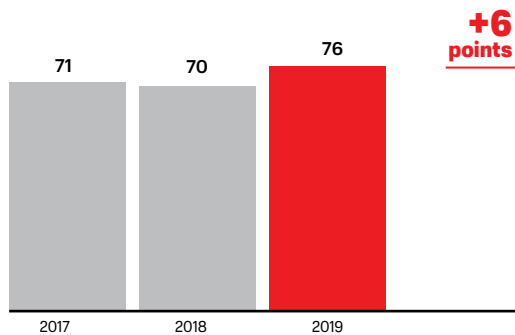


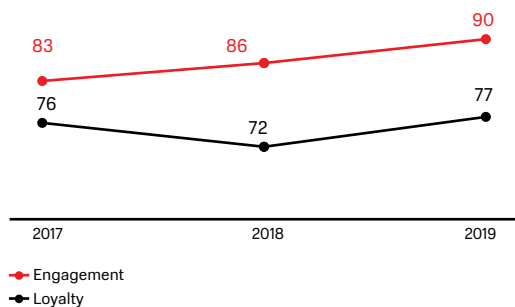
EMPLOYEE DEVELOPMENT POLICY

MTS implements a set of measures aimed at increasing employee engagement and reducing staff turnover. We regularly monitor and analyze the reasons for termination, with the findings informing follow-up measures to improve the situation. The Company also develops and implements special onboarding programs for new employees, which have a positive impact on their relationship with the team, facilitate their induction and help new hires fulfill themselves on a professional and personal level. Thanks to all these measures, MTS employees demonstrate high engagement levels, and the Company boasts low turnover rates.

HappyIndex (both loyal employees and engaged employees)



Employee engagement (score)



MTS conducts an annual employee engagement survey, with employees anonymously rating their managers, career prospects, training and development opportunities, business processes and working conditions, as well as making proposals and suggestions to improve working conditions at the Company. The survey findings inform an action plan to improve engagement, implemented by the Company's divisions over the following year. Systematic efforts to improve employee engagement allow MTS to maintain very high employee commitment and loyalty levels.



EMPLOYEE ONBOARDING

New employees are introduced to their job and corporate culture through a range of onboarding activities, with the Company actively leveraging automation and product team capabilities (iHR, AI, HR Big Data) to facilitate the process. Tailored recommendations are provided to supervisors via their personal account, Snezhinka (“Snowflake”), to facilitate new employee development and retention.

The Introduction to MTS program was given a new format in 2019. On their first day, new employees learn the basics of their work and the Company’s

existing process regulations as this training helps them study relevant documents in detail and ask any questions they might have. The new hires also get a mandatory briefing provided as a distance learning course on the same day. During the first week, they do the First Course distance learning program using different training formats and covering Introduction to Strategy, Core Businesses, Operating Principles and Compliance. The Welcome Day workshop is delivered during the second week with mandatory participation of Buddies, i.e. experienced mentors, supporting their new colleagues. A detailed overview of the Company’s structure and corporate culture is given through in-person presentations. Top managers share success stories and their division’s strategies and also field questions.

A project for automatic distribution of supporting materials was launched in 2019. Push notifications with tips and links are now circulated to new employees and their supervisors throughout the entire onboarding period. Notices detailing what should be known at certain time, reminders of the importance of target setting and reaching them in due time, feedback, and information about the competency model and mandatory training are circulated at different stages of onboarding.

MTS Ambassador

The MTS Ambassador incentive program for employees actively involved in corporate events has been in place since 2018. Developing with the Company, MTS Ambassadors can every day stay on top of opportunities, trends and discoveries in the five different fields:

- > IT
- > Intellect
- > Volunteering
- > Creativity
- > Environment

Employees can be both participants and organizers of events. Points are awarded to employees actively involved in corporate activities in their personal accounts on the intranet portal. The points can be exchanged for souvenirs and training at year-end. Over 500 events were held under the MTS Ambassador program across Russia in 2019, with the number of participants growing from 8,000 to 11,000 over the year.

MTS Code corporate magazine

MTS Code is a corporate publication for the Company employees which has been published for more than eight years now. The magazine is developing with the Company and has changed several titles over its existence (MTS Up and Zaprosto (“Easy”). When a new Company strategy was approved in July 2019, the magazine was also reinvented, with the July issue already published under the new title MTS Code. The magazine covers new events and projects, important changes and appointments, regional news, as well as MTS services, products, prices and advertising campaigns. MTS Code features interviews with the Company’s top managers, insightful customer stories, performance improvement tips and lots of other interesting information.

A paper version has limited circulation and is distributed to the Company’s offices across Russia. An electronic flash version is published on the intranet portal and in the Our MTS mobile application for employees. Thanks to different formats, the magazine’s readership is close to 80% of the workforce, and its audience can always keep abreast of the most recent news and interesting information on the Company’s life. The average readership of the electronic version is 7,000 unique readers per month. MTS Code won the silver award in the Web-Media category of the Digital Communications AWARDS 2020 contest.

magazine’s readership – almost

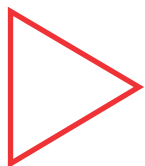
80 %
of the workforce



MTS recognition programs

Every year, MTS recognition programs allow each employee to announce their achievements, whether made personally or as part of a (structural or project) team, or nominate their colleague or supervisor. Winners are chosen by top manager vote and are awarded at an official ceremony in Moscow.

The Group’s recognition programs took a total 426 entries through the MTS online platform in 2019, with 125 employees announced winners and another 30 participants awarded training at Skolkovo.



MTS supports employees’ healthy lifestyle aspirations and motivates them to broaden their horizons. The Company offers the following federal online sports projects:

- > MTSRunning club
- > online workouts
- > challenges with professional coaches under the In Motion project.

GRI 103-1

>2,000 people actively involved in the projects every year

In 2019, the Spherum intellectual games were held for the third time, traditionally bringing together MTS employees from the shop floor to the boardroom from across units and regions. A total of 10 online qualification games were played by 350 teams, followed by the knockout stage for 120 teams in three cities (Moscow, Novosibirsk and Vladivostok) and the finals for 21 teams in Sochi.

CORPORATE TRAINING

Experts from the MTS Corporate University tailor function-specific educational programs, develop distance learning and hold classroom training and master classes.

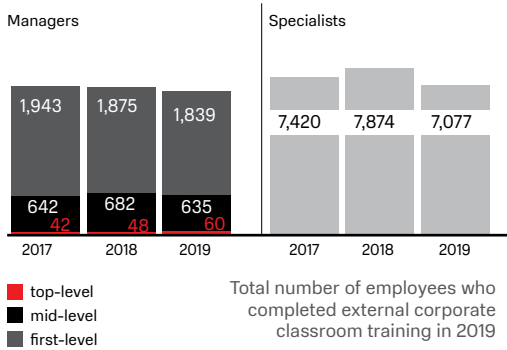
Training courses are combined into department packages as such approach helps employees to navigate the vast collection of training content, shape own, unique learning curve, set priorities and establish the direction of self-development efforts. An employee can train at different departments and take programs with selected subjects.

There are open departments and functional departments. To enroll at an open department, one has to complete the First Course distance learning program, a program all new employees enroll into automatically. Training is provided during the onboarding period and includes mandatory basic programs. Upon the completion of the First Course program, employees qualify for enrollment at open departments, e.g. the Competency Development department if focused on core competencies required by the Company, while the Product Transformation department provides immersion programs for product culture.

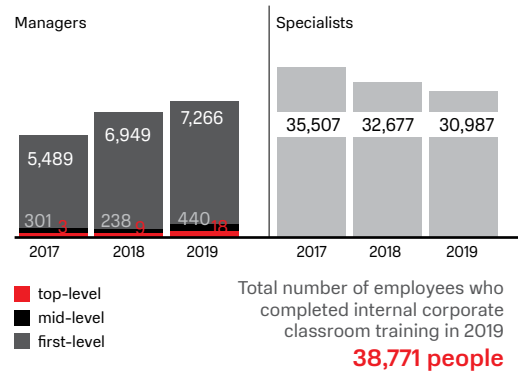
Functional departments mostly target employees of relevant functions: marketing, public relations, HR, IT, procurement, finance, equipment, etc. However, the training programs offered by these departments are partially available to other employee categories as well. This ensures a systematic, structured training for continuous improvement of employee knowledge and skills.



\\ Number of employees who completed external corporate classroom training (people)



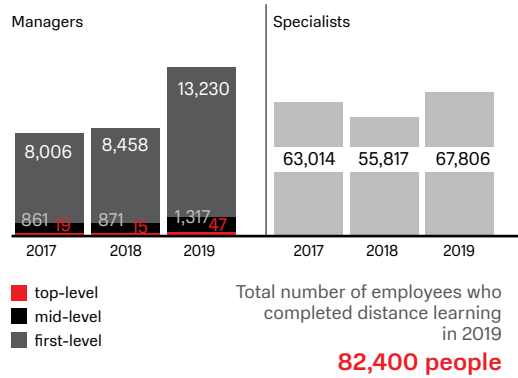
\\ Number of employees who completed internal corporate classroom training (people)



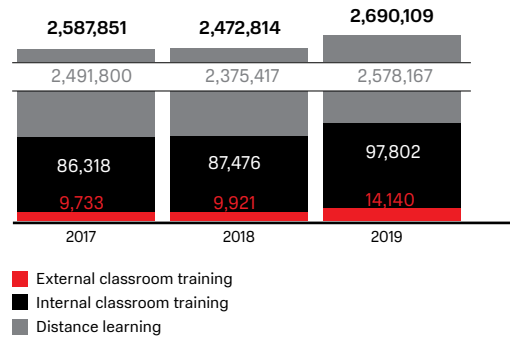
The total number of training completions decreased in 2019 due to headcount optimization at MGTS.

GRI 103-2, 404-2

\\ Number of employees who completed distance learning¹ (people)



\\ Number of training courses completed, (number of training courses completed)



\\ Time in training by employee category and gender (hours)

Indicator	2017	2018	2019
Total	862,845	615,290	985,396
Top-level managers:			
> men	1,302	1,491	2,076
> women	308	987	292
Mid-level managers			
> men	19,058	16,550	25,905
> women	7,669	6,265	10,275
First-level managers			
> men	59,769	50,350	84,437
> women	51,516	38,064	64,564
Specialists:			
> men	318,527	253,576	419,031
> women	404,696	248,007	378,816

Virtual Academy

The Virtual Academy has successfully operated within MTS PISC since 2016 as a single environment for training with multiple priorities: streaming of distance learning courses, enrollment in classroom training, virtual libraries, to name but a few. This approach has been enabled by a special distance learning system, LMS Success Factors (SAP).

242,540
distance learning
courses
completed by employees in 2019

76%

distance learning reach in 2019

31%

of involved users who completed more than three courses

¹ Including current employees and employees terminated in 2019. 2017–2018 data for MGTS is not shown as analytics was not done at the time.

A vast catalog of distance learning courses on a variety of subjects is available to employees, from individual performance to the Russian language rules. The courses have been designed in various formats: interactive presentations, long reads, video courses, and recorded webinars. Courses can be mandatory or optional. In addition to standalone courses, the Corporate University methodologists offer programs: series of courses with the same subject and the end objective of training. This approach makes for structured and integral development.

In 2019, mass online programs focused mostly on practical skills and knowledge:

Business analysis. The basics

The course helps employees to learn data analysis and systemic thinking. Its theory and practice have been adapted for the Company's actual cases

PowerPoint PRO Slides

This course is intended for those who want to learn making creative presentations. Its micro-session format and the opportunity to practice new skills on one's presentation projects in progress make for a seamless training process.

Product Series of MTS

Learning MTS products while playing a game with creative stories. Its videos feature experts explaining the Company's products, services and solutions.

Classroom training

The Corporate University regularly holds classroom trainings and master classes featuring programs to develop Soft Skills which, along with theory training, are focused on practicing new skills.

Coaching

MTS actively uses coaching, both individual and in teams. Individual coaching is available to all employees in any form at their convenience: in person or remotely (over the phone or Skype).

12 team

coaching sessions

120 individual sessions

held in 2019 (on 160 requests)

E-libraries

MTS employees have access to the Alpina Digital library with popular science and business literature. The library boasts 7,665 readers and 23,007 hours of reading time. Thanks to a special app for smartphones and tablets, employees can access:

>2,500
business books

>260 audio books

>440 summaries¹

>370 IT publications

collection of best articles
from the Harvard Business
Review Russia online
publication

Public.ru library of periodicals features the best business publications: Forbes, Kommersant, RBC, Profile, Expert, as well as Psychologies, Geo, Computerworld Russia, Zakon, etc.

Since 2019, all managers also have access to the Harvard Business Review Russia online publication.

¹ Summary: an abridged version of a book.

Employee training by external providers

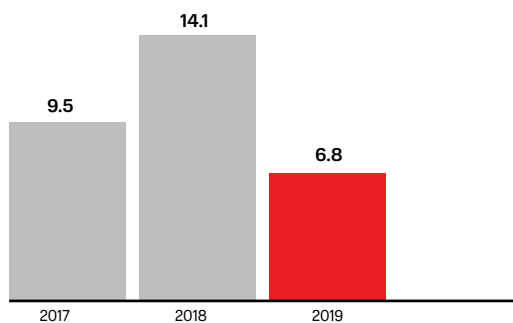
The MTS Corporate University provides employees with ample opportunities for internal training; however, external training is also needed sometimes to obtain deeper, specialized knowledge only available from specialized training centers. Funds are earmarked for external training of MTS employees every year.

The MTS competency development policy is focused on internal training program development. Internal training hours almost doubled year-on-year in 2019 as some external training programs were migrated onto the Corporate University's platform.

\\ Time in training per MTS employee (hours)

Training type	2017	2018	2019	Change 2019/2018, %
Internal (classroom) training	16.1	18.2	28.3	55.49
External (classroom) training	24.7	33	15.8	-52.12
Distance learning	16.6	8.14	11.6	42.51
Including:				
> men	23.7	20.8	21.9	5.29
> women	27.1	17.9	18.9	5.59
Including:				
> top-level managers	69.5	45	57.3	27.33
> mid-level managers	38.6	31.9	37.3	16.93
> first-level managers and other employees	25.1	19	20.1	55.49

\\ Share of management training in all training completed by managers (%)



The lower share of internal advanced management training was due to changes in the training format and the development of new tailored trainings at the Management Department.

MTS Stars startup academy

As part of MTS product transformation, the Academy of Leadership. Business Breakthrough educational program was relaunched in July

2019 as an innovators' launchpad, MTS Stars startup academy – a program to develop internal entrepreneurship run by the Corporate University jointly with the MTS Innovation Center. The program includes comprehensive online training by practicing experts, practicing new learning (development of a startup project to create digital products from ideation to prototyping), support by internal and external mentors, and collaboration in distributed teams comprising employees from different cities and functions.

Program participants were immersed in a business startup culture, gained comprehensive knowledge of ideation and idea implementation, practiced new tools and developed product thinking. After four training modules, 15 teams out of 30 got to semifinals, with eight reaching the finals. The winner was a Video AI project to develop a smart video processing tool using machine learning based video fragmentation. The three finalist projects moved to the internal accelerator MTS Garage.



Manager training programs

In October 2019, the MTS Corporate University, jointly with the SKOLKOVO Moscow School of Management, completed the third stream of the corporate training program for MTS Group leadership development.

TALENT POOL

In order to ensure management succession and maintain our unique corporate culture, MTS Group develops various programs to train managers and encourage professional development of the Company employees.

The program was taken by 60 participants, including the heads of various functions from several regions. The primary goals of training were to develop entrepreneurial potential and learn using modern tools for launching new product hypotheses.

Training consisted of five modules and included academic and project work with focus on creativity and entrepreneurship. The trainees studied corporate and personal strategies, design thinking, effective communications, leadership psychology and innovative project management in digital environments. Project work included ideation sessions for new business line development, testing hypotheses, value proposition development, prototyping and first sales. Speakers included leading professors from international business schools as well as invited experts from Russian and international businesses.

In just five months, cross-functional teams created eight new products while still performing their current roles. The participants defended their projects and were issued advanced training diplomas. The winner was the team that developed the IDAtchik. NB-IoT-sensor Ecosystem project.

MTS Garage

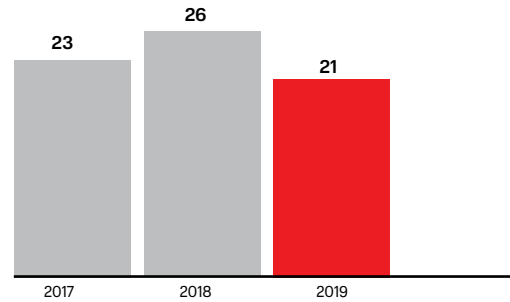
The MTS Garage program to develop internal entrepreneurship was launched in 2019. Any employee, irrespective of their role, function or region, can submit an idea for a new digital product and be given time and resources for its implementation. Subject to successful testing, new products are added to MTS's product range, and a new product unit is built around the product team, led by the team leader. A total of 72 entries from 14 cities were filed during the first submission round in 2019, with 24 projects selected for acceleration, eight demoed at the DemoDay. Four projects were selected for piloting (test sales).

The program has gained strong traction and credibility among employees, having received not a single negative feedback even from rejected project teams.

The MTS Garage is evolving into a key element of the Company's innovative culture and an important part of its ecosystem. The MTS Garage events in Russian regions are held at venues provided by the Agency for Strategic Initiatives and themed the Boiling Point. Students from Far Eastern Federal University, Novosibirsk State Technical University, Samara National Research University, and the Perm branch of the National Research University Higher School of Economics have participated in the events. Students from the Moscow branch of the National Research University Higher School of Economics work as interns in one of the garage teams. Two new submission rounds will be held in 2020, with the MTS Garage program rolled out to the Group subsidiaries and gaining momentum in the pilot regions of the MTS ecosystem, including through partnerships.

GRI 103-1, 103-2**Chief Technology Officer (CTO)**

The New Height training program was launched to prepare regional CTO successors, with 30 candidates shortlisted out of the initial 81 applicants following a three-stage selection process. The participants completed three-module training, participated in the Battle of Strategists business simulation and managerial duels. With 18 participants making it to the finals, the program has helped to fill 57% (four out of seven) of regional CTO vacancies across MTS.

\\ Number of the Region Director program participants (people)

The program has helped to fill 57% (four out of seven) of regional CTO vacancies across MTS.

Region Director

Another succession program is a project to build a region director candidate pool. To qualify, the candidates have to meet the relevant competency requirements and be willing to relocate to any branch of the Company. The project targets department heads with a length of service in a region or a separate business unit of at least two years.

WORKPLACE SAFETY AND OCCUPATIONAL HEALTH & SAFETY

MTS pays particular attention to work-related injury and occupational disease prevention. One of the key mechanisms for the prevention of occupational injuries is the accurate, timely assessment and smart management of potential workplace risks. In 2019, the Company developed a relevant standard used by its branches in implementing preventive measures. MTS also held a series of events for contractor managers on safe working at height.

Division heads and employee representatives are involved in the monitoring and development process for annual branch-specific occupational health & safety plans for the forthcoming year, as well as in the identification of initiatives to improve working conditions and occupational health & safety based on the results of special assessments of workplace conditions.

\\ Number of joint management-worker health & safety committees