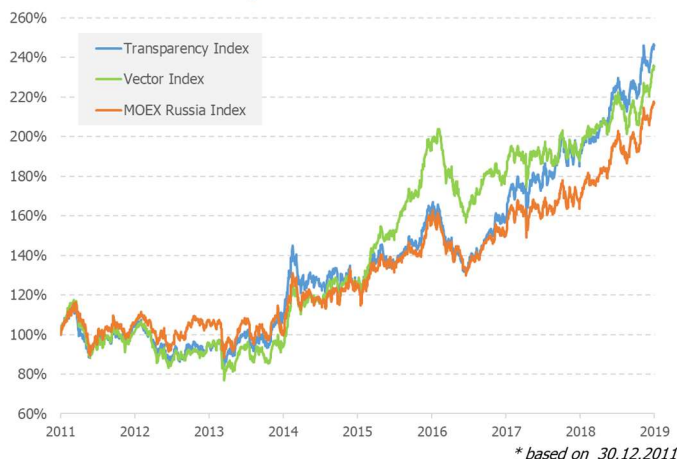


SUSTAINABILITY EQUITY INDICES

RETURN OF EQUITY INDICES, 2012 – 2019*



SELECTION CRITERIA

Equity Index Responsibility and transparency	Volume and quality of information disclosure with regard to sustainable development and CSR in the public corporate reporting. Identifying transparency leaders.
Equity Index Sustainable Development Vector	Positive dynamics in results. Selection of the best performing companies.

Index	2019	Return, %		
		Annual	3Y	5Y
MRRT	2 462.14	28.6	49.9	128.2
MRSV	2 352.94	21.6	19.1	150.4
IMOEX	3 045.87	28.6	36.4	118.1

Equity Index	Index type	Max individual company weight
«Responsibility and transparency»	Free float adjusted market cap weighted	15%
«Sustainable Development Vector»	As per the RSPP’s matrix	

Moscow Exchange launched daily sustainability equity indices, the Responsibility and Transparency Index (MRRT) and Sustainability Vector Index (MRSV), on 1 April 2019, with data recalculated back to early 2012.

The gauges were based on results of ESG analysis conducted annually by RSPP to construct sustainability indices of the same name.

Current indices have been constructed by using data published by issuers in 2019.

RSPP SUSTAINABILITY INDICES

This analysis initiated by the Russian Union of Industrialists and Entrepreneurs (the RSPP) explores how sustainability and corporate social responsibility management has progressed at the Russia’s largest companies. The input data are public corporate reporting of Russia’s top 100 companies in terms of sales volume (by RAEX Rating Agency and RBC). The following indices will be calculated based on data analysis findings:

- **Responsibility and Transparency Index:** the index intended to provide an overview of progress on information disclosure with regard to sustainability and corporate social responsibility;
- **Sustainable Development Vector Index:** the index reflects the progress in companies’ performance in sustainability and corporate social responsibility areas.

The indices are interrelated. The RSPP chooses out of the Responsibility and Transparency Index components, companies that are most effective in information disclosure and have a higher disclosure frequency and quality. Such companies constitute candidates for inclusion into the Sustainable Development Vector Index. The following ten basic criteria are used to analyse the companies’ sustainability and CSR performance¹:

- Labour efficiency;
- Employee health & safety;
- Compensation and social support of employees;
- Training and development opportunities for employees;
- Personnel turnover;
- Social investment;
- Air pollution;
- Water use;
- Energy consumption;
- Waste recycling.

¹ The list of indicators was determined taking into account international standards of sustainability reporting, including WFE ESG Guidance 2018; WFE ESG Revised Metrics, June 2018, as well as key global sustainability indices and ratings methodologies.

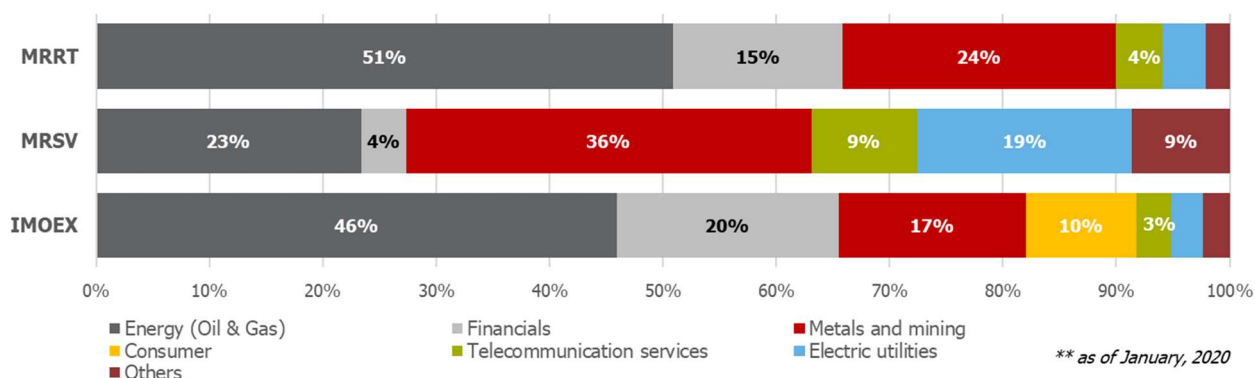
KEY CHARACTERISTICS OF SUSTAINABILITY EQUITY INDICES

Index	Count of equities	Total capitalisation, bln.rub.	Index capitalisation, bln.rub.	Issue's capitalisation, bln.rub.		
				AVG	MAX	MIN
MOEX - RSPP Responsibility and Transparency Index	24	36 605	8 908	1 525	5 444	58
MOEX - RSPP Sustainability Vector Index	21	35 935	464	1 711	5 444	58
MOEX Russia Index	39	42 798	11 911	1 097	5 444	85

as of January, 2020

The performance of the Responsibility and Transparency Index and the Sustainable Development Vector Index correlates closely with the MOEX Russia Index, the Russian stock market benchmark. Companies leading by sustainable development characteristics are also the stock market leaders by liquidity and capitalisation and included in the local benchmark.

INDICES SECTORAL STRUCTURE**

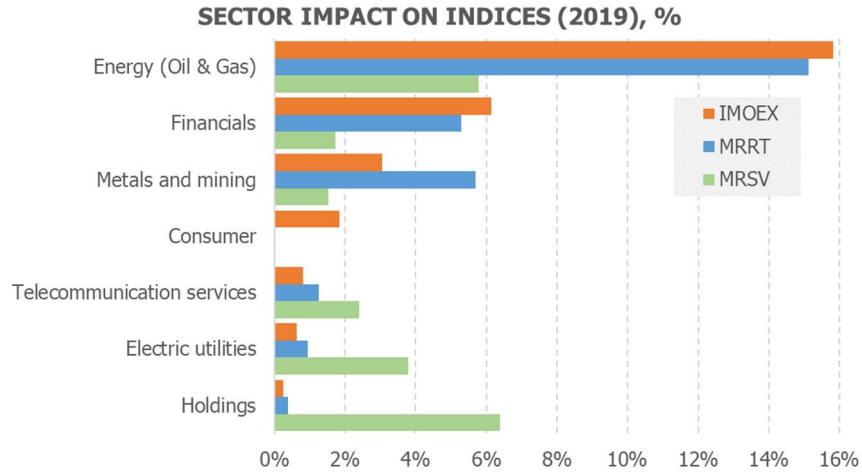


Oil & gas and metals & mining companies have the largest weights, 51% and 24% respectively, in the Responsibility and Transparency Index in terms of industry concentration. They are followed by the financials (15%) and telecommunications (4%) sectors. This index has been built based on the capitalisation model, so its industrial structure is rather similar to the local benchmark.

At the same time, the structure of the Sustainable Development Vector Index in which the weights of the leading companies are in proportion to their positions in the sustainable development ranking, is special. In particular, the oil & gas sector account for 23% in the index, while the metals & mining sector has 36%. They are followed by telecommunications (9%), electric power industry (19%) and financials (4%).

Biggest contributors to the rise of the Responsibility and Transparency Index growth were the oil & gas (+15.1%), financials (+5.3%) and metals & mining (+5.7%) sectors. These companies are the most highly capitalized issuers available on the Russian equity market; therefore, their rising stocks pushed up both the cap-weighted Responsibility and Transparency Index and Russia's major equity benchmark MOEX Russia Index.

As oil & gas stocks have minor weight in the Sustainable Development Index, they had a lesser impact (+5.8%) on the Index compared to holdings (+6.4%) and electric utilities (+3.8%)



THE NOTES

In 2019, the Responsibility and Transparency Index grew 28.6% YoY, and the Sustainable Development Index added 21.6% YoY. The MOEX Russia Index increased by 28.6% YoY. Some underperformance of the Sustainable Development Index in 2019 relative to the benchmark was caused by the strong growth of the most capitalized companies of the oil & gas and financials sectors and their positive effect on the related cap-weighted indices behavior.

In the long-term perspective, the Sustainable Development Vector and Responsibility and Transparency Index have higher effective return compared to the country benchmark. In particular, the Sustainable Development Vector outperforms the MOEX Russia Index almost every year highlighting the importance of the sustainable development topic for the Russian companies. There is a clear need for further monitoring of companies and elaboration of the sustainable development agenda to the benefit of both issuers and investors investing in securities of Russian companies.

EQUITY INDEX – RESPONSIBILITY AND TRANSPARENCY

Companies, which are leaders of the RSPP Responsibility and Transparency Index, disclose the most complete information on their efforts in sustainable development and corporate social responsibility. The table below includes a current base to compile an equity index under the selection criteria applied to the Responsibility and Transparency Index:

#	Ticker	Name	Total capitalisation, bln.rub.	Free-Float	Weight as of 31.01.2020, %
1	LKOH	PJSC "LUKOIL", Ordinary shares	4 683 608	54%	15.6%
2	SBER	Sberbank, Ordinary shares	5 444 228	48%	15.0%
3	GMKN	PJSC "MMC "NORILSK NICKEL", Ordinary shares	3 291 506	38%	14.0%
4	GAZP	PJSC "GAZPROM", Ordinary shares	5 366 785	46%	13.7%
5	NVTK	JSC "NOVATEK", Ordinary shares	3 508 755	21%	8.3%
6	ROSN	Rosneft, Ordinary shares	5 092 424	11%	6.3%
7	TATN	PJSC "TATNEFT", Ordinary shares	1 657 984	32%	6.0%
8	MTSS	MTS PJSC, Ordinary shares	652 272	45%	3.3%
9	PLZL	PJSC Polyus, Ordinary shares	1 043 713	21%	2.5%
10	ALRS	PJSC "ALROSA", Ordinary shares	590 670	34%	2.3%
11	IRAO	PJSC "Inter RAO", Ordinary shares	603 954	33%	2.2%
12	NLMK	NLMK, Ordinary shares	827 065	19%	1.8%
13	CHMF	PAO Severstal, Ordinary shares	763 497	20%	1.7%
14	RUAL	United Company RUSAL Plc, Shares of a foreign issuer	528 641	16%	0.9%
15	TRNFP	Transneft, Preferred shares	256 477	32%	0.9%
16	MAGN	PJSC MMK, Ordinary shares	501 839	16%	0.9%
17	PHOR	PJSC "PhosAgro", Ordinary shares	319 736	25%	0.9%
18	RTKM	PJSC "Rostelecom", Ordinary shares	226 593	32%	0.8%
19	AFKS	Sistema PJSFC, Ordinary shares	176 759	33%	0.7%
20	HYDR	PJSC "RusHydro", Ordinary shares	293 628	19%	0.6%
21	FEES	"FGC UES", PJSC, Ordinary shares	279 330	18%	0.6%
22	AFLT	PJSC "Aeroflot", Ordinary shares	119 280	41%	0.5%
23	RSTI	PJSC "ROSSETI", Ordinary shares	318 482	11%	0.4%
24	TRMK	TMK, Ordinary shares	57 504	30%	0.2%

The index is calculated in a similar way to classic indices, i.e. a component company's effect on the index is determined by its free float adjusted market capitalisation. Moscow Exchange uses the same approach to calculate the MOEX Russia Index, RTS Index, MOEX sectoral indices, etc.

The only difference is higher focus on quality of corporate reporting rather than technical parameters of the security (trading volume, capitalisation, etc.). In general, the Responsibility and Transparency Index tracks changes in the total market value of stocks of Russia's leading companies providing the most complete disclosure of their activities in the area of sustainable development and corporate social responsibility.

The following companies had been included in the RSPP's Responsibility and Transparency Index by the end of 2019, but were excluded from the pilot stock index, as they are not traded on Moscow Exchange or don't have a sufficient free-float: EuroChem, Metalloinvest, Russian Railways, Rosenergoatom, SIBUR Holdings, SUEK, Sakhalin Energy Investment Company Ltd, EVRAZ and United Metallurgical Company.

EQUITY INDEX – SUSTAINABLE DEVELOPMENT VECTOR

The Sustainable Development Vector Index is a key indicator of sustainable development intended to catch signs of actual progress behind the company's sustainability and CSR reports. The term Sustainable Development Vector implies a focused result-oriented process and good definition of guidelines. On the other hand, we cannot deny that any business operates in changeable environment that requires the readiness of the CSR management system, i.e. the strategy and planning and control tools, to address new challenges.

The stock indices compiled based on the RSPP's Sustainable Development Vector Index have a component weighting principle different to that applied to the pilot stock index created through the RSPP's Responsibility and Transparency Index; i.e. the company's weight in each index is determined by its position. The greater weight will have companies with clearer and better-defined plans and goals for CSR, demonstrating also good progress in achieving the goals. Therefore, the Sustainable Development Vector Index is designed to follow movements in stock prices for companies that are leaders in positive change in the area of sustainable development and corporate social responsibility.

#	Ticker	Name	Total capitalisation, bln.rub.	Free-Float	Weight as of 31.01.2020, %
1	AFKS	Sistema PJSFC, Ordinary shares	176 759	33%	4.6%
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This paper has been prepared by the index management team of Moscow Exchange with analytical support from the department for corporate social responsibility sustainable development and social entrepreneurship of the Russian Union of Industrialists and Entrepreneurs.

Moscow Exchange

Sergey Golovanev
Telephone: +7 495 363 32 32
Email: index@moex.com

Oxana Kondratova
Telephone: +7 495 363 32 32
Email: index@moex.com

Russian Union of Industrialists and Entrepreneurs

Elena Feoktistova
Telephone: +7 495 663 04 04
Email: social@rspp.ru

Natalia Khonyakova
Telephone: +7 9857676703
Email: social@rspp.ru

125009 Russia Moscow Vozdvizhenka St 4/7 bld 1
Telephone: +7 495 363 32 32. fax: +7 495 234 48 40
index@moex.com
www.moex.com

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