|  |  |
| --- | --- |
| **APPROVED** Executive Board Moscow Exchange10 August 2023, Minutes No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Yu. DenisovChairman Executive BoardMoscow Exchange |  |
| **Calculation Methodology** **for the MOEX ESG Indices**  |
| **Moscow Exchange** **2021** |

**CONTENTS**

[1. General provisions 3](#_Toc67504478)

[1.1. Terms and definitions 3](#_Toc67504479)

[1.2. Overview 3](#_Toc67504480)

[2. Index Calculation 4](#_Toc67504481)

[2.1. Calculation procedure for price indices 4](#_Toc67504482)

[2.2. Calculation procedure for the Total Return Indices 5](#_Toc67504483)

[2.3. Calculation of the Stock’s price 6](#_Toc67504484)

[2.4. Determining the number of Stocks and the Free Float Factor 6](#_Toc67504485)

[2.5. Calculation of the Weighting Factor 6](#_Toc67504486)

[2.6. Calculation of the Divisor 7](#_Toc67504487)

[3. Index construction and review 7](#_Toc67504488)

[3.1. Eligible universe 7](#_Toc67504489)

[3.2. Index reviews 8](#_Toc67504490)

[3.3. Treatment of corporate events 8](#_Toc67504491)

[4. Indices Calculation and Disclosure Rules 9](#_Toc67504492)

[4.1. Calculation Schedule 9](#_Toc67504493)

[4.2. Indices Calculation Control 9](#_Toc67504494)

[4.3. Information Disclosure 9](#_Toc67504495)

[Appendix 1 10](#_Toc67504496)

# General provisions

* 1. Terms and definitions
		1. For the purpose of this Calculation Methodology for the MOEX RSPP ESG Indices (the “Methodology”), the following terms and definitions are applied:
			+ - Stocks means stocks of Russian issuers admitted to trading on the Exchange as well as stocks and depositary receipts representing stocks of foreign issuers having their business activity primarily in the Russian Federation. Stocks do not include stocks issued by joint stock investment funds. In terms of the MOEX - RSPP Sustainability Russian Companies Vector Total Return Index, a Stock means stocks of Russian Issues admitted to trading on the Exchange. Stocks do not include stocks issued by joint stock investment funds.
				- Constituents means a list of securities used to calculate the Indices.
				- The Exchange, Moscow Exchange means Public Joint-Stock Company Moscow Exchange MICEX-RTS.
				- Index Review Date means a trading day immediately preceding the day when changes to the Index’s Constituents and/or Constituents’ Parameters are announced.
				- Index, Price Index means an indicator calculated by the Exchange on the basis of on-exchange trades in securities to track changes in the RUB-denominated aggregate value of a certain group of securities.
				- A Total Return Index means the gauge which tracks a return from reinvested dividends for constituent stocks alongside changes in the total value of constituent stocks.
				- Free Float Factor means an adjusting coefficient used to consider the number (percentage) of stocks or represented stocks floating on the market.
				- Index Constituents’ Parameters means parameters of Stocks used to calculate the Indices (free float, number, Weighting Factor)
				- Stock Weight means the share (in percent) of the Stock in the aggregate value of all Constituents.
				- Issuer means an entity issued ordinary, preferred or represented stocks.
		2. Terms not specifically defined herein shall be construed in accordance with other documents of the Exchange as well as the law and regulatory acts of the Bank of Russia.
	2. Overview
		1. This Methodology is applicable to the following composite equity price indices:
			1. The MOEX-RSPP Responsibility and Transparency Index, which includes exposure to those companies that disclose the most complete information about their activity in the fields of sustainability and corporate social responsibility. The Index code is MRRT.
			2. The MOEX-RSPP Sustainability Vector Index, which includes companies that show the best progress in terms of Environmental, Social and Governance (ESG) compared to the previous year. The Index code is MRSV.
			3. The MOEX-RSPP Sustainability Russian Companies Vector Index, which includes Russian issuers that show the best progress in terms of Environmental, Social and Governance (ESG) compared to the previous year. The Index code is MRSVR.
		2. Alongside the price Index, MOEX calculates the total return indices, such as: MOEX - RSPP Sustainability Vector Index Total Return Index (index code: MRSVT) and MOEX - RSPP Sustainability Russian Companies Vector Total Return Index (index code: MRSVRT).
		3. This Methodology has been designed with support from the Russian Union of Industrialists and Entrepreneurs (RSPP).
		4. The wording “Индекс МосБиржи” is the trademark owned by Moscow Exchange. It is registered in the Russian State Register of Trademarks and Service Marks on 18 September 2017 (trademark certificate No. 630519). The wording “MOEX” is the trademark owned by Moscow Exchange. It is registered by the Federal Service for Intellectual Property in the Russian State Register of Trademarks and Service Marks on 29 August 2014 (trademark certificate No. 521450).
		5. The Methodology as well as any amendments and supplements thereto are adopted and introduced by the Exchange.
		6. The Methodology can be amended or supplemented once a quarter or less frequently. Any updates to the Methodology are announced on the Exchange’s website at least three business days before they take effect.

# Index Calculation

* 1. Calculation procedure for price indices
		1. The Indices are computed by dividing the aggregate value (total capitalization) of all Stocks as of the calculation moment by the value of divisor by the following formula:

$$I\_{n}=\frac{MC\_{n}}{D\_{n}} ,$$

where:

In – the Index value as of the nth moment of the Index calculation;

MCn – aggregate value (total capitalization) of all Stocks as of the nth moment of the Index calculation determined in accordance with Clause 2.1.2 hereof;

Dn – the value of the Divisor at the nth moment of the Index calculation;

The Divisor means the aggregate value (capitalization) of all Stocks as of the Index inception date, corrected with regard to the changes in Constituents and the initial Index value. On the Index inception day, the following formula is used to calculate the Divisor:

$$D\_{1}=\frac{MC\_{1}}{I\_{1}} ,$$

where:

MC1 – aggregate value (total capitalization) of all Stocks as of the Index inception date;

I1 – the Index value as of the Index inception date.

On the next days the Divisor remains unchanged (Dn=Dn-1) except where Clause 2.6 hereof provides otherwise.

* + 1. The MOEX-RSPP Responsibility and Transparency Index was first calculated for 30 December 2011 at I1 = 1,000.

The MOEX-RSPP Sustainability Vector Index was first calculated for 30 December 2011 at I1 = 1,000.

The value of the MOEX-RSPP Sustainability Russian Companies Vector Index as of the date of the first calculation made - the trading day preceding the effective date of this Methodology - equals the value of the MOEX-RSPP Sustainability Vector Index on that trading day.

* + 1. The aggregate value of all Stocks as of the nth moment of the Index calculation is calculated as follows:

$$MC\_{n}=\sum\_{i=1}^{N}MC\_{i} ,$$

where:

N – the total number of Stocks;

MCi – market capitalization of the ith Stock.

* + 1. Value (market capitalization) of the ith Stock is calculated as follows:

$$MC\_{i}=P\_{i}∙Q\_{i}∙FF\_{i}∙W\_{i} ,$$

where:

Pi – price of the ith Stock in RUB;

Qi – total number of the ith Stocks of one category (type) of one Issuer;

FFi– a free float factor of the ith Stock;

Wi – a coefficient restricting the proportion of the ith Stock’s capitalization. It equals 1 unless otherwise set out in Clause 2.5.

* + 1. MCi is calculated to four decimals.
		2. The Index is expressed in points and rounded to two decimals.
	1. Calculation procedure for the Total Return Indices
		1. The Total Return Indices are calculated based on the Constituents, values and parameters of the relevant Price Indices considering dividends for Constituent Stocks of the relevant Price Index.
		2. The dividends are included into the Total Return Index on the record date for the dividends (the “Record Date”). If the Record Date is not a trading day, the dividends are included the day before the Record Date.
		3. If the Exchange is notified of the Issuer’s decision regarding the dividend payments after the date on which the dividends must be treated as set out in clause 2.2.2 above, the dividends are included into the index on the notice date.
		4. Information on dividend payments is sourced from authorised information agencies and Issuers.
		5. The Total Return Indices are calculated exclusive of dividend income taxes.
		6. The MOEX - RSPP Sustainability Vector Index Total Return Index was first calculated for 29 December 2017 at I1 = 1,808.28.
		7. The date of the first calculation of the MOEX - RSPP Sustainability Russian Companies Vector Total Return Index is the trading day preceding the effective date of this Methodology; the value of the Total Return Index on the first calculation day equals the value of the MOEX - RSPP Sustainability Vector Index Total Return Index on that trading day.
		8. The indices are denominated in points and calculated to two decimal places.
		9. The amount of dividends included into the Total Return Indices is determined as follows:

$$TD\_{n}=\sum\_{i=1}^{N}Div\_{in}∙Q\_{in}∙FF\_{in}∙W\_{in} , $$

where:

TDn – the total dividends for Constituent Stocks of the relevant Index which are included into the Index on day n;

N – the number of Constituent Stocks in the relevant Index;

Divin – the amount of the dividend for the ith Stock in RUB;

Qin – the total amount of ith Stocks of one category (type) of one Issuer which is used to calculated the relevant Index on day n;

FFin – a free float of the ith Stock which is used to calculate the relevant Index on day n;

Win – the weighting coefficient used to calculated the relevant Index on day n.

* + 1. Dividends in points of the Total Return Index:

$$ID\_{n}=\frac{TD\_{n}}{D\_{n}} ,$$

where:

Dn – the value of the Divisor at the nth moment of the Index calculation.

* + 1. A return with dividends reinvested:

$$TR\_{n}=\frac{I\_{n}+ID\_{n}}{I\_{n-1}} ,$$

where:

In – the value of the price Index on day n;

In-1 – the value of price Index on day n-1.

* + 1. The Total Return Index is calculated as follows:

$$ITR\_{n}=ITR\_{n-1} ∙TR\_{n} .$$

* 1. Calculation of the Stock’s price
		1. The price of the ith Stock (Pi) is its price at the close of trading on the Exchange (the closing price determined according to the MOEX Trading Rules for the Equity and Bond as well as Deposit Markets).
		2. The price of the ith Stock (Pi) is calculated accurate to the tick size set in accordance with the trading rules for the Equity and Bond Market and Deposit Market.
		3. The procedure for calculating the price of the ith Stock (Pi) specified in Clauses 2.3.1–2.3.2 above is not used in cases provided for by Clause 3.3.3 below.
	2. Determining the number of Stocks and the Free Float Factor
		1. For the purpose hereof, the total number of stocks (Qi) is determined as the total of number of the ith stocks of the principal issue less retired (cancelled) stocks except where the Exchange provides otherwise. In case of depository receipts representing stocks, the total number of the ith represented stocks (Qi) is determined as the total number of represented stocks divided by the number of represented stocks of which the ownership is certified by one depository receipt in the issue.
		2. The total number of the ith Stocks (Qi) is calculated based on the results of the Index Review Date was disclosed except where Clause 3.3.3 hereof provides otherwise.
		3. The value of a Free Float Factor (FFi) is determined on the basis of information disclosed by Issuers, as well as other public information on the Issuer’s stocks and/or represented stocks’ holders, including beneficial owners.
		4. The total number of stocks is determined as the number of the Issuer’s outstanding and/or represented stocks of one category and type according to available information as of the calculation date. The number of free-floating stocks is calculated through deducting stocks which are not free-floating from the total number of the Issuer’s stocks. The value of a Free Float Factor is calculated as the ratio of the number of free-floating stocks to the Issuer’s total number of stocks.
		5. Values of Free Float Factors are approved by the Exchange on a quarterly basis on or before the first Thursday of March, June, September and December. The Exchange may decide to change the approval date of the Free Float Factor on the basis of information on material changes to the equity structure, as well as admission of the Stock to the Exchange’s listing or the Growth Sector.
		6. The Exchange may not adjust the Free Float Factor currently exceeding 15% if its last change was no more than two percentage points.
		7. Values of Free Float Factors are determined, revised and disclosed and the number of the Issuer’s (represented) free-floating stocks (of one category and type) are determined for the purpose of setting the Free Float Factor on the basis of the Free Float Factor Methodology approved by the Exchange.

* 1. Calculation of the Weighting Factor
		1. The ith Stock Weight is calculated according to the following formula:

$$Wght\_{i}=\frac{MC\_{i}}{\sum\_{i=1}^{N}MC\_{i} }∙100\%,$$

where:

Wghti – the Weight of the ith Stock;

MCi – market capitalization of the ith Stock

N – the total number of Stocks.

* + 1. The Weight of Stocks of one Issuer is calculated as the sum of Weights of Stocks of the same category of the Issuer.
		2. To mitigate the impact of a specific Stock on the Index, the weighting factor Wi, which is calculated in such way that the Weight of an Issuer does not exceed the prescribed value as of the Index Review Date. Types and values of the caps applicable to the Weight are given in Appendix 1.
		3. The Weighting Factor Wi of the ith Stock serves as the market cap limit coefficient for the stock and depends on the ith Stocks Weight. Weighting factor Wi can be anything between 0 and 1, with accuracy to seven decimal places according to the rounding rule. Weighting factors are calculated at the end of the Index Review Date.
	1. Calculation of the Divisor
		1. The Divisor Dn is calculated where Index Constituents, a Free Float Factor, Wi Factors restricting the proportion of the ith Stocks capitalization (weighting factors) have changed, and (or) corporate events specified in Clause 3.2 hereof have occurred.
		2. The Divisor Dn is calculated according to the following formula:

$$D\_{n+1}=D\_{n}∙\frac{MC\_{n}^{`}}{MC\_{n}} ,$$

where:

Dn+1 – new value of D;

Dn – current value of D;

MCn – aggregate value of all Stocks prior to the event constituting grounds for calculation of a new value of D, according to Clause 2.6.1;

MCn' – aggregate value of all Stocks after the event constituting grounds for calculation of a new value of D according to Clause 2.6.1.

* + 1. The value of Dn is calculated to four decimal places according to the rounding rule.

# Index construction and review

* 1. Eligible universe
		1. The eligible universe of the MOEX-RSPP Responsibility and Transparency Index is constructed based on Stocks listed on MOEX which are selected by the RSPP to Russia’s largest companies and ranged by their ESG disclosure scores determined annually.
		2. The eligible universe of the MOEX-RSPP Sustainability Vector Index is constructed based on Stocks listed on MOEX which are selected by the RSPP to Russia’s largest companies and ranged by their ESG progress scores determined annually.
		3. The Index list includes names of Issuers, category (type) of stocks, names of Issuers of depository receipts.
		4. Stocks which meet the following requirements shall be included in the price Indices:
			+ - the proportion of trading days, during each of which at least one trade was executed in the Stock, in the total number of trading days in the six months preceding the Index Review Date is not less than 99%;
				- the capitalisation of the Stock including the free float is not less than 0.2% of the total capitalisation of the MOEX Russia Index;
				- the value of LCi, determined according to the following formula, is at least 15%:

$$LC\_{i}=\frac{Median\left(V\_{i}\right)}{Average(P\_{i}∙Q\_{i})∙FF\_{i}}∙WorkDays∙100\%,$$

where

Median(Vi) – The median trading volume of the ith Stock calculated over the three months preceding the Index Review Date;

WorkDays – the number of trading days in the year; by default, it is 247. MOEX may decide to set a different value;

Average(Pi  Qi) – Average capitalisation of the ith Stock for the three months preceding the Index Review Date;

FFi– Free float of the ith Stock.

* + 1. The median trading volume in the Stock calculated for the three months preceding the Index Review Date shall not be less than RUB 50 million.
		2. Stocks with a free-float ratio of at least 10% shall be included in the price Indices. If the free-float ratio is less than 7%, the Stock may be excluded from the index at the next regular review of the index Parameters.
		3. The list of Constituents of the MOEX-RSPP Sustainability Russian Companies Vector Index is similar to the list of Constituents of the MOEX-RSPP Sustainability Vector Index, except for Stocks of international Issuers and Issuers that are international companies under Federal Law No. 290-FZ "On International Companies and International Funds" dated 3 August 2018.
		4. Lists of shares of Russian Issuers to be included in the MOEX-RSPP Sustainability Russian Companies Vector Index are made up taking into account requirements of Federal Law No. 75-FZ "On Non-State Pension Funds" dated 7 Mat 1998 (as amended on 30 December 2020).
		5. The list of Constituents of the MOEX-RSPP Sustainability Vector Index Total Return Index is similar to the list of Constituents of the MOEX-RSPP Sustainability Vector Index.
		6. The list of Constituents of the MOEX-RSPP Sustainability Russian Companies Vector Total Return Index is similar to the list of Constituents of the MOEX-RSPP Sustainability Russian Companies Vector Index.
		7. The Exchange may decide to include (exclude) a Stock in (from) the Index which are not (which are) in the Index pursuant to the requirements set forth in clause 3.1.4 of this Methodology. The decision is made taking into account the requirements for the Constituents established by this Methodology and the regulations of the Bank of Russia.
	1. Index reviews
		1. Stocks are added to and removed from the Index at Index Review.
		2. The Indices are reviewed once a year or less frequently except for cases set out in this Methodology. The Index Constituents are selected out of Stocks in the lists of securities to be added to the Index. The list is submitted to the Exchange by the RSPP. Changes to the Index Constituents are made effective by the Exchange at next recalculation of the Constituents’ Parameters. The Exchange may set other effective date for the Index Constituents.
		3. The Constituents’ Parameters are reviewed once a quarter or less frequently except for cases set out in this Methodology. Changes to the Constituents’ Parameters are made effective at the beginning of the main trading session of the trading day following the third Thursday of January, April, July and October except where the Exchange decides to establish other effective date.
		4. Unscheduled reviews of the Index may occur if:
			+ - The relevant notice has been received by the Exchange from the RSPP;
				- the Stock has been deleted from the list of securities admitted to trading on the Exchange, as well as from quotation lists;
				- trading in a Stock has been suspended;
				- The Issuer is under reorganization or liquidation; an additional security issue is offered; the securities are retired (cancelled) e.g. through the conversion or buying back (purchase) them by the Issuer;
				- if a Stock included in the Index do not comply with the requirements of clauses 3.1.4 and/or 3.1.5 at the review of the Constituents Parameters, it may be excluded from the Index on an exceptional basis;
				- other events which can have a material effect on Index calculation have occurred.
		5. Regularly made changes to the Index Constituents and/or Constituents Parameters are in general announced at least one week prior to the effective date.
		6. Extraordinary changes to the Index Constituents and/or Constituents Parameters are announced not later than the effective date.
	2. Treatment of corporate events
		1. If represented stocks have been split or consolidated or scope of rights and/or procedure for exercising rights carried by the represented stocks pursuant to the foreign law have been changed, the Exchange shall make a resolution on treating such events.
		2. If trading in the ith Stock suspended at the Exchange for the period that is more than one trading day, then the price measured in Indices shall remain equal to the last price that had been calculated before the suspension.
		3. Split and reverse split of stocks.

In case of a split or reverse split of the ith Stocks on the day the resulting stocks issue, which the mentioned Stock was converted into due to their consolidation or split, is admitted to trading the Exchange recalculates the total number of ith Stocks (Qi) and the price of the ith Stock (Pi), that was computed by the results of trading on the day preceding the day specified. During the recalculation the total number of ith Stocks (Qi) is multiplied by the split ratio or divided by the reverse split ratio, and the ith Stock’s price (Pi) is divided by the split ratio or multiplied by the reverse split ratio.

* + 1. Upon reorganisation of a joint stock company, the price of this joint stock company's shares is fixed at the level of the previous trading day’s closing price. Depending on the results of the reorganisation, the price and/or other parameters of the ish share may be adjusted after the price of the ith share is made available for changes. The date of fixing the parameters, as well as conditions for the fixed parameters to be available for changes are determined based on expert opinion.

# Indices Calculation and Disclosure Rules

* 1. Calculation Schedule
		1. The Indices and Total Return Index are calculated once a day at the close of the main trading session. These single day values of the Indices are their then-current values at the same time as well as closing values valid through their next calculation on the next trading day.
		2. Unless otherwise prescribed in the Bank of Russia’s regulatory acts, the Exchange may change the time of calculation of the Indices and the Total Return Index. MOEX trading members are notified on decisions made by the Exchange under this clause at least five business days before the decision is to be implemented, unless the Exchange sets other date.
	2. Indices Calculation Control
		1. Activities to build, calculate and update the Indices, Total Return Index and this Methodology fall within the framework of Moscow Exchange Index management Policy.
		2. Where a technical failure occurs while the Indices or the Total Return Index is being calculating, or on-Exchange trades in securities, which has resulted in corruption of data used to calculate indices, recalculation of the previous index values is possible. Such recalculation is carried out within the shortest possible time from the moment the technical failure has been detected. Information on the Indices and the Total Return Index as recalculated is published on the Exchange’s website.
		3. Where events have occurred, which can have a negative effect on the adequacy of the Indices and/or the Total Return Index reflecting the actual state of the Russian financial market, the Exchange may take any actions to ensure adequacy of the indices, e.g. remove Stocks from Index Constituents, set values of parameters used to calculate indicators provided for herein etc.
	3. Information Disclosure
		1. Information disclosure stipulated in this Methodology and the Bank of Russia’s regulatory acts is performed on the Exchange’s website.
		2. Where the Exchange changes measures to calculate the indices that are based on a subjective (expert) opinion, it publishes information on reasons of such change on its website within one day after the measures were changed.
		3. Values of the Indices and the Total Return Index are announced every trading day at least one hour before the close of the main trading session.
		4. This Methodology, as well as values of the indices are publicly available on the Exchange’s website alongside their history over the last year.
		5. Information to be disclosed according to this Methodology may also be disseminated in other ways, e.g. through information agencies spreading information on on-Exchange trades in securities.

# Appendix 1

**Types of restrictions applied to Issuer’s Weight in the Indices**

**Capping an Issuer’s Weight in the MOEX-RSPP Responsibility and Transparency Index:**

The maximum Weight of an Issuer shall be 15% as of the Index Review Date.

**Capping the Issuer’s Weight in the MOEX-RSPP Sustainability Vector Index and MOEX-RSPP Sustainability Russian Companies Vector Index:**

On the Index Review Day, the Weight of an Issuer’s Stock in the Index shall be determined in proportion to their position in the Sustainable Development Vector rating made by the RSPP. On the Index Review Day, the Weight of Stocks of each Issuer shall not exceed the limit set by the laws and other regulations of the Bank of Russia for the share of one legal entity’s estimation in a mutual investment fund, reduced by 1%.