

Material Topics and Materiality Matrix

MegaFon publishes its performance reports on an annual basis. MegaFon's 2019 Annual Report was prepared in compliance with the Sustainability Reporting Guidelines (GRI Standards) of the Global Reporting Initiative (GRI).

This Annual Report also incorporates the Social Charter of Russian Business, the Guidelines on Social Responsibility (ISO 26000), the Sustainable Development Vector Index, and the reference performance indicators developed by the Russian Union of Industrialists and Entrepreneurs.

Unless specified otherwise, performance figures pertain to PJSC MegaFon and its subsidiaries. The scope and wording of performance indicators in this Report do not have any material difference from previous reports.

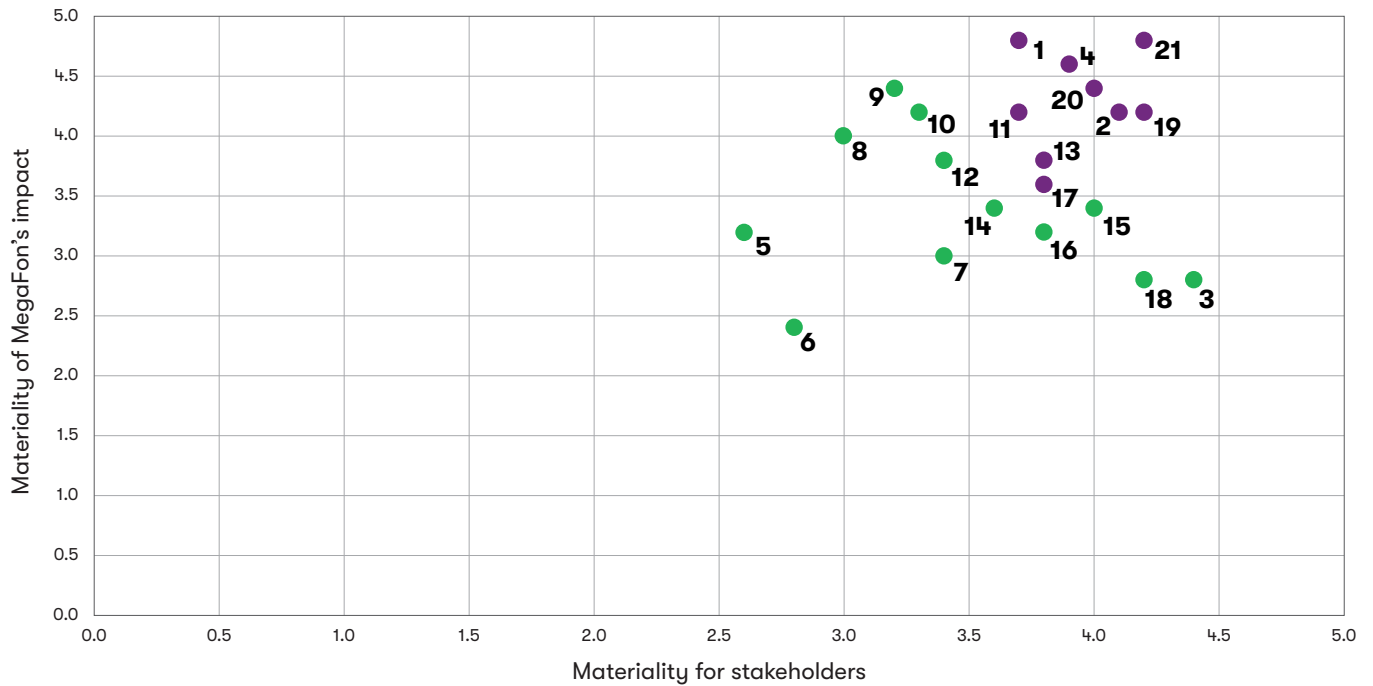
Material topics

Materiality assessment comprised three stages:

- **Stage 1. Determine the list of material topics** – make a list of the most frequent disclosures based on benchmarks of global and Russian companies within the telecommunications industry.
- **Stage 2. Determine the materiality of the Company's impact and the materiality of topics** by conducting a questionnaire survey among top managers and stakeholders.
- **Stage 3. Build the materiality matrix** based on the survey results.

The horizontal axis of the matrix shows the materiality of MegaFon's impact on material topics based on the top management survey, and the vertical axis shows the materiality of topics for stakeholders, with the topics in the upper part of the matrix (above the diagonal line) deemed to have priority and be mandatory disclosures in the Annual Report.

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Topics:

- 1. Economic performance**
- 2. Indirect economic impacts**
- 3. Procurement practices
- 4. Anti-corruption**
- 5. Energy
- 6. Emissions
- 7. Supplier environmental assessment
- 8. Employment
- 9. Labour/management relations
- 10. Occupational health and safety
- 11. Training and education**
- 12. Diversity and equal opportunity

- 13. Non-discrimination**
- 14. Freedom of association and collective bargaining
- 15. Child labour
- 16. Forced or compulsory labour
- 17. Human rights**
- 18. Supplier social assessment
- 19. Customer health and safety**
- 20. Customer privacy**
- 21. Socioeconomic compliance**
- 22. Local communities
- 23. Charity initiatives among employees