

OUR EMPLOYEES¹

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES

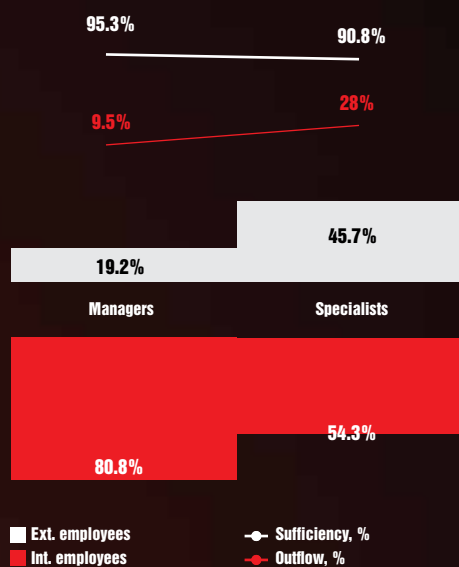


MTS pays special attention to building and developing an effective and successful team of professionals.

60,594 people

the number of employees of MTS Group as of the end of the year.

Closing of vacant positions

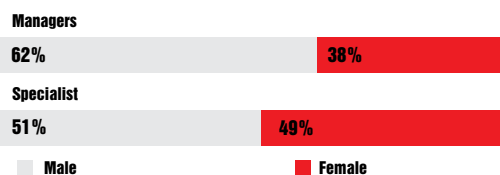


Portrait of the company's average employee



Gender: M
Age: 36
Length of time worked at the company: 6

Gender composition

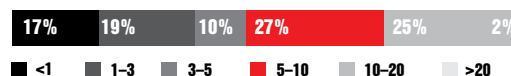


PERSONNEL STRUCTURE

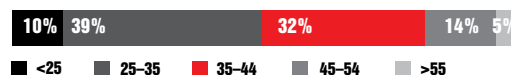
by education



by length of service

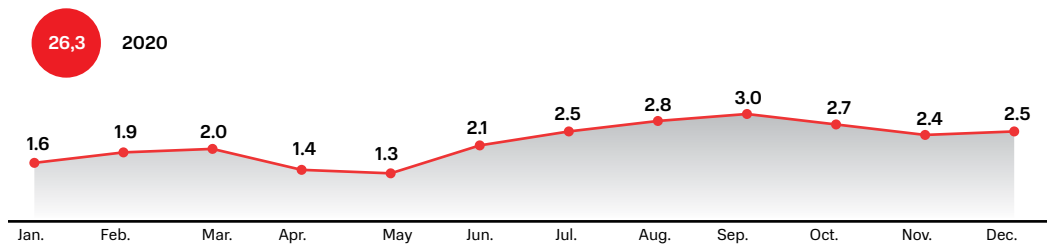


by age



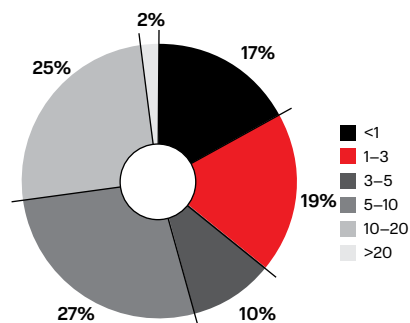
¹ More detailed information is disclosed in the MTS Group's Sustainability Report for 2020: chapter "Corporate Social Responsibility", section "Employees"

\\ Dynamics of net outflow, %

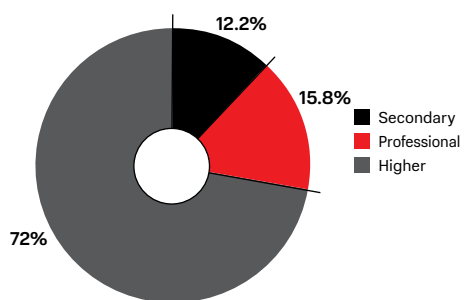


MTS actively uses the best practices in the area of employee programs. New approaches to training staff, improving working conditions and communication channels, promoting a healthy lifestyle, conducting adaptation and retraining programs – this is just a part of the opportunities opened up to the employees.

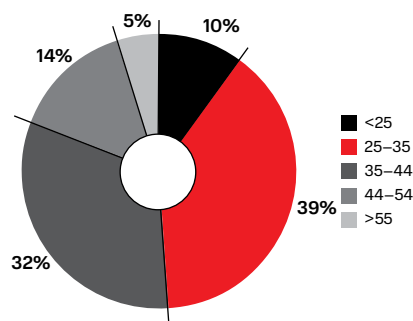
\\ Personnel structure by length of service, %



\\ Personnel structure by education, %



\\ Personnel structure by age, %



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



REMUNERATION AND SOCIAL BENEFITS

MTS has a competitive remuneration system. According to the data for 2020, the average salary at the Company is 32.5% higher than in the country as a whole.

In addition, MTS provides its employees with a substantial package of compensations and benefits. Furthermore, the employees can take part in the "Benefit Cafeteria" program where a set of an employee's benefits may be changed based on their individual decision. This approach enables us to qualitatively satisfy different employees' needs with high cost effectiveness.

PERFORMANCE EVALUATION

All of the Company's employees participate annually in the performance evaluation procedure which includes both an evaluation of fulfillment of key performance indicators and the competence development level. During the evaluation process, managers provide extended feedback based on annual work results, and, following the results of the evaluation, a plan of development measures is drawn up for the employees.

In 2020, the work on the development and improvement of the KPI system was continued, including an increase in the number of cross-cutting team indicators which help effectively unite teams in order to achieve common objectives. For the purpose of developing the employees' potential, additional options have appeared for obtaining assessments on competencies from colleagues.

Thanks to a properly built personnel development system, approximately 81% of managerial vacancies in the Company are closed through the involvement of in-house candidates. Using advanced distance learning platforms, while at the same time maintaining the quality, it has been possible to provide employees with opportunities for developing professional and personal competencies, as well as for studying new digital directions and retraining.

ADVANCED TRAINING FOR PERSONNEL

REMOTE TRAINING



MTS Corporate University Department (CUD) is responsible for comprehensive training of the personnel.

The mission of the University is to create development opportunities in various formats, expanding the boundaries of business.

Experts from the Corporate University develop and maintain the distance learning system (Learning Management System), develop e-learning area, launch educational programs for blocks, hold trainings and support new employees.

In 2020, MTS Corporate University Department launched a new distance learning platform. The platform saved the history of mandatory training of each employee and also opened new opportunities:

- › a convenient training catalogue with filters by name, training type, faculty and novelty;
- › transparent separation of training by areas due to the system of faculties;
- › a calendar of events with registration for training events;
- › searching for similar courses and programs using tags;
- › descriptions of all courses, programs and events to quickly decide on training;
- › a mobile version with access without the corporate network;
- › updated content of mandatory training;
- › recommendations of similar training in course and program cards.

More than 400 distance courses may be found in the catalogue – these are interactive presentations, longreads, video courses, webinar and online training records, books and memos.

Apart from single courses, methodologists from the Corporate University suggest studying programs – a series of courses with the same subject and the same end objective of training. Such an approach contributes to well-structured and holistic development.

4 QUALITY EDUCATION



FACULTY TRAINING

Key logic of training is the faculties. Such an approach helps employees gain an understanding of the diverse training content and build their unique training route, set the priorities and define the self-development vector. Besides, an employee may study at different faculties. All new employees attend the adaptation program at the “Start” faculty.

Other faculties are divided into the following sections.



FOR MTS VERTICALS AND HORIZONTALS

- + Compliance
- + Engineering
- + IT
- + Marketing
- + PR
- + HR
- + Procurement
- + Finance
- + Law
- + Security
- + Customer Service
- + B2B
- + B2C
- + For MTS Leaders
- + Management and Leadership



AVAILABLE TO EVERY EMPLOYEE

- + MTS business
- + Universal skills – soft skills
- + Applied skills – hard skills
- + MTS campus

TRAINING FORMATS



In 2020, the CUD developed and launched several mass distance courses and programs.

- › The “Learn to Learn” program helps employees set proper objectives, plan the educational trajectory, find motivation and manage it. The program consists of four lessons with longreads, videos and exercises.
- › The “MTS Technological Infrastructure” interactive course explains how MTS telecom business is designed, how it has changed and how it builds into the Company’s strategy. Complicated things are explained in simple words through a proper structure, storytelling and trend visualization.
- › The “MTS Start” play course is taken by new employees. The course objective is to provide the main information about the Company and to speed up adaptation. The course balances between education and entertainment, with a stylish visual concept simulating a dummy social network instead of usual slides.
- › In 2020, the popular program on business analysis, Power BI, was extended and scaled up to two-level training – Start and PRO. In total 1,217 employees registered, 100 participants were selected for the group and received feedback on practice from the experts. Others who wished took training as listeners without feedback.

DISTANCE LEARNING IN FIGURES

2019

76%

Distance learning coverage
(unique users who completed at least one course)

31%

Share of involved users who took more
than three courses

242,540

Number of courses taken, pcs.

2020

90%

Distance learning coverage
(unique users who completed at least one course)

62%

Share of involved users who took more
than three courses

273,084

Number of courses taken, pcs.

ONLINE TRAININGS

In 2020, due to transition to remote working, 90% of classroom trainings were changed to the online format by the Corporate University. Trainers held events for 2.5 hours in Skype for Business. Besides, the training format working in small groups and with the option to practice theory was maintained.

In addition, the "Management Thinking beyond the Bounds" training was piloted in the messenger. For a week, the participants received tasks, discussed performance and shared experience on the basis of the corporate messenger. Willingness to recommend the training to colleagues: 9.6 out of 10.

DEVELOPMENT PROGRAMS

The following training programs were launched for professional development of hard and soft skills of employees and for improved efficiency of business processes within the ecosystem development in 2020:

- › Marketing Expert 2.0 – a program for marketing employees of mobile business in regions and CC employees for certain events;
- › New Turn – a program for regional marketing experts of the Fixed Business Marketing Block and the Primary Reporting Center in Krasnodar;
- › MTS Product Owners School – a comprehensive training program covering all stages of digital product creation and development;
- › T&D School (Training & Development). The Academy of Trainer Skills was replaced with a program for systematic training of experts, Training & Development, aimed to create an online training product;
- › Digital HR – for regional HRs, who are the agents of digital transformation and ambassadors of the MTS ecosystem. The objective of the program is to assist growth of digital culture and to create an innovative environment inside the business units;
- › SuperPower – a program for the development of business skills designed for the employees of the compliance function;
- › PRO Guild – a program designed for the employees of monitoring and development groups at contact centers. PRO Guild is a community of professionals inside customer service units;
- › Regatta of Assistants – a program for assistants to directors of regions, assistants to vice presidents, and also employees who partially perform

the obligations of a department director's assistant. The program objectives are to demonstrate and expand the tools for effective performance of tasks, strengthen impact areas, develop competences and create a single information environment.

2020 RESULTS

32,336

trained employees

294,106

training events

74%

NPS

MANAGEMENT AND LEADERSHIP

The Corporate University launched a management and leadership faculty intended for the managers. The program of training at the faculty takes into account different managerial experience of participants, therefore, it has three target audiences:

- › new managers;
- › managers recruited externally;
- › experienced managers.

The program participants level up their managerial skills:

- › planning in management;
- › performance management;
- › situational management and delegation;
- › motivation of employees;
- › control and feedback;
- › development of employees;
- › recruitment;
- › dismissal.

Training takes place in the format of distance courses and online practical exercise lessons to practice skills from courses on real cases.

Besides, it takes into account the managers' occupation, and their load was distributed in the most convenient manner. Two weeks are given to study a single course, and its duration is no longer than 40 minutes.

EXECUTIVE TRAINING PROGRAM 2020

980

participants

36%

active "old-timers" from the total number of participants

41%

from the total number of managers

76.5%

NPS

59%

active participants from the total number of newly recruited employees

9.2

Benefit evaluation

COACHING

The MTS Internal Coaching Institute actively practices coaching sessions, both individual and in teams. Individual sessions are available to all employees in any form at their convenience – in person or remotely over the phone or Skype. 92 coaching sessions were held in 2020.

E-LIBRARIES

In 2020, the corporate library Alpina Digital boasted 9,685 readers and 25,376 hours of reading time. All books are available as a desktop version or in the app. In 2020, MTS was in top-three most reading companies and ranked second in the competition from Alpina Digital.

Besides, the employees also read the periodicals library Public.ru with the best business editions: Forbes, “Kommersant”, RBK, “Profile”, “Expert”. The library also has magazines such as Psychologies, Geo, Computerworld Russia, “Zakon”, etc.

RECRUITMENT AND ADAPTATION

Onboarding of a new employee in the work and corporate culture is done through the adaptation measures. We continue walking the way of transformation and automation of the processes, using opportunities of product teams: iHR, AI, HR Big Data. One of the highlight examples illustrative of this is Manager’s personal account “Snowflake”, where he or she receives a list of recommendations to develop and retain a newly recruited employee.

Adaptation innovations may be divided into two categories.

1. Training in the format of integration training

Since 2020, corporate onboarding of new employees takes place online. The first training takes place at the “Start” faculty in the MTS Corporate University. It includes the necessary minimum for the newly recruited employees and for those who returned after a long leave: program “First Course”, video addresses from top executives and other materials that make adaptation easy and successful.

The “First Course” program is automatically assigned to each new employee. On the first business week,

he or she reviews the adaptation stages, history and strategy of the Company, structure and products of the MTS ecosystem, rules of work and compliance principles. Easy and dynamic courses set for productive work and provide information necessary in the first days.

Besides, within the program, the newly recruited employees participate in the WelcomeDay online event, where top managers and heads of business verticals and projects share success stories and answer questions. This is an informal online event designed for new employees, which is open for everyone at the same time. Even experienced employees are happy to get additional focusing on the Company’s strategy and experience of inspiring stories.

MTS strictly complies with the requirements of business ethics and compliance, therefore a newly recruited employee is given enough time to study the courses on respect for copyright and compliance with the antitrust legislation. They may independently distribute their load to undergo the necessary training within time assigned. After the training, anything that seemed complicated or unclear to the employee becomes simple and easy.

MTS was one of the first Russian companies to launch a mobile version of mandatory briefings (on health and safety, fire safety, local regulations, Civil Defense and Emergencies) during the pandemic. The “Start” app was launched, which gives the following opportunities to a candidate for employment:

- › full name and contacts of the HR employee (recruiter), who supervises the candidate;
- › date of registration at work;
- › addresses: registration place (HR), pass collection place, medical examination place;
- › review of the Company’s local regulations (with confirmation of the fact of review);
- › attendance of onboarding briefings and courses;
- › brief information about the Company.

Information is provided dynamically depending on the company of employment and the city of employment. The candidate profile is transferred from the Stark system. Information on the fact of the candidate’s attendance of the courses and review of local regulations is transferred to the same system. Currently, the app is at beta testing stage in HR.

WORK WITH UNIVERSITIES

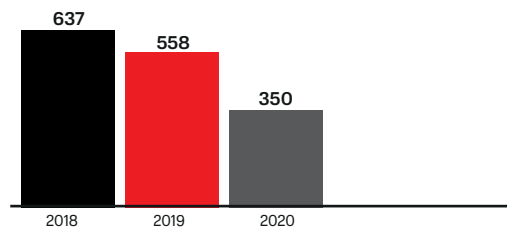
Internships

In 2020, MTS reformatted the MTS Flash and MTS Start internship programs to the online format. Students and graduates of the universities received an opportunity of internship without being attached to the city of residence.

The wide promo raised around 12 thousand responses and improved the Company's awareness among youth. MTS online internship was a leader in the rating of familiar internships among students of the HSE University and won the nomination "Breakthrough of the year in business area" in the annual rating of top employers for youth according to Changellenge.

350 interns were accepted for online internships in different areas: IT, Marketing, Product Management, Finance, HR, PR, Engineering, etc.

\\ Number of students who completed internship in MTS, pers.



Cooperation with universities

The Company organized on-the-job training, held joint lectures and career days in the online format. Former interns actively provided assistance in working with the universities as MTS brand ambassadors in the student environment. In 2020, the MTS Skills project was changed to the format of webinars, which made it possible to engage students from more than 130 universities.

MTS Group cooperates with HSE University (Higher School of Economics), MIPT (Moscow Institute of Physics and Technology), BMSTU (Bauman State Technical University), Plekhanov Russian University of Economics, Financial University, NNSTU (Nizhny Novgorod State Technical University), SibSUTIS (Siberian State University of Telecommunications and Information Science), Lomonosov State University, St. Petersburg State University, MAI (Moscow Aviation Institute), MISIS, Skoltech (Skolkovo Institute of Science and Technology), SPbPU (Peter the Great St. Petersburg Polytechnic

University), Kuban State Technology University and other universities – around 30 in total.

Targeted training programs are built depending on the profile of the training institution and MTS Group's need in the region. Thus, partnership in master programs is traditionally developed with MAI, MIPT and Skolkovo. Laboratory practices at National Research University of Information Technologies, Mechanics and Optics, dedicated courses with Innopolis University and Kazan Federal University.

Moove program

Moove by Skolkovo x MTS – a program of additional education for students aimed at developing soft skills and product management skills.

- › Teachers – professionals of technology industries, including experts of MTS and business experts of Skolkovo, as well as professors from leading business schools of Europe.
- › Participants – masters of the first and second years, bachelors of the fourth year. These are ambitious students who want to play a major role in the economy of the future.

Program objectives:

- › contribute to the development of the Russian digital economy by training new leaders of the innovative environment;
- › create a unique educational program to combine management knowledge and skills of innovative product development;
- › train experts of a new format who are eager to be leaders in a new reality.

Training takes place according to the project method. From the first day, the participants are divided into teams and travel the route from generation of hypotheses to full-scale launch of a digital product. Mentors and trackers – entrepreneurs and managers from MTS and other IT companies – help the teams.

Thus, students turn into experts capable of working both in a large corporation and in a small startup. They spend less time for adaptation, move quicker through a career ladder and earn more.

In total 3,200 application were sent for the program, and the competition was record-breaking – 6.1 persons per position. As a result of selection, 41 students joined the first group of the Moove program (2019–2020).

Graduates completed the program with a built up track of professional development. Following the program results, the employees:

- › know business models of modern digital companies;
- › are able to develop and launch a product in the market;
- › know how to monetize a business idea;
- › know trends, see the opportunities for technological business;
- › know how to work in a team;
- › know how to negotiate with different stakeholders and defend their opinion;
- › know how to manage a product portfolio;
- › know how to think strategically;
- › see the interconnections between various aspects of business and know how to manage those.

Companies in which graduates were employed:

- › 1st stage (2019–2020) completed;
- › 2nd stage (November 2020 – July 2021) in progress;
- › 3rd stage (September 2021) scheduled.

In September 2020, MTS and Skolkovo Business School launched another program of a new format.

90%

graduates of the program were employed within three months upon completion of the training.

35%

graduates work in innovation departments of companies in conventional industries.

50%

are occupied in technology-intensive industries.

65%

graduates started earning more. An average remuneration increased by 35%.

OCCUPATIONAL HEALTH AND LABOR SAFETY

Number one priority for the Company is to preserve life and health of the employees, to provide favorable and safe labor conditions at MTS PJSC.

Personnel safety, health and well-being are the main components of the Company's corporate social responsibility. In the reporting year, MTS joined the international approach Vision Zero, or "Zero Injuries" – this is a qualitatively new approach to organization of prevention, combining three areas: safety, workplace hygiene and well-being of employees at all production levels. Safe and healthy labor conditions are not only a moral and legal obligation, but also prove themselves economically. Investment into labor protection helps avoid people suffering and protect the most valuable thing we possess – our health, physical and psychological well-being. It is also crucial that they favorably influence motivation of the employees, the quality of work and products, the Company's reputation, extent of the satisfaction of employees, managers and customers, and, therefore, economic indicators.

Improvement and development of the safety culture at the enterprise take place through an informed approach pursued by senior executives who implement consistent management and create an atmosphere of trust and cooperation at all levels of the Company. At this stage, MTS Group's new strategy in the field of safety, health and well-being for 2021–2023 is under the approval process. The strategy implementation includes international practices and methods to introduce Vision Zero. It is evident that success in the implementation of the Strategy will depend on commitment of the Company's managers, motivation of the line managers and awareness of the employees.



Work on the development of the safety culture implemented at MTS PJSC is aimed at:

- › preserving life and health of the employees in the workplace;
- › continuously improving the OSH management system;
- › accounting and analyzing occupational injuries, detecting and investigating root causes of accidents with the employees and contractors of the Company and carrying out activities to prevent occupational injuries and diseases;
- › continuously detecting and managing occupational risks;
- › providing relevant and high-quality training for managers and labor protection professionals;
- › encouraging the employees to comply with the safety rules and raising their awareness;
- › involving the Company's employees in the safety culture development.

In 2020,

- › MTS PJSC spent 69.5 million rubles on the labor protection activities in 2020, which made up 105% of budget performance.
- › 17,816 employees passed external and internal labor protection training.
- › A special assessment of the working conditions was carried out in relation to 100% of jobs in the Corporate Center of MTS Group and the branches of MTS PJSC (24,556 jobs).
- › Preventive and periodic medical examinations were taken by 1,814 and 5,777 employees, respectively. As a result of periodic medical examinations, 32 employees needed to be transferred to another job, and health resort treatment was recommended to 103 employees.
- › Health resort treatment was recommended (an opportunity of treatment was granted at the expense of the Company).

Following the results of 2020, the analysis of the implementation of the planned activities on labor protection in the past year was performed. In total, MTS PJSC spent 69.5 million rubles on the labor protection activities in 2020, which made up 105% of budget performance (99.4 million rubles in 2019; 86.9 million rubles in 2018 and 82.1 million rubles in 2017).

In 2020, 17,816 persons passed external and internal health and safety training. The employees trained on health and safety are managers, experts, members of commissions on health and safety and other categories of employees. Various training systems are used for internal training on labor protection, such as the specially designed system on labor protection Colossus, including training on health and safety, fire safety, electric safety, and also the distance learning system for labor protection of MTS Corporate University "Virtual Academy". The Company provides training on first aid to persons injured at production facilities. First aid training is a set of actions aimed at recovery or preservation of life and health of the injured. The main objective of the training is to practice employees' independent actions and behavior aimed at preserving life of every injured, before arrival of rescue services.

One of the mandatory areas in labor protection is special assessment of the labor conditions. This process allows for identifying and evaluating the harmful and/or dangerous production factors in the workplace and planning the activities to improve working conditions. As of December 31, 2020, 24,556 workplaces (99% of the total number of workplaces) have been estimated at MTS Corporate Center and MTS PJSC branches (24,987 workplaces were estimated following the results of 2019, 23,926 workplaces were estimated in 2018 and 24,456 workplaces – as of the end of 2017), and special assessment of the working conditions will continue in 2021. Detailed information on assessment results is available at:



Labor conditions assessment –
Moscow (mts.ru)

Personal protective equipment (PPE) plays an important role in the prevention of employee's direct exposure to harmful and/or hazardous production factors. MTS PJSC developed and approved norms of free issue of special clothing, footwear and other personal protective equipment to workers who are engaged in work with harmful and/or dangerous working conditions. Timely procurement of certified PPE is provided, deadlines for wearing and testing of personal protective equipment are met. Properly organized safekeeping of PPE is ensured.

MTS employees engaged in work with harmful and/or dangerous working conditions undergo preventive (at employment) and periodic (during work) medical examinations. The purpose of the periodic medical examination is a dynamic monitoring of an employee's health in the workplace, prevention and timely identification of the signs of occupational and general disease, and prevention of accidents. During the reporting period, MTS PJSC held preventive and periodic medical examinations of 1,814 and 5,777 employees, respectively. As a result of periodic medical examinations, 32 employees needed to be transferred to another job, and health resort treatment was recommended to 103 employees.

Particular attention is paid to the organization of MTS activities to prevent occupational injuries and diseases. One of the main mechanisms to prevent production injuries is timely and proper assessment of professional risks that may arise at workplaces and their proper management. Since 2019, the "Requirements to investigation of accidents" standard has been in effect at the Company, which the branches use to take the corresponding actions.

Heads of units and representatives of employees participate in monitoring and in the development of annual H&S Safety Plans in branches for the next year, as well as in the development of the List of actions to improve the labor conditions and the safety culture. Actions aimed at supporting a new approach, Vision Zero, were scheduled for 2021.

In 2020, six accidents took place at MTS PJSC, as a result of which eight employees were injured (all of them were men). By degree of severity, accidents are subdivided as follows: four light accidents; one severe accident and one group accident. Compared to 2019, there is positive dynamics that may be explained by improved internal safety culture among the Company's employees

Rate of injury, which is characterized by Accident Frequency Rate¹ (AFR), was 0.19 in 2020 (0.17 in 2019, 0.27 in 2018 and 0.22 in 2017). Accident Severity Rate (ASR) was 55.7 (107.4 in 2019, 106.6 in 2018 and 21.3 in 2017).

Accident and Lost Work Time Rate (ALWTR) in 2020 amounted to 0.09 (0.02 in 2019, 0.03 in 2018 and 0.03 in 2017), and Lost Work Day Rate (LWDR) – 1.10 (1.47 in 2019, 2.18 in 2018 and 0.48 in 2017). Absentee Rate (AR) – 7.41 (4.31 in 2019, 4.36 in 2018 and 4.27 in 2017). No occupational diseases were found in employees in 2020.

Drivers of vehicles and technical experts (work at height, work in electrical installations), who maintain the communication network, are employees with high accident rate.

Annually, MTS PJSC cooperates with the Social Insurance Fund of the Russian Federation (SIF RF) for financial support of preventive measures to reduce accident injury rate and occupational diseases among employees and to provide health resort treatment to employees working with hazardous and/or dangerous production factors, as well as to obtain discounts on insurance rate for compulsory social insurance against industrial accidents and occupational diseases. In 2020, the total amount received from this work made up 8.9 million rubles (6.2 million rubles in 2019, 6.8 million rubles in 2018 and 2.6 million rubles in 2017).

¹ Accident Frequency Rate (AFR) defines the number of accidents for the reporting period per 1,000 workers.

At the expense of funds of the Social Insurance Fund of the Russian Federation:

- › medical examinations were conducted;
- › uniforms, safety shoes and other PPE were purchased;
- › special evaluation of labor conditions was performed.

Much attention is paid to the promotion of labor protection issues, and various forms of communications are used. Every year in April, in anticipation of the Global Labor Protection Day, various actions are taken to improve the labor conditions and protection of the Company's employees, and to prevent accident frequency rate and occupational diseases. In 2020, it was not possible to attend all offline events due to the epidemiological situation around the world.

One of the tools to promote the labor protection issues is to develop the safety culture for our employees and managers. Work in this area has been carried out at the Company since 2018. In particular, a distance learning video course "Safety Culture" was developed and placed in the Virtual Academy in the end of 2018 (the course has already been attended by more than 1,000 employees). Safety culture improvement is the informed change of the employees' and managers' attitude to responsibility for creating safe working conditions at the Company.

Every year, the Company assesses the effectiveness of its OSH management system based on quantitative indicators that objectively evaluate the extent of implementation of its labor policy. The assessment is conducted for each region. As a result of evaluating the OSH management system effectiveness, analysis is carried out, and concrete measures on improvement of labor protection are planned.

Indicator	2017	2018	2019	2020
Accident Frequency Rate (AFR) ¹	0.22	0.27	0.17	0.20
Accident Severity Rate (ASR) ²	21.3	106.6	107.4	55.7
Accident and Lost Work Time Rate (ALWTR)	0.03	0.03	0.02	0.09
Lost Work Day Rate (LWDR)	0.48	2.18	1.47	1.10
Absentee Rate (AS)	4.27	4.36	4.31	4.41

¹ Accident Frequency Rate (AFR) defines the number of accidents for the reporting period per 1,000 workers.
² Accident Severity Rate (ASR) defines the number of disability days per one injury.