society is growing increasingly sensitive to how business behaves in relation to the most important social, environmental, and governance issues. All stakeholder groups — our customers and employees, government authorities and representatives of local communities, investors and shareholders, suppliers and partners — regularly evaluate how responsible MTS is in providing services, choosing suppliers, caring for employees, preventing corruption, and complying with the law.

For MTS, the past year of 2021 was a year of significant changes in ESG agenda management at the level of both operational management and the Board of Directors. In March 2021, the Corporate Governance Committee of the Board of Directors was transformed into the ESG Committee, which, among other things, brought in experts with experience in international ESG issues. With the involvement of international consultants, the Committee participated in developing the Company's ESG strategy, whose key elements were included in MTS's overall business strategy. Using the world's best practices, the ESG Committee paid considerable attention to the development of MTS's Diversity, Equity, and Inclusion Policy.

The activities of the ESG Committee have significantly developed within the Company, reinforced by international expertise, which has enabled MTS to scale ESG strategies, policies, processes, and competencies across its business units.

Regular interaction and communication between companies within the ecosystem helps strengthen and emphasise the importance of integrating various ESG aspects. In October 2021, MTS held its annual online conference 'Sustainable Development and ESG: The Social Aspect' for all companies within the ecosystem. It was attended by over 1,500 people, including both Company employees and external participants. The event has already become an effective means of communicating the 'tone from above', allowing Company management to demonstrate their commitment to solving urgent issues to create a united, more sustainable future.

To effectively integrate the ESG agenda into business processes at MTS, at the beginning of 2022, the ESG Centre was created. It is responsible for developing, implementing, and replicating significant ESG initiatives and practices in various business verticals of the ecosystem, and also develops a portfolio of projects aimed at reducing relevant social and environmental risks.

The culture of business ethics that has taken shape at MTS, the mature compliance programme, our openness and transparency in dialogue with all stakeholders are a matter of special pride for MTS. The Company continues to implement best practices in corporate governance, realising that openness and transparency is a competitive advantage in the modern world. Contemporary society expects businesses not only to provide outstanding services and products, but also to adopt ethically impeccable business decisions.

The MTS Board of Directors fully supports MTS Group's desire to innovate and expand the range of digital services to improve the quality of life. Digital solutions are some of the key drivers behind economic and social development. MTS uses technologies to help bridge the digital divide, provide access to quality services, and implement a range of significant charitable, social, and environmental initiatives. MTS supports local communities and entrepreneurs and implements inclusive projects that contribute to raising the public's environmental awareness, preserving natural monuments and unique socio-cultural features of the regions where we operate. We promote the ideas of responsible domestic tourism and support projects for the creative and intellectual development of children and youth.

Without a doubt, MTS has done tremendous work over the past year. Moreover, the Company remains true to its unchanging values to conduct sustainable business, ensure transparency according to the highest corporate standards, contribute to the development of the digital economy, be a driver of social and cultural development, and to maintain and strengthen customer confidence.

WELCOME!

This is the MTS Group Corporate Sustainability Report 2021, the Group's 14th non-financial report, which we began releasing in 2008.

The Sustainability Report is a tool for our openness and transparency. It allows us to inform all of the Company's stakeholders, including customers, partners, and shareholders, about our activities that affect social and economic sustainability in the regions where we operate. We strive to provide comprehensive and objective information about the Company, the environment in which we operate, the safety and ethics of our business processes, and the values shared by the MTS team.

It is also a mechanism for assessing the level of resiliency to new challenges, competitiveness, and market leadership. We are building a business for years to come, and value sustainability over short-term success. This year, for the first time, we created a CSR, focusing on the ESG approach after comprehensively having considered topics related to the Company's economic, social, and environmental impact. In 2021, MTS systematised its ongoing ESG initiatives, which led to the approval of MTS's ESG strategy. Accordingly, in this report, we consider the Company's sustainable development activities through the prism of the ESG strategy. The ESG strategy has defined the main areas for optimising business processes and launched initiatives that contribute to the sustainable development of both the MTS Group itself and all areas of life touched by MTS. When preparing the Report, we also took into account the results of a survey of the main audiences that we interact with and for whom our corporate activities are important.



For more information on the methodology used to prepare the Report, see the [About the Report](#) section.



MTS TODAY: ECOSYSTEM, BUSINESS, DEVELOPMENT

GRI 2-1, TC-IM-000.A

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MTS GROUP IN 2021

GRI 2-6, TC-TL-000.A, TC-TL-000.B

Leading company in Russia providing mobile and fixed communication services, data transmission and Internet access, cable and satellite TV broadcasts, and digital services, including fintech and media services as part of ecosystems and mobile apps. MTS is also a leading provider of IT solutions in unified communications, the Internet of Things, monitoring, data processing, and cloud computing.

Nº 1

Largest mobile business customer base in all countries where MTS operates

Nº 1

Top growth rate in broadband subscriber base

2x

Growth in MTS Premium paid subscribers

534

MTS Group's revenue (bln roubles)

229

MTS Group's OIBDA (bln roubles)

80.4

Mobile business customer base in Russia (mln people)

8.8

Ecosystem customers (mln people)

> 51%

Contribution of non-telecommunications areas to the growth in MTS Group's revenue

206

Issuance of loans to individuals (bln roubles)

+72%

Growth in registered MTS Cashback users compared to 2020

8.4

Pay TV users (mln people)

One of three new subscribers

chooses MTS's convergent offers

In Russia, Belarus,¹ and Armenia, more than 88 million subscribers use MTS Group's mobile communication services. MTS holds a leading position in the Russian mobile business market, serving the largest subscriber base of 80 million people.

MTS's fixed services — telephony, Internet access, and TV broadcasting — reach more than 17 million households. Its pay TV services in various environments have more than 8 million users. Ecosystem services have 8.8 million users, and the subsidiary MTS Bank has 3 million customers. The Company's retail network consists of 5,6302 retail outlets in Russia for customer service, mobile device sales, and financial services.

In the Czech Republic, MTS subsidiary NVision Czech Republic develops its own software solutions and provides services related to the manufacture of equipment and electronics, as well as management and support services for telecoms operators.

MTS's largest shareholder is AFK Sistema PJSC. MTS³ shares are listed on the New York Stock Exchange in the form of American Depositary Receipts under the stock symbol 'MBT', and on the Moscow Exchange — under 'MTSS'.

¹ MTS Group does not consolidate the financial results of the Joint Limited Liability Company MTS in Belarus.

² Number of telecoms retail outlets as of 31 December 2021.

³ In Russia, on 27 April 2022, amendments to the law 'On Joint Stock Companies' came into force. According to these amendments, Russian companies must initiate actions aimed at stopping the circulation of depositary receipts, or request permission from the Government Commission on Supervision of Foreign Investments in the Russian Federation to continue an ADR programme abroad. The government commission granted MTS's request to maintain the American Depositary Receipts (ADR) programme and authorised the Company to continue circulating its ADRs outside Russia until 12 July 2022, inclusive.

BUSINESS MODEL

The Group unites four major verticals: Telecoms, Retail, Fintech, and Media, as well as several new digital areas that are distinguished by their scale and rapid growth. Our more mature business areas, acting with broad autonomy, are becoming the foundation of and initial impetus for developing new business lines. Additionally, every business in the Group has equal access to the infrastructure and digital functions of the ecosystem.

MTS Group Business Structure

Telecom Vertical	Fintech Vertical	Retail Vertical	Media Vertical	New Business	Partners
←	Single financial account				→
←	Single customer ID				→
←	Use of Big Data				→
←	Loyalty/Cashback				→
←	Shared communication channels				→
←	Shared sales channels				→

The MTS Group's activities that we describe are currently the most wide-ranging. In addition to these, MTS is developing projects in other promising digital markets independently and jointly with other investors and partners. Thus, as a technology company, MTS engages in activity that covers a wide range of digital businesses.

Throughout 2021, MTS's business developed steadily. Revenue increased owing to positive contributions from all major business segments, including Telecoms, Fintech, and Media. That said, non-telecoms areas contributed more than 51% to the MTS Group's revenue growth in 2021.

Value Creation Triangle



Growth in the number of ecosystem customers and reducing their churn, increasing customers commitment and services cross-selling

Tools for increasing cost:

- Seamless customer experience
- Personalised experience
- Flexibility of the ecosystem subscription model
- Unified loyalty program
- Assistance in launching new services

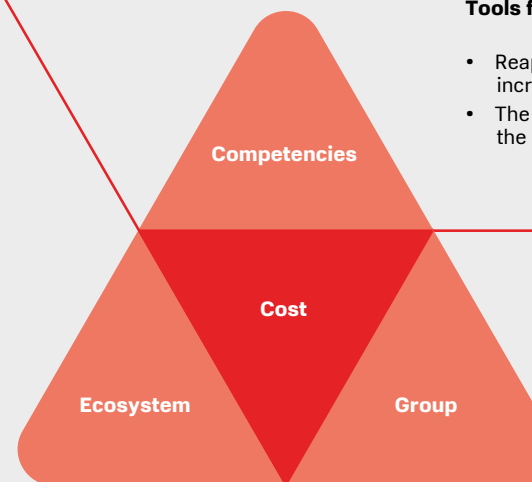
All of the Group's business areas mutually support each other and share infrastructure ecosystem functions. This makes resource use more efficient and optimises investment flows. Thus, MTS's business model naturally and harmoniously aligns with our strategic goals and adheres to principles of sustainable development and responsible business conduct.



Accumulation and development of competencies is a source of growth in efficiency and competitiveness of all the Group's businesses

Tools for increasing cost:

- Reapplying competence in other business areas increases their competitiveness
- The Group creates sufficient internal demand for the development of expensive competencies



Growth in the fundamental cost of the Group through the spin-off of major business areas and growth in their cost

Tools for increasing cost:

- Quality and flexibility of management through business area autonomy
- Attracting external capital to business areas (strategic investors, IPO)
- Merger and acquisition of required assets
- Redistribution of capital between business areas
- Interaction management within the Group

KEY MARKETS BY VERTICALS



Telecoms

Russia's largest mobile operator and a rapidly evolving ecosystem.

416.5

bln roubles

Revenue from providing communication services increased by 5.1% over one year

80.4

mln people

Mobile business customer base in Russia

Nº1

Telecoms brand in Russia

Brand Finance Russia 50 2021

- > Over 80% of the country's population is covered by LTE networks
- > 2G/3G/4G networks cover an area totaling 3 million square kilometers
- > More than 80 regions in the Russian Federation are covered by the Internet of Things networks (NB-IoT)
- > IoT connections grew by more than 30% in 2021
- > The Company has the second largest market share (11%) for fixed-line services
- > MTS's fixed-line business continues to grow as the network is built and modernised, and also owing to increased sales through KION and Smart Home, which are new windows for attracting customers
- > 25+ 5G pilot zones have been deployed in more than ten Russian regions
- > 35% of operating base stations are 5G-ready

Fintech

MTS's Fintech vertical includes such areas as MTS Bank, mobile commerce, insurance, factoring, and credit brokerage.

5.0

bln roubles

MTS Bank's net profit for 2021

3.0

mln people

MTS Bank's customer base

1.8

mln people

The number of active users of MTS Bank's mobile app

- MTS Bank is the vertical's core and a fast-growing digital bank that develops its own mobile apps (including as a communication channel) and breakthrough fintech services.
- > Segment's main strategic focus is retail lending and e-banking
 - > In 2021, almost 12 million people used MTS fintech products, 25% of which are MTS Bank customers
 - > According to Frank RG, in 2021 MTS Bank became:
 - the fastest growing bank in terms of loan portfolio growth in the unsecured lending segment — 83%
 - one of the market leaders in POS lending and ranked 3rd in terms of its POS lending portfolio
 - > The share of online service for the Bank's main products (retail lending and credit card services) exceeded 60% in 2021
 - > MTS's Big Data technology allows MTS Bank to apply advanced credit scoring models to control risks

MTS Retail

Nationwide retail network selling smartphones, gadgets, and other consumer electronics. MTS mobile stores are another of the Group's strong areas, built on trust and reputation.

Priority areas for MTS Retail growth:

- > Development of delivery services
- > 800 cities where we operate
- > Development of trade-in programmes
- > Expansion of the range of ecosystem products

68.9

bln roubles

Phones and accessories sales revenue increased by 10% over one year



MTS

One of the largest non-food retailers in the Russian Federation

289%

Growth of ecosystem product sales in MTS Retail

Media

The leading video streaming service (KION) and entertainment content provider, produces its own TV shows and offers them and licensed third-party content to its customers as on-demand video and via cable and IPTV networks, satellite channels, and OTT platforms.

13.7

bln roubles

MTS Media's revenue increased by 30%

4.0

mln people

The KION user base, +16% change over one year

8.4

mln people

Total pay TV subscribers

Priority areas for the development of MTS Media:

- > Development of the KION streaming platform by integrating it into the MTS ecosystem and by improving the quality of in-house content and exclusive content from partners
- > Market-beating subscriber base growth in the OTT and IPTV segments
- > Leverage Big Data tools to make the personalised interface more usable and improve the quality of TV content recommendations

KION Originals Received Industry Recognition in Russia and Globally

2021

21 episodes

Various genres for different audiences

2022

30 episodes

Continued rhythmic delivery

> 100 projects

At various stages of production for future releases

The following shows were ranked among the best series of 2021, according to ratings generated by 27 media outlets and 20 film critics:

Khrustal'nyy, My Mother's Penguins, Vertinskiy, The Secrets She Keeps, Germans, The Official

Ripper's Bay

Best TV/ Web Series



International New York Film Festival (INNYFF)

Secrets of Family Life

Best Comedy Series



Webfest Berlin, the Berlin web series festival

Vertinskiy

Best Online Platform Series



The Golden Eagle by the National Academy of Motion Pictures Arts and Sciences of Russia

My Mother's Penguins

Best Series



The White Elephant National Award of Film Critics and the Film Press

Secrets of Family Life

Best Internet Series



National Web Industry Award

Sergey Versus Evil Spirits

Masterful Blend of Genres



Third Annual Pilot Russian TV Series Festival

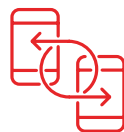
Development of B2B and B2G Services¹



Private LTE-networks

> 15

Corporate LTE/5G networks projects for leading Russian companies



Unified communication services

Virtual PBXs, call-tracking, and voice bots. The largest Telecoms API platform

**№ 1 in Russia,
~30% market share**



Cloud solutions

+95%

Cloud and data centre revenue growth



MTS Marketing

58,000

Advertising campaigns launched through the smart targeted advertising service



Geoanalytics

16%

Revenue growth in 2021, projects launched in **46 regions of Russia**



Smart digital city/region

42

Agreements to digitalise cities and regions by the end of 2021

Leisure and Entertainment

MTS Entertainment is MTS Group's division responsible for managing and developing entertainment assets and projects. MTS Entertainment also manages the Ticketland and MTS Live ticketing services.

- > In 2021, MTS ticket windows sold 3.5 million tickets, which is 84.5% more than the previous year. Tickets at MTS ticket windows can be purchased without service fees and commissions.
- > We entered into several large-scale partnerships with major theatres and opened the MTS Live Hall in Yekaterinburg.
- > We plan to open the MTS Live Arena in Moscow and launch a chain of our own concert venues in key regions.
- > A programme of investments in in-house productions and musicals has begun.
- > MTS Live customers gain access to all benefits of the MTS ecosystem: from convenient authorisation using MTS Login or MTS Pay's easy payment in a mobile app to MTS Premium subscription's special offers and the ability to accumulate or redeem MTS Cashback points.



¹ Based on Company data and market analysis.

BUSINESS STRATEGY

MTS's business strategy is Customer Lifetime Value 2.0 (CLV 2.0). It aims to build a sustainable digital ecosystem business on the telecommunications leader's solid foundation. At the centre of our value proposition is the Customer, to whom we provide a wide range of digital services. Our goal is to maximise the length of time that a customer uses our services (Lifetime). We increase customer satisfaction and loyalty by focusing on delivering greater Value. We maximise the value we expect to receive from the customer in the long run.

“

The concept of sustainable and balanced development is the key issue that underpins the economic development policy at the level of international institutions and individual states. It translates into the investment, corporate, and production environment, becoming an important influence on the Company's attractiveness to employees and customers.

This means that sustainability management, commonly associated with the implementation of ESG principles in the business environment, is clearly becoming an integral part of our business practices, strategically and operationally.



Alexander Gorbunov

Member of the Management Board — MTS Vice President of Strategy & Development

Business strategy CLV 2.0

Customer Lifetime



We provide a wide range of digital services



We strive to maximise the time spent using our services



We increase satisfaction and loyalty

Value



We offer huge value to the customer



We maximise the value we expect to receive from the customer in the long run

Customer



In 2021, the technology strategy of MTS was updated, and it was approved by the Board of Directors in February 2022. A new perspective towards the technological transformation of the ecosystem will enable the creation of new innovative and user-friendly solutions through even deeper synergies between ecosystem services and products.

9

Key areas of technological transformation that ensure achievement of the targets

1. Development of ecosystem technology platforms
2. Reduced time to market
3. Development of talents
4. Improvement of IT system reliability
5. Ensuring the cybersecurity of the ecosystem
6. Implementation of key functionality for business verticals
7. Digitalisation of the customer journey
8. Digitalisation of processes
9. Competitive advantages and new businesses

DEVELOPMENT OF MTS AS AN ECOSYSTEM

Our strategy calls for building a multi-product system of services based on the core telecoms business. We call this structure the ‘ecosystem’. It includes several major business verticals and areas with centralised management.

Ecosystem Performance in 2021

8.8

mln people

Number of ecosystem customers by the end of 2021, +40% compared to the previous year

2.9

mln people

Number of customers with an MTS Premium subscription doubled

25.1

mln people

Number of My MTS app users increased by 1.3 million

+ 72%

Growth in the number of the MTS Cashback ecosystem service users

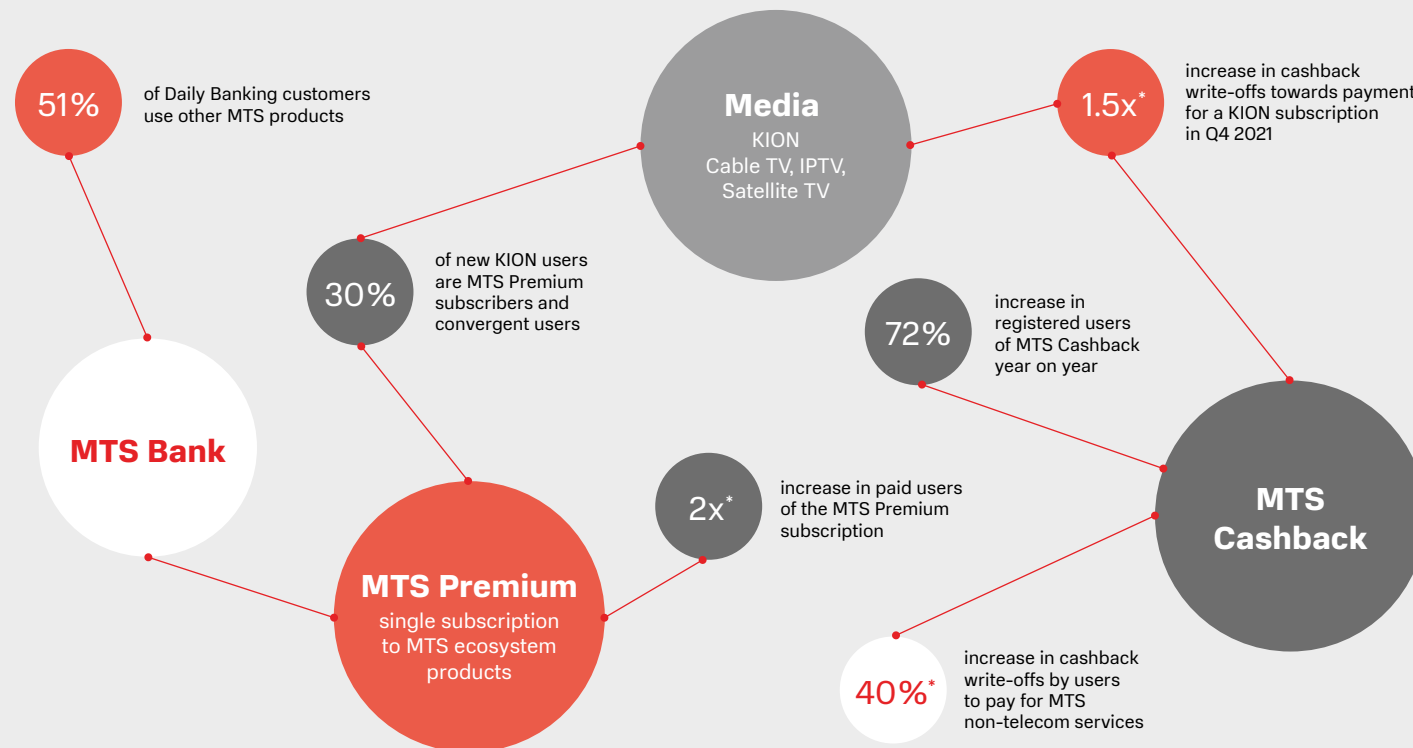
+ 27%

Ecosystem revenue growth YoY

In 2021, integration within the expanding digital ecosystem increased. One of the most important factors in successfully implementing a long-term corporate development strategy is growth in income received from each customer over the entire time that the customer uses MTS services.

Owing to the vertical links between our products, the Premium subscription continued to expand, and we improved conditions under the MTS Cashback loyalty programme.

MTS Premium and its services (Music, Spam Block, and KION) made significant contributions to the growth of the ecosystem base in 2021. Each month active Premium users' engagement in MTS products (MTS Bank, MTS Cashback, MTS Music, KION) grows.



* Comparison of 2021 Q4 and Q3 results.

MTS Cashback is another effective tool for customer engagement in the ecosystem. In 2021, 4 million MTS Cashback users tried other ecosystem products for the first time thanks to the service's native integration into a universal storefront and the easy mechanisms for accumulating/redeeming bonuses in all ecosystem products.

The ecosystem's universal storefront is the My MTS app, which gives customers easy access to the entire range of MTS products and services (Premium, MTS Cashback, Telecoms, Bank, etc.)

Digital products are augmented by subscription models that bundle them with basic telecoms services, attracting new users to the MTS ecosystem

Partnerships

Partnerships are our most important tool. They allow us to fill the ecosystem with offers, scaleup business, and create value for MTS customers and partners

We are building a partnership programme, guided by the principles of openness and freedom in interactions with other companies and ecosystems. We strive for mutually beneficial cooperation. Currently, we have relationships with more than 1,000 partners, who have attracted over 10 million customers through MTS marketing channels over the past four years. A good assessment of our efforts in this area is the fact that nine of ten companies would recommend MTS as a business partner.¹

9 of 10 companies would recommend MTS as a business partner

¹ MTS research data

Ecosystem customers are customers who actively and consciously use two or more MTS services.

- > In 2021, we had 50 active joint projects with major partners.
- > The partner infrastructure is improving. Connecting partners to the ecosystem takes less time, which has improved the indication of satisfaction with MTS as a business partner (NSAT), which climbed to 27 p. p. from 18 p. p. in the reporting period.
- > MTS's product ecosystem gained 10 partners: MTS Cashback or MTS Premium, X5 Retail Group (delivery — Perekrestok Vprok), OZON, Airo, Urent, Medsi, VK Group (Uchi.ru), LUKOIL, Aeroflot, Wargaming, PUBG Mobile, and IGG.

>1,000

partners

of the MTS ecosystem

>10

mln customers

MTS attracted for our partners in four years

>50

bln roubles

The Company has earned together with partners

Not more than a week

integration of partners into the MTS ecosystem

100%

partners

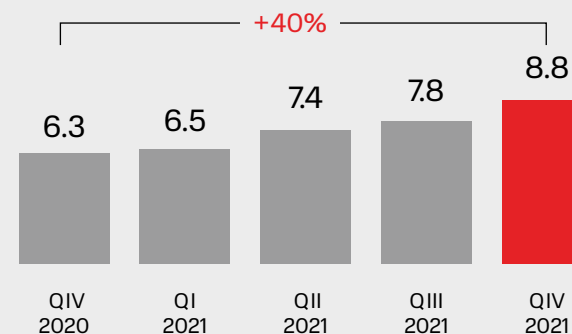
Were transferred to electronic document interchange

50

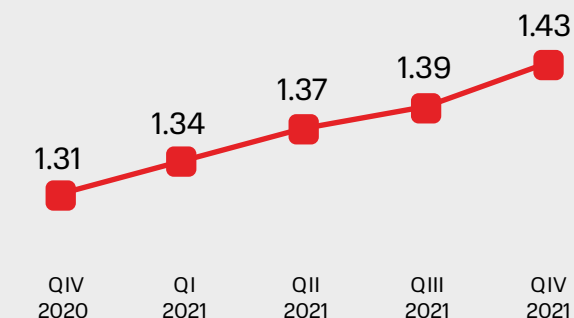
major joint ventures

with major partners were launched in 2021

Ecosystem Clients, mln



Average Number of Products Used by One Customer



KEY FINANCIAL AND OPERATING INDICATORS

11

27,320

base stations

were launched by MTS Group in 81 regions of Russia in 2021. Between them, there are 26,364 LTE stations

88

mln subscribers

in the countries where MTS Group operates

240,000

kilometers

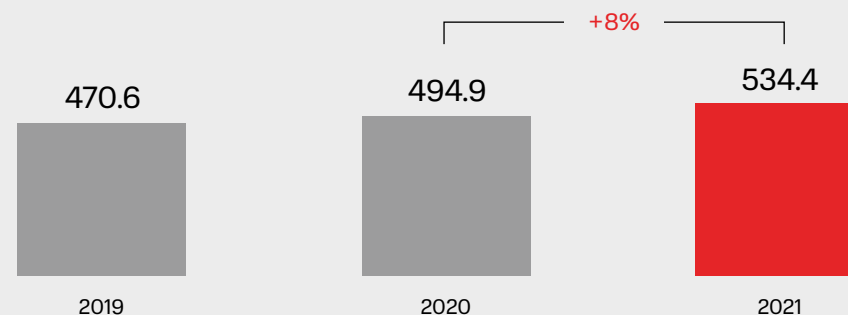
of fiber-optic lines

> 80

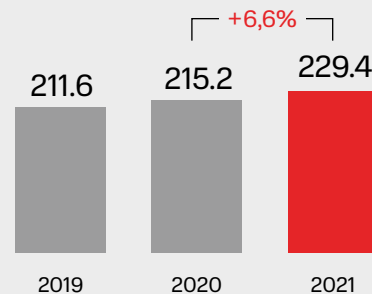
regions

are covered by the Internet of Things (NB-IoT)

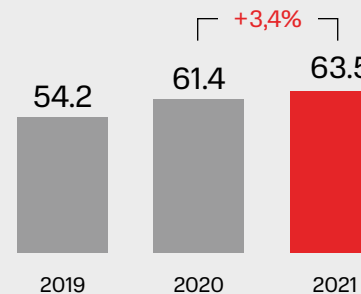
Revenue of MTS Group, bln Roubles



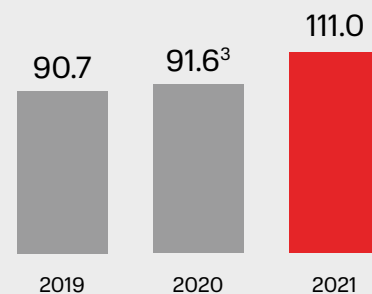
Adjusted OIBDA¹ of MTS Group, bln Roubles



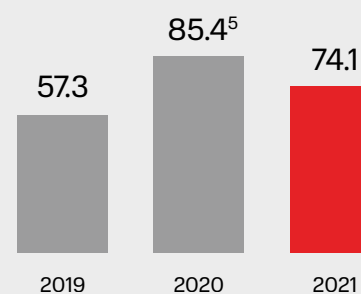
Net Profit, bln Roubles



Capital Expenditures² (CAPEX), bln Roubles



Dividends⁴, bln Roubles



¹ Adjusted OIBDA for 2020 does not include losses in the amount of 2.088 billion roubles from impairment of non-core assets.

² Capital expenditures are shown excluding revenue from agreements on joint operation of communication networks.

³ In 2020, MTS Group's CAPEX was 91.6 billion roubles, if proceeds under swap contracts tied to foreign exchange rate fluctuations relative to the rouble are included. If this factor is excluded, then the Group's CAPEX in 2020 was 96.9 billion roubles.

⁴ Dividends declared and paid in the calendar year, including payments on quasi-treasury shares.

⁵ Including special dividends paid in the first quarter of 2020 in the amount of 13.25 roubles per ordinary share (for 26.5 billion roubles total).

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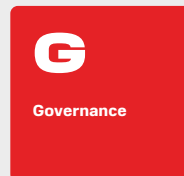
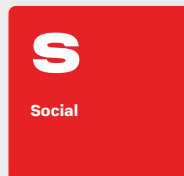
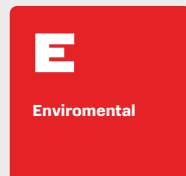
Vyacheslav Nikolaev

President of MTS Group

For MTS, 2021 was a landmark year, as we managed to significantly accelerate the development of priority areas of our digital ecosystem. We achieved strong financial results in terms of revenue and net income. KION's launch let MTS make a key strategic breakthrough into media, and MTS Bank quickly achieved significant scale and autonomy in the market thanks to the soundness of its business strategy. Our core telecommunications business continues to show strong and stable growth in both mobile and fixed-line segments. These achievements further demonstrate the effectiveness of our long-term strategy to improve the user experience for our tens of millions of customers.

KEY ESG INDICATORS

GRI 203-1



Environmental Responsibility

B

Management

CDP score

1.41

PUE

of MTS data centres, which is above the market average

> 500

thousand sheets of paper

saved annually by transition to electronic document interchange

4.3

mln kWh

saved in 2021 under the MTS energy saving program

Social Responsibility

> 80%

of the Russian population

has access to LTE networks

> 5,000

socially significant facilities

were connected to MTS fixed Internet in 2021

627

mln roubles

Amount of MTS social investments in 2021

> 500

social projects

implemented, 19.8 million people involved

42

regions

where MTS is a key partner in the digital economy and socio-cultural cooperation development

Responsibility to Employees

57,463

number of MTS Group employees

70,616

roubles

average salary in MTS Group, 23% higher than national average

105.8

mln roubles

expenses for employee training

888.9

mln roubles

expenses for VHI

Responsible Governance

67%

of members

of the Board of Directors are independent directors

100%

of Remuneration and Nomination

Committee and Audit Committee are independent directors

6 of 6audit recommendations¹

implemented for organisation of risk management and internal control system

50,146

employees

trained in anti-corruption procedures

¹ Recommendations of the Corporate Governance Code approved on 21 March 2014 by the Board of Directors of the Bank of Russia.

STABILITY DURING TURBULENCE

3

“

Although this report discloses information for 2021, it was prepared in the first quarter of 2022, and our stakeholders had many questions about how MTS is ensuring its stability in a turbulent environment, and how the Company can support its customers and partners. My answer is that we have now focused our work on those risk factors that could potentially affect the stability of our business. These include the consequences of further sanctions and restrictions on business and trade relations. We are ready for various scenarios and continue to provide quality service to our customers as usual in all markets where we operate.



Inessa Galaktionova

Member of the Management Board — MTS First Vice President of Telecommunications

What We Have Already Done:

- > stocked up on equipment;
- > upgraded networks (we now realise that the pandemic, during which we expanded coverage and increased capacity, also played a positive role);
- > continued to work on various scenarios for changing the network configuration, including testing new solutions designed to be interchangeable and compatible with the existing infrastructure;
- > have been expanding our in-house intellectual capacity;
- > have prepared to buy Russian equipment and also help develop Russian equipment and software; and
- > have been using internal Company resources to support and update the equipment, software, and IT systems of our technical partners and contractors.

Mobile Internet speed in Moscow and the Moscow Region increased by a third thanks to network updates. This is the Company's largest investment in the telecoms infrastructure of the greater Moscow region in 20 years.

What We are Currently Implementing:

We are Developing Infrastructure

- 1 We continue to modernise networks and maintain the investment schedule.
- 2 We have started building a unified multiservice network and are continuing our course towards import substitution:
 - > the total investment in building the country's largest network of 14 data centres, uniting more than 20 Russian cities, will amount to 6 billion roubles; and
 - > MTS's service for monitoring and managing transport is included in the Russian software register, it does not require replacement of equipment, and allows continuity of business processes at minimal cost.
- 3 We are developing a segment of services based on the Internet of Things:
 - > the Internet of Things (NB-IoT) network is deployed in more than 80 regions of the Russian Federation, providing coverage for over 90% of potential users; and
 - > year on year, in the first quarter of 2022, the NB-IoT network subscriber base increased 2.5 times, and the amount of video surveillance increased 3.5 times.

We Support Our Customers, We:

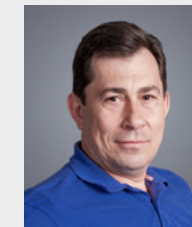
- > provide free access to the 'Beffo app' for mental health self-assistance;
- > conduct free training webinars offering business support;
- > launched a free service for sole proprietors and limited liability company registration. We also updated the MTS POS device to disable the printing of paper receipts; and
- > reduced the cost of acquiring at MTS Bank, launched a '0% for six months' promotion for cash loans, and extended the validity of Visa and Mastercard cards indefinitely.

We Take Care of Our Team, We:

- > have increased communication between top management and the team at every level;
- > have launched mental health support services and free online consultations with psychologists, lawyers, and financial experts;
- > are creating corporate programmes to support healthy lifestyles, sports, and hobbies as ways to reduce stress;
- > have expanded the financial assistance programme for employees; and
- > increased the hiring of specialists in every business area, including about 500 new jobs for IT experts.

“

We see that the regulator has a clear understanding of the telecoms industry's 'pain points' and responds to them in a timely manner. This includes suspending requirements under the Yarovaya Law and removing hindrances to launching LTE in small towns when obtaining permits for frequencies and more. We are in constant dialogue with the Ministry of Digital Development, and we are very grateful to the regulator for its support.



Ruslan Ibragimov

Member of the Management Board — MTS Vice President of Government Relations



SUSTAINABLE DEVELOPMENT IS A PRIORITY

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APPROACH TO SUSTAINABLE DEVELOPMENT ACTIVITIES

GRI 2-24

MTS is known for its long-term strategic approach to the implementation of socially and environmentally significant projects, as well as the active implementation of best practices for responsible business conduct. The integration of ESG principles into business processes allows the Company not only to successfully fulfill strategic tasks, but also ensures proper consideration of interests and responsible behaviour with respect to all stakeholders.

The sustainable development of the Company is also reflected in terms of ensuring the confidentiality and security of the customers' personal data, building a sustainable supply chain, providing social guarantees to employees, controlling environmental impact, and reducing the carbon footprint through the positive impact of MTS Group products and services. Sustainability also means the careful consumption of resources; support for volunteer, environmental, educational, and inclusive programmes; and support for local communities, the preservation of cultural heritage, and regions of operational development; etc.

The Company's priority tasks within the framework of sustainable development also include activities in the regions of operation aimed at developing the socio-economic field, improving the investment climate, and the population's quality of life. These tasks are solved by providing a wide range of innovations and digital services in the field of healthcare, education, ecology, urban infrastructure, and others.

Moving towards strengthening and capacity building in sustainable development and ESG, MTS demonstrates the seriousness of its intentions in fulfilling tasks that are important for all stakeholders.

The Company implements relevant principles in the corporate culture in a timely manner and communicates them to its stakeholders using accessible and convenient communication channels.



For the main documents that define the MTS approach to activities in the field of sustainable development see the **Appendices** section

“

The ESG agenda as a whole has ceased to be a matter of choice for companies. On the one hand, this is a matter of accountability, especially in terms of Environment and Governance. On the other hand, there is the Social aspect — the principles of interaction with society, customers, and employees, where the brand differentiator exists, including the potential for its growth. If we consider ESG from the point of industry specifics, then for the MTS digital ecosystem it is the social direction that has the maximum potential for development, where we can expend effort introducing products for the maximum positive effect on society.



Polina Ugryumova

Corporate Secretary of the ESG Committee,
MTS Director of Investor Relations



MTS products and services improve resource efficiency in the corporate sector through the outsourcing of IT functions and the efficient use of network and cloud infrastructure. Trade-in programmes for phones and electronic devices are available to individuals, which allow our customers to handle e-waste responsibly.



MTS products and projects simplify and enrich people's lives, allowing them to manage their personal time and budget more freely and effectively. In particular, high-quality communication services and Internet access are of high social importance, as they provide online access to healthcare, education, leisure, and entertainment services with access to interesting and socially significant content. Application of MTS's innovative services and technologies helps corporate and government customers develop their business, increasing its sustainability and competitiveness, optimising and saving resources, improving production safety, expanding urban and natural spaces, and creating new jobs. We establish a welcoming and efficient work environment in the Company, and the Company's inclusive programmes and the wide range of educational courses respond to society's demand for an accessible environment.



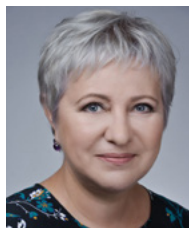
MTS makes a significant contribution to the processes of digitalisation and increasing the transparency of information and financial flows in strict compliance with all regulator requirements, contributes to the formation of an environment of healthy competition and access to technological infrastructure without discrimination to participants in the market. At the same time, our Company itself is an example of compliance with the high standards of corporate governance and principles of responsible business conduct.

ESG STRATEGY: FOCUS TOPICS

GRI 2-23

In 2021, we conducted a comprehensive analysis and systematised social and environmentally significant projects. We also systematised the principles of responsible business conduct that MTS has practiced over the years. The results of this work have formed the basis of a comprehensive ESG Strategy, which defines the main areas and initiatives of MTS that contribute to sustainable development. In December, the ESG Committee of the MTS Board of Directors approved the Strategy.

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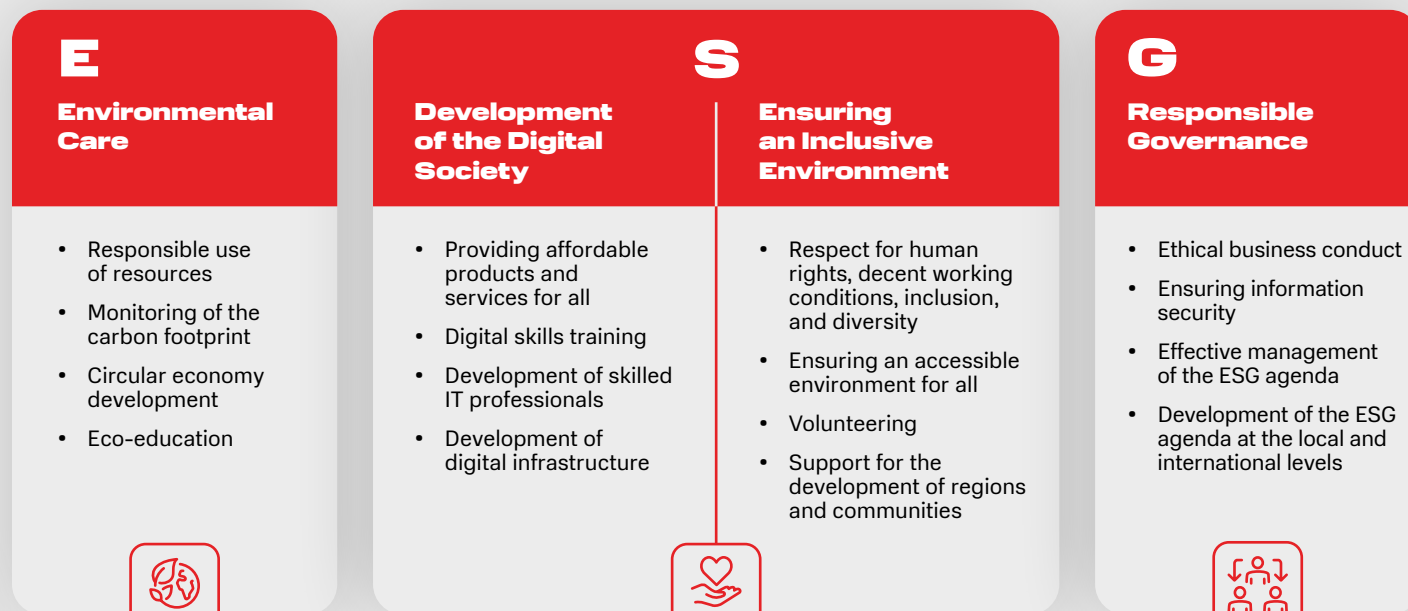
I am certain that it is the ability of technology companies to solve critical problems of the social and environmental agenda by launching digital products and developing innovative IT solutions that will considerably stimulate dialogue between society and business in Russia in the coming years.

Olga Ziborova

Member of the Management Board – MTS Vice President of Ecosystem and Marketing Development

The ESG-strategy includes four strategic areas: Environmental Care, Development of the Digital Society, Ensuring an Inclusive Environment, and Responsible Governance. In each of these areas, we implement projects, programmes, and individual initiatives.

The MTS ESG-Strategy



The ESG strategy has developed many of the initial aspects of the sustainable development and corporate social responsibility of the previous cycle, as well as provisions that have expanded or replaced previous ones.

These approaches are to be improved until 2025 in the following three ways:

- > **streamline** — eliminate gaps and use the ‘underused’;
- > **scale up** — continue what has been successfully started; and
- > **assess** — test future opportunities.

The adoption of the Strategy was the Company’s response to growing interest in the ESG agenda from stakeholders. In 2021, MTS received over 30 requests from partner companies, rating agencies, representatives of the investment community, and other interested parties to provide information about the Company’s activities, including those related to ESG topics.

MAP OF ESG INITIATIVES

As one of the largest technology companies, MTS, through its activities, significantly influences the development of the economy as a whole, as well as its individual industries, and various spheres of human life. The focus areas for MTS initiatives in the field of sustainable development are formed on the basis of the key directions of the ESG strategy and the current level of maturity of the Company.

“



It is important for us to ensure that the impact of the Company and its initiatives on the world around us remains positive. Thus, we have identified focus vectors in our ESG activities, taking into account business goals and social objectives. These are the areas important for the Company, where we also plan to monitor progress and share our achievements with stakeholders.

Yuriy Savelyev

Director of the MTS ESG Centre

E
Environmental Care

Responsible resource management	E-waste management	Carbon management	Development of 'green' products and services	
Development of electronic document interchange (EDI)	Collecting and transferring the Company's and customer's E-waste for processing	Carbon emissions calculation and monitoring	Implementation of energy efficient management measures	Presence of 'green' products and services in our portfolio
Increasing the share of waste sent for recycling and disposal	Extension of equipment service life	Use of alternative energy sources (low carbon, RES)	Implementation of climate projects and monetisation of CO ₂ units	Investing in third parties' environmental and social projects
Stakeholder education for responsible consumption		Regular disclosure of CO ₂ emission reduction information, including emissions from product application		Issuing 'green' and social bonds

S
Development of Digital Society
Ensuring an Inclusive Environment

Development of digital society			Responsibility to employees		
Presence of 'socially responsible' products and services in portfolio	Implementation of programmes to support and develop regions	Implementation of programmes to help local communities	Providing comfortable and safe work environment	Compliance with labour protection requirements	Ensuring gender equality at all levels
Ensuring accessible environment for people with disabilities	Protection from inappropriate content	Providing customers with secure devices	Shaping an inclusive culture	Employment of people with disabilities, youth, pensioners	Promoting a healthy lifestyle
Stimulating development of ecotourism	Support for vulnerable segments of population (financial and non-financial)	Development of digital skills for all social groups	Implementation of educational programmes, incl. development of IT competencies	Implementation of volunteer programs	Support for ethnic and national diversity

G
Responsible Governance

ESG agenda management system	Responsible supply chain	Information Security Management System	
Building an ESG agenda management system (ESG compliance)	Development of ESG programs and methodologies, adaptation of internal regulations	Integration of ESG criteria into the procurement process	Using advanced systems to manage internal information security
ESG prioritisation and KPIs	Involvement of employees in implementation of ESG projects at all levels	Monitor and collect suppliers' ESG data	Cyber education for employees and customers
Regular monitoring and data collection related to ESG	ESG risk management	Obtaining/upgrading ESG ratings and participating in ESG industry associations	Involvement of specialised experts in information security

CONTRIBUTION TO ACHIEVING UN SDGS

MTS supports the United Nations Sustainable Development Goals (UN SDGs) adopted in 2015. In 2021, MTS updated the SD and CSR Strategy, which reaffirmed the Company's strategic priorities in this area for the period up to 2025.

In accordance with the document, MTS assumes obligations to act proactively to achieve 14 of the 17 established UN SDGs that correspond to the Company's capabilities within its industry specifics and social role. We have named these to be Priority goals.

With regard to the other three UN SDGs, the Company undertakes to act on the request of stakeholders and additionally consider the possibility of participating in activities to achieve these goals.



For more information about the contribution of MTS to the achievement of the UN SDGs, see the [Appendices](#) section

MTS activities in the field of sustainable development in 2021 were carried out based on the UN 2030 Agenda for Sustainable Development Goals (SDGs), the recommendations of the international Standard ISO 26000 (Guidelines for corporate social responsibility), and the best Russian and world practices.

Priority SDGs

Social Area



Economical Area



Ecological Area



According to the text of the Report, the SDG symbols mark the landmark initiatives and practices of MTS that help solve the tasks of the global UN 2030 Agenda for Sustainable Development



SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

We are building a sustainable development management system that meets the expectations of stakeholders and striving to use our full potential to contribute to the development of society, applying the highest standards of corporate governance.

Approach to Managing ESG Activities in MTS

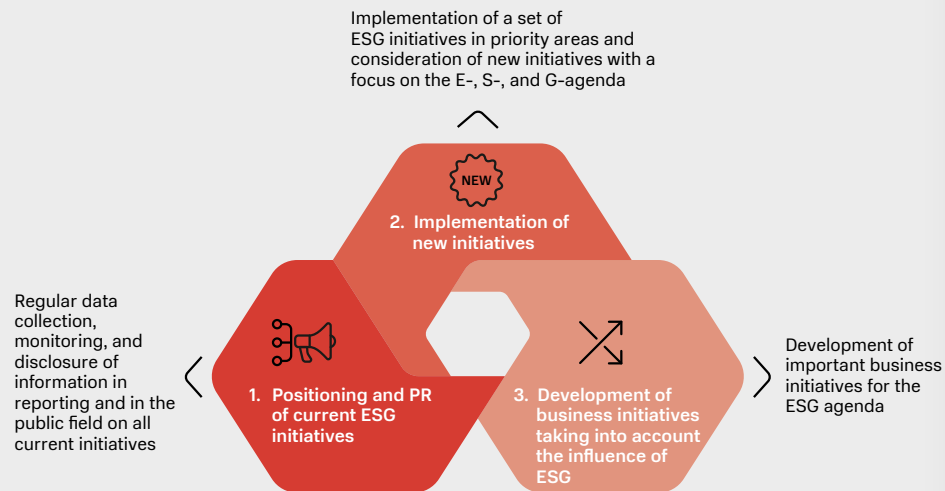
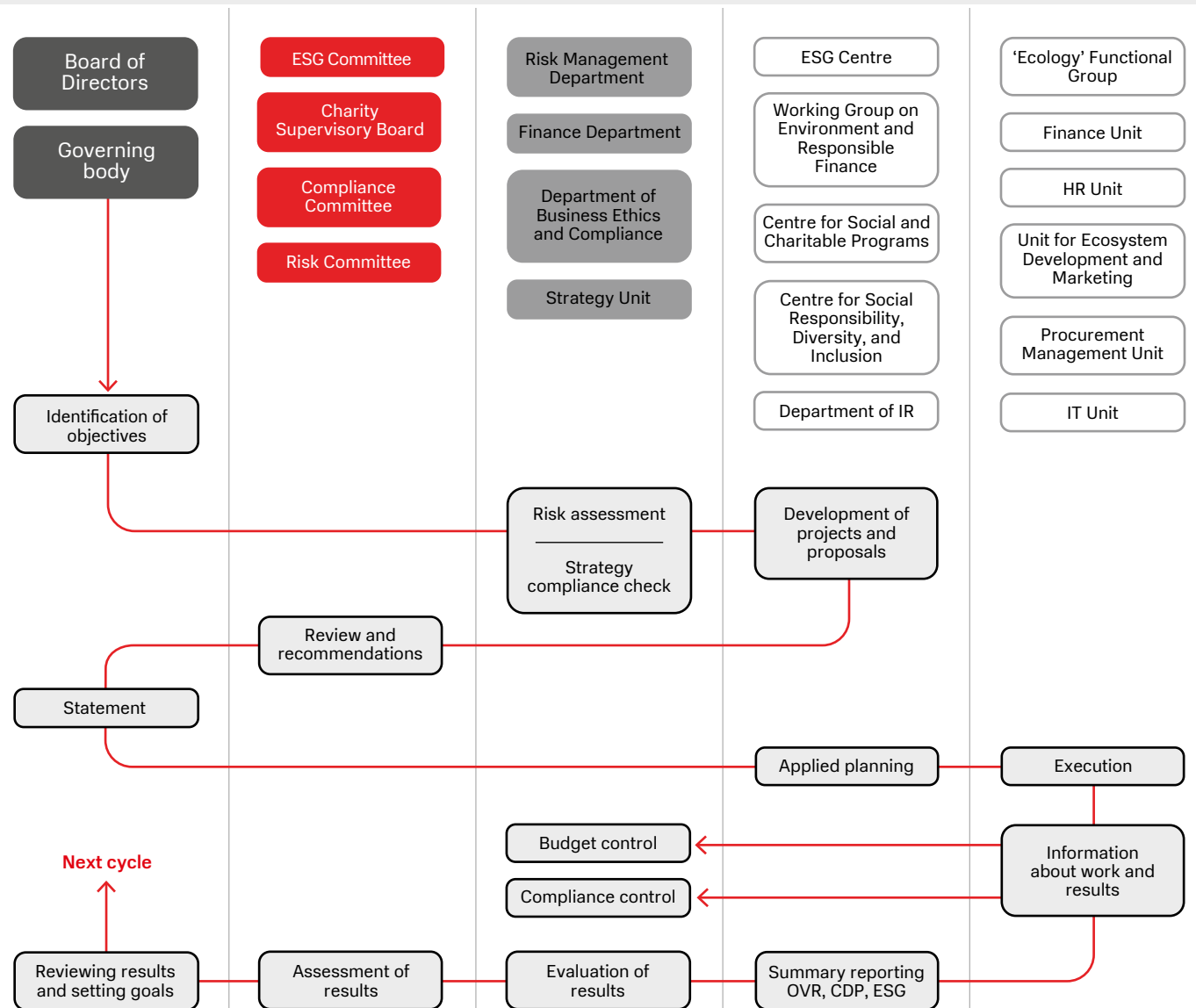


Diagram of Sustainable Development Management in the Company



ORGANISATIONAL MODEL FOR SUSTAINABLE DEVELOPMENT MANAGEMENT

Board of Directors, Management Board, and President

GRI 2-9, 2-12, 2-13, 2-14, 405-1

The Board of Directors, Management Board, and the President of MTS PJSC take an active part in the management of sustainable development and the discussion of ESG issues in MTS. They participate in the definition of the ESG strategy and strategies related to sustainable development, systematically evaluate the achievements of the Group in terms of target indicators of social programmes and projects, and initiatives in the field of environmental protection. The Management Board and Board of Directors annually review the Sustainability Report. The Board of Directors and President approve local regulations that contribute to the sustainable development of the Company.

In 2021, among the issues related to sustainable development, the Board of Directors analysed the operation of the Group's anti-corruption compliance system, and also assessed the level of business ethics and culture. At Board of Directors meetings in 2021, 17% of these issues considered were related to personnel appointments and personnel policy. The Board of Directors also considered and adopted a programme of motivation and long-term material incentives for MTS employees, including assessing the achievement of key performance indicators of the President and members of the MTS Management Board, and also approved key performance indicators for them, some of which cover a number of social and environmental aspects of the Company's activities.

To ensure greater transparency and an unbiased approach to management decision-making, the Board of Directors is largely composed of independent directors. As of 31 December 2021, the MTS Board of Directors consisted of nine persons: two women and seven men; the Management Board consisted of two women and 12 men.

Based on 2021 results, MTS has been included in the Top 10 companies of the National Corporate Governance Index for the sixth year in a row



For more details on the work of the Board of Directors, see the Corporate Governance section of the [MTS PJSC Annual Report 2021](#)



For more information, see the [Sustainable Development Risk Management](#) section

MTS Independent Director Regina von Flemming won the 15th Director of the Year national award in the Independent Director category. This award recognises the achievements of Russian company directors in the implementation of high standards of corporate governance in board of director committees.

Board of Directors' Committees

In 2021, the Corporate Governance Committee was transformed into the Corporate Governance, Environmental, and Social Responsibility Committee (**the ESG Committee**), and its scope of competence was expanded. This made it possible to comprehensively consider the Group's issues of corporate governance, environmental, and social responsibility on one platform. The ESG Committee controls the implementation and observance of the principles of sustainable development. It also participates in the development of MTS general strategy in the field of sustainable development, environmental, and social responsibility. Additionally, the Committee takes part in reviewing the results of its implementation.

The Committee oversees issues related to the sustainable development of the Company and its contribution to the sustainable development of society, including:

- > creating a sustainable ecosystem within and around the Company through the consolidation and efficient use of resources of cross-functional projects;
- > integrating new ideas and projects in the field of sustainable development and CSR — corresponding to the best Russian and world practices — into the Company's business; and
- > creating a sustainable business environment in Russia and countries where the Company operates through the development of partnership programmes and projects that promote responsible business conduct and are aimed at achieving sustainable development goals.

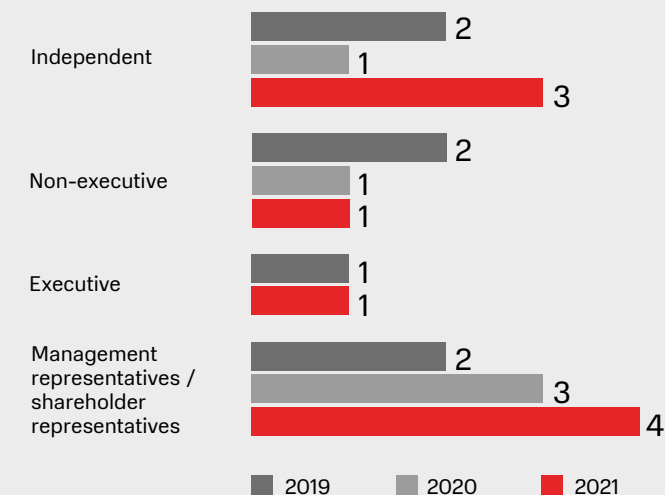
In its activities, the Committee is guided by the recommendations and requirements of current legislation, the Charter and internal Company documents, the Code of Business Conduct and Ethics, decisions of the Company's management bodies, the Regulations on the Committee, and the best global management practices of the ESG agenda.

The Strategy Committee of the Board of Directors, together with the Management Board, is reviewing the technology strategy, which includes energy-saving and energy-efficiency programmes, the use of energy-efficient equipment, and the introduction of alternative energy sources.

The main task of the **Remuneration and Nomination Committee** is to prepare recommendations for the Board of Directors regarding the priority areas of the Company's activities on the development and implementation of personnel policy and remuneration.

The Audit Committee contributes to the effective performance of the functions of the Board of Directors in terms of control over financial and economic activities. The Committee considers issues of ensuring control over the effectiveness of the functioning of the risk management and internal control system, the compliance and corporate governance system, the reliability of the financial statements of the MTS Group of Companies, the independence and objectivity of the implementation of internal and external audit functions.

Composition of the ESG Committee in 2019–2021



Since 2019, MTS PJSC has also had a **Special Compliance Committee**, which considers issues related to compliance supervision measures implemented by MTS.

Committees and Working Groups Under the President

Until June 2021, the **Committee on Sustainable Development and Corporate Social Responsibility** coordinated the activities of MTS in these areas, including the integration of new ideas and projects in the field of sustainable development and CSR into the Company's business. Further, the functionality was transferred to a new division — the ESG Centre, and the Committee was abolished in April 2022.

The Risk Committee, chaired by the President of MTS, discusses the Company's key risks, including environmental and social risks, and makes collegial decisions on the development of plans to reduce them.

Since 2016, the **Compliance Committee** has been operating at MTS. It consists of the head of the Company and managers of direct subordination. The Committee makes decisions on the formation and implementation of programmes that comprise the Unified Compliance System.

The Finance and Investment Working Group develops and implements an action plan for the issuance of social/'green' bonds, approves ESG financing procedures and lists of socially/environmentally significant projects, ensuring effective cross-functional interaction of all involved structural units.

Organisational Model for Sustainable Development Management

To effectively manage the ESG agenda, MTS established the ESG Centre at the beginning of 2022. The new division provides methodological and practical support for the integration of the ESG agenda in the Group. The establishment of the ESG Centre completed the formation of an effective system of corporate management of ESG aspects.

ESG Centre Functions

- > Development and implementation of the ESG strategy
- > Synchronisation of initiatives and management of a portfolio of ESG projects within the MTS Group
- > Provision of internal consulting services in the field of ESG to business verticals and Companies of the MTS Group
- > Replication of the best ESG practices in the MTS ecosystem
- > Regular collection, monitoring, and consolidation of ESG data from functions, business verticals, and subsidiaries of the Group
- > Monitoring of the legislative framework in the field of ESG in the Russian Federation and notification of changes in the relevant business verticals
- > Regular ESG maturity assessment, monitoring, and control, development of corrective actions
- > Development of the ESG compliance system in the MTS Group. By providing methodological support, the ESG Centre promotes the integration of the ESG agenda in the Companies of the Group, shares experience, and helps create the most effective corporate governance system for ESG aspects
- > Interaction with external and internal stakeholders within the framework of the ESG agenda, reporting to the ESG Committee

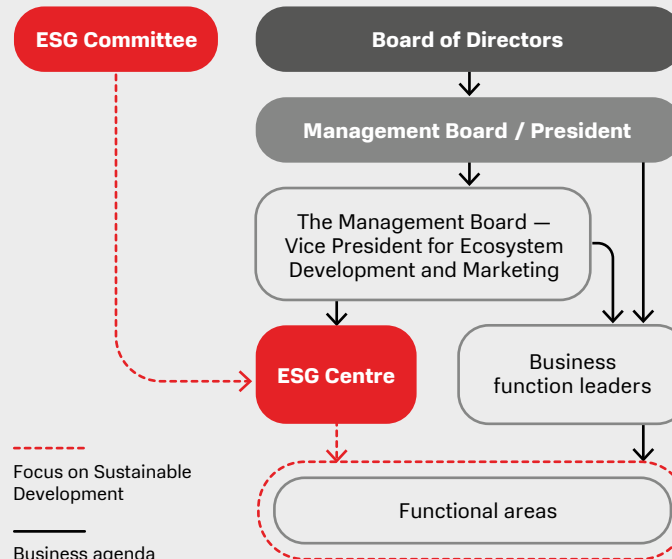
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Yuriy Savelyev

Director of the MTS ESG Centre

A feature of the ESG Centre is the cross-functionality of its activities, the involvement in the implementation of the ESG practices in all departments and subsidiaries of the Company. Such an integrated approach allows for organising all environmental and social initiatives in the Company into a single, understandable system, where all projects harmoniously complement each other, and where it is possible to evaluate the contribution of each project.



Within the Ecosystem Development and Marketing Unit is the **Centre for Social and Charitable Programmes**, which is responsible for the development and implementation of MTS's own federal, social, and charitable programmes (Generation M, Power Place, Urban Legends, Cultural Code, etc.), partnership initiatives, and volunteer activities, and aims to position the Company as socially responsible among various stakeholder groups as well as to publicly promote the Company's ESG activities.

MTS Group's charitable activities are controlled by the Supervisory Board for Charity, which includes top MTS Group managers. The collegial body agrees and approves the list of projects for which the charitable budget is spent.

The Centre for Social Responsibility, Diversity, and Inclusion has been established in the Human Resources Management Unit, which is responsible for implementing the Diversity, Equity, and Inclusion Policy, including implementing special programmes for volunteers, employment, to support employees and socially vulnerable groups of the population, and education.



For more information on managing charitable activities at MTS, see the [Charity at MTS](#) section



For more information on managing corporate social responsibility at MTS, see the [Diversity, Equity, and Inclusion](#) section

The implementation of environmental projects is handled by the **Ecology Functional Group** of the Finance Unit. The division is responsible for integrating the principles of environmental responsibility into the business processes of the MTS Group, and also contributes to the formation of an environmental culture through the implementation of environmental education projects.

Separate working groups are created to implement large cross-functional ESG initiatives. For example, the issues of carbon management, climate change risk assessment, and climate reporting are handled by the **Working Group on Environment and Responsible Finance**, chaired by the Director of the ESG Centre. The working group includes representatives of more than 15 structural divisions of MTS, as well as subsidiaries of the MTS Group.

The sustainable development agenda and the system for managing its aspects permeate all business verticals of the Group, where working groups are also being created to implement ESG projects and employees are being sought to manage this agenda. For example, at the end of 2021, MTS Bank created the position of head of sustainable development programmes, with the main function of determining the key UN SDGs for planning social activities of the Fintech business vertical and adapting the relevant regulatory documents, taking into account its specifics.

“



Recently, many leading companies in the Russian market have begun separating the functionality for managing the sustainable development agenda from related areas and forming separate teams for managing activities in the ESG area. This is a very optimistic trend for our market, which will provide an incentive for the development of this area and will allow us to quickly implement the best world practices.

Elena Feoktistova

Managing Director of the Corporate Responsibility, Sustainable Development and Social Entrepreneurship Department of the RUIE



For more information, see the [Carbon Management](#) section

SUSTAINABLE DEVELOPMENT RISK MANAGEMENT

GRI 2-25, TC-SI-550a.2



Risk management policy
[mts.ru](#)

For more information about the Group's risks, see:



Form 20-F



Report of the Issuer of Equity Securities of MTS PJSC for 12 months of 2021

An integrated approach involves the use of a single methodology that allows for effective analysis and the consideration of significant risks in decision making, as well as being able to successfully resolve issues that arise at the junctures of areas of responsibility of various departments. We have a systematic approach to managing all types of risks inherent in MTS's business throughout the entire structure and geography of the Group's operation.

To guarantee the comprehensiveness, quality, and comparability of the information provided for each of the decision-making levels, we have provided a single channel for informing the Company's management. This approach makes it possible to foresee different options for the development of the situation in a timely manner and to take the necessary steps to eliminate risks.

The Risk Committee, chaired by the President of MTS, regularly reviews the Risk Management Report of the MTS Group, discusses key risks and makes collegial decisions on the measures necessary to mitigate them. Responsibility for risk management is distributed among the functional divisions of the Company. For more information on risk management, see the Risk Management section of the [MTS PJSC Annual Report 2021](#)

Risk Factors for Priority Areas of Sustainable Development

Risk Description	Risk Mitigation Measures	Target
<p>Economic and social instability</p> <ul style="list-style-type: none"> > The presence of recession or downturn in economic growth in the countries of operation. This may be accompanied by social instability and negatively impact the financial condition of MTS customers and partners, lead to a reduction in demand for the services provided and, as a result, to a decrease in the Company's income and its performance indicators 	<ul style="list-style-type: none"> • Systematic analysis of the macroeconomic situation in the markets of operation • Prompt and effective response to changes in the general economic background with the help of tariff instruments • Continuous expansion of the range of services provided and improvement of customer satisfaction • Selection of optimal conditions for attracting external financing • Control of the level, cost, and structure of debt obligations 	<ul style="list-style-type: none"> • Achieving sustainable business development and high operational performance
<p>Regulatory risks</p> <ul style="list-style-type: none"> > Changes in legislation in the field of provision of communication services in the countries of operation 	<ul style="list-style-type: none"> • Regular monitoring of current trends in lawmaking and tax law in the countries of operation • Participation in working groups on optimisation of the industry regulatory framework together with regulators 	<ul style="list-style-type: none"> • Achieving sustainable business development • Ensuring regulatory compliance

Risk Description	Risk Mitigation Measures	Target
<p>Tax risks</p> <ul style="list-style-type: none"> > Penalties resulting from frequent changes or ambiguous interpretation of tax laws 	<ul style="list-style-type: none"> • Timely integrated solutions in the field of tax planning and customs regulation • Involvement of external consultants 	<ul style="list-style-type: none"> • Achieving sustainable business development • Ensuring regulatory compliance
<p>Compliance risks</p> <ul style="list-style-type: none"> > Failure to comply with anti-corruption control standards 	<ul style="list-style-type: none"> • Development of the anti-corruption compliance system in accordance with the best world practices • Development of the Unified Compliance System in the Group • Update and adaptation of key compliance policies and procedures in MTS Group, including acts regulating high-risk transactions • Availability of special rules and procedures to prevent corrupt practices on the part of both employees and contractors • Following the best practices of compliance management systems 	<ul style="list-style-type: none"> • Promoting transparent, honest, and ethical business practices and preventing abuse
<p>Social risks</p> <ul style="list-style-type: none"> > Social instability in labour collectives > Shortage of qualified personnel 	<ul style="list-style-type: none"> • Continuous improvement of social and labour relations in terms of: <ul style="list-style-type: none"> — social support — opportunities for career and personal growth • Ensuring effective communication with staff • Assessment of the internal climate with the aid of sociological surveys • The system of education and practical training of personnel 	<ul style="list-style-type: none"> • Building an attractive HR-brand • Building high-performance teams
<p>Occupational safety risks</p> <ul style="list-style-type: none"> > Increased injuries > Penalties related to possible violations in the field of labour protection 	<ul style="list-style-type: none"> • Occupational health and safety management system (OHS) certified according to OHSAS 18001:2007 • Internal control over the state of working conditions • Conducting a special assessment of working conditions • Training all categories of employees • Prophylactic medical examinations • Provision of workers with personal protective equipment • Compliance with sanitary and epidemiological requirements 	<ul style="list-style-type: none"> • Ensuring employee safety
<p>Risks of human rights violations</p> <ul style="list-style-type: none"> > Non-compliance with the labour legislation of the Russian Federation > Discriminatory and unethical behaviour, incorrect public statements, etc. 	<ul style="list-style-type: none"> • Analysis of the results of the annual external audit of compliance programmes and the results of compliance risk assessment at the business process level • Approval of normative documents regulating the main issues of observance of human rights in the workplace, including the Diversity, Equity, & Inclusion Policy • Unified Hotline for employees to contact regarding difficult work situations • Implementation of the MTS Inclusion programme 	<ul style="list-style-type: none"> • Creating comfortable working conditions and providing equal opportunities for the realisation of the creative potential of employees

Risk Description**Risk Mitigation Measures****Target****Environmental risks**

- > Failure to comply with environmental reporting requirements
- > Operation of an enterprise that has a negative impact without prior state registration
- > Violation of requirements in the field of environmental control and monitoring
- > Carrying out activities accompanied by emissions of pollutants into the atmosphere, or waste management without duly-issued permits

- Compliance with ecological safety and environmental protection in administrative facilities policy
- Implementation of environmental programmes and organisation of environmental protection measures
- Timely execution of permits
- Training of employees in the field of environmental protection
- Industrial environmental control
- Monitoring changes in the requirements of environmental legislation at the corporate and regional levels
- Increasing openness and accessibility of environmental information, including through SD reporting
- Timely payment of a fee stipulated by legislation for negative environmental impact

- **Reducing the level of negative environmental impact**
- **Compliance with the requirements of the environmental legislation of the countries of operation**
- **Compliance with the requirements of national and international standards in environmental protection**
- **Increasing the level of environmental awareness and the education of employees and the public**

Information security risks

- > Unauthorised actions of employees and partners, as well as illegal actions of third parties that can lead to a violation of the integrity, availability, or confidentiality of information, including leakage of subscriber data
- > Suspension of the main business processes, as well as claims from subscribers, partners, and regulators, fraught with significant negative consequences for the reputation, and business and financial position of MTS as a result of information security breach
- > Violation of the requirements of the legislation on personal data processing and the occurrence of financial losses due to:
 - sanctions in accordance with the General Data Privacy Regulations (GDPR)
 - sanctions of regulators under articles 13.11 of the Code of Administrative Offenses of the Russian Federation (parts 1, 2, 4, 5, 6, 8)

- Information security policy that complies with the recommendations of international standards and the requirements of applicable Russian legislation
- Centralised information protection system, unification of protection measures for various categories of restricted access information based on international standards of the ISO 27000 series and the requirements of legal regulatory acts of the Russian Federation for the protection of personal data, communication and trade secrets, and insider information
- Ensuring the protection of personal data on the third level of security in accordance with the requirements of the legislation of the Russian Federation
- Ensuring secrecy of communication by built-in information protection mechanisms in communication facilities in accordance with international communication standards and the requirements of the industry regulator
- Availability of licenses from the Federal Service for Technical and Export Control and the Federal Security Service of the Russian Federation for technical and cryptographic protection of confidential information and monitoring of information security events

- **Ensuring the continuity and security of the Company's business processes during the transition to digital technologies in the face of growing cyber risks and strengthening legal requirements for information security**

Additional Risks of Economic and Social Instability

At the moment, two events require the Company's special attention in terms of risk management. The outbreak of a previously unknown variant of coronavirus (COVID-19) has adversely affected the global economy, disrupted supply chains, created significant volatility in financial markets, and destabilised them. The coronavirus pandemic, among other things, may lead to a decrease in demand for MTS products and services, including international roaming services; an increase in prices on the part of suppliers, as well as their refusal to finance purchases; a reduction in product output or untimely deliveries of equipment and subscriber devices; and service delays. Given the high uncertainty associated with the current epidemiological situation, including measures to counteract the spread of the virus, we are unable to reliably and fully assess its potential impact on the business, but we assume that the current situation may adversely affect the business, financial position, and results activities of the Group.

In addition, in early 2022, as a result of the ongoing geopolitical conflict in Ukraine, the European Union, the United States, the United Kingdom, and a number of other countries introduced significant new sanctions and export controls against Russia (territorial sanctions), certain sectors of the Russian economy, and on a number of Russian and Belarusian individuals and legal entities. The continuation or expansion of such restrictions, as well as uncertainties due to changes in the regulatory environment in Russia, may present additional compliance and operational challenges

for the Company and adversely affect the business of the Company and its customers. In addition, a number of Western companies and exchanges have suspended, terminated, or restricted their activities in Russia not due to the requirements of the laws applicable to them, but on their own volition. On 28 February, trading on the Moscow Exchange was suspended for all issue-grade securities (including ordinary shares of the Company) until the partial restoration of trading in shares on 24 March 2022, and the full restoration of trading on the Moscow Exchange on 28 March 2022. Also on 28 February, the New York Stock Exchange suspended the trading in American Depository Receipts (ADRs) of MTS and some other Russian companies.

The further development of the above events is difficult to predict, circumstances can change rapidly and often without prior notice. In general, developments in the situation are beyond the control of the Group. Also, the risk that any member of the Group or persons holding positions in the Group, as well as its counterparties, will be affected by future sanctions cannot be excluded. Risks include, but are not limited to, the risk of restricting and completely blocking access to capital markets and the possibility of obtaining financing on commercially reasonable terms (or receiving financing, in general), the risk of restrictions on the import of certain equipment and software, as well as the risk of depreciation of the Russian rouble against other currencies, may affect the Company's activities.

MTS also separately highlights environmental and climate regulatory risks



For more information, see the [Key Climate Risks](#) section

RESPECT FOR HUMAN RIGHTS

5 **8** GRI 2-30, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3

MTS does not accept discrimination in any form and manifestation, strives to create an inclusive and diverse environment, strictly adheres to the requirements of labour legislation, tries to take into account the interests of the staff to the extent possible, and at the same time adheres to the best world practices in this area.

We respect and protect the rights of employees, customers, partners, residents of the territories where the company operates, and other people and organisations with whom we interact in the course of our activities. We provide equal opportunities for the realisation of the potential of our employees and equal access to the company's services for customers. MTS fully shares the universally recognised global approach to respect for human rights and seeks to minimise violations in this area by improving corporate governance and developing feedback mechanisms. Therefore, the risks associated with the violation of human rights are given special attention in risk management within the framework of sustainable development.

The human rights violation risk management system is part of the integrated risk management process



For more information, see the [Unified Hotline](#) section

Online surveys of MTS Group employees are conducted annually on human rights observance. In the course of such surveys, the level of employee satisfaction with the activities of the employer in this area is assessed, and the social problems of the respondents are also identified.

Each employee of the Company, as well as any other individual or legal entity, can submit, including anonymously, human rights violation complaints to the MTS Unified Hotline.

In the reporting year, no violations related to the right to association and collective bargaining were identified. In 2021, 8,136 employees were covered by collective bargaining agreements (10,203 in 2020). No cases of discrimination were noted.

There were 894 labour practices complaints filed through formal complaint mechanisms in 2021 (up from 558 a year earlier). All complaints received were resolved. There were 69 labour disputes considered in court (13 in 2020).

In the reporting year, a new online course 'Human Rights in the Workplace' was launched on the platform of the MTS Corporate University for all employees. The course talks about various aspects of applicable labour law and gives a clear understanding of how an employee should act in the case of violation of his rights.

566 MTS Group employees completed the Human Rights at Work training course in 2021

Taking into account industry specifics, the risk of child labour in the Group's Companies is considered insignificant. Nevertheless, MTS advocates its complete eradication, as well as the rejection of forced and compulsory labour in relation to both its own employees and employees of contractors and the entire supply chain.

Where possible and necessary, amendments were made to contracts with counterparties regarding the observance of human rights.



KEY SUSTAINABLE DEVELOPMENT INITIATIVES



MTS Annual Open Conference — 2021 'Sustainable Development and ESG: Social Aspect'



Initiatives Aimed at Developing the Economy, Infrastructure, and Innovation

In March 2021, MTS placed social bonds for 4.5 billion roubles. The proceeds from the issue were used to finance a project to connect 4,995 socially significant facilities in Russia to the fixed Internet.

In June 2021, MTS President Vyacheslav Nikolaev was elected to the Council of the Global GSM Association for 2021–2023, where, along with 25 representatives of the world's largest telecommunications companies, he works to develop telecommunications and an innovative environment.

In November 2021, MTS joined the international association of telecoms operators 5G Future Forum (5GFF), whose task is to develop specifications and implement advanced solutions based on 5G technologies and edge computing (Multi-access Edge Computing — MEC). In January 2020, 5GFF was established by America Movil, KT Corporation, Rogers, Telstra, Verizon, and Vodafone to develop common specifications, share best practices, manage intellectual property, and participate in R&D projects aimed at implementing and globally scaling commercial solutions based on 5G and MEC technologies.

Initiatives Aimed at Developing the Social Sphere

In October 2021, MTS signed the Code of Ethics for Artificial Intelligence. The document approves the main principles of AI implementation: transparency, truthfulness, responsibility, reliability, inclusion, impartiality, security, and confidentiality. The principles are transboundary and supranational.

In November 2021, MTS joined the Digital Ethics of Childhood charter. The document was created by the Alliance for the Protection of Children in the Digital Environment; MTS, along with the largest Internet and IT companies in the country, is one of the founders of the Alliance. The principles laid down in the charter will increase the level of digital literacy and protect children from potential threats on the Internet.

SD Ratings



In October 2021, the Russian rating agency AK&M assigned MTS the highest score in the ESG Reporting Rating, which analyses the comprehensiveness of the presentation of information on sustainable development in the Company's public reports. AK&M analysts upgraded MTS's position in the ESG Reporting Rating to RESG1 from RESG2 a year earlier, noting the highest degree of disclosure of information about sustainable development in MTS's public reports, the Company's successful work in the social sphere, and the development of an ESG strategy.

Expert

In December 2021, the Expert RA rating agency confirmed the credit rating of MTS at ruAAA in the Company's review for 2021. 'Expert RA' noted the high level of predicted liquidity, in particular, that the operating flow, together with cash, is sufficient to cover interest expenses. The agency also noted the high-quality organisation of risk management, strategic planning, and the high level of information transparency of the Company.



Национальный индекс корпоративного управления

At the end of 2021, MTS entered the Top 10 companies of the National Corporate Governance Index for the fourth year in a row.

Forbes

MTS received 'gold' status in the overall rating of the best employers in Russia according to Forbes magazine. The Company also received 'gold' in the Ecology and Employees and Society sub-ratings, and 'platinum' status in the Corporate Governance sub-rating.



MTS took 11th place in the ranking of the best employers in Russia, compiled by the HeadHunter Group of Companies in 2021.



In December 2021, MTS was awarded the highest category A+ of the Leaders in Corporate Charity rating, which is annually issued by the Donor Forum Association of Grant-making Organisations to identify the best practices of corporate social investment and charity and to popularise them in the business environment and society. In 2021, MTS became the only technology company to receive the highest category A+ rating, which indicates the highest possible results in all evaluation criteria.



MTS also announced in December 2021 that it had received a B Management rating from the CDP, an international non-profit organisation that operates the world's leading environmental disclosure platform. The Company began reporting through the CDP platform in 2019 as part of an initiative by the GSMA to develop a roadmap for the telecommunications industry to achieve zero greenhouse gas emissions by 2050 in line with the Paris Agreement. MTS discloses a wide range of environmentally relevant data about its activities, including resource consumption, and direct and indirect greenhouse gas emissions.



In January 2022, the Russian rating agency NKR (National Credit Ratings) confirmed MTS's AAA(RU) credit rating, with a 'stable' outlook. In its report, the NKR noted a number of key factors in the activities of MTS that influenced the confirmation of the rating: low systematic risk of MTS operations; moderate leverage, high debt service margin, significant operating profitability, as well as a sufficient level of business liquidity; and a positive assessment of management quality and strategic planning.



ENVIRONMENTAL RESPONSIBILITY



Environmental Impact Management	31
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Eco-Education	41

ENVIRONMENTAL IMPACT MANAGEMENT

GRI 2-27

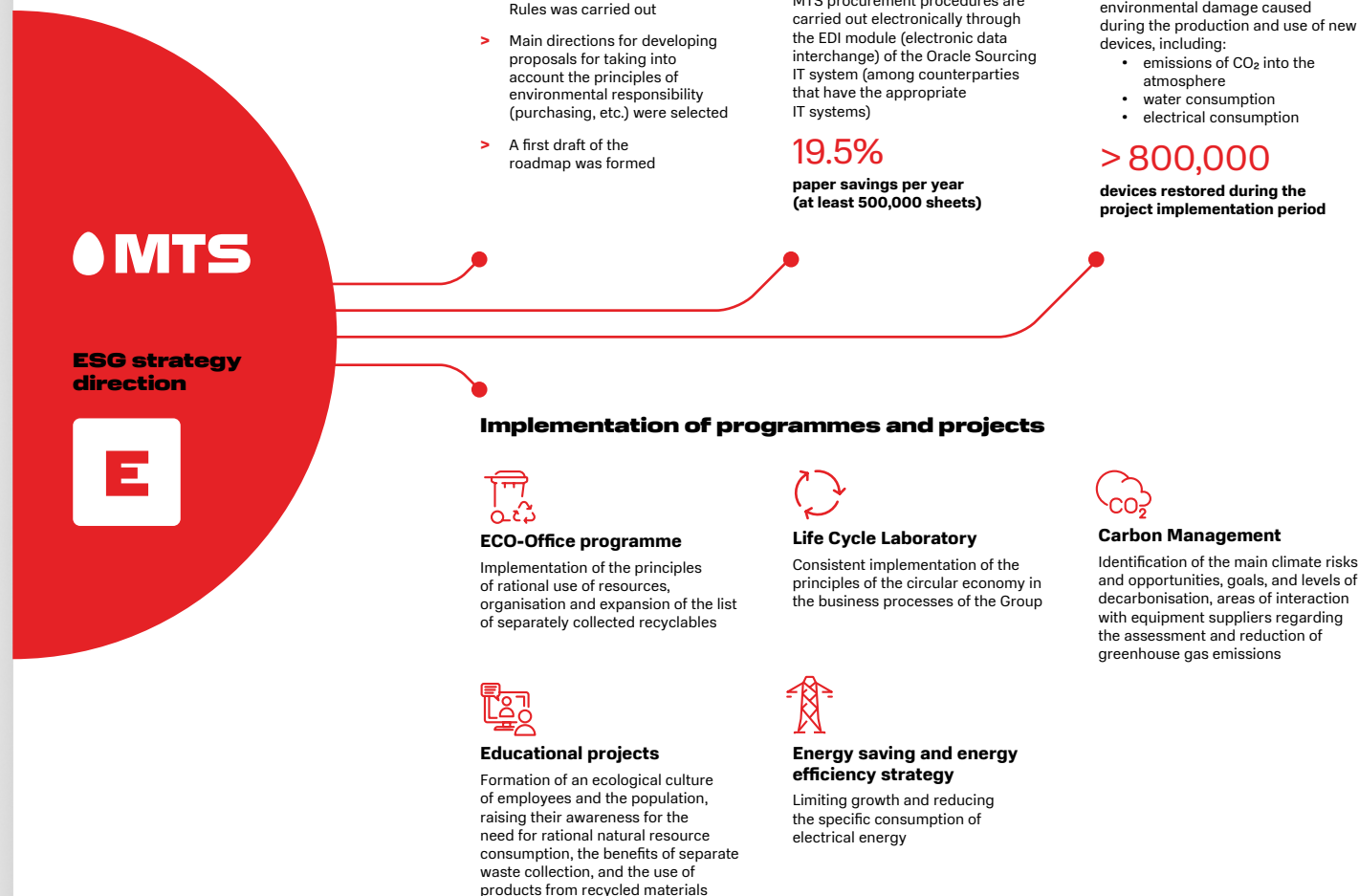
Digital technologies help both people and businesses to be more responsible. We at MTS are improving the environmental friendliness of our business processes: We are launching comprehensive programmes that help reduce the impact of our own business on the environment, and we are developing services that help our customers, partners, and society in this.

According to the ESG strategy adopted in 2021, environmental impact management is an integral part of the MTS Group's ESG agenda.

MTS has an **ecological safety and environmental protection at administrative facilities policy**, which controls:

- > organisation of environmental safety;
- > environmental protection;
- > interaction of departments on these issues;
- > procurement procedure in terms of requirements for environmental service providers. Subsidiaries of the Group join the Policy in a consolidated manner and adapt their internal documents;
- > compliance with the requirements of the environmental legislation of the Russian Federation, national, and international standards in the field of environmental protection;
- > continuous improvement of the MTS environmental management system;
- > reducing the level of negative impact on the environment and striving for sustainable development;
- > increasing the level of environmental culture of the Company's employees and the population of the territories where the Company operates; and
- > implementation of environmental socially significant projects.

Environmental Impact Management Objectives



Environmental Impact Management Structure

Committee for Corporate Governance, Environmental and Social Responsibility of the Board of Directors (ESG Committee)

- > Determines the strategic direction of the Group's environmental activities

ESG Centre within the Ecosystem Development and Marketing Unit

- > Carries out general coordination in the 'E' (Environment) area and operational control

Environmental Protection Functional Group within the Administrative Unit

- > Provides environmental safety and technical control at MTS facilities, registration of facilities that have a negative impact on the environment, execution of mandatory environmental reporting
- > Provides methodological and informational support to those responsible for environmental protection in the Company's branches in the regions, mandatory periodic training for heads of branches and persons responsible for environmental safety

Ecology Functional Group within the Finance Unit

- > Ensures the development and implementation of projects on environmental responsibility, the introduction of circular economy principles into the business processes of the Group, manages carbon management, assesses climate risks, and also prepares climate reporting, development of programs to improve the environmental culture of employees, partners, society

Environment and Responsible Finance Cross-functional Working Group

- > Collects and prepares information for climate reporting, organises the issuance of 'social' bonds

Centre for Employer Brand Development and Internal Communications within the Human Resources Unit

- > Organises environmental education and corporate events for employees

Centre for Social and Charitable Programmes within the Ecosystem Development and Marketing Unit

- > Implements environmental education programmes for various external audiences of stakeholders

MTS constantly monitors changes in the requirements of federal and regional environmental legislation. In 2021, MTS Group did not receive significant fines for non-compliance with environmental laws and regulations



Video about MTS environmental responsibility



Stakeholder Engagement in Environmental Issues

GRI 2-29

For consultations with internal audiences on environmental issues, the e-mail: **ecology@mts.ru** and the feedback form on the websites of internal corporate environmental projects are used. Also, to maintain a high level of awareness and involvement of employees, the Ecocommunity has been created and operates on a permanent basis on the Pulse internal corporate portal, where news about events, information, and educational materials; and announcements of actions and eco-initiatives are regularly published; as well as useful environmental education content is posted.

Representatives of external stakeholders can contact the MTS Unified Hotline **external.hotline.mts@b1.ru**, where requests can be left about the Company's activities in the field of ecology, and there are feedback forms on the websites of individual environmental projects.

CARBON MANAGEMENT

13 GRI 305-4

Increasingly, in connection with sustainable development, stakeholders are paying more attention to environmental issues, including climate change issues. We share this concern and are implementing a set of measures to reduce the carbon footprint of MTS Group. The relevance and importance of the carbon agenda for MTS Group is fixed in the ESG strategy.

Climate agenda issues are embedded in ESG regulation and are considered in the corporate governance system at four levels:

ESG Board Committee	<ul style="list-style-type: none"> > Approval of strategic development directions
ESG Centre	<ul style="list-style-type: none"> > Coordination and operational control
Ecology functional group	<ul style="list-style-type: none"> > Implementation of key initiatives and technical control > Preparation of climate reporting
Environment and Responsible Finance Working Group	<ul style="list-style-type: none"> > Formation of a unified MTS Group climate strategy > Development of a climate risk map > Implementation of initiatives aimed at reducing the carbon footprint that require cross-functional collaboration

The specialised Working Group on Environment and Responsible Financing includes representatives of MTS structural divisions and representatives of subsidiaries.

In 2022, MTS plans to continue implementing a set of ecosystem measures to reduce its carbon footprint. Taking into account the challenges facing society and business related to climate change, the Company conducted a detailed analysis of its digital products — smart meters not only help save on service costs, but also contribute to a more rational use of natural resources, and also significantly reduce carbon dioxide emissions. In the coming period, the Company also plans to expand the pool of its own IoT solutions that help reduce the carbon footprint of customers.

Reducing the MTS carbon footprint

- Reducing the carbon footprint of the Company's business processes

Prolongation of current measures, further development of their ecosystem implementation

Reduced carbon footprint through the implementation of IoT solutions

Assessment of GHG emission reduction from the implementation of IoT solutions in the following areas:

- housing and communal services, energy, digital real estate, transport, industry

Development of a methodology for assessing the impact on reduction in 2022



Key Climate Risks

17 GRI 201-2, 305-1, 305-2, 305-3, 305-5

The Environment and Responsible Finance Working Group has compiled a list of key risks associated with climate change.

Physical Risks (Natural and Climatic)

The consequences of climate change may lead to the risk of compromising the integrity of the MTS Group infrastructure, limiting the ability to provide services, as well as increasing costs can have a negative impact on the business and financial condition of the Company.

Extreme weather events caused by long-term climate change can cause direct damage to network facilities or disrupt the ability to develop and maintain the network, and can potentially disrupt the ability of providers to provide the products and services needed to keep the network running smoothly. Any such failure could delay network deployment plans and interfere with continued service to customers.

Potential physical impact from climate change, such as increased frequency and severity of storms, floods, fires, frosts, rising sea levels, and other climate-related events, can adversely affect

operations and infrastructure. We may incur significant costs in making our infrastructure more resilient to climate change, and at the same time there may be additional costs in preparing for, responding to, and mitigating the potential physical impact of climate change. We understand that we cannot accurately predict the significance of any potential loss or cost associated with climate change impact.

Transitional Risks (Climate Regulatory)

Consequences of climate change may lead to changes in legislation in the field of carbon management and the emergence of additional requirements from customers, investors, and other stakeholders, which may adversely affect the business, financial condition, performance, and reputation of the MTS Group.

For example, the introduction of national carbon regulation and the revision of plans for a renewable energy capacity contract can lead to an increase in the cost of purchasing electricity. In addition, the introduction of carbon credits in various jurisdictions may lead to an increase in the price of purchased equipment. All of these combined may require changes to business plans or hike operating costs due to increased regulation or public pressure on environmental aspects of operations, which could negatively affect MTS's business and reputation. Not only climate change concerns, but also other environmental, social, and corporate governance issues related to ESG can lead to new or enhanced existing legal requirements to reduce or mitigate environmental impact.

It should be noted that MTS constantly monitors changes in the requirements of environmental legislation at the federal and regional levels. In 2021, MTS Group did not receive significant fines for non-compliance with environmental laws and regulations.

Information Disclosure on the CDP Platform

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Since 2019, MTS Group has been annually reporting on its work to reduce greenhouse gas emissions on the international Carbon Disclosure Project (CDP) platform. In so doing, the Company is contributing to the implementation of the GSM Industry Association initiative to develop a roadmap for the telecommunications industry to achieve zero greenhouse gas emissions by 2050 in support of the Paris Climate Agreement. MTS discloses a wide range of environmentally relevant data about its activities, including

resource consumption and direct and indirect greenhouse gas emissions. Work continues on the formation of targets for reducing greenhouse gas emissions.

In 2021, MTS received the high 'B' rating in Management from CDP experts, solidifying its position in terms of disclosing data on the carbon footprint of the MTS Group

As part of the GSM Industry Association, MTS, together with other telecom operators, is developing a unified methodology for calculating the volume of indirect greenhouse gas emissions generated in the supply chain of telecommunications companies. The joint work should result in a GSMA Scope 3 guidance document containing practical recommendations for industry companies on calculating indirect Scope 3 emissions.

We also actively assist our customers in reducing their negative impact on the environment. The development of digital services using the Internet of Things, artificial intelligence, cloud technologies, and Big Data allows them to conduct regular environmental monitoring and take timely measures to optimise energy consumption and reduce emissions of harmful substances in various industries and municipal services.

Since 2019, MTS has been a member of the Climate Change Workstream working group established within the JAC Association. The purpose of the working group is to develop and implement standards to reduce the negative environmental impact that affects climate change in the activities of the association's member companies. Participation in the working group allowed MTS to gain access to the best carbon management practices, improve the efficiency of its own initiatives, including improving the methodology for calculating the volume of greenhouse gas emissions in the MTS supply chain and, as a result, to raise the quality of reporting.

Greenhouse¹ Gas Emissions² by MTS Group

Emission Category	2019		2020		2021	
	tons of CO ₂ e	%	tons of CO ₂ e	%	tons of CO ₂ e	%
Direct (Scope 1)	25,612.2	2.82	32,380.5	2.64	41,355.3	3.53
Indirect (thermal energy consumption, Scope 2)	33,291.7	3.67	49,439.9	4.04	52,719.1	4.49
Indirect (electricity consumption – regional method, Scope 2)	486,299.3	53.57	621,711.0	50.77	580,125.6	49.47
Other indirect (Scope 3)	362,546.8	39.94	520,935.7	42.54	498,447.8	42.51
Total	907,750.0		1,224,467.1		1,172,647.8	

¹ Direct emissions are estimated according to 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 recalculated according to IPCC ratios. Detailed data broken down by Scope 1, 2, 3 are given in the report of the MTS Group on the CDP website.

² According to the CDP questionnaire, the following subsidiaries are presented within the Group perimeter: MTS PJSC, MGTS PJSC, MTS Bank PJSC, RTK JSC, Mobile TeleSystems JLLC, and MTS Armenia CJSC. The data for 2019 do not include emissions from RTK JSC; for 2020, the table retrospectively includes data on Scope 2 emissions from RTK JSC.

RESPONSIBLE USE OF RESOURCES

TC-TL-440a.1



On 21 April 2021, the President of the Russian Federation in his message to the Federal Assembly announced the importance of the transition to the circular economy



Transition to the Circular Economy

In 2020, MTS set itself the goal of introducing the principles of a circular economy into the business processes of the Group. Thus, the Company launched the MTS Life Cycle Laboratory complex project aimed at transforming business processes by integrating the principles of environmental responsibility and shaping the environmental awareness of employees and local communities in the areas where the Group operates. The unique comprehensive project 'MTS Life Cycle Laboratory' contributes not only to internal systemic changes, but also has a delayed scalable strategic effect.

As part of the separate waste collection programme, the MTS Life Cycle Laboratory project promotes the principles of the rational use of resources, organises and expands the list of separately collected recyclables, scaling the programme to the Group's Companies.

During the project period, the MTS Group of Companies organised processes for separate waste collection, including waste paper, plastic, covers, waste power elements, and batteries:

- > over 177 tons of recyclables, including 3,106 kg of batteries, 650 kg of plastic waste, and 82 of tons waste paper, were transferred for recycling (in 2020 and 2021)
- > over 400 kg of telephones and other small electronic equipment were turned over for recycling during 6 months of the pilot project in MTS Bank
- > over 6 tons of non-ferrous and 63 tons of ferrous metals were transferred for processing (in 2020 and 2021)

- 1** Since 2019, MTS has switched to an **electronic document interchange system (EDI) and the outsourcing of printing**.
 - 100% of MTS procurement procedures are carried out electronically through the Oracle Sourcing IT system module¹
 - owing to the widespread introduction of EDI, up to 19.5% of paper is saved per year — about 500,000 sheets
- 2** In 2021, together with MGTS, a pilot project was launched to transfer broken wooden office furniture for processing. The process has been fully completed, including the processing of it into wood chips and the production of new building materials.
 - more than 350 articles of broken wooden office furniture were transferred for processing into recycled chipboard

In 2021, we expanded the list of separately collected recyclables by scaling up the programme to MTS Group companies.

MTS contributed to the development of the industry document, **GSMA Strategy Paper for Circular Economy: Network Equipment**. The paper analyses the evolution of network equipment in telecoms towards a business model based on a circular economy

¹ Provided that the counterparty has the appropriate IT systems.

Life Cycle Lab

**Audience**

80,000

people

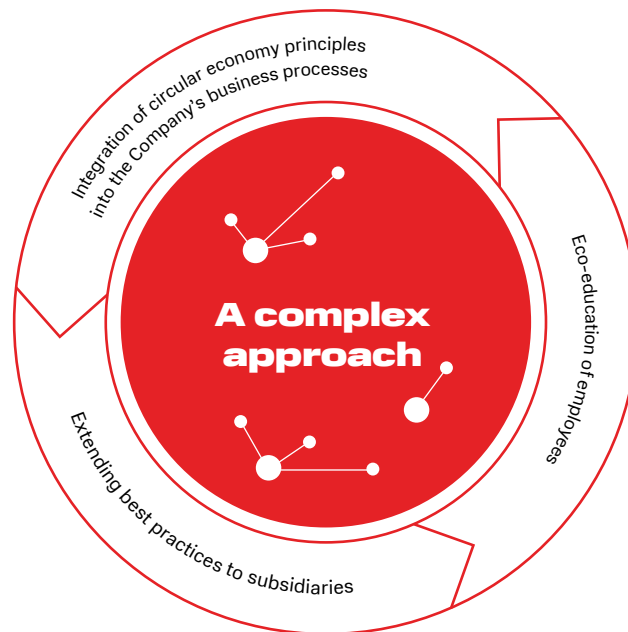
Company employees, volunteers, and participants in environmental programmes

MTS is a group of companies with wide coverage of the regions of operation. Understanding the importance of social and environmental investments, the Company constantly implements initiatives with a focus on engagement and scaling.

**Geography**

> 80

regions of Russia



Energy Efficiency

7 GRI 302-1, 302-4, TC-IM-130a.1, TC-TL-130a.1, TC-SI-130a.1

MTS in all regions of its operation is guided by the strategy of energy saving and energy efficiency. This strategy involves the installation of energy-saving equipment during the construction of new base stations and in the process of upgrading existing equipment, as well as the use of alternative energy sources.

MTS branches annually draw up, approve, and implement regional programmes on energy efficiency and energy saving. The implementation of activities under these programmes is one of the key performance indicators of branch managers and requires quarterly reporting. Internal audits to evaluate the effectiveness of the implementation of programme activities are carried out on a regular basis, as well as periodically, for comparison with other companies in the industry.

Electric consumption at MTS PJSC decreased in 2021 by 2%, which amounted to 1.79 billion kWh, including 23,720 kWh from renewable energy sources. Electric consumption at MGTSP PJSC in 2021, excluding leased space, amounted to 63.5 million kWh.

Stations are the main consumers of electricity (81%). Another 10% is accounted for by the operation of office space and technological equipment.

“



MTS systematically carries out energy saving and energy efficiency measures. Simultaneously, our business is growing quite rapidly: The mobile and fixed network infrastructure is expanding, more and more customers are using telecom services, we are commissioning new data centres for the development of digital, cloud, and IoT services — to ensure such progress, the Company is increasing electricity consumption. Realising this, in 2022, we plan to further expand our comprehensive energy efficiency management programmes, including the widespread use of automatic control of engineering systems.

Anatoly Gromakov

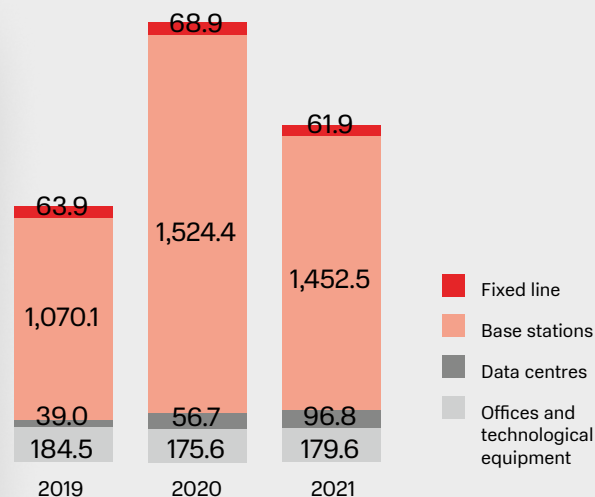
Chief Power Engineer of MTS

The Volume of Energy Resources Used by MTS PJSC

Resource type	2019	2020	2021
Electricity, mln kWh	1,358.07	1,829.23	1,793.20
including:			
own generation	0.55	3.56	2.45
from power grids ¹	1,357.52	1,825.67	1,790.75
Thermal energy, Gcal	50,076.05	46,699.83	51,927.65
Fuel consumption:			
Gasoline, thousand liters	4,026.77	3,056.82	3,014.66
Natural gas, thousand m ³	535.10	1,233.85	765.75
Diesel fuel, thousand liters	3,388.34	2,282.87	3,114.62

¹ Data on own generation and renewable energy sources in 2019 are an expert assessment.

Electricity Consumption in MTS PJSC, mln kWh



Thanks to the joint efforts of Viva-MTS and the Foundation for the Preservation of Wildlife and Cultural Assets (FPWC), an energy-efficient, outdoor lighting system is being introduced in Armenian villages, which ensures economic and environmental efficiency, as well as the safety and comfort of residents

Electricity Savings as a Result of Measures to Improve Energy Efficiency at MTS PJSC, kWh

GRI 302-4

Energy Efficiency Measure	2020		2021		2022
	Target	Actual	Target	Actual	Target
Use of energy-saving lighting	10,000	10,830	10,000	11,822	10,000
Use of LED lighting	600,000	697,451	300,000	377,161	300,000
Turn off ventilation and air conditioning during non-working hours	2,000,000	2,323,057	700,000	754,813	700,000
Switch off lighting in technological rooms during non-working hours	300,000	337,850	300,000	338,218	300,000
Audit and shutdown unused equipment	1,000,000	1,054,919	500,000	567,111	500,000
Air conditioning optimisation	700,000	786,392	750,000	918,340	750,000
Other events	1,500,000	1,709,662	1,200,000	1,296,236	1,440,000
Total	6,110,000	6,920,161	3,760,000	4,263,701	4,000,000

Energy Efficiency of Base Stations

4.264

million kWh

Electricity savings as a result of measures to improve energy efficiency at MTS PJSC

Since base stations are the main consumer of electricity at MTS PJSC, this encourages us to implement energy efficiency programmes for the network infrastructure. During the construction of base stations, we actively use energy-saving equipment and the following approaches:

- > air-conditioning, with the help of climate systems using the free-cooling mode;
- > installation of LED lamps on masts;
- > algorithms for shutting down equipment during low load periods;
- > passive cooling of transceivers;
- > replacement of equipment with more energy efficient ones;
- > use of automated electricity metering systems.

Of the total volume of electricity consumption by the Viva-MTS subsidiary in Armenia, 78.45% is used by base stations. Despite the increase in the number of base stations by 4.79%, thanks to the technical department programme 'Initiatives to Reduce Energy Consumption for 2021' in MTS Armenia, the volume of electricity consumption increased by only 3% compared to the previous period. Taking into account own generation, the volume of consumption amounted to 37.9 million kWh.

For backup energy sources, we use diesel power plants from leading European manufacturers with stringent requirements for fuel efficiency and CO₂ emissions. In addition, to provide power to base stations, the Company uses alternative energy sources — wind turbines and solar panels.



Three Base Stations in the Krasnodar Territory are Solar Powered

Generated power, kW



5.7

Tuapse District, northwest of the Chilipsi Railway Station, southeastern slope of Mount Lysaya



6.1

Krasnodar Territory, Gelendzhik, Markotkhsy Ridge, MTS OJSC tower



6.7

Krasnodar Territory, Krasnoarmeysky District, the village of Staronizhesteblyevskaya, 63 Stepnaya Str

Solar Energy for Base Stations

In 2015, a solar power supply system was installed in the Whale Rib Pass base station, near the coast of the Sea of Japan, in the Far East. Since 2019, the base station has been entirely solar powered.

In 2020, a project to organise the uninterrupted operation of power plants, base stations, and transport hubs using solar panels was implemented in the Astrakhan region.

Viva-MTS Armenia also purchases solar panels annually — in 2021, 84 450W panels and 16 300W panels were purchased. The subsidiary uses 469 solar panels in total.

Data Centre Energy Efficiency

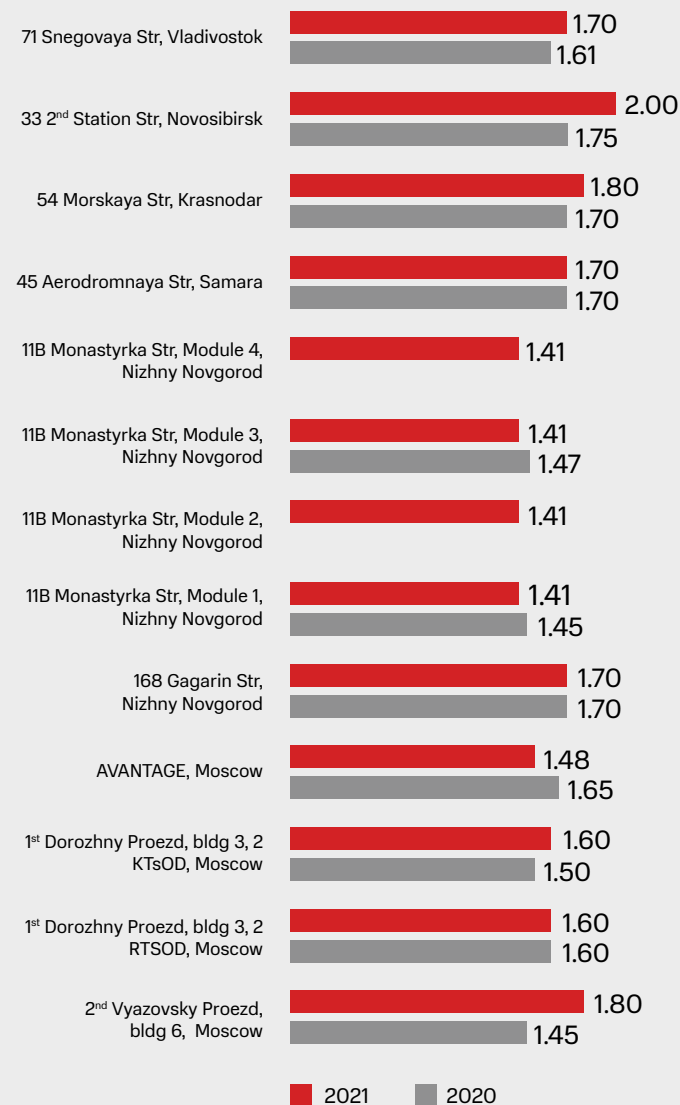
TC-IM-130a.3, TC-SI-130a.3

MTS Group is one of the leaders in the cloud services market and manages a network of 14 data processing centres (DPCs, or data centres), where our customers store yottabytes of important information, and powerful servers instantly process user requests. Our data centres operate around the clock throughout the country and consume a significant amount of electricity, which powers the servers themselves and the industrial air conditioners that cool them. Ensuring the security and energy efficiency of data centres is an important task for our team.

To improve energy efficiency in 2021, the following activities were taken at MTS data centres:

- > the optimal placement of luminaires, the use of modern luminaires with energy-efficient lamps with increased lumen output, the use of electronic ballasts for luminaires, and increased reflectivity of walls and ceilings;
- > a maximal approach of distribution panels to consumers to reduce the use of electrical wiring and copper-core cables;
- > automatic control of engineering systems and the use of frequency converters, which allow for reduced energy consumption during engine start-up, and optimal selection of the power of electric motors and refrigeration units;
- > the use of modern energy-saving equipment, the use of uninterruptible power supplies with a high-power factor (capacitive load) of 0.9, the introduction of an automated supervisory control system, the reduction of active power and electricity losses by selecting a rational composition of the operating power of electrical equipment; and
- > the use of recuperative heat exchangers for ventilation systems; thermal insulation of air ducts with modern, efficient materials; and wintertime cooling with refrigeration units (chillers) in the free cooling mode.

PUE of MTS Ddata Centres¹



¹ Excluding data for the data centre in the Leningrad region, where PUE was not calculated owing to the small amount of IT equipment, and the GreenBushDC data centre in Zelenograd (MO), that was acquired in July 2021.

Chillers and their compressors are the most energy-intensive link in the traditional data centre cooling scheme. The freecooling approach was a revolutionary step towards an optimised, low-cost cooling system.

The PUE indicator (the ratio of the amount of energy required for the main equipment to the amount of energy required for all other functions of the building (such as ventilation, lighting, etc.)) of MTS data centres is in the range of 1.41 — with the average indicator for data centres globally of ~1.59.

Launched at the end of October 2020, in the village of Fedorovskoye, Leningrad Region, the data centre became the first MTS data centre with an adiabatic cooling system, which has been implemented in one of the two modules already constructed. The principle behind adiabatic cooling is to spray water in the form of tiny droplets, which does not require significant energy use. This is MTS's own development, our know-how, that has made it possible to save both energy and money. A modular data centre based on such a cooling system consumes up to 30% less electricity.



Water Consumption

GRI 303-1, 303-2, 303-3, 303-4, 303-5, TC-IM-130a.2, TC-SI-130a.2

Telecom companies do not have a significant impact on water resources, but MTS promotes their rational use. Water is primarily used for personal needs, only a small part is taken from natural sources for technical needs. Drinking water coolers are installed in the Company's offices, and the used bottles are returned to the supplier for reuse.

Water Consumption in MTS PJSC, Thousand m³

	2019	2020	2021
From natural sources ¹	0.12	0.25	0.52
Bottled drinking water	45.32	2.34	1.83
From the engineering systems of the water utility	243.44	193.95	207.44
Total	288.88	196.54	209.79

In 2020, due to the transition of some employees to remote work, water consumption at MTS PJSC decreased by a third compared to the previous period, and in the reporting year it slightly increased again (+7%) to 209.79 thousand m³, owing to the easing of pandemic-induced restrictions.

Waste water is transferred to the city sewage systems for treatment, so the discharge of wastewater does not have a direct impact on bodies of water. The total volume of discharges in 2021 amounted to 209.94 thousand m³ (172 thousand m³ in 2020).

Waste Control

12 15 GRI 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5, TC-TL-440a.1

All our activities are respectful of nature: we strive to have a minimal environmental impact and to reduce it as much as possible.

Disposal of Equipment and Machinery

MTS takes a responsible approach towards the choice of waste management methods. Electronic waste – mobile devices, computers, rechargeable batteries, etc. – pose a threat to the

¹ An artesian well is located on the territory of the MTS PJSC branch in the Krasnodar Territory. It is used for technical water supply.

environment owing to the substances they contain, many of which are toxic. Improperly disposed of e-waste pollutes the air, water, soil, and damages the environment. MTS pays special attention to the recycling programme for decommissioned telecommunications equipment, consistently implementing an integrated system, taking into account the principles of a circular economy.

Over 800,000 pieces of client equipment were repaired and restored for reuse during the implementation of the SUPERWAVE partner project

The MTS Trading electronic platform has been operating since 2017. Through it, MTS equipment is sold back to the manufacturer or specialised companies for reuse or disposal with the extraction of valuable components. MTS strictly controls the availability of valid licenses for the collection and disposal of waste of hazard class I-IV, compliance with environmental safety standards, and performance of work in accordance with the legislation of the Russian Federation. The transfer of telecom equipment for secondary use after timely repair and modernisation helps reduce environmental impact caused by the production and use of new devices, including helping to reduce atmospheric CO₂ emissions, and to reduce water and electrical consumption.

In 2021, the MTS Group of Companies launched several projects for the environmentally friendly disposal of old phones. The MTS retail network organises sales on a trade-in basis – a client can buy a new smartphone at a discount in exchange for an old gadget. Thus, in the reporting period, we handed over more than 15,000 telephones to specialised organisations for repair or restoration. At the end of 2021, a pilot project was launched to sell used devices in working order through shop.mts.ru and online partner stores.

In 2022, it is planned to expand environmentally significant programmes and give a second life to at least 35,000 used phones. As a pilot project, for example, we are exploring the possibility of renting out smartphones. In 2022, we also plan to expand the programme for the repair and reuse of electronic equipment, as well as to launch an ecosystem project on e-waste.

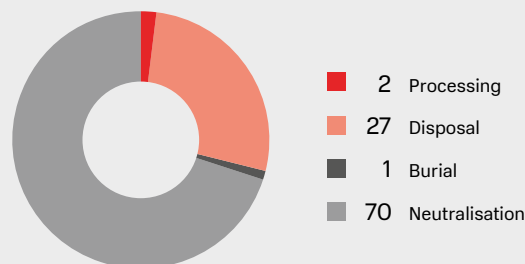
The greatest portion of MTS PJSC waste is low-hazard waste of hazard class IV – 87%, and nearly non-hazardous waste of hazard class V – 13%.

Total Waste Volume of MTS PJSC, Tons

Waste type	Amount of generated and transferred waste, tons	Treatment Method
Hazard class I (extremely dangerous)		
Hazard class I (extremely dangerous)	1.782	Neutralisation / Disposal
Hazard class II (extremely dangerous)		
Single galvanic cells (batteries), inoperative uninterruptible power supplies, lead batteries, etc.	0.621	Neutralisation / Disposal
III hazard class (moderately hazardous)		
Waste mineral motor oils, inoperative mobile phones, etc.	2.119	Neutralisation / Disposal
Hazard class IV (low hazard)		
Tires, cartridges, computer and household appliances, scrap and waste containing uncontaminated ferrous metals, etc.	5,296.844	Burial / Disposal
Hazard class V (practically non-hazardous)		
Paper and cardboard waste, polyethylene film waste, wooden containers, office and household waste	790.552	Disposal / Burial / Processing ²

² Waste treatment – preliminary preparation of waste for further disposal, including sorting, disassembly, and cleaning.

Waste of MTS PJSC I–III Hazard Classes by Type of Treatment, %



A significant amount of packaging waste — cardboard and plastic — is collected in a network of communication stores and transferred for further processing. In 2021, 35% of incoming cardboard and 17% of plastic were sent for recycling; however, in 2022, we plan to increase that volume and reuse at least 46% and 25% of these types of waste, respectively.

We also actively support conscious consumption initiatives: MTS takes an active part in the Kind Caps campaign — more than 270 kg of plastic caps were collected in 2021, which is 8% more than last year. In addition, in 2021, MTS Bank joined MTS in implementing an environmental charity project and organised a collection point at the head office. In the reporting period, the Bank also launched the ‘Future without Plastic’ advertising campaign and increased the issuance of virtual bank cards by 4.5 times compared to 2020. This allowed plastic consumption to be reduced by 7.5 tons.

Investments and Expenditures of MTS PJSC for Environmental Protection, mln Roubles

Types of organisation’s expenses for environmental protection	2019	2020	2021
Payments for negative environmental impact	0.41	0.42	0.34
Preparation of environmental documentation (development of draft standards for waste generation and limits for their disposal, obtaining permits, etc.)	3.75	4.83	6.32
Disposal of solid municipal waste to landfill	9.75	13.79	25.2
Waste paper recycling	0.02	0.05	—
Disposal of lamps containing mercury	0.20	0.24	0.21
Cartridge recycling	0.0003	—	—
Disposal of computer and IT equipment	0.01	—	0.07
Battery disposal	0.01	0.02	0.025
Installation of automatic systems for regulating the level of energy consumption (motion sensors, etc.)	0.02	0.73	—
Installation of renewable energy sources	n/a	0.83	1.66
Conducting supervisory certification audits of environmental management systems	0.06	—	—
Training of employees for the implementation of environmental management systems	0.15	—	—
Other	0.06	—	—
Total	14.44	20,91	33,83

Note that the table does not take into account the cost of purchasing official vehicles with a high environmental class. It is also does not take into account that since 2020, used cartridges have been transferred for refill or disposal to a service company. Accounting for the processing of waste paper is based on the results of the transfer of this type of waste for processing; in 2021 the income from this amounted to 190,000 roubles. The environmental management costs indicated in 2019 are funds for training environmentalists who initiated certification according to international standard ISO 14001. At the moment, the implementation of the standard is under development.



The environmental costs of MGTS PJSC are shown in the Company’s [Annual Report 2021](#)

ECO-EDUCATION

4 12 13 15

The main goal of MTS’s environmental education programmes is to create a culture of awareness among employees and the public. Also, the goal of the programme is to actively support the ESG transformation of the internal processes of the Company and its subsidiaries by introducing the principles of environmental responsibility into business processes.

“

In almost every MTS division, I meet like-minded people who are ready to actively engage in environmental education. When developing programmes, we try to understand the needs of different audiences. Through our projects, we talk about the benefits of digital technologies in matters of nature conservation, environmental education, environmental monitoring of urban spaces, the need to rationally use natural resources, the benefits of separate waste collection and recycling, and many other important topics.



Ksenia Kosogorova
Project Lead in MTS ESG Centre



ESG Strategy, Areas



Formation of the Environmental Culture of MTS Group Employees

The internal processes of the Company and its subsidiaries are being transformed through the introduction of the principles of a circular economy and the formation of employee environmental awareness

- > Implementation of a separate waste collection system in offices — projects ‘Life Cycle Laboratory’, ‘ECO-Office’
- > Carrying out environmental education and educational events, such as ‘Ecology Day with MTS’, ‘ECO Day of the Family’, etc.
- > Popularisation of a system of separate waste collection through informational thematic publications on the Company’s internal portal
- > Recording a course of thematic lectures ‘Ecology and Health’ on the environment’s impact on the human body
- > Quizzes and more

Involvement of a Wide Range of MTS Group Stakeholders in the Environmental Agenda

- > The ‘For Children about the Planet’ project held interactive environmental lessons throughout Russia, materials are available in the public domain and are actively used in educational institutions
- > Regular eco-subbotniks, the planting of tree and shrub seedlings, activities for compensatory planting

Development of Charitable Activities and Volunteer Movement

Attracting and supporting the involvement of Company employees, clients, and partners in volunteer activities

- > MTS’s Corporate ‘JUST Give Good’ volunteer movement
- > Support for long-term projects that contribute to the solution of acute social and environmental problems affecting the general population
- > ‘Mobile Fairy Tale Theatre’ Corporate volunteer puppet

Our Education Programmes

Eco-project formats are adapted to various target audiences. The online format of environmental education makes it possible to involve different audiences and interested stakeholder groups in projects. Anyone can participate for free



Green Marathon

Sistema Group employees — 1,300 participants from more than 20 companies — improve their environmental capabilities, and subsidiaries compete for the title of the greenest

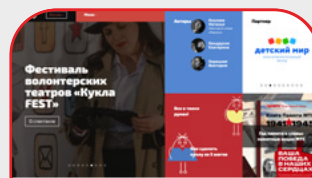
ecochallenge.mts.ru



Ecology Day

Participants learn about environmental problems and their solutions in an interactive format with elements of game mechanics

eco.mts.ru



Eco-Performances

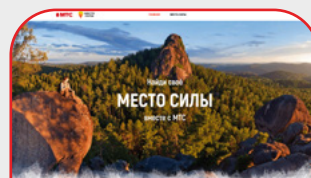
Performances of the corporate volunteer puppet theatre on environmental topics: 'The Adventures of Ekoneshka' and 'Saving Planet Earth'

puppet-mts.ru



Eco-Subbotniks

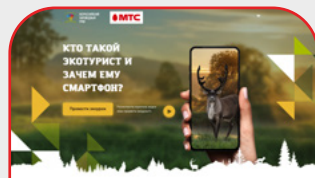
Comprehensive activities for cleaning up the territory, environmental education, and compensatory planting with team interaction, with the participation of employees and volunteers



Power Place

A project in which MTS technologies help develop the country's national parks and create digital services for ecotourism

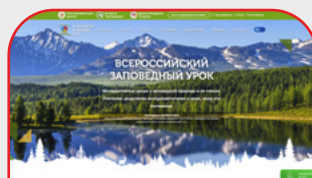
powerplace.mts.ru



For Children about the Planet

Interactive environmental lessons on the role of modern technologies in environmental issues

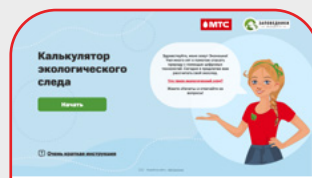
заповедныйурок.рф



Eco-Lessons

Employee volunteers conduct eco-lessons for children and adolescents at schools, in sponsored social institutions, and for children of employees of the Group of Companies

заповедныйурок.рф



Eco Calculator

Employees can calculate their environmental footprint

ecoday.mts.ru



Family Eco Day

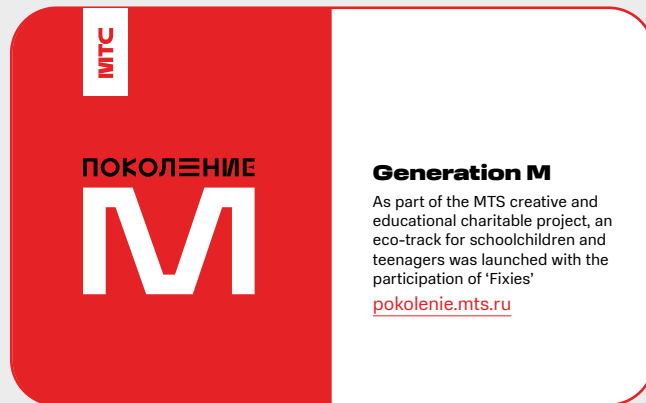
Employees and their families can learn how to become an environmentalist



ECO Challenge with MTS

Employees can complete simple tasks and learn how to reduce their environmental footprint

ecochallenge.mts.ru



Generation M

As part of the MTS creative and educational charitable project, an eco-track for schoolchildren and teenagers was launched with the participation of 'Fixies'

pokolenie.mts.ru

Since 2020, environmental education events have been held online with partners, employees of subsidiaries and their families. This trend has continued into 2021. Online activities have become familiar and popular: for example, in 2021, more than 3,000 people participated in the project Ecology Day with MTS.

MTS volunteers participate in compensatory tree planting. In 2021, in five regions most affected by forest fires, employees of MTS branches planted 180 trees and shrubs. Employees of the MTS branch in Kaliningrad held a campaign to strengthen the coastline and dunes at Curonian Spit National Park, as well as an eco-subbotnik with tree planting in the Theodor Kron City Park.

Read about MTS environmental projects launched for residents of the regions and tourists in the [Key Social Projects](#) section.

Results of Eco-Programmes

The result of MTS environmental education activities was an increase in the level of environmental culture in the regions where the Group operates, and the involvement of a wide range of volunteers in volunteer activities. This practice is fully consistent with the objectives of environmental education and is in line with the ESG strategy of the Group.

Over the past two years, more than 15,000 people have taken part in MTS environmental education projects, over 500 eco-lessons have been held in 300+ educational and social institutions throughout Russia. MTS Group employee volunteers conducted part of these lessons. The number of views of educational content on environmental topics prepared by MTS as part of various projects has exceeded 2 million.



SOCIAL RESPONSIBILITY



Responsibility to Customers	44
Responsibility to Society	49
Responsibility to Employees	70

RESPONSIBILITY TO CUSTOMERS

9

Personal Data Protection

GRI 418-1, TC-IM-220a.1, TC-SI-220a.1, TC-TL-220a.1, TC-IM-220a.2, TC-TL-220a.2, TC-SI-220a.2, TC-IM-230a.2, TC-TL-230a.2, TC-SI-230a.2

MTS is attentive to the personal data of customers and processes them in strict accordance with the law, that is, exclusively for the purposes and to the extent established by the legal requirements of the Russian Federation and the Company's internal regulations on the processing of personal data.

The information security system is built and developed taking into account the best world practices based on international standards of the ISO 27000 series

To ensure information security when working with confidential information and personal data, the Company has implemented a set of organisational and technical measures that form a unified management system. These measures are designed to prevent any accidental or malicious actions that may damage the information itself, its owners, or the MTS infrastructure, and minimise any damage that might be caused by such actions. The MTS information security system promptly warns, detects, and eliminates the consequences of computer attacks and unauthorised access to personal data.



Policy 'Processing of personal data in MTS PJSC'



For a list of MTS regulatory documents in the field of PD protection, see the [Appendices](#) section

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Protecting the interests of MTS Group clients in the information sphere is a priority for the Company. This approach helps protect both clients and the Company itself from modern threats to information security and infrastructure of information and communication technologies, to ensure compliance with the legislative requirements of the Russian Federation and international standards, and to prevent financial and reputational damage.

Vladimir Sadovnikov

Vice President of MTS for Corporate Security and Regime

In 2021, the MTS Group strengthened its competencies in information security in IT and compliance. Over the past year, the scope of providing advice and expertise of projects on compliance with the requirements of Russian Federation legislation¹ in the field of personal data has been expanded to all companies included in the Group. The risks associated with violation of the legislation on personal data are taken into account in the Company's risk management system and are reassessed quarterly.

The personal data protection system (PD) of MTS provides a third level of security in accordance with the requirements of Russian Federation legislation. Protection of communication secrets in communication networks with information protection mechanisms built into the means of communication complies with international communication standards and the requirements of the industry regulator.

In 2021, there was no evidence that significant damage was caused by violation of the procedure for organising and processing personal data in the Group

When creating products and services based on Big Data technology and other MTS innovative solutions, we pay special attention to the security of data storage. Only anonymised data without being tied to a specific client, is used for processing. Data is protected by several security loops, and Company employees do not have access to all types of data at the same time.

To comply with new legal requirements and simplify the work of employees, in 2021 we updated internal regulations. Changes were made to the Policy 'Personal Data Processing at MTS PJSC', which defines the responsibilities of employees, partners, and other parties with whom the Company works in the field of information protection. This document lists the types of personal information that is received and processed by the Company, defines the list of parties, as well as the conditions under which such information can be transferred. Access to personal data within the Company is strictly limited — the Company's employees can only work with the information required to perform their official duties.

¹ Security levels are established by the Requirements for the protection of PD when processing them in information systems, approved by Decree of the Russian Federation Government No. 1119 of November 1, 2012. Level 3 of PD protection is a complex indicator that characterizes the requirements, the fulfillment of which ensures the neutralization of certain security threats of personal data during their processing in personal data information systems.

The task of each employee is to ensure information security. All employees take a mandatory course on the protection of personal data, work with confidential information and counteracting cyber threats at the MTS Corporate University.

31,668 employees completed the course 'Processing of Personal Data in MTS PJSC' in 2021

Antifraud

TC-IM-230a.2, TC-TL-230a.2, TC-SI-230a.2

In April 2021, a special Antifraud Department was formed in the Security Unit, whose task was to coordinate operational activities to prevent all types of fraud. Protecting the personal data and finances of clients, the employees of the Department constantly identify instances of illegal actions by malefactors.

The Company has implemented a system for detecting, monitoring, analysing, and suppressing fraud; preventing illegal access to subscriber data and their disclosure to third parties; as well as countering illegal replacement of subscribers' SIM cards. We organised close operational interaction with FinCERT of the Bank of Russia. We have also implemented a control procedure aimed at counteracting the transit of funds based on the Intellinx anti-fraud system.

The well-established, subscriber anti-fraud system helped to save 159.9 million roubles

The results of the newly formed division operations:

- > in the area of subscriber fraud, 827,902 instances of fraud were detected, with prevented losses amounting to 159.9 million roubles;
- > 77,330,368,152 calls were processed in the area of detecting illegally terminated traffic on the MTS network; and
- > in the area of transactional fraud, 49,564,972 transactions were processed in the III and IV quarters of 2021.

Results of projects based on the Hexagon IS anti-fraud system:

- > suppression of illegal traffic with A-number substitution: ~50 million calls per month;
- > blocking illegal international traffic from affiliated operators monthly: ~100 million calls; and
- > loss prevention: ~4.5 million roubles per month.

Protecting the Privacy of MTS Retail Customers

In the MTS retail network, about 20 internal documents, standards, methodological instructions, and requirements are used to ensure user privacy, including the Information Security Concept. Best industry practices are also used, in particular recommendations for using the MITER knowledge base, which contains a description of the tactics, techniques, and methods used by cybercriminals (MITRE ATT&CK).

Personal data protection systems in MTS retail:

- > subsystem of protection against unauthorised access;
- > anti-virus protection subsystem;
- > firewall subsystem;
- > cryptographic protection subsystem;
- > security analysis subsystem;
- > vulnerability management subsystem; and
- > backup and recovery subsystem.

In addition to protection subsystems, the services of the corporate Information Security Monitoring Centre and measures to ensure the physical security of facilities and premises are used.

Cyber Threat Protection

TC-IM-230a.2, TC-TL-230a.2, TC-SI-230a.2, TC-IM-000.C, TC-SI-000.C

Anti-Spam Services

To protect customers from spam and cyber threats, the MTS Antispam and Content Ban services have been implemented, through which advertising SMS's and mailings can be blocked and complained about. The Spam call blocking service prevents scammers from getting through. MTS uses Big Data analysis to develop an anti-spam system. MTS Antispam services are used by 26 million MTS subscribers. The system blocks 120 million unwanted calls every month.

MTS also creates solutions to prevent cyber attacks. Russian business and government agencies can use MTS WAF Premium to protect their resources from the theft of personal data, user funds, from disruption and substitution of web pages, and penetration into the IT infrastructure.

Protection of Users of financial Services

The Information Security Department of MTS Bank in the reporting year successfully resisted external cyber threats. The Bank modernised the means of protecting confidential information, as well as the system for collecting and analysing information security events. Information security divisions processed more than 5,500 events, 706 of which were classified as incidents and the necessary response measures were taken.

The newly upgraded targeted attack protection system identified 327 and blocked 254 dangerous emails, including links to malware, and blocked more than 25,000 phishing messages.

MTS Bank conducted 204 unscheduled vulnerability scans, including 150 scans of external solutions/systems, which is four times more than in 2020.

External audits confirmed compliance with the requirements of the Bank of Russia and international payment systems. Regular audits of the Payment Card Industry Data Security Standard (PCI DSS) and the Customer Security Programme for SWIFT have been successfully passed. Regular certification of the Certification Centre of the Bank, which ensures the issuance of electronic signature certificates for customers, has been completed. In the reporting year, more than 20 recommendations from the internal audit of MTS Bank were implemented.

In the course of cyber exercises, together with the Centre for Monitoring and Response to Computer Attacks in the Credit and Financial Sphere of the Bank of Russia, the target indicators were successfully achieved.

We are convinced that a very important tool in countering cyber threats is the general increase in the level of digital literacy of the population. MTS implements educational programmes aimed at improving digital literacy, including for younger schoolchildren and older people. Over the past year, the Group's online and offline activities have reached about 7 million people, and 77 million users have participated in the Group's digital literacy social media campaigns.



For more information about MTS educational programmes, see the [Educational Projects to Improve Digital Literacy](#) section



If you have become a victim of fraud or know about such cases with MTS clients, we urge you to contact the MTS Unified Hotline, the call centre, or write to the chat of the Group's websites or applications.

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MTS WAF Premium provides comprehensive protection, including vulnerability analysis, 24/7 threat monitoring and response, and system support. At the same time, it does not matter where the protected services are located — on the Company's own resources, in the MTS cloud, or on the platforms of other providers. The service will help significantly improve the protection of companies that work non-stop with the data of millions of users across the country.

Anton Guryev

MTS Manager for Information Security Products of the Cloud Business



The Ethics of Technology Development

TC-IM-000.C, TC-SI-000.C

MTS uses the power of innovative technologies such as Big Data and artificial intelligence to improve the quality and security of its services. MTS AI has created its own Audiogram speech synthesis and recognition platform. This software was used as part of the launch of the Spam Call Blocking PRO service for the MTS-Zaschitnik product. The anti-spam service, launched in all regions in 2021, allows the client to receive an advertising message text and listen to it only at will. By the end of the year, more than a third of the Telecom vertical customers were able to use this service. MTS AI also offers businesses to use their own VSaaS platform to develop cloud video surveillance and analytics services.

The VisionLabs¹ subsidiary forms the most powerful MTS centre of expertise in the field of artificial intelligence, which brings together the best developments, teams, and competencies on the market. VisionLabs strengthens the MTS AI product portfolio in the high demand area of video analytics, which we use both to unlock the potential of the MTS digital services ecosystem in the interests of our clients in Russia and in the international market.

¹ The Group completed the 100% acquisition of VisionLabs B.V. in February 2022

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MTS AI responsibly develops one of the most innovative areas in information technology – artificial intelligence – for the benefit of business and society. We develop new products in accordance with ethical principles, care about the security of personal data, and also adhere to the principles of openly informing people about the benefits and risks of using artificial intelligence.

Alexander Khanin

Member of the Management Board,
Vice President of MTS for Artificial Intelligence

The use of computer vision in facial recognition products and the development of solutions based on the analytics of silhouettes, gestures, postures, and direction of gaze allow VisionLabs to innovate in real business cases, as well as contribute to the achievement of the UN Sustainable Development Goals, such as innovation and infrastructure, health and well-being, quality education and decent work, and sustainable cities.

MTS solutions based on AI and computer vision help solve social problems such as:

- > improving the safety of citizens and protecting vital infrastructure;
- > strengthening access control and monitoring systems in educational institutions;
- > the search for missing people; and
- > monitoring driver fatigue to ensure road safety.

For example, in October 2021, the Face Pay service created by VisionLabs began operation in all stations of the Moscow Metro, which allows contactless payment for travel using facial biometric data. To pay for the fare via FacePay, you need to go to the turnstile with the ‘Payment by biometrics’ sticker, wait for the green signal and the gates to open.

The technologies of VisionLabs and the Centre for Speech Technologies (STC) have become the basis for the biometric face recognition system of the Safe City projects, which can recognise the faces of people in a crowd that are in the field of view of the video camera, including when the physical characteristics of the face were changed. With the use of technology, the rate of crime solving is growing.

VisionLabs hosts the annual Machines Can See International Summit. This is the first free, open platform for communication and exchange of experience between Russian and foreign researchers in computer vision and machine learning. The purpose of the event is to develop the Russian technology community and support the digital talents of the industry. In 2021, the main topic of the summit was human-centric technologies, which focus on analytics based on silhouettes, gestures, postures, gaze directions, and other attributes of a person without collecting and analysing personal data. This area of technology is just beginning to develop in Russia.

VisionLabs took first place in the international Face Anti-spoofing (Presentation Attack Detection) Challenge at the largest computer vision conference ICCV 2021

This year the competition was focused on verifying a living person and detecting spoofing attacks using 3D masks (spoofing is a cyber attack in which a scammer pretends to be some kind of reliable source). Today, this task is considered one of the most difficult — depending on the quality of the mask, even a human may not always correctly identify it in a photograph.

At the end of October 2021, MTS AI took part in the 1st ‘Ethics of Artificial Intelligence: the beginning of trust’ international forum, within which the National Code of Ethics in the field of artificial intelligence was signed. MTS AI experts took an active role in the formation of the key provisions of this document. In 2022, a number of events are planned to promote an ethical approach to the development of artificial intelligence technology.

“



The target model of AI regulation should be based on the ‘three pillars’ — these are the technical standards, legal norms, and ethics. It makes perfect sense that we adopt a code of ethics in the first place, because ethics is the foundation.

Ruslan Ibragimov

Member of the Management Board
Vice President of MTS for Interaction with
Government Authorities



Computer Vision and
Machine Learning Summit
machinescanssee.com





Quality Policy and
Customer Experience
Management

Customer Service Quality

Clients contact the Company directly through sales outlets and bank offices, as well as call centres and chats. Call centres are the most popular communication channel, accounting for 53% (mobile service clients) to 80% (MTS Media clients) of customer requests. In the reporting year, the steady growth of inquiries through the digital text channel continued. The voice load on call centres is gradually decreasing after a sharp rise in 2020 sparked by the pandemic.

Improving the quality of customer service is a strategic priority for MTS

We receive comprehensive feedback from clients on the changes being introduced: we analyse requests at all points of contact, use an extensive audit of customer interaction processes, and proactively contact the client to resolve their issues. Using a predictive scoring model allows us to anticipate customer needs and offer fast and efficient problem resolution.

“

We are constantly working to improve the quality of the products provided, improve service processes, and customer service. We do this on the basis of our digital expertise, daily dialogue with users, the use of Big Data analytics, and our own IT developments, including those based on artificial intelligence. In 2021, we implemented a unified customer support approach. Regardless of the complexity of the product, its novelty and specifics, customers receive the same fast, high-quality and seamless support at all points of contact.



Tatyana Mudretsova

Vice President of MTS for
Customer Experience & Service

In customer service, we actively use our technological capabilities. This year, we introduced AI-based tools of speech and text analytics that allow us to analyse customer interactions with support staff on a daily basis and improve our service procedures and communication format based on this.

Continuing to evolve is the ‘Closed Loop’ project, where we re-contact customers who have turned in satisfaction surveys in order to resolve their issue. This project helps to adjust existing business processes to ensure customer satisfaction in Company interactions. In 2021, the project was extended to users of MTS banking products, as well as to customers who use chats to communicate with the Company. As loyalty tools, we began to offer customers popular ecosystem services, such as MTS Premium, MTS Cashback, MTS Library, and MTS Music.

After the launch of Closed Loop, customer satisfaction increased by 2 times

High competition dictates the need to reduce the launch time of services (time-to-market) for various categories of users and improve the quality of these services. Before launch, every MTS product is tested using IT algorithms. In 2021, we updated the automated testing system, which more than tripled the volume of tested processes at the time of peak performance and increased the number of simultaneously tested products. The increase in system performance has a positive effect on maximum throughput capability, while improving the quality of launched products.

We successfully use and continue to develop the portal for alpha and beta testing of MTS products. Thanks to the portal, we provide high-quality products, taking into account the needs and opinions of end users. In 2021, we introduced a system to motivate customers who test products and invite them to try ecosystem services.

In 2021, the coverage of digital products by client and technological quality metrics was expanded by 88%, which made it possible to comprehensively assess customer satisfaction with MTS ecosystem products and better understand the needs of the client. An approach was introduced to assess the quality of individual components of digital products — modules that provide a comfortable and seamless customer experience at every point of contact between a customer and digital products.

Clear Information about Tariffs and Services

Increasing transparency in the Company’s communications about its product offerings has become an important area for improving the customer experience in 2021. This is a key component for strengthening the trust of customers using MTS ecosystem products and services. We conducted CJM (Customer Journey Map) audits on popular tariff plans and services, and based on audit results, we modelled scenarios for customer communications with the Company. The result of the work carried out for the client was an increase in the transparency of information on charges and the launch of SMS/Push notifications with financial information at the exact moment it is required by the service consumer.

We optimised the performance of the site mts.ru, which decreased the time necessary to completely open the site by 41%. In general, in only the second half of 2021, due to ongoing activities, it was possible to increase the customer satisfaction indicator with our website by 3.5 times.

In 2021, we continued to develop the automatic voice-activated digital assistant (IVR). By connecting an internal intelligent platform to it, we can now offer the client unique scenarios. IVR efficiency increased to 65%.

At the end of 2021, we launched a pilot project of a voice assistant for calls to MTS contact centres, and we plan to actively develop it in 2022.

The bank and fintech platform TalkBank¹ has launched the 'MTS Bank Now' chatbot in the popular Telegram messenger. The bot helps to instantly issue a virtual debit card MTS CASHBACK Lite and manage it. The next stage in the development of MTS Bank Now is the design of other fintech products, payment of charges, and the integration of useful financial lifestyle services.

'Chatbot' has become another promising communication channel. The bot solves more than 50% of the incoming questions on its own, without transferring to a specialist. New services have also appeared: We inform the client about the deadlines for fulfilling his application, about the deadline and status of his claim. Bonuses for customers affected by network outages are now provided automatically.

In 2021, our customer service started on Telegram.

We updated the customer service scenarios of the MTS ecosystem and did not ignore the retail network, where we launched a chat with a built-in intelligent chatbot to help employees. It should be noted that the share of MTS communication stores clients whose issue was resolved in the first contact², increased by 3 p.p. to 91.3%.

¹ In June 2021, the MTS Venture Fund led the 218.36 million roubles TalkBank investment round. The share of MTS investments amounted to more than half of the total amount of the round.

² FCR (First Call Resolution) metric, reflecting the proportion of customer issues resolved during the first contact with the customer service.

“



We understand that only a truly happy employee makes a client happy. We try to make the work of our experts simple and convenient: we provided the opportunity to move to 'home offices', provided a hybrid format of work, organised educational programmes, and held general events. Opening new directions, we continue to create jobs every year, including in the most remote settlements of Russia. We consider this to be an important social mission of MTS.

Tatyana Mudretsova

Vice President of MTS for Customer Experience & Service

Our clients appreciate our careful consideration of their time; therefore, thanks to building a harmonious contact strategy within the entire ecosystem, in 2021 the specific survey load on clients decreased.

> MTS won the Best B2B Corporate Client Experience. Telecommunication Services CX World Awards 2021 with a case study on improving CJM and EJM during the pandemic

> MTS won the 'Best Small Business Lending Service' Frank Small Business Loans Award 2021

How We Train Employees to High Standards of Quality Communication

All of the above tools (speech analytics, Closed Loop, and the predictive scoring model) are used to optimise business processes and quality control. As a result of the discrepancies identified, in 2021 we held a series of events aimed at training employees and improving the quality of service within the Company. In the IT teams responsible for systems and products for external and internal (Company employees) customers, key performance indicators for quality were introduced, which increased the stability of the systems used.

In 2021, training, mentoring, and auditing systems were changed to accommodate the capabilities and needs of remote workers and improve the customer experience in an environment where almost one in two employees worked remotely from their 'home office'.

We continued to develop tools to improve the quality of staff training, actively introduced digital training courses available for completion from any device (smartphone, tablet, PC) and introduced an automatic simulator that works out voice and text interaction between the operator and client. This made it possible to reduce the number of errors in consultations with beginners, as

well as to free up part of the resource of lecturers. Thus, the system has shown its effectiveness in terms of hiring and training remote employees.

We have redesigned the architecture and interface of the Knowledge Base, which employees use to consult clients. We have implemented a tagging system, and simplified the search and navigation in the Knowledge Base. We actively continue marking up the Knowledge Base for further use of scripts in CRM, minimising switching between databases during customer service, and also launched a mobile version of this Base.

Results of Work in 2021

The constant work on improving the quality of service and products was reflected in the growth of customer satisfaction with the quality of service at the main points of contact (call centres and communication salons), as well as in chats. Growth in the indicator of satisfaction (tNPS) for office services in the Group was 4—12 p.p.

To assess customer loyalty in the MTS ecosystem, the NPS³ index is used. In 2021, the mobile business of MTS retained its number two position amongst companies in the industry for this indicator, while Fintech rose by 6 p.p.

In 2021, MTS mobile business subscribers were transferred to service in showrooms in the 'One Stop Shop' mode. This has led to a significant reduction in the share of retail employee errors. By December 2021, the FRA⁴ indicator, which reflects errors in processing client applications, decreased by 4.4 p.p. to 5.1%. Transaction execution time and wait times in queues have also been reduced.

95%

customers

in MTS communication salons, queuing time is less than 10 minutes

91.3%

customers

solve their issue in the first contact

³ Net Promoter Score.

⁴ Failure Rate Applications — share of incorrectly executed client applications.

RESPONSIBILITY TO SOCIETY

GRI 203-2, 413-1

MTS for the Development of Regions of their Operation

TC-IM-000.A

Network Infrastructure Development

Development of LTE Networks

1 9 GRI 416-1

In 2021, more than 25,500 4G base stations were put into operation. Construction volumes in 2021 exceeded 2020 by almost 30%, and in the Moscow region, the growth of 4G base stations was 2.7 times ahead of 2020 volumes. In key regions, the LTE network grew by 40%.

The Company has updated more than 95% of base stations in the North–West region. Thanks to the upgrade, peak speeds available to the end user have reached 1,000 Mbps.

66



Telecom services in a broad sense — both mobile communication and Internet access, which form the basis of our business — have a high social significance in themselves. Quality connectivity provides access to vital health care, educational opportunities, and public services. That is why MTS is constantly expanding its network coverage area, as well as investing in the modernisation of its infrastructure, providing digital services even in the most remote regions of the country.

Inessa Galaktionova

Member of the Management Board,
First Vice President for Telecommunications Business, MTS

In Moscow and the Moscow Region, in 2020–2021, MTS provided priority communications for new construction: blocks of mass construction, business centres, shopping centres, etc. MTS is completing a three-year network development programme in the Moscow region. We have updated more than 50% of the Moscow agglomeration networks. This is the most significant upgrade to the MTS network and the Company's largest investment in the telecom infrastructure of the metropolitan area in 20 years. More than 63% of new base stations are installed in small towns.

~40

bln roubles

investment in the modernisation of the network in Moscow

+35%

speed increase

mobile internet in Moscow and the region

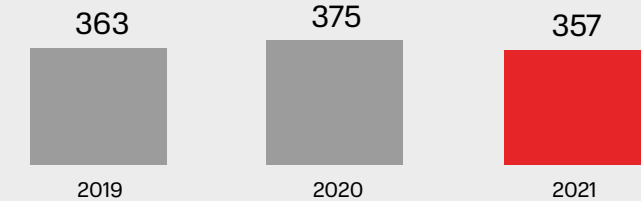
In addition to the classical methods of expanding the network, MTS is actively redistributing the outdated 2G and 3G network frequencies to replace them with 4G and, in the future, 5G (fifth generation) networks (Moscow, St Petersburg, the coast of the Krasnodar Territory, etc.). This allows the most efficient use of available network resources and provides subscribers with high-quality services. In 2021, MTS completed the modernisation of the network in the regions of the North-Western Federal District and by the end of 2022 plans to complete the modernisation in the regions of the Central Federal District — in Kostroma, Ivanovo, Vladimir, Tula, and Orel.

MTS uses Big Data to design and upgrade the network: the Smart Rollout project determines the optimal locations for the construction of base stations. Read more about the Smart Rollout system in the [Big Data Centre](#) section.

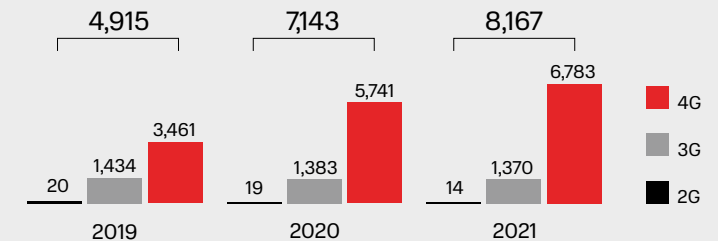
Advanced technical solutions are being actively implemented in the LTE network. During the development of the Massive MIMO project, we implemented the EVS (Enhanced Voice Services) codec for VoLTE calls (in regions with activated VoLTE service), which improved the quality of voice service in LTE. The LTE2100 refarming process has been initiated in Moscow and St Petersburg, in the regions of the Central and Northwestern Federal Districts, as well as in the Krasnodar Territory. In 2021, work was carried out on 20 projects (of which 18 are pLTE).

The successful experience of modernisation, implementation of new technical solutions, and the activation of new functions will continue in 2022. It is also planned that the number of sites using the Massive MIMO solution will increase.

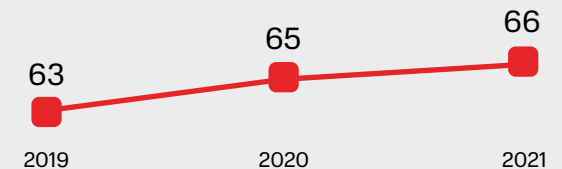
Voice Traffic in MTS Networks, mln min



Mobile Traffic, PB



Penetration of Mobile Internet Users, % of Monthly Active Users



In the Republic of Belarus, as part of the project to develop the Unified LTE Network in 2021, 1,009 new base stations were launched in the 800 MHz, 1800 MHz, and 2600 MHz bands. At the end of the year, 98% of the entire territory of the Republic of Belarus was covered by a cellular communication network. There are 23,395 settlements, including all 118 district centres, that have been provided with cellular communications.

Network Coverage in Belarus

Communication Generation	Share of covered area, %	The share of the living population, %
2G	98	99.9
3G	96.5	99.9
4G	47.1	85.6



Users prone to radiophobia fear the proximity to mobile towers. However, to date, there are no studies that unambiguously prove the negative impact of cellular communications on the human body. Mobile communication works by exchanging information in the radio range between the phone and base stations and its frequencies do not pose a threat to humans.

Russia has one of the most stringent standards in the world for the maximum permissible level of electromagnetic radiation at a person's location — 10 µW/cm², and the process of placing cellular communication equipment in Russia is strictly regulated. The construction project of each base station is preliminarily approved by Rospotrebnadzor. Before operation, special testing is carried out, which excludes violation of the accepted sanitary rules and standards for permissible radiation.

Development of Fixed Networks

1 9 GRI 416-1, TC-TL-000.C

MTS is one of the three leaders in the Russian broadband Internet access (BBA) market. At the end of 2021, 4.2 million households used MTS services in this segment. At the same time, the spread of convergent products had a significant impact on the growth of the broadband access market in 2021. We maintain market leadership in the broadband and TV segments in terms of revenue growth year-on-year: by 13% and 10%, respectively.

More than 1 million households in 39 cities of the Moscow region are covered by the fixed network with speeds up to 1 Gbps

A large-scale programme of modernisation and construction of fixed communication networks is being implemented in 47 cities, which has covered 2.2 million households. In 2021, the Company also built a network in four new cities in the Moscow Region. By the end of 2021, tariff plans with Internet access speeds up to 1 Gbps became available on 61% of the MTS network. We are actively implementing regional projects for the construction and modernisation of networks using GPON technology — for example, we have begun the construction of a fixed network in Yakutia and Bashkiria. In 2021, in five regions of the Russian Federation, we launched a partnership scheme for providing subscriptions in localities where the Company does not have its own fixed network — for example, MTS converged services are available to subscribers of other operators. The Company continued to develop offers for families — the We MTS and We MTS+ tariffs, which include mobile communications, home Internet and TV, as well as the ability to share traffic with your

loved ones (up to five SIM cards). The reporting period also saw the continued development of a new TV platform that expands the capabilities of traditional TV with interactive components. Interactive TV products (IPTV and Hybrid TV) were relaunched in all cities where fixed business is present, so by the end of the year more than two-thirds of MTS fixed network subscribers can connect to IPTV.

In 2021, MTS expanded the geography of its fixed-line business both through the construction of its own networks and through the acquisition of the Zelenaya Tochka Group of Companies (Stavropol Territory, Republic of Kalmykia).

As part of the investment programme, by 2023 it is planned that more than 80% of fixed network capacity will be upgraded

The increase in urban and zonal fiber-optic communication lines (FOCL) in 2021 amounted to more than 10,000 km. More than 287 km of FOCL have been built in Moscow and the region. The total length of MTS fiber optic lines has reached 240,000 km.

MTS signed an agreement with Morsvyazspuznik Federal State Unitary Enterprise (FSUE) on the development of partnership and cooperation in the implementation of the construction project for an underwater transarctic fiber-optic communication line along the Murmansk-Vladivostok route with exit points along the Northern Sea Route.

5G Networks

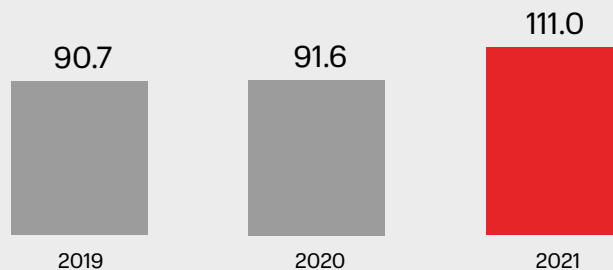
MTS is strengthening its leadership position in terms of new technologies. The Company was the first in Russia to launch 5G test zones for mass market subscribers: Moscow (29 sites) and St Petersburg (23 sites). The 5G network is available to all users with a suitable smartphone. Peak rates reach 1.8 Gbps in the regions.

MTS was the first Russian company to join the international association of leading telecom operators 5G Future Forum (5GFF). Its task is to develop technical requirements and standards for new communication and data processing technologies, participate in research projects, and implement advanced solutions based on 5G technologies.

MTS is collaborating with the Skolkovo Institute of Science and Technology (Skoltech) in the development of domestic 5G hardware and software systems based on the international open radio access standards Open RAN. The use of these standards will make it possible to localise the production of telecom equipment in Russia, and speed up and reduce the cost of building new generation communication networks. In November 2021, the first Russian 5G telecom solution based on Open RAN was successfully tested.

In 2022, the number of active 5G zones has been actively increasing. More than 10 projects are in development.

Capital Expenditures of the Group¹, bln roubles



¹ Capital expenditures (CAPEX) of the Group in 2020 are indicated taking into account cash receipts under swap contracts related to changes in foreign exchange rates against the rouble; excluding this factor, capital expenditures (CAPEX) of the Group in 2020 amounted to 96.9 billion roubles.



Solutions for smart cities

11 9

Russia's largest Internet of Things network MTS (NB-IoT) operates in more than 80 regions of the country, including places that are hard to reach for other communication standards. Such a network provides data transfer between devices, sensors can work up to 10 years without battery replacement. At the end of 2021, MTS served 12.6 million telematic SIM cards.

The main consumers of the NB-IoT network are the banking sector and housing and communal services, which uses remote reading from electricity, water, and gas meters. A large group of consumers of the MTS Internet of Things (IoT) services are transport companies connected to the Era-GLONASS state automated information system for emergency response in case of an accident.

MTS is an active participant in the creation of standards for regulating the IoT segment together with the Ministry of Digital Development, the Ministry of Industry and Trade, and the Ministry of Construction

Detection of Commercial Losses in Electric Networks

Commercial losses of Russian electric power companies due to illegal connections to power grids, abuses, and interference with metering devices reach 30%. In 2021, MTS launched a platform to search for commercial losses in power grids. Using Big Data algorithms and geoanalytics, the service's software package identifies electric meters that transmit underestimated readings.

“



MTS is one of the leaders in the Internet of Things market in Russia, and our solutions are a driving force for the development of the industry. Our goal is to provide enterprises from different industries quick access to solutions that take into account their specifics and needs. MTS explores the Internet of Things market and its development trends and aims to partner with market leaders and startups to create the most effective and comprehensive IoT projects.

Armen Avetisyan

Vice President of MTS for the Internet of Things and Industrial Automation

The MTS platform for finding commercial losses in power grids was noted in the nomination 'The Best Digital Technological Solutions and Projects for the Power Grid Complex' of the 'Digital Breakthrough — 2021' contest organised by the Ministry of Energy of the Russian Federation, and was also recognised as 'the best IT solution for the energy sector of the professional award of IT projects' Digital Peaks — 2021'.

“



Cooperation with MTS, the leading telecommunications company in Russia, is an example of successful cooperation in the field of high technologies and a new trend in the digital transformation of the country's energy industry identified by the President of the Russian Federation and the Ministry of Energy of the Russian Federation as a priority for development.

Sergey Gurin

Chairman of the Management Board — General Director of JSC BESK

MTS and Bashkirenergo will search for power grid theft using Big Data and artificial intelligence

Digital Water Utility

The MTS Digital Water Utility IoT solution for collecting and analysing information from pressure sensors and metering devices for water supply systems makes it possible to detect illegal tie-ins and unaccounted consumption on water supply mains, as well as to record pressure drops in pipes.

In the Chelyabinsk region, thanks to the introduction of an online monitoring system for the volume of water entering the municipal water utility infrastructure, the correct algorithms for paying for supplier services have been established. The system also made it possible to quickly respond to emergencies — during operation, equipment that failed was identified, owing to the incorrect operation of which the city received three times less water than reported. The system notified those responsible about the problem areas and the water supply was soon fully restored.

Digital Real Estate

Developing the Digital Real Estate business, MTS offers developer companies, intercom companies, and management organisations modular digital products for apartment buildings. Such devices are capable of conducting video surveillance, monitoring various engineering systems, and collecting readings from metering devices. Telemetry technologies provide reliable data collection and processing, optimise equipment operation, control water losses, and significantly reduce electricity consumption.

The 'Smart Home' application offers many similar services for private users.

Development of Communication Networks in Subways

11

In **Moscow**, mobile coverage is provided at all stations and in most tunnels. By the end of 2021, equipment had been replaced at 112 stations, and mobile coverage provided at ten new stations. The plans for 2022 are to provide coverage in another 143 tunnels. Under an agreement between mobile operators throughout the metro, with the exception of the Big Circle Line, a high-frequency radiating cable will be laid by joint efforts.

In the **St Petersburg** metro, 72 stations on five metro lines and 51 sections of the track are covered by the main mobile communication standards. In 2022, it is planned to cover another 16 sections of the track, with a total length of 62 km. In 2022, the tunnels of the Frunzensko-Primorskaya line and two sections of the track of the Nevsko-Vasileostrovskaya line will also be covered.

In 2021, the development of design and working documentation for the modernisation of the network in the **Novosibirsk** metro was completed, and design and survey work was carried out in **Kazan** for the construction of a new base station at the Dubravnaya metro station and the modernisation of all existing BS.

In the reporting period, all 33 **Minsk** metro stations were provided with mobile communication coverage.

97%

share of the Russian population

who have access to MTS mobile services

3.93

bln roubles

Total sum of signed contracts within the 'Digital Economy of the Russian Federation' national project

MTS for Development of the Digital Economy

17 TC-IM-000.A

Territory Infrastructure Development

9

MTS Group actively participates in projects for the socio-economic development of Russian regions. As of 2021, cooperation agreements for the development of the digital economy were in force with 20 constituent entities of the Russian Federation. The Company signed nine of them in 2021. Within the framework of these agreements, MTS is working to increase the level of digitalisation of the regional economy in the following areas:

- > increase the level of digitalisation of the infrastructure of settlements and the safety of the urban environment using intelligent video surveillance systems in public spaces;
- > development of information and telecommunications infrastructure, a network of base stations for mobile communications, as well as fiber-optic support and distribution communication lines in urban and rural settlements;
- > implementation of socio-economic programmes and entertainment projects using telecommunication technologies;

- > development of the tourism industry using Big Data geoanalytics services;
- > implementation of projects for the use of cloud technologies;
- > Increase the level of accessibility of financial services for the population, including the integration of payment gateways into official government websites; and
- > formation of pilot zones for approbation of technological projects, the testing of digital products, and solutions.

Participation in the 'Digital Economy of the Russian Federation' National Project

Within the framework of the 'Information Infrastructure' federal project, which is part of the 'Digital Economy of the Russian Federation' national project, MTS was selected as the executor of state contracts for connecting socially significant objects to the Internet in seven constituent entities of the Russian Federation, as well as in Moscow and St Petersburg. In 2019-2021, more than 5,000 fixed broadband access points were organised in feldsher and feldsher-obstetric stations, educational institutions, state and local authorities, election commissions, fire departments, and police and law enforcement stations.

To finance the costs of implementing this project, MTS used the mechanism of social exchange bonds. The Company successfully placed its debut bond issue in the amount of 4.5 billion roubles in 2021 using digital channels, including showcases on the websites and mobile applications of the organising banks. The issue of MTS social bonds is included in the register of the International Capital Market Association (ICMA), the corresponding conclusion is published on the [association's website](#).

MTS also participates in the implementation of the federal project 'Regulatory Regulation of the Digital Environment', which is part of the national project 'Digital Economy of the Russian Federation'. Representatives of the Group provide expertise on initiatives in the digital economy field, create their own proposals for fulfilling the federal project and its implementation, participate in working and expert groups, including on the development of domestic ecosystems and digital platforms, digitalisation of state and municipal services, electronic document interchange, and turnover data.

By participating in such projects, the Company contributes to improving the population's quality of life, including in remote and hard-to-reach areas.

Improvement of Industry-Specific Legislation

In the interests of the development of the industry, MTS participates in the improvement of regulatory regulation. In 2021, the Company was an active participant in the development of:

- The decree of the Government of the Russian Federation dated 27 September 2021, No. 1619 'On approval of the Rules for granting subsidies from the federal budget to Russian companies for financial support of part of the costs associated with the introduction of Russian products in the radio-electronic industry';
- The draft federal law "On Amendments to Article 6 of the Federal Law 'On Communications'", the draft Decree of the Government of the Russian Federation "On Approval of the Procedure for Providing Buildings, Structures, and Other Objects of Federal Property for the Placement of Communication Installations, Communication Facilities, and Communication Cables", aimed at simplifying access for telecom operators to real estate objects of state and municipal property". The specified normative acts are submitted by the Ministry of Digital Development of Russia to the Government of the Russian Federation;
- Federal Law No. 377-FZ dated 22 November 2021, 'On Amendments to the Labour Code of the Russian Federation', which expanded the possibilities of personnel EDI;
- Federal Law No. 440-FZ dated 30 December 2021, aimed at the digitalisation of legal proceedings;
- Federal Law No. 331-FZ dated 2 July 2021, on changes to launch experimental legal regimes; and
- the draft regional normative act 'On approval of the Rules for the provision of state-owned objects of a constituent entity of the Russian Federation (buildings, structures) for the placement of communication installations (with the exception of capital construction facilities), communication facilities and communication cables'.

As a regional measure to support the telecommunications industry, the Company was among the initiators of the introduction of an investment tax deduction mechanism.

In addition, in 2021, MTS took part in the work of an interdepartmental working group to coordinate the activities of a pilot project to create a Unified Information Resource on Land and Real Estate in four regions of the Russian Federation.



Digital Solutions for Industry and Beyond

The Internet of Things to Solve Environmental Issues

MTS offers a whole range of solutions aimed at reducing the carbon footprint. These include autonomous air-quality monitoring stations and solutions based on auto telematics, the implementation of which in a factory carpark or in the logistics centre reduces equipment idle time by 10%, thus, reducing CO₂ emissions into the atmosphere.

At Progress, the Russian Antarctic station, MTS deployed the NB-IoT network for the operation of Internet of Things devices. The trackers, multisensors, and sensors of the Arctic and Antarctic Research Institute help study the movement of glaciers and snow cover, and monitor avalanche conditions and the microclimate in living and working areas.

The Internet of Things for Safety

To ensure labour protection and industrial safety, MTS has developed the multifunctional SafeZone hardware and software system. It permits the creation of a 'digital copy' of personnel, quickly monitors compliance with safety regulations, and also obtains data on key parameters of employee health. Radio communication technologies and special wearable devices enable the monitoring of personnel both inside the enterprise's workshops and at open production sites. The system monitors compliance with the rules

of labour regulations, the location of personnel at the facility, and compliance with work regulations, as well as monitors the use of PPE, which is extremely important during a pandemic.

Telemedicine

3

By order of the Medsi Group of Companies, two modules with artificial intelligence have been developed — 'Doctors Exchange' and 'Routing'. The exchange automatically distributes calls to doctors at home not only among full-time employees, but also among particular specialists from other clinics. The Routing module also determines the best routes for them in terms of time and distance, taking into account online current road conditions and traffic congestion, as well as plans calls for the next day, considering statistical data on traffic jams. At the moment, more than 190 doctors in several cities are connected to the exchange.

Industrial IoT Platform

In 2021, MTS launched the IoT Hub platform, a universal tool for collecting, analysing, and visualising data from sensors. The service makes it possible to connect, control, and manage telematic devices, and also allows developers to create their own products and IoT solutions based on a ready-made set of tools. The platform is used to create MTS's own products and is offered for the implementation of client solutions in various industries.

Construction of Dedicated Networks for Enterprises

In October 2021, MTS signed an agreement on the construction of a commercial dedicated technological network for the iron ore mining and processing plant of Karelsky Okatysh JSC. On the territory of quarries and production facilities, MTS will build a dedicated network of the LTE/5G-ready standard for dispatching voice and video communication systems. The network will also provide operational management of the production complex, positioning, video monitoring of transport and mining equipment, and emergency notifications.

MTS and Ericsson built the first dedicated commercial 5G-ready network in Russia for the Polymetal gold mining company.

'Internet of Things' Competence Centre

As part of the state programme to support demand for Russian radio electronics, MTS has created the Internet of Things Competence Centre under the Public Expert Council under the Government of the Russian Federation, which will evaluate promising projects for the development of domestic IoT solutions. MTS is defined as the base Company of the Centre. Together with market participants, the Company evaluates the competitiveness of developments, the economic effect of their implementation, and the impact on the development of the Russian radio electronics market, including export potential.

In 2022, the active development of solutions for the transport industry is planned. We are developing a safe driving transport solution based on computer vision, auto-telematics, and artificial intelligence. It will reduce the accident rate in transport by monitoring the driver's condition — whether he is tired or his attention is distracted from the road. All this will have a positive impact on the safety of transport employees and road users.



“

MTS has been supporting Russian manufacturers of IoT solutions and devices for several years. I am confident that our cooperation with the Ministry of Digital Development and the Ministry of Industry and Trade within the framework of the Competence Centre will make a significant contribution to the development of the domestic market for the Internet of Things and radio electronics.



Armen Avetisyan

Vice President of MTS for Internet of Things and Industrial Automation MTS

Innovation as a Driver of Social Progress

8 9 11 TC-IM-000.C, TC-SI-000.C

4,500

customers

Cloud & Colo

#CloudMTS is one of the largest cloud providers with its own data centres and backbone communication channels throughout Russia. The area provides more than 25 services for various business tasks using cloud technologies.

2,700

corporate customers
(+18%)

The MTS cloud ecosystem includes solutions in the format of private, public, hybrid clouds, a set of consulting and professional services, data centre services, and telecom services. We provide all cloud services based on our own equipment located in TIER III level data centres in Moscow, St Petersburg, Novosibirsk, Vladivostok, Minsk, Almaty, and Yerevan.

#CloudMTS

computing resources

business tools

top 3 IaaS providers
in Russia

security services

partnerships with CDN,
WAB, DBaaS, 1C,
My Office

network services

solutions for storing
data and backups

services for developing

66



Through the active construction of its own modular data centres, as well as through the acquisition of promising assets, MTS is becoming one of the largest companies in Russia providing commercial data centre services.

Igor Egorov

Advisor to the President of MTS

#CloudMTS in 2021:

- > Launched one of the world's most powerful supercomputers MTS GROM, which will accelerate the creation of solutions in the field of machine vision and industrial analytics, data processing, and intelligent video surveillance. Universities, large scientific and medical centres will be able to use MTS GROM in research related to the modeling of complex processes
- > Transferred Irtech, a software developer for education in Russia and the CIS, and Replex, an intelligent fire safety system for social and commercial facilities, to the cloud
- > Developed and launched, together with BI.ZONE, a comprehensive MTS WAF Premium service for multi-level protection against cyber attacks for web applications of e-commerce companies, banks, insurance organisations, and government agencies
- > Expanded its network of data centres by acquiring the GreenBushDC data centre

In 2021, MTS announced the creation of a new company based on the cloud business — MTS Web Services JSC (MVS)

We combine cloud services with mobile and fixed communication networks to become the technological foundation of the entire MTS for the accelerated development and launch of advanced business and mass services in the field of smart cities, unmanned vehicles, digital medicine, and other socially significant areas.

MTS Big Data Centre

TC-IM-000.B, TC-SI-000.B

Big data is used in most MTS business verticals: in telecoms — for network construction and modernisation, flexible pricing, and anti-spam systems; in MTS Media — to create recommendatory models of the KION online cinema; in MTS Fintech — for scoring; and in other MTS solutions where technological platforms are used (eg, recommendations, lead generation, dynamic pricing).

Big Data allows for more personalised offers for customers, processes to be optimised within the Company, and the increase the efficiency of investments in the development of business products and verticals. Big Data is also at the heart of individual products — a platform for self-launching advertising campaigns by MTS Marketer, a geoanalytical system for smart cities and tourism development, anti-spam services, and others.

- > Developments based on Big Data technologies improve the customer experience and increase the frequency and duration of customer contact with the product through recommendation models. They allow the Company to make personalised offers on tariff plans and MTS ecosystem services. For example, thanks to the analysis of Big Data in 2021, users of the KION online cinema were 1.4 times more likely to find interesting content and spend 30% more time watching movies.



“

Big Data allows us to constantly improve the quality of customer service at all points of contact between the user and the Company. In 2021, we continued to develop solutions based on Big Data analytics and expanded the range of joint initiatives with the regions where we operate. For example, the launched geoanalytical system contributed to the development of the concept of smart cities and the improvement of their infrastructure, as well as increased security. MTS Big Data algorithms also allowed cities to develop domestic tourism and attract investment.



Victor Kantor

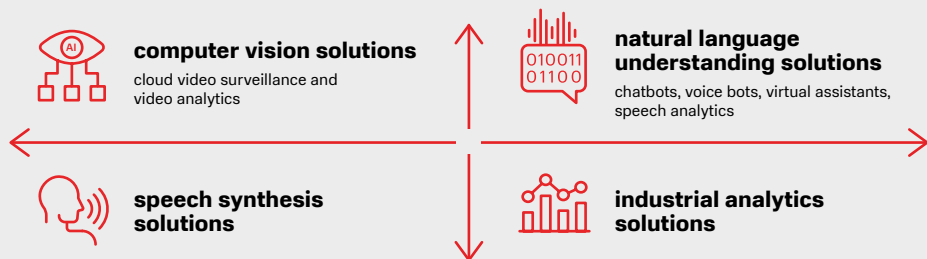
Director of MTS Big Data Centre

- > Big Data analysis has been used to develop an anti-spam system. MTS anti-spam services are used by 26 million MTS subscribers. The system blocks 120 million unwanted calls every month.
- > For the development of a mobile communication network, MTS uses the Smart Rollout system, which analyses the technical parameters of the network load, data transfer speed, the needs and behaviour of subscribers, their concentration areas, data on urban development plans, the development of transport and social infrastructure, and many other indicators, and concludes where base stations should be built or the network upgraded. Thanks to Smart Rollout, in 2021, it was possible to increase the coverage of analysed objects by seven times and to increase the accuracy of location income prediction models by two times.

- > In September 2021, MTS launched the first ‘boxed’ geoanalytical solution, which allows, even without Big Data, to independently upload analytical reports on the size and composition of the population in different parts of the city and region, as well as on tourist flows. The solution helps effectively develop the infrastructure, increasing the comfort of the urban environment. Now MTS geoanalytics is used to develop infrastructure and domestic tourism in 46 Russian regions.
- > The MTS Big Data Centre introduces additional scoring models for the fintech vertical, which allowed the bank to launch loans with pre-approved rates and lending limits and to integrate a recommendation system for payments and transfers in remote banking channels.

MTS Artificial Intelligence Centre

The MTS Artificial Intelligence Centre has been operating since 2017. The centre's specialists create and implement AI solutions within the MTS ecosystem, supplement existing services with new functions, and improve the customer experience of interacting with them.



MTS is a member of the Artificial Intelligence Alliance, which is developing these technologies in Russia. The Alliance is developing the following areas:

- > **Regulatory control** a register of 84 AI standards has been created in Russia;
- > **Higher education** — a professional development programme of ten courses in AI disciplines for university professors was developed. Under the advanced training programme, 516 educators were certified in 2021. Partners of the Association — 13 pilot universities — have been invited to undergo professional and public accreditation. The Alliance supported the artificial intelligence track of the All-Russian Olympiad 'I am a Professional', which was attended by 1,604 students from 258 universities.
- > **School education** — the Alliance became a partner of the international children's AI competition, which was attended by 26,500 schoolchildren from 101 countries. The works of the winners are presented at the International Conference on Artificial Intelligence and Data Analysis AI Journey 2021.
- > **Practice and Implementation** — more than 90 cases with proven economic benefits of using AI based on the experience of 60 companies have been prepared for the Russian and international markets.
- > **Data** — the first stage of the study of the needs of AI market participants in data networks has been completed (a data network is data structured for the operation of neural networks), for this purpose, more than 400 representatives of industry companies, government bodies, and industry associations were interviewed.



More information about the activities of the alliance on the a-ai.ru site



MTS will create an innovation cluster in Novosibirsk: rbc.ru



At SPIEF 2021, MTS and the government of the Novosibirsk Region signed an agreement on the development of artificial intelligence technologies



Within the framework of cooperation, the MTS Artificial Intelligence Centre created an innovative cluster in the Academgorodok in Novosibirsk, which will allow cooperation with the capabilities of leading representatives of business and the academic environment, and at the same time provide the opportunity for internships, profile training, and employment for students of Novosibirsk universities.

In 2021, MTS invested \$10 million in the Kneron startup, a group of companies that develops and sells microchips used for fast and energy-efficient processing of AI algorithms and related software.

In June 2021, the MTS Artificial Intelligence Centre launched a startup accelerator and venture fund. Creators of AI projects with a strong idea, solution prototype, and development can apply to the accelerator. At the moment, 13 startups from ten countries have been selected, and each project has been approved for funding up to \$100,000 US. At the beginning of 2022, three start-ups developing AI products with a social component were trained as part of the MTS AI international acceleration programme. The activities of two of them are aimed at early diagnosis of a wide range of ophthalmic diseases, and the third focuses on predicting climate change.

In the reporting year, MTS also entered into strategic partnership agreements in the field of artificial intelligence with 30 international companies. The MTS AI Centre combines its own expertise with the world's leading developments in the field of artificial intelligence so that our solutions are in demand not only in Russia, but also in the global market.

In the course of joint work, the Siberian Branch (SB) of the Russian Academy of Sciences, the Institute of Mongolian Studies, Novosibirsk State University, and MTS, AI deciphered 500 pages of ancient Tibetan manuscripts with 94% accuracy using artificial intelligence. In addition, MTS AI and NSU jointly developed a software and hardware system for trained video analytics. On the basis of this complex, NSU students will teach artificial intelligence technologies to gifted schoolchildren of the Altair Centre.

Also, within the framework of cooperation, pilot testing of software and hardware systems for the control of glass containers on the conveyor of the Ekran plant (Novosibirsk) was launched. In the near future, machine vision systems based on AI technology will be transferred for testing to enterprises in the region. In the future, the representative office of MTS AI in Novosibirsk intends to develop cooperation with universities and innovative companies in the field of artificial intelligence and the Internet of things.

MTS IoT Laboratory

The MTS IoT laboratory is equipped with modern equipment for testing all the necessary technological parameters, including the analysis of promising developments in 5G networks. On the basis of the laboratory, the 'MTS Certification' product was created, which allows testing and certifying solutions in the field of the Internet of Things, confirming their correct operation in the MTS NB-IoT network.

MTS has launched an educational programme to develop solutions based on the Internet of Things NB-IoT in cooperation with leading technical universities in Russia. The Company donated 77 starter kits for the development of energy-efficient IoT devices to six universities from Moscow, St Petersburg, Tomsk, Yekaterinburg, and Yakutsk.

488

mln roubles

the corporate venture fund invested in startups in 2021

31.8

bln roubles

MTS spent on technological innovations in 2021

MTS StartUp Hub

8 9

The MTS StartUp Hub is the centre of MTS innovations and investments. The main areas of its work are the financing of new promising projects (venture investments), commercial cooperation, and the technology solutions incubation programme.

The MTS Corporate Venture Fund invests in startups that are of strategic value to the MTS ecosystem, have prospects for rapid growth, and provide synergy with the Company's new business areas.

In total, there have already been six admissions to the corporate accelerator, including two in 2021. Following successful completion of the accelerator, startups will have the opportunity to launch a paid pilot project with MTS and test the viability of the solution using the Company's infrastructure — customer base, sales channels, and also legal support.

- > launched pilot projects
- > 13 scaled pilot projects

Three MTS StartUp Hub technology laboratories operate in Moscow, St Petersburg, and Nizhny Novgorod. Nineteen residents of MTS 5G centres have passed the incubation programme — they finalised the products and tested them in MTS 5G networks.

Incubation of new technologies is also possible at the site of the MTS partner in the Astana, Kazakhstan HUB.

Innovative Services Launched with the Support of MTS StartUp Hub



A financial product that integrates customer spending analytics. It helps manage personal and family finances

Neuro.net

A voice robot indistinguishable from a human for communication with customers will be used in MTS for selling services, to confirm the date of the installer's visit, and to receive feedback

MTS StartUp Garage Programme

The MTS StartUp Garage internal entrepreneurship programme helps MTS Group employees who want to implement their own ideas for digital products and develop them at MTS. The interest of employees in the programme is growing every year: in 2021, the Garage received 167 ideas (a year earlier, 100 ideas), and the number of participating regions almost doubled to 35.

To help employees master product competencies faster, a pre-acceleration stage was added in 2021, where an idea that has not yet been fully developed can be presented. There were 58 teams that got the opportunity to test their hypothesis and form a product vision. Then, with the help of internal and external experts, 21 ideas were selected for acceleration. Nine teams were able to create a product prototype and present it to Company management, three of five product prototypes created at the MTS StartUp Garage received a budget for implementation, and replenished the MTS product portfolio. Ten selected ideas will undergo the acceleration procedure next year.

- > The usefulness of MTS's Garage was rated 4.38 on a 5-point scale
- > 44 employees were trained and received the new specialty of tracker — a specialist in supporting startups

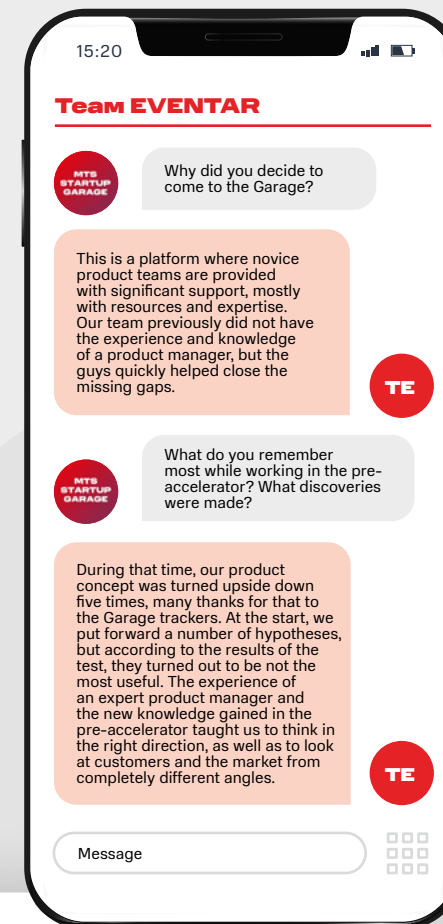
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Digital entrepreneurship is designed to make people's lives easier, to make daily and often routine tasks easier. However, launching a digital business is not an easy task. The project leader and team need to have competencies not only in IT, but also in marketing and product management. The MTS StartUp Garage allows you to gain this invaluable experience in practice. We not only give the programme participants theoretical knowledge, but also teach them to take responsibility, think ambitiously, take into account the interests of customers and the Company as a whole.

Maxim Gashkov

Head of the MTS Centre for Internal Innovation



Entrepreneurship Support

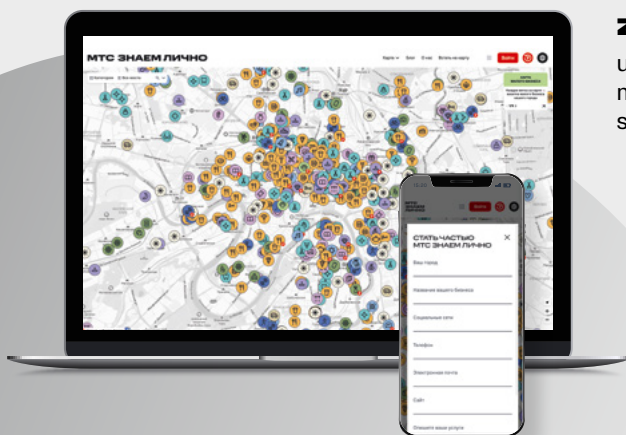
8 17

'We Know Personally' Project

The project to support entrepreneurs 'We Know Personally' was awarded the national Runet Award 2021 in the category 'For the Development of Small- and Medium-sized Businesses in Runet'

The 'We Know Personally' small- and medium-sized business support programme helps entrepreneurs develop their business, attract new clients, meet other entrepreneurs and people active in their city, and find partners among them, as well as to learn about up-to-date free business promotion tools. We Know Personally is an interactive map of Russia that allows entrepreneurs to tell a new audience about themselves, and clients to support local establishments: coffee shops, hairdressers, non-chain cafes, car repair shops, or beauty salons. Placing information on the map is free. Businessmen can leave a request on the site to add their contacts to the online service.

- > 41 cities are covered by the 'We Know Personally' project
- > 2,800 small business points are located on the map



Znaem.mts.ru

users can add the «I was here» mark on the map, expressing support for the business

'Non-Interview' Project

MTS involves representatives of small- and medium-sized businesses in the regions, as well as representatives of government and non-profit organisations in the discussion of topical issues and problems of the territories. 'Non-Interview' is a series of informal meetings of MTS regional top managers with outstanding people in the regions. Responsive professionals who are involved in the life of the region share their discoveries and are ready to make efforts to change life for the better. 'Non-Interview' videos are spread in social networks and media in the regions.

"Business Accelerator 'Lady 007'" Project

5

To support women entrepreneurs, MTS, in partnership with the all-Russian public organisation 'Business Women', is holding the 'Lady 007' business accelerator in the regions of Russia. The target audience of the project are entrepreneurs who have already started their own business, but have encountered difficulties, as well as women who are just contemplating a business idea. The two-month training course helps women in the regions start their own business and generate financial returns, improve the efficiency of their business, and develop new ideas. The best projects receive grants and regional support for business development. In 2021, the project covered six cities, about 1,000 women became participants in the accelerator.

Social Idea Contest

17

In 2021, MTS held the Social Idea international grant competition. Projects submitted for the competition were to contribute to positive changes in society using digital technologies. The competition offers participants expertise and mentoring from MTS business leaders, the opportunity to refine and pilot a project in the MTS digital ecosystem, information support, and for the winners a prize fund of 1,500,000 roubles to implement the idea or scale a product.

In 2021, 726 applications from 11 countries were received in the Ecology and Inclusion categories, which is 15% more than in the previous year; 322 projects were selected to participate in the competition, and 32 teams reached the final.

- > 19 product prototypes were developed
- > 2 prototype products were selected for development
- > 4 projects received a grant



MTS Social Investments

MTS considers the development of the territories of operation in the complex paradigm of supporting social, economic, cultural, financial, investment, and other spheres.







The strategic goal of MTS in the field of social investment is to improve the quality of life and increase security by providing a wide range of digital services and developing innovations. The involvement of the main target audiences in MTS's social initiatives ensures long-term positive contact with the Company.

The principles and areas of social investments are described in the MTS Corporate Social Strategy in the territories of operation. The Centre for Social and Charitable Programmes is responsible for implementing the strategy

MTS adheres to the following principles of social investment, which are formed on the basis of analysis of current societal needs, including in the regions where the Company operates, the expertise of the Group, as well as best practices in the field of sustainable development:

Continuity, sustainability	MTS builds and consistently implements long-term programmes aimed at achieving sustainable positive changes in society. The Company focuses its efforts on the implementation of the UN goals that are most consistent with the main directions of its business strategy
Public involvement	The Company actively involves a wide audience in its programmes. MTS provides an opportunity for personal contribution to solving urgent issues, thereby creating the basis for high-quality, long-term interaction with the public
Localisation	MTS implements social investment programmes with a deep understanding of regional specifics, adapting each project at the local level, taking into account the context of a particular region
Partnership	MTS develops the practice of partnership and intersectoral interaction, which contributes to the unification of the efforts of participants based on mutual interests to achieve synergy in solving socially important issues
Manufacturability	MTS focuses its efforts on the effective solution of social and environmental problems using technological tools and digital expertise
Efficiency	The Company regularly evaluates the effectiveness of the implementation of social programmes — the system of internal metrics for evaluating project effectiveness based on sociological surveys of users of MTS social programmes, the number of programme beneficiaries, and an assessment of the social impact of MTS programmes in the regions of operation. Key performance indicators are enshrined in the MTS's Corporate Social Strategy in the territories of operation for 2022

Areas of MTS's social programmes

<p>Education</p> <p>> The intellectual and creative development of children and youth</p> 	<p>Health and wellness</p> <p>> Support for socially vulnerable groups of the population, businesses, and local communities</p> 	<p>Digital Education</p> <p>> Increasing the level of financial literacy and training in the use of modern technologies for the population of all ages</p> 	<p>Inclusion</p> <p>> Support for the development of an inclusive environment</p> 	<p>Environment</p> <p>> Development of ecotourism, eco-education, and promotion of ecological culture</p> 	<p>Culture</p> <p>> Preservation and promotion of unique cultural values</p> 
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In 2021, MTS held over 500 social events. About 19.8 million people took part in MTS's social projects in Russia (programmes for the development of creative abilities, the environment, and career guidance; programmes to support and train entrepreneurs and startups, including the AI Accelerator and StartUp HUB). Of them, 4.2 million people are involved in MTS environmental education projects.



'Generation M'
Video about the project:
www.youtube.com



Key Social Projects

3 4 12

'Generation M': Creativity for Life

3 4

This charitable project combines the creative development of talented youth and assistance to the seriously ill. The project mission is to provide comprehensive additional education for children and adolescents, regardless of their place of residence and social status, using free digital solutions. The project is being implemented with the support of the Ministry of Culture of the Russian Federation and a wide network of partnerships.

Online Platform

On Generation M's official online platforms — the website www.pokolenie.mts.ru and the VKontakte community — children from all over the country can learn for free from more than 250 teachers and stars in various creative areas: vocals, choreography, the fine arts, photography, cinema, journalism, acting, fashion design, etc.

Over the years of its implementation, Generation M educational courses have been viewed more than 30 million times

The most talented individuals — winners of the project competitions — receive unique creative opportunities: exhibitions of works in the Tretyakov Gallery, admission to the Russian Institute of Theatre Arts (GITIS), publication of illustrations in books, performances at the country's largest venues with stars, internships with famous photojournalists and filmmakers, etc.

699 talented children from 69 regions have become project winners and continue their development under the guidance of mentors

Offline Events

To develop the territories, MTS organises large-scale educational events with the participation of the star mentors of the project, the involvement of representatives of regional authorities, as well as volunteers. This gives all residents the opportunity to communicate in a lively manner with world-class masters, to organise useful educational leisure activities for children, and contribute to the preservation and promotion of local cultural heritage:

- > entrance exams to GITIS — residents of the regions take preparatory master classes for admission and can pass the first round of auditions without leaving their hometown;
- > engineering workshops for children on robotics with the opportunity to personally see world-famous robots;
- > educational programmes from well-known Russian photojournalists with photo-exchanges, training using the examples of famous photo exhibitions that MTS brings and opens in the regions;
- > developing programmes for young fashion designers under the guidance of fashion masters with educational fashion shows 'FashionDay of Generation M';
- > competitive programmes for young vocalists, dancers, and bloggers with the opportunity to perform on the big stage in their region together with stars as part of the musical show 'Generation M: Blog&Voice'; and
- > other events and projects.

Unique Charity Mechanism

The project educates young philanthropists across the country. All activities in groups and on the Generation M website are converted into 'real money', which MTS transfers to charitable foundation partner programmes for the treatment of seriously ill children.

Project participants generated over 22 million roubles with their creative activities¹

“



I am from a small provincial town, and thanks to the Generation M project, my dream as an artist came true — I went on the big stage and became a member of popular TV shows. This is a unique opportunity. I tell everyone around that together with MTS it is so easy to develop and grow as a person. And it is important that my participation in Generation M helped raise funds for the treatment of seriously ill children.

Ivan Starikov

Vocals winner of MTS's 'Generation M' project

MTC Live



Live concerts
MTS Live:

live.mts.ru



MTS Live is actively involved in the socio-cultural development of the regions where it operates: it organises performances by artists, conducts theatre tours, and sells tickets for cultural and entertainment events without commission. In 2021, 341 events were held, for which more than 250,000 tickets were sold in total. Due to the restrictions caused by the pandemic, MTS Live organised an online broadcast of the independent multi-format Wild Mint festival. Also in December 2020, we launched the MTS Live Studio online project to support and promote young musicians.

In addition, in 2021, MTS Live developed its own theatrical direction: we partnered with large theatres, for example, the Mossovet State Academic Theatre, and also invested in our own productions and musicals. Together with the museum community in the Manezh Central Exhibition Hall in St Petersburg, we held music concerts in the MTS Live Sessions art space.



To popularise the intellectual game of chess, MTS Live implemented a creative educational project and launched a special Chess Train on the Sokolnicheskaya Line of the Moscow Metro. A special launch was given to the unique train by the 12th World Chess Champion Anatoly Karpov.

MTS Live also became one of the partners of the Ministry of Culture of the Russian Federation and the Ministry of Digital Development of the Russian Federation in the launch the Pushkin Card — a bank card with a certain limit that can be used to buy tickets to theatres and museums, exhibitions and concerts.

Power Place

11 12 17

In 2020, MTS launched the integrated federal project 'Power Place' conducted in close cooperation with national parks, nature reserves, and urban areas. As part of the project, MTS creates various technological products for the development of ecotourism and the promotion of cultural values in specially protected areas.



Tools Utilised

- 360° VR movies
- Camera traps
- Eco-classes for children
- Digital services for monitoring wild animals, preventing forest fires, poaching, vandalism
- Ecotrail audio guides
- New ecotrail routes
- Interactive digital and printed books
- Inclusive projects
- Educational materials with elements of augmented reality

In 2021, ten socially useful digital products (VR films, audio guides, video monitoring systems with AI technology, educational materials with elements of augmented reality, interactive books about protected areas, etc.) were created, 350,000 active participants from five Russian regions were involved.

In 2022, it is planned to scale the project to new territories, to expand the range of MTS products and technologies used, including video surveillance, as well as Big Data information (to assess the tourism potential of territories), and to present programme content (VR films, AR and audio guides, etc.) showcasing MTS digital products.

Cultural Code

11

'Cultural Code' is an MTS volunteer project to preserve and support cultural values unique for territories, the initiatives of national communities, and original ethno-cultural entities to preserve national identity. One of the priority formats of the project is the digitalisation of existing cultural and historical heritage for accessible online study

The Main Areas of the Project

- Support for craft schools and unique craftsmen
- Holding and supporting original regional events, exhibitions, art objects, festivals in support of small ethnic groups and traditions of the region
- Restoration of cultural monuments and other significant places for the region
- Digitalisation of existing objects of cultural and historical heritage for accessible online study and visiting

and visiting, including with the use of VR technologies. The project is implemented jointly with residents of Russian regions, volunteers, and partners from NGOs and businesses.

At the end of 2021, the project covered 54 regions, including 30,000 people and 4,000 volunteers, who took part in organising project events.

'Urban Legends' Project

8 11

The Urban Legends project aims to support and develop domestic tourism and create modern digital services with unique content. As part of the project, MTS involves residents of Russian cities in the creation of 'folk' audio guides with a focus on places and events that are appreciated and beloved by local residents, and best reveal the flavour and characteristics of the city. The guide may be used as convenient, even without an Internet connection.

To date, MTS audio tours have been launched in 45 cities across the country. About 6.3 million Russians are involved in the implementation of the programme. In 2021, The Urban Legends project was launched in 13 new cities; and in 2022, it is planned to develop the project by expanding the geography of excursions and introducing new formats.

The Urban Legends project received the Grand Prix of the international PROBA Awards 2021 as the most creative communication project and won in the Promotion of Territories nomination, which recognises effective and original practices for worthy representation of the regions and cities of the country

Implementation of the 'Cultural Code' Programme as an Interregional Project in the Far East



Publication of a Book of Evenk Fairy Tales

MTS has united the people of Russia, representatives of local communities, cultural and educational institutions, as well as regional authorities to preserve the culture and the disappearing folklore of the Evenks, the indigenous people of Siberia and the Far East.

- 1 **Search for preserved Evenk fairy tales.** MTS, together with the communities of the Indigenous Peoples of the North, organised a search for unique, surviving Evenk tales.
- 2 **Involvement of local communities.** The project involved residents of the village of Tugur in the Khabarovsk Territory, the centre of the Evenk culture, who processed fairy tales, provided their literary translation into Russian and Evenki (depending on the language of the preserved original work), and also took part in dubbing them in two languages. Based on the materials received, MTS created a print and audio book of fairy tales.
- 3 **Presentation of the book of fairy tales.** The book presentation took place in the form of a teleconference between three regions — Khabarovsk, Trans-Baikal Territories, and the Amur Region — the main places of residence of the Evenks. The event for the general public was attended by the authorities of the regions, and cultural and educational institutions of the Far East, which provided venues for events and information support for the project, as well as leaders and members of associations and communities of indigenous peoples of the Far East regions, directly involved in the creation of the books.
- 4 **Further popularisation of the fairy tales.** Books were sent to museums and libraries of the Khabarovsk Territory, Transbaikalia, and the Amur Region, as well as to the Evenk community. The audio version of the books is posted on MTS corporate media and is available to a wide audience.

Golden Thread
book of Evenk fairy tales
media.mts.ru



Helping Local Communities

1 3

Since 2016, MTS has been implementing a comprehensive programme of social investment and support for microcommunities in the regions. We interact with independent groups of citizens who, while they are not being charitable foundations or NGOs, at the same time they are trying to solve social problems that are important for the region and territories.

Our approach involves deep immersion in the life of the community and the provision of assistance aimed at solving a specific problem that is important at the moment. Having identified the problem of the community, MTS offers assistance in different formats:

- > volunteer assistance by employees;
- > purchase of equipment, inventory, payment for logistics; and
- > assistance in creating educational content for a wide audience.

In 2021, MTS provided assistance to volunteer communities and the most vulnerable segments of the population, for example, it supported the collection of food packages for the poor and packages for first-graders from large families. MTS also continued to organise psychological assistance, including free hotlines in the regions, and supported Russian cultural and educational centres in organising educational and helpful online broadcasts. As part of its ongoing work with communities, MTS also regularly offers members beneficial materials on a variety of communication channels that are most relevant to that particular territory or region at the moment.

In 2021, about 500,000 people benefitted from the programme — 1,800 microcommunities in 77 regions of the country received assistance, and 6,000 volunteers participated in the programme.

ESG Mentoring

17

Programme with Effie Russia to promote the ESG agenda in Russia

MTS is the leader in promoting the ESG agenda in Russia. Since 2018, together with Effie Russia, we have been implementing a programme to promote the 17 UN Sustainable Development Goals (SDGs). The programme promotes the best Russian and international cases aimed at ensuring the sustainable development of society in order to inspire business leaders and other brands to become more active in the social agenda.

MTS supports the Positive Change category as part of the annual Effie Russia award. This category celebrates brands, foundations, and non-profit organisations that make the world a better place through their communication and business strategies. The award is given to participants whose campaigns effectively combined business goals and the solution of socially significant problems, which led to significant social changes and positively influenced the image of the organisation and its performance.

Every year, MTS, together with Effie Russia, gathers brands, agencies, and NGOs at the Effie forum ‘Brands with Meaning: Who Will Consumers Choose Tomorrow?’ to discuss the most topical social and environmental trends, select best practices, and popularise the ESG agenda among business representatives. In 2021, the forum collected 50,000 views.

MTS Open Conference ‘Sustainability and ESG. The Social Aspect’

At the end of October 2021, MTS held the annual MTS open conference ‘Sustainable Development and ESG. The Social Aspect’, which was attended online by more than 1,600 viewers, including: The management of Russian and foreign companies, coordinators responsible for the sustainable development agenda, experts in the field of ESG, representatives of public organisations; banks; NGOs; CSR and sustainable development managers; heads of PR-, GR-, HR-, and IR-departments; partners and clients of MTS; representatives of volunteer organisations; and social entrepreneurs.

Conference participants discussed the impact of the ESG agenda on business, the role of the employer in shaping a culture of diversity, inclusion, and equity, as well as the introduction of appropriate approaches into corporate strategy, new digital trends, and the evolution of volunteering tools, as well as the role of corporate volunteering in supporting local communities. The live broadcast recording is available on the conference2021.mts.ru event page.

Helpful Content

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MTS Corporate Media — media.mts.ru publishes informative, educational, and helpful content. The main objective of such publications is to improve digital literacy and the quality of life of people, primarily through the capabilities of high-tech MTS products and services. We help save money, take care of the safety of our readers, and explain how to more quickly and economically solve everyday tasks related to everyday life, leisure, and interactions between a person and the state.

The materials are in high demand—in 2021, such publications on the MTS Media platform and on the [Yandex.Zen](https://yandex.zen) channel of the same name accumulated over than 17 million views (15.2 million in 2020). Of this, 3.4 million views were for socially oriented materials, which is almost 80% more than in 2020.

Topics of the materials:

- > health
- > savings
- > security
- > inclusion
- > computer and financial literacy
- > interaction with public services

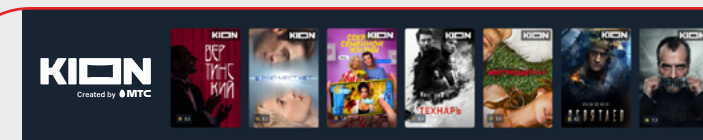
66



Continuing the long-term work with communities and involving their representatives in other social projects of its own, the Company becomes the head of a large movement aimed at solving the social problems of the country's inhabitants.

Olga Yurkova

Head of the Centre for Social and Charitable Programmes, MTS



The KION online cinema promotes original content that touches on topics important to society — issues of inequality, foster parenthood, and the crisis of traditional social institutions. It may be a serious drama or a genre that is considered lighter, such as comedy or dramedy. In addition, the social agenda is an important component of MTS advertising stories, which are seen by over 50 million viewers every month.

Educational Projects to Improve Digital Literacy

4 10 GRI 417-1

MTS launches services and implements comprehensive programmes aimed at improving the digital literacy of the population.

For Children

In 2021, MTS launched a separate **NETARIF Junior** subscription, which includes unlimited calls and instant messengers, books, music, cartoons, protection from unwanted calls, a free subscription to school textbooks, and much more that a child may need. At the same time, access to content that is dangerous and not recommended for children is limited. For younger children, the Company offers smartwatches with parental controls.

In the reporting period, MTS, amongst the largest Russian companies in the IT industry, became a co-founder of the **Alliance for the Protection of Children in the Digital Environment**. The main goal of the Alliance is to create a safe and secure digital space for children. The members of the Alliance have committed themselves to developing cyber literacy of schoolchildren and their parents, creating favourable conditions for the safe communication of children in a virtual environment, identifying and restricting access to illegal information and content that can harm the health and development of children.

At the end of 2021, the founding companies of the Alliance signed a memorandum on inclusion to the **Digital Ethic of Childhood charter**. It is based on 5 key principles: respect for the child as an individual, shared responsibility, maintaining confidentiality and values in the online space, and an inclusive approach.

To protect children from negative content and fraudulent resources, while simultaneously teaching them how to use the Internet for learning and development, MTS in the regions of Russia regularly holds **volunteer digital literacy events** for schoolchildren together with representatives of educational institutions and psychologists. A memo for parents 'What Children Need to Know about Internet Scammers: safety rules' has been published in the corporate media. On the children's page of the site 'Safety is Easy', you can become acquainted with the materials previously created by MTS under the 'Children on the Internet' project.

On International Children's Day, MTS Bank held the action **'Let's Protect Children from Cyber Threats Together'**. Educational cards with tips on safe behaviour in the digital space were published in the bank's official social media accounts, as well as in popular publics. The project audience exceeded 200,000 users. The MTS IT team also held interactive digital lectures on hygiene on **Digital Kids Day** for children from orphanages and social institutions.

#InternetNoBullying is an outstanding project of 2021. MTS is developing it together with the United Nations Children's Fund (UNICEF) in Belarus. As part of this campaign aimed at preventing online bullying among young people, special training videos and test simulators were created, and tools for helping in situations of bullying were popularised: a hotline for children and adolescents and online counseling by psychologists at kids.pomogut.by. In addition, a fundraising campaign was organised — the funds raised were used to train specialists working with victims of bullying. For high school students, there was **MobiQuiz** — an intellectual game in which all regions of Belarus took part. On the official YouTube channel of MTS Belarus, materials for children on the safe use of Internet resources are available, where popular bloggers served as teachers and presenters. The videos have received over 16,000 views.

For the Older Generation

MTS in Belarus has relaunched a free online school on Internet literacy **#TeachYourFamily**. The online course includes ten lessons: lectures, practical tasks, and educational videos that will help an elderly person master a smartphone and tablet from scratch. In the initial stage, children and grandchildren can help the students.

As part of our own educational project **'Financial Literacy for Everyone!'** MTS Bank holds quizzes, lectures, and other online and offline events on financial literacy in Moscow and the regions where it operates, including paying attention to digital security issues. A special section has been created on the bank's website where you can familiarise yourself with security rules, as well as take the 'Deceive a Fraudster' test to check your knowledge.

What kids need to know about Internet scammers: safety rules
media.mts.ru



Alliance for the Protection of Children in the Digital Environment:
internetforkids.ru



Children on the Internet
youtube.com



To protect children and adolescents from inappropriate content, Russian law requires age-marking of information products from audio-visual services and third-party advertising that is placed on any resource. All content, including advertising produced within the Group is provided with the required age marking. Additionally, all KION content is checked before posting; the service also implemented a 'children's profile', which introduces additional restrictions on the content available to children when using it. In 2021, the state supervision bodies for compliance with legislation in the field of protecting children from inappropriate information had no complaints about the activities of MTS

Technologies for Education

4 8

MTS systematically works with a number of Russian universities, including SKOLKOVO, HSE University, Moscow State University, St Petersburg State University, ITMO, and others, helping to develop educational programmes, enriching the educational process, providing expert advice from specialists and access to innovative technologies:

- > MTS and the SKOLKOVO Business School launched a master's programme 'Digital Technologies in Business' for bachelors of technical specialties from Russian universities. Based on the selection results, the top 20 students receive grants from MTS, covering 100% of the cost of education under the programme.
- > MTS AI and the Higher School of Economics entered into an industrial partnership for the development of artificial intelligence. MTS AI specialists assist in the training of beginners, help them determine the direction of professional development, and improve their skills.
- > MTS implemented a number of educational initiatives to search for technical and digital talents. MTS.Theta is a school for data analysts and developers whose goal is to gather an IT community to teach teamwork to solve real business problems and provide support from machine learning mentors, as well as mobile and backend development.
- > MTS and the Ural Federal University (UrFU) launched online master's programmes 'Smart Region: Sustainable Development of the Digital Economy' to strengthen the digital competencies of teams for the transformation of territories. An agreement on cooperation between the Company and the university was signed at the Innoprom 2021 exhibition.

MTS Media awarded the best VGIK students with nominal scholarships moviestart.ru



MTS and Ural Federal University will train experts for the digital development of the regions comnews.ru



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The academic environment of UrFU and the support of technology leaders, such as MTS, allowed us to systematise and correctly package knowledge in the field of the fundamental components of the urban economy — business processes, services, communications, logistics, landscape, ecology, and other components.

Viktor Koksharov

Rector of the Ural Federal University

- > Yaroslavl State Technical University (YaGTU) and MTS signed a strategic partnership agreement to attract MTS expertise to create educational materials, modernise the educational and technical base of the university using digital technologies, organise student internships, improve their professional training, and implement social projects with the participation of students and teachers.
- > MTS Bank and MIPT launched advanced IT training programmes for students and graduates.
- > The business vertical of MTS Media supports the educational programmes of the Gerasimov All-Russian State Institute of Cinematography (VGIK). An expert council has been created to assign nominal scholarships, which includes leading teachers of the Institute, as well as representatives of MTS Media.

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I would like to express special gratitude to MTS Media for the support of our students and an additional incentive to improve. It is very important to make it clear to students that even their own educational projects can be an important step in their professional development. An important task is the interaction of the film and media industries.

Vladimir Malyshev

Rector of the Gerasimov All-Russian State Institute of Cinematography

MTS also pays special attention to the development of digital talent, implements its own events, and supports market initiatives. For example, 12 technology guilds of the MTS Group hold regular IT meetups on a quarterly basis. IT specialists of the ecosystem share their experience on the internal online platform Tech Talks. Over the past year, the number of guild members has increased by 45%. The Hello Conference! — the 10th anniversary IT architecture conference was held in 2021 by MTS. And MTS held the first Open Source Camp for the Golang project. The total prize fund of the competition amounted to 1.25 million roubles.

In the reporting period, for the first time MTS Bank became a partner in the largest conference on the architecture of IT solutions ArchDays, and today the MTS Fintech IT team is the direction of development for more than 100 Agile teams.

Development and Training

Educational projects in universities

- > We launched a master's programme in cloud technologies at Moscow Institute of Physics and Technology and project work at the Higher School of Economics
- > Coverage of over 25,000 students and graduates
- > By the end of 2022, we want to strengthen our presence at the HSE FCS and launch a partnership with two universities

Our own educational tracks

- > We launched programmes for the additional development of IT specialists
- > There are 5 programmes (Middle Java, Middle Golang, 'Architecture', 'Technical Leader', 'Machine Learning'), in which 180 employees participate
- > 45 participants of the programme were recommended by the head for promotion
- > By the end of 2022, 6 additional programmes will be launched (Devops, SRE Android, Frontend, AutoQA, 'Microservice Architecture' and 'QA for Managers'), and already launched programmes will be strengthened

Launching of our own external schools

- > We launched two external projects in Golang and Machine Learning
- > More than 5,000 developers participated in the selection tests
- > 350 external students, 121 MTS employees, and 1 Sistema employee took part in the external projects



Hello, Conference!
youtube.com



Charity at MTS

The charitable activity of the Group is a continuation of the business strategy and social strategy of the Company, it is regulated by the Policy ‘MTS Activities in the Field of Charity’. This document establishes the basic principles for planning and implementing activities in the field of charity, as well as the rights and obligations of employees and divisions of the Company in the framework of this activity. The document is also adapted by the Group’s subsidiaries.



Fundraising service for charitable projects launched by MTS Fintech together with DIT Moscow mos.ru



The Policy defines key areas for the implementation of charitable projects: gratuitous assistance to children with serious illnesses who are unable to receive the required medical support from the state, and families in a difficult life situation who are unable to provide the necessary treatment, as well as education, cultural, and creative development of children and adults. MTS implements charitable projects in the fields of science, culture, art, physical education, and sport. The Company’s projects are also aimed at developing inclusion and volunteering, supporting local communities, entrepreneurship, socially vulnerable groups of the population and objects of socially significant infrastructure, and solving environmental issues.

MTS Charity Principles:

- > **legality and ethics:** we make sure that charitable activities do not contradict Russian and international legislation, as well as ethical standards (for example, MTS Group does not carry out projects in relation to beneficiaries who have been involved or have a reputation for being involved in corruption or unethical behaviour);

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MTS plans and implements charitable projects in such a way that they contribute to positive changes in society, improve the social climate, and the quality of life of people. Charity is seen as a long-term investment that creates the basis for the sustainable development of society. The MTS charitable programme is aimed at mutual unification, partnership, and synergy of business, authorities, the expert community, and consumers themselves to solve society’s problems.

Elena Kokhanovskaya

MTS Director for External Communications & Public Relations

- > **systematic approach:** we plan projects in selected areas and measure the achievement of planned goals and impact on the community;
- > **rejection of corruption in any form and manifestation:** MTS does not use charity to obtain any unlawful advantages;
- > **apolitical:** MTS Group does not finance or in any other way support or stimulate political parties or their members, including candidates for political office, their election campaigns or political events, as well as any political organisations and/or movements;
- > **targeted and targeted allocation of funds,** control of their use; and
- > **openness and transparency:** information about the main implemented charitable projects is placed in the public domain on the Company’s website, as well as in the non-financial reporting of the MTS Group. Read more in the [Appendices](#) section.

We help the community in partnership with charitable foundations and other non-profit organisations.

A significant part of MTS’s charitable activities is implemented through donations to the Sistema Charitable Foundation. This model provides an opportunity for MTS to participate in large-scale projects through association with other benefactors of the fund. For example, this is how Sistema’s flagship project ‘Lift to the Future’ is being implemented. This is an all-Russia career guidance and professional development programme for children and adults that helps increase career opportunities for residents of the regions of the Russian Federation. For more information about the work of the Sistema Charitable Foundation and about the foundation’s projects supported by MTS, visit bf.sistema.ru.

Starting in 2020, MTS Fintech, together with the Moscow DIT, launched on the official portal of the Mayor and Government of Moscow [Mos.ru](https://mos.ru) a service where everyone can donate funds to charity. Currently, 60 metropolitan charitable organisations are connected to the service, which provides systematic and targeted assistance to children and adults with disabilities or who find themselves in a difficult life situation, as well as provide humanitarian assistance and support to shelters for homeless animals. About five new non-profit organisations join the service every month. In 2021, thanks to the payment service of MTS Bank, users transferred more than 13.5 million roubles to charitable organisations presented on the [Mos.ru](https://mos.ru) website.

The charitable activities of the MTS Group are controlled by the Supervisory Board for Charity, which includes top managers of the Company. The collegial body agrees and approves the list of projects for which the charitable budget is spent, as well as:

- > Approves the annual plan of charitable activities;
- > Agrees on charitable projects that were not included in the plan for the corresponding year and for which applications were received during the year; and
- > Takes a decision to change the amount of the donation, if such a need arises in the process of implementing a charitable project.

Measures to Ensure Transparency of Financing MTS’s Social and Charitable Projects

To reduce the risk of improper payments, the Company monitors charitable projects at all stages — from preparation to completion. For this:

- > The Company developed, implemented, and regularly updated local regulations governing charitable activities;
- > A collegiate body — the MTS Supervisory Board for Charity — has been established and is operating;
- > Approval procedures for charitable projects and agreements on them involve the Company’s management bodies, including the Supervisory Board for Charity and the Audit Committee of the Board of Directors, as well as controlling units — compliance, security, finance, etc.;
- > MTS employees involved in the implementation of charitable projects regularly learn to recognise ‘red flags’ and predict possible risks, taking into account law enforcement practice; and
- > Charity expenses are subject to quarterly monitoring, while compliance risks are subject to annual assessment; internal audit is carried out periodically.

Inclusion Support

5 8 10 11

MTS builds and consistently implements long-term programmes, aimed at achieving sustainable positive changes in society in accordance with the goals of sustainable development. All social and charitable programmes of the Company are based on the principles of inclusiveness, equality, and diversity.

In 2021, in support of the social direction of the ESG strategy, MTS developed and approved the Diversity, Equity, and Inclusion Policy by the Board of Directors with its subsequent extension to all subsidiaries of the MTS Group. The Policy systematises the Group's activities in the field of supporting diversity, equality, and inclusiveness (DE&I – Diversity, Equity, and Inclusion), establishes the principles and directions of the Group's activities in this area and defines effective mechanisms for planning activities and reporting in the field of DE&I.



Also see
Diversity, Equity,
& Inclusion section

The Main Areas of the MTS 'Diversity, Equity, and Inclusion' Policy

> Providing equal opportunities for all stakeholders and creating an inclusive environment where everyone can maximise their potential and achieve their goals

> Providing equal opportunities for all employees and other stakeholders when interacting with the MTS Group

> Ensuring diversity by including representatives of various groups of people in business processes

> Development of products and services that meet the needs of various stakeholders

> Ensuring respect, equal treatment, and fairness, as well as equal access to the products and services of the MTS Group

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The Company's activities in the field of diversity, equity, and inclusion testify to its maturity and readiness to meaningfully enter new directions in the development of volunteering, a structural approach to the work on the protection of human rights, equality, and inclusiveness.

Elena Seregina

Head of the MTS Centre for Social Responsibility, Diversity and Inclusion



Available Space

For MTS retail chain stores to be able to conveniently serve customers with limited mobility, ramps are being built, and call buttons are being installed in the premises. It is planned to ensure the availability of at least one point of sale for people with limited mobility in each locality where there are MTS salons. In 2021, 207 salons were equipped. Equipment installation costs amounted to 53 million roubles, including 22 million roubles in large cities.

Inclusive Community Support Programmes

5 8 10 17

The Company implements comprehensive long-term programmes to support an inclusive community and improve the quality of life of people with disabilities.

In 2021, MTS continued the **‘MTS is a Company for Everyone’** project, aimed at supporting socially vulnerable groups of the population: people of the older age category and applicants with disabilities. MTS conducts free educational events for job seekers in the regional employment centres of the Russian Federation. MTS specialists teach them how to write a proper resume, how to pass an interview, how to use modern mobile technologies for life, etc.

As part of the **‘MTS #Together Day’** social project, MTS Bank volunteers held master classes on financial literacy for applicants with disabilities and candidates in the 40+ age group in employment centres in Moscow, Ryazan, Novosibirsk, and Nizhny Novgorod. As a result of events in 2021, more than 550 candidates received skills in modern forms of employment and entered the MTS database of promising applicants.

Scaling projects in the field of hiring people with disabilities and people of mature age creates an open and friendly culture within the Company and supports inclusive communities in general.

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We educate applicants and instill in them confidence that the age of 40+ and 50+ is an advantage for the employer, it is only necessary to properly build communication and to master modern forms of employment, which we are talking about in our programme ‘MTS is a Company for Everyone’. We teach HR managers how to attract applicants of different ages, conduct interviews correctly to help people of the older age category immediately join the team.

Larisa Zvyagintseva

Head of the MTS Centre for Social Responsibility, Diversity, and Inclusion

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The employment service provides the largest database of candidates. We understand that expanding partnerships with employers and thus increasing the number of vacancies is a key part of our work. ‘MTS Day’ is distinguished by the diversity of its proposals. The event presents vacancies in many specialties for all categories of applicants — these are students, candidates without work experience, and those who have a long work history.

Maria Ustinova

Acting Director of the My Work Centre

As part of the **‘Accessible for All’** programme, together with the State Historical Museum, from May to October 2021, events for the deaf and hard of hearing, the blind and visually impaired, as well as visitors with intellectual disabilities were held at four different sites in the Historical Museum in Moscow and its branch in Tula. They were attended by a team of inclusive volunteers from the Historical Museum and volunteers of the MTS Group, who underwent joint training on interaction with visitors with disabilities on the basis of the museum.

With the support of MTS, the National Art Museum of the Republic of Belarus successfully hosted an exhibition of works by blind artists **‘TECHNOcolour’**. The paintings were created using a unique colour recognition device that transforms colours into music. The project is being developed by the public initiative BelonicaArt.

In June, MTS Bank volunteers as part of the educational project **‘Financial Literacy for Everyone!’** held a charity lesson for students of the I Understand Centre for the Development and Support of Deaf and Hard of Hearing Children and Their Parents.

On the International Day of the Deaf and Blind, MTS Bank, together with the ‘Connection’ Foundation for the Support of the Deaf and Blind, launched a special version of the online game **‘Life by Touch’**, the purpose of which is to show what difficulties people with visual impairment experience in perception. The game allows a wide audience to get acquainted with the most common causes of visual impairment in an interactive format.

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Recently, we have seen the transformation of support for people in need of help in an understandable and enjoyable format. Picking up on this trend, the Connected Foundation has developed an online game about living by touch. Thanks to the support of MTS Bank, even more caring people will be able to take part in the project, which will not only become entertainment, but will give new knowledge that will help change their attitude towards the deaf and blind.

Julia Shlyandina

Fundraising Director of the Connection Foundation for the Support of the Deaf and Blind

The MTS social action **‘With Love for Grandparents’**, which we are implementing jointly with the Old Age to Joy charity foundation, is aimed at collecting donations and holding volunteer events for residents of residential facilities for the elderly in the Vladimir, Moscow, Tver, Ryazan, and Nizhny Novgorod regions, and the Perm and Altai Territories.

‘Dobropoezd – 2021’

MTS took part in the ‘Dobropoezd 2021’ All-Russia campaign to support people with disabilities in physical health and intellectual development. The mobile seminar not only draws attention to the needs and problems of those who find themselves in a difficult life situation, but also brings together activists and experts in the rehabilitation and socialisation of people with disabilities.

The goal of the project is to acquaint people with disabilities with those who coped psychologically and physically, and also developed their own programmes and methods of rehabilitation. The campaign started in 2019 and is being implemented with the support of the Presidential Grants Fund, the Voluntary Sports Union, the Civic Chamber of the Russian Federation, and the Russian State Social University.

MTS's Contribution to the Fight Against Covid-19

2 3 9

In 2021, Russia and the world continued to live in a pandemic, so MTS sustained the implementation of programmes to increase the availability of online learning, leisure, and remote work; and to receive governmental, medical, and other services.

Support for Clients, Society, and the State

- > On the basis of MTS technological solutions, SMS services were used to inform citizens about restrictive measures and measures to combat the spread of COVID-19, as well as services for generating digital and SMS passes for movement during restrictive and quarantine measures.
- > MTS developed and brought to market a solution for identifying people with elevated body temperature using intelligent video surveillance systems.
- > In St Petersburg, based on the results of the tender, MTS provided a hotline and received incoming calls to inform the population about COVID-19.
- > Throughout 2021, MTS subscribers retained the possibility of free access to reference and information and hotlines to combat COVID-19.

The developer of solutions based on computer vision and machine learning VisionLabs, a subsidiary of MTS, entered the top 100 Russian companies in the rating of innovations in the fight against COVID-19 according to the international analytical centre StartupBlink.

- > For subscribers traveling abroad, the possibility of free calls to the hotlines of major airlines, airports, the Ministry of Foreign Affairs of the Russian Federation, and the lines to combat COVID-19 remained open throughout the year.
- > Protective screens were installed in MTS stores and offices, stores were regularly disinfected to reduce the incidence and spread of COVID-19.
- > The forced home regime has become a big test for children and adolescents during the pandemic. MTS has placed more than 200 creative, educational courses on the online platform of the Generation M charity project in the fine arts, vocals, acting, blogging, DJing, TV journalism, and other creative areas, and also launched an online format for entrance exams for applicants to the Russian Institute of Theatre Arts (GITIS).

- > MTS volunteers helped the most vulnerable segments of the population: we organised the collection of food packages for the poor and first graders of large families.
- > Due to the epidemiological situation, many Russians were deprived of the opportunity to travel long distances. Thanks to the MTS project 'Urban Legends' (unique folk audio guides for Russian cities), they managed to acquaint themselves with their native places again, as well as to virtually visit other Russian cities of interest. As part of the Cultural Code project, MTS also continued to digitise Russian cultural and historical heritage sites for online study and virtual tours.
- > MTS continued to provide free tools and services to MTS Your Business and MTS Marketer for the development and promotion of small- and micro-businesses as part of the MTS 'We Know Personally' initiative. The project helped local entrepreneurs, within the limits of restrictions to attract new customers and partners, as well as to participate in the social life of the city.
- > MTS Bank joined the programme for concessional lending to SMEs most affected by coronavirus restrictions at a rate of 8.5%, implemented by the SME Corporation and the Bank of Russia.
- > As part of the 'Power Place' eco-project, we implemented an interactive portal for online travel in the Zyuratkul National Park (Southern Urals); an educational online quiz for the whole family was also launched to get acquainted with the national parks and reserves of Russia. Users, regardless of location, have the opportunity to virtually walk along scenic routes.
- > MTS corporate media regularly published texts on topical themes during the pandemic: health, safety, social assistance from the state, travel restrictions and rules, digital literacy — we posted more than 50 materials with educational and helpful content for different target audiences. These materials have collected more than 800,000 views, while their coverage in social networks amounted to 11 million views.
- > MTS continued to organise psychological assistance, including through free hotlines in the regions, and supported Russian cultural and educational centres in organising educational and helpful online broadcasts and broadcasts.

Employee Support

- > All meetings of the MTS Board of Directors were held online.
- > In accordance with the local regulations of the administrations of the constituent entities of the Russian Federation, all requirements for the number of vaccinated employees have been met.
- > Testing points for the presence of the COVID-19 virus and virus antibodies and vaccination points were organised on a regular basis at MTS offices throughout the country.
- > Throughout 2021, 30% of employees worked remotely. During periods of outbreaks, the share of employees working remotely increased to 50-60%, which helped to significantly limit contacts and contain outbreaks of the disease.
- > Throughout 2021, disinfection was carried out at the places where diseases were detected with special means and the involvement of certified specialists.
- > The S.H.I.E.L.D. corporate portal was launched for managers, where information on vaccination and morbidity was posted, and work schedules of employees were coordinated. At MTS Fintech, the Covid_19@mtsbank.ru hotline continued to operate, through which employees could promptly inform about their illness. These measures helped maintain effective communication and carry out all prescribed measures to prevent the spread of the virus.
- > The 'Together against COVID' section was constantly updated on the Pulse corporate portal. On a monthly basis, employees were informed about the rules of conduct in public places and in the office, on the organisation of seating, online meetings, and remote work.
- > A series of thematic consultations of employees with medical workers on the topic of disease prevention and vaccination was held.
- > To further motivate employees to get vaccinated against COVID-19, all vaccinated employees were given an additional two-day vacation and a one-time payment of 5,000 roubles. Vaccinated workers in the event of COVID-19 disease received an additional material payment in the amount of 15,000 roubles on disability certificates.
- > Expenses of MTS for the purchase of protective equipment, PCR tests, and disinfection of premises amounted to 27.8 million roubles.

RESPONSIBILITY TO EMPLOYEES

Corporate Culture and Values #thisMTS

Our corporate culture unites all employees of the MTS Group into a single, effective team, and corporate values are one of the important guidelines in the interaction of employees with each other, partners, and customers. In 2021, we formulated the new values of #thisMTS, which became an organic consequence of the dynamic changes taking place in the Company. Over the years, we have grown into a digital ecosystem. The philosophy of #thisMTS unites the diversity of cultures in all areas of our business and inspires us to be better in everything we undertake, makes it easier to make difficult decisions and helps achieve results together. To do this, we create a comfortable environment in which you want to develop, act, achieve results, take the initiative, be creative, and do a cool job.

#MORETHANAJOB

I love what I do. I do not follow the formal boundaries of the working day, because the key indicator of my work is the result, not the effort, or the time.

#ABOUTTHECLIENT

I do for people. The main goal of my work is to solve the client's problems. I respect him, and do not deceive or manipulate him. I strive to exceed the client's expectations, and my results at the least correspond to them.

#QUICKLY

I save my colleagues time and show that I care — I always convey the context of the task, I speak succinctly and to the point, I use facts and reduce bureaucracy. I am looking for a solution to the problem, not explaining why it is impossible. I don't criticise, I suggest.

#TAKEANDDO

I start with myself and do not wait for actions from others. I take responsibility and act. I track the final result, think outside the functional framework, and am responsible for the whole process. I solve problems, I don't complain. If the problem is not in my area of responsibility, I inform my colleagues about it and help solve it, and do not pass by.

#DOITCOOL

I am responsible for the quality of my work and do not create mediocrity. I try new things, I'm not afraid to take risks, and I learn including through failures. I am honest with myself and can admit mistakes.

#TOGETHER

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

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We work together every day to ensure that MTS as an ecosystem becomes the best Company for our customers, and its products and services will exceed the expectations of the most sophisticated consumers. That is why the task of the HR team is not just to create a comfortable and innovative environment for employees, but to stimulate them to constantly develop, as well as to create and maintain a unique customer experience, regardless of what positions they occupy.

Larisa Bodyagina

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



Values are integrated into corporate systems of interaction with employees, into training programmes, into the feedback service for recognition and development — MTS Karma. In 2022, it is planned to approve behavioural indicators that correspond to the Company's corporate values, to form an umbrella competency matrix, and introduce values into all HR processes.

40,000

per month

unique visitors
to the Pulse
intracorporate portal

Internal Communications

The system of internal communications has become an important tool for maintaining the corporate culture and values of the Company. In MTS, it is represented by the Pulse corporate portal and email newsletters. The MTS Pulse portal is available to all MTS employees on the corporate network. This is a personal space for communication and information search. Here you can follow the news of the Company, work with regulatory documents, arrange business trips, and order certificates. The portal also has a vacation schedule and a list of vacancies, you can find links to all internal resources and much more. In 2021, we continued to develop this tool — we introduced new architectural solutions, finalised some of the sections and interfaces. Work on the development of the portal continues in 2022.

13,000

people

Number of users
of the Our MTS
application

Many functions of the portal are available in the **mobile application for employees Our MTS**. Here you can also read the main news, use internal services and the employee directory. We are constantly working to expand the number of services available in the application.

In 2021, the format of **corporate mailings** has been updated. Automatic Layout Builder now provides a consistent design style. Instead of daily targeted mailings, a digest is used, which is sent to employees once a week. In 2022, we will create an information channel in one of the messengers.

“



Everything should always start with yourself. That is why the culture of feedback, gratitude, and mutual development is what we actively develop and strengthen among our employees, and what has already become the cultural DNA of our Company.

Alena Kurskaya

Head of the MTS Centre for Employer Brand Development & Internal Communications

Corporate Events for Employees Remain an Important Format for Corporate Communications and the Development of Horizontal Ties

- > The 4th Winter Spartakiad of AFK Sistema, in which 39 athletes and 136 MTS fans took part, took 1st place in the team standings
- > The GREEN AFK FEST Subbotnik on the territory of MEDSI Clinical Hospital
- > The ‘City of the Future’ virtual game brought together 3,300 participants from 80 Russian cities and from various Companies of the MTS Group

The **MTS Spheres Intellectual Club**, where teams of Group employees compete in one of two leagues, has become an interesting tool for corporate communications and developing horizontal links between various departments. The first one is ‘What? Where? When?’ with logic questions inspired by the TV show of the same name, and the second is in the Quiz League with questions of a very different plan for erudition and horizons. In 2021, 1,300 people took part in the project, but given the active interest in the project in 2022, we expect an increase in the number of participants.

In 2021, based on HR Big Data, we launched the **MTS Karma** project, a service for exchanging feedback between employees, designed to support the corporate culture of #thisMTS. On an ongoing basis Employees can take note of the work of colleagues, thank someone, or leave a wish for development. In 2021, 13,000 people took part in the project.



Staffing and Job Placement

GRI 2-7, 2-8, 405-1, TC-IM-330a.1, TC-SI-330a.1, TC-IM-330a.3, TC-SI-330a.3

We are convinced that our HR approach allows MTS to ensure a gender- and age-balanced team, staff stability, and a healthy corporate microclimate; to increase the Company's intellectual potential; and create favourable conditions for employee growth, preservation, and transfer of their professional experience.

The number of Group employees in the reporting year slightly decreased compared to 2020, to 58,804 people. Most of the employees are in Moscow (18,336 people), in the regions of Russia — in the Nizhny Novgorod and Leningrad regions, as well as in the Krasnodar Territory.

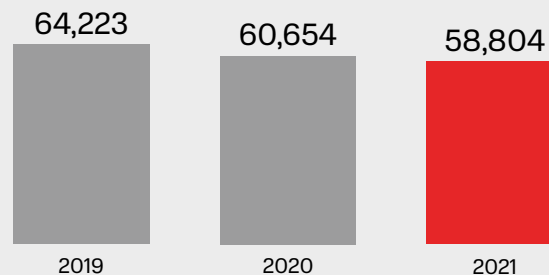
A wide variety of specialists work at MTS, but the largest category is represented by employees working in the telecom vertical (59%) and IT specialists in various areas (27%). A significant part of the employees' work is in the retail network and in the Fintech vertical.

In the personnel structure in 2021, as in the previous reporting period, the slight predominance of men (54% vs 46%) remains, which is a good indicator for information technology companies that often have a strong gender imbalance. Approximately the same division of employees by gender is present in the main categories in terms of the number of junior managers and specialists. During the reporting year, the share of women increased by 1 p.p. — the Company follows the principles of equal and fair recruitment and actively attracts women to cooperation, including in IT positions. At the same time, in MTS Fintech, 60% of employees are women, who occupy almost half (49%) of management positions, which is 6% more than in the previous year.

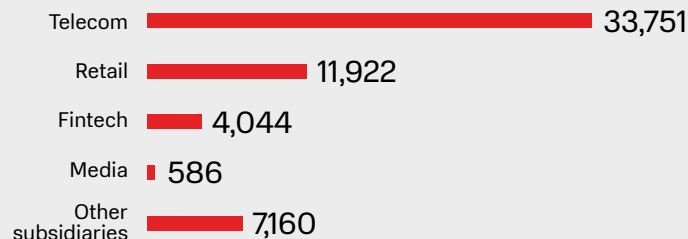
To address the gender imbalance typical for the IT sector, MTS has initiated a series of educational programmes to help popularise IT professions among university graduates.

The age group of employees from 30–50 years old is the most numerous (57%). A third of employees are under 30 years old, which corresponds to the positioning of the Company's HR brand as modern and progressive. MTS for All — the Company recruits employees of different ages and various life and professional experiences, including talented youth.

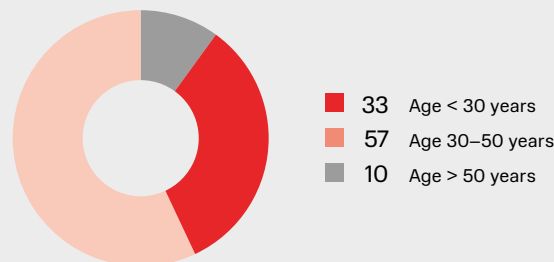
Average Headcount of MTS Group, People



Number of MTS Group employees by vertical, People

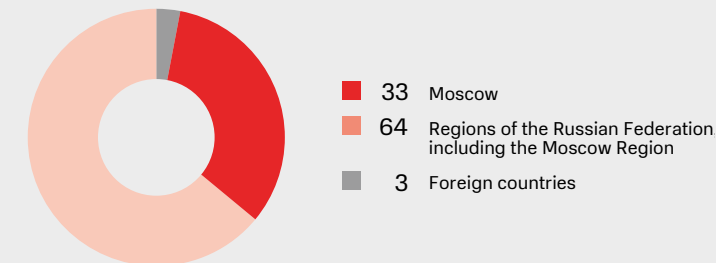


MTS Group Personnel Structure by Age, %

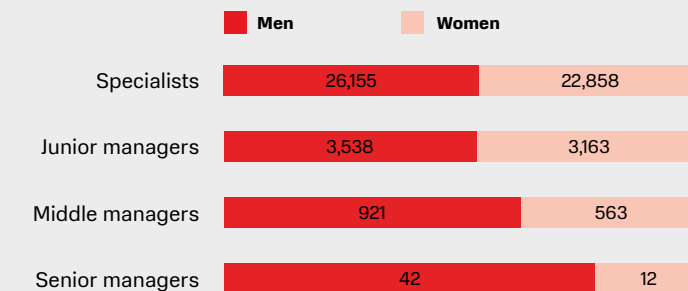


36 years old was the average employee age in 2021

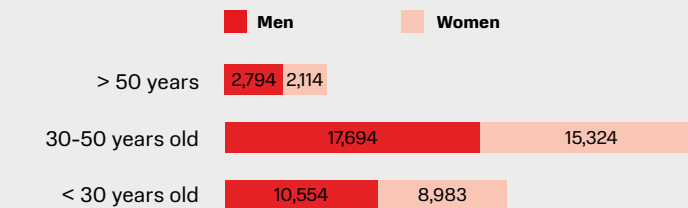
Structure of MTS Group personnel by regions, %



Structure of MTS Group Personnel¹ by Categories of Employees and by Gender, People



Number of MTS Group Employees by Gender and Age, People



¹ Headcount as of 31 December 2021.

The vast majority of employees (95% of men and 93% of women), just as in 2020, worked on the basis of an open-ended employment contract; 90% of men and 92% of women are full-time Company employees. At the same time, 99% of employees of both sexes work on a full-time basis.

New Employees

GRI 202-2, 401-1

We reject any form of employment discrimination and strive to attract professionals who combine professional knowledge, teamwork, and leadership skills.

In the reporting year, 30,342 employees joined MTS Group. We are not afraid to take on young employees — the share of hired employees with less than one year of experience increased from 22%–30% during the reporting period.

In 2021, 31,354 people left the Group Companies, which is slightly more (+3%) than a year earlier; 89% of them left of their own free will, 11% — by agreement of the parties. More than half of those who left the Company worked less than a year.

The overall employee turnover in 2021 was 23%¹.

The number of senior managers hired from among the representatives of the local population amounted to 54 people, including 32 people in Moscow, 12 in the regions of the Russian Federation, and ten in foreign countries.

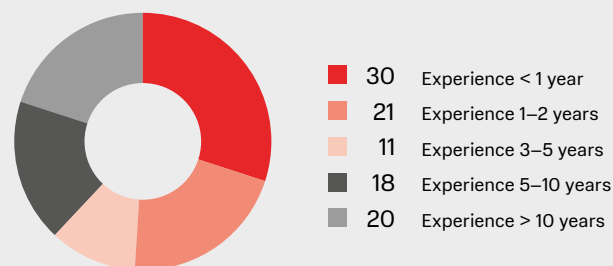
The share of highly qualified specialists in the total number of employees increased to 15.82% in the reporting year from 11.46% a year earlier.

¹ Provided data do not include employees of retail stores and customer service centers as these segments activity is often characterized by high labor turnover. This may distort the consolidated data.

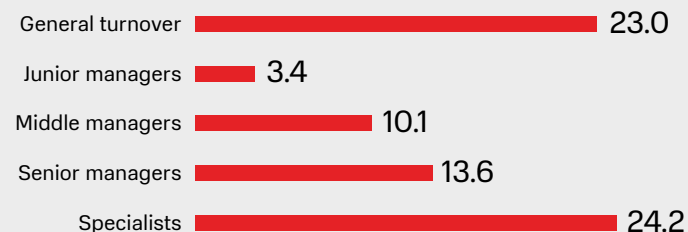
Number of Newly Hired Employees to the MTS Group by Category, People

	2019	2020	2021
Total	27,662	26,245	30,342
Senior managers	13	34	17
Middle managers	102	114	262
Junior managers	365	1,296	1,193
Incl. leaders of all levels from the local population		55	54
Specialists	26,877	24,499	28,870
Of them, recent graduates	306	302	132

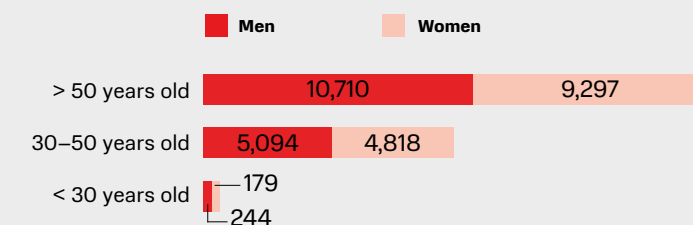
Number of Full-Time MTS Group Employees by Length of Service, %



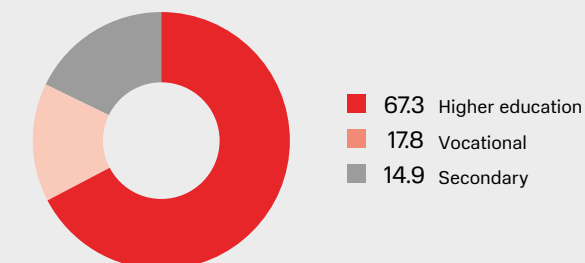
Personnel Turnover, %



Total Number of Hired Employees by Sex and Age, People



Level of Education of MTS Group Employees, %



MTS received gold status in the overall rating of the Best Employers in Russia according to Forbes magazine

The best employers in Russia — 2021
Forbes rating



MTS took 11th place in the ranking of the Best Employers in Russia — 2021 HeadHunter Group

Russian Employer Rating HeadHunter



Leadership Development

The rapid growth of the MTS business and the development of the ecosystem provide employees with various opportunities for career and professional growth.

We welcome internal mobility and strive to create an environment where everyone can develop their skills and competencies. We promote conscious career management among employees and candidates by offering clear and convenient tools for planning their professional development.

Internships

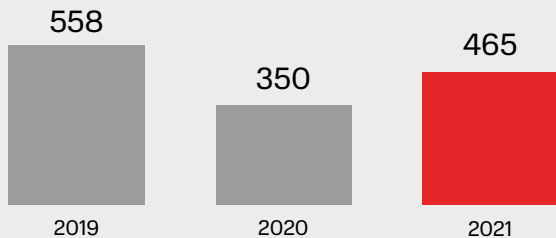
4

Every year, about 600 students and graduates of educational institutions of the country become our management trainees. Recruitment goes on throughout the year, new vacancies are published almost every week.

We have two paid internship programmes for students and young professionals:

- > 'MTS Intro' — we use it to recruit interns for various business areas of the Group: development and testing of IT services, B2C, B2B, and e-sports. In 2021, 465 interns completed this programme, of which 35% moved staff positions. On the programme website, students and young professionals from all over Russia can choose an MTS paid internship in an area of their interest.
- > 'My Start with #Fintech' is a separate internship programme operating in the MTS Fintech vertical. In 2021, 163 interns took part in it, of which 80% moved to staff positions.

Number of MTS Management Trainees, People



MTS.Teta
teta.mts.ru



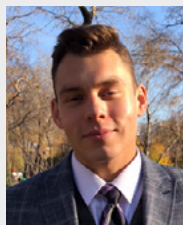
Paid internship programme 'MTS Intro'
job.mts.ru



MTS has implemented a number of educational initiatives to search for and develop IT and engineering talents. In the MTS Digital vertical, there is the MTS.Theta school of data analysts and developers. The IT community is being formed around it. Here, specialists work in a team to solve real business problems, receive support from mentors in the field of machine learning, as well as mobile and back-end development.

“

Studying the MTS.Theta course allowed me to accumulate a large amount of knowledge, which I now actively use in my work. The course is filled with high-quality theoretical materials and practical tasks. The ability to work in a team, negotiate, and share responsibility is also being developed in addition to achieving technical skills. If you study the material and take a responsible approach to completing the task for the course, then in three months you can achieve an excellent result and get a job at MTS.



German Lepin

Golang Developer CloudMTS

Adaptation of New Employees

Since 2020, new employees have been introduced to the Company via an interactive, online format under the 'How to Adapt to a New Job in a Week' programme. This MTS Corporate University course introduces newcomers to the history, structure, and strategy of the Group in a relaxed manner. Also, on the internal online platform, the newcomer studies courses on compliance, labour protection, information security, copyright compliance, and antitrust law. Thanks to the online format, he can independently organise his workload to complete the compulsory training on time.

In 2021, we changed the scenario of the Welcome Day online event for beginners. Now we invite employees of various business areas to such meetings. They share their success stories by personal example and answer questions. This training format allows a newcomer to be introduced to the Company using simple examples. This informal, online meeting is also open to employees who have been working at MTS for a long time — we noticed that they also connect to Welcome Day to be inspired by communication with fellow speakers.

In 2022, MTS is expanding the recruitment of specialists in all business areas, including about 500 vacancies for IT experts. Additionally, over 1,000 MTS vacancies are opening in regional divisions. At the same time, the Company is ready to consider hiring both individual specialists and existing teams.

“

MTS has a large number of ambitious applied tasks in the field of urbanism, in the development of smart, sustainable cities, and we are pleased to invite young professionals to participate in their solutions. We also invite students for internships at MTS with the prospect of further joint work as part of the Company's staff.



Julia Bystritskaya

MTS Director for Organisational Development, Motivation, and Remuneration Management



Education

4 GRI 404-1, 404-2

The Corporate University department is responsible for personnel training in the Group. The department is actively developing its own educational platform — the Corporate University online service, which hosts more than 1,000 courses in over 20 areas. The key logic of education is specialised faculties. Through an account on the portal, employees can take the courses of public faculties, as well as the courses of special faculties for their professional activities. This approach helps us maintain a balance of soft and hard skills, and helps our employees navigate the variety of educational content, build their own unique learning path, set priorities, and determine their vector of self-development.

The following courses are available to each Group employee:

- > Business MTS
- > Universal soft skills
- > Applied hard skills
- > MTS campus: educational quizzes and general educational content

“

The Corporate University team, in cooperation with colleagues from business areas, has created a large-scale programme that allows MTS employees to learn and ‘pump skills’ with a minimum interruption from work. Our platform contains practical cases, networking, and a supportive environment; and masterminding and mentoring from the Company’s internal experts. We also pay special attention to the development of leadership qualities, thus, in 2021 we created a comprehensive LeaderON programme especially for managers at various levels. In this programme, among other things, we help to become an ambassador for the Company’s digital transformation.



Oksana Fetisova

Director of MTS Corporate University

For employees of MTS verticals and horizontals, training is available in the following areas:

- > Compliance
- > Technique
- > IT
- > Marketing
- > PR
- > HR
- > Purchasing
- > Finance
- > Law
- > Security
- > Customer service
- > B2B
- > B2C
- > Management and leadership

In 2021, we began developing and testing the external platform of the MTS Corporate University for employees, partners, students of educational institutions, and young professionals. In the first half of 2022, the site was launched with the use of a special access code.

All flagship educational solutions are produced in partnership with the leaders of the online education market in Russia, as well as with the involvement of the best internal and external experts.

In 2021, 3,803 employees completed full-time internal training (against 19,745 in 2020), and 4,768 people received full-time external training (6,326 people in 2020).

The amount of face-to-face training has decreased markedly compared to 2020, as many employees began to choose the online format. At the same time, the total annual number of training hours in 2021 increased by 60% and amounted to almost 850,000 hours.

Individual formats are also available to employees for professional development, increasing personal and team effectiveness — coaching, mentoring, career and psychological counseling. We introduced coaching as a method of developing and unlocking human potential, achieving goals, balancing life in all key areas more than six years ago in all key branches and business divisions of the Group.

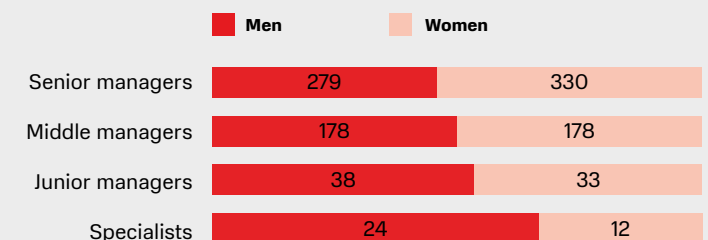
For self-education, MTS employees have free access to the corporate electronic library, which contains about 3,000 business publications, as well as many video lectures and video courses in various areas.

For 2021 in the corporate library — There were 12,185 readers and 35,756 hours spent reading

Study Coverage of MTS Corporate University

	2019	2020	2021
Share of unique users who completed at least one course, out of the total number of Group employees, %	76	90	96
Share of users who completed more than three courses out of the total number of Group employees, %	31	62	79
Number of completed courses, pcs	242,540	273,084	289,097

Average Annual Number of Training Hours per MTS Group Employee in 2021



Employee Training Costs, mln Roubles¹

	2019	2020	2021
Senior managers	3.93	4.87	4.15
Middle managers	36.02	3.94	4.69
Junior managers	24.04	10.47	9.04
Specialists	110.56	80.99	87.88
Total	174.55	100.27	105.77

¹ The amount indicated does not take into account the cost of internal development.

Motivation and Rewards

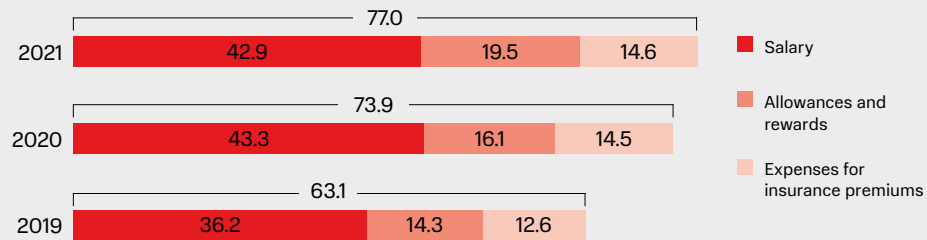
GRI 202-1, 405-2, TC-IM-330a.2, TC-SI-330a.2

Salary

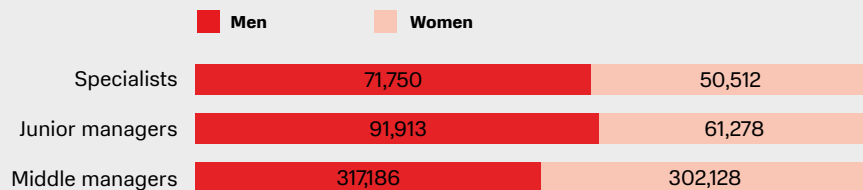
The Company has a competitive remuneration system, consisting of fixed and variable parts. MTS uses an integrated approach and applies the best world practices that allow for an objective assessment of the results achieved and to motivate employees.

In 2021, MTS Group labour costs increased by 4% and amounted to 77 billion roubles. According to the data for 2021, the average salary in the Company was 70,616 roubles, which is 23% higher than the national average.¹

Labour costs of MTS Group, bln Roubles



Average Monthly Salary for the Group, Roubles



¹ According to Rosstat, the average salary in the Russian Federation as a whole for 2021 was 57,244 roubles. rosstat.gov.ru

Social Package

3 8 GRI 401-2

MTS fully provides social protection in accordance with the law, and also provides its employees with a number of additional benefits: Sufficient evidence of this is MTS Bank, where 98% of employees (i.e., everyone except interns) receives a social package.

All employees² are provided with:

- additional sick leave payments in excess of the legally established norms (illness, accident at work, occupational disease);
- voluntary medical insurance;
- accident or illness insurance; and
- financial assistance.

22,600 New Year gifts were received by the children of employees in 2021

All Company employees are assigned an additional payment during maternity leave.

Depending on the length of Company service and without considering the length of service or the urgency of the contract, all employees receive an additional payment for temporary disability. Employees of the Far North regions and areas equated to them receive Company compensation for travel expenses to vacation locations.

MTS provides additional days off for foster parents, as well as three paid days off per year to participate in the Company's social events

If there is an official need, all employees, regardless of length of service, working hours, or the urgency of the contract, are provided with official mobile communications.

² With the exception of employees registered under fixed-term employment contracts for a period of less than three months or working less than a third of the normal work hours.

When moving to work in another area, managers of various levels are compensated and reimbursed for the cost of housing rental. Senior managers have the right to use company vehicles or receive compensation for related costs.

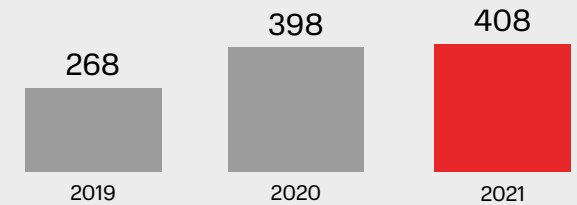
Employees are also entitled to reimbursement for the use of swimming pools and fitness clubs. An active lifestyle is popular among employees — more than 2,000 people took part in the 'On the Move' sport programme in 2021.

Participation in the Cafeteria of Benefits programme allows an individual set of benefits to be created in accordance with the preferences of the employee.

In 2022, MTS plans to include more than 300 employees in a new long-term motivation programme with Company shares. It will include digital product managers and IT experts. Each programme participant will receive a three-year MTS stock option. In total, about 1,200 Company employees will take part in motivational programmes tied to the value of MTS shares in 2022.

The high-quality work of MTS employees is highly appreciated by the expert and professional community

Departmental Awards of the Russian Federation, People



Corporate Pension Provision

GRI-201-3

The Company is completing a project to transfer the funded part of the labour pension from the Pension Fund of Russia to the Bolshoy Non-state Pension Fund, in 2021, 0.4 million roubles were allocated for this purpose.

Evaluation of Individual Effectiveness

GRI 404-3

All categories of employees undergo an annual assessment of competencies, the achievement of individual and corporate performance indicators using the automated ASUEP system. Based on the results of the assessment, a plan of development activities is formed. In addition, managers of various levels undergo a one-time assessment to identify strengths, growth areas, and to prepare recommendations for development. For this, an online, 360° methodology is used, which allows for feedback from managers, subordinates, and colleagues.

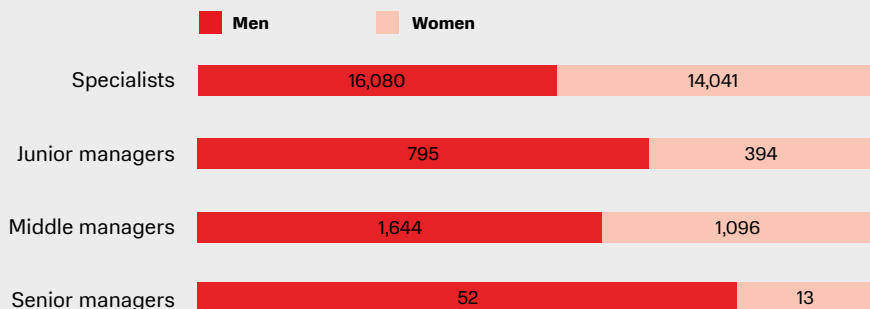
Since the end of 2019, MTS has been implementing the Snezhinka project, which helps develop staff more efficiently and motivates employee development within the Company. It is based on the technology of building digital employee profiles based on Big Data analysis. During the test period, the Company evaluated projections for employees who may be interested in moving to other positions. Also, with the help of a digital profile, suitable systems of motivation and solutions were determined that would help maintain a balance of personal and work life.

58%

Percentage of Group employees

who received regular performance reviews and career development activities in 2021 (+1 p.p. compared to the previous year)

Number of Employees Assessed in 2021, Breakdown by Gender and Employee Category



Engagement and Satisfaction

To understand the social well-being of employees, MTS regularly assesses employee involvement and satisfaction. Respondents evaluate the effectiveness of the work environment (processes, quality of management, interaction with colleagues, corporate culture, etc.), and provide feedback on satisfaction with the level of remuneration and other working conditions in the Company. In evaluating the research results, managers, HR, and business partners are able to identify areas that require additional attention and correction and to improve the work environment #together with teams and employees.

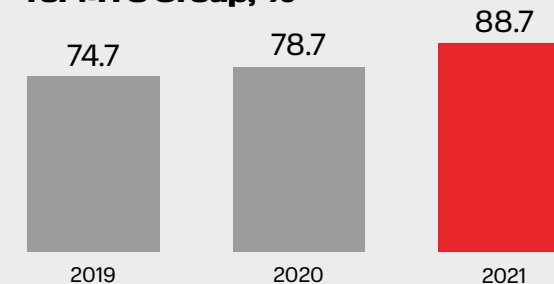
For the Company, measuring these indicators is also another way to get feedback from employees. A survey is a good opportunity for each employee to convey their opinion and their willingness to make an effort to achieve common goals. We expect honest answers from employees, and to make them as comfortable as possible our survey is conducted anonymously and with the involvement of an external provider. The survey is currently being conducted by Happy Job.

We measure the level of staff satisfaction by five metrics – Payment, Work conditions, Interest, Safety, and Work comfort. Each metric has its own question, the answers to which form a total score from 1 to 10. The mathematical mean for all five metrics is an indicator of staff satisfaction. According to reporting period results, the group satisfaction level increased to 88.7%.

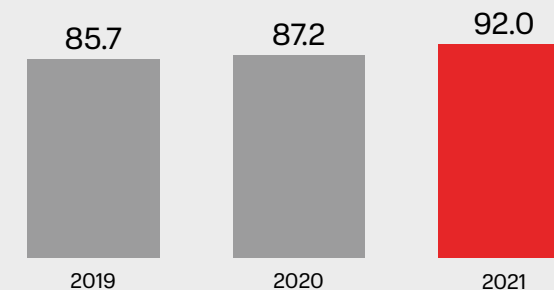
The methodology of the same Happy Job platform allows us to assess the involvement and increase the loyalty of the MTS team. To do this, employees answer 50 questions combined into ten metric topics (Manager, Strategy, Feedback, Recognition, Colleagues, Changes, Processes, Balance, Career, and Conditions, and Wages). Each answer is scored on a scale of 1 to 10. Then, for all 50 questions, an average is calculated, which reflects the level of staff involvement. Engaged employees are considered to have an average score of ≥ 7 .

According to the 2021 survey results, employee engagement increased to 92%. MTS Telecom employees demonstrated the highest level, and the quality of managerial support from the managers received the highest appraisal.

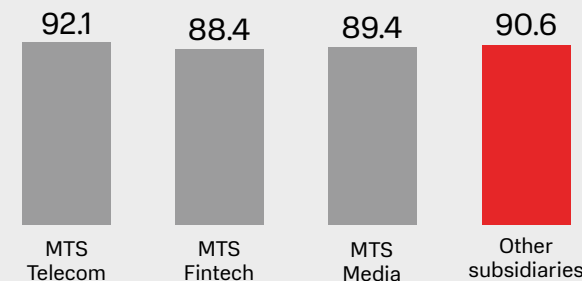
Personnel Satisfaction Level for MTS Group, %



Level of Personnel Involvement in MTS Group, %



Level of Personnel Engagement by Productive Verticals, ¹ %



¹ MTS Retail (RTK JSC) conducted its own survey in 2021 using a different methodology. Data on the dynamics in the context of product verticals are not provided due to changes in their organisational structure in recent years.

Occupational Health and Safety

We believe that the proper balance of work and personal life increases the efficiency of work, so we have provided the possibility of part-time work, as well as completely remote work. In the reporting year, the share of employees covered by flexible forms of employment increased — 23.5% of employees worked mixed hours, combining remote work with time in the office (19.3% in 2020).

Occupational Safety Management

3 8 GRI 403-1, 403-2, 403-3, 403-4, 403-8

MTS has an occupational safety management system (OSMS) that fully meets the requirements of national legislation of the countries where the Company operates. The Group has adopted a number of local regulations governing the main issues in the field of occupational safety and the health of employees. They contain the basic requirements and instructions in the field of labour protection, including establishing the procedure for conducting internal controls over the state of working conditions. Occupational safety issues are under the jurisdiction of the Occupational Safety and Health Department of the MTS Corporate Centre, in direct and functional subordination of the Vice President for Human Resources. In subsidiaries these issues are in under the bureau/centres of labour protection. In the absence of a separate division, a number of subsidiaries employ managers/specialists in labour protection.

In the reporting period, MTS also introduced a requirement for contractors to comply with industrial safety and labour protection (OHS) rules.

Employee health, safety, and well-being is the Company's number one priority

The Strategy of MTS Group in the field of health, safety, and well-being for 2021–2023, adopted in 2021, is based on the concept of 'Vision Zero' recognised worldwide, which combines three areas: safety, occupational health, and the well-being of workers at all levels of production.

Safe and healthy working conditions are not only a moral and legal obligation, but also justify themselves economically. Investing in job safety avoids human suffering and protects the most valuable thing we have — our health, physical, and psychological well-being. Equally important is the fact that they have a beneficial effect on employee motivation; the quality of work and products; the reputation of the Company; the degree of satisfaction of employees, managers, and customers; and, as a result, economic performance.

“



The improvement and development of the safety culture in the Company is built on trust, open interaction at all levels of the Company, as well as through a conscious approach to management. Obviously, the success in implementing the strategy will depend on the commitment of the leaders, the motivation of the line managers, and the vigilance of the employees.

Andrey Arkhipov

Head of Occupational Safety Department, MTS

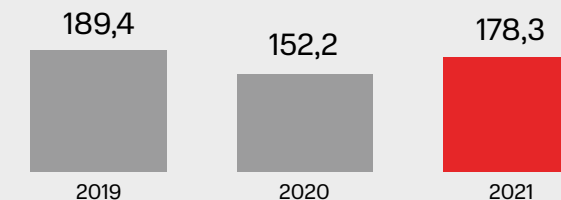
MTS is certified for compliance with the international standard ISO 45001:2018 'Occupational safety and health management systems'

The Main Areas of Work on Labour Protection in MTS

- > preservation of life and health of employees in the process of labour activity;
- > constant and continuous improvement of the labour protection management system;
- > recording and analysing the state of industrial injuries, identifying and investigating the root causes of injuries with employees and contractors of the Company, and taking measures to prevent industrial injuries and occupational diseases;
- > continuous identification of professional risks and their management;
- > relevant and high-quality training of managers and specialists on labour protection issues;
- > motivation of employees to comply with safety rules and create awareness; and
- > involvement of the Company's employees in the development of a culture of safety.

Expenses for labour protection measures in MTS Group in 2021 increased by 17% and almost returned to the pre-Covid level of 2019. For these purposes, 178.3 million roubles were allocated, half of which was for MTS PJSC.

Expenses of MTS Group for Occupational Safety Measures, mln Roubles



Heads of divisions and representatives of employees participate in monitoring and development of annual Work Plans for labour protection in branches for the coming year. There is a joint committee on health, safety, and labour protection with the participation of representatives of management and employees. An annual assessment of the effectiveness of the labour protection management system is carried out. Quantitative indicators make it possible to objectively assess the effectiveness of the system in each region of MTS presence. Based on the results of the assessment, an analysis is carried out and specific measures are planned to improve it.

In accordance with Russian legislation, the Social Insurance Fund can reimburse an employer for a portion of labour protection costs: expenses for employee training, medical examinations, sanatorium treatment, etc. (against 8.9 million roubles in 2020).

Safety of Personnel and Company Facilities

The work on ensuring access and intra-object modes is based on the Standard 'Requirements for Ensuring the Security of Objects'. Access control at the Company's facilities is maintained by employees of private security organisations using engineering and technical security equipment, access control and management systems, CCTV, alarm and communication systems. In 2021, the introduction of access using visual biometrics continued, the algorithms and modes of operation of facial recognition terminals and temperature measurement in automatic mode are optimised. In the reporting period, a Group company, VisionLabs, implemented biometric access control at the head office of MTS Bank in Moscow. The solution provides a contactless way to pass through the turnstile: employees just need to look at the camera — the face recognition process takes a fraction of a second. The introduction of visual biometrics into the access system also began at the regional offices of MTS PJSC.

The use of video analytics and thermal imaging made it possible to reduce the time for workers to access facilities, protect personnel during a pandemic, and optimise costs.

To protect against vandalism and theft, the objects of the radio subsystem and priority base stations are equipped with additional technical means of protection, which ensured continuity and uninterrupted communication services.

The level of protection of trade secrets, confidential information, and document interchange has been increased. To this end, the requirements of RP-140 'Organisation of office work with material carriers of information constituting a trade secret and other confidential information of MTS PJSC' have been updated and the use of a simple electronic signature for confidential office work has been introduced.

To evaluate security officer readiness in the event of emergencies at MTS PJSC facilities, together with Administrative Unit employees, regular fire-fighting and anti-terrorist trainings were held. Security officers in all regions of operation conducted checks on the anti-terrorist security of base stations. On a planned basis, measures were taken to identify and eliminate possible channels of audio data leakage in the premises of the Company's management in terms of acoustic and technical channels. In accordance with the legislation of the Russian Federation and the recommendations of the Russian Emergencies Ministry, as well as the approved Action Plans for Civil Defense, Prevention, and Elimination of Emergencies, and Fire Safety in 2021, the MTS Group carried out relevant activities in this area.

Priority Areas in the Field of Ensuring the Safety of Personnel and Facilities:

- > Improving the system efficiency for ensuring the security and anti-terrorist protection of personnel and facilities
- > Implementation of measures to prevent theft of equipment and inventory from facilities
- > Maintaining MTS PJSC emergency prevention and response system readiness for actions under threat of an emergency or its onset

Employee Health

3 **8** GRI 403-6, 403-10

To identify and evaluate harmful and/or dangerous production factors in the workplace, we conduct a special assessment of working conditions.

In 2021, 38,363 jobs were assessed (33,676 in the previous period); 99% of MTS Group workplaces are characterised by acceptable working conditions, and only in 500 cases were harmful working conditions of the first degree identified.

Classification of Workplaces Based on the Results of a Special Assessment of Working Conditions, People

	2020	2021
Optimal conditions (class 1)	649	25
Permissible conditions (class 2)	32,482	37,838
Harmful conditions (class 3.1)	545	500

Employees who are employed in work with harmful and/or dangerous working conditions, the Company provides free of charge overalls and personal protective equipment. For example, MGTS PJSC organised the timely provision of certified overalls, special footwear, and other personal protective equipment to 3,147 employees; milk and other equivalent food products to 472; and flushing and neutralising agents to 2,426 employees. Upon hiring, employees of such specialties undergo preliminary, and later periodic medical examinations with the goal of monitoring the health status of workers for the prevention and timely detection of occupational and general diseases.

1,332 MTS PJSC employees underwent preliminary medical examinations, and 5,163 underwent periodic medical examinations

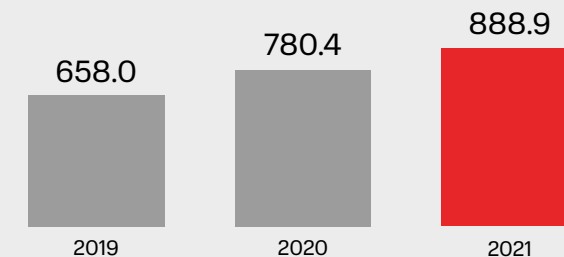
According to results of the periodic medical examinations, 17 employees required transfer to another job, and the same number were recommended sanatorium-and-spa treatment. Over the past two years, no new cases of occupational diseases have been registered.

Medical Services

3

MTS provides additional social protection to all employees by providing them with medical and accident insurance. The voluntary health insurance (VHI) programme gives employees the opportunity to use the services of clinics, receive dental care, receive medical house calls, and be treated in hospitals. Relatives of employees can also join the programme.

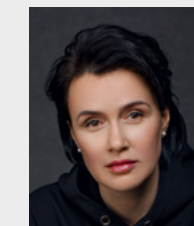
Expenses of MTS Group for VHI, mln Roubles



Total Number Insured Under VHI Agreements, People



We care about the health and well-being of our employees, because with the current pace of technological development, turbulence, and the speed of life, it is important not only to set motivating goals and offer competitive conditions, but also to take care of the emotional and physical health of those who work for us. We strive to ensure that everyone in our Company can make a social contribution and grow professionally and personally. To do this, we are developing social and eco-activities, expanding the programmes of the Corporate University, launching new projects in the field of well-being and developing creative potential, which confirm that MTS is #more than a job.



Larisa Bodyagina

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

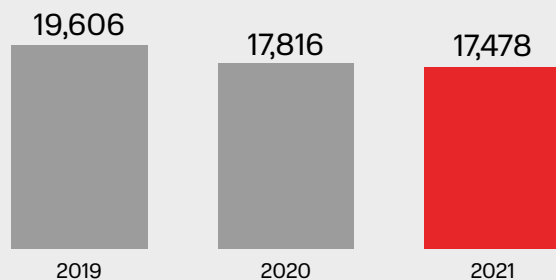
Labour Protection Training

GRI 403-5

Effective labour protection is impossible without the conscious motivation of all employees. For internal training on labour protection, the specially developed Colossus training programme is used, containing material on labour protection, fire safety, and electrical safety. In addition, employees are trained to provide first aid to victims at work before the arrival of rescue services. The possibility of distance learning on labour protection is provided by the MTS Corporate University, where the training video course 'Safety Culture' is available.

In 2021, 53,108 people underwent external and internal labour protection training, including 17,478 MTS PJSC employees.

Number of MTS PJSC Employees Trained in Labour Protection, People



Number of Employees Who Completed External and Internal Training on Labour Protection in Business Areas and Subsidiaries, People

	2019	2020	2021
MTS Bank PJSC	279	459	1 119
MTS Media	309	272	196
MTS Retail	8,764	14,937	17,072
MTS IT	1,446	875	2,964
MGTS PJSC	14,882	12,754	14,277

Injury Prevention

GRI 403-9

Some professions in the telecommunications industry — drivers, technicians working at heights and in electrical installations, and others — are at greater risk of workplace injuries. To prevent this, it is necessary to assess the professional risks that may arise in the workplace in a timely manner and to competently manage them. Such work is carried out in the Company in accordance with the Standard 'Requirements for conducting accident investigations'.

In 2021, a total of 24 work-related accidents occurred at Group Companies, including one severe and one fatal. In the same period, MTS PJSC experienced eight accidents, as a result of which eight employees were injured (two of them women). In terms of severity, all the accidents were classified as light. Compared to 2020, there was a slight increase in the total number of injuries, but their severity decreased significantly.

MTS PJSC Injury Rates

Indicator	2019	2020	2021
Accident frequency rate (AFR) ¹	0,17	0,20	0,25
Accident severity coefficient (ASR) ²	107,4	55,7	30,4
Occupational injury rate and loss of work days (OIR)	0,02	0,09	0,06
Lost Days Ratio (LDR)	1,47	1,10	1,60
Absenteeism Rate (AR)	4,31	4,41	4,61

¹ Accident frequency rate (FR) determines the number of accidents per 1000 employees during the reporting period

² Accident severity rate (SR) determines the number of days of incapacity for work per injury

MGTS PJSC Injury Rates

Indicator	2019	2020	2021
Number of cases	2	2	2
Loss of work days	197	31	101
Accident frequency rate (AFR)	0.29	0.36	0.36

MTS Media Injury Rates

Indicator	2019	2020	2021
Accident frequency rate (AFR)	3.61	5.57	9.52
Accident severity coefficient (ASR)	35	7.33	117.5

MTS Retail Injury Rates

Indicator	2019	2020	2021
Accident frequency rate (AFR)	0,5	0,6	0,8
Accident severity coefficient (ASR)	38,1	15	23

MTS Fintech Injury Rates

Indicator	2019	2020	2021
Accident frequency rate (AFR)	1	1	1

No accidents were recorded in MTS Life and MTS IT.

Diversity, Equity, and Inclusion

GRI 401-3

The principle of diversity in recruitment allows the Company to utilise a wider range of employee characteristics, experience, and views. Differences in origin and related cultural characteristics, citizenship, age, gender, and ideological diversity contribute to making better management decisions, creating products and services that best meet the needs of the Company's target audiences.

The principle of equity ensures impartiality, which allows the Company to act on the basis of objective decisions, eliminating the risk of domination by a particular ideology, concept, or group, thus maintaining a fair balance of interests between the Company and all stakeholders.

How Do We Understand Equity?

1 Equality of rights

Based on the legislation of the Russian Federation on human rights, on civil, labour, electoral, and other rights, as well as taking into account the provisions of the International Bill of Human Rights and the International Labour Organisation Convention 'Regarding Discrimination in Employment and Occupation'

2 Equality of conditions

When hiring, remunerating, motivating, training, and rewarding employees

3 Equality of opportunity

Ability to access the services of the Company and for professional and social self-realisation

66



Among the MTS priority areas in the field of DE&I are ensuring an inclusive environment and gender equality at all levels, the development of a digital society and learning, health and safety, the socio-economic development of regions and communities, as well as public reporting in the field of diversity, equality, and inclusiveness.

Elena Seregina

Head of the MTS Centre for Social Responsibility, Diversity, and Inclusion

MTS Diversity, Equity, and Inclusion Policy

5 8 10

In 2021, in support of the social direction of the Company's ESG strategy, a separate Diversity, Equity, and Inclusion Policy was approved by the Board of Directors and adopted. The policy systematises activities in the field of diversity, equality, and inclusiveness (DE&I — Diversity, Equity, and Inclusion) and is aimed at creating conditions for sustainable business development, taking into account the needs of society and the interests of MTS stakeholders. The application of the policy is mandatory in all MTS Group Companies.

The Basic Principles of the Policy Include:

- > respect for the interests of various stakeholder groups,
- > observance of the law and protection of human rights,
- > ethical business conduct,
- > equality and non-discrimination,
- > development and implementation of innovative technologies, and
- > improving the corporate governance system by creating an effective mechanism for planning activities and DE&I reporting.

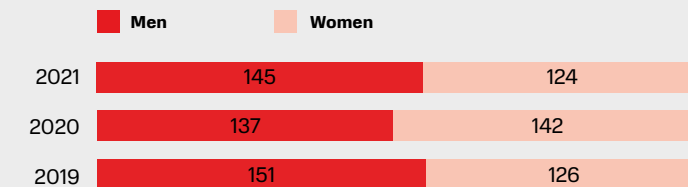
The Company conducts regular monitoring and research to assess the compliance of the Company's activities with principles that ensure equality, non-discrimination, respect for the individual, and fairness in relation to its own employees, customers, partners, and other stakeholders with whom MTS interacts.

The annual assessment covers all Group divisions in terms of compliance with human rights, the principles of diversity, equality, and inclusiveness. Interviews are also conducted with representatives of groups with special needs. This includes employees with disabilities, single mothers/fathers, parents of children with disabilities, employees on maternity leave, parental leave or returning to work after such leave. The purpose of such a survey is to understand the specific needs and problems of these categories of employees, to determine their level of satisfaction, as well as to identify the risks and issues they face at work. During the survey in 2021, 28 in-depth, online interviews were conducted with representatives of groups with special needs. The results of the analysis of the received data were taken into account in the work of the Group's HR departments.

The Company has a programme 'MTS — A Company for Everyone'. As part of this programme, people with disabilities and young people are hired for quota jobs, the training and retraining of employees is conducted, and initiatives are being implemented to support workforce diversity.

In 2021, MTS Group employed 269 employees with disabilities

Number of Employees with Disabilities in MTS Group, People



Provision of Maternity/Paternity Leave, People

GRI 401-3

	Total number of employees entitled to leave		Total number of employees who took vacation		Total number of employees returning to work	
	M	F	M	F	M	F
MTS Telecom	6,271	6,227	4,493	4,680	794	934
MTS Fintech	4	23	4	343	1	78
MTS Retail	0	1,072	19	1,044	3	159
MTS Media	26	15	2	12	0	2
Other Subsidiaries	128	185	79	137	29	37

MTS annually supports **The Path to a Career** competition for graduates and students with disabilities. Its goal is to provide people with disabilities the opportunity for real employment in leading Russian and international companies. In 2021, an MTS representative became a member of the expert jury, and MTS Bank employees held an interactive lecture on financial literacy for contest participants. More than 550 candidates received modern employment skills and entered the MTS database of promising applicants.

Volunteering

1 3 10 11 TC-IM-330a.2, TC-SI-330a.2

An important part of the Company's social investments is corporate volunteering — in total, over 7,500 employees participate in MTS volunteer actions. To better understand the motivation and needs of volunteers, the organisers of the volunteer movement conduct employee surveys.

More than half the respondents participate in volunteer actions, as they consider it their moral duty. For a significant portion of employees — mostly women — volunteering provides an opportunity for self-realisation. Young employees see it as a great leisure activity and an opportunity for personal growth. However, the youngest employees know less about MTS volunteer actions than others.

Compared to 2020, the share of those who began to participate more frequently in volunteer activities has increased. Owing to the COVID-19 pandemic, the number of employees who choose to participate in the digital volunteering format has increased. Volunteers in the regions continued to keep in touch with orphanages and other sponsored social institutions online. The survey also showed an increase in the involvement of employees in fundraising.

The majority of respondents (82%), as in the previous period, believe that in its social activities MTS should primarily be engaged in the provision of services for socially vulnerable groups of the population, people with disabilities, etc., 42% consider teaching people to be the most attractive type of volunteer activity, and the most interesting age group for them is school-age children (57%).

Highest Priority Areas of Volunteering in 2021, in Per Cent (According to Survey Results)



MTS employees are most often attracted to helping orphans, supporting environmental initiatives, and helping organise events. The 50+ age group finds volunteer patriotic initiatives to be most compelling, while young people prefer donation, digital volunteering, and legal assistance.

Volunteers at MTS are provided additional paid days off for participation in corporate social responsibility (CSR) projects. The Company also has special recognition programmes for volunteers. On Volunteer Day, winners of the annual competition for the Company's best social projects are announced and solemnly receive MTS volunteer awards. The projects submitted for the competition are evaluated by independent experts.

In 2021, 13 projects from ten Russian cities won the MTS volunteer competition

The Main MTS Volunteer Projects

- 'To School with MTS'
- 'Christmas Trees for Children'
- 'World of Knowledge with MTS'
- 'Memory through Generations'
- 'Safe Internet Day'
- 'With Love for Grandparents'
- 'Accessible for Everyone'
- 'Generation M'
- 'Power Place'
- 'Urban Legends'

Projects that Won the 2021 Corporate Volunteer Competition

Nomination

Health	Bone Marrow Donation, Nizhny Novgorod
	'Quiet Deed for the Sake of Others', Rostov-on-Don
Inclusion and mentoring	'Give Good', Nizhny Novgorod
	Inclusive theatre 'We Are Together', Cheboksary
Digital volunteering	'KolyaskamDa' (Yes to Wheelchairs), Moscow
Creative volunteering	'Mobile Fairy Tale Theatre', St Petersburg
Intellectual volunteering	Social poster challenge #TOGETHER_about_the_important, Smolensk and Nizhny Novgorod
Preservation of cultural heritage	Cultural weekend at Karabikha — the Nekrasov Museum-Reserve, Yaroslavl
	'Good Deed for the Old Nizhny', Nizhny Novgorod
Local communities	Federal educational and patriotic project 'Memory through Generations'
	Construction of the 'Happy Childhood' playground, Republic of Dagestan
Ecology	'Volunteers at Their Best', Chelyabinsk
	Children's eco-guide 'Let's Go to the Theatre!' Samara



Corporate Subbotnik in Darovoe Museum and Reserve

MTS volunteers contributed to the celebration of the 200th anniversary of Fyodor Mikhailovich Dostoevsky's birth. Several dozen MTS volunteers went to the Darovoe Museum and Reserve (the Dostoevsky family estate near Moscow) to help restore the natural and historical landscape. Volunteers took part in planting an apple orchard and gooseberry bushes and removed deadwood in a small forest area, which is still called Fedya's Grove in memory of the writer.

Mobile Fairy Tale Theatre

In 2021, the 'Mobile Fairy Tale Theatre' volunteer puppet theatre celebrated its 10th anniversary season. Theatre groups are actively working in Moscow, St Petersburg, and Krasnodar. The repertoire of the MTS Theatre includes 18 educational performances for spectators of different ages. Every year the theatre gives over 50 performances and travels to children's social and rehabilitation centres, hospitals, and nursing homes.

Every December, volunteers meet with the audience at the MTS 'Doll FEST' Volunteer Theatre Festival, which brings together more than 900 young viewers offline and more than 15,000 online from all over Russia: pupils of children's social institutions and rehabilitation centres, children from large families and low-income families, as well as children with disabilities. Volunteers come from Moscow, St Petersburg, Krasnodar, Ulyanovsk, etc. This MTS festival, is also unique because it is a festival for volunteer puppet theatre troupes without barriers, which is why the festival is rightfully considered an inclusive volunteer event of the year and a technologically advanced creative space.

Donor Days

For 10 years, Donor Day at MTS has been held biannually, in spring and autumn, with the involvement of doctors from the Blood Centre of the Federal Medical-Biological Agency of Russia.

249,000

participants

5

cities

MTS Day #Together

MTS Bank volunteers, as part of the social project 'MTS Day #Together', held a series of educational master classes on financial literacy for job seekers aged 40+ in the regional employment centres of Ryazan, Novosibirsk, and Nizhny Novgorod.

 Financial Security Rules
mtsbank.ru



“



Sergey Molodtsov

Project Manager, MTS
Corporate Governance
Department

From the very beginning, I have been an MTS volunteer and a puppeteer of the 'Mobile Theatre of Fairy Tales' corporate puppet theatre. I am grateful that I have the opportunity to spread good through the arts and inclusion. Our theatre is already a big family. This is especially felt at the annual MTS 'Doll FEST' festival of volunteer theatres.



RESPONSIBLE GOVERNANCE



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BUSINESS ETHICS AND COMPLIANCE

For MTS, Responsible Governance is, first of all, the commitment of our entire team to the principles of honest, ethical, transparent, efficient, and safe business conduct. This is the basis of action and an unconditional requirement for employees, top management and managers at all levels, and partners. We have been committed to responsible business practices for many years and have been able to instill zero tolerance for any violations of the rules of business conduct and ethics in our ecosystem. We will continue to make every effort to maintain this vector in all aspects of our daily activities.

“

Analysis and adaptation of advanced compliance practices in MTS Group ensure dynamic business development without compromising the level of protection against emerging risks. In 2021, the compliance system of MTS Group has stepped forward, and the assessment of the compliance culture has proven this. In the reporting year, we continued to improve the Unified Hotline and work with requests and incidents to increase trust among employees and other applicants, ensured easy access and ease of application of compliance policies and procedures, and developed brand compliance and a culture of ethics. We have also improved the efficiency of our risk assessment, monitoring, and testing procedures; and developed tools to improve the effectiveness of our programme in our subsidiaries. Now it is important for us not to slow the pace we have achieved.



Leida Lukianova

Vice President of MTS for Business Ethics and Compliance

Unified Compliance System

5 8 16 GRI 2-25, 2-27

In all countries where the Company operates, MTS observes business ethics and implements the system of effective compliance risk management. To do this, we have created the Unified Compliance System, which includes a number of application programmes. The goals, structure, and content of the system are established by the current Compliance Policy of MTS PJSC. All compliance programmes are managed by functional units in accordance with uniform principles, and the approaches and elements of development. This work is coordinated by the Department of Business Ethics and Compliance. The head of this department is directly subordinate to the President of MTS. General supervision in the field of compliance, consideration of relevant issues, and preparation of recommendations for the Board of Directors are performed by the Compliance Committee under the President.

In 2021, the MTS Unified Compliance System passed a certification audit for compliance with the international standards ISO 19600:2014 ‘Compliance Management Systems’ and ISO 37001:2016 ‘Anti-Corruption Management System’



Certificate of conformity
ISO 19600:2014
static.ssl.mts.ru



Certificate of conformity
ISO 37001:2016
static.ssl.mts.ru

Compliance Programmes of MTS Group

Anti-corruption compliance and business ethics

For more information, see the [Anti-Corruption](#) section

Inside-Compliance

For more information, see the [Inside-Compliance](#) section

Organisation of personal data processing

For more information, see the [Information Security](#) section

Counteraction to the legalisation (laundering) of funds obtained by criminal means, the financing of terrorism

For more information, see the [Counteraction to the Legalisation \(Laundering\) of Funds Obtained by Criminal Means, the Financing of Terrorism](#) section

Antitrust Compliance

For more information, see the [Antitrust Compliance](#) section

Respect for human rights in the workplace

For more information, see the [Respect for Human Rights](#) section

Occupational health and safety management system

For more information, see the [Occupational Health and Safety](#) section

Intellectual property risk management system (IP compliance)

For more information, see the [Occupational Health and Safety](#) and [Information Security](#) sections

Ecology






For more information, see the [Environmental Impact Management](#) section

Anti-Corruption

16 GRI 205-1

It is important for MTS to build long-term relationships with all stakeholders in good faith; therefore, in order to exclude unethical and corrupt practices, the Company has a number of local regulations that define processes and measures to protect against internal and external instances of corruption.

In 2021, new versions of key local regulations in the field of compliance were completely revised and approved, in particular:

-  [Code of Business Conduct and Ethics](#)
-  [MTS PJSC Compliance Policy](#)
-  [Policy on Compliance with Anticorruption Legislation Policy](#)
-  [Managing the Conflict of Interest](#)
-  [Gifts and Business Hospitality Policy](#)
-  [Counterparty Code of Business Conduct](#)

Key MTS compliance documents in Russian and English, as well as a memo with the main provisions, are posted on the official MTS website, on the corporate portal, and in the My MTS mobile application.

The key document in this area is the Code of Business Conduct and Ethics of MTS PJSC. This is a binding document that should be followed by employees at all levels to promote fair and ethical business conduct.

The Code has been adapted for use in all operating subsidiaries of the Group. All employees become familiar with the Code when they are employed by the Company and undergo regular training.

MTS supports public initiatives to combat corruption. The Company has joined the Anti-Corruption Charter of Russian Business



Compliance and business ethics
mts.ru



Certificate of accession to the Anti-Corruption Charter of Russian Business
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Any interested person can send information about violations of the Code to the MTS Group Unified Hotline, which is administered by an independent service provider. This provider ensures there is the full registration and accounting of all complaints and their subsequent qualified and timely consideration. In 2021, 90 reports were received about potential violations of the MTS Code of Business Conduct and Ethics, of which 40 cases were confirmed. The largest number of violations were from employees in the Retail vertical (0.12%). In Telecom and Fintech, 0.7% and 0.2% of violations were recorded, respectively.

In the case of Code violations, MTS conducts inspections and investigations. All incident circumstances are studied, and the persons responsible for the violations are held accountable. To prevent similar incidents in the future, the Company promptly develops and implements corrective and preventive solutions and recommendations.

Since 2019, MTS has been implementing an independent compliance monitoring system to improve the anti-corruption programme. This monitoring has now been extended until September¹ so that we can, with the assistance of external expertise, introduce even more improvements to the business ethics and anti-corruption compliance programmes.

¹ 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 into the activities of the former subsidiary in Uzbekistan. In February 2019, MTS Group reached a settlement with the US Department of Justice (DOJ) and the US Securities and Exchange Commission (SEC) regarding a previously disclosed investigation into the activities of the Group's former subsidiary in Uzbekistan. The Group agreed to a restraining order issued by the US Securities and Exchange Commission (the "Order"). The United States District Court for the Southern District of New York approved the deferred prosecution agreement (the "Agreement") entered into by the Group and the plea agreement entered into by the Group's subsidiary in Uzbekistan. Under the terms of the Agreement with the US Department of Justice, we have agreed to pay the United States a fine of \$850 million (59.1 billion roubles as of 31 December 2018), as well as the introduction of independent monitoring of compliance with their requirements. According to the terms of the Agreement and the Order, the monitoring was initially to be carried out for three years from the date of its establishment; the monitoring period could be reduced or extended depending on specific circumstances. However, due to a number of factors, including the COVID-19 pandemic, we have agreed with the US Securities and Exchange Commission and the US Department of Justice to extend the term of the Agreement and monitoring by one year to allow (i) the Group sufficient time to implement the necessary improvements in certain important elements of the business ethics and anti-corruption compliance program, (ii) the opportunity to complete the review of the Group's activities, including the implementation of monitoring recommendations and assessing the sustainability of the Group's measures. In this regard, the period of independent compliance monitoring will last until September 2023.

Practices to Prevent Conflicts of Interest

GRI 2-15

To reduce the risks of decision-making under the influence of personal interests, the personal connections of employees or members of management bodies, as well as to determine the requirements for their behaviour, we have developed the Conflict of Interest Management Policy.

All employees must familiarise themselves with the Policy upon employment and fill out a special form 'Disclosure of information about Conflicts of Interest'.

Each situation is considered and settled separately as the conflict arises. The Company expects employees in management positions to set an example of law-abiding and ethical behaviour and actively support compliance with the Group's compliance documents. Managers are certified annually, including an assessment of how well they know the provisions of local compliance regulations. Starting from 2021, the mandatory questionnaire procedure, which members of the MTS management bodies undergo twice a year, has been supplemented with a section on conflicts of interest. This is in line with the best corporate governance practices and guarantees transparency.

During 2021, 15 cases of conflict of interest in management bodies were identified, one case required a settlement, 265 situations that arose at the level of junior and middle management were considered. A check was carried out and an expert evaluation was given for the presence of conflicts of interest of employees (excluding management representatives) in 467 situations — in 102 cases, the conflict of interest was not confirmed, and in 365, it was resolved.

Antitrust Compliance

16

We closely monitor changes in antimonopoly legislation and developments in law enforcement practice. The object of attention of the antimonopoly compliance programme is the establishment of transparent tariffs and pricing, open interaction with contractors, partners and other companies in the industry, as well as the ethical marketing of ecosystem services and products.

In 2021, the Company conducted a large-scale assessment of antitrust risks in subsidiaries, as a result of which we conducted additional mandatory in-depth antitrust training.

An external audit of the effectiveness of the MTS antimonopoly compliance system confirmed the high level of its development

Inside-Compliance

The Company has a system of measures, procedures, and processes in place to prevent violations of the law on the use of insider information, the dissemination of which can have a significant impact on the prices of financial instruments. MTS local regulations define the list of information classified as insider information, the procedure for accessing it, the rules for protecting its confidentiality, and control measures for compliance with legal requirements on the use of insider information. This makes it possible to ensure fair pricing of financial instruments, to protect the rights and property interests of MTS shareholders, strengthen investor confidence, and stop abuses in the form of misuse of insider information and/or market manipulation.



For a list of MTS regulatory documents in the field of combating the misuse of insider information, see the ['Appendices'](#)

Counteraction to the Legalisation (Laundering) of Proceeds from Crime, Financing of Terrorism

To fulfill the requirements of the Federal Law 'On Countering the Legalisation (Laundering) of Proceeds from Crime and the Financing of Terrorism', MTS operates a compliance programme of the same name:

- when MTS clients make suspicious or unusual transactions on personal accounts, checks are carried out according to the lists of Rosfinmonitoring, according to the database of invalid passports, and based on their own anti-fraud systems;
- Termination of contracts with the return of the advance and account balances is monitored daily; and
- Every day all MTS subscribers are checked for inclusion on Rosfinmonitoring lists.

MTS Bank also systematically takes measures to suppress dubious financial transactions:

- scoring cuts off the opening of accounts/provision of services to clients with a negative history of settlement services;
- a thorough verification of the accuracy of the information provided by customers is conducted; and
- dubious transactions are identified on a single platform for the financial monitoring of employees using behavioural analysis scripts (automated analytical system SAS AML).

Compliance Training for Employees

GRI 205-2

To teach the requirements of anti-corruption policies and procedures, MTS uses a training system. Each employee takes mandatory courses on the Code of Business Conduct and Ethics, compliance with anti-corruption laws, and conflict of interest management upon hiring, as well as during their work in the Company in accordance with the approved schedule..

Number of MTS Group Employees Trained in Anti-Corruption Procedures, People

	2019	2020	2021
Total	54,355	28,487	50,089
Senior managers	36	146	76
Middle managers	826	296	1 320
Junior managers	4,165	2,619	5,814
Specialists	49,328	25,426	42,879

Number of MTS Group Employees Who Completed Updated MTS E-Learning Courses, People

	2019	2020	2021
Course on the Code of Business Conduct and Ethics	14,000	10,000	26,703
Anti-Corruption Compliance Course	12,000	13,000	20,131

In autumn 2021, MTS Group conducted a compliance culture assessment survey with the support of an independent international agency. Survey results showed a high level of understanding of compliance controls, as well as employee perception of the compliance culture in the Group as a whole

Intellectual Property Management (IP Compliance)

TC-SI-000.A

To identify, prevent, and minimise risks in this area, MTS operates the Risk Management System in the field of intellectual property. It prevents violations of MTS and third-party intellectual property rights in the Group. The IP Compliance programme (Intellectual Property Risk Management System) is overseen by the Intellectual Property Management Division.

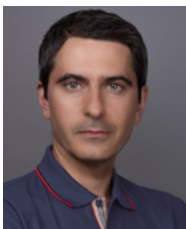
To introduce a compliance programme into the Group business processes, in 2021 we developed and approved a new version of the Policy 'Intellectual Property Management in the MTS Group'. This made it possible to scale the culture of respect for intellectual property throughout the Group's entire perimeter.

In 2021, the compliance programme 'Intellectual Property Risk Management System' was certified according to ISO 19300

Since the Policy establishes the procedure for formalising works created by employees in the course of performing their official duties, in 2021 additional agreements to the employment contract were concluded regulating the provisions on intellectual property rights.

“

MTS, as an ecosystem of digital services, creates innovative products and solutions that use its own and others' intellectual property. That is why it is extremely important for MTS, as a responsible company, to effectively manage legal risks arising in the field of intellectual property. We are systematically introducing new approaches and programmes to protect intellectual property, as well as establishing clear internal corporate rules and methods for respecting intellectual property belonging to others.



Alexey Barseghyan

Member of the Management Board –
Vice President of MTS for Corporate and Legal Affairs



MTS is aware that intellectual property is one of the Company's most valuable assets.



We protect our intellectual property and respect the intellectual property of other market participants.

Key Objects of MTS's Intellectual Property

- Software
- Content (creative materials)
- Trademarks
- Patents



MTS won the IP Russia Awards 2021 in the field of intellectual property, in the category 'Best IT Protection Strategy'. Lawyers of the MTS Corporate and Legal Affairs Unit have won this competition for the third year in a row.

Taking into account the transformation of MTS into an IT company, an increase in the number of software and external factors, such as the emergence of new solutions and services, an increase in the number of patents and the complication of IP objects, it became necessary to develop a legal strategy for protecting the Group's IT assets. To introduce a risk-based approach when creating innovative products, the MTS team implemented a project for the legal protection of the Company's IT assets.

Thus, during the project, which lasted several years, the process of the registration of service software was developed, digitised, and implemented, criteria for the registration of software and patent law objects were developed. Also, to identify risks when borrowing code in IT products, a large number of Open-Source Software, distributed on the basis of open licenses, was analysed.

Unified Hotline

GRI 2-26

To identify potential violations in a timely manner and promptly respond to them, the Company has a Unified Hotline (UHL). Calls can be made anonymously – all bona fide applicants are protected from any form of persecution and discrimination for the information provided. All appeals are registered in the UHL, then they undergo timely, qualified consideration in accordance with the established protocol.

In 2021, 1,295 calls to the Hotline were registered, including 165 from Group employees. Compared to the previous period, the number decreased by 29%. As in 2020, the largest number of complaints were related to labour issues (51%) and compliance with legal requirements (19%), as well as ethics and compliance issues.

We promptly respond to all received messages and guarantee their independent and comprehensive consideration.

For employees to know how they can report alleged/impending/committed violations, they regularly receive information about the work of the Hotline through corporate mailings and publications on the Pulse portal.

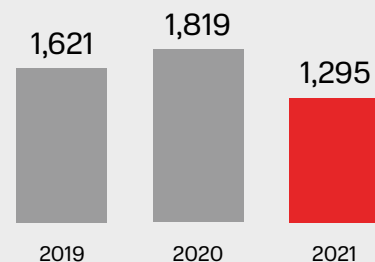
In 2021, during working hours, an operator began to answer the telephone line, during non-business hours callers may leave information on an answering machine. The electronic form of the Unified Hotline is available in 21 languages, including Russian, and is maintained by an independent provider.



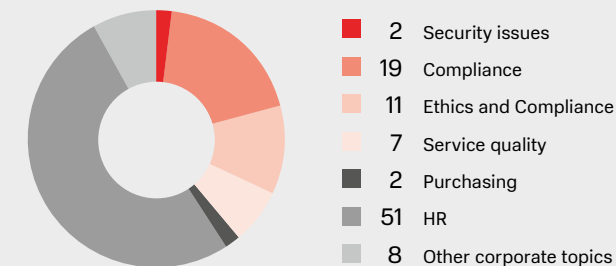
Mailbox address
Feedback form
Unified Hotline

external.hotline.mts@b1.ru
hotline-mts.b1.ru
8 800 234 44 18

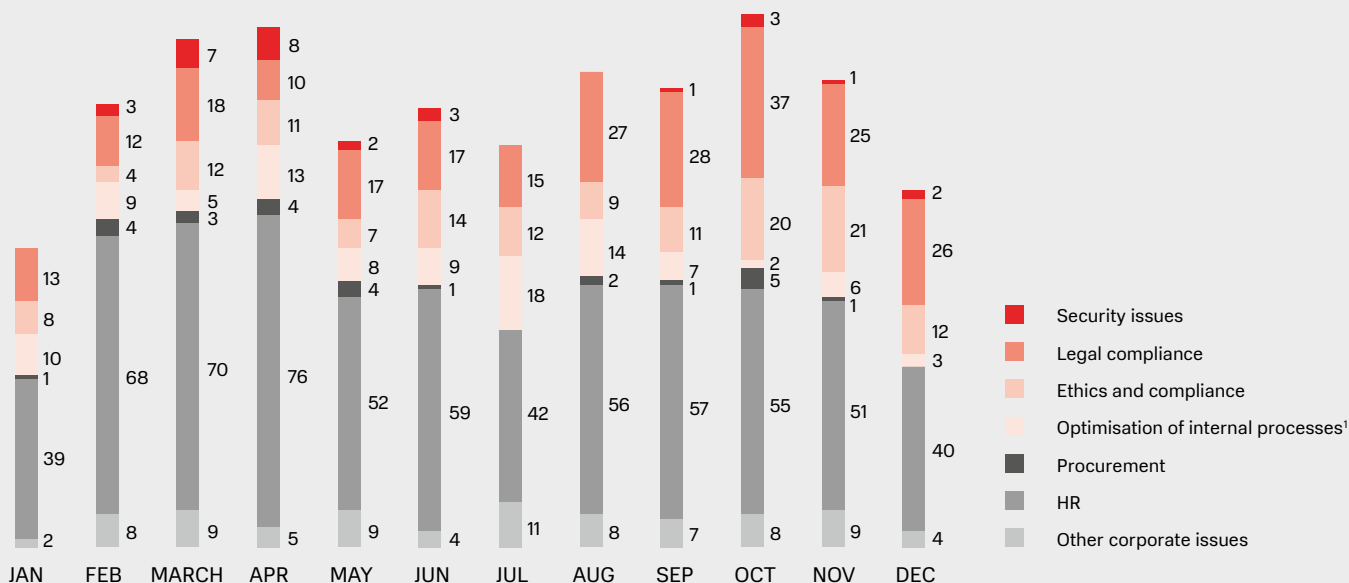
Number of Calls Received by the Unified Hotline



Topics of Calls Received by the Hotline in 2021, %



Number of Calls to the Unified Hotline in 12 Months of 2021



¹ In October 2021, the list of topics for which requests are registered as part of the work of the Unified Hotline was changed. The topic 'Issues of optimisation of internal processes' was added. The topic 'Quality of services and maintenance' was deleted. Inquiries regarding 'Quality of services' and 'Services' are sent for processing to the specialised divisions of the MTS Group.

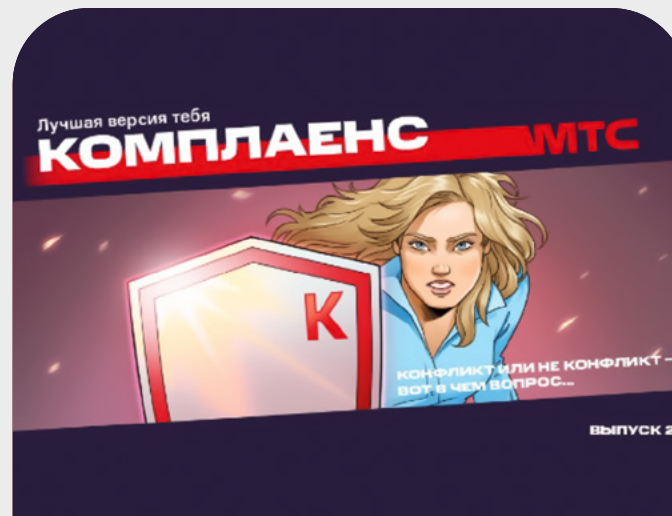
Compliance Information for Employees

Business and work on the principles of ethics and compliance requires not only constant practice and support at all levels of the Company, but also open discussion with stakeholders. Therefore, in 2021, MTS introduced uniform standards for posting compliance information on external and internal resources, and also continued to develop internal channels to promote the relevant standards.

The 2021 relaunch of the Code of Business Conduct and Ethics was widely announced by launching a special interactive platform that helped familiarise Group employees with the updated document.

Also, in 2021, We Informed Employees through:

- > the Pulse corporate portal with 64 educational and informational posts;
- > interactive banners on the Pulse portal, screensavers on the virtual desks of employees on compliance topics; and
- > the creation of posted memos on the main anti-corruption policies and compliance controls.



In 2021, we celebrated the seventh annual Ethics and Compliance Day under the motto 'Towards Ethical Leadership'. The Vice President for Business Ethics and Compliance of MTS, as well as the heads of subsidiaries, once again recalled the values of business ethics and compliance — this is one of our 'tone from above' practices. We also held the online 'Compliance Cup' game for Group employees and released the compliance comic book, The best version of you. To conflict or not to conflict, that is the question.

#Together We Create Opportunities and Environments Every Day to Make Doing the Right Thing Easy

Active involvement of top management ('tone from above') has a positive effect on the compliance culture of the Group. Messages from senior executives are included in internal communications messages about the launch and need to complete mandatory e-courses, about the introduction of new or change of existing compliance policies and procedures, about conducting independent assessments of the compliance culture, as well as messages about events and activities on International Anti-Corruption and Corporate Ethics Day.

We also continued the practice of broadcasting ethical business conduct on behalf of middle managers — 'tone in the middle' — and held:

- > more than 400 events with the participation of over 57,300 MTS PJSC employees; and
- > about 700 events with the participation of more than 137,800 employees of Group subsidiaries.

In 2022, we will continue to improve the compliance culture and, in addition to continuing the activities listed above, plan to increase the automation of compliance processes throughout the Group.

“

Studies confirm that the greatest influence on an employee is his immediate supervisor. He can set an example of how to be a true ethical leader in everything, supporting the corporate spirit. That is why the role of the manager — what we call the 'tone in the middle' — is especially important.



Evgenia Ozerova

Head of the Compliance Department of Normative Regulation, Training, and Communications at MTS

MATURITY OF THE INTERNAL CONTROL SYSTEM

The internal control system (ICS) of the MTS Group is a set of interrelated components, the structure of which corresponds to the generally accepted methodology of the COSO Internal Control – Integrated Framework 2013.



Policy on Internal Control and Audit
mts.ru

In accordance with the COSO model, a control environment with a risk assessment system is formed in the Company. Control procedures are introduced and the effectiveness of their execution is evaluated. Changes in the organisational structure and business processes are monitored.



For a list of MTS regulatory documents related to internal control, see the [Appendices](#) section

The Department of Internal Control Systems (DICS) is part of the Finance Unit and performs the following functions:

- > Clear, risk-based fixation of business control points through the formalisation of CP
- > Update and implementation of ICS processes and controls
- > Accompanying an external audit in assessing the effectiveness of the ICS
- > Methodological expert support of MTS and subsidiaries in creating an effective ICS
- > Performance evaluation and certification of the ICS
- > Project activities, including Separation of Duties (SOD) projects

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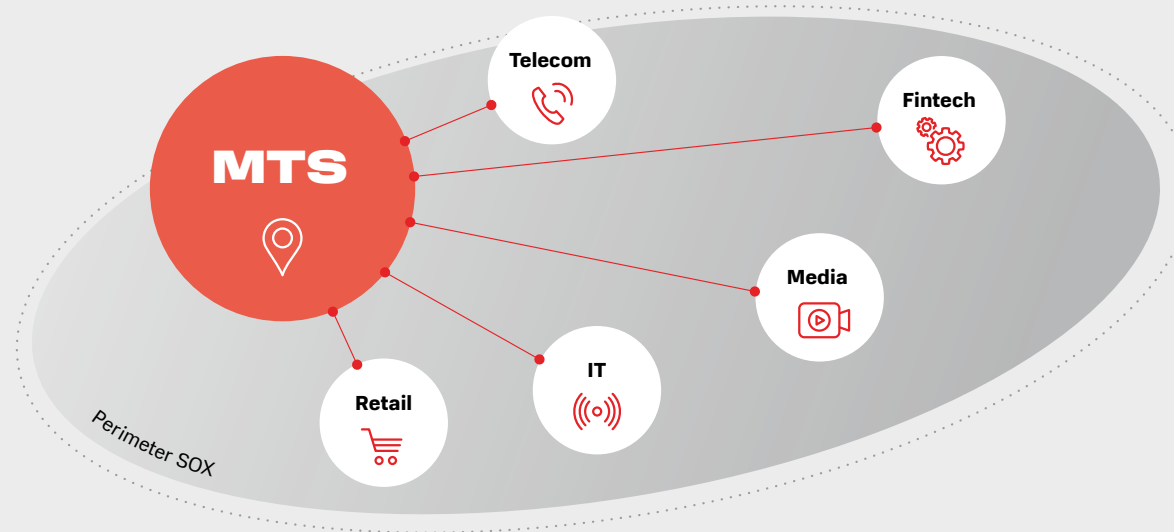


In 2021, the Internal Audit Unit of MTS successfully passed an external independent assessment — the activities of the Unit were recognised as complying with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the International Institute of Internal Auditors, which confirms MTS's commitment to high standards of transparent business conduct.

Natalya Mikheeva

MTS Director for Internal Audit

Internal Control System in Group Companies



The Department of Internal Control Systems annually evaluates the reliability and effectiveness of the internal control system for the formation of financial statements, certifies it for the MTS Group, and receives an independent opinion from the external auditor.

The Internal Audit Unit is the structural unit that carries out internal audit activities. Internal audit is a function independent of the Company's management and provides the Board of Directors/Audit Committee of the Board of Directors with independent and objective guarantees and consultations aimed at improving the efficiency of internal control, risk management, and corporate governance systems. The principle of the independence of internal audit is ensured by distinguishing between functional and administrative accountability. Internal audit is functionally accountable to the Board of Directors, administratively — to the Company president.

In 2021, an audit of the Group's charitable and sponsorship activities for the previous period was carried out. Based on its results, recommendations were made regarding the centralised control of indirect advertising and sponsorship projects of the Group. The effectiveness of the relevant business processes and control over them are recognised as sufficient and without significant shortcomings.

Based on the results of internal controls testing, the certification of processes, and the conclusion of an external audit, the internal control system for the formation of MTS Group reporting was also recognised as effective and without significant shortcomings.

The internal control system of MTS PJSC complies with the requirements of the Sarbanes-Oxley (SOX) Act (USA), which is mandatory for participants in the New York Stock Exchange

The Audit Committee under the Board of Directors positively assessed the performance results in 2021 of the following units:

- The Internal Audit Unit reviewed and approved the audit strategy and plan for 2022, as well as key performance indicators; and
- The Department of Internal Control Systems of the Finance Unit reviewed and approved plans for the development of the internal control system for 2022.

TAX MANAGEMENT

GRI 201-4, 207-1, 207-2, 207-3, 207-4

The timeliness and completeness of fulfillment of tax obligations of the Group’s Companies to the state is ensured by the Tax Administration Department of the Corporate Centre.

The function of tax management is based on the following principles:

- > completeness and reliability of paid taxes;
- > maintaining the conscientious taxpayer reputation by each company in the Group;
- > active cooperation with regulatory authorities;
- > uniform and consistent tax methodology;
- > systematic management of tax risks and assets;
- > taking justified decisions; and
- > timely involvement and informing of stakeholders.

The Amount of Paid (reimbursed) Income Tax of MTS Group, Thousands Roubles

	2019	2020	2021
Russia	21,631,142	14,365,928	16,967,371
Armenia	445,967	475,274	576,661
Belarus	9,151	8,560	8,651
Special Purpose Vehicles (SPV) Overseas	320,133	343,249	-58,724 ¹
Total ²	22,400,393	15,193,011	17,493,959

¹ The amount of tax refunded by the tax office.

² Excluding Ukraine.

The Department develops and updates local tax regulations that apply to all Group Companies, taking into account the specifics of their business. Foreign companies of the Group independently interpret the tax laws of the countries where they operate. The Group has developed the internal ‘Tax Risk and Asset Management’ regulations to identify and determine the tax risks subject to disclosure to the tax authorities. For more information, see the [Key Risk Factors](#) section in the Annual Report of MTS PJSC 2021.

Managing the tax function also includes the following tasks:

- > development of the optimal methodology;
- > administration of tax liabilities of the Group’s Companies;
- > management of risks and tax assets to prevent violations of the current tax, currency, and customs legislation, as well as for the timely sale of a tax asset;
- > effective use of information technologies for the preparation of reports and operational interaction with regulatory authorities; and
- > the organisation and support of appeals against decisions by regulatory authorities, interaction with auditors and consultants, and monitoring of legislation on issues within the jurisdiction of the department.

We maintain an open dialogue with the regulatory authorities: MTS has become the first Russian participant in tax monitoring — expanded information interaction with the tax authorities. Control of MTS financial and economic operations is carried out in real time, which allows the Company to quickly resolve disputes, eliminate inspections, reduce penalties and fines, and reduce document interchange. Quarterly, the largest taxpayers within the MTS Group submit to the tax authorities tax payment forecasts and analytical notes with transcripts on the formation of tax liabilities.



In 2021, MTS Group reimbursed 199.6 million roubles from the budget through the use of benefits on income tax and property tax

INFORMATION SECURITY

TC-IM-220a.1, TC-TL-220a.1, TC-SI-220a.1, TC-IM-220a.2, TC-TL-220a.2,
TC-SI-220a.2, TC-IM-230a.2, TC-TL-230a.2, TC-SI-230a.2

The information security management system of the MTS Group is a set of interrelated processes for the comprehensive protection of the Company's interests in the information sphere.



See the list of MTS regulatory documents in the field of information security in the ['Appendices'](#) section

Security Unit employees protect the interests of the Company in various areas: information and economic security, as well as the security of facilities and employees. The information security system is managed by the MTS Information Security Department, which monitors compliance with legal requirements in the field of personal data protection and information security, detects and investigates incidents, and ensures the security of the Company's IT infrastructure and services.

Ensuring information security is carried out in accordance with the legislation of the Russian Federation, the orders and methodological recommendations of the Federal Service for Technical and Export Control and the Federal Security Service, as well as with the Company's regulatory documents.

The information security management system provides:

- > protection of its own infrastructure, information, and communication technologies;
- > protection of end users and their devices; and
- > protection of the critical information infrastructure.

In accordance with the Regulations on the Information Security Regime, the Company has established a trade secret regime. The exposure of employees to information of a confidential nature is carried out solely for the performance of their professional duties as elaborated in their job description. Access to confidential MTS information is prohibited when it is groundless and unrelated to an employee's position.

Organisation of the development and implementation of measures to protect confidential information is entrusted to the Information Security Department of the Security Unit of the MTS Group Corporate Centre. In branches and subsidiaries, the above functions are performed by security services or specially appointed persons. The Company also operates a Security Operations Centre (SOC),

which provides 24/7 protection of the infrastructure, as well as the data and solutions of corporate clients deployed on MTS services.

We systematically work to develop the MTS PJSC security system for critical information infrastructure facilities (CIIF). The information about CIIF and their composition is updated. The main local regulations and relevant applied materials have been developed for the practical implementation of the requirements of legislation on the security of critical information infrastructure. For all divisions of the Group involved in the security of CIIF, threat levels of computer attacks on such objects have been developed.

MTS is a licensee of the FSTEC and the FSB of Russia for technical and cryptographic protection of confidential information and the monitoring of information security events.

In 2021, the Information Security Department accompanied the process of digital transformation of MTS Group and all departments involved in it in terms of organising the processing and protection of personal data, as well as ensuring the security of restricted access information. The systematic approach to the implementation of the tasks set made it possible to ensure:

- > cross-functional efficiency;
- > continuity and coherence of interaction;
- > qualified consulting support;
- > improvement of information security processes; and
- > development of employee competencies.

In 2021, all planned measures to ensure integrated security were completed, including ensuring the continuity of the operation of information protection tools and their cryptographic protection.

In the reporting period, to strengthen our information security system, we:

- > implemented the MS BitLocker disk and removable media encryption system;
- > developed an access matrix and created a unified corporate access level management system;
- > implemented a unified system of seamless authentication (SSO) for employees of the MTS group of companies;
- > upgraded the MTS PJSC system of certification centres;
- > complied with licensing requirements regarding the operation of CIPF (Cryptographic Information Protection Facility), the technical protection of confidential information, and the monitoring of information security of means and informatisation systems; and
- > created security systems for significant CIIF of MTS PJSC.

Based on the results of the 2021 supervisory audit, the British Standards Institution confirmed the compliance of the MTS Information Security Management System with the international standard ISO/IEC 27001:2013 INFORMATION TECHNOLOGY — SECURITY TECHNIQUES — INFORMATION SECURITY MANAGEMENT SYSTEMS — REQUIREMENTS and extended the Certificate of Conformity No. IS719403 for 2022. In the reporting period, the annual certification for compliance with the legislative act SOX-404 was also successfully passed. There are no comments on IS control

For infrastructural changes and digitisation of information security functionality in the MTS ecosystem:

- > the IS Architecture service has been created and is functioning;
- > the 'Safe code' service has been created and is functioning; and
- > information security departments have been transferred to a service model of working with product teams.

To achieve systemic and complex changes in the digital transformation processes in which information security departments are involved, we have identified the main internal priorities:

- > continuous engagement of IS employees in the product life cycle, starting with the idea;
- > active interaction between product teams and information security; and
- > mutual trust with product teams.

We have carried out significant work to change internal standards and policies, which allowed us not only to comply with new legal requirements, but also to simplify the work of employees with documentation. To ensure mutual trust and transparency of work, the Information Security Department is constantly implementing measures to increase the awareness of MTS employees in the processing of personal data and the protection of confidential information.

Thus, the MTS Group uses a uniform approach to ensuring information security. Local information security regulations are developed by the Information Security Department of the Security Unit of the MTS Group Corporate Centre and adapted in the subsidiaries. Control over the adaptation of local regulations is carried out by the Information Security Department.



Organisationally
we systematically check compliance with information security requirements



Technically
we monitor leaks of restricted access information 24/7

RESPONSIBLE SUPPLY CHAIN

8 9 GRI 2-6, 204-1, 308-1, 308-2, 414-1, 414-2



Counterparty Code of Business Conduct

MTS builds relationships with contractors on the principles of good faith, honesty, and transparency. The main document that defines the procurement activities in the Company — ‘MTS Procurement Rules’ — was developed in accordance with the legislation of the Russian Federation. In total, the Group applies more than 20 local regulations in its procurement activities — policies, standards, and regulations. Systematic regulation of procurement activities allows for the efficient use of funds, compliance with the standards of process transparency, and the elimination of possible risks accompanying this activity.



MTS Procurement Rules

Equal access to procurement procedures is implemented through the provision of equal competitive opportunities and uniform rules for all participants in the procurement procedure before it commences.

In 2021, the Procurement Management Unit was reorganised, as a result of which five new divisions were created: three procurement centres by category, a Procurement Development Centre, and a Procurement Automation Centre

- > About 20,000 unique suppliers provide MTS Group with goods and services
- > The volume of purchases by MTS PJSC in 2021 amounted to 139.3 billion roubles
- > The volume of the Group's purchases in 2021 amounted to 253.4 billion roubles
- > 43% of goods and services in MGTS PJSC are supplied by small- and medium-sized businesses
- > Depending on the line of business, the share of local suppliers in MTS purchases is 95–98%



For a list of MTS regulatory documents on interaction with contractors, see the ‘Appendices’ section



The Company conducts 100% of procurement procedures electronically

tenders.mts.ru

The Oracle Sourcing IT system module allows us to fully automate the supplier selection process, including electronic trading on our own electronic trading platform. At the same time, in 2021, we continued to actively simplify and digitise procurement mechanisms to ultimately reduce the time-to-market for new products and faster services and solutions to our customers.

- > The ‘Implementation of innovations’ process was approved. This process simplified the procurement function
- > The new process of putting minor purchases on a business card with the subsequent provision of an advance report was developed and implemented
- > A special method of procurement under revenue contracts, when products are delivered from the supplier directly to the final customer, was approved
- > Measures to consolidate procurement procedures and increase the share of procurement under framework contracts were implemented
- > Intra-group interaction in MTS Group was simplified

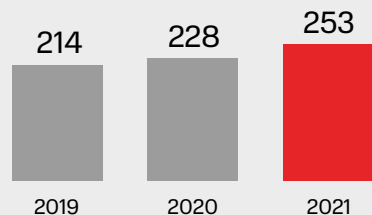
MTS also introduced an automated system for checking contractors involved in procurement procedures. Now all that is necessary is to:

- > fill out the contractor's questionnaire;
- > receive an electronic winner selection report to ensure transparency and a digital footprint on the results of the procurement procedures;
- > choose factoring for payment; and
- > receive payment at the approved time through the introduced ‘Payment Day’ method.

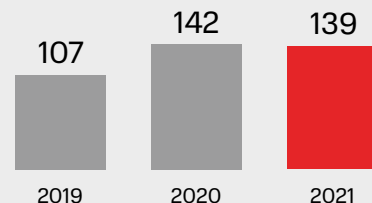
In addition, in 2021, the Contractor's Code of Business Conduct was updated: a concise document was extended to all subsidiaries of the Group. The Code contains the minimum standards contractors are expected to comply with; in addition to integrity and honesty in the document, we also noted the importance of suppliers' compliance with the requirements of environmental protection legislation and respect for human rights.



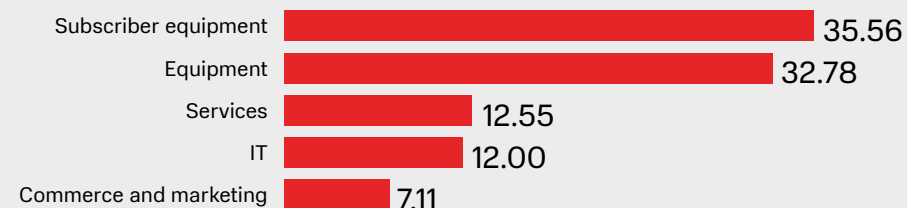
Total Volume of MTS Group Purchases, bln Roubles



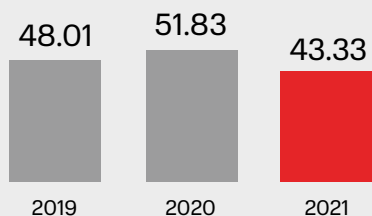
Total Volume of Purchases by MTS PJSC in Russia, bln Roubles



MTS Group Purchases by Product Categories in 2021, %



Share of Medium and Small Entrepreneurs of PJSC MGTS Purchases, %



Share of Local Suppliers in Purchases, by Business Areas, %

	2019	2020	2021
MTS	80.7	84.8	97.3
MGTS	98.9	99.1	97.8
Retail network	99.0	99.9	97.6
Subsidiaries	91.0	93.0	94.9

JAC Supplier Audits

GRI 403-7

MTS is working to improve the performance of all supply chain participants for companies in the field of information and telecommunications technologies, including as a member of the international association of telecom operators JAC (Joint Audit Cooperation). Along with other members of the association, the Group annually organises audits of suppliers, with the involvement of leading audit companies. In the process of audits, verification is carried out in five areas:

- > working conditions;
- > health and safety;
- > impact on the environment;
- > ethical standards; and
- > control systems.

JAC corporate social responsibility principles based on international standards (SA8000, ISO 14000, etc.) are used as evaluation criteria. On average, each JAC member company conducts five audits per year. Joint inspections allow association members to save financial and time resources, interact more effectively with suppliers, quickly identify weak links in production, eliminate shortcomings, and ultimately achieve increased sustainability of their supply chains.

At the end of each supplier audit, an audit report is generated and a corrective action plan is approved, the implementation of which is carefully monitored. Audit reports, corrective action plans, and information on the progress of implementation are stored in a single database that is available to all JAC participants. The five JAC audits planned for 2021 have been postponed to next year, primarily due to pandemic-related restrictions, with a total of ten audits planned for 2022, five of which have already been completed at the time of the Report's release.

About 1,900 partners and counterparties completed face-to-face and remote compliance training in 2021

Choosing suppliers that meet JAC requirements contributes to reducing any negative environmental impact, improving the working conditions of employees, and economic development.

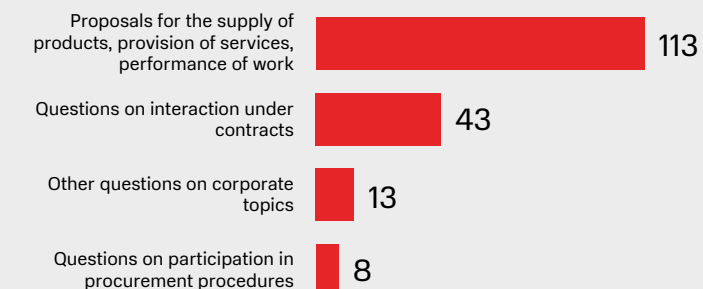
Interaction with Suppliers

In 2021, the following communication channels were used to interact with counterparties on the supply of manufactured products and services, on the conditions for participation in tenders, etc.:

- > external.hotline.mts@ru.ey.com (158 requests);
- > suppliers@mts.ru (19 requests).

A total of 177 requests were received, MTS responded to all requests.

Topics of Calls Received by the Procurement Management Hotline in 2021, Number of Calls



INTERACTION WITH SHAREHOLDERS AND INVESTORS

The high level of our responsibility to shareholders and investors is confirmed by a transparent information disclosure system, built in accordance with the requirements of the listing rules of the Moscow Exchange and the New York Stock Exchange.



See the list of MTS regulatory documents in the field of interaction with shareholders and investors in the [‘Appendices’](#) section

Regular reporting on the sustainable development of the MTS Group, including on ESG aspects, fully meets the growing demand from investors for information on management features, as well as on the results of its activities in the social and environmental sphere. This knowledge allows the entire range of risks to be objectively assessed in order to make the right investment decision.

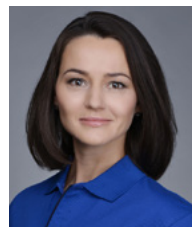
- > In December 2021, the Expert RA rating agency confirmed the MTS credit rating at ‘ruAAA’ in the Company review for 2021. The agency noted the high-quality organisation of risk management, strategic planning, and information transparency of the Company
- > In January 2022, the Russian agency NCR (National Credit Ratings) confirmed MTS’s ‘stable’ credit rating at AAA.ru



For more information about the MTS corporate governance system, see the [MTS PJSC Annual Report 2021](#)

MTS maintains a constant direct dialogue with shareholders and investors and is confident that it is the observance of the principle of transparency that ensures trusting relationships with these stakeholders.

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The year 2021 has become another landmark for MTS in expanding our cooperation with the investment community in the field of sustainable development. Leading investors are increasingly looking for opportunities to invest in socially responsible companies, and in 2021 MTS has improved its visibility in key areas. MTS has established itself as one of the leading Russian companies contributing to the social and economic development of the country.

Polina Ugrumova

MTS Investor Relations Director

In 2021, due to restrictions on the holding of public events caused by the coronavirus pandemic, the Company communicated with the investment community primarily online.

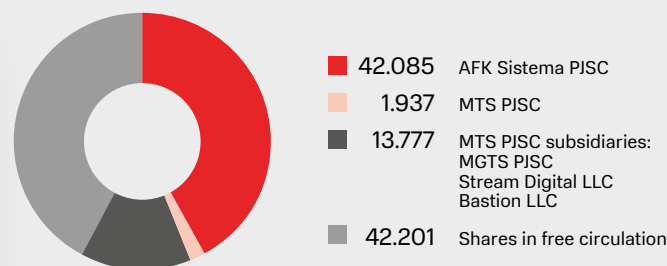
- > 90 press releases and blog posts were issued by the MTS IR team
- > 100 face-to-face and online meetings with representatives of leading institutional funds and investment banks
- > 15 international conferences with the participation of the MTS IR team

MTS Director for Investor Relations Polina Ugrumova took 1st place in the ‘Communications and Telecommunications’ section in the rating of the Association of Managers and Kommersant Publishing House’s ‘Top 1000 Russian Managers’

Share Capital Structure

AFK Sistema PJSC is the largest shareholder of MTS; together with its subsidiaries, as of 17 May 2022,¹ it owned 42.085% of MTS shares. Other major shareholders of MTS (MGTS PJSC, Stream Digital LLC, and Bastion LLC) are subsidiaries of MTS. MTS also owns 1.937% of its own shares (treasury shares). Thus, taking into account indirect participation through controlled companies, the effective share of Sistema JSFC in MTS as of 17 May 2022 was less than 50%. Vladimir Petrovich Evtushenkov is the beneficial owner of AFK Sistema PJSC.

Share Capital Structure of MTS PJSC as of 17 May 2022,² %



¹ Date of preliminary approval of the MTS PJSC Annual Report 2021 by the MTS PJSC Board of Directors.

² Information on the shares of MTS PJSC and the share capital structure is also provided in the MTS PJSC Annual Report 2021 in the [‘Capital and Securities’](#) section

Dividend Policy

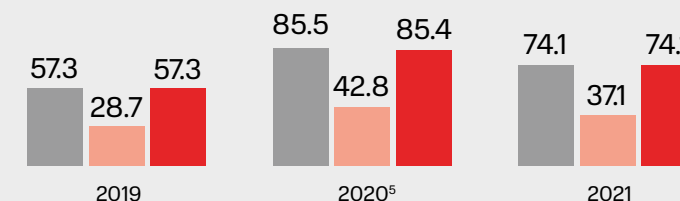
The General Meeting of Shareholders is the supreme governing body of the Company. In 2021, one annual and two extraordinary general meetings were held. At the Annual General Meeting and the Extraordinary General Meeting of Shareholders in September, a decision was made on the distribution of profits and the payment of dividends for the results of 2020 and the first half of 2021. According to MTS’s dividend policy, the target dividend yield was at least 28 roubles per ordinary share (56 roubles per ADR)³ during each calendar year.

Dividends were paid twice in 2021

In May 2022, the MTS Board of Directors recommended that the Annual General Meeting of Shareholders approve the payment of dividends for the 2021 financial year in the amount of 66.33 billion roubles, or 33.85 roubles per ordinary share. This amount also includes dividends to be paid on quasi-treasury shares. On 12 July 2022, the persons entitled to receive dividends were determined.

The Company’s previous three-year dividend policy ceased at the end of 2021. The adoption of a new dividend policy has been postponed for the present.

Dividends Paid by MTS PJSC⁴



■ Dividends paid per American Depository Receipt (ADP), roubles
 ■ Dividends paid per ordinary share, roubles
 ■ Dividends paid, total, bln roubles



The current share capital structure can be found on the website [mts.ru](https://www.mts.ru)



Full text of the 2019–2021 dividend policy

³ The Government Commission for the Control of Foreign Investments in the Russian Federation granted MTS’s request to continue the American Depository Receipts (ADR) programme and allowed the Company’s ADRs to continue circulation outside Russia until 12 July 2022.

⁴ Total dividends paid include dividends accrued on quasi-treasury shares held by MTS PJSC subsidiaries.

⁵ Including special dividends paid in the 1st quarter of 2020, in the amount of 13.25 roubles per ordinary share (26.5 bln roubles in total).

OPEN DIALOGUE WITH STAKEHOLDERS

GRI 2-29

MTS seeks to develop interaction and cooperation with all stakeholders based on the principles of mutual respect, partnership, and honesty. The Company maintains a constant dialogue with stakeholders and aims to identify the needs and expectations of each of them, maintaining a balance of interests.

Adhering to the principles of transparency, MTS develops channels of interaction that make it possible to promptly and fully obtain the necessary information and to the greatest extent meet the reasonable expectations of stakeholders.

Stakeholders of the MTS Group¹

What Tools/Mechanisms are Being Used for Interaction and Consideration of Opinions	What is Being Discussed in the Context of SD	Key Outcomes of Dialogue in the Context of SD in 2021
Retail Customers (consumers)		
<ul style="list-style-type: none"> > Direct negotiations > Unified Hotline > Free short contact centre number > Hotlines and unified numbers of verticals and directions of the Group > Automatic surveys on the quality of communication services provided > Calling customers by MTS call centre employees > Conducting an assessment of the quality of service using the 'secret shopper' method > Conducting audits of sales and service processes in retail network offices > Automated monitoring of queuing time in stores > Official Company social media accounts > Chats on the Group's websites 	<ul style="list-style-type: none"> • Quality of products and services • Pricing • Responsible business conduct • Information security and protection of personal data • Consumer Privacy 	<ul style="list-style-type: none"> • As of the end of 2021, the share of the population of Russia who have access to MTS PJSC mobile communication services is about 97% • 88% expanded coverage of digital products with quality metrics for comprehensive customer satisfaction assessment • Closed Loop Customer Service Improvement Project doubled customer satisfaction • In just the second half of 2021, the indicator of customer satisfaction with our official website increased by 3.5 times • The effectiveness of IVR (interactive voice menu) has increased to 65% • The MTS personal data protection system provides the 3rd level of security in accordance with the requirements of Russian Federation legislation • External audits confirmed the compliance of MTS Bank with the requirements of the Bank of Russia and international payment systems • Launch of a new financial Chatbot MTS Bank Now

What Tools/Mechanisms are Being Used for Interaction and Consideration of Opinions	What is Being Discussed in the Context of SD	Key Outcomes of Dialogue in the Context of SD in 2021
Corporate Customers		
<ul style="list-style-type: none"> > Direct negotiations > Unified Hotline > Free short contact centre number > Satisfaction assessment by key service parameters > Official Company accounts in social networks for business representatives 	<ul style="list-style-type: none"> • Information security and protection of personal data • Quality of products and service • Pricing • Responsible business conduct • Development and implementation of digital services for the needs of the customer 	<ul style="list-style-type: none"> • More than 15 corporate LTE / 5G network projects for leading Russian companies • Growth of IoT connections for 2021 — over 30% • Internet of Things (NB IoT) network coverage in more than 80 regions of the Russian Federation
Employees		
<ul style="list-style-type: none"> > Unified Hotline > Intracorporate portal Pulse > Corporate mailings > Mobile application My MTS > Feedback service 'MTS Karma' > Company CSR activities > Meetings and direct lines with Company's top management > 360° Engagement Survey > Employee digital profiles > Official HR-accounts of the Company in social networks 	<ul style="list-style-type: none"> • Salary and social package • Education and development • Working conditions, labour protection system, health and safety in the workplace • Industry development • Implementation of social and volunteer initiatives 	<ul style="list-style-type: none"> • The average salary in MTS is 277% higher than the national average • A programme of long-term motivation with shares has been developed • Employee satisfaction increased to 92% • 363,000 educational courses taken per year • Financing of internal corporate digital projects MTS StartUp Garage • Expenses for labour protection measures in MTS Group increased by 17% in 2021 • No occupational morbidity • More than 7500 MTS employees took part in MTS volunteer initiatives
Suppliers and Partners		
<ul style="list-style-type: none"> > Unified Hotline > Free short contact centre number > Hotlines and unified numbers of verticals and directions of the Group > Procurement Management Unit Hotline suppliers@mts.ru > Joint participation in industry and expert conferences/forums and other business events 	<ul style="list-style-type: none"> • Cooperation in the implementation of projects for the digitalisation of the economy and the socio-cultural sphere of the regions of presence • Creation and implementation of a complex of high-quality, convenient, and understandable products and services for various categories of customers • Proposals for the supply of products, the provision of services, the performance of work • Interaction within the framework of contracts • Participation in procurement procedures • Improving procurement activities, including regulatory documentation 	<ul style="list-style-type: none"> • Equal competitive opportunities and uniform rules for all procurement participants are provided • MTS Counterparty Code of Business Conduct was updated • The counterparty questionnaire provided by participants in the procurement procedures has been optimised • The degree of participation by economic security units in procurement procedures has been reduced • Development and promotion of the electronic trading platform 'MTS Trading' • > 1,000 MTS ecosystem partners • Satisfaction indicator of MTS as a business partner (NSAT) increased from 18 p.p. to 27 p.p. • 50 joint projects with major partners as part of the development of the ecosystem • 9 of 10 are ready to recommend MTS as a partner

¹ The list of key stakeholder groups was compiled by the working group for the preparation of this report.


What Tools/Mechanisms are Being Used for Interaction and Consideration of Opinions
What is Being Discussed in the Context of SD
Key Outcomes of Dialogue in the Context of SD in 2021
Local Communities, NGOs, Public Organisations

<ul style="list-style-type: none"> > Unified Hotline > Free short contact centre number > Hotlines and unified numbers of verticals and directions of the Group > Grant competitions > Joint participation in industry and expert conferences/forums and other business events > Informal meetings with opinion leaders > Partner projects 	<ul style="list-style-type: none"> • Financing social and charitable projects • Implementation of the Company's projects of high environmental and/or social importance • MTS Group environmental initiatives • Inclusive Support Programmes • Interaction with local communities in the regions of presence • Respect for human rights • Development of communication networks and telecommunications infrastructure 	<ul style="list-style-type: none"> • > 500 social events have been implemented • About 19.8 million people took part in MTS social projects • 60 metropolitan charitable organisations are connected to the MTS Bank service for collecting charitable donations on the mos.ru website • Assistance projects for vulnerable groups of the population: collection of food packages for the poor, and packages for first-graders from large families • Organisation of psychological assistance, including through free hotlines in the regions • > 1,800 communities from Russian regions received assistance and continue to cooperate with MTS • 6,000 volunteers took part in the programme • Partnership of MTS Bank with the Connection Foundation for the Support of the Deaf and Blind to launch a version of the online game 'Life by Touch' • The 'Non-Interview' project was implemented – a series of informal meetings of MTS top managers with bright people in the regions
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Government

<ul style="list-style-type: none"> > Joint participation in industry and expert conferences/forums and other business events > Agreements with regional authorities > Participation in expert councils and working groups under authorities on the development and functioning of the telecommunications industry > Hotlines and unified numbers of verticals and directions of the Group > Participation in national projects 	<ul style="list-style-type: none"> • Development of the digital economy • Bridging the digital divide • Using Big Data for urban development and management of housing and communal services systems • Improvement of sectoral legislation 	<ul style="list-style-type: none"> • Cooperation agreements for the development of the digital economy were signed with 20 constituent entities of the Russian Federation • In more than 30 regions of Russia, MTS is one of the key partners of the authorities in the digitalisation of economic and social sectors • > 5,000 socially significant objects are connected to the network • MTS Bank organised secure payment for state, municipal, and commercial services on the platforms of city portals and MFCs in 28 constituent entities of the Russian Federation • A set of solutions for government organisations has been prepared using geotargeting in the interests of the territories of presence
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What Tools/Mechanisms are Being Used for Interaction and Consideration of Opinions
What is Being Discussed in the Context of SD
Key Outcomes of Dialogue in the Context of SD in 2021
Shareholders and Investors

<ul style="list-style-type: none"> > General Meetings of MTS PJSC Shareholders in person > Video broadcast of shareholder meetings > Electronic voting system > Service for remote servicing of shareholders "Personal account of the shareholder "Reestr-Online" > Provision of information at the request of shareholders and investors > Distribution of information materials > Disclosure of information on securities and other financial instruments on the website of CJSC AK&M, an agency accredited by the Bank of Russia > Disclosure of information on the corporate website in the 'Investors and Shareholders' section > Disclosure of information on ESG issues in accordance with the best international practices, including through non-financial reporting > Group and individual meetings with analysts and investors > Participation in Russian and international conferences and road shows 	<ul style="list-style-type: none"> • Financial results of the MTS Group • Development strategy • Dividend payment • ESG agenda • Information security and data protection • Responsible business conduct • Quality of products and services • Corporate reporting, including sustainability reporting 	<ul style="list-style-type: none"> • Payment of dividends in the amount of 74.1 billion roubles • Answers to more than 30 inquiries from partner companies, rating agencies, representatives of the investment community • > 90 press releases and blog posts issued by the MTS IR team • > 100 face-to-face and online meetings with representatives of leading institutional funds and investment banks • Participation in 15 international conferences
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Other Companies in the Industry

<ul style="list-style-type: none"> > Participation in expert councils and working groups under the authorities on the development and functioning of the telecommunications industry > Participation in business associations > Participation in industry social initiatives > Joint participation in industry and expert conferences/forums and other business events > Participation in national projects > Participation in expert councils and working groups under the authorities on the development and functioning of the telecommunications industry > Partner projects 	<ul style="list-style-type: none"> • Collective protection of the interests of the industry • Safe Internet for users including children • Sharing network infrastructure objects • Responsible business conduct • Digitisation of the economy • Development of society and territories of operation 	<ul style="list-style-type: none"> • Promoting the introduction of an investment tax deduction mechanism for the telecom industry • Participation in the work of 35 business associations, including 14 industry associations • MTS signed the Code of Ethics for Artificial Intelligence • MTS was one of the founders of the Alliance for the Protection of Children in the Digital Environment and joined the Charter 'Digital Ethics of Childhood' • Joint project of operators for laying a high-frequency radiating cable in the subway
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ABOUT THE REPORT

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METHODOLOGY AND PRINCIPLES OF PREPARATION

In the MTS Group Sustainability Report 2021, we considered sustainable development through the prism of a new ESG strategy in accordance with the best world practices. The report focuses on the main events of the ESG transformation of MTS, and also talks about the implementation of various social and environmental initiatives, the development of ethical business practices, and responsible financing.

The chosen approach to content formation allows for a consistent and broader disclosure of data on the Group's contribution to sustainable development. It also gives the possibility to demonstrate progress on key indicators, present programmes, and initiatives for the reporting period and the near future. The report, among other things, reflects the proactive contribution of MTS to the achievement of the UN SDGs, reveals the relationship between business and the Company's ESG strategy, as well as the expectations and priorities of stakeholders. In addition, the non-financial report acquired a clearer perimeter and boundaries in the context of the main business verticals: Telecom, Fintech, Media, Retail, as well as key business areas of the Group.

The report is intended for a wide audience — it contains essential facts about the Company's business, describes key social and environmental initiatives, and discloses sustainability activities using metrics accepted by the professional community.

In the Report 2021, for the first time MTS discloses information taking into account three international documents on reporting in the field of sustainable development:

- > Global Reporting Initiative standards (GRI 2021)
- > recommendations of the Task Force on Climate-related Financial Disclosures, TCFD
- > industry standards — Software & IT Services, Internet media & services, Telecommunication services — Sustainability Accounting Standards Board (SASB)
- > Basic Performance Indicators, developed by the Russian Union of Industrialists and Entrepreneurs (RSPP) in accordance with the best domestic and international practices

The information published in this Report covers the activities of Public Joint Stock Company Mobile TeleSystems and its subsidiaries (MTS Group) from 1 January–31 December 2021 (unless otherwise noted). Quantitative data are presented as of the end of the year.

The Company's forward-looking statements and performance expectations are based on data from business units and subsidiaries available at the time the Report was prepared. The final results may differ from those stated due to the occurrence of circumstances and risks unknown at the time of planning.

Quantitative data for previous periods given in the report may differ from those published earlier due to clarifying restatement. A number of indicators, such as the total volume of generated and transferred waste, cannot be displayed in dynamics due to a change in the accounting methodology, therefore they are shown only for the reporting year.

The report was reviewed and approved by the MTS Board of Directors. The report is published on the Company's website in Russian and English.

Also, to better comply with the recommendations of public certification of the report for the previous period (minutes of the meeting of the RSPP Council on Non-Financial Reporting dated 28 July 2021), the MTS Report 2021 takes into account the following factors:

- > quantitative factors of progress are indicated and the results of activities are presented in the context of the fulfillment of the social and ESG tasks;
- > all key performance factors are disclosed for a period of at least three years, indicating, if possible, forecast performance factors for the next period;
- > the adopted factors that demonstrate the Company's contribution to the achievement of the UN Sustainable Development Goals are shown in specific measurable indicators;
- > the contribution of subsidiaries to the achievement of goals in each area of SD is presented in more detail;
- > the positive impact of services and products; and social, charitable, and environmental programmes; as well as other sustainable development initiatives on end users is described;
- > information on the results of the audit of suppliers, taking into account ESG factors, is disclosed;
- > information about the Group's social projects and their results is disclosed; and
- > information on the results of the Company's response to specific requests and proposals of stakeholders, as well as hedging measures in key areas of risk management within the framework of SD is disclosed.

Reporting Limits

The Report provides consolidated data on the activities of all areas of the MTS ecosystem in the field of sustainable development; financial and operational indicators are disclosed in accordance with IFRS standards. Sustainability data (ESG) is consolidated for the most significant subsidiaries, affiliates, and joint ventures that have a significant social and economic impact on the regions of operation.

The consolidated financial statements include the financial statements of the Company and those entities over which the Company controls the operating and financial activities. The list of the main subsidiaries, associates, and joint ventures of the Company included in the financial reporting perimeter is given in the Annual Report 2021.

DEFINITION OF MATERIAL TOPICS

GRI 3-1, 3-2, 3-3

MTS seeks to develop interaction and cooperation with all stakeholders based on the principles of mutual respect, partnership, and honesty. The Company maintains constant dialogue with them and aims to identify the needs and expectations of each of them, maintaining a balance of interests. Adhering to the principles of transparency, MTS conducts a spot measurement of the preferences of the main audiences interested in obtaining detailed information about the Company's sustainable development activities.

In the course of a survey conducted as part of the preparation for this Report, representatives of stakeholders rated 45 sustainability topics in terms of importance (low, medium, and high) for the Company's disclosure. Respondents identified the importance of disclosing information about a Company's impact on the economy, environment, and society, including its impact on human rights. Since the updated GRI industry standard for the telecommunications industry has not yet been developed, the list of topics has been expanded to include additional questions that reflect the specifics of the Company's activities. Issues of management of material topics are disclosed in the relevant thematic sections of the Report.

In the survey, 1,482 respondents took part, including retail users of the Group's products and services. The number representing various professional groups was 1,000 people.

According to the survey results, 11 topics were identified as priorities – in the report, these topics are given the most attention.

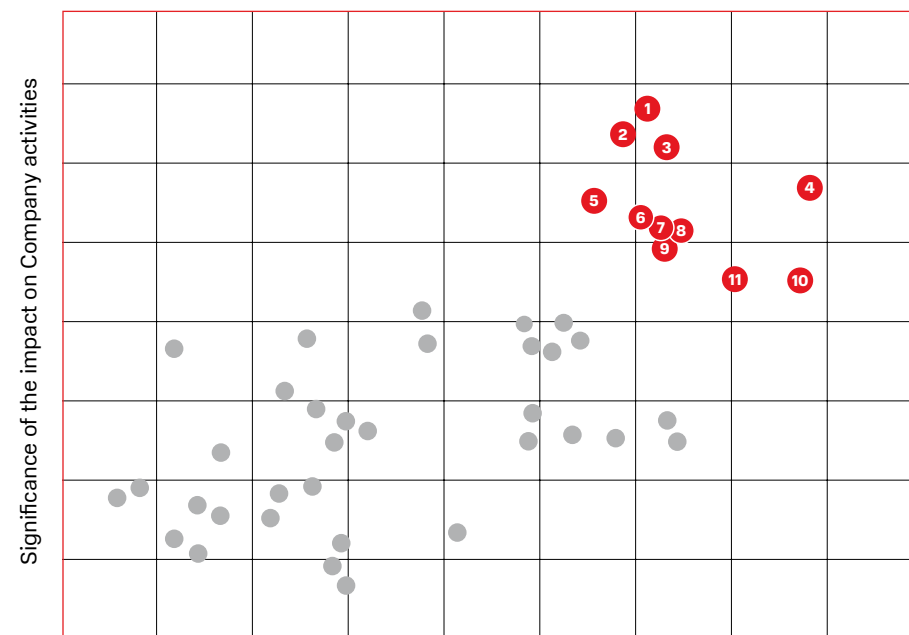
Priority Topics Reflecting the Company's Significant Impact

1. Information security and data protection
2. Quality of service and utilities
3. Safety of the Company's products and services for the consumer
4. Compensation and social programmes for employees
5. Respect for human rights
6. Employment, job placement in the regions of operation
7. Working conditions, labour protection system, health and safety in the workplace
8. Development and implementation of innovative technologies
9. Development of communication networks and telecommunications infrastructure
10. Implementation of projects of high environmental and/or social importance
11. Training and development of employees

For retail customers, the following aspects are important: 'Workplace conditions and safety, health, and safety' and 'Suppliers' compliance with labour and human rights'.

Among the priority topics of MTS employees are 'Working conditions and safety', 'Environmental initiatives of the Group' and 'Development of the MTS ecosystem'.

Partners and corporate clients singled out as an important topic 'Programmes to support small- and medium-sized businesses.'



The materiality matrix

11 of 45 topics identified as priorities in the stakeholder survey are marked in red

Significance of the Company's environmental, economic, and social impact



CONTACTS

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APPENDICES

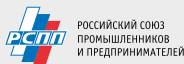
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RECOGNITION AND AWARDS



Организация Объединенных Наций

In 2021, the United Nations (UN) recognised that the MTS 'Generation M' charity programme developed the creative potential of children as one of the best global sustainable development practices and included the project among the world practices recognised by the UN as advanced in achieving the Sustainable Development Goals.



РОССИЙСКИЙ СОЮЗ ПРОМЫШЛЕННИКОВ И ПРЕДПРИИМАТЕЛЕЙ

The MTS project to create tourist guides for Russian cities and national parks won first place in the category 'The Best Corporate Social Investment Programme in the Territories, in the Context of Sustainable Development and Business Strategy'. This nomination was announced by the Russian Union of Industrialists and Entrepreneurs as part of the Leaders of Corporate Charity social projects competition.



INTERNATIONAL COMMUNICATION AWARDS

MTS's federal social and educational programme 'Urban Legends' received the International PROBA Awards 2021 Grand Prix for the most creative communication project. The Creative Grand Prix is awarded to companies and communication programmes with a bright idea and a unique creative solution that bring together a large number of participants and have significant public impact. The 'Urban Legends' project also won in the category 'Promotion of Territories', which celebrates effective and original practices for the worthy presentation of the country's regions and cities.



НПК

MTS President Vyacheslav Nikolaev won the Association of Communications Agencies of Russia (ACAR) 'Top Managers of National Business Communications Award' in the special category 'Sustainable Success'. The award is given for building a highly effective company communication system with customers, partners, and investors.



IoT AWARDS 2021

For 'IoT Company of the Year in Russia', MTS won the professional award in the field of IoT and related technologies, in the IoT Awards 2021.



The MTS business support project 'We Know Personally' received the national Runet award for the development of small- and medium-sized businesses in Runet. 'We Know Personally' is an interactive map of Russia that allows entrepreneurs to tell a new audience about themselves, and for clients to support local establishments: coffee shops, hairdressers, non-chain cafes, car repair shops, beauty salons, etc. Placing information on the map is free, businessmen can leave a request on the site to add their contacts to the online service.



XV Директор года

Regina von Flemming, an Independent Director on the Board of Directors of MTS, became the winner of the 15th National Director of the Year award in the Independent Director category. The award recognises the achievements of directors of Russian companies in implementing high standards of corporate governance.



ЛУЧШИЕ СОЦИАЛЬНЫЕ ПРОЕКТЫ РОССИИ

The project 'MTS Day in the Regional Centres for Employment of the Population of the Russian Federation' was recognised as the Best Social Project—2021, in the Corporate Projects category. The Company's project is aimed at the socialisation and employment of citizens with disabilities. As a result of the programme's implementation, more than 400 citizens with disabilities and applicants of the 40+ and 50+ age groups were socialised.



Зеленая премия

The complex 'MTS Life Cycle Laboratory' project was awarded a special Green Award in the Brands category. The award is organised by the Russian Environmental Operator. It is an assessment of the activities of regions, regional operators in the field of municipal solid waste management, as well as brands, cultural figures, public organisations, private initiatives, and educational institutions in the field of creating conscious consumption and proper waste management.



Cxf

MTS won the Best B2B Corporate Client Experience. Telecommunication Services with a case study on improving CJM and EJM during the pandemic.



hh

MTS took 11th place in the ranking of the Best Employers in Russia, compiled by the HeadHunter Group of Companies in 2021.

Forbes

MTS received the 'gold' status in the overall rating of the Best Employers in Russia according to Forbes magazine. The Company also received 'gold' in the Ecology and Employees and Society sub-ratings, and 'platinum' status in the Corporate Governance sub-rating.

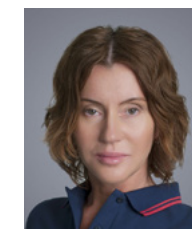


effie AWARDS RUSSIA

MTS won the Effie Awards Russia 2021 in the Ecosystem Brands nomination.

“

We at MTS are sincerely proud of the awards received in 2021 in areas related to sustainable development. They testify to the high assessment of the effectiveness of our social investments by the professional and expert community. These awards motivate us to move ahead and reach new horizons.



Elena Kokhanovskaya

MTS Director for External Communications and Public Relations

MEMBERSHIP IN ASSOCIATIONS AND ORGANISATIONS

2-28

- > National Radio Association, an association of national radio frequency resource users
- > Public-Government Association of Electronic Document Communications
- > Regional Commonwealth in the Field of Communications
- > Corporate Counsel Association, a non-profit partnership
- > Russian Union of Industrialists and Entrepreneurs, all-Russia association of employers
- > Competition Experts Association National Payment Association, an association of entities of the national payment system
- > Media Communication Union, a non-profit partnership for the development of the media industry
- > Association of Antimonopoly Experts
- > GSM Association
- > Forum for International Irregular Network Access
- > Russian Association of Public Relations (RASO), a non-profit partnership
- > Russian Managers Association, an interregional public organisation
- > Assistance to corporate media, a non-profit partnership
- > Safe Internet League, an association of internet industry players
- > Chamber of Commerce and Industry of the Kaliningrad Region
- > Chamber of Commerce and Industry of the Smolensk Region
- > Chamber of Commerce and Industry of the Kirov Region
- > Chamber of Commerce and Industry of the Republic of Bashkortostan
- > Chamber of Commerce and Industry of the Republic of Mordovia
- > UNISCAN/GS1 Russia, an automatic identification association
- > Moscow Confederation of Industrialists and Entrepreneurs (Employers), a regional association of Moscow employers
- > German–Russian Chamber of Commerce
- > Digital Economy, an autonomous non-profit organisation
- > Association of Big Data Market Participants
- > Kirov Union of Industrialists and Entrepreneurs, a regional association of employers
- > Joint Audit Cooperation (JAC)
- > Donors Forum, an association of grant-making organisations
- > Telecom Infra Project
- > Association of organisations for the development of open communication networks
- > All-Russian Intersectoral Association of Employers – the Union of Builders of Communications and Information Technology ‘SroySvyazTelecom’
- > Self-Regulatory Organisation – Interregional Industry Association of Employers ‘Union of Designers of Infocommunication Objects ‘ProjectSvyazTelecom’ Alliance, Association
- > Association ‘AI Alliance Russia’
- > 5G Future Forum (5GFF)

In addition, a number of subsidiaries are members of associations that unite participants in the respective markets.

TABLE OF COMPLIANCE WITH COMPANY INITIATIVES TOWARDS UN SDGS

SDGs and Targets	Projects	Results in 2021
1 No Poverty		
1.1 Reducing the proportion of men, women, and children of all ages living in poverty in all its dimensions	<ul style="list-style-type: none"> Assistance to local and micro-communities Prolongation of projects to support the older generation 	<ul style="list-style-type: none"> The project is being implemented in 77 regions More than 1,800 Russian communities received assistance and continue to cooperate with MTS 6,000 volunteers took part in the programme There are about 500,000 final beneficiaries As part of the project, MTS collected food and creative kits for the poor and first-grader kits for large families as part of the projects 'To School with MTS', 'Christmas Trees for Children', and 'Just Give Kindness' MTS volunteers organised the collection of necessary items as part of the 'With Love for Grandparents' social action As part of the Day of the Elderly, MTS volunteers organised an additional charitable collection of essential items for nursing homes in Russia In seven regions of Russia, as part of the Day of the Elderly, members of the MTS Group volunteer movement 'Just Give Kindness' went to residents of nursing homes for the elderly: more than 1,100 lonely elderly people received greetings from employees on the Day of the Elderly, including wishes on postcards drawn by employees' children as part of an internal corporate contest
1.2 Ensure that all men and women, especially the poor and vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control of land and other forms of property, inherited property, natural resources, appropriate new technologies and financial services, including microfinance	<ul style="list-style-type: none"> Development of LTE networks Provision of MTS Bank 'Family Mortgage' with state support 	<ul style="list-style-type: none"> In 2021, more than 25,500 4G base stations were put into operation. Construction volumes in 2021 exceeded the results of the previous period by almost 30%, and in the Moscow region, the growth of base stations of this standard was 2.7 times ahead of the volumes of 2020. In key regions, the LTE network grew by 40% MTS Bank joined the preferential state programme 'Family Mortgage'. The programme applies to the purchase of an apartment in a new building, as well as as part of the refinancing of mortgage loans taken from other banks, provided that the property was purchased from the developer
2 Zero Hunger		
2.1 End hunger and ensure that all, especially the poor and vulnerable, including infants, have access to safe, nutritious, and sufficient food all year round	<ul style="list-style-type: none"> 'Give Food with MTS Bank!' volunteer charity event Cashback up to 5% when paying with cards for purchases in supermarkets with MTS Bank cards 	<ul style="list-style-type: none"> Bank volunteers delivered more than 2,000 hot meals to members of vulnerable segments of society, including people in difficult life situations MTS Bank transferred a 500,000-ruble charitable donation to the Give Food Charitable Foundation as part of the the Giving Tuesday international Initiative

SDGs and Targets

Projects

Results in 2021

3 Good Health and Well-Being

3.4 Reducing premature deaths from noncommunicable diseases through prevention and treatment and promoting mental health and well-being

3.d Capacity building for early warning, risk reduction, and health risk management

- | | |
|--|---|
| <ul style="list-style-type: none"> • MTS solutions for healthcare | <ul style="list-style-type: none"> • MTS, together with Medsi Group, continued to develop a range of digital healthcare products and services based on the SmartMed mobile application — expanding the capabilities of telemedicine, making appointments and securely storing the patient’s medical history within the service • MTS has developed and launched the ‘Doctors Exchange’ and ‘Routing’ modules, to which more than 190 doctors of the Russian Federation are connected • Throughout 2021, MTS subscribers, including those located abroad, retained the possibility of free access to reference and information and hotlines to combat COVID-19 • In St Petersburg, MTS provided a hotline and received incoming calls to inform the public about COVID-19 |
| <ul style="list-style-type: none"> • e-Health Remote Health Monitoring Solutions | <ul style="list-style-type: none"> • MTS 120/80 is a free mobile application for monitoring the cardiovascular system |
| <ul style="list-style-type: none"> • Voluntary medical insurance programme (VMI) and accident insurance for employees | <ul style="list-style-type: none"> • MTS Group’s expenses for VHI amounted to 889 mln roubles • The cost of VHI per employee amounted to more than 16,000 roubles |
| <ul style="list-style-type: none"> • Psychological support programme for employees and clients | <ul style="list-style-type: none"> • The Beffo mobile application supports the psychological state of employees during a pandemic. Since 2022, the application has been available free of charge for all users • MTS continued organising psychological assistance through free hotlines in the regions • As part of the #InternetBezBulling project, which MTS is implementing in Belarus jointly with the United Nations Children’s Fund (UNICEF), a hotline for children and adolescents and online counseling by psychologists at kids.pomogut.by are being promoted. |
| <ul style="list-style-type: none"> • Preventive examinations of MTS employees | <ul style="list-style-type: none"> • 1,332 and 5,163 employees of MTS PJSC passed preliminary and periodic medical examinations, respectively • The Company provides free of charge overalls and personal protective equipment to employees employed in work with harmful and/or dangerous working conditions. Upon hiring, employees of such specialties undergo preliminary, and later periodic medical examinations. • MGTS PJSC organised timely provision of certified overalls, footwear, and other personal protective equipment to 3,147 employees, milk and other equivalent food products — to 472 employees, flushing and neutralising agents — to 2,426 employees • In 2022, as part of the internal corporate project ‘Be Healthy with MTS’, the Company, in partnership with MEDSI Group, launched a programme for a comprehensive examination of employee health — the check includes laboratory, instrumental, and functional diagnostics |
| <ul style="list-style-type: none"> • Preventive measures in connection with the COVID-19 pandemic | <ul style="list-style-type: none"> • Regulatory requirements for vaccination are observed • During the whole of 2021, 30% of employees worked remotely, recommendations were followed in the salons and offices of the Group to reduce the incidence and spread of COVID-19 • MTS Bank joined the programme implemented by the SME Corporation and the Bank of Russia for concessional lending to small- and medium-sized businesses most affected by coronavirus restrictions |
| <ul style="list-style-type: none"> • MTS services for organising safe working conditions | <ul style="list-style-type: none"> • On the basis of MTS technological solutions, SMS services informed citizens about restrictive measures and measures to combat the spread of COVID-19. The services for generating digital and SMS passes for movement during restrictive and quarantine measures were operating • MTS developed and launched a solution to identify people with elevated body temperature using intelligent video surveillance systems |

SDGs and Targets

Projects

Results in 2021

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| <ul style="list-style-type: none"> Healthy Lifestyle Support Programme for Employees | <ul style="list-style-type: none"> The internal corporate project 'Be Healthy with MTS', jointly with Medsi Group, includes off-site lectures, seminars, webinars, and master classes for Group employees, as well as a wide range of educational and information programmes and materials to increase knowledge about disease prevention and health continues to be implemented Over 2,000 employees participating in the On the Move internal corporate programme in 2021 |
| <ul style="list-style-type: none"> Implementation of the MTS Group strategy in the field of health, safety, and well-being, based on the concept of 'Zero injuries' (Vision Zero) | <ul style="list-style-type: none"> The expenses for labour protection measures in MTS Group in 2021 amounted to 178.3 million roubles 99% of jobs are characterised by acceptable working conditions Accident severity rate decreased by 45% to 30.4% No cases of occupational diseases since 2020 |
| <ul style="list-style-type: none"> 'Donor's Day' volunteer action | <ul style="list-style-type: none"> 249 volunteer participants in 5 cities of the Russian Federation took part in the action 115 liters of blood were collected The employees of Nizhny Novgorod organised the 'Bone Marrow Donation' volunteer campaign |
| <ul style="list-style-type: none"> 'Generation M' charity project | <ul style="list-style-type: none"> Project participants generated more than 22 million roubles through their creative activities, that MTS allocated for the treatment of seriously ill children. In framework of this programme a large-scale charitable movement was created in Russia |

4 Quality Education

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| 4.1 Free, equitable, and quality primary and secondary education | <ul style="list-style-type: none"> 'Generation M' charity project | <ul style="list-style-type: none"> Free additional education for children and adolescents in 69 regions of the Russian Federation — educational courses have been launched in more than 15 creative areas Classes are conducted by 250 teachers in various creative areas: With 30 million course views during the programme implementation |
| 4.3 Equal access to affordable and quality vocational and higher education, including university | <ul style="list-style-type: none"> Cooperation with higher educational institutions in the field of training for the digital technology sector Cooperation with higher educational institutions in the field of training personnel for the sphere of culture and media | <ul style="list-style-type: none"> Launch of educational programmes on IT development for students and young professionals under the cooperation agreement between MTS Bank and MIPT Launch of online master's programmes 'Smart Region: Sustainable Development in the Digital Economy' with Ural Federal University Agreement on strategic partnership for the development of digital education with YaGTU 'Digital Technologies in Business' Master's programme jointly with the Moscow Institute of Physics and Technology and the SKOLKOVO School of Management, full scholarships from MTS to 20 best students Agreement on industrial partnership with the Higher School of Economics Organisation of a series of online auditions for applicants from creative universities from the regions in GITIS as part of the Generation M project 10 GITIS students receive nominal MTS scholarships |
| 4.4 Increasing the number of people with in-demand skills, including vocational skills, for employment and entrepreneurship | <ul style="list-style-type: none"> Education and practical training of personnel at the MTS Corporate University Free educational courses for IT specialists MTS.Teta | <ul style="list-style-type: none"> There are 1,000 distance courses in 20 areas Number of total annual training hours increased by 60% in 2021 3,803 employees completed internal training 4,768 people completed face-to-face external training 289,097 courses have been completed at the Corporate University Launch of the MTS.Teta digital school, which includes 6 courses for IT professionals 4 project groups of students of the NRU HSE FCS implemented projects to develop an analytical repository for media services. As a result of the defence of their dissertation, students were employed in MTS product teams |

SDGs and Targets

Projects

Results in 2021

SDGs and Targets	Projects	Results in 2021
	<ul style="list-style-type: none"> Summer school MTS.Teta 	<ul style="list-style-type: none"> Launch of a free two-month, three area intensive course for IT specialists MTS.Teta Summer School
	<ul style="list-style-type: none"> MTS corporate library 	<ul style="list-style-type: none"> 12,185 readers 35,756 reading hours
	<ul style="list-style-type: none"> Attracting talented youth through the MTS internship system 	<ul style="list-style-type: none"> 465 trainees of the MTS Intro programme 163 trainees of the Start with #Fintech programme
	<ul style="list-style-type: none"> Free webinars and workshops to support small and medium businesses 	<ul style="list-style-type: none"> Conducting educational online and offline events for businesses in the regions of operation Open lectures by speakers of the 'MTS Garage' project on the development of entrepreneurial and product thinking Webinars and lectures by MTS Bank speakers for business representatives and the self-employed
	<ul style="list-style-type: none"> 'We Know Personally' interactive business support project 	<ul style="list-style-type: none"> MTS publishes educational and useful content for creating and developing a business in the communication channels of the project. The total coverage is about 4 million users Entrepreneurs can communicate with each other to exchange experiences in the online communities and social networks of the project. The total audience is over 33,000 users
	<ul style="list-style-type: none"> MTS Media educational platform 	<ul style="list-style-type: none"> There are more than 17 million views of the site's educational materials of the site and the channel of the same name on Yandex.Zen
	<ul style="list-style-type: none"> Free lectures and master classes for students by MTS Bank 	<ul style="list-style-type: none"> MTS Bank, together with the Sistema Charitable Foundation, held a lecture on vocational guidance for senior students of Moscow State University There are lectures on UX design at the Summer Psychological School of Moscow State University 'UX Research Workshop in Cyberpsychology'
4.5 Eliminate gender disparity in education and ensure equal access to education and vocational training for vulnerable groups	<ul style="list-style-type: none"> Volunteer programmes for teaching the older generation how use computers and mobile devices 	<ul style="list-style-type: none"> There is a range of educational events for the elderly and people with limited mobility, those who live in remote corners of Russia, or who observed the 'home regime' There are 65 topics to explore
	<ul style="list-style-type: none"> 'Financial Literacy for Everyone!' MTS Bank educational project 	<ul style="list-style-type: none"> MTS Bank volunteers conducted a financial literacy lesson for students of the I Understand Centre for the Development and Support of Deaf and Hard of Hearing Children and Their Parents and talked about the development of digital banking and fintech, digital hygiene, and the basic rules of cybersecurity. The lecture was accompanied by a translation into Russian Sign Language There is an accessible educational online and offline content for a wide audience that promotes financial literacy and the availability of fintech knowledge
	<ul style="list-style-type: none"> A series of online and offline educational initiatives of the Digital Literacy and Use of Digital Devices Group 	<ul style="list-style-type: none"> Coverage of social media activities in 2021 amounted to 77 million users
	<ul style="list-style-type: none"> Free online school for the older generation #TeachYourFamily in Belarus 	<ul style="list-style-type: none"> The project to improve the digital literacy of older people was developed The course consists of 10 lessons with practical tasks and educational videos, after which the participants pass an online test and receive an online certificate from MTS The project was created on the basis of the Tablet from Scratch volunteer initiative, under which thousands of pensioners have been trained since 2015
	<ul style="list-style-type: none"> MTS 'Generation M' charitable project 	<ul style="list-style-type: none"> Free additional education for children and adolescents in 69 regions of the Russian Federation, regardless of the social status of their parents. Educational courses are available online and offline in more than 15 creative fields

SDGs and Targets**Projects****Results in 2021**

4.7 Developing the knowledge and skills in students necessary to promote sustainable development, including through learning

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| <ul style="list-style-type: none"> • 'Ecology Day with MTS' • 'Children about the Planet' | <ul style="list-style-type: none"> • More than 3,000 participants • Over 15,000 participants |
| <ul style="list-style-type: none"> • Corporate volunteer puppet theatre | <ul style="list-style-type: none"> • The MTS Theatre repertoire includes 18 educational performances for spectators of a variety of ages • Over 50 performances annually • Theatre performances are also held in orphanages, rehabilitation centres, hospitals, nursing homes, and other social institutions • 50,000 online and offline viewers per year • 150 puppeteers • MTS annually organises the 'Doll FEST' festival of MTS volunteer theatres, which gathers more than 900 viewers offline and more than 15,000 online from all over Russia • The repertoire includes performances on the theme of ecology and environmental education: 'The Adventures of Ekoneshka', 'Saving Planet Earth' |
| <ul style="list-style-type: none"> • Educational initiatives of MTS Bank on financial literacy | <ul style="list-style-type: none"> • There is educational online and offline content in the bank's communication channels, accessible to a wide audience, and promoting financial literacy and digital knowledge • There is a section on the bank's website with security rules for financial transactions, as well as the test 'Deceive a scammer' • MTS Bank supported a free All-Russian online financial literacy championship for schoolchildren, students, and teachers, in which more than 7,000 teams took part • On International Children's Day, the bank launched the SMM project 'Let's Protect Children from Cyber Threats Together' — publication of training content in the bank's official social media accounts |
| <ul style="list-style-type: none"> • Online safety training programmes for children and teenagers | <ul style="list-style-type: none"> • There is educational content about digital hygiene on the children's page of the site 'Safety is Easy' • For 'Digital Kids Day' MTS IT volunteers conduct interactive lectures on digital hygiene for children from orphanages and social institutions • The MobiQuiz intellectual game in which schoolchildren from all regions of Belarus took part was held for high school students • On the official YouTube channel of MTS in Belarus, the materials 'Children on the Internet' are posted, where popular bloggers acted as digital literacy teachers. The videos have received over 16,000 views |
| <ul style="list-style-type: none"> • Joint project of MTS and the United Nations Children's Fund (UNICEF) in Belarus — #InternetNoBullying | <ul style="list-style-type: none"> • The programme is aimed at preventing bullying on the Internet among children and adolescents: special training videos and test simulators have been created • Hotline for children and adolescents and other tools of the website for supporting victims of bullying — kids.pomogut.by is promoted • MTS in Belarus organised a fundraising campaign — the collected funds were used to train specialists working with victims of bullying |
| <ul style="list-style-type: none"> • Implementation of environmental education programmes | <ul style="list-style-type: none"> • More than 15,000 people took part in environmental education projects • More than 500 eco-lessons were conducted in more than 300 educational and social institutions in Russia. Volunteers from MTS Group employees also took part in this work. • There have been more than 2 million views of MTS educational content on environmental topics |

SDGs and Targets

Projects

Results in 2021

5 Gender Equality**5.5** Full and meaningful participation of women and their equal opportunities for leadership

- Participation of women in Company management
- 'MTS – a Company for Everyone' programme
- "Business accelerator 'Lady 007'" Project
- 'Observance of Human Rights in the Workplace' compliance programme

- As of 31 December 2021, there are two women on the MTS Board of Directors, and two women on the Management Board
- Deputy Chairman of the Board of Directors of MTS Regina von Flemming won the 15th national award 'Director of the Year' in the 'Independent Director' category
- In MTS Fintech, 60% of employees are women, who occupy almost half (49%) of management positions, which is 6% more than the previous year
- An annual assessment is carried out in terms of compliance with human rights, the principles of diversity, equity, and inclusion in all divisions of the Group
- 28 in-depth interviews of employees with special needs were carried out. The results of these interviews were taken into account in the work of HR
- 124 employees with disabilities were employed by MTS Group in 2021
- A two-month educational course and grant support for women entrepreneurs in the regions of Russia
- There are about 1,000 participants in the accelerator in six cities of Russia
- 566 MTS Group employees completed an educational course

7 Affordable and CleanEnergy**7.1** Universal access to affordable, reliable, and modern energy supply

- Energy Efficiency Improvement Programme for MTS Facilities
- Data Centre Energy Management
- 'EcoVillage Network' programme for introducing energy-saving systems in Armenian villages

- 4,263,700 kWh of electricity savings in 2021
- The PUE index of MTS data centres is within 1.41 – with the average index of data centres in the world ~1.59
- The use of an adiabatic cooling system in the MTS Data Centre, which makes it possible to reduce electricity consumption by up to 30%
- Viva-MTS and the Foundation for the Conservation of Wildlife and Cultural Property (FPWC) introduced an energy-saving outdoor lighting system in Armenian villages

7.2 Increasing the share of energy from renewable sources in the global energy balance

- Use of renewable energy sources

- Power to base stations is provided from alternative energy sources
- Consumption of electricity from renewable energy sources in MTS PJSC in 2021 amounted to 23,722 kWh
- Viva-MTS purchased 84 450W panels and 16 300W panels in 2021. In total, 469 solar panels are involved in the subsidiary in Armenia

8 Decent Work and Economic Growth**8.3** Promoting productive activity, decent job placement, entrepreneurship, creativity, and innovation. Recognition and development of micro, small, and medium enterprises, providing them with access to financial services

- 'We Know Personally' business and small business support programme
- 'Garage MTS' internal corporate accelerator

- 41 cities are covered by the project
- 2,800 small business locations were placed on the map
- Participants submitted 167 ideas for implementation, 21 of which were selected for acceleration
- 35 regions participate in the project

SDGs and Targets

Projects

Results in 2021

	<ul style="list-style-type: none"> Investments in innovation and digital start-ups 	<ul style="list-style-type: none"> MTS expenses for technological innovations in 2021 amounted to 31.8 billion roubles 488 million roubles were invested by the end of 2021 by the corporate venture fund in start-ups 2 enrollments in the MTS StartUp Hub corporate accelerator in 2021 were held, within which 21 pilots were launched, and 13 projects were scaled up 3 MTS StartUp Hub technology laboratories operate in Moscow, St Petersburg, and Nizhny Novgorod 19 residents of MTS 5G centres completed the incubation programme Incubation of new technologies also takes place at the site of the MTS partner in Kazakhstan — Astana HUB
	<ul style="list-style-type: none"> Support for innovation activities of Russian universities 	<ul style="list-style-type: none"> MTS launched an educational programme to develop devices for the NB-IoT Internet of Things network in cooperation with leading technical universities in Russia. The Company distributed 77 starter kits for the development of energy-efficient IoT solutions
	<ul style="list-style-type: none"> 'Non-Interview' project 	<ul style="list-style-type: none"> 8 informal video meetings of MTS management with well-known representatives of the region in 2021, in which participants discussed topical issues of the subject
	<ul style="list-style-type: none"> Assistance programmes for individual entrepreneurs and small businesses from MTS Bank 	<ul style="list-style-type: none"> 3-in-1 service for trading companies with a free online cash desk and cash settlement services, as well as preferential acquiring for 1% Clients of settlement and cash services (CSS) of MTS Bank from the small business segment, as well as individual entrepreneurs receive accruals up to 3% on the account balance The special offer was launched — new clients of the MTS Group from among individual entrepreneurs and companies in the small business segment can open a current account with free service with the 'Exact' tariff. By choosing this format of settlement and cash services (CSS), entrepreneurs can use the saved funds for business development Since May 2021, the operating day has been extended in remote banking systems (RBS) for small businesses 'Client-Bank' and 'MTS Business' A campaign for new clients in this segment with a total prize fund of one and a half million roubles was carried out — 'We Give 1.5 Million Roubles for Business Development'
	<ul style="list-style-type: none"> 'Employment Promotion' accession of MTS Bank to the federal project 	<ul style="list-style-type: none"> The project brings together 85 Russian universities and major employers from various fields for free training in modern professions. As part of the partnership, MTS Bank takes part in the development of distance learning and advanced training programmes for employees of fintech companies In 2021, as part of the project, about 170,000 citizens were able to gain new knowledge, and from 2022, at least 115,000 people will undergo retraining annually
8.5 Employment and decent work for all women and men, including young people and people with disabilities, equal pay for equal work	<ul style="list-style-type: none"> 'MTS – A Company for Everyone' intra-corporate project 	<ul style="list-style-type: none"> 269 employees with disabilities were employed by MTS Group in 2021
	<ul style="list-style-type: none"> 'Perspective — Path to a Career' support for the volunteer project OOIP 	<ul style="list-style-type: none"> Every year, MTS supports the Path to Career competition for graduates and students with disabilities to provide young professionals with disabilities with employment opportunities In 2021, an MTS representative became a member of the expert jury, and MTS Bank employees held an interactive lecture on financial literacy for contest participants More than 550 candidates received skills in modern forms of employment and entered the MTS database of promising applicants
	<ul style="list-style-type: none"> Support for the 'Available to All' project 	<ul style="list-style-type: none"> As part of the programme of the inclusive festival 'Accessible History' at the Historical Museum and the project 'MTS Days at the Historical Museum', MTS volunteers took part in organising the training of deaf and hard of hearing guides on the main exposition of the Historical Museum
	<ul style="list-style-type: none"> Holding 'MTS Day' in employment centres 	<ul style="list-style-type: none"> Free educational events were held for 250 applicants at the My Job Centre in Moscow The contacts of over 140 applicants were included in the HR database of MTS Group As part of the Scaling up project, the MTS Days event in 2021 was also held in Ryazan, Nizhny Novgorod, and Novosibirsk

SDGs and Targets**Projects****Results in 2021**

8.8 Protecting labour rights and providing a safe and secure work environment

- 'Observance of Human Rights in the Workplace' compliance programme

- 566 MTS Group employees completed the online educational course 'Human Rights in the Workplace'
- No cases of discrimination were reported in 2021

- Evaluation of working conditions

- 38,363 jobs were assessed for working conditions
- 99% of MTS Group jobs are characterised by acceptable working conditions

- Dealing with employee complaints

- 894 complaints about labour practices were filed through formal filing mechanisms
- All complaints were resolved

8.9 Sustainable tourism that promotes job placement, local culture, and local products

- Using Big Data to assess tourism potential

- 36 regions and cities use MTS expertise in the analysis of tourist flows

- The 'Urban Legends' project

- Unique folk audio guides with a focus on places and events that are appreciated and loved by locals were created
- About 6.3 million Russians are involved in the implementation of the program
- 45 cities received unique folk guides, including 13 new cities in 2021

- The 'Cultural Code' project

- By the end of 2021, the project covered 54 regions. 30,000 people, including 4,000 volunteers, took part in organising project events

Industry, Innovation and Infrastructure

9.1 Quality, reliable, sustainable infrastructure to support economic development and human well-being, providing affordable and equitable access for all

- Network infrastructure development

- 97% of the population of Russia have access to MTS mobile services
- At the end of the year, 98% of the entire territory of the Republic of Belarus was covered by a cellular communication network
- MTS is one of the top three leaders in the Russian broadband Internet market. At the end of 2021, 4.2 million households used MTS services in this segment
- By the end of 2021, tariff plans with Internet access speeds up to 1 Gbps became available on 61% of the MTS network
- In November 2021, Russia's first 5G telecom solution based on Open RAN was successfully tested

- Digital solutions for the development of territories of operation

- As of 2021, MTS has entered into cooperation agreements for the development of the digital economy with 20 constituent entities of the Russian Federation. The Company signed 9 such agreements in the reporting period
- In more than 30 regions of Russia, MTS is one of the key partners of the authorities in the digitalisation of the economic and social sectors
- In 2021, MTS launched a platform to search for commercial losses in power grids
- Implementation of the IoT solution of MTS 'Digital Vodokanal' for collecting and analysing information from pressure sensors and metering devices for water supply systems. For example, in the Chelyabinsk region, thanks to the service, the correct algorithms for paying for the services of suppliers were set up
- MTS Digital Real Estate and Smart Home telemetry technologies allow companies and private users to monitor various engineering systems, collect readings from metering devices, as well as provide intelligent access to buildings and video surveillance, reliable data collection and processing, and optimise equipment operation, control water loss, and greatly reduce electricity consumption

SDGs and Targets

Projects

Results in 2021

	<ul style="list-style-type: none"> Solutions for the development of the digital economy 	<ul style="list-style-type: none"> Contracts worth 3.93 billion roubles were concluded as part of the Digital Economy national project MTS was selected as the executor of government contracts for connecting socially significant facilities to the Internet in 7 constituent entities of the Russian Federation, as well as in Moscow and St Petersburg MTS participates in the implementation of the federal project 'Regulatory Regulation of the Digital Environment', which is part of the national project the 'Digital Economy of the Russian Federation' In 2021, MTS took part in the work of the interdepartmental working group to coordinate the activities of the pilot project to create a Unified Information Resource on Land and Real Estate in four regions of the Russian Federation MTS Bank organised secure payment for state, municipal, and commercial services on the platforms of city portals and MFCs in 28 constituent entities of the Russian Federation
<p>9.3 Access of small industrial and other enterprises to financial services, including low-cost credit, increasing their integration into value chains and markets</p>	<ul style="list-style-type: none"> Digital solutions for industry and other industries Small and medium business support programmes of MTS Bank 	<ul style="list-style-type: none"> As part of the state programme to support demand for Russian radio electronics, MTS created the Internet of Things Competence Centre under the Public Expert Council under the Office of the Government of the Russian Federation. MTS is defined as the base company of the Centre MTS Bank joined the programme for concessional lending to business entities most affected by coronavirus restrictions at a rate of 8.5% implemented by SME Corporation JSC and the Bank of Russia The Bank launched a pilot project to provide pre-approved offers to customers based on their transactional activity — 208 loans were issued in the four months of the pilot for a total of 338 million roubles Compared to the previous reporting period, the Bank serves 11% more customers in the small business segment; in 2021, MTS Bank issued MTS Business corporate cards to 27,000 customers, which make it easier to do business and also makes it possible to receive discounts and special offers from the Group's partners, including entrepreneurs — cardholders can receive cashback up to 50,000 roubles
<p>9.5 Activation of scientific research, building up technological potential, including by stimulating innovation</p>	<ul style="list-style-type: none"> Investments in innovation and digital start-ups Support for innovation activities of Russian universities 	<ul style="list-style-type: none"> MTS spending on technological innovation in 2021 amounted to 31.8 billion roubles Investments of the corporate venture fund in startups at the end of 2021 amounted to 488 million roubles Two enrollments were made to the MTS StartUp Hub corporate accelerator in 2021, within which 21 pilots were launched, 13 projects were scaled up Three MTS StartUp Hub technology laboratories operate in Moscow, St Petersburg, and Nizhny Novgorod 19 residents of MTS 5G centres completed the incubation program Incubation of new technologies also takes place at the site of MTS partner in Kazakhstan — Astana HUB MTS launched an educational programme to develop devices for the NB-IoT Internet of Things network in cooperation with leading Russian technical universities — the Company distributed 77 starter kits for the development of energy-efficient IoT solutions
<p>9.c Increasing access to information and communication technologies and ensuring universal and affordable access to the Internet</p>	<ul style="list-style-type: none"> Digitalisation of the infrastructure of settlements 	<ul style="list-style-type: none"> Capital expenditures of the group in 2021 amounted to 111 billion roubles More than 5,000 socially significant objects of the Russian Federation are connected to the Internet More than 47 cities were covered by the large-scale programme of modernisation and construction of fixed communication networks in 2021 As part of the development of the LTE network in the Republic of Belarus, 1,009 new base stations were launched in 2021, in Armenia — 399 At the end of 2021, 4.2 million households used MTS broadband services About 40 billion roubles were invested in modernizing the network in Moscow, increasing the speed of mobile Internet by 35% in Moscow and the Moscow region

SDGs and Targets

Projects

Results in 2021

10 Reducing Inequalities

10.1 Income growth for the poorest part of the population

- [‘Technologies for Life’](#) section of the MTS Media website
- MTS Bank ‘Financial Literacy for Everyone!’ educational project
- A series of online and offline educational initiatives of the Digital Literacy and Use of Digital Devices Group

- Publication of informational materials on benefits and payments for various categories of the population and recommendations for saving money: in total in 2021 — more than 17 million views of the educational materials of the site and the channel of the same name on Yandex.Zen
- Accessible educational online and offline content for a wide audience that promotes financial literacy and the availability of fintech knowledge
- Coverage of activities in social networks in 2021 amounted to 77 million users

10.2 Active participation of all people in social, economic, and political life, regardless of age, gender, disability, etc.

- Availability of MTS offices
- For people with limited mobility
- Projects in support of socially vulnerable groups of the population
- Support for the ‘Available to All’ project
- ‘Doll FEST’ annual festival of MTS volunteer theatres
- Projects to support the employment of socially vulnerable groups of the population

- In 2021, 207 MTS communication stores were equipped. Equipment installation costs amounted to 53 million roubles
- 29 MTS Bank offices are equipped with ramps and are accessible for people with limited mobility
- MTS Bank, together with the So-edinenie Foundation, launched a special version of the ‘Life by Touch’ online game to support the deaf and blind, the initiative reached 200,000 people
- MTS took part in Dobropoezd 2021, the All-Russia campaign to support people with disabilities
- A series of educational events was held for the elderly and people with limited mobility, those who live in remote corners of Russia, or who observed the ‘home regime’. The series includes 65 topics to explore
- MTS Bank volunteers held a master class on digital hygiene and the basic rules of cybersecurity for students of the I Understand Centre for the Development and Support of Deaf and Hard of Hearing Children and Their Parents. The event was accompanied by translation into Russian sign language
- The TeachYourFamily free, online digital literacy school is organised for the older generation in Belarus
- As part of the Night of Museums campaign and the Accessible History Inclusive Festival, with the support of MTS volunteers, events were held for the deaf and hard of hearing, the blind and visually impaired, as well as visitors with intellectual disabilities
- A conference was held for the professional community as part of the Accessible History Inclusive Festival at the branch of the Historical Museum in Tula. This conference was dedicated to organising an inclusive environment in cultural institutions
- Theatre performances were held in orphanages, rehabilitation centres, hospitals, nursing homes, and other social institutions
- The Path to a Career contest for young professionals with disabilities was supported by our Company. In 2021, an MTS representative became a member of the expert jury. MTS Bank volunteers held an interactive lecture on financial literacy for the participants of the competition. More than 550 candidates received modern forms of employment skills and entered the database of promising applicants
- On 9 December 2021, MTS Day was held at the My Job flagship Centre in Moscow as part of the ‘MTS is a Company for All’ project aimed at employing people with disabilities
- Free educational activities for 250 applicants with disabilities were held at the My Job Centre in Moscow
- Scaling of the MTS Days project — the event in 2021 was also held in employment centres in Ryazan, Nizhny Novgorod, and Novosibirsk

10.c Reducing transaction costs associated with migrant remittances

- Services of MTS Bank
- Launch of free transfers to CIS countries by phone with instant crediting of funds in national currency from a bank card, electronic wallet, or mobile personal account of an MTS subscriber in the MTS Bank mobile application, as well as through the MTS Money service
- Launching the transfer of funds to CIS countries without commission from the MTS CASHBACK card

SDGs and Targets

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Results in 2021

11 Sustainable Cities and Communities

11.2 Safe, affordable, accessible, and sustainable transport systems

- Organisation of mobile communications at transport infrastructure facilities

- In Moscow, coverage is provided at all metro stations and in most tunnels. The equipment was replaced at 112 stations and coverage was provided at 10 new stations
- In the St Petersburg metro, 72 stations on five metro lines and 51 hauls are covered by the main mobile communication standards

11.7 Access to safe, accessible, and inclusive green spaces and public spaces, especially for women and children, the elderly, and people with disabilities

- MTS volunteer action in Darovoye Park area
- 'Urban Legends' project
- 'Cultural Code' project
- 'Power Place' project

- Planting an apple orchard and gooseberry bushes, cleaning deadwood in the adjacent forest area
- 48 online tours of Russian cities
- More than 10 illustrated guides to the cultural places of the country

- As part of the project, MTS creates various technological products for the development of ecotourism and increasing the accessibility of nature reserves, natural, and specially protected areas
- In 2021, 10 socially useful digital products (VR films, audio guides, video monitoring systems with AI technology, educational materials with augmented reality elements, interactive books about protected areas, etc.) were created, 350,000 active participants were involved in 5 regions of Russia

12 Responsible Consumption and Production

12.5 Waste reduction, prevention, recycling, and reuse

- 'Life Cycle Laboratory' integrated ecosystem project

- The Group organised a separate collection of recyclable materials:
- 177 tons of recyclables, 650 kg of plastic waste and 82 tons of waste paper were sent for processing
- 6 tons of non-ferrous and 63 tons of ferrous metals were transferred for processing
- Over 350 pieces of discarded wooden office furniture in non-working condition was transferred for processing for the production of recycled chipboard

- Programmes for the collection and disposal of equipment and used batteries

- 3,106 kg of batteries were transferred for recycling
- As part of a pilot project at MTS Bank, over 400 kg of used telephones and other small electronic equipment were transferred for recycling

- Plastic collection and recycling programmes

- MTS takes an active part in the Good Caps campaign — in 2021, more than 270 kg of plastic caps were collected, which is 8% more than in the previous reporting period
- In 2021, MTS Bank joined the implementation of an eco-charity project and organised a collection point at the head office
- MTS Bank launched the 'Future Without Plastic' advertising campaign and increased the issuance of virtual bank cards by 4.5 times compared to 2020, which made it possible to reduce plastic consumption by 7.5 tons

- Equipment reuse

- Over 800,000 customer equipment has been repaired and refurbished for reuse during the SUPERWAVE partner project
- A trade-in was organised in the MTS retail network — in the reporting period, over 15,000 telephones were handed over to specialised organisations for repair or restoration
- On the MTS Trading online platform, used MTS equipment is sold back to the manufacturer or specialised companies for reuse or disposal with the extraction of valuable components

- Electronic document management system

- 100% of MTS procurement procedures are carried out electronically through the EDI module (subject to the counterparty having appropriate IT systems)
- up to 19.5% of paper, or about 500,000 sheets, is saved per year,

SDGs and Targets	Projects	Results in 2021
12.6 Sustainable production practices and reporting on sustainable resource use	<ul style="list-style-type: none"> Publication of information as part of sustainability reporting 	<ul style="list-style-type: none"> Publication of the MTS Group Sustainability Report for 2021 Annual disclosure on the CDP platform
12.8 Providing people with information and knowledge about sustainable development and lifestyles in harmony with nature	<ul style="list-style-type: none"> 'Power Place' project 	<ul style="list-style-type: none"> Implementation of an interactive portal for online travel in the Zyuratkul National Park (Southern Urals) Launch of an online educational quiz for the whole family to get acquainted with the national parks and reserves of Russia — users, regardless of location, have the opportunity to take a virtual walk along scenic routes
	<ul style="list-style-type: none"> 'EcoProf' business game 	<ul style="list-style-type: none"> 'EcoProf' is a series of business games aimed at developing responsible thinking in children and young people Within the framework of the project, a three-day intensive course was held for elementary and high school students
	<ul style="list-style-type: none"> ESG education and mentoring 	<ul style="list-style-type: none"> Since 2018, together with Effie Russia, MTS has been implementing a programme to promote the 17 UN Sustainable Development Goals — the programme popularises the best Russian and international cases aimed at ensuring the sustainable development of society The forum 'Brands with Meaning: who will the consumer choose tomorrow?', jointly with Effie, which popularises the ESG agenda among business representatives, has gotten more than 50,000 views in 2021 At the end of October 2021, MTS held the annual MTS open conference 'Sustainable Development and ESG. The Social Aspect', which was attended by more than 1,600 online viewers
12.b Develop and implement tools to monitor the sustainable development impact of sustainable tourism, which contributes to job placement, local culture, and local products	<ul style="list-style-type: none"> Eco-education programmes 	<ul style="list-style-type: none"> Eco-educational events for employees and the population of the regions of presence are held online and offline In 2021, over 3,000 people took part in the 'Ecology Day with MTS' project The project 'ECO Day of the Family with MTS' brought together more than 400 participants
	<ul style="list-style-type: none"> Digital services for the development of domestic tourism 	<ul style="list-style-type: none"> In 2021, as part of the 'Power Place' project, camera traps, video surveillance with AI technology, and other monitoring software were launched in protected areas to develop domestic tourism and preserve unique natural species. For example, MTS provided the National Park in Primorsky Krai (Land of the Leopard) with software for automatic recognition of animals in photographs. Previously, scientists had to manually sort the images, the annual volume of which is up to 950,000 images. As part of the 'Cultural Code' project, MTS implements initiatives to preserve cultural and historical values and develop domestic tourism: for example, to preserve the disappearing folklore of the Evenks, the indigenous people of Siberia and the Far East, a book of Evenk fairy tales has been created in print and audio format

13 Climate Action

13.1 Resilience and adaptability to climate hazards and natural disasters	<ul style="list-style-type: none"> Programme of carbon management and climate risk assessment 	<ul style="list-style-type: none"> Creation of the ESG Committee of the Board of Directors, as well as the ESG Centre involved in the creation and approval of the Company's carbon management programmes Identification of environmental, natural and climatic risks Creation of services aimed at reducing the 'carbon footprint' of customers, such as autonomous air quality monitoring stations and solutions based on auto-telematics, which reduce equipment downtime by 10%, thereby reducing CO2 emissions into the atmosphere Participation in the GSMA working group, participation in the development of industry documents GSMA strategy paper on circular economy for network equipment and GSMA Scope 3 guidance
	<ul style="list-style-type: none"> Internet of Things to solve environmental problems 	<ul style="list-style-type: none"> MTS offers a range of solutions aimed at reducing the carbon footprint, including autonomous air quality monitoring stations, solutions based on auto-telematics, the implementation of which in a factory vehicle auto park, or in a logistics centre reduces equipment idle time by up to 10% and, accordingly, helps reduce CO2 emissions into the atmosphere At the Progress Russian Antarctic station, MTS deployed the NB-IoT network: trackers, multisensors and sensors connected to the Internet of Things from the Arctic and Antarctic Research Institute help to study the movement of glaciers and snow cover, control the condition of avalanches, and the microclimate in residential and work areas

SDGs and Targets

Projects

Results in 2021

13.3 Education, information dissemination, and opportunities for climate change mitigation, adaptation, and early warning

- Eco-educational projects

- Prolongation of the [MTS ECO Calculator project](#), where employees can calculate their environmental footprint
- Prolongation of the ECOchallenge with [MTS project](#), where employees can complete simple tasks and learn how to reduce their environmental footprint

15 Life on Land

15.1 Saving, restoration, and sustainable use of terrestrial and inland freshwater ecosystems

- Carrying out a campaign on compensatory plantings
- Federal programme for digitalisation of work with waste with the support of the Russian Ecological Society
- Participation of MTS employees in the charity run of AFK Sistema #ZaLes

- In 2021, employees of MTS branches planted 180 trees and shrubs in five regions most affected by forest fires
- Employees of the MTS branch in Kaliningrad held a campaign to strengthen the coastline and dunes in the Curonian Spit National Park, as well as an eco-subotnik with tree planting in the Theodore Kron City Park.
- MTS supported the event of the Global Compact Network, timed to coincide with Earth Day landscaping of the territory of the Central Botanical Garden in Minsk. The activity was held under the auspices of the Sustainable Development Goals 'Conservation of Terrestrial Ecosystems' and 'Partnership for Sustainable Development'
- A digital solution that allows regions to control the removal and disposal of municipal solid waste
- 756 employees of the Group took part in the race — each kilometer covered by the participants is converted into money that the Sistema Charitable Foundation allocates for planting forests

16 Peace, Justice, and Strong Institutions

16.5 Significant reduction in corruption and bribery in all their forms

- 'Anti-Corruption Compliance and Business Ethics' programme

- 26,703 MTS Group employees were trained in anti-corruption procedures
- For timely detection of violations and prompt response, the Company has an anonymous Unified Hotline: the electronic form is available in 21 languages
- As part of the broadcasting of ethical business conduct on behalf of middle managers — 'tone in the middle' — in 2021, more than 400 events were held with the participation of more than 57,300 employees in MTS PJSC, about 700 events of the Group's subsidiaries with the participation of more than 137,800 employees
- In autumn 2021, MTS Group conducted a compliance culture assessment survey with the support of a leading independent international agency. The results of the survey showed a high level of understanding of compliance controls, as well as employees' perception of the compliance culture in the Group as a whole

17 Partnership for the Goals

17.16 A partnership for sustainable development complemented by multi-stakeholder partnerships

- Membership in the GSM Association industry organisation
- The 'Social Idea' Grant Competition
- 'Sustainable Development and ESG. Social aspect' MTS Conference

- Participation of MTS in the development of the GSMA Scope 3 guidance document
- Participation of MTS in the development of the industry document GSMA strategy paper on circular economy for network equipment
- 726 applications from 11 countries in the categories 'Ecology' and 'Inclusion' were submitted to the competition, which is 15% more than in the previous reporting period
- 322 projects were selected for participation in the competition, 32 teams reached the final
- 19 product prototypes were developed, 2 were selected for development, 4 projects received grant support
- More than 1,600 viewers connected to the online broadcast of the conference
- 42 speakers took part in the discussion, live broadcast was available to a wide audience

SDGs and Targets**Projects****Results in 2021**

	<ul style="list-style-type: none"> ESG education and mentoring 	<ul style="list-style-type: none"> Since 2018, together with Effie Russia, MTS has been implementing a programme to promote the 17 UN Sustainable Development Goals — the programme popularises the best Russian and international cases aimed at ensuring the sustainable development of society The forum 'Brands with Meaning: Who will the consumer choose tomorrow?', jointly with Effie, which popularises the ESG agenda among business representatives, has gotten more than 50,000 views in 2021 At the end of October 2021, MTS held the annual MTS open conference 'Sustainable Development and ESG. The Social Aspect', attended by more than 1,600 online viewers
	<ul style="list-style-type: none"> Digital services for the development of domestic tourism 	<ul style="list-style-type: none"> In 2021, as part of the 'Power Place' project, VR films, audio guides, educational materials with elements of augmented reality, interactive books about protected areas, etc. were launched. 350,000 active participants in 5 regions of Russia are involved in the implementation of these projects As part of the 'Urban Legends' project, MTS interactive tours were launched in 45 cities across the country. Interactive tours were launched in 13 more cities in 2021 Digitisation of existing places of cultural and historical heritage for accessible online study and visits, including with the aid of VR technologies, is one of the priority areas of the Cultural Code project. At the end of 2021, the project covered 54 regions, and 30,000 people, including 4,000 volunteers, took part in organising project events
<p>17.17 Effective partnerships between government organisations, between the public and private sectors and between civil society organisations, drawing on the experience and strategies for using partners' resources</p>	<ul style="list-style-type: none"> Partnership aimed at digitalisation and socio-economic development of the Russian Federation 	<ul style="list-style-type: none"> Participation in the federal project 'Information Infrastructure', which is part of the national project 'Digital Economy of the Russian Federation' Contracts were signed under the Digital Economy national project in the amount of 3.93 billion roubles In 2021, MTS took part in the work of an interdepartmental working group to coordinate the activities of a pilot project to create a Unified Information Resource on land and real estate in 4 regions of the Russian Federation As part of the state programme to support demand for Russian radio electronics, MTS created the Internet of Things Competence Centre under the Public Expert Council under the Office of the Government of the Russian Federation. MTS is defined as the base company of the Centre
	<ul style="list-style-type: none"> Partnership aimed at digitalisation and socio-economic development of the regions of the Russian Federation 	<ul style="list-style-type: none"> In 42 regions, MTS is one of the key partners in the development of the digital economy and socio-cultural cooperation Cooperation agreements for the development of the digital economy were concluded with 20 constituent entities of the Russian Federation, 9 agreements were signed in 2021 Connecting socially significant objects in 7 regions of the Russian Federation, as well as in Moscow and St Petersburg to the Internet MTS Bank organised secure payment for state, municipal, and commercial services on the platforms of city portals and MFCs in 28 constituent entities of the Russian Federation MTS Bank joined the programme for concessional lending to business entities most affected by coronavirus restrictions at a rate of 8.5% implemented by SME Corporation JSC and the Bank of Russia
	<ul style="list-style-type: none"> Solutions for non-residents of MTS Bank 	<ul style="list-style-type: none"> MTS Bank launched free transfers to CIS countries by phone with instant transfer of funds in national currency MTS Bank has expanded the service of cross-border transfers to the CIS countries — transfers without commission can be made through modern self-service terminals in bank offices and communication stores

GRI INDEX AND INDICATOR DETAILS

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
1	Organisation and its reporting practices	
2-1	Organizational details	
2-2	Entities included in the organization's sustainability reporting	
2-3	Reporting period, frequency and contact point	
2-4	Restatements of information	
2-5	External assurance	
2-6	Activities, value chain and other business relationships	
2-7	Employees	3.1.1
2-8	Workers who are not employees	
2-9	Governance structure and composition	3.1.2
2-10	Nomination and selection of the highest governance body	

Essential topic

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
2-11	Chair of the highest governance body	
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	
2-16	Communication of critical concerns	
2-17	Collective knowledge of the highest governance body	
2-18	Evaluation of the performance of the highest governance body	
2-19	Remuneration policies	
2-20	Process to determine remuneration	



Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs	
2-21	Annual total compensation ratio	MTS PJSC Annual Report 2021 (partial)	
2-22	Statement on sustainable development strategy	Message from the MTS Group President Message from the Chairperson of the ESG Committee pp. 3, 4	
2-23	Policy commitments	ESG-strategy: Focus Points p. 20	
2-24	Embedding policy commitments	Approach to Activities in the field of Sustainable Development p. 19	
2-25	Processes to remediate negative impacts	Sustainable Development Risk Management p. 26 Unified Compliance System p. 85	
2-26	Mechanisms for seeking advice and raising concerns	Unified Hotline p. 89	
2-27	Compliance with laws and regulations	Unified Compliance System p. 85	
2-28	Membership associations	Membership of Associations and Organisations Appendice p. 105	3.3.5
2-29	Approach to stakeholder engagement	Open Dialogue with Stakeholders p. 97 Engagement with Stakeholders on Environmental Issues p. 32	
2-30	Collective bargaining agreements	Respect for Human Rights p. 28	3.1.4
3-1	Process to determine material topics	Definition of Material Topics p. 101	
3-2	List of material topics	Definition of Material Topics p. 101	

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs	
3-3	Management of material topics	Definition of Material Topics p. 101	
201-1	Direct economic value generated and distributed	Partial Disclosure — Consolidated Financial Statements of MTS PJSC and Subsidiaries:	1.2 1.3 1.4 1.6 1.7
201-2	Financial implications and other risks and opportunities due to climate change	Key Climate Risks p. 34	
201-3	Defined benefit plan obligations and other retirement plans	Corporate Pension Provision p. 76	1.8
201-4	Financial assistance received from government	Tax Management p. 92	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Motivation and Reward (partial) p. 76	
202-2	Proportion of senior management hired from the local community	New Employees (partially) p. 73	
203-1	Infrastructure investments and services supported	Key ESG Indicators p. 16	
203-2	Significant indirect economic impacts	Social Responsibility p. 49	
204-1	Proportion of spending on local suppliers	Responsible Supply Chain p. 94	
205-1	Operations assessed for risks related to corruption	Anti-Corruption p. 86	
205-2	Communication and training about anti-corruption policies and procedures	Compliance Training for Employees p. 87	
205-3	Confirmed incidents of corruption and actions taken	None	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None	
207-1	Approach to tax	Tax Management p. 92	

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
207-2	Tax governance, control, and risk management	Tax Management p. 92
207-3	Stakeholder engagement and management of concerns related to tax	Tax Management p. 92
207-4	Country-by-country reporting	Tax Management p. 92
301-2	Recycled input materials used	Waste Management p. 39
301-3	Reclaimed products and their packaging materials	Waste Management p. 39
302-1	Energy consumption within the organization	Energy Efficiency p. 36
302-4	Reduction of energy consumption	Energy Efficiency p. 36
302-5	Reductions in energy requirements of products and services	Irrelevant
303-1	Interactions with water as a shared resource	Water Consumption p. 39
303-2	Management of water discharge-related impacts	Water Consumption p. 39
303-3	Water withdrawal	Water Consumption p. 39
303-4	Water discharge	Water Consumption p. 39
303-5	Water consumption	Water Consumption p. 39
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
304-2	Significant impacts of activities, products, and services on biodiversity	N/A

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
305-1	Direct (Scope 1) GHG emissions	Key Climate Risks p. 34
305-2	Energy indirect (Scope 2) GHG emissions	Key Climate Risks p. 34
305-3	Other indirect (Scope 3) GHG emissions	CDP Reporting, Key Climate Risks p. 34
305-4	GHG emissions intensity	Carbon Management (partial) p. 33
305-5	Reduction of GHG emissions	Key Climate Risks p. 34
306-1	Waste generation and significant waste-related impacts	Waste Management p. 39
306-2	Management of significant waste-related impacts	Waste Management p. 39
306-3	Waste generated	Waste Management p. 39
306-4	Waste diverted from disposal	Waste Management p. 39
306-5	Waste directed to disposal	Waste Management p. 39
308-1	New suppliers that were screened using environmental criteria	Responsible Supply Chain p. 94
308-2	Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain p. 94
401-1	New employee hires and employee turnover	New Employees p. 73
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Package p. 76
401-3	Parental leave	Diversity, Equity & Inclusion p. 71

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
402-1	Minimum notice periods regarding operational changes	At least two months prior to a critical event
403-1	Occupational health and safety management system	Occupational Health and Safety Management p. 78 3.1.9
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety Management p. 78 3.1.5 3.1.6 See also website: Evaluation of working conditions – Moscow 3.1.7 3.1.8
403-3	Occupational health services	Occupational Health and Safety Management p. 78
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Management p. 78
403-5	Worker training on occupational health and safety	Training on Occupational Health and Safety p. 80
403-6	Promotion of worker health	Worker Health p. 79
403-7	Prevention and mitigation of occupational health and impacts directly linked by business relationships	JAC Supplier Audits p. 95
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety Management p. 78
403-9	Work-related injuries	Injury Prevention p. 80 3.1.5 3.1.6 3.1.7 3.1.8
403-10	Work-related ill health	Worker Health p. 79

Indicator	Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
404-1	Average hours of training per year per employee	Training p. 75 3.1.10 3.1.11
404-2	Programs for upgrading employee skills and transition assistance programs	Training p. 75
404-3	Percentage of employees receiving regular performance and career development reviews	Evaluation of Individual Effectiveness p. 77
405-1	Diversity of governance bodies and employees	Board of Directors, Management Board, and President p. 24
405-2	Ratio of basic salary and remuneration of women to men	Motivation and Reward p. 76
406-1	Incidents of discrimination and corrective actions taken	Respect for Human Rights p. 28 3.2.2
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respect for Human Rights p. 28 3.1.4
408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights p. 28
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights p. 28
410-1	Security personnel trained in human rights policies or procedures	Respect for Human Rights p. 28
411-1	Incidents of violations involving rights of indigenous peoples	None 3.2.3
412-1	Operations that have been subject to human rights reviews or impact assessments	Respect for Human Rights p. 28
412-2	Employee training on human rights policies or procedures	Respect for Human Rights p. 28
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Respect for Human Rights p. 28



Indicator		Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility p. 49	3.3.2 3.3.3
413-2	Operations with significant actual and potential negative impacts on local communities	None	3.3.3
414-1	New suppliers that were screened using social criteria	Responsible Supply Chain p. 94	
414-2	Negative social impacts in the supply chain and actions taken	Responsible Supply Chain p. 94	
415-1	Political contributions	None	
416-1	Assessment of the health and safety impacts of product and service categories	Development of LTE Networks p. 49	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None	
417-1	Requirements for product and service information and labeling	Educational Projects to Improve Digital Literacy p. 64	
417-2	Incidents of non-compliance concerning product and service information and labeling	None	
417-3	Incidents of non-compliance concerning marketing communications	None	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of Personal Information p. 44	

Indicator		Report Section	Basic Indicators of Russian Union of Industrialists and Entrepreneurs
	Additional topics based on the results of the materiality assessment		
	Information security and data protection	Protection of Personal Information Protection Against Cyber Threats Group Information Security	
	Quality of service	Customer Service Quality	
	Development and implementation of innovative technologies	Innovation as a Driver of Social Progress MTS for development of digital economy	3.3.1 3.3.4
	Development of communication networks and telecommunications infrastructure	Key Markets by Verticals MTS for the Development of Territories of Operation Network Infrastructure Development	

SASB INDEX AND INDICATOR DETAIL

SASB (Sustainability Accounting Standards Board) Internet Media & Services Telecommunication Services Software & IT Services

The Code	Accounting Metric	Report Section
TC-IM-130a.1	(1) Total amount of energy consumed	(1) Energy efficiency
TC-TL-130a.1	(2) Percentage of electricity received from power supply systems	(2) Energy efficiency
TC-SI-130a.1	(3) Percentage of energy derived from renewable sources	(3) Energy efficiency
TC-IM-130a.2	(1) Total water withdrawal	(1) Water consumption
TC-SI-130a.2	(2) Total water consumption, proportion of consumption in regions with high or extremely significant water scarcity	(2) Water consumption
TC-IM-130a.3	Discussion of integrating environmental considerations into strategic planning for data centre needs	Energy efficiency of data centres
TC-SI-130a.3		
TC-IM-220a.1	Description of policies and practices related to behavioural advertising and user privacy	Group information security
TC-TL-220a.1		Protection of personal information
TC-SI-220a.1		
TC-IM-220a.2	Number of users/customers whose information is used for secondary purposes	Group information security
TC-TL-220a.2		Protection of personal information
TC-SI-220a.2		
TC-IM-220a.3	Total amount of monetary losses resulting from litigation related to breach of user/customer privacy	None
TC-TL-220a.3		
TC-SI-220a.3		
TC-IM-220a.4	(1) Number of requests from law enforcement to provide user/customer information	No data
TC-TL-220a.4		
TC-SI-220a.4	(2) Number of users whose information was requested (3) Disclosure percentage	
TC-IM-220a.5	List of countries where key products or services are subject to government monitoring, blocking, content filtering, or censorship	No data
TC-SI-220a.5		

The Code	Accounting Metric	Report Section
TC-IM-220a.6	Number of government requests to remove content, percentage of requests completed	No data
TC-IM-230a.1	(1) Number of data leaks	(1) None
TC-TL-230a.1	(2) Percentage of personal information used (PII)	(2) No data
TC-SI-230a.1	(3) Number of affected users/customers ¹	(3) None
TC-IM-230a.2	Description of the approach to identifying and mitigating data security risks, including the use of third-party cybersecurity standards	Protection against cyber threats
TC-TL-230a.2		Group information security
TC-SI-230a.2		Protection of personal information
		Antifraud
TC-IM-330a.1	Share of employees who are foreign citizens ²	Staffing and Job Placement
TC-SI-330a.1	Share of employees (1) who are foreign citizens (2) offshore ³	(1) Staffing and Job Placement (2) None
TC-IM-330a.2	Engagement of employees as a percentage	Motivation and reward
TC-SI-330a.2		Volunteering

¹ Note TC-IM-230a.1, TC-TL-230a.1, TC-SI-230a.1 Disclosure must include a description of the corrective action taken due to the data breach. Disclosure shall include a description of corrective actions implemented in response to data breaches.

² Note on TC-IM-330a.1. Disclosure must include a description of the potential risks associated with hiring foreign nationals and the management approach to address those risks. Disclosure shall include a description of potential risks of recruiting foreign nationals and management approach to addressing these risks.

³ Note to TC-SI-330a.1. Disclosures must include a description of the potential risks associated with hiring foreign nationals and/or offshore employees, and management's approach to addressing these risks. Disclosure shall include a description of potential risks of recruiting foreign nationals and/or offshore employees, and a management approach to addressing these risks.



The Code	Accounting Metric	Report Section
TC-IM-330a.3 TC-SI-330a.3	Percentage representation of both sexes and racial/ethnic groups (1) among the management (2) among the technical staff and (3) among all other employees	Staffing and Job Placement
TC-TL-440a.1	(1) Materials retrieved under take-back programmes, percentage of recovered materials that were (2) reused (3) recycled and disposed of (4) buried	Responsible use of resources Waste management
TC-IM-520a.1 TC-TL-520a.1 TC-SI-520a.1	The total amount of monetary losses resulting from litigation related to the regulation of anti-competitive behaviour ¹	None
TC-TL-520a.2	Average actual sustained download speed (1) own and commercial content and (2) unrelated content	No data
TC-TL-550a.1	(1) Average frequency of system interruption and (2) average interruption duration for a client ²	No data
TC-SI-550a.1	Number of (1) performance issues and (2) service interruptions (3) total customer downtime	No data
TC-SI-550a.2	Description of business continuity risks associated with operation interruption	Sustainable development risk management
TC-TL-550a.2	Discussion of systems for ensuring uninterrupted service during disruptions	No data

¹ Note to TC-TL-520a.1, TC-IM-520a.1, TC-SI-520a.1. The organisation should briefly describe the features, specifics, and any corrective actions taken in connection with the occurrence of monetary losses. The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

² Note to TC-TL-550a.1. Disclosures must include a description of each significant performance issue or service outage, as well as any corrective actions taken to prevent future outages. Disclosure shall include a description of each significant performance issue or service disruption and any corrective actions taken to prevent future disruptions.

The Code	Accounting Metric	Report Section
TC-IM-000.A	Enterprise user activity metric	MTS today: ecosystem, business, development MTS for the development of regions of presence MTS for the development of the digital economy
TC-SI-000.A	(1) Number of licenses or subscriptions (2) Percentage of cloud technologies	Intellectual property management (IP compliance) MTS licenses
TC-IM-000.B TC-SI-000.B	(1) Data processing capabilities, (2) Share of outsourcing	MTS Big Data Centre
TC-IM-000.C TC-SI-000.C	(1) Data storage capacity (2) Share of outsourcing	Protection against cyber threats Ethics of technology development Innovation as a driver of social progress
TC-TL-000.A	Number of wireless subscribers	MTS Group 2021
TC-TL-000.B	Number of wired subscribers	MTS Group 2021
TC-TL-000.C	Number of broadband access subscribers	Development of fixed networks
TC-TL-000.D	Network traffic	

TCFD INDEX AND INDICATOR DETAILS

Scope of Disclosure and Recommended Disclosures	Location of Disclosure/Comment
Management	
Governance disclosure for climate risks and opportunities	
a. Role of the Board of Directors in overseeing climate risks and opportunities	Sustainable development management system Sustainable development risk management Environmental impact management Carbon management
b. Role of management in assessing and managing risks and opportunities	Sustainable development management system Sustainable development risk management Environmental impact management Carbon management
Strategy	
Actual and potential impact of climate risks and opportunities on business, strategy, and financial planning of the organisation	
a. Climate risks and opportunities that the organisation has identified for the short, medium, and long term	Environmental impact management Carbon management Key climate risks
b. Impact of climate risks and opportunities on the organisation's business, strategy, and financial planning	Environmental impact management Carbon management Key climate risks
c. Sustainability of the organisation's strategy under different climate scenarios, including a climate change scenario of 2°C or less	Environmental impact management Carbon management
Risk management	
Identification, assessment, and management of climate risks	
a. Organisational processes for identifying and assessing climate risks	Sustainable development risk management Environmental impact management Carbon management Key climate risks

Scope of Disclosure and Recommended Disclosures	Location of Disclosure/Comment
b. Organisational processes for climate risk management	Sustainable development risk management Environmental impact management Carbon management Key climate risks
c. Integration of climate risk identification, assessment, and management processes into the overall risk management system	Sustainable development risk management Environmental impact management Carbon management Key climate risks
Metrics and target indicators	
Metrics and target indicators used to assess and manage relevant climate risks and opportunities in cases where such information is relevant	
a. Metrics used by an organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Environmental impact management Carbon management
b. GHG Emissions and Risks: Scope 1, Scope 2 and, if applicable, Scope 3	Carbon management CDP-reporting
c. Target indicators used by the organisation to manage climate risks and opportunities, results of achieving target indicators	In 2022, it is planned to determine the KPI to reduce the carbon footprint In 2022, MTS, based on an analysis of the opportunities that open up for the Company in connection with climate change processes, also plans to continue to take a set of measures to reduce its carbon footprint, with a focus on a conservative plan to reduce greenhouse gas emissions and introduce IoT for the market

GLOSSARY

2G, 3G, 4G and 5G — mobile communication standards of different generations, differing in data rate.

Accelerator — intensive educational programme for startups.

Agile — one of the most actively used agile methodologies for an interactive approach to software development project management.

AI — Artificial Intelligence.

AI — Artificial Intelligence. The field of computer science that deals with the development of intelligent computer systems capable of imitating human behaviour and performing creative and intelligent functions.

AR — Augmented Reality.

Autotelematics — a set of devices that, using satellite communications, collects and transmits data on vehicle control and condition in real time.

BBA — broadband or high-speed Internet access using dial-up access with a modem and public telephone network.

Big Data — significant amount of data produced in large information systems, which are analysed using special computer technologies and high computing power.

Bullying — harassment, aggressive behaviour, intentional negative actions directed at a particular person, provided that the forces or power of the participants are imbalanced.

Cashback — refunding part of the costs of paying for goods and services.

Chatbot — a computer programme that simulates a dialogue with a person in accordance with a given scenario and allows interactive communication with digital devices.

CIPF — Cryptographic Information Protection Facility.

Cloud technologies — a complex of IT technologies that allow storing and processing information on remote servers on the Internet.

Coaching — a method of counselling and training in which a personal trainer (coach) supports and helps in achieving professional and personal goals.

Codec — a programme for converting to store, transmit, or encrypt a data stream.

Compliance — an element of the management/control system in the organisation, aimed at preventing the actions of the company's employees and contractors that are contrary to the law, as well as the implementation of corporate business ethics based on compliance with the letter of the law.

Converged Products — end-to-end digital solution that combines multiple products or services, such as satellite TV and mobile internet.

Credit broker — financial market participant acting as an intermediary between the bank and the borrower.

DE&I — Diversity, Equity, and Inclusion.

DPC — data processing centre, a complex of server and network equipment, disk storage, and technical solutions connected to a data transmission network and designed for automation and uninterrupted business processes.

Dynamic pricing — a system of flexible adaptation of prices to market conditions and to changes in the company's internal factors in real time.

Ecosystem — a set of products and services united around a single company.

EDMS — Electronic Document Management System. System of electronic legally significant document management between organisations.

ESG — sustainable development of business based on the principles of a responsible attitude to the environment (E), social responsibility (S), and high-quality corporate governance (G).

ESV Codec — Enhanced Voice Services. Ultra-wideband speech coding standard developed for VoLTE with audio bandwidth up to 20 kHz.

Factoring — a range of financial services for manufacturers and suppliers trading on a deferred payment basis.

Fintech — provision of financial services using innovative technologies.

Fixed telephony — telephone connection between telephone users via wired connections.

Geoanalytics — collection and processing of a large amount of information about the population, the density of its distribution over a given territory, as well as pedestrian and transport zones, the presence of commercial facilities and other parameters that may affect business performance.

GHG — greenhouse gas.

GITIS — Russian Institute of Theatre Arts.

GR — Government Relations.

HR — Human Resources. Specialised function aimed at management of hired labour – search, hiring, and adaptation of personnel.

ICS — internal control system.

Inclusion — involving socially unprotected segments of the population, including people with disabilities and older age groups, into social processes.

IoT — Internet of Things, data transmission network between physical objects connected to the Internet and equipped with built-in tools and technologies for interacting with each other or with the external environment.



IP — Intellectual property.

IPO — Initial Public Offering. The process of a company's initial public offering on the stock market.

IPTV — a new generation of television, a technology for transmitting television and video content over Internet Protocol (IP) networks used by digital cable television operators.

IR — Investor Relations. Activities at the intersection of finance, communication policy, marketing and law, for communication between the company and its investors/shareholders.

KION — Russian multimedia online platform developed by MTS.

Lead generation — the process of attracting and collecting contact information from potential customers.

Long read — a format for supplying a large volume of text content on the Internet, revealing a topic in detail.

LTE — a high-speed data transmission standard for mobile phones and other data terminals.

Meetup — informal meeting to discuss professional issues and share knowledge.

MIPT — Moscow Institute of Physics and Technology.

Moscow region — the common name of Moscow and the Moscow region, which, were formally different area of the Russian Federation, but have a similar socio-economic sphere in many respects.

MSU — Lomonosov Moscow State University.

NB-IoT — Narrow Band Internet of Things. A cellular communication standard designed for IoT devices with low data traffic.

OTT — Over the Top. Technology for providing digital content from source to recipient over an unmanaged Internet network (via third-party telecom networks).

POS-credit — Point of Sales credit. A type of consumer loan issued directly at retail outlets.

PR — Public Relations. External communications management.

Public — public page in social media.

Quiz — intellectual game, team competition for logic, quick wit, and ingenuity.

Refarming — the procedure for changing the radio technology used on the radio frequencies allocated to the telecom operator.

Retail — a retail chain for selling products or services to end consumers.

Scoring — technology for assessing potential borrowers and making a decision on issuing a loan product.

SDG — The Sustainable Development Goals are a set of 17 interrelated goals developed in 2015 by the UN General Assembly.

Smart Home — automated control system for engineering systems at home using electronic and electro-mechanical devices.

Social bonds — financial instrument to raise funds for the implementation of socially significant projects.

SOD — Segregation of Duties. Differentiation of powers in information systems.

Startup — a recently launched project, company, or business with a short operating history.

SW — software.

T2M — Time to Market. The length of time from the conception of a product until it is released to the market.

Targeted advertising — online advertising, which uses search customisation methods in accordance with the given parameters of the interests and characteristics of a specific target audience.

Telematics — collecting and transmitting wirelessly data from a device in real time.

Tier I–III — a system of data centre standards based on the Uptime Institute method, designed to classify commercial requirements for their level of reliability and performance.

Trade-in — a service for the acceptance of an old device and offsetting part of its cost when buying a new one.

UrFU — Ural Federal University named after the first President of Russia, Boris Yeltsin.

VAS — Value Added Services. Services provided by additional platforms.

Venture fund — a fund that invests assets in enterprises or projects at the initial stage of their establishment.

Voice bot — artificial intelligence-based software capable of making automatic calls and processing incoming calls, recognising human speech and acting in accordance with the interlocutor's remarks.

VR — Virtual Reality.

YSTU — Yaroslavl State Technical University.

LIST OF REGULATORY DOCUMENTS REGARDING SUSTAINABLE DEVELOPMENT

General Documents Defining MTS ESG Activities

- > [Business strategy of MTS Group CLV 2.0](#)
- > [ESG strategy](#)
- > [Strategy for sustainable development and corporate social responsibility to 2025](#)
- > [Code of Business Conduct and Ethics](#)
- > [Policy on Diversity, Equality, and Inclusion](#)
- > [Enterprise Risk Management Policy](#)

Environmental Responsibility

- > [Ecological safety and environmental protection at administrative facilities](#)

Social Responsibility

- > [Certificate for compliance with the international quality standard ISO 9001:2015](#)
- > [Certificate for quality management systems of MTS PJSC to the requirements of GOST R ISO 9001-2015](#)
- > [Quality and Customer Experience Management Policy](#)
- > [Social responsibility strategies of MTS PJSC in the territories of presence](#)
- > [MTS Charitable Activities Policy](#)
- > [MTS Activities in the Field of Corporate Social Responsibility Policy](#)
- > [Regulations for the 'Planning, initiating and implementing charitable projects/programmes' process](#)
- > [Regulations for the 'Organisation and implementation of indirect advertising and sponsorship projects' process](#)
- > [MTS Group strategy in the field of health, safety, and well-being for 2021–2023](#)
- > [Policy on Diversity, Equality, and Inclusion](#)
- > [Occupational Safety and Health Management System Policy](#)

- > [Certificate of conformity OHSAS 18001:2007](#)
- > [Certificate of conformity ISO 45001:2018](#)
- > [Requirements for the investigation of industrial accidents standard](#)
- > [Requirements for the organisation and conduct of preliminary and periodic medical examinations standard](#)

Business Ethics and Compliance

- > [Code of Business Conduct and Ethics](#)
- > [Code of Ethics of MTS Bank PJSC](#)
- > [Compliance Policy of MTS PJSC Policy](#)
- > [Policy on Compliance with Anticorruption Legislation](#)
- > [Policy 'Managing the Conflict of Interest'](#)
- > [Policy 'Managing the Conflict of Interest'. Appendix 1](#)
- > [Policy 'Managing the Conflict of Interest'. Appendix 2](#)
- > [Policy 'Managing the Conflict of Interest'. Appendix 3](#)
- > [Prevention of Conflicts of Interest in MTS-Bank PJSC Policy](#)
- > [MTS PJSC Antimonopoly Policy](#)
- > [MTS-Bank PJSC Anti-corruption Policy](#)
- > [MTS Procurement Rules](#)
- > [Counterparty Code of Business Conduct](#)
- > [Code of Business Conduct of the MTS-BANK PJSC counterparty](#)
- > [Gifts and Business Hospitality policy](#)
- > [Memo on Gifts and Business hospitality](#)
- > [Certificate of conformity ISO 19600:2014](#)
- > [Certificate of conformity ISO 37001:2016](#)
- > [Certificate of accession to the Anti-Corruption Charter of Russian Business](#)
- > [Policy 'On combating the misuse of insider information and market manipulation'](#)
- > [Regulations on the principles and procedures regarding the prevention of transactions using MTS insider information](#)
- > [Intellectual Property Management in MTS Group Policy](#)

Interaction with Shareholders and Investors

- > [Shareholder interaction policy governing government relations activity, initiation of business and business operations](#)
- > [Regulations on Dividend Policy of MTS PJSC](#)
- > [Regulations on the MTS PJSC General Meeting of Shareholders](#)
- > [Regulations on provision of information to the shareholders](#)

Information Security and Personal Data Protection

- > [Functional strategy in the field of corporate security](#)
- > [Information security concept of RTK JSC](#)
- > [Regulations on the Information Security](#)

- > [\(Confidentiality\) Mode of RTK JSC](#)
- > [Regulations on the regime of information security \(confidentiality\)](#)
- > [MTS Group Information Security Policy](#)
- > [Processing of personal data in MTS PJSC Policy](#)
- > [Processing of personal data in CTV LLC Policy](#)
- > [MTS-Bank PJSC Personal data processing Policy](#)
- > [Ensuring the security of personal data Policy](#)
- > [Requirements for Ensuring Information Security in MTS PJSC Policy](#)
- > [Organisation of office work with material carriers of information constituting a trade secret and other confidential information of MTS PJSC Policy](#)
- > [Requirements for Ensuring the Safety of Objects Standard](#)
- > [NDA Template for Shareholders](#)
- > [Certificate of conformity ISO 27000:2013](#)

MTS Group Corporate Governance

- > [MTS PJSC Charter](#)
- > [Regulations on the General Meeting of MTS PJSC Shareholders](#)
- > [Regulations on the MTS PJSC Board of Directors](#)
- > [Regulations on the MTS PJSC Management Board](#)
- > [Regulations on the MTS PJSC President](#)
- > [Regulations on Remunerations and Compensations payable to the members of the Board of Directors](#)
- > [Regulation on the Audit Committee](#)
- > [Regulations on the Remuneration and Nomination Committee](#)
- > [Regulations on corporate governance, environmental and social responsibility committee](#)
- > [Regulations on the Strategy Committee](#)
- > [Regulations on the auditing commission](#)
- > [Regulation on MTS PJSC Information Policy](#)
- > [Regulations on the MTS PJSC Corporate Governance Department](#)
- > [Tax Risk and Asset Management Regulation](#)
- > [MTS PJSC registration certificates](#)

Maturity of the Internal Control System

- > [Regulation on the System of Internal Control](#)
- > [Policy on Internal Control and Audit](#)
- > [Methodology for testing and certification of the internal control system in accordance with the requirements of the Sarbanes-Oxley law, art. 302, 404 Standard](#)
- > [Methodology for developing an effective internal control system for the purposes of compliance with the requirements of the Sarbanes-Oxley Act, art. 302, 404 Standard](#)



DETAILS OF MTS GROUP CHARITABLE DONATIONS

Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Russia							
Treatment of seriously ill children	'Give Good!'	MTS charity programme aimed at helping seriously ill children. As part of the programme, annually funds that were previously allocated for the purchase of souvenirs are allocated for charitable assistance through partner charitable foundations.	1,000,000.00	December 2021 – May 2022	Sozidanie Charitable Foundation	As part of the donation, assistance was provided in the treatment of 7 children with serious illnesses	Rehabilitation Centre Tosha and Co, LLC; Ilan, LLC; Dokmed, LLC
			2,000,000.00	22 December 2021 – 4 March 2022	Podsolnuch Charitable Foundation	As part of the donation, assistance was provided in the treatment of 4 children with serious illnesses	Ilan, LLC
			750,000.00	27 September – 23 November 2021	Podsolnuch Charitable Foundation	As part of the donation, assistance was provided in the treatment of 5 children with serious illnesses	Ilan, LLC; DIA-Farm, LLC
			1,500,000.00	30 April – 16 August 2021	Podsolnuch Charitable Foundation	As part of the donation, assistance was provided in the treatment of 6 children with serious illnesses	Ilan, LLC, PHARMIMEX, JSC
			2,325,450.00	4 December 2021 – 28 March 2022	AIF. Good Heart Charitable Foundation	As part of the donation, assistance was provided in the treatment of 4 children with serious illnesses	Rehabilitation Centre Tosha and Co, LLC; MEDPRIBOR PRO, LLC; International Institute of Functional Reconstructive Microsurgery, LLC; Istok Audio Med, LLC
			750,000.00	24 September – 27 December 2021	AIF. Good Heart Charitable Foundation	As part of the donation, assistance was provided in the treatment of 2 children with serious illnesses	Department of the Federal Treasury for the city of Moscow (FGAOU (Federal State Autonomous Educational Institution) VO RNIMU named after N. I. Pirogov of the Ministry of Health of Russia); S-INSTRUMENTS MEDICAL, LLC
			1,500,000.00	30 April – 30 July 2021	AIF. Good Heart Charitable Foundation	As part of the donation, assistance was provided in the treatment of 2 children with serious illnesses	Boston Children's Hospital, UMIKS, LLC
			1,000,000.00	24 October – 31 December 2021	Oksana Fedorova Charitable Foundation	As part of the donation, assistance was provided in the treatment of 2 children with serious illnesses	Boston Children's Hospital, UMIKS, LLC
Cultural Support	'Romansiada'	Support for the International Competition for Young Performers of Russian Romance 'Romansiada'. In November 2021, a charitable donation was sent to organise the final of the 25th International Competition, which was held in December 2021.	500,000.00	December 2021	Charity Foundation for the Preservation of the Art of the Russian Romance 'Romansiada'	General public	—
Culture/education support	'Generation M'	Support for the Night at the Museum project: as part of an online tour of the Mikhail Vrubel exhibition, a concert by composers and performers Kirill Richter and Konstantin Dorokhov was broadcast. The world premiere of works dedicated to Vrubel and the key image in his work was accompanied by a digital installation, also dedicated to the artist	2,174,550.00	29 October – 3 November 2021	Foundation for the Support of the Tretyakov Gallery	—	ART SHTAB, LLC; POLYGRAPHIC COMPLEX, LLC
Education support	Transfer of the Smart-Rus platform	In connection with the closure of the Smart-Rus pilot project, it was transferred to the Peoples' Friendship University of Russia (PFUR) to teach Russian to foreign citizens	3,160,000.00 – estimate of the cost of a non-exclusive license for the Smart-Rus platform, taking into account the domain name smart-rus.com for a period of 25 years 5,260,000.00 – cost estimate for the work of MTS Digital LLC on preparing the platform for transfer, as well as technical advice on setting up the platform	November 2021 – January 2022	The Peoples' Friendship University of Russia Federal State Autonomous Educational Institution of Higher Education	Students of the Peoples' Friendship University of Russia, Federal State Autonomous Educational Institute of Higher Education	—
	Creation of IT classes	Transfer of unused, depreciated office equipment, furniture, and other inventory items at the request of institutions in need to create IT classes	0.00	Within the year	Secondary school, No. 1 of the Municipal District, the city of Neyta and the Neisky District (Kostroma Region), Municipal Budgetary Educational Institution; Penza College of Information and Industrial Technologies (IT College), State Autonomous Vocational Educational Institution	Schoolchildren and students	—
	VGIK scholarships	A project to support outstanding talented students of a creative university through the appointment of nominal scholarships	1,200,000.00	January–August 2022	VGIK named after S. A. Gerasimov	The programme awards scholarships to 10 outstanding students	—



Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Educational support	Refinement and technical support of the LMS-platform of the 'Lift to the Future' educational project	The platform is designed to automate the business processes of the 'Lift to the Future' Sistema Charitable Foundation educational programme. The platform allows for the organisation of group and individual training using pre-loaded training materials, as well as through a remote format using the Internet. Additional improvements to the LMS platform to improve and scale the project (development of new training and testing formats, development of the participant's digital profile algorithm, development of separate landing pages for contests/events within the project, monitoring and statistics tools and other tasks), expanding the capabilities of the career guidance service on the platform	16,400,000.00	October–September 2022	Systema Charitable Foundation	—	Contractors for administration and management costs: AQUA-LIGHT, LLC; Mobile TeleSystems, PJSC; My Telecom, LLC; TC COMUS, LLC; Ingostrakh Insurance, PJSC; Tip-Top, LLC; Business News Media, JSC; LIKOLIL-TSENTRNETPROMDUKT, LLC; RUSSIAN POST, FSUE; ADMINISTRATOR OF THE MOSCOW PARKING SPACE, State government institution of the CITY OF MOSCOW; NORTH-WESTERN CONCESSION COMPANY, LLC; Interfax, JSC; Rhythm of Life, LLC; ELKOD, LLC; IE Lyudmila Nikolaevna Savkova; DesignCode, LLC; G-Group, LLC; Beget, LLC; DataLine, LLC; MTS-Bank, PJSC; Audit-Garantiya-M, CJSC; COURIER-REGION CAPITAL, LLC; IE Nikolai Semenovich Khivrin, KOMUS, LLC; INTELSONLINE, LLC; Yandex.JSC; Strana-Online, LLC; IE Vladimir Nikolaevich Cherkashin; Business Lines, LLC; BALTIC BUSINESS MEDIA, LLC; MEDIALOGIA, LLC; REGISTER-CONSULTING, JSC; IE Alexey Yurievich Antonov; Skolkovo Intellectual Property Centre, LLC; PR NEWS PARTNERS, LLC; VALIDEITA, LLC; RIGHTS, LLC; Moscow School of Management SKOLKOVO, Non-state educational institution of additional professional education, IE Anatoly Viktorovich Gerasimov; MOSCOW MEDIA FEDERAL SERVICE FOR INTELLECTUAL PROPERTY, JSC; DONORS FORUM ASSOCIATION OF GRANT-GIVING ORGANISATIONS; Restoran, LLC; Panteon, LLC; IE Sergey Yurievich Gordienko; ROSCONGRESS Foundation; NMIT Law Office; ECHO OF MOSCOW, CJSC; POISK Consulting Centre, LLC; Poisk Autonomous non-profit organisation of additional professional education Centre for advanced training; Start-XXI, LLC; EI Denis Sergeevich Ilyin; RBC-TV, JSC; EI Roman Viktorovich Pereborshchikov; We Agency for Bold Decisions, LLC; IE Roman Andreevich Kulakov; ALTAI RESORT, LLC; COSMOS HOTEL GROUP, LLC; Omega Palace, LLC; Golden Ring – Gifts, LLC; FESTIVAL OF GIFTS, LLC; IE Elina Yurieva Yachmeneva; SEASONS PROJECT, LLC; ZIL Cultural Centre State Autonomous Cultural Institution of the City of Moscow; IE Konstantin Arkadievich Milchin; Kor Systems, LLC; INDEX Expert Centre; ASE SCIENTIFIC AND PRODUCTION ENTERPRISE, LLC; ARCHIVES, DOCUMENTS, AND SERVICE, LLC; Rosgosstrakh Insurance Company, PJSC; Personal-Consult, LLC; AEROFLOT, PJSC; CLINIC ARCHIMED, LLC; PRINT-HOTEL, LLC; CLINIC OF NEW MEDICAL TECHNOLOGIES ARCHIMEDE, LLC; INTERNET SCHOOL, LLC; IE Ekaterina Vasilievna Nikitina; IE Ilya Ilyich Ten; COMMAND-P, LLC; Compulan, LLC; Internet Solutions, LLC; IE Nikolai Evgenievich Gorely; IE Yulia Evgenievna Selyukova; EF CONGRESS, LLC; LEGION-MEDIA, LLC; ASSOCIATION OF MANAGERS Interregional public organisation; MIRBIS Autonomous non-profit organisation of HIGHER EDUCATION MOSCOW INTERNATIONAL HIGH SCHOOL OF BUSINESS (INSTITUTE); HERAT, LLC; LABYRINT. RU, LLC; ELKONS, LLC; GOOGLE, LLC; YANDEX, LLC; IE Valery Alekseevich Zemtsov; AGENCY FOR PROMOTION, LLC; SOCIAL PROJECTS, LLC; KLIK. RU; UNISENDER RUS, LLC; TEXTERRA WEB AGENCY, LLC; IE Maria Konstantinovna Sinchuk; PRESFEED, LLC; IE Svetlana Viktorovna Zentsova; MOLECULA, LLC; MANUFACTURE, LLC; IE Irina Sergeevna Manych; KOMMERSANT, JSC; BusinessBus, LLC; IE Sosnovskaya Maria Konstantinovna, LABORATORY OF ADVERTISING, LLC; INKERBERTS, LLC; IE Ksenia Alexandrovna Veselova; RBC-TV, JSC; IE Anna Aleksandrovna Chekalina
Educational Support	'Lift to the Future' in regional educational institutions in 2022	As part of the 'Lift to the Future' educational project, the Sistema Charitable Foundation is planning the following set of activities aimed at vocational guidance and increasing the motivation of young people in the Russian Federation to work: organising training, including developing a concept and an educational programme, conducting regional practical master classes for schoolchildren, equipping vocational guidance audiences in regional educational institutions and the organisation of training Python.Start Programming and Python.Pro Programming	50,315,000.00	January – December 2022	Systema Charitable Foundation	Educational Support	ALGORITHMKA, LLC; SCHOOL No. 31 NAMED AFTER THE HERO OF THE SOVIET UNION RICHARD SORGE WITH IN-DEPTH STUDY OF INDIVIDUAL SUBJECTS OF THE UFA CITY DISTRICT OF THE REPUBLIC OF BASHKORTOSTAN, Municipal Budgetary Educational Institution; REPUBLICAN ENGINEERING LYCEUM-BOARDING SCHOOL, state budgetary educational institution; CADET BOARDING SCHOOL KOSTYDINIA STATE AND GRAND DUKE MIKHAIL FEDOROVICH CADET CORPS, regional state budgetary educational institution; LYCEUM No. 3 of the CITY OF GALYCH, Federal Municipal Educational Institution; HIGHER EDUCATION ROSTOV STATE UNIVERSITY OF COMMUNICATIONS, State Budgetary Educational Institution; PERSONAL APPROACH, LLC; LIONI, LLC; IE Andrey Romanovich Myagkov; IE Ilya Yurievich Sannikov; IE Elena Valerievna Romanova; IE Anatoly Viktorovich Molchanov; IE Dmitry Yurievich Kalinin; IE Tatyana Sergeevna Sukhanova; IE Evgeny Viktorovich Scherbak; IE Mikhail Vasilyevich Lutvin; KOR SYSTEMS, LLC; Compulan, LLC; DM, LLC; PK KONSTANTA, LLC; BUSINESS LINES, LLC; IE Arseniy Ivanovich Meleshchuk; IE Roman Vyacheslavovich Tarusov; IE Anastasia Ilyinichna Gaisina; Compulan, LLC; KOR SYSTEMS, LLC; KOMUS, LLC; IKRA School, LLC; BRANDING LABORATORY, LLC; AVENTIKA, LLC; KVR-GROUP, LLC; BUSINESS ACCELERATOR, LLC; Centre, LLC
	Promotion of 'Lift to the Future' project platform and events	To attract potential users to the 'Lift to the Future' Internet platform, the Sistema Charitable Foundation continues to implement a campaign to promote the platform on the Internet and in the media in the first half of 2022, involving social networks, media partnerships, using creative cases, automatic chains of electronic mailings to users of the 'Lift to the Future' platform on a specialised service and other tools	20,310,000.00	January – June 2022	Systema Charitable Foundation	—	IE Nikolay Evgenievich Gorely; PROMOTION AGENCY, LLC; IE Ekaterina Igorevna Makarova; KOMMERSANT, JSC; Red Line, LLC; MOLECULA, LLC; IE Svetlana Viktorovna Zentsova; IE Valeriy Vladislavovich Kurzemnek; UNISENDER RUS, LLC; IE Maksim Yurievich Kostochkin; GOOGLE, LLC; YANDEX, LLC; Click.ru, LLC; I, LLC; VKontakte, LLC
	Adding educational content to LMS-platform of the 'Lift to the Future' project in 2022	The 'Lift to the Future' online platform provides schoolchildren and students across the country with equal and free access to a career guidance service, educational courses, and helps them find their first job. The programme is notable for its purposeful linkage to practice and employers: current specialists from Russian companies that are project partners conduct courses on the platform, talk about their professions, recruiters monitor the results of participants to identify the best candidates, who are offered internships and vacancies for young professionals. The platform is regularly updated with new online educational courses, podcasts, and tests on topics relevant to users of the 'Lift to the Future' platform	17,400,000.00	January – December 2022	Systema Charitable Foundation	—	BIG PROJECTS, LLC; SMYSLOTEKA, LLC; FABER, LLC; IE Aleksey Alexandrovich Matveev; KINOBRO PRODUCTION, LLC; TALENT TRAJECTORY, LLC; IE Ivan Vadimovich Pushkin; IE Yevgeny Yurievich Rykov; IE Maria Konstantinovna Sinchuk; IE Roman Andreevich Kulakov; Timur Yurievich Elizarov (self-employed); PRO Cinema, LLC; Digital Education, LLC; LEVEL, LLC; IE Tatyana Olegovna Mosceeva; Espresso, LLC; RIVELTY GROUP, LLC; IE Yaroslav Valerievich Bulatov; IE Daniil Alekseevich Osipov; Anna Aleksandrovna Khomchishkina (self-employed); Evgenia Sergeevna Tulyavko (self-employed); Tekhnomatka, LLC; Legion Media, LLC; IP Y E Selyukova; VERN, LLC; IE Yuri Alekseevich Kholodok
	Holding offline and online events for colleges/universities, events with the participation of ambassadors, interns and other participants and partners of the 'Lift to the Future' project in 2022	Conducting offline and online events for different target audiences of the 'Lift to the Future' project (students, schoolchildren, interns, working youth, volunteers, and other project participants) to promote educational projects of the 'Lift to the Future' programme, expand the base of participants and develop required skills for a specific development track (leadership/entrepreneurship, career, social, environment and sustainable development). Within the framework of each track, a set of hybrid format events is implemented, which makes it possible to remotely master the necessary information and practice the acquired skills.	6,960,000.00	January – December 2022	Systema Charitable Foundation	—	IE Roman Andreevich Kulakov; IE Maria Konstantinovna Sinchuk; IE Ilya Ilyich Ten; IE Irina Sergeevna Manych; Rusflag, LLC; Tip-Top, LLC; SPECIAL GIFTS SOUVENIR COMPANY, LLC; IE Maria Konstantinovna Sosnovskaya; BUSINESSBAS, LLC; Business Lines, LLC; Paper Texts, LLC; Mariya 100, LLC; ARCHIMED CLINIC OF NEW MEDICAL TECHNOLOGIES, LLC; KOMUS, LLC; IE Vityaly Yurievich Kaplyukhty; We Agency for Bold Decisions, LLC; AGENCY INTEL, LLC; IE Denis Sergeevich Ilyin; Corporate Business Souvenirs, LLC; PRINT-STUDIO, LLC; ROUTLINE, LLC; COSMOS HOTEL COMPLEX, PJSC



Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Support for socially vulnerable segments of the population	Veteran support	A set of measures aimed at supporting veterans and the elderly in social institutions of the Moscow, Tver, Ryazan, and Vladimir regions	313,917.78	Within the year	The Unity (Edinienie) Youth Centre for Culture and Sports Autonomous non-profit organisation	Klinsky Nursing Home for the Elderly and Disabled, State Budgetary Stationary Institution of Social Services of the Moscow Region; Rzhnevsky Nursing House for the Elderly and Disabled, State Budgetary Institution; Inpatient Department, State Budgetary Institution Complex Center of Social Services for the Population of the Likhoslavsky District, village of Zherehovo; Mikhailovsky Nursing Home of a General Type for the Elderly and Disabled, State Budgetary Inpatient Institution of the Ryazan Region; Sadovy Nursing Home (Nursing Home for the Elderly and Disabled of the Village of Sadovy), State Budgetary Institution of Social Services of the Vladimir Region; Vyznikovskiy Nursing House Named after E. P. Glinka, State Budget Institution of Social Services of the Vladimir Region	Belochka Company, LLC; Sportstar, LLC; Basway, LLC; ASTRA-PAK, LLC
	Veteran support	The annual festive event dedicated to the support of veterans of the Great Patriotic War and the Armed Forces from 12 administrative districts of the city of Moscow is a large festive concert with the participation of the laureates of the festival of ballroom dance ensembles Russia Begins with You: The Creative Team of the Gzhel State Academic Dance Theatre, The Young Aleksandrovtsy Children's Team, the Aleksandrov Red Banner State Song and Dance Ensemble, the exemplary choreographic ensemble Kalinka, the exemplary choreographic ensemble Rosinka, performance of groups of the First Moscow Cadet Corps, etc., tea drinking, presentation of souvenirs to veterans	300,000.00	May 2021	The Unity (Edinienie) Youth Centre for Culture and Sports Autonomous non-profit organisation	Veterans of the Second World War and the armed forces, veterans of communications, children of war, home front workers, the elderly	MASHINOSTROENIE DK MIR Military Industrial Corporation NPO, ISC; Company Belochka, LLC; SPORTSTAR, LLC; ART-SNAB, LLC; IE V N Vasiliev; Basyev, LLC; IE D V Voloshchenko; IE T I Vasilyeva
	'To School with MTS' Federal volunteer action	Organisation and holding of a set of events (outdoor games, puppet shows) for pupils of children's social institutions of the Moscow, Kaliningrad, Ryazan, Ulyanovsk, Kemerovo, Sverdlovsk, Rostov, Oryol, Chelyabinsk, Tula, Volgograd, Smolensk, Novosibirsk, Yaroslavl, Ivanovo, Leningrad, Samara, Vladimir, Kostroma, and Lipetsk regions; and the republics of Mari El, Sakha Yakutia, Khakassia, Mordovia, Krasnodar, and Stavropol; and Primorsky Krai	1,300,000.00	1 September–31 October 2021	The Clear Sky Charitable Foundation	Our Home Help Centre, State Budgetary Institution of Social Services of the Kaliningrad Region; Ryzhskiy Socio-Rehabilitation Centre for Minors, State Treasury Institution of the Ryazan Region; Doverie (Trust) Centre for Psychological, Pedagogical, Medical, and Social Assistance, the Regional State Educational Institution; Volzhskiy Secondary Boarding School for Orphans and Children Left Without Parental Care, State Educational Institution of the Republic of Mari El; Special (correctional) General Education Boarding School No. 34 in Yakutsk State District; Children's Home No. 2, Municipal Educational Public Institution providing education for orphans and children left without parental care; Island of Hope Children's Home, Municipal State Institution; Edinstvo (Unity) Children's Home No. 5, Municipal State Educational Institution; Centre for Social Assistance to Families and Children of the City of Polevskoy, State Autonomous Institution of the Sverdlovsk Region; Shakhinskiy Children's Assistance Center No. 3, State Institution of Social Services of the Rostov Region; Dmitrov Boarding School for Students with Disabilities, State Educational Institution of the Oryol Region; Centre for Assistance to Children without Parental Care of the Kopeysk City District, Municipal Budgetary Institution; Special (Correctional) Boarding School No. 1 of Elizavetinsky Stanitsa, State Budgetary Educational Institution of the Krasnodar Territory; Youth Centre, Municipal Autonomous Institution; Astarta, Ruza Social and Rehabilitation Centre for Minors, State Public Institution of Social Services of the Moscow Region; Noginsk Social and Rehabilitation Centre for Minors, State Public Institution of Social Services of the Moscow Region; Tuchkovskiy Rehabilitative Centre for Minors; Tula Regional Centre for the Rehabilitation of the Disabled, State Institution; Volzh Social and Rehabilitation Centre For Minors, State Public Specialised Institution of Social Services; Pochinkov Boarding School, Smolensk Regional State Budget General Educational Institution; Department of Social Rehabilitation of Minors, Integrated Centre for Social Services for the Population; Municipal Budgetary Institution of the Moshkovskiy District of the Novosibirsk Region; Sanatorium Boarding School No. 6, Municipal Educational Institution; Rainbow Ivanovo Special (correction) Orphanage, Regional State Budget Educational Institution	FC Union Group, LLC; IE Ivan Sergeevich Turukin
Support for Socially Vulnerable Segments of the Population						Zolotoy Klyuchik (Golden Key) Orphanage No. 2 for Orphans and Children Left without Parental Care, State Educational Institution; Boarding School for Children with Hearing Impairment, State Budget General Educational Institution of the Republic of Khakassia; Children's Hospice, Autonomous Non-Profit Organisation; Krasnoobolodskiy Comprehensive Boarding School, State Budgetary General Educational Institution of the Republic of Mordovia; State Budget General Educational Institution for Orphans and Children Left without Parental Care with Limited Health Opportunities in the City District of Chapaevsk; Barsko-Gorodishchensky Special (Correctional) Boarding School, State Public Educational Institution; Boarding School of the Kostroma Region for Children with Severe Speech Impairment and Children with Musculoskeletal System Disorders, State Public Educational Institution; Centre for Assistance to Families, City of Partizansk, Regional State Institution; Usman Secondary School No. 3, Municipal Budgetary Educational Institution; Elementary School in the Village of Lenino, Municipal Budgetary Educational Institution	
	Christmas Trees for Children' Federal volunteer action	Organisation and holding of a complex of New Year's events (outdoor games, quests, creative workshops, puppet shows) for pupils of children's social institutions of the Altai, Perm Territories, Kemerovo, Sverdlovsk, Smolensk, Nizhny Novgorod, Novosibirsk, Omsk, Oryol, Lipetsk, Sakhalin, Penza, Leningrad, and Moscow regions, and the Khanty-Mansi Autonomous Okrug	1,300,000.00	December 2021	The Clear Sky Charitable Foundation	Topchikhinsky Center for Helping Children, Regional State Budgetary Institution; Boarding School for Orphans No. 27, Municipal Budgetary Educational Institution; Orphanage No. 5, Municipal State Educational Institution; Island of Hope Orphanage, Municipal State Institution; Centre for Social Assistance to Families and Children in the City of Polevskoy, State Autonomous Institution of Social Services for the Population of Sverdlovsk Region; Pochinkovskiy Boarding School in Smolensk Region, State Budgetary Educational Institution; Bogoyavlenskyy Orphanage, State Educational Institution for Orphans and Children Left without Parental Care; Department of Social Rehabilitation of Minors, Integrated Centre for the Social Services for the Population; Municipal Budgetary Institution of the Moshkovskiy District of the Novosibirsk Region; Adaptive Boarding School No. 19, State Educational Institution; Dmitrov Boarding School for Students with Disabilities, State Educational Institution of the Oryol Region; Doverie Branch Social and Rehabilitation Centre for Minors, State Public Institution of Social Services of the City of Perm; Social and Rehabilitation Centre for Minors, Department No. 2, Rodnik Branch, State Public Institution of Social Services of the City of Perm; Secondary Educational School No. 3, Elementary Educational School, Secondary Educational School; Surgut Regional Centre for Social Assistance to Families and Children; Louis Quarter, Autonomous Non-Profit Organisation for the Promotion of Individual Social Adaptation; Noginsk Social and Rehabilitation Centre for Minors, State Public Institution of Social Services of the Moscow Region; Youth Centre, Municipal Autonomous Institution of the Ruza City District; Astarta, Ruza Social and Rehabilitation Centre for Minors, State Public Institution of Social Services of the Moscow Region; Bereg Nadezhdy (Coast of Hope) Centre for Family Education, State Budgetary Institution of the City of Moscow; Yefimovskiy Boarding School, State Budgetary Educational Institution of Leningradsky Region	IE Turukin Ivan Sergeevich, Bracelet-service, LLC; Komus, LLC; Tsvetnoe, LLC; APIVI, LLC; Soling, LLC; self-employed Anastasiya Vyacheslavovna Sorokina; Volshnebnitsa Confectionery Factory, LLC
	'Memory Through Generations' Federal volunteer project	This project is dedicated to inclusive activities for people with hearing impairment and veterans. The project 'Memory Through Generations' was developed to unite representatives of different eras, to allow older people to feel needed by society, and to help the socialisation of children from social and rehabilitation centres, for children with disabilities (including hearing, vision, and musculoskeletal disorders, etc.) and children without disabilities. The project includes a quest, quiz, master classes, screening of a film with sign language translation and subtitles, team trainings, trainings on teaching acting skills and speech techniques, etc.	1,286,082.22	Within the year	The Agency for Cultural and Scientific Diplomacy Autonomous Non-profit Organisation	Veterans of the Second World War and the armed forces, veterans of communications, children of war, home front workers, the elderly	IE Dmitry Petrovich Sevastyanov, IE Tatyana Rostislavovna Lepekha
	'World of Knowledge with MTS' Federal volunteer project	A set of activities for pupils of children's social institutions, including children with hearing impairment: conducting lessons in a 'virtual planetarium' from specially selected popular science content, career guidance lessons, applied master classes, safe Internet lessons using virtual reality glasses. The programme is implemented in the cities of Moscow, Nizhny Novgorod, Saratov, Penza, Pskov, Kirov, Perm, Chelyabinsk, and Samara	662,924.52	Until 31 July 2022	The Agency for Cultural and Scientific Diplomacy Autonomous Non-profit Organisation	Children from social and rehabilitation centres, their children's homes, children of employees and partners, children with hearing disabilities, and children without disabilities	—



Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Support for socially vulnerable segments of the population	Volunteer puppet theatre	The project is dedicated to the organisation of puppet theatre performances for pupils (including those with disabilities) of children's social institutions of the Russian Federation and its development, as well as the organisation of an online festival of volunteer puppet theatres for pupils (including those with disabilities) of children's social institutions of the Russian Federation	1,700,000.00	Within the year	New Generation, Autonomous Non-profit Organisation; Clear Sky, Charitable Foundation; Produceroff Centre for the Development of Theatrical Art, Autonomous Non-profit Organisation; Blue Bird, Autonomous Non-profit Organisation of Social and Charitable Programmes	Children from social and rehabilitation centres, their sponsored orphanages, children of employees and partners, children with hearing disabilities and children without disabilities	IE Alexey Dmitrievich Roganov, IE Lyubov Anatolyevna Filatova, self-employed Anastasia Vyacheslavovna Sorokina
	Organisation of the work of the corporate puppet theatre (Moscow and regions)	A set of puppet theatre events for pupils of children's social institutions, including those with disabilities. The programme includes demonstrations of educational performances of the Little Puppet Theatre and holding master classes for employees—actors of the Mobile Fairy Tale Theatre MTS volunteer puppet theatre and regions)	99,000.00	15 October – 31 December 2021	The Agency for Cultural and Scientific Diplomacy Autonomous Non-profit Organisation	Kindred Spirit, Moscow Regional Non-Governmental Organisation for Support of Motherhood and Childhood; Neposed, Orphanage; School No. 22 (for children from large and low-income families), Municipal Budgetary Educational Institution; Rosinka, Balashkha Rehabilitation Centre; Secondary School No. 12 with in-depth study of individual subjects (children from large and low-income families), Moscow Regional Oncological Dispensary	IE Dmitry Petrovich Sevastyanov; Formula, LLC
	Organisation of the work of the corporate puppet theatre (Leningrad region, St. Petersburg)	The project includes staging children's performances aimed at the socialisation and education of children from social and rehabilitation centres, children with disabilities (hearing, vision, and musculoskeletal disorders, etc.) and children without disabilities in St Petersburg and the Leningrad Region	200,000.00	Until 31 December 2021	The Produceroff Centre for the Development of Theatrical Art Autonomous Non-profit Organisation	Children from social and rehabilitation centres, their sponsored orphanages, children of employees and partners, children with hearing disabilities and children without disabilities	IE Maria Alexandrovna Shadrina
	Digital Volunteering, Digital Buddy, Mentors, Educational programme for MTS Group volunteers	Organisation and holding of a complex of educational and educational events with the participation of volunteers for pupils of the Coast of Hope Centre for the Promotion of Family Education, the Centre for Post-Internship Adaptation in Moscow. As part of the programme, educational programmes for digital volunteers are also planned to further support the pupils of the institution who have difficulty using electronic services.	500,000.00	1 December 2021 – 31 May 2022	The Clear Sky Charitable Foundation for Assistance and Development of Creative Potential, Social Adaptation and Rehabilitation of Orphans, Disabled Children, and Children from Low-income and Large Families	Bereg Nadezhdy (Coast of Hope) Centre for Family Education of the Department of Labor and Social Protection, State Budgetary Institution of the City of Moscow; Centre for Social (Post-International) Adaptation of the Department of Labor and Social Protection, State Budgetary Institution of the City of Moscow	—
	'World at Your Fingertips' Project	Training of deaf and hard of hearing specialists in Moscow and Tula	400,000.00	Until 30 June 2022	Federal State Budgetary Institution of Culture State Historical Museum	People with auditory and visual disabilities	—
	Support for projects for people with disabilities	'Accessible to All' Inclusive Project Support Programme for People with Disabilities	700,000.00	Within the year	State Historical Museum Federal State Budgetary Institution of Culture	People with auditory and visual disabilities	Komus, LLC; Gressio, LLC
	'Path to Career' Competition for young applicants with disabilities	Support for the integration of people with disabilities into business and society, creating a barrier-free environment, holding seminars, coaching sessions and trainings for young professionals with disabilities; raising public and business awareness of disability issues	600,000.00	Until 31 December 2021	Perspektiva Regional Public Organisation of the Disabled	Young professionals and students with disabilities	Perspektiva Regional Public Organisation of the Disabled
Support for socially vulnerable segments of the population	Help for Orphans and Children from Low-income Families	In December 2021, MTS Bank sent a donation in the amount of 100,000 roubles to the Here and Now Charitable Foundation to implement a charitable project to help children from low-income families in the village of Verkhneolonetsky, Olonetsky district of the Republic of Karelia. The project includes paying for the education of two children and the purchase of New Year's gifts for children from low-income families	100,000.00	December 2021	The Here and Now Charitable Foundation for helping orphans	Tuition was paid for two children; New Year gifts were also bought for children from low-income families	—
	'Giving Tuesday'	MTS Bank has launched a charitable project together with the Donate Food Foundation as part of the Giving Tuesday global initiative. As part of the project, the Bank sent a donation in the amount of 500,000 roubles to the Give Food Fund, for which more than 2,000 ready meals were purchased and delivered, primarily for pensioners, people with limited mobility, and people with disabilities	500,000.00	December 2021	The Give Food Charitable Foundation	Pensioners, people with limited mobility, and citizens with disabilities	—
Ecology	Federal Volunteer Ecological Project 'For Children about the Planet'	Since 2014, MTS has been implementing educational programmes for children aimed at promoting respect for the natural environment using modern technologies. In 2021, MTS began developing the first eco-lesson for high school children on the topic of the carbon footprint. The MTS eco-lesson is expected to be conducted both offline and online, with the possibility of remote completion of all interactive tasks. Also, methodological recommendations were developed for conducting MTS eco-lessons for various categories of students (classes of different ages, children from social institutions, children with developmental disabilities, etc.) and detailed recommendations for teachers and volunteers on the topic of the eco-lesson	700,000.00	December 2021– June 2023	The Ecoentre Zapovedniki Autonomous Non-profit Organisation of Continuing Professional Education	Children of high school age	—
	Environmental initiatives	In 2021, for the first time, a new federal environmental campaign was held with the organisation of planting green spaces in the territories of the five regions of MTS presence with the most unfavorable environmental situation (affected by large forest fires, the presence of polluting industries, etc.) by the volunteers of the MTS Ecological Movement, partners, members and their families	1,000,000.00	August–December 2021.	The Reserved Embassy Charitable Educational Foundation for the Promotion of the Preservation of Natural and Nature-Associated Cultural Heritage	IE Sergey Vladimirovich Tsyvynia; peasant farm Ksenia Sergeevna Marchenko; peasant farm Emil Zakirovich Abbasov, peasant farm Mikhail Viktorovich Ermakov; IE Alexander Nikolaevich Kryazkin; Karelian Scientific Centre of the Russian Academy of Sciences; The Ammosov Higher Education North-Eastern Federal University Federal State Autonomous Educational Institution; Volzhsky Plant of Composite Materials, LLC; Leroy Merlin, LLC; Leroy Merlin Vostok, LLC; IE Petr Spiridonovich Alekseev; IE Fedor Alekseevich Kondyukov; IE Dmitry Alexandrovich Pavlov; IE Irina Nikolaevna Kairo; EP Maxim Sergeevich Bugnyrin; RIM, LLC; IE Anastasia Vitalievna Belyaeva	
Armenia							
Environmental Protection	Environmental protection in Armenia, in cooperation with the Foundation for the Preservation of Wildlife and Cultural Property	FPWC (known as Sunny Child) intends to implement environmental initiatives: 'Summer Camp', expanding the network of the 'Sunny Child' eco-clubs, organising Earth Day and the All-Armenian Day of Planting, the project of the Third International 'Sunny Child' Ecological Festival. The project also includes environmental and educational activities conducted by MTS: <ul style="list-style-type: none"> – environmental education – support for the Ranger Campus ecotourism facility – support for the centre for re-education and adaptation of leopards – reforestation in the Caucasian Wildlife Reserve – development of the infrastructure of the Wildlife Rescue Centre – support for the 'Sunny Child' and 'Summer School' eco-clubs 	1,457,296.00	Within the year	Foundation for the Conservation of Wildlife and Cultural Property (FPWC)	General public	—



Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Cultural support	Unison NPO	The UNISON public organisation, cooperating with the Peros chamber choir, is the only one whose members are disabled. The choir has an 18-year history of activity with performances in Yerevan and the regions of Armenia, as well as in Lebanon, Georgia, England, the Vatican, and France. The goal of the project is to popularise the Armenian culture	1,457,296.00	Within the year	Unison Non-profit Organisation	Choir members	—
Education support	Support for the Global IT Award	The Global IT Award project is an annual award of the President of the Republic of Armenia for an outstanding contribution to the development of global information technologies. The award stimulates the development of information technologies in Armenia in terms of international IT experience, and is important for positioning the country on the world map with the potential for high-tech achievements	2,602,508.00	During November 2021	Pan-Armenian Fund	Representatives of the IT sector, the public	Microtech, HayPost CJSC, Charles Restaurant, Armenia Marriott Hotel
	'Learning Foundation'	'The Learning Foundation' project is a scholarship programme for 160 students living in socially disadvantaged conditions	73,858.00	Within the year	Universities of Armenia	Students living in socially disadvantaged conditions	Universities of Armenia
	International Microelectronics Olympiad	The International Olympiad in Microelectronics, founded in 2006, aims to find and motivate talented engineers under the age of 30. The Olympiad plays an important role in education in the field of microelectronics and stimulates the development of this sphere in Armenia and the participating countries	597,470.00	During October 2021	Pan-Armenian Fund	Participants of the Olympiad	Ibis Hotel, Sputnik Travel Agency
	Startup Academy of Armenia development programme 'Traction' and 'House of the Hero'	Armenia Startup Academy's 'Traction' Programme is a 10-week, mentor-based programme designed to help prototyping companies accelerate their growth and increase their first or subsequent investment rounds. The programme is implemented by the Catalyst Foundation and supported by the EU4Business Technology Development for Armenia project, which is part of the EU4Business initiative of the European Union and implemented by the German development cooperation company GIZ. Also this year, the Company supported the events of the House of the Hero, where over five seminars and events were organised aimed at strengthening the knowledge base of the Armenian technology community and ensuring technological excellence with the involvement of specialists from Armenia.	1,908,737.00	Within the year	Catalyst High-Tech and Entrepreneurship Development Foundation	Representatives of the IT sector, society	—
	Laboratories and workspace of 'Smart Solutions' at the National Polytechnic University of Armenia	Together with UEICT, NPUA, the Department of Intelligent Solutions was established at the National Polytechnic University of Armenia. The goal of the project is to create learning labs for all courses and to develop curricula for each course. The department will have undergraduate and graduate programmes, conduct trainings for teachers and professors, and to attract new employees. Within the project, it is planned to cooperate with other universities and leading companies in the industry	4,671,170.00	Within the year	UEICT	Representatives of the IT sector, society	Unicomp, National Polytechnic University of Armenia
Support for socially vulnerable segments of the population	Training of specialist assistants (caregivers/ special nurses) and therapists/teachers and provision of day care services in palliative care for children with developmental disabilities	The Day Care Centre for Children with Developmental Disabilities was established by mothers of children with special needs. The goal of the centre is to improve the quality of life for these children through a consistent approach that includes physical, mental, and wellness treatments. The aim of the project is to organise special trainings and courses, as well as to train mentors and specialists/teachers who will further support families with children with various physical and mental disorders. Future trainers will take courses from leading specialists of Armenian organisations and hospitals. Thanks to this project, mothers of children with special needs will be able to return to social life, and the child will be under the supervision of specialists. Projects must be implemented with the help of the Source Foundation	1,458,455.00	Within the year	The Source Fund	Assistance was provided to 41 children with mental and physical disabilities	—
	Support for children with autism with the International Centre for Child Development Foundation	As part of the project, MTS traditionally pays for classes for children with autism attending the centre	2,187,682.00	Within the year	International Centre for Child Development Foundation	Within the framework of the project, assistance was provided to 80 children of preschool and school age diagnosed with autism syndrome	—
	Mobile ID (Barev Baik with UNDP)	The Mobile ID/eHealth project aims to modernise and improve the maternity care system in Armenia by developing maternity mobile health (mHealth) and integrating it into the existing health database as a pilot project. The Maternal eHealth programme is aimed at pregnant women, people with infertility problems, and parents of children under 6 years of age. As part of this project, data synchronisation from several available databases is provided through the use of Mobile ID technology for strong authentication	589,248.00	Within the year	UNDP	Families, children, and expectant mothers	—
	Assistance to the NGO 'Support for Wounded Soldiers and War Invalids'	The charitable public organisation 'Support for Wounded Soldiers and Military Disabled' supports people who were injured in the defense of the Motherland. The purpose of the work of the NPO is to help war invalids in solving their social, educational, legal problems, and employment issues. In 2018, a public organisation created a free Defender of the Fatherland Rehabilitation Centre, which operates for wounded soldiers, servicemen with disabilities and KEY those citizens of Armenia who have health problems during military service. Children of fallen soldiers can also receive free outpatient treatment. Viva-MTS support is aimed at acquiring upper and lower limb prosthetics (arm and leg prosthetics)	17,069,701.00	Within the year	Support for Wounded soldiers and Disabled Veterans Non-governmental Organisation	The project provided assistance to 55 wounded soldiers	—



Area of Assistance	Project	Project Description	Donation Amount, Roubles	Project Implementation Period	Beneficiary	Final Beneficiaries, if Applicable	Contractors, if Applicable
Regional support	Support for families in need of construction and renovation of houses	Support for the Non-Governmental Organisation 'Building Centre Fuller in Armenia' to cover the cost of completing unfinished houses, reconstructing houses, including roof reconstruction, installing sewerage and heating systems, and other repairs, as well as for the purchase of apartments, repair, and provision of the aforementioned apartments. Families will be selected by the FCHA Family Selection Committee with the approval of the FCHA Board	34,443,371.00	Within the year	The Fuller Building Centre in Armenia	The project provided assistance to 87 families	—
	Support for local communities in the regions of Armenia	The project is a new format for long-term cooperation between the Wildlife and Cultural Property Conservation Fund (FPWC) and Viva-MTS in the field of environmental protection and sustainable use of natural resources and aims to reduce pollution through the use of alternative energy sources, in particular solar thermal systems and LED street lights. In 2021, the project was implemented in a number of communities in Ararat, Armavir, Lori, Tavush, Gegharkunik, Vayots Dzor and Syunik regions	16,790,219.00	Within the year	Foundation for the Conservation of Wildlife and Cultural Property (FPWC)	Residents of the communities of Ararat, Armavir, Lori, Tavush, Gegharkunik, Vayots Dzor, and Syunik regions	Energonaz, LLC; Armsolar, LLC; Nesko, LLC; Mil Nar, LLC; Rubinar
Czech Republic							
Treatment of seriously ill children	NVision Employee Charity Program	A programme that encourages NVision CZ employees to participate in outdoor sports to support a child with cerebral palsy. For every kilometer an employee runs or passes as part of training during the reporting period (submits a report on this activity), the Company transferred 5 kroons for the treatment of a child	168,805.00	Spring–Fall 2021	Individual	Within the framework of the project, assistance was provided to one seriously ill child	—
Belarus							
Support for socially vulnerable segments of the population	Assistance to the Nesvizh Regional Territorial Centre for Social Services for the Population, State Institution	Assistance to the Nesvizh Regional Territorial Centre for Social Services for the Population	1,179,600.00	October 2020–September 2021	Nesvizh Regional Territorial Centre for Social Services of the Population, State Institution	—	—