

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

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

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

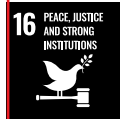
The principle of respect for nature forms the basis of social responsibility of the MTS business: The company strives to have a minimal impact on the environment and reduce it as much as possible¹.

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

COMPLIANCE AND ETHICAL BEHAVIOR CULTURE

CODE OF CORPORATE CONDUCT AND ETHICS OF MTS PJSC

The Code of Business Conduct and Ethics of MTS PJSC (hereinafter referred to as the Code) includes key principles, a minimum set of standards and requirements accepted at the Company with the purpose of maintaining fair and ethical business of MTS PJSC and preventing abuse. The Company complies with legislation and generally accepted standards of business ethics and does not accept any other ways of doing business which are contrary to these rules.



\\ Risks related to violations in the field of ecology

Description of Risks	Mitigation Measures
<ul style="list-style-type: none"> › Failure to meet the requirements of environmental reporting provision. › Doing business without state registration of a facility with a negative environmental impact. › Failure to meet the requirements in the field of environmental control and monitoring. › Doing business without permits issued in accordance with the established procedure for emissions of pollutants into the atmosphere, waste handling. 	<p>The Environmental Safety and Environmental Protection Policy has fixed/provided for a set of processes that ensure compliance with environmental legislation. Namely: the need for issuing permits and updating data, objectives for planning, financing and logistical support for implementation of environmental programs and environmental protection (EP) measures, the need to undergo training in the field of environmental protection, conducting industrial environmental monitoring (a set of preventive actions aimed at eliminating the possibility of an emergency and damage to the environment).</p> <p>At the level of CC and the regions, changes in the requirements of environmental legislation are monitored.</p> <p>MTS regularly bears the costs associated with waste management and atmospheric air protection, as well as with the reduction of risks associated with government regulation in the field of environmental protection and maintaining the image of the company's environmental sustainability.</p> <p>Regular reporting on the activities of MTS Group of Companies in the field of environmental responsibility and safety at the level of the Committee for Sustainable Development and CSR under the President of MTS and within the framework of the working group on environmental issues and responsible finance.</p>

¹ Detailed information is presented in the section "Sustainable Development", as well as in the MTS Sustainable Development Report for 2020.

The Code defines the rules and standards that should be followed by employees in their daily work. In cases requiring the application of higher standards than those adopted in commercial practice or a regulation having greater legal force under the current legislation, MTS PJSC will use such higher standards.

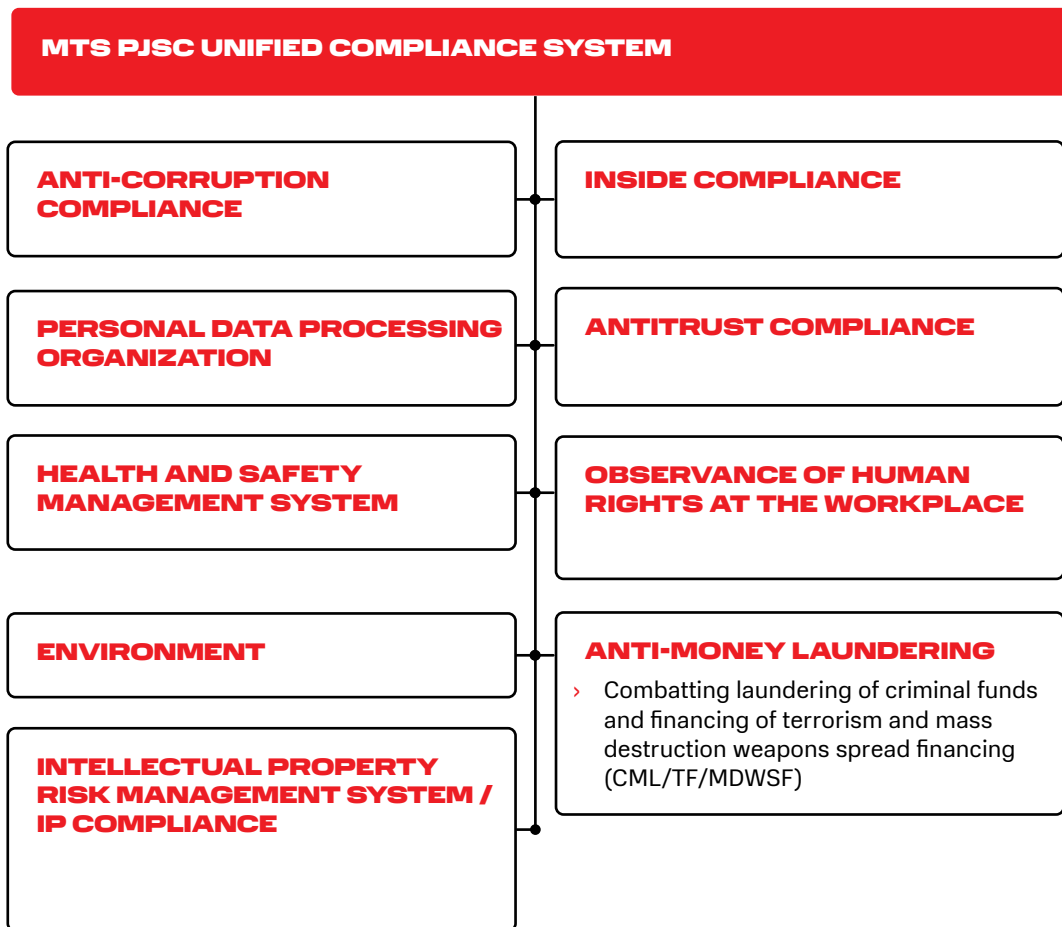
Sections of the Code consolidate the Company's responsibility under the laws and in relations with employees, customers, and society. The Code also prescribes the procedure for interaction with partners and vendors, provisions on the role of managers, protection of intellectual property, appeals and reports of violations of the Code.

The Code contains information about all compliance programs of the MTS PJSC Unified Compliance System.

Board of Directors members, managers and employees of the Company are personally responsible for compliance with the Code.

All employees read the Code when getting employed at the Company and undergo a regular training. In 2020, more than 10 thousand employees of MTS PJSC completed e-training in the Code of Business Conduct and Ethics.

Also in 2020, an illustrated version of the Code of Business Conduct and Ethics was published on the corporate portal, on the external website of MTS and in the My MTS application to enhance the apperception of the information contained in the document.



Since 2016, the Company has been actively developing the Unified Compliance System on the basis of the norms of applicable laws, recommendations of regulatory authorities, the specific nature of the industry and best practices in this sphere.

In 2020, the compliance program “Intellectual Property Risk Management System / IP Compliance” was included in the Unified Compliance System of MTS PJSC.

These compliance areas are supervised by the relevant functional units, each of which implements its compliance program and risk minimization system. Coordination of implementation and operation of the Unified Compliance System is entrusted to the Department of Business Ethics and Compliance of MTS PJSC.

In 2020, a scheduled work was carried out to reassess risks with a subsequent adaptation of compliance programs. The risks of compliance programs are taken into account in the general risk management system of the Company. This makes it possible for the management and management bodies of the Company to gain a structured understanding of the existing compliance risks and to take these factors into account when making management decisions, which has positively affected the Company’s overall performance.

In 2020, much attention was paid to informing employees about the Unified Compliance System and compliance programs training. In order to popularize the interactive training course for employees “Map of the Unified Compliance System (Compliance Lock)”, it was posted in the adaptation course for new MTS employees on the corporate training platform. The blog of the Unified Compliance System on the corporate portal regularly published announcements on all compliance programs of the Unified



The Unified Hotline is an essential tool for promoting honest and ethical business, as well as preventing violations of the Code of Business Conduct and Ethics, internal company policies and procedures. This is an indicator of trust of employees and third parties who are ready to report violations in the Company and thereby contribute to their elimination.

Commitment to the principles of transparency will help us to develop and maintain an atmosphere of trust and comfortable working environment, where employees will perform their duties in good faith, without being afraid of getting involved in any unfavorable situation”.

Natalia Mikheeva

Director for Internal Audit



Information on violations of business ethics and compliance standards by MTS employees can be reported to the Unified Hotline. All requests received are checked in accordance with the local regulatory act that determines the procedure for addressing such requests.

Compliance System according to the schedule. A survey of MTS employees was conducted on the compliance culture at the Company.

The Unified Hotline of MTS Group of Companies is a safe, confidential and accessible method of informing the Audit Committee of the Board of Directors and the Internal Audit Block about violations of the law, internal procedures, the Code of Business Conduct and Ethics of MTS PJSC by any of its employees and (or) any member of a management body or authority supervising the financial and economic activities of MTS PJSC.

Proposals for improvement of anti-corruption procedures and other internal control procedures are received by the hot line addressed to the Audit Committee of the Board of Directors and the Internal Control Block. A person who has submitted relevant information is protected from any forms of pressure (including from dismissal, persecution, any forms of discrimination).

In 2020, processing of reports sent to the Unified Hotline (hereinafter referred to as "UH") was carried out in accordance with the Regulations on Processing of Reports Sent to the Unified Hotline of the MTS Group. Timely preparation of solutions and replies to the messages' authors was carried out. Press releases on UH were posted on the corporate MTS information portal on a monthly basis in order to inform MTS Group employees about the UH operational results.

All situations of conflict of interest, violation of the provisions of the Code of Business Conduct and Ethics, anti-corruption legislation are settled in accordance with the Conflict of Interest Management Policy, Compliance with Anti-Corruption Law and the Code of Business Conduct and Ethics approved by the Company. The employees who committed violations of the internal regulations of the Company, were informed on the necessity to eliminate the conflicts and prevent the repetition of similar situations in the future. Recommendations to address the identified deficiencies are given.

In 2018, the Company received the certificate of the Unified Compliance System's compliance with international standards ISO 19600:2014 "Compliance Management Systems" and ISO 37001:2016 "Anti-Corruption Compliance Management Systems".

In 2020, MTS successfully completed a three-year audit cycle for compliance with ISO standards, in 2021 a new audit cycle began.

\\ Number of messages received by the Unified Hotline of MTS Group in

Indicator	2020
Line of the Internal Control and Audit Block	188
Quality Hotline	215
Line of the Procurement Management Block	405
HR Hotline	244
Security Block Line	54
RTC JSC	575
MGTS PJSC	32
NVision Group JSC	32
NIS JSC	2
MTS Armenia CJSC	24
Mobile TeleSystems JLLC	11
MTS Bank PJSC	37

Completion of the audit cycle for the compliance of the Unified Compliance System of the Company with the standards ISO 37001:2016 and ISO 19600:2014

COMPLIANCE COMMITTEE

In 2016, the Company established the Compliance Committee under the President of MTS PJSC, which included the President, the managers in his direct subordination. The Committee is chaired by the Vice President for Business Ethics and Compliance.

The committee was established to make decisions on the formation and implementation of compliance programs that are part of the Unified Compliance System. The main tasks of the Committee are to implement a policy in the area of compliance risk management and to make proposals on the directions of development of the MTS Group in this area.

In 2020, five Committee three meetings were held where the following issues were considered, inter alia:

- > setting key performance indicators (KPIs) for compliance owners of compliance programs of the MTS Unified Compliance System;
- > joining the Unified Compliance Program System "Intellectual Property Risk Management System/ IP Compliance", etc.

DAY OF ETHICS AND COMPLIANCE

On annual basis on October 23, the Company celebrated a corporate Day of Ethics and Compliance. On this day, MTS PJSC and subsidiaries of the Company in Russia and abroad conduct training sessions, master classes, and competitions on compliance issues. In 2020, the Vice President for Business Ethics and Compliance addressed all MTS employees, by way of sending a newsletter, raising the issue of the importance of “tone from above” and “tone in the middle” for ethical business conduct. Within the framework of the sixth annual Day of Ethics and Compliance, the Compliance Cup game, the Compliance Video competition were arranged, a preview of the compliance video titled “Eight Real Stories” and other events were held, including those organized by owners of the compliance programs of the MTS Unified Compliance System. Approximately 500 employees of MTS took part in the events.

ANTI-CORRUPTION (ANTI-CORRUPTION COMPLIANCE AND BUSINESS ETHICS)

MTS PJSC, as a public company, is aware of the need to develop a favorable business environment in the markets of its presence, and makes efforts to promote the best compliance practices, and always adheres to high standards of business ethics, transparency and the rule of law.

The anti-corruption compliance program at MTS PJSC establishes measures to control regulatory risks, to protect the Company from any manifestations of corruption (both within the Company and attempts to involve the Company in corrupt activity from the outside), to improve the corporate culture, introduce and develop in the Company the best corporate management practices, as well as standards of responsible and ethical behavior.

The company has formed its approach to building up the anti-corruption compliance program based on recommendations from regulatory authorities, relevant international organizations, and best practices in the development of corporate anti-corruption compliance programs.

- › The Audit Committee of MTS approved a three-year strategy in the field of business ethics and compliance, which supports the business strategy of MTS PJSC and contains strategic compliance goals. The document focuses



Projects and initiatives in the framework of development of the anti-corruption compliance program and strengthening of the compliance culture in 2020

on further implementation of the compliance program in the corporate culture of MTS PJSC and the improvement of controlling systems that support the business strategy.

- › Employees were trained in anti-corruption compliance:
 - full-time training in anti-corruption compliance was attended by more than 2 thousand employees of MTS PJSC;
 - about 25 thousand employees of MTS PJSC participated in the updated electronic course “Compliance — Compliance with Anti-Corruption Laws” since its launch in 2019 and by the end of 2020 (in 2020 — about 13 thousand employees of MTS PJSC);
 - about 24 thousand employees of MTS PJSC participated in the updated electronic course “Code of Business Conduct and Ethics” since its launch in 2019 and until the end of 2020 (in 2020 — more than 10 thousand employees of MTS PJSC);
 - full-time training on the principles and requirements of the Company in the field of anti-corruption compliance was attended by about 1900 representatives of third parties; an electronic course for dealers was launched called “MTS Requirements for Compliance with the Law by Partners. Anti-Corruption, Combating Money Laundering/Financing of Terrorism/Proliferation” on iSmart platform. Number of participants: 552 persons.
- › MTS top management continued to communicate its commitment to ethical business conduct (“tone from above”) to employees, including through the following initiatives:
 - The President of MTS PJSC circulated an e-mail about the importance of the superior’s role in the formation of standards of corporate conduct among employees, as well as the need to comply with high business principles;
 - the updated version of the electronic course on the Code of Business Conduct and Ethics of MTS PJSC includes up-to-date messages from the Company’s top managers addressed to employees who open each module of the electronic course: President of MTS PJSC, Vice President for Human Resources, First Vice President for Customer Experience, Marketing and Ecosystem Development, Vice President

- for Government Relations and Public Relations; Vice President for Corporate and Legal Affairs, Director for Internal Control and Audit, Vice President for Business Ethics and Compliance;
 - by the Day of Ethics and Compliance, an e-mail was sent to all employees of MTS PJSC with a message from the Vice President for Business Ethics and Compliance;
 - on the International Anti-Corruption Day, an email was sent to all MTS employees with a message from top management: MTS President, First Vice President for Telecommunications Business, First Vice President for Customer Experience, Marketing and Ecosystem Development. The messages from top management were focused on the importance of adhering to the principles of compliance.
 - › The company continued to actively develop the “tone in the middle” area — demonstration of good faith behavior by mid-tier executives by personal example. The regional development directors and the directors of the branches spoke to the employees on the subject of compliance in person and reminded them of the importance of compliance training and conducted activities in the regions, discussed ethical dilemmas in teams.
 - › Compliance topics were actively covered in internal communications, in particular: articles were published in a corporate magazine; posts and information materials were posted in the compliance groups created within the Pulse corporate portal: in the group “Anti-corruption compliance. News”. In 2020, 22 posts were published on the anti-corruption area of compliance, in the group “Unified Compliance System. Blog” — 38 posts in eight areas of the Unified Compliance System; interactive banners on the Pulse corporate portal were used, screensavers on the work computer desks of employees on compliance topics; an exchange of electronic compliance badges among employees was organized within the framework of the Day of Ethics and Compliance; a pilot version of the MTS comic book entitled “Compliance. “The Best Version of You” was issued. The issue focused on making the right decision in case of suffering influence from the vendor and was commemorated to celebration of the International Anti-Corruption Day.
 - › Work was continued to improve internal compliance controls: three new controls were introduced, including in the area of investing in startups. In total, as of the end of 2020, changes were made to 63 local regulatory acts with compliance controls.
 - › President of MTS PJSC A.V. Kornya demonstrated the “tone from above” outside the organization and took part in a discussion on business ethics at the Skolkovo Moscow Business School.
 - › For the purpose of popularization of the best compliance practices and exchange of experience in 2020, representatives of the Department of Business Ethics and Compliance spoke at 12 external events in the field of compliance, including: the 6th Annual Conference “Prevention of Intracorporate Fraud and Assessment of Counterparties”, 7th Annual Conference “Compliance and Anti-Corruption in Russia and the CIS”, the International Congress on Compliance, the online conference “Compliance and Ethics: Telecom Says”, the BRICS Roundtable on Anti-Corruption Education and Awareness.
- Compliance training for members of MTS PJSC Board of Directors**
- In July 2020, Vice President for Business Ethics and Compliance, L.E. Lukiyanova conducted an introductory training for members of the Board of Directors of MTS PJSC on “Anti-Corruption Compliance in MTS PJSC”, within the framework of which she spoke about the principles of the anti-corruption compliance system, interaction between the Board of Directors and compliance, “tone from above”, etc.
- Six members of the Board of Directors took part in the training session.

CONFLICT OF INTEREST MANAGEMENT

For the purposes of establishment of a uniform and efficient actual and potential conflict of interests management system as well as definition of requirements for employees' conduct, observance of which enables to minimise risks of making decisions under the influence of personal interests and connections, the Company has introduced the Policy "Conflict of Interests Management".

In 2020, the Policy was amended, including adding of new standard conflict of interest situations, while the responsibility for compliance with the Policy was assigned not only to employees and management bodies, but also to MTS counterparties. The new version of the Policy "Conflict of Interest Management" was published on the MTS external website¹.

Employees holding management positions are obliged to show the example of law-abiding and ethical conduct and actively support execution of the Policy "Conflict of interests management".

When being hired, all employees familiarize themselves with this Policy, fill in the form "Disclosure of information about the conflict of interests". In 2020, the form for disclosing information on a conflict of interest in MTS PJSC was automated, now every employee of MTS PJSC can fill it out through his/her personal account. When a conflict of interests arises, each situation must be reviewed and settled.

Throughout 2020, information on 176 situations was audited and expert opinion was given in order to identify the presence of a conflict of interest. In 35 instances, the conflict of interest was not confirmed. 141 conflict of interest instances were settled: 128 potential and 13 actual ones.

SYSTEM OF ANTIMONOPOLY RISK PREVENTION (ANTIMONOPOLY COMPLIANCE)

Since 2015, the antimonopoly compliance at MTS PJSC has been successfully functioning and developing in the light of changes in antitrust laws and trends in the development of law enforcement practice. In 2020, the company continuously carried out antimonopoly controls and consulting, in most cases the antimonopoly compliance was involved to settle such issues as setting rates, interacting with counterparties and other telecom operators. In addition to controls in the field of telecommunications, the more attention is paid by

the antitrust compliance service to the development of ecosystem goods and services: interaction with partners, pricing and promotion of such products. Attention is still paid to monitoring of legislative changes, antitrust practices against third parties, including the cases of the regulating authorities against international ecosystem companies and dominant digital platforms. The company was actively involved in the work of the FAS Russia on the development of recommendations on the procedure for implementation of antitrust risk prevention systems, which made it possible to incorporate the best practices of other companies in its work.

In 2020, the Company's management was actively involved in the business processes and development of the antitrust risk prevention system. An annual reassessment of risks was carried out, in the course of which no significant changes were revealed in the map of antitrust of MTS PJSC.

In 2020, the Company was increased the number of training courses for its employee in antitrust requirements, also through the active use of remote methods. The Company conducted training for management, developed a new animated training course, and trained employees in a number of subsidiaries. These measures made it possible to involve more than a thousand students to the training, to increase the clarity and convenience of trainings. The Company's management took an active part in antitrust issues, in particular through participation in training sessions and control procedures.

The Company regularly communicates information about antitrust requirements to employees, using various formats of such communication to achieve maximum effect. The ultimate goal of this work is not only to provide employees with theoretical and practical knowledge in the field of antitrust regulation, but also to develop "zero tolerance" to violations of antitrust laws within the Company.

The antitrust risk prevention system is constantly optimizing in order to comply with the development of the MTS PJSC business strategy and with the changes in the regulatory environment

¹ https://static.ssl.mts.ru/mts_rf/contents/537/Conflict_of_Interest_Management_Policy_rus.pdf.

INSIDE COMPLIANCE

MTS PJSC, as a company with on-exchange trading of its financial instruments in Russia and the United States, pays great attention to maintaining an effective system of misuse of insider information and market manipulation.

The Company has a system of measures, procedures and processes aimed at preventing violations of legislation on the use of insider information, built taking into account the best Russian and international practices and based on two basic documents — the Policy “On Counteracting the Misuse of Insider Information and Market Manipulation” and the Regulations on principles and procedures regarding prevention of transactions using MTS insider information. Local regulatory acts of MTS PJSC determine the procedure for using insider information, the rules for protecting its confidentiality and monitoring compliance with the requirements of legislation on the use of insider information in order to ensure fair pricing of financial instruments, protect the rights and property interests of all MTS shareholders and ensure equal rights of other investors in terms of timing and volume of information received, strengthening investor confidence and preventing abuse in the form of misuse of insider information and/or manipulation of market.

In line with the best practices in the Company restrictions are set for all employees on transactions with securities MTS PJSC during the so-called closed periods. Another closed period begins every time on the first day of the fiscal quarter and ends two business days after publication of financial results of MTS PJSC for the previous fiscal quarter. In order to ensure compliance with the requirements on closed periods, the system provides quarterly information (twice per quarter) of employees and members of management bodies about their beginning and end. In addition to this, for members of management bodies in a special information system created calendar with up-to-date information about the current closed or open periods.

Since 2014, the Company has operated a full-time training system for all insiders who are employees of the Company. When being hired, each employee reads Company’s regulations aimed at preventing violations of insider laws.

The Company is aware of the severity of the sanctions which may be applied to any employee in case of a violation of insider legislation. Therefore, in order to prevent such negative consequences,



MTS PJSC principles with respect to transactions involving the use of insider information

- **None of the executive officers, directors or employees of the Company possessing insider information relating to securities shall have the right to buy or sell these securities, directly or through relatives or other persons, irrespective of whether the issuer of such securities of the Company or any other public company.**
- **No executive officer, director or employee of the Company shall sell or purchase securities of the Company during the period commencing on the first day of the financial quarter of the Company and ending two business days after the publication of data on the Company’s revenue for the previous fiscal quarter (hereinafter the “Closed period”), except for exercising options not related to the sale of securities of the Company.**
- **Transactions involving securities of the Company may be made not earlier than on the third business day after public disclosure of financial results for the fiscal quarter or year, subject to other restrictions contained in the Regulations “On Principles and Procedures Concerning the Prevention of Insider Trading of MTS”.**
- **Under no circumstances shall insider information be transferred by officials, directors and employees of the Company, directly or through other persons, to third parties outside the Company or even to persons within the Company, except for those who need to know such information.**
- **If a person has doubts as to whether it they are allowed to make a transaction or not, it is better to refrain from the transaction.**

in 2017, an interactive course was developed and launched for all company employees, dedicated to insider-law fundamentals.

Risks related to the violation of insider legislation are recorded in a specialized automated system and are reevaluated on a quarterly basis.

Russian regulation in the field of preventing insider trading has its own specifics. For example, the Company keeps a list of its insiders in this regard. It includes individuals and legal entities.

In order to maintain an effective inside compliance program, the Company audits program's controls: annually — via employees involved in ensuring the functioning of the inside compliance program (verifying fulfillment of individual requirements of the inside compliance program); as necessary (taking into account the risk-based approach) — via the internal audit division headed by a person accountable to the Board of Directors.

PERSONAL DATA PROCESSING ORGANIZATION

Expansion of the scope of operations beyond the boundaries of the telecom industry; transition from IT projects with strictly defined tasks, resources and deadlines to IT products using client-oriented agile tools; establishment of teams from employees of various legal entities — these changes required an adequate response from the Information Security Department in 2020, which consisted in adapting, and sometimes in a complete revision of the processes in which the subdivisions of the Information Security Department were involved.

The ecosystem path chosen by the MTS Group in 2020 resulted in a significant increase in the number of digital products created, which, in turn, led to an increase in the workload of employees of the Information Security Department. The Center for Information Security of Product Solutions and the Department for the Protection of Confidential Information, including the Functional Group for the Processing and Protection of Personal Data, were established within the Department.

Creation of the MTS ecosystem required the solution of new, unique tasks, including the legalization of the process of exchanging personal data between companies within the MTS Group of Companies. Thus, in 2020, the employees of the Confidential Information Protection Department worked out the issues of entering into non-disclosure agreements

and instructions for the processing of personal data, agreed on technical solutions for the exchange of restricted information within the ecosystem.

The set of changes in MTS PJSC and Russian legislation required changes in the corporate regulatory documents of MTS PJSC, in particular, the Policy "Processing of Personal Data in MTS PJSC", PT-002 "Regulations on the Information Security (Confidentiality) Regime at MTS PJSC" were amended, the company took part in making changes to the regulations of the Information Technology Block, including the Process Regulation "Management of the IT Product Development", prepared draft amendments to other regulatory documents on information security, including those related to the security of critical information infrastructure.

One of the priority areas of the Information Security Department continues to be raising the awareness of MTS Company employees in matters of processing personal data and protecting confidential information. In particular, in 2020, the Confidential Information Protection Department carried out work to update the training course "Processing of Personal Data at MTS PJSC". The main emphasis is on clarifying what is acceptable and what is highly undesirable. New interactive distance learning course on confidential information "Work with Confidential Information" was developed. Over 2020, 3346 employees of MTS attended the training course "Personal Data Processing at MTS PJSC", 4704 employees of MTS attended the training course "Work with Confidential Information".

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.

COMBATTING THE LEGALIZATION (LAUNDERING) OF CRIMINAL PROCEEDS, THE FINANCING OF TERRORISM AND/OR FINANCING OF THE SPREAD OF WEAPONS OF MASS DESTRUCTION (CML/FT/MDWSF)

The CML/FT/MDWSF program has been developed in accordance with applicable legislation, which is monitored on a regular basis.

As part of the compliance program's activities implementation, the Department of Regional Security conducts a daily audit of all MTS subscribers to check whether some of the subscribers are included in the list of Rosfinmonitoring. When the Company's subscribers carry out high-risk transactions on personal accounts, in addition to checking against the lists of Rosfinmonitoring, an additional check is initiated against the database of invalid passports.

The Company also carries out daily monitoring of the termination of communication-service contracts with repayment of the balance, as well as monitoring other suspicious subscriber transactions in accordance with Order No. 103 of the Federal Service for Financial Monitoring dated May 08, 2009 "On the Approval of Recommendations for Development Criteria for the Definition and Identifying Signs of Unusual Transactions", newsletter of Rosfinmonitoring dd. October 2, 2019.

On an ongoing basis, events are held to inform regional leaders on the implementation of CML/TF/MDWSF legislation requirements.

In 2020, the Company:

- > updated regulatory legal acts developed for the purposes of CML/TF/MDWSF;
- > conducted planned training of top management in the form of targeted briefing / raising the level of knowledge for the purpose of CML/TF/MDWSF.

HEALTH AND SAFETY MANAGEMENT SYSTEM¹

When building "Health and Safety Management System" compliance program, the Company is guided by the applicable Russian and international legislation, as well as by local regulations on labor protection.

The Company operates a two-tier system of H&S management, focused on creating a safe working environment, prevention of occupational injuries and personnel training of safe work rules.

As part of the compliance program, the following activities were carried out in 2020:

- > special assessment of working conditions and production control;
- > procedures for identification, assessment and management of professional risks;
- > medical examinations;
- > training of employees and experts in the field of health-and-safety;
- > provision of the employees with the special clothing, safety shoes and other personal protective equipment;
- > various activities and communications in order to increase employee awareness of health and safety;
- > control procedures of various levels;
- > interaction with regulatory authorities.

The costs of organizing occupational safety measures increase annually due to the expansion of the staff and the list of implemented measures. Thus, in 2020, a number of activities aimed at combating coronavirus infection were added to the OS activities.



¹ Detailed information on the program is provided in the section "Our Employees".

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



ENVIRONMENT¹

MTS is an environmentally responsible company. We are not only consistently reducing our ecological footprint, but also expanding the implementation of the Environment Compliance Program. In 2020, employees responsible for environmental safety attended compulsory training, industrial environmental control was carried out at the registered facilities of negative impact. In order to improve the environmental culture, we maintained the tradition of holding the Eco-Day with MTS and supplemented the content with the topic of respect for the environment.

HUMAN RIGHTS AT THE WORKPLACE²

In 2020, the Company continued work on development of compliance program “Observance of Human Rights at the Workplace” according to the recommendations received based on the results of the external annual audit of compliance programs and the results of assessment of compliance risks at the level of business processes.

The risk management system in the field of observance of human rights is part of the integrated risk management process of the MTS Group. In connection with the difficult epidemiological situation in 2020, a reassessment of the legislation violation risks portfolio was carried out and other applicable requirements in the field of observance of human rights at the workplace. An additional risk associated with violation of employee rights during the coronavirus pandemic was added.

Based on 2020 results:

- > to raise awareness among employees, the section “Human Rights at the Workplace” was updated on the internal corporate Webportal;
- > the company developed and launched a training course “Human Rights at the Workplace” for all employees. The course covers aspects of applicable labor law and provides a clear understanding of how an employee shall act in the event of a violation of his/her rights at the workplace.

A RISK MANAGEMENT SYSTEM IN THE FIELD OF INTELLECTUAL PROPERTY

In 2020, the program “Intellectual Property Risk Management System” (hereinafter “IP Compliance”) was included in the Unified Compliance System; the program has been successfully operating and developing since 2019.

The IP Compliance program is aimed at developing and improving the procedures of MTS and SCs in identification, record, use, disposal and protection of intellectual property (IP) items, building controls to identify and mitigate risks in the field of IP, effective management of IP items and increasing legal culture in the use of IP items.

To implement and maintain the IP Compliance program, the Company established the Intellectual Property Management Department, which includes patent attorneys and highly professional lawyers, including those noted in the ratings among the best Russian specialists in the Intellectual Property area.

The Department is responsible for implementation and maintenance of the IP Compliance program in the entire group of companies, development of control procedures, registration and management accounting of intellectual property rights, monitoring of applicable laws, analysis of risk prevention practices, improvement of control procedures and training and information materials. The Department's consultations make it possible to actively influence the main business processes in terms of risk prevention.

The Department developed a mandatory interactive distant training course “Rules for the Use of Intellectual Property in the Company”, the course was attended by more than 14 thousand employees.

In 2020, the team of the Intellectual Property Management Department became the winner of the First IP Russia Awards 2020 in the category “Effective IP Portfolio Management Strategy”.

¹ Detailed information on this area is disclosed in the Sustainable Development Report of MTS PJSC: <https://moskva.mts.ru/about/socialnaya-otvetstvennost/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>.
² Detailed information on this area is disclosed in the Sustainable Development Report of MTS PJSC: <https://moskva.mts.ru/about/socialnaya-otvetstvennost/novosti-i-otcheti/otchet-ustoychivogo-razvitiya>.