

***Trust
Responsibility
Innovation***

Sustainability Report | 2019

Sustainability Report 2019

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About the Report

Moscow Exchange's 2019 Sustainability Report (the "Report") is the first non-financial report ever produced by the Company¹ for the general interested public. The publication of this Report is an important milestone for Moscow Exchange, as it affirms our commitment to continuing the journey of sustainability and encouraging responsible business practices both within the Moscow Exchange Group and among our partners and issuers.

This Report is prepared in accordance with the GRI Sustainability Reporting Standards (GRI SRS): Core option

Additionally, the Report takes into account requirements and recommendations of the following standards and guidelines:

- WFE ESG Guidance & Metrics (2018);
- SASB Security & Commodity Exchanges, Sustainability Accounting Standard (2014);
- CDP Climate Change (2019).

This Report reflects a comprehensive array of information on governance principles and approaches and the progress in addressing material environmental and social issues, as well as the responsible governance issues, as achieved in 2019 by the key organizations within the Group²: Moscow Exchange, NSD³ and NCC⁴.

More about Moscow Exchange:

corporate website:
www.moex.com/en



annual reports:
www.moex.com/s1354



Additional information on the Report's scope and the process of identifying material issues is available in the "**Identification of Material Issues**" section.

The preparation of this Report was curated by the Strategy Department and the Investor Relations Department. The Report has been approved by Maxim Lapin, CFO and Member of the Executive Board.

Disclaimer

This Report may contain information on the Group's objectives, plans and performance goals for future reporting periods. This information is predictive in nature, and whether or not the Group completes its plans and achieves its performance goals depends on a number of economic, political, and other factors beyond the Group's control. Therefore, the actual future performance may differ from this Report's forecasts.

¹ The term "Company" shall be used in this Report to describe Moscow Exchange; the full legal name as per the Charter is Public Joint-Stock Company "Moscow Exchange MICEX-RTS". The terms "Group", "Moscow Exchange", and "the Exchange" shall include the companies affiliated with Moscow Exchange Group and relevant to this Report, in their entirety.

² In cases when the Report references other companies, this will be explicitly specified.

³ National Settlement Depository – nonbank credit organization, joint-stock company.

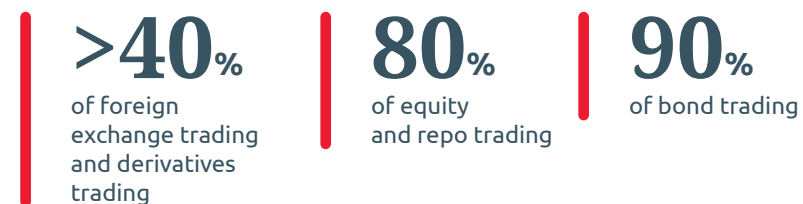
⁴ Central counterparty National Clearing Centre – nonbank credit organization, joint-stock company.

About Moscow Exchange

WHO WE ARE

Moscow Exchange is the leading trading platform by equity market capitalization and by trading volume of most asset classes in Russia and the broader Central and Eastern Europe region. The Exchange plays a key role in the development of the Russian financial sector and serves as a hub for transparent pricing of Russian financial assets.

Moscow Exchange accounts for the following share of the Russian domestic market



Among global exchanges, Moscow Exchange ranks



¹ By contracts.



BRIEF HISTORY

Moscow Exchange was created in December 2011 as a result of the merger of Russia's two main trading platforms: the Moscow Interbank Currency Exchange (MICEX; founded in 1992) and the Russian Trading System (RTS; founded in 1995). The resulting vertically integrated structure, which hosted trading in all major asset classes, was subsequently named Moscow Exchange. Moscow Exchange's IPO (ticker "MOEX") took place on 15 February 2013 on its own trading platform.

OUR MISSION AND VISION

The mission of Moscow Exchange

is to bring trust, efficiency and innovation to the financial markets, helping companies and citizens to achieve tomorrow's goals.

The vision of Moscow Exchange

is to remain the leading platform in the Russian financial market, ensuring secure access to all asset classes traded and meeting the broadest range of our clients' financial needs.

OUR VALUES



We are responsible for the future of the Company

We share a common goal, we are accountable for our results and for the future of the Company.



We work in partnership with our customers

We listen to our clients and stakeholders, we understand their needs and offer them the best solutions.



We strive for excellence and are open to change

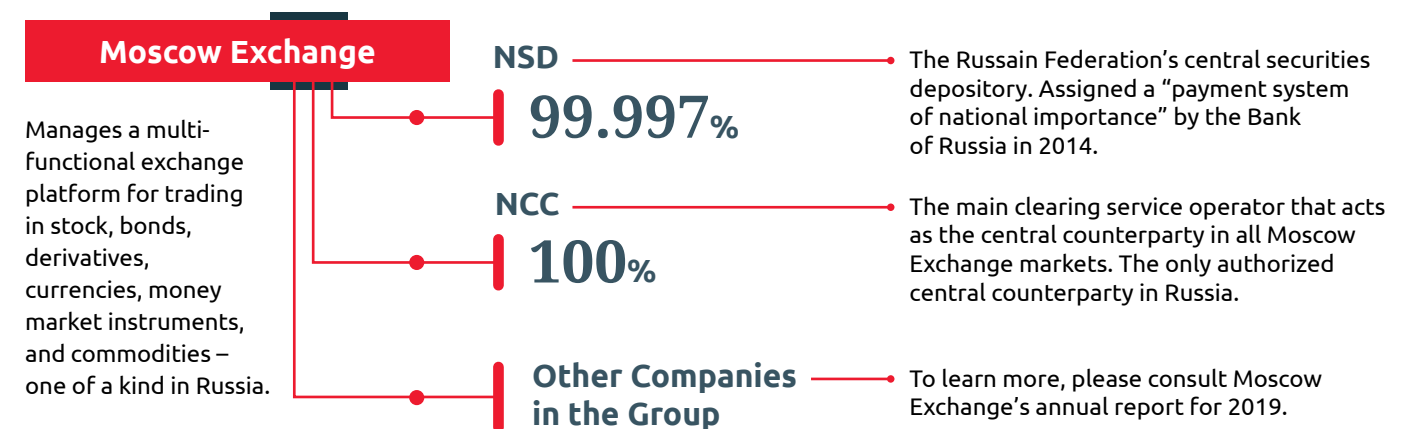
We are ready for changes, continually striving for excellence, innovation and adhering to best practices.



We value transparency and integrity

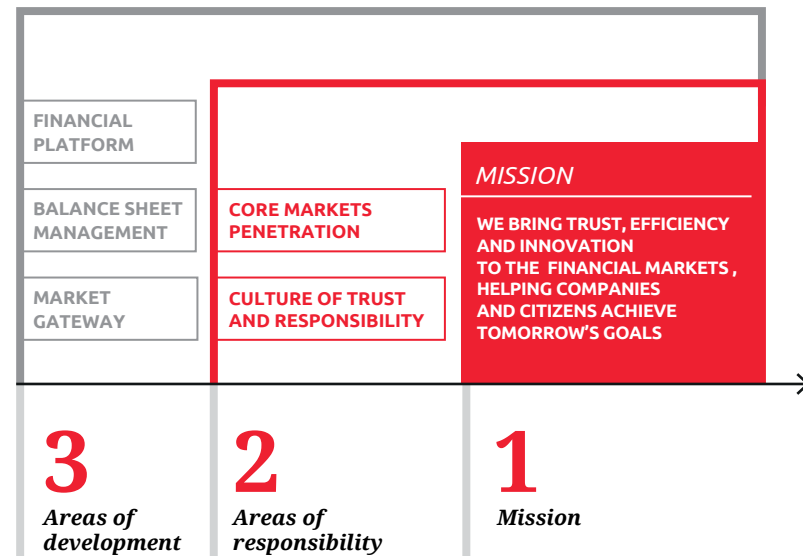
We are supportive and have confidence in each other in pursuing our common goal.

Moscow Exchange Group includes¹:



¹ The percentages in the graph indicate the share of voting stock owned by Moscow Exchange in the relevant corporate entities.

OUR STRATEGY



Oleg Viyugin

Chairman
of the Supervisory Board



"The new corporate strategy is in line with modern technological trends, meets the challenges facing Moscow Exchange and takes into account the interests of all stakeholders. For our clients, we will continue to be a reliable infrastructure partner, helping them to promote their services through new digital market access channels. For our shareholders, we will continue to create value. And our employees will continue to work in accordance with the principles of the responsibility and innovation culture, which will nurture their professional and personal growth."

More information is available in the "Key Steps Towards Sustainable Economic Growth" and "Key Steps Towards Development of Responsible Investing" sections.

More information is available in the "Key Steps to Creating a Trusted Environment" section.

As it encourages trust and responsibility, the Exchange will focus on accelerating business processes, reducing new product launch times and maintaining the high cyber resistance of key systems.

Further growth of Moscow Exchange's business will be supported by executing initiatives in three areas of development: Market Gateway, Balance Sheet Management and Financial Platform. These initiatives represent seamless continuation from the previous strategy, and are based on the strengths of Moscow Exchange's business model and on Exchange employees' key competencies.

As part of its Market Gateway initiative, Moscow Exchange will focus on creating services that provide banks and brokerage companies with new opportunities to promote their services, as well as give individual users access to the financial market as a single information space through special interfaces. This will allow the Group to grow its retail investor base, the users of these services over the medium term.

In turn, through its Balance Sheet Management initiatives Moscow Exchange will offer professional market participants and companies more flexible liquidity searching tools, trade execution, and post-trading operation services, all available through a single interface. This will help increase both the user base and liquidity on the Money Market, FX Market and Derivatives Market.

The development of the financial platform includes expanding the capabilities of the Company's accounting infrastructure to a broad range of financial assets. The relevant initiatives will let the Group offer even more services related to savings instruments and information assets.

As part of its strategy, Moscow Exchange will also continue serving key market participants as an experience and best practice sharing platform, and strengthening Russian and international partnerships.

By systemically delivering on the initiatives under its five key priorities, Moscow Exchange will be able to expand its client base significantly, stimulate market growth, make financial services more accessible to retail investors and issuers and promote best practices, while maintaining a highly efficient and financially viable business model.

More information is available in the "Key Steps Towards Professional Community and Partnership Development" section.

In October 2019, Moscow Exchange's Supervisory Board approved the updated strategy through 2024. The strategy has five key priorities, two of which relate to areas of responsibility and three relate to areas of development.

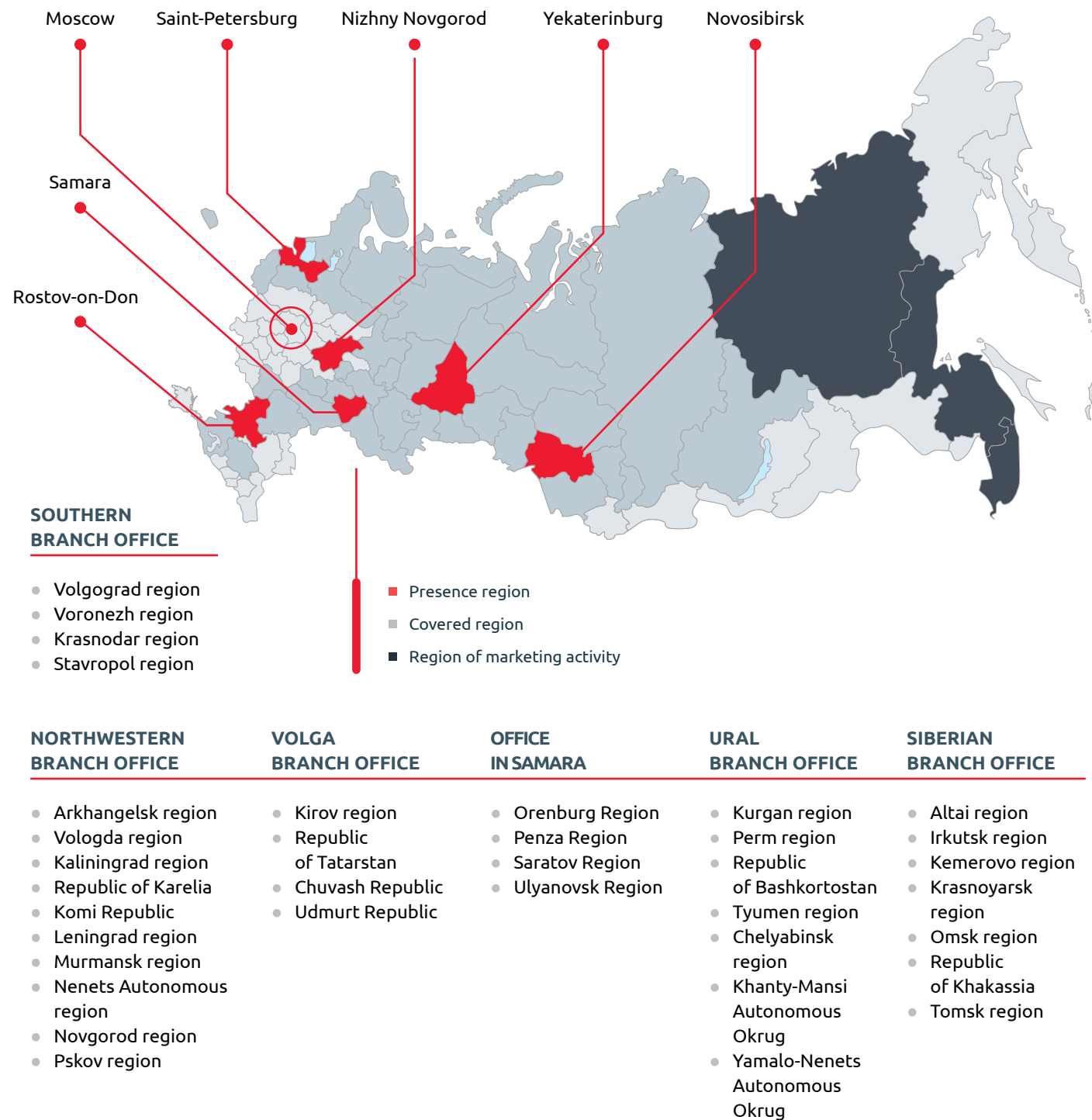
The Company has two top-priority areas of responsibility:

1 CORE MARKETS PENETRATION

2 FOSTERING A CULTURE OF TRUST AND RESPONSIBILITY

Moscow Exchange remains the main hub for the pricing of Russian assets, as well as the key platform for Russian businesses to raise capital. In this area of our operations, Moscow Exchange will continue to increase availability and time of trading, expand the range of products and services and maintain the service offering at the level of the leading international exchange platforms. Particular attention will be paid to working with investors and issuers, with a focus on helping companies raise funds via securities issuance on the capital markets, as well as diversification of the product line on the Derivatives Market and the use of market data to develop our products.

MOSCOW EXCHANGE GROUP'S GEOGRAPHICAL PRESENCE



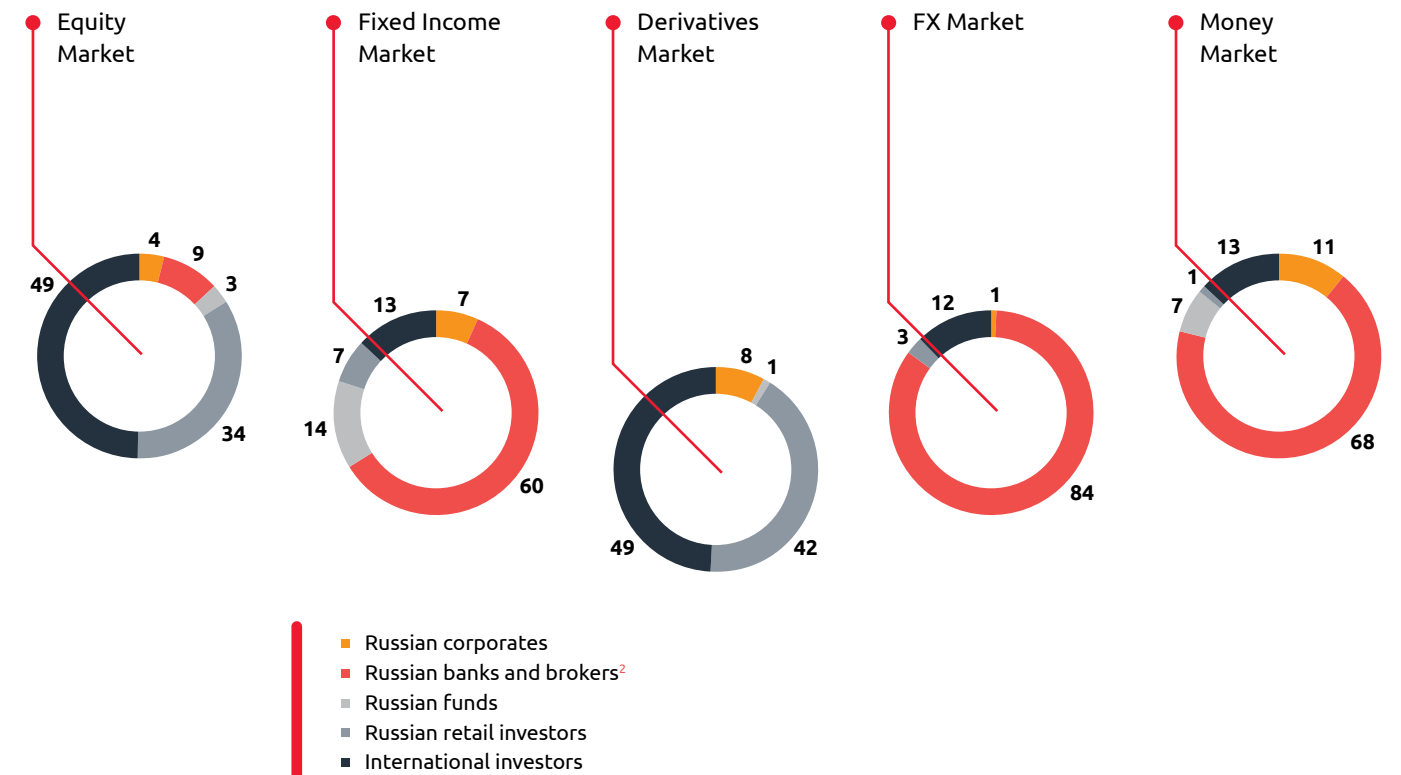
MOSCOW EXCHANGE IN 2019: FACTS AND FIGURES

Operational scope and operational performance

798.3
RUB trillion¹
Total trading volume across all markets

43.2
RUB billion
Operating income

Trading volume by market and client type, %



¹ Including collateral-backed repo (repurchase agreements) via NSD.

² The figures for Russian banks and brokerage organizations here and hereinafter reflect the value of their proprietary trading.

SUSTAINABILITY

Environmental

REVENUE

1.34
GJ/mln RUB

Energy consumption intensity in 2019

-6.3%
compared with 2018

0.21
t CO₂/mln RUB

GHG emissions intensity in 2019¹

-8.2%
compared with 2018

0.58
m³/mln RUB

Water consumption intensity in 2019

+10%
compared with 2018

0.006
t/mln RUB

Waste generation intensity in 2019

-14.3%
compared with 2018

Social

1,760
employees

headcount in 2019

+4.2%
compared with 2018

30.6
hours per
Group employee

Average training hours per employee in 2019

+61.1%
compared with 2018

0
incidents

Work injuries involving Group employees in 2017–2019

24.1
RUB million

invested into the community and charity projects in 2019

Governance

0
incidents

of corruption and Ethics Code violations in 2019

99.99%

Availability of Moscow Exchange's IT systems for three consecutive years (2017–2019)

1.16
RUB billion

in taxes paid on different budget levels in 2019

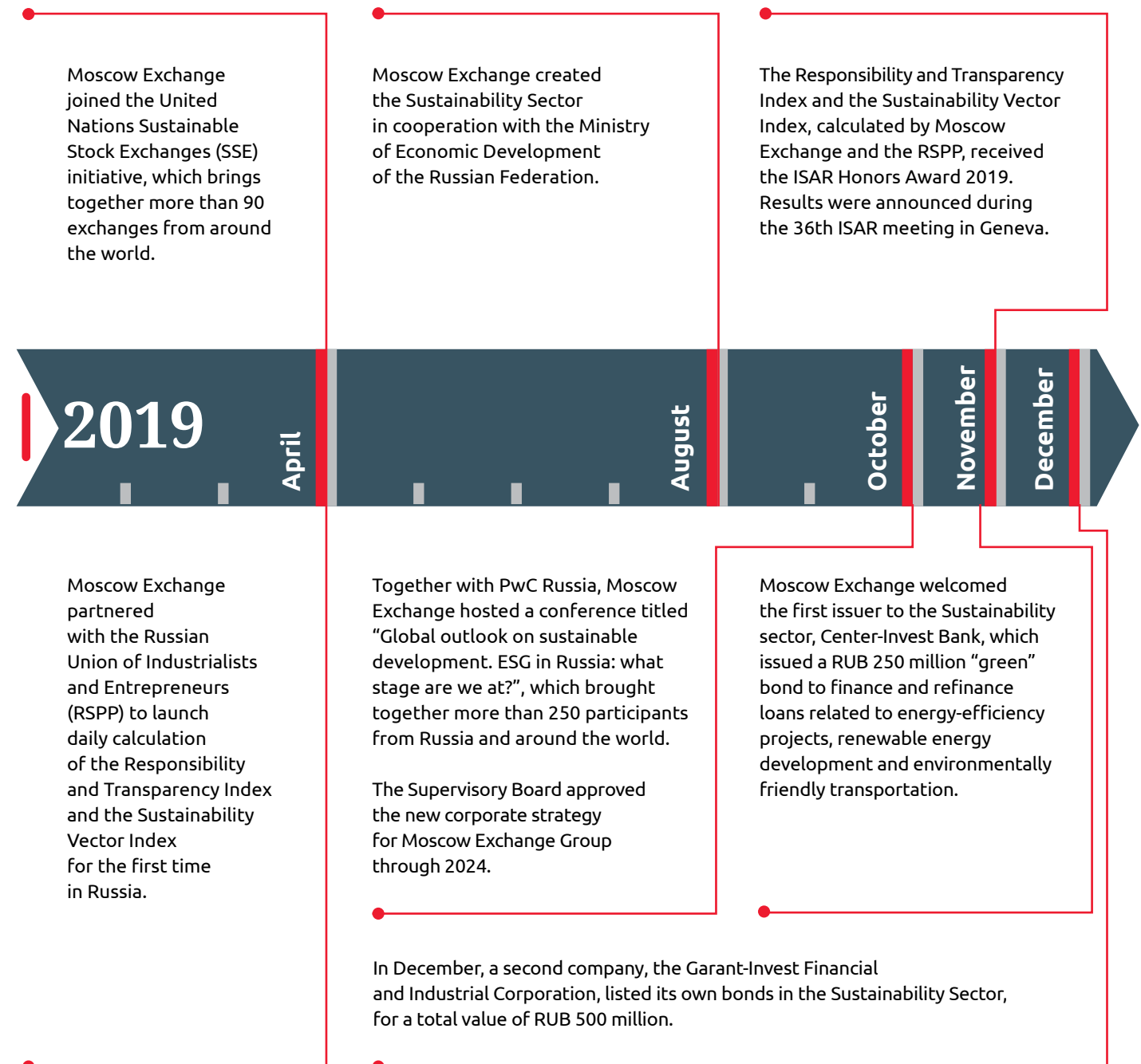
7.7
RUB per share²

dividends paid out to shareholders in 2019

58%
of the Supervisory Board members

are independent directors

KEY SUSTAINABLE DEVELOPMENT MILESTONES OF 2019



¹ The calculations are based on Scope 1 and Scope 2 indicators.
² The dividend payout amounted to 89% of the IFRS consolidated net profit.

Statement from the Chief Executive Officer



Yury Denisov

Chief Executive Officer

DEAR COLLEAGUES,

At MOEX we believe that it is of the utmost importance to grow responsibly, given that our business is rooted in offering a trusted platform for trading, clearing and safekeeping of financial assets.

A major event for MOEX in 2019 was the adoption of a new Group Strategy 2024. The strategy aims to support economic growth by providing nondiscriminatory and efficient access to markets for a wide variety of stakeholders. More than ever before this strategy focuses on strengthening our efforts towards even greater sustainability of MOEX's operations.

In addition, MOEX has updated its Corporate Governance Code, which now enshrines sustainability as a pillar of the Company's corporate governance system and includes essential guidance on creating social and environmental impacts. In 2019 we also established a Managing Committee on Compliance and introduced a new "Stabilization 3.0" initiative – a comprehensive project aimed at enhancing the risk management, control and audit functions, improving transparency and elevating the overall compliance culture.

We believe MOEX's Strategy 2024 and the Corporate Governance Code address ESG risks and offer Moscow Exchange and its stakeholders a path toward a more responsible and prosperous future.

Helping enterprises access capital is fundamental to promoting innovation, growth and creating jobs. MOEX's Growth Sector, first piloted in 2017, is intended to provide small and medium enterprises (SMEs) with attractive listing requirements and financial preferences from the government and state development agencies. Over the course of 2019, 15 SME issuers were listed on the Growth Sector, up from 3 SME newcomers the previous year. MOEX hosted 15 events and conferences to promote this growth opportunity and address stakeholders' interest appropriately.

MOEX's Strategy 2024 and the Corporate Governance Code address ESG risks and offer Moscow Exchange and its stakeholders a path toward a more responsible and prosperous future.

MOEX considers it important to assist issuers in tackling one of the most pressing problems of the modern age, climate change. In 2019 the Exchange launched the Sustainability Sector to help issuers raise funding for socially and environmentally oriented projects. We are delighted to share with readers of this report that in 2019 two green bond issues compliant with ICMA Green Bond Principles began trading. Moreover, in 2019 MOEX launched Russia's first sustainability indices. It is a big honor for MOEX and its partners to have both indices awarded by the sector specific ISAR Honors. By providing these indices in partnership with the Russian Union of Industrialists and Entrepreneurs (known by its Russian acronym RSPP), we strive to enhance non-financial disclosure and promote greater transparency in relation to ESG risks.

As a responsible employer, MOEX aims to provide an enabling work environment with flexible and tailored learning opportunities where every employee has equal access and sufficient support. In 2019, employees had on average 31 hours of professional training over the course of the year. MOEX also addresses women's empowerment and in 2019 in partnership with the business community the Exchange held an annual Ring the Bell for Gender Equality initiative that gathered female executives from leading public companies and SMEs. MOEX also strives to contribute to the wider society by partnering with NGOs and engaging in charitable and volunteer activities. In 2019, the Group's charitable contributions were focused on the access to formal education and skills, increase of financial literacy and support for disadvantaged social groups, with total charitable contributions totaling RUB 24.1 mln. We believe all these measures nurture a culture of innovation, trust and responsibility.

I want to thank all our employees, partners and stakeholders for their contribution and support in 2019. I'm confident that together we will further enhance MOEX's ESG impact in 2020 and beyond.

Statement from the Chief Financial Officer



Maxim Lapin

Chief Financial Officer

DEAR STAKEHOLDERS,

At Moscow Exchange, we are paying keen attention to the growing importance of sustainability and the global trend of mitigating ESG risks. With topics like climate change, inequality and cybersecurity emerging as key challenges, investors all over the world have little choice but to integrate measures to address ESG risks into their analysis and investment decision-making processes. The approach of investors is shifting from screening out negatives and thus excluding companies from the investable universe to seeking positive, social and environmental value-accretive drivers that help generate excess returns. We are also witnessing behavioral shifts, where our partners, clients and employees are becoming ever more environmentally and socially aware. Finally, assets under management tied to ESG strategies have increased drastically over the last five years. Emerging trends put ever more pressure on businesses – exchanges included – to take up the challenge of integrating sustainability practices into operations in substantial and measurable ways.

Last year we adopted the new Group Strategy 2024, which focuses on broadening access to investment and savings solutions for a diverse clientele, including private individuals in all regions of Russia. The strategy also aims to expand the product and service offering, while accelerating business and technological innovation and maintaining transparency and trust. We believe these measures will inevitably enhance the value that MOEX brings to society.

In 2019, MOEX became a Partner Exchange of the United Nations Sustainable Stock Exchanges (SSE) initiative. MOEX continues to be an active member of the World Federation of Exchanges (WFE) Sustainability Working Group and stands by the UN Global Compact Principles as an important signpost for the business community on the path to sustainability.

Our first sustainability report explains our management approach and highlights our progress across economic and social impacts.

MOEX emphasizes and promotes financial literacy among the broad population and professional communities in Russia. The Exchange holds itself accountable for educating and supporting newcomers to the financial markets, providing free access to the online Moscow Exchange School and convening multiple regional offline forums. In 2019, the Exchange convened forums in Samara, St. Petersburg, Ekaterinburg and Novosibirsk, among other cities. In partnership with the Financial University under the Government of the Russian Federation, we also organize Fincontest, an initiative that aims at professional development and knowledge sharing in areas of corporate finance, securities, market and financial analysis.

MOEX has consistently addressed various aspects of ESG in its annual reports. For the first time we are pleased to present this standalone sustainability report that explains our management approach and highlights our progress across social and environmental impacts and good governance.

Key Facts

Capitals

Financial

- Stable financial state
- Investments (CAPEX): **RUB 2.2 billion**
- Net debt/EBITDA: **-3.24**
- Cost to income ratio: **35.7%**

Operational

- Modern, secure and energy-efficient IT infrastructure
- Throughout the past 3 years, the IT system availability level has remained at: **99.99%**
- The average age of server equipment is **less than 3 years**

Intellectual

- Innovative platform services for individual and corporate clients
- The Responsibility and Transparency Index and the Sustainable Vector Index: **sustainable development benchmarks unique in Russia**

Human

- Professional and motivated team
- Headcount: **1,760 employees**
- Gender balance: **53% man, 47% woman**
- Share of personnel under 35 years: **40%**
- Share of personnel with a PhD: **3%**

Social

- Unique Russian trading platform
- Robust partnerships that have formed over the course of more than 25 years in the market
- The structure includes a central securities depository and a qualified central counterparty
- Membership in leading international associations: WFE, SSE and others
- Cooperation with Russian leading universities
- Close interactions with stakeholders, facilitated by the Exchange Council and user committees

Environmental

- Efficient energy and water consumption
- **1.34 GJ / million rubles of revenue** – energy consumption intensity
- **0.58 m³ / million rubles of revenue** – water consumption intensity

Moscow Exchange

Strategic priorities

- Areas of responsibility:
 - » Core Markets Penetration
 - » Culture of Trust and Responsibility
- Areas of development:
 - » Market gateway
 - » Balance sheet management
 - » Financial platform

Key markets

- Number of trading days in 2019: **252**
- **EQUITY MARKET**
 - » Trading volume: **RUB 12.4 trillion**
 - » **514,180** transactions made every day (on average)

KEY CLIENTS

- » **49%** – International investors
- » **34%** – Russian retail investors
- » **9%** – Russian banks and brokers

DERIVATIVES MARKET

- » Trading volume: **RUB 82.4 trillion**
- » **898,327** transactions made every day (on average)

KEY CLIENTS

- » **49%** – International investors
- » **42%** – Russian retail investors
- » **8%** – Russian corporates

BOND MARKET

- » Trading volume: **RUB 28.2 trillion**
- » **21,060** transactions made every day (on average)

KEY CLIENTS

- » **60%** – Russian banks and brokers
- » **14%** – Russian funds
- » **13%** – International investors
- » **7%** – Russian retail investors
- » **7%** – Russian corporates

FX MARKET

- » Trading volume: **RUB 308.3 trillion**
- » **72,325** transactions made every day (on average)

KEY CLIENTS

- » **84%** – Russian banks and brokers
- » **12%** – International investors

MONEY MARKET

- » Trading volume: **RUB 346.3 trillion**
- » **11,064** transactions made every day (on average)

KEY CLIENTS

- » **68%** – Russian banks and brokers
- » **13%** – International investors
- » **11%** – Russian corporates
- » **7%** – Russian funds

Services

Key services of Moscow Exchange

- Trading services on the key markets
- Clearing services
- Depository services
- Real-time trade updates, indices and benchmarks
- Technological services

Results

Impact on economy

- Approximately **RUB 6 trillion** raised by government and private organizations (OFZ, regional and corporate bonds, and shares issues)
- Support for unique SME development tools and responsible funding: **The Growth Sector and the Sustainability Sector**
- **RUB 1.16 billion** worth of taxes paid to the budgets of various levels

Impact on employees

- **RUB 5.56 billion** paid to employees as wages and bonuses (+12% compared to 2018)
- **Over 38 thousands** of training hours
- **Over 70** new jobs created
- **0 workplace** injury incidents

Impact on society

- **More than 90 thousand people** took part in training activities that helped improve their financial literacy
- **More than 4 thousand people** took part in professional forums and conferences hosted by the Moscow Exchange.
- **37 young professionals** interned at the Group companies
- **RUB 24.1 million** contributed to charity

Impact on environment

- Energy consumption reached **58.1 TJ** (+1.6% compared with 2018)
- **179.3 t of CO₂** – direct greenhouse gas emissions as per Scope 1 (-9.3% compared to 2018)
- **8,943.3 t of CO₂** – indirect greenhouse gas emissions as per Scope 2 (-0.1% compared to 2018)
- Water disposal volume reached **28.2 thousand m³** (+17.0% compared to 2018)
- **243.2 t** – waste generated (-9.5% compared to 2018)

Impact on shareholders

43.2
RUB billion
Operating income in 2019

+8.3%
compared with 2018

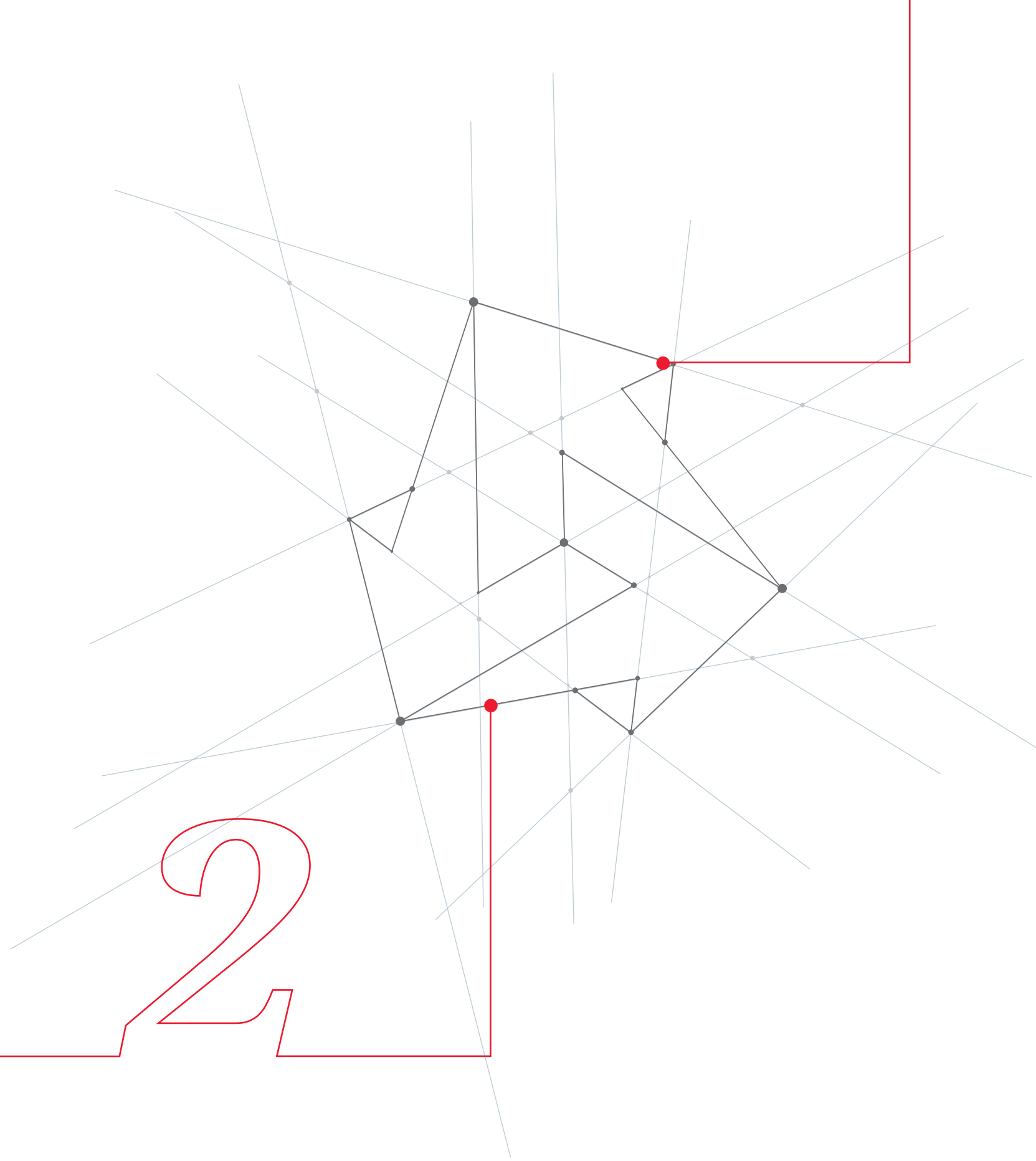
7.7
RUB per share
Dividend paid in 2019

89%
Dividend payout ratio of consolidated net profit

0%
compared with 2018

245.5
RUB billion
Market Capitalization by the end of 2019

+33.2%
compared with 2018



Key Steps *Towards Sustainable* *Growth*

- 22** Key Steps Towards Sustainable Economic Growth
- 34** Key Steps Towards Development of Responsible Investing
- 42** Key Steps to Creating a Trusted Environment
- 48** Key Steps Towards Professional Community and Partnership Development

Key Steps Towards Sustainable Economic Growth

Growth Sector

x3

**primary
offering
in 2019**

x2

Funds raised
through federal
government bonds

2.06
RUB trillion

1.03
RUB trillion

2018 **2019**

Funds raised
by corporate issuers
through bond offerings

3.17
RUB trillion

2.33
RUB trillion

2018 **2019**

Key Steps Towards Sustainable Economic Growth

As one of the vital infrastructure organizations in the Russian financial market, Moscow Exchange is well-aware of the key role it plays in ensuring the overall sustainable growth of the Russian economy.

The Exchange performs several key functions in this field, including

- assistance of capital raising by the real economy;
- assisting government authorities with their activities (including the monetary policy conducted by the Bank of Russia, government loan and depositary operations etc.)
- improvement of the general public's access to financial markets;
- attraction of international investors to the Russian financial market;
- protection of investor rights and introducing issuers to corporate governance standards;
- carrying out FX transactions to support international trade in the FX market;
- hedging of investor risks through derivatives;
- serving as a single source of market data for various investor groups.

FEDERAL BUDGET FUNDING

Moscow Exchange provides the Russian government with services related to public debt financing, acting as a platform for federal bond offers (OFZ). In 2019, the state raised RUB 2.06 trillion through OFZ issue on Moscow Exchange, twice as much as in 2018.

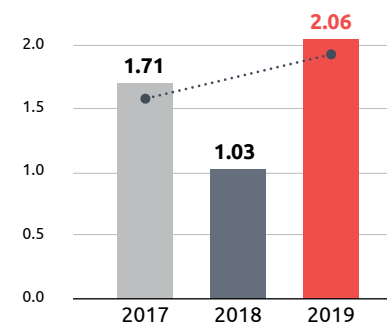
In 2019, 15 bond issues of regions and cities of the Russian Federation were offered on Moscow Exchange. The total issuance exceeded RUB 111 billion.

REGIONAL BOND ISSUANCE

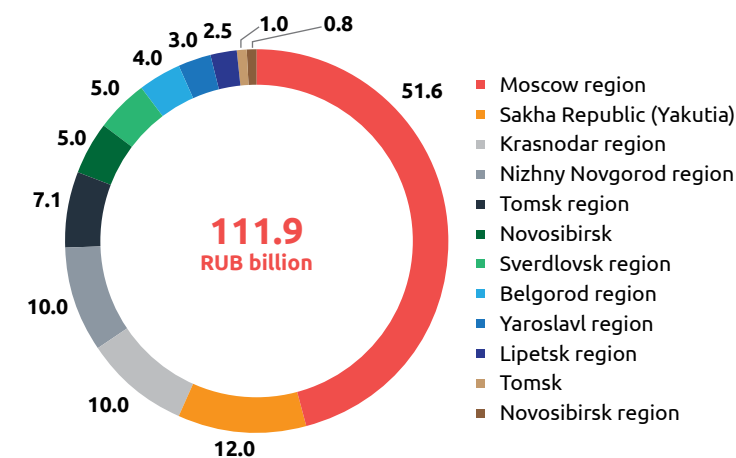
Moscow Exchange actively encourages Russian constituent regions and cities to issue their own bonds; this includes local meetings and consultations with representatives of regional governments. In 2019, the regional bond issuance exceeded the 2018 figures by 30%.

In 2019, 15 bond issues of regions and cities of the Russian Federation were offered on Moscow Exchange. The total issuance exceeded RUB 111 billion. The following constituents were at the top of the value rankings: Moscow region (RUB 51.6 billion), Sakha Republic (Yakutia) (RUB 12 billion), Krasnodar region (RUB 10 billion) and Nizhniy Novgorod region (RUB 10 billion).

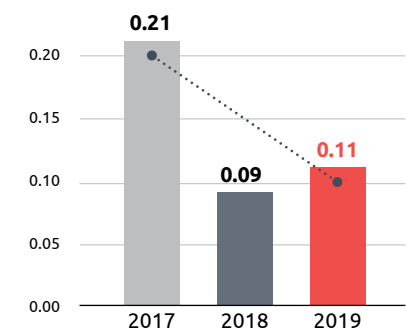
Funds raised through federal government bonds (OFZ), RUB trillion



Regional bonds issued on Moscow Exchange in 2019, RUB billion



Funds raised by issuers via offering regional (municipal and sub-federal) bonds, RUB trillion



SUPPORTING OTHER GOVERNMENT FUNCTIONS

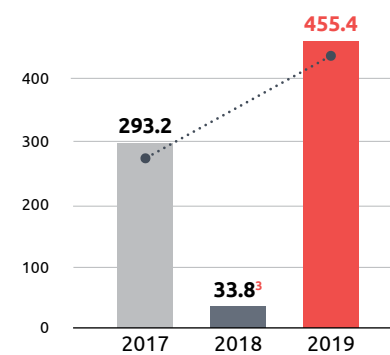
In addition to the above, Moscow Exchange’s infrastructure is used by the Central Bank of the Russian Federation (Bank of Russia) to conduct monetary policy. The Bank of Russia has been making FX transactions since 1992, direct repos with the Bank of Russia since 1996 and depository and loan operations since 2004. The Pension Fund of the Russian Federation, the Federal Treasury and VEB.RF use the Money Market for their operations.

The National Mercantile Exchange JSC¹, which is a subsidiary of Moscow Exchange and an authorized exchange platform of the Russian Ministry of Agriculture, is used for government interventions in the grain market.

CAPITAL RAISING FOR THE REAL ECONOMY

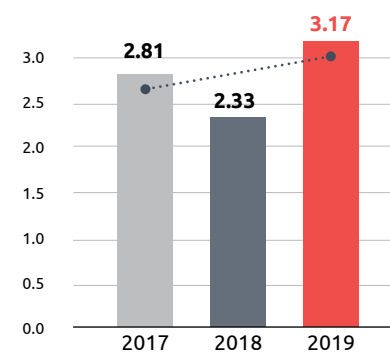
Moscow Exchange actively assists companies from the real sector of the economy to raise capital; it ensures that issuers successfully offer their securities in a favorable environment, and offers a broad range of state-of-the-art supporting products and services. These include, among other features, consultations on document preparation, access to the Exchange Tranche Offer technology, which allows various members of the retail investor community to participate in IPOs and SPOs, and more².

Funds raised by corporate issuers via IPOs/SPOs, RUB billion



More information is available in the “Key Steps Towards Development of Responsible Investing” section.

Funds raised by corporate issuers through bond offerings, RUB trillion⁴



More information is available in the “Key Steps Towards Professional Community and Partnership Development” section.

In 2019, corporate issuers raised a total of RUB 3.17 trillion by issuing bonds on Moscow Exchange and RUB 455.4 billion from equity offerings.

To help companies raise funds for environment protection and social projects, as well as for initiatives that meet the objectives of national projects, Moscow Exchange created the Sustainability Sector in 2019.

Moscow Exchange is firmly committed to ensuring its market infrastructure and post-trade services are as convenient to use as possible. Corporate bonds are currently being traded right from the offering day, thereby generating additional market liquidity growth.

Furthermore, a change to the listing rules has allowed issuers to place shares on any listing level directly at the IPO stage. As a result, Russian institutional investors of all classes may now buy securities at IPOs and bond placements, which significantly expands the pool of potential investors.

Striving to raise awareness of our services, Moscow Exchange holds a large number of forums, conferences and seminars for participants from the private and public sector, investors, independent experts. In 2019, the Exchange hosted approximately 50 such events overall.

We also plan to partner with the SKOLKOVO Business School in 2020 and launch a new educational program, the Capital Raising Academy, which will be aimed at sharing knowledge with private company owners and top managers and to help them become more skilled in procuring outside funding for boosting their business growth (including through Securities Market instruments).

¹ Is out of scope of this Report.

² To learn more about issuer services, please visit Moscow Exchange’s website <https://www.moex.com/s590>.

³ The IPO/SPO market was muted in 2018 because the major issuers postponed transactions.

⁴ Not including overnight bonds.

CONTRIBUTING TO THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES

Moscow Exchange has been successfully working on a project called Growth Sector since 2017, in cooperation with the Bank of Russia and a number of other partners, including the Russian Ministry of Economic Development, the SME Corporation and the SME Bank. The purpose of the project is to help the most future-thinking small and medium businesses raise capital.

The project's infrastructure was built in 2018–2019; along the way, we made a number of pilot transactions, which were aimed, among other objectives, at testing out new support tools and operation formats in practice.

Moscow Exchange and its partners already have an ecosystem in place, which includes:

- a set of "rules of the game", including a risk management system for company vetting;
- a set of partners (development institutions);
- a network of organizations providing professional services (organizers, consultants, rating agencies, etc.);
- a set of support tools provided for by the "Small and Medium Enterprises and Supporting Individual Entrepreneurship Initiatives" national project;
- a specialized project team within Moscow Exchange, experienced in working with SMEs.

Tools for supporting companies in the Growth Sector:

- compensating up to RUB 1.5 million of the issuer's floatation expenses;
- subsidizing the coupon rate for up to 2/3 of the key rate;
- letting the SME Bank provide anchor investments, with an option of acting as the offer co-organizer and buying up to one half of the equity issued;
- providing guarantees / endorsement for the SME Corporation's bond offers.

2018

5
 new
 companies
 added
 to the Growth
 Sector

including
3
 SMEs

7.85
 RUB billion

primary
 offering

with SMEs
 accounting
 for
8%



2019

23
 new
 companies
 added
 to the Growth
 Sector

including
15
 SMEs

24.65
 RUB billion

primary
 offering

with SMEs
 accounting
 for
60%

Company vetting and the Risk Management System

As most investors in Growth Sector bonds are individuals, we pay special attention to the project's risk management system. The companies that wish to join the Growth Sector are subject to a number of criteria, both rigid and flexible. Each new issuer has to complete the KYC (Know Your Customer) procedure. During the KYC procedure, the potential issuer is reviewed by experts from three Moscow Exchange departments, who check for a special set of risk parameters. If the procedure reveals any potential risks, the issuer review is forwarded to the Growth Sector Board Committee, which includes representatives of our partners (the Bank of Russia, the SME Corporation, the SME Bank, the Industrial Development Fund and other organizations) and makes the final recommendation.

It is also important to note that a large share of small and medium enterprises joins the Growth Sector when using our partners' support tools, such as the SME Corporation guarantee or sponsorship, or anchor investments provided by the SME Bank, which significantly reduce the probability of a default. Coupon rate subsidies also contribute to default risk reduction, by lowering the issuer's effective public debt cost. Issuers whose activities face higher risks (development, leasing) may only join the Growth Sector if they have an approved credit rating and favorable Committee recommendations.

Growth Sector promotion

In 2019, we actively promoted our new tools among potential issuers, as part of our Growth Sector project. Out of the channels we used, collaborative initiatives in partnership with the Bank of Russia at its territorial divisions in regions with high potential proved to be the most effective, just as projects executed together with regional administrations, business associations and development institutions. In 2019, we hosted over 15 promotional events in all key regions across Russia.

Funding high-tech development

A closed joint-stock company SuperOx offered its bonds in the Growth Sector in September of 2019 and raised RUB 200 million to fund the development of superconductor-based current-limiting devices.

SuperOx specializes in designing current-limiting devices that are based on high-temperature superconductors. This technological solution addresses one of the global power industry's key issues: limiting short circuit currents. Achieving this goal may potentially result in a significant quality and security improvement of the economy's power supply, particularly through the reduction of incidents at power substations. The application of this technology at 220 kW substations was a one-of-a-kind initiative both in Russia and worldwide, as of the end of 2019.

Growth Sector development plans for 2020 and for the mid-term include

- shifting to a universal rating system (making a credit rating an obligatory requirement) for potential issuers due to lower fees, the rating agencies' willingness to work with SMEs, and the possibility of reimbursing rating expenses;
- improving the risk management system in order to keep defaults at a low level (below 10%) and develop support tools;
- continuing to promote the Growth Sector; the goal for the next 2–3 years is to invite about 30 new companies per annum;
- creating a universal information resource, compliant with the SME National Project, in 2020; based on Moscow Exchange's website, the resource should present all reference information on the Growth Sector in a convenient format.

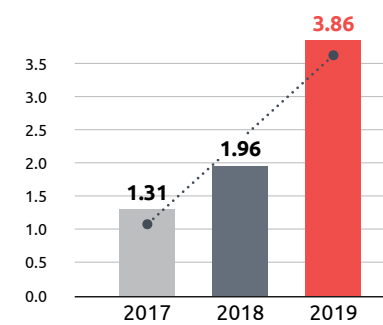
Closed JSC SuperOx offered its bonds in the Growth Sector in September of 2019 and raised

200
 RUB million

to fund the development of superconductor-based current-limiting devices.

MAKING FINANCIAL MARKET SERVICES MORE ACCESSIBLE TO THE GENERAL PUBLIC AND ENCOURAGING FINANCIAL LITERACY

Unique retail clients, millions



Transforming the public's savings into investments using financial market tools is one of the priority tasks where Moscow Exchange is having significant success, thus stimulating investment activity growth in the Russian economy.

In 2019, the number of unique Moscow Exchange's retail clients rose almost twofold, reaching nearly 3.9 million people, or 2.7% of the Russian population, which is higher than the figures in Turkey (1.4%) and Brazil (0.3%) but lower than in China (10.9%) and South Korea (10.0%).

Striving to make the financial market more appealing to individual investors and to improve financial literacy, Moscow Exchange also hosts specialized events, educational seminars, and contests as well as large-scale financial education projects. The Moscow Exchange School has been successful since establishment in 2014; it provides webinars and offline seminars that allow retail investors to gain the knowledge and skills required to manage their personal finances. In 2017 and 2018, Moscow hosted a large-scale city-wide event: the Financial Solutions Fair (FINFAIR).

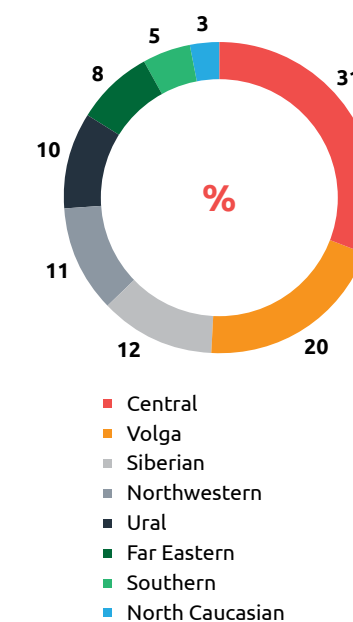
And in 2019, the Moscow Exchange School offered over 700 educational webinars on investment portfolio management. The number of webinar participants exceeded 74,000 retail investors.

The school's plans for 2020 include the launch of a multi-faceted financial literacy program that will expand the outreach and improve the current educational programs. Our Invest Trial contest, held since 2015, lets participants gain investment experience using the demo mode (without risking their own funds) and get a real cash prize.

In 2019, over 13,000 investors took part in the contest, and there were 1,151 winners. After the competition took place, contest participants opened more than 3,000 brokerage accounts. The contest's prize fund was 8 million rubles.

In the same year, the traditional educational videos and tests for contest participants were supplemented with two online Q&A sessions, hosted by an experienced financial consultant.

Share of retail clients by federal district, 2019



The influx of retail investors into the market is further supported by the development of digital technologies, which allow investors (including those who live in remote regions) to access the trading process with greater ease. The online client registration service became available across all Moscow Exchange markets in 2019 (it had previously been implemented in the Equity and FX Markets in 2018, and in the Derivatives Market in August 2019). The service's users are able to start trading a few seconds after they accept an agreement with a broker or a bank; the procedure used to take up almost 24 hours. Overall, as of the end of 2019, about 70% of new accounts had been opened remotely.

The Marketplace Project

Moscow Exchange's Marketplace Project saw active development in 2018–2019; it provides retail investors a list of offerings from Russian financial institutions online, and allows investors to compare them and purchase financial products remotely.

A personal profile will allow clients to review information on the products they had purchased through the Marketplace, as well as manage them remotely. At stage one, users will be able to open deposit accounts with the banks participating in the project. We plan to further expand the product range of the financial product supermarket that is being created by adding credit, insurance and investment products.

The development of this project was well underway in 2019; we expect that it will be launched and start functioning properly after the relevant amendments are introduced to the current Russian legislation.

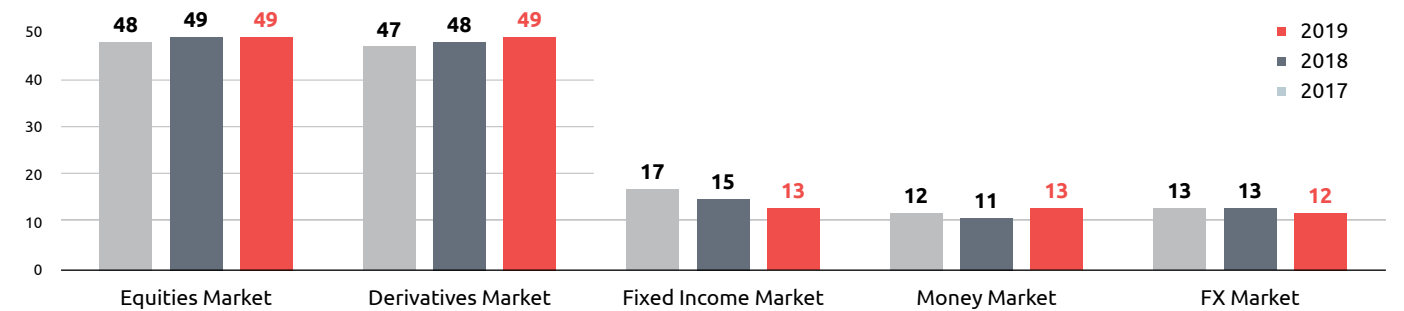
70%
 of new accounts had been opened remotely

In addition to the above, Moscow Exchange worked together with the leading Russian brokerage companies in 2018–2019 to design an online platform for promoting on-exchange instruments, which is now available at place.moex.com. Any beginner investor can use this portal to find information on the most popular trading instruments, as well as gain access to the exchange market by opening a broker account at a partner company.

ATTRACTING INTERNATIONAL INVESTORS

Attracting international investors to Moscow Exchange's markets and creating a transparent and welcoming environment where they can operate is also an important step towards strengthening Russia's investment image and generating additional liquidity. The share of international investors in Moscow Exchange Equities Market exceeds the share of international investors at the exchanges of most other emerging markets, for instance Brazil (45%), Indonesia (36%), Thailand and Malaysia (30%), Turkey (25%), India (20%) and South Africa (19%).

International investors share of trading volumes, key markets, %



Financial product Marketplace for retail investors



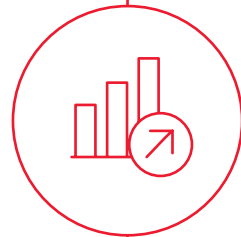
In 2012–2014, the Russian financial infrastructure underwent large-scale change, which brought it in line with international standards, making it more appealing to international market participants.

International investors were particularly interested in the creation of a central depository and a qualified central counterparty, shifting the stock market into a trading mode with partial pre-funding, offering shares and bonds via Euroclear and Clearstream and reforming the listing system to reduce the number of equity lists by half and expand the list of equities available to conservative investors (pension funds first and foremost).

Key Steps Towards Development of Responsible Investing

2019

**Launch of
Sustainability
Sector
on Moscow
Exchange**



+78%
compared to 2018

Value
of global sustainable
debt issuance
in 2019

465
\$ billion

**Global
sustainable
debt
issuance
growth
in 2019**

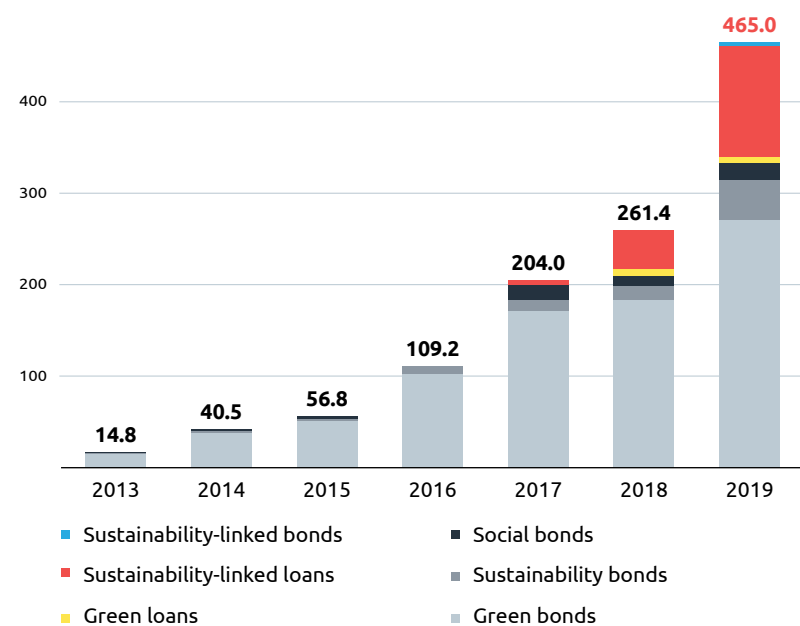
**Stocks of
22
issuers**
comprise the basis
for calculation
of the Responsibility
and Transparency Index.

The Sustainability Vector Index
is based on the stock prices
of 15 issuers.

Key Steps Towards Development of Responsible Investing

The global sustainable debt financing market has been growing noticeably over the last few years: according to Bloomberg NEF¹, global sustainable debt issuance reached \$465 billion in 2019, having grown by 78% compared to 2018 and more than tenfold since 2014.

Global sustainable debt annual issuance, 2013–2019, \$ billion²



In light of this trend, Moscow Exchange is actively creating financial instruments and products that will help meet the investor community's growing demand for responsible investment tools.

KEY EVENTS OF 2019:

- Moscow Exchange in collaboration with the Russian Union of Industrialists and Entrepreneurs (RSPP) in April 2019 launched the daily tracking of Russia's first sustainability indices: the Responsibility and Transparency Index and the Sustainability Vector Index;
- together with the Russian Ministry of Economic Development, Moscow Exchange has been working on a one-of-a-kind project called the Sustainability Sector, which is aimed at helping issuers raise funds for sustainability initiatives and initiatives that meet the objectives of national projects;
- we are hosting educational and informational ESG-themed events for issuers and the investment and expert community³.

Moscow Exchange calculates the Sustainability indices every day, in accordance with the partnership agreement that Moscow Exchange and RSPP entered into in March 2019; the purpose of the agreement is to develop and bolster Russian issuers' sustainability business practices, improve their investment appeal and help issuers become more transparent and trustworthy from the investors' point of view.

The indices' calculation basis is reviewed annually, depending on the results of the RSPP's analysis of the largest Russian companies' financial reports. The indices are shared on the Moscow Exchange and RSPP websites and through various information agencies on a daily basis.

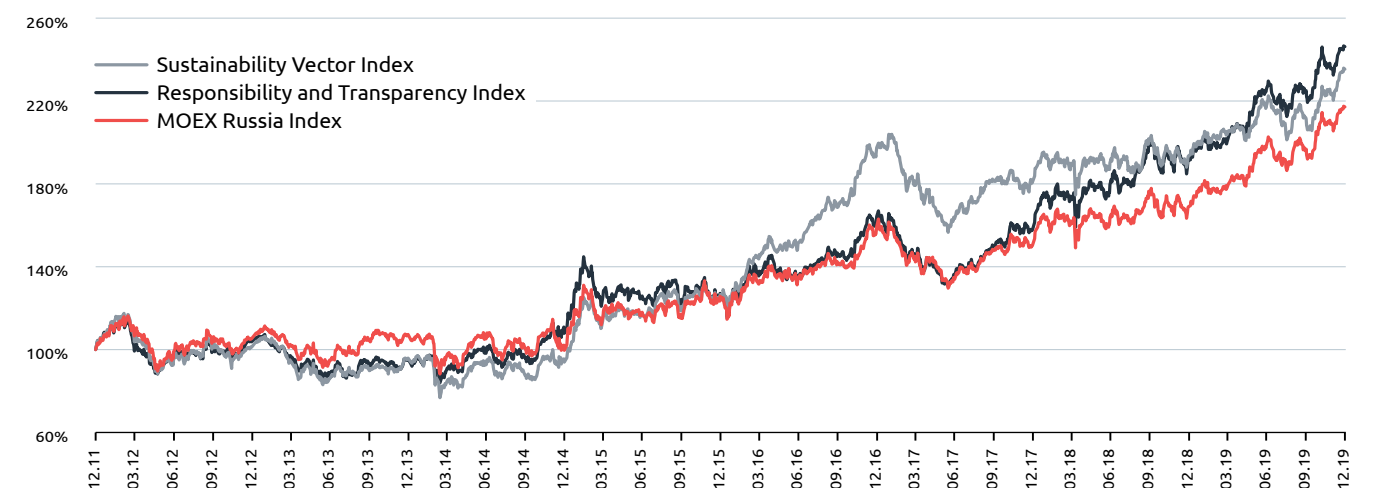
SUSTAINABILITY INDICES

The **Sustainability Vector Index** is based on the stock of 15 issuers that post the best results based on the following ESG metrics (as compared to the previous year):

- atmospheric emissions;
- use of water sources;
- energy consumption;
- waste management;
- labor productivity;
- occupational health and safety;
- wages and social support for employees;
- employee training and skill improvement;
- staff turnover;
- social investments.

The basis for calculation of the **Responsibility and Transparency Index** includes (as of the end of 2019) the stock of 22 issuers that lead the way in sustainability reporting. While analyzing the quality of reporting, RSPP experts account for leading international reporting standard requirements and ESG disclosure guidelines. Each issuer's share in the index is adjusted on a quarterly basis, using the free float market capitalization method. The share of any given company is limited to 15%.

Performance of the indices, 2012–2019¹



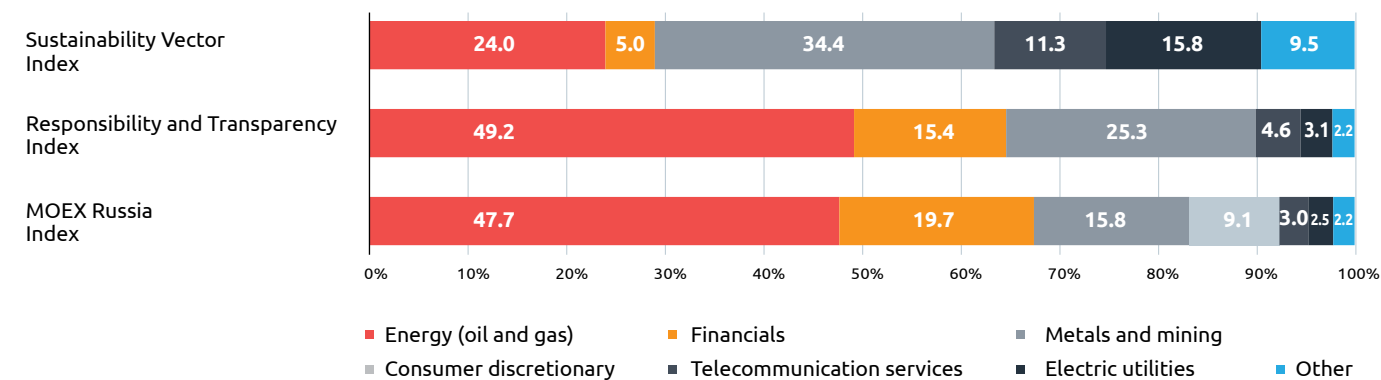
¹ % at the starting date, 30 December 2011.

¹ Sustainable Finance Market Outlook (BloombergNEF).

² Sources: BloombergNEF, Bloomberg L.P.

³ More information is available in the "Key Steps Towards Professional Community and Partnership Development" section.

Index structure by industry¹



The dynamics of the Responsibility and Transparency Index and the Sustainability Vector Index broadly correlate with the MOEX Russia Index, while generally yielding a higher return.

The sustainability indices calculated by Moscow Exchange and the RSPP received the ISAR Honors – 2019 Award

In November 2019, Moscow Exchange’s and RSPP’s sustainability indices, Responsibility and Transparency Index and the Sustainability Vector Index, received the ISAR Honors – 2019 International Award. The winners were announced during the 36th ISAR² meeting in Geneva.

The ISAR Honors Award was created in 2018 to help disseminate information on top national and international sustainability and reporting practices; it contributes to improving the quality and consistency of corporate reports, and ensuring that such reports properly reflect the sustainability agenda.



Yury Denisov

Chief Executive Officer
of Moscow Exchange



“More and more investors are electing to fund socially significant projects that are meant to improve the environmental and social conditions; therefore, Russian business is starting to give more and more thought to compliance with corporate responsibility and ESG-related principles. The new sector will help properly present issuers and investors that specialize in targeted investments, and will also facilitate the financing of companies that implement environmental and social projects. I hope to see many companies becoming issuers in the Sustainability Sector and receiving privileges from development institutions.”

SUSTAINABILITY SECTOR

In August 2019, a new version of Moscow Exchange’s listing rules came into effect, providing for the creation of the Sustainability Sector for financing projects in the field of the environment, environmental protection and initiatives that meet the objectives of national projects. The introduction of this sector is compliant with the world’s best practices and is one of the most significant measures that Moscow Exchange has been taking as part of the Sustainable Stock Exchanges (SSE) initiative. Run by the United Nations, this project brings together over 90 exchanges from around the world; notably, only 20 currently have a sustainability listing category¹.

The goals of creating the Sustainability Sector

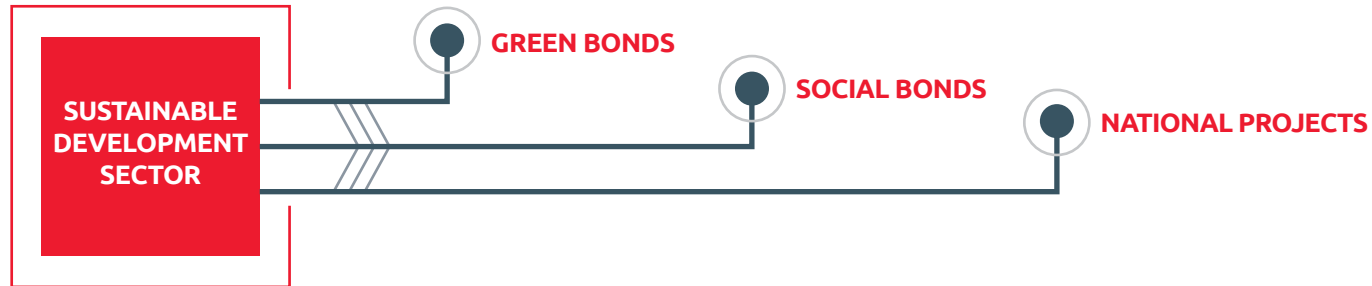
- help organizations raise funds for environmental and social projects;
- create an environment that would encourage foreign investment into local Russian bonds;
- offer a set of instruments for funding initiatives that are necessary for executing initiatives that meet the objectives of national projects and meeting the goals of the Russian President’s Decree No. 204 “On the National Goals and Strategic Development Objectives of the Russian Federation to 2024”, dated 7 May 2018;
- expand the means of counteracting the restrictions and environmental tariffs imposed on Russian exporters.

¹ As of 30 December 2019.

² ISAR (International Standards of Accounting and Reporting) is an intergovernmental working group under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

¹ Source: SSE 10-Year Impact Report, 2019: <https://sseinitiative.org/wp-content/uploads/2019/09/SSE-10-year-impact-report.pdf>

The sector has three independent segments:



The green and social segments may feature bonds offered by various Russian and foreign companies, provided that the issuer, the issuer, or the investment project meet the green or social financing principles, as per the guidelines of the International Capital Market Association (ICMA) or the Climate Bonds Initiative (CBI), and provided that the issue/issuer/project has received an independent outside evaluation that is also compliant with the principles.

The national project segment may feature bonds offered by various Russian and foreign companies, provided that the issue, the issuer or the investment project are compliant with the objectives and results of national projects, and provided that the above compliance has been confirmed by a government body, official or an inter-departmental committee.

In order to be considered for inclusion in the Sustainability Sector, an issuer must submit the following:

- an application to the Sector;
- a certificate from an outside verifying body¹;
- a statement of undertaking to disclose information confirming that the funds raised are being put to appropriate use, no less than once a year throughout the lifetime of the bond;
- for the national project segment: a statement by a government body, official or an inter-departmental committee confirming that the offer, the issuer or the investment project are compliant with the objectives and results of one of the national projects.

¹ The list of verifying bodies is available in Moscow Exchange's listing rules.

First members of the Sustainability Sector

Issuer	PJSC COMMERCIAL BANK "CENTER-INVEST"	"GARANT-INVEST COMMERCIAL REAL ESTATE" JSC
Placement date	15 November 2019	17 December 2019
Total value	250 RUB million	500 RUB million
Duration	1 year	3 years
Projects funded	<ul style="list-style-type: none"> • Renewable energy sources • Efficient energy consumption • Environmentally-friendly transport 	<ul style="list-style-type: none"> • Commercial real estate upgrade programs and programs aimed at improving energy consumption efficiency
Order book structure		

Key Steps to Creating a Trusted Environment

Creation of new services for retail and corporate clients

Distribution

of world-class exchange services beyond traditional exchange products

Availability

99.99%

Ensuring technological reliability and efficiency

Unified infrastructure for the entire Russian market

Development of central counterparty and central depository institutions

of Moscow Exchange IT systems in 2019

Key Steps to Creating a Trusted Environment

Exchange infrastructure serves as a trusted environment for market participants, reliable in terms of fulfillment of obligations and accountability of rights, uninterrupted in fulfilling the functions of pricing and search for counterparties. The infrastructure and risk management system of Moscow Exchange ensure the continuity of trading, clearing and settlement, especially in conditions of high volatility in the financial market.

Its high reliability is ensured by the following factors

- high-quality risk management resulting from large-scale investments in information technology;
- high standards of listing and information disclosure by issuers;
- capitalized central counterparty and settlement infrastructure.

Moscow Exchange Group is the largest infrastructure organization in the Russian financial market. The Exchange manages the only multifunctional exchange platform in Russia for trading stocks, bonds, derivatives, currencies, money market instruments and commodities. A part of the Group, NCC is the only qualified central counterparty in Russia. This status was assigned to it by the Bank of Russia in 2013, and since 2014, NCC has also been a systemically important central counterparty. A part of Moscow Exchange Group, NSD is the Russian Federation's central securities depository. In 2014, the Bank of Russia recognized NSD as a systemically important organization in several categories: "Central Depository", "Settlement Depository" and "Repository", and also assigned it the status of a nationally significant payment system.

Thus, **the development and improvement of the Group's services** means the development of key elements of the Russian financial market infrastructure, increased confidence in the quality of transactions and increased asset turnover as a result of the country's economy growth.

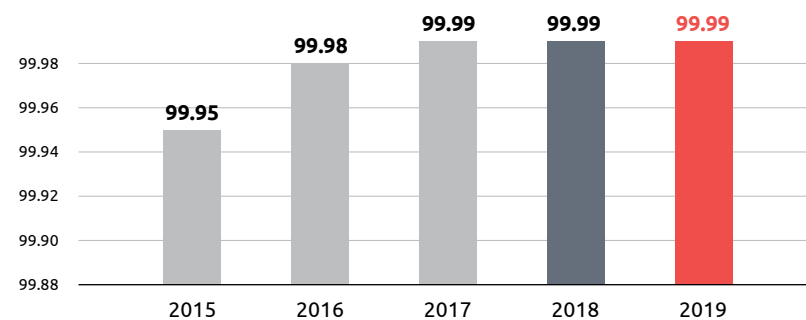
The development of Moscow Exchange as a trusted environment includes the following steps and tasks

Category	Key steps and tasks
Distribution of world-class exchange services beyond traditional exchange products	Moscow Exchange distributes exchange services similar to those existing on the traditional exchange markets (stocks, bonds and derivatives), for example, an electronic order book, onto other standardized assets that are not typical for securities exchanges.
Creation of a unified infrastructure for the entire Russian market, including traditionally over-the-counter segments, on the basis of a single post-trading complex with unified settlement, collateral and a risk management system.	Coverage of all Moscow Exchange markets with a single post-trading service featuring unparalleled options for single settlement, unified collateral and cross-margining, which eliminates counterparty risk for market participants and reduces trade-related transaction costs.
Development of central counterparty and central depository institutions	<ul style="list-style-type: none"> • Ensuring operational reliability of depository and clearing services. • Modernization of accounting infrastructure: consolidation of accounting infrastructure, collateral management and segregated accounting. • Increasing the openness of the domestic market (including integration into the international settlement and depository framework). • Increasing the share of central counterparty repo transactions in the total volume of inter-dealer repo. • Development of a market for standardized derivative financial instruments with centralized clearing, allowing participants to enter into long-term hedging agreements.
Ensuring technological reliability and efficiency	Ensuring uninterrupted operation of trading and information systems.
Creation of new services for individuals and corporate clients	<ul style="list-style-type: none"> • Creation of a single Marketplace interface for retail investors, representing a gateway to standardized financial (including over-the-counter) products and services offered on the market (for more details, see the section "Key Steps to Sustainable Economic Growth"). • Creation of a single Marketplace interface for corporate clients, which includes a wide range of treasury services (asset and liability management), unbundled services of trading, clearing and settlement.

RELIABLE IT INFRASTRUCTURE

Moscow Exchange traditionally pays close attention to reliability and fail-safety of its trading and settlement infrastructure. IT systems availability over the past three years has consistently stood at 99.99%.

Moscow Exchange IT systems availability, %



Uninterrupted and fault-tolerant systems are supported by “hot” and “warm” back-up technologies, which allow speedy recovery of the trading and clearing systems in case of failure. Server equipment performing critical trading and clearing operations is no older than three years; network equipment is no older than five years and is constantly updated by installing the most up-to-date models. New technology can significantly reduce energy consumption, while old and less energy-efficient servers are decommissioned in accordance with the Exchange’s Technical Policy.

99.99%

IT systems availability over the past three years

In 2019, Moscow Exchange successfully passed a comprehensive audit of reliability and information security systems conducted by the Bank of Russia.

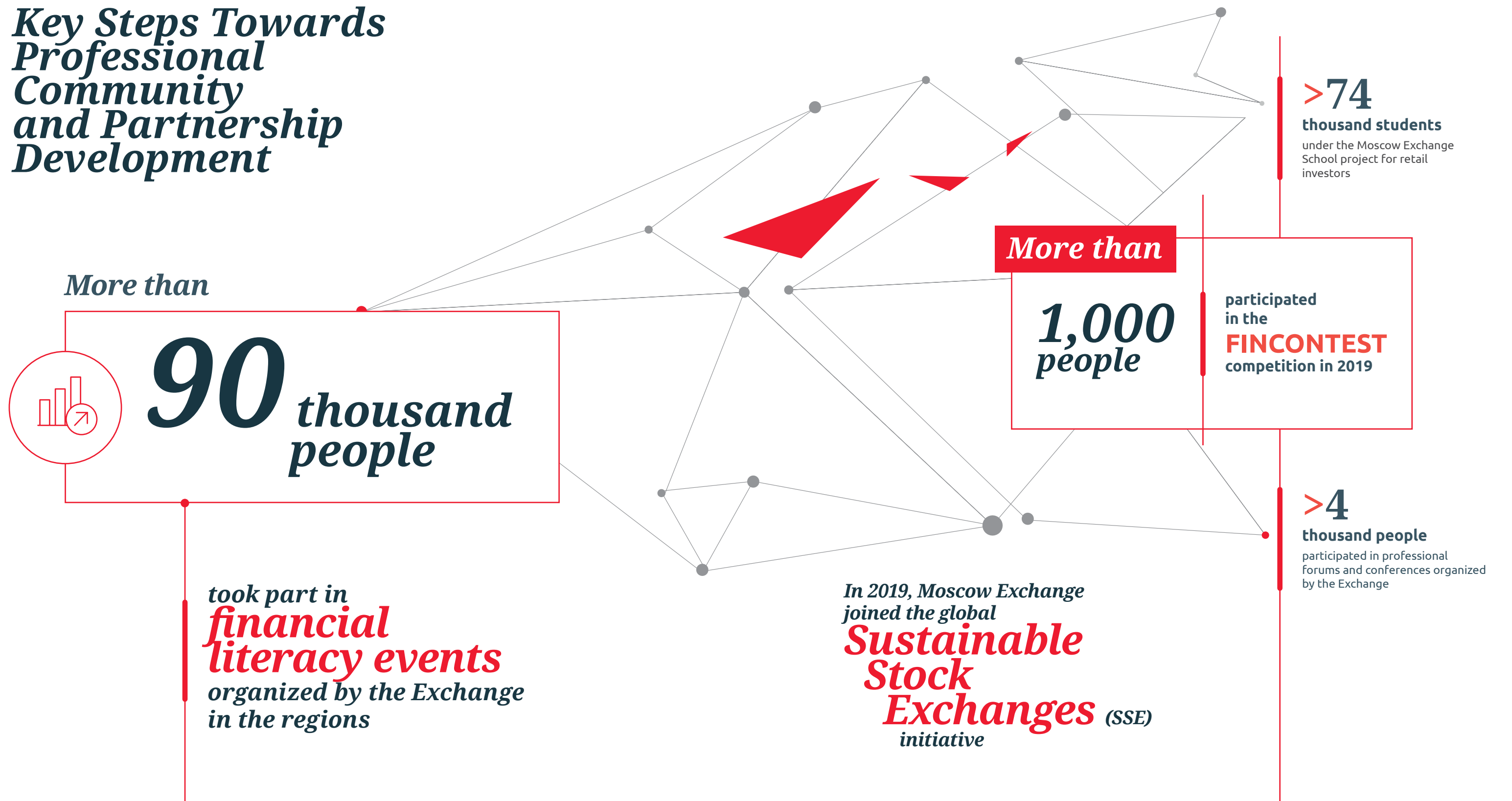
The allocation of information security events monitoring and incident response function into a standalone unit, the Security Operations Center (SOC), was an important event of 2019.

The Exchange regularly conducts information security audits, intrusion and anti-phishing tests. In 2019, following an independent audit, the Group confirmed certificates of compliance with international standards ISO 27001:2013 (“Information technology. Methods of protection. Information security management systems. Requirements”) and ISO 22301:2012 (“Social Security. Business Continuity Management Systems. Requirements”) in the field of exchange trading, clearing services and the provision of services on the equities, derivatives, foreign exchange and money markets. This certification is voluntary and implies implementation by the Exchange and NCC of more than 100 technical and administrative measures aimed at ensuring information security and business continuity.

To protect against distributed denial-of-service (DDoS) attacks, a hybrid solution is employed in which the Exchange’s own equipment is used to protect against simple attacks, and for more complex attacks, a web-filter center of a higher-level provider is automatically connected.

Continuing to improve the information security system, Moscow Exchange implemented a pilot project to test machine learning technology in order to predict possible incidents in this area, and also conducted complex tests of data centers and plans to ensure the continuity and restoration of structural units in case of unforeseen circumstances.

Key Steps Towards Professional Community and Partnership Development



Key Steps Towards Professional Community and Partnership Development

As part of its activities, Moscow Exchange conducts active educational work aimed at supporting high standards of corporate governance of issuers, developing the investor relations (IR) profession and also actively cooperates with international organizations and initiatives on ESG and sustainable development.

DEVELOPMENT OF CORPORATE GOVERNANCE PRACTICES AND ESG PRACTICES AMONG ISSUERS

In 2019, Moscow Exchange organized a series of conferences and roundtable discussions with the participation of Russian issuers, banks, investment funds and development institutions, which discussed topics such as the prospects for the development of responsible investment, the growing interest of investors in companies that meet ESG requirements, as well as the impact of ESG criteria on the credit ratings of issuers.

In October 2019, Moscow Exchange, together with PwC in Russia, organized the conference "Global outlook on sustainable development. ESG in Russia: what stage are we at?", which was attended by over 250 representatives of issuers, the Bank of Russia, ministries and departments, the investment community as well as rating and consulting organizations. The key topics discussed were the practice of integrating sustainability principles into company strategies, current trends in responsible investment, the disclosure of non-financial information in corporate reporting and the practice of ESG criteria evaluation by rating agencies.



Maxim Lapin

CFO, member of the Executive Board



"The ESG agenda is critical for us, and ESG criteria are applicable to assessment of modern governance practices, responsible environmental management and wider community engagement. Moscow Exchange has historically adhered and will adhere to ESG principles. This topic is important for us as a public company and as an exchange that sets an example for other companies."

For a complete list of nominees and winners, see <https://konkurs.moex.com/winners>



In addition, in 2019, the Exchange convened the annual conference "Corporate Governance in Russia – 2019", which included more than 300 representatives of Russian government bodies, leading issuers and investors, Russian and foreign experts in corporate governance including those from Israel and South Korea, as well as representatives of the Organization for Economic Co-operation and Development (OECD). During the conference, issues related to the global prospects of public stock and bond markets in the world and in Russia, the peculiarities of the responsibility of boards of directors in groups of companies and the responsibility of "shadow" directors were discussed. A large block of discussion was devoted to the implementation of responsible business practices in the corporate governance structure.

One of the key events of 2019 for professionals in the field of corporate governance, ESG and investor relations was the traditional annual report contest organized by Moscow Exchange and the RCB media group.

The annual report competition has been held since 1997 and is one of the most important events of the year in the field of Russian corporate governance and investor relations, a platform that sets standards for providing business information and a company's corporate strategy for its shareholders, identifying current trends and best practices in terms of content, structure and design of annual reports.

In 2019, 123 companies submitted applications for the competition, including 14 debut entries. The competition jury consisted of 16 experts, including representatives of large investment funds, professional associations, public organizations and regulatory authorities, leading financial analysts as well as corporate governance and communications specialists.

SUSTAINABILITY INITIATIVES AND PARTNERSHIPS

Fulfilling its mission and relying on its values, Moscow Exchange takes an active part in various Russian and international organizations, associations and voluntary initiatives. The Exchange is a member of the World Federation of Exchanges (WFE) and several WFE working groups. For example, as a member of the WFE Sustainability Working Group, Moscow Exchange actively participated in discussions about the tasks, practices and significant aspects of ESG information provision by issuers in 2019. In addition, Moscow Exchange is a member of the WFE Cybersecurity Working Group and the Operational Risk

Working Group, sharing the published principles of these working groups and constantly sharing experience and best practices with foreign colleagues.

In April 2019, Moscow Exchange joined the global Sustainable Stock Exchanges (SSE) initiative, which was founded in 2009 as the initiative of United Nations Secretary-General Ban Ki-moon and is a partner program of the UN Conference on Trade and Development (UNCTAD), UN Global Compact Network, the United Nations Environment Programme Finance Initiative (UNEP FI) and the Principles for Responsible Investment (PRI). To date, more than 90 exchanges from around the world have joined this initiative. The initiative supports four key areas: disclosure of information on socially impact activities, measures to prevent anthropogenic climate change, gender equality and support for global cooperation. Participation in this initiative confirms Moscow Exchange's intention to facilitate dialogue between investors, issuers and regulators on issues of long-term responsible investment with the goal of improving corporate practices in the field of environmental protection, as well as social impact and aspects of corporate governance.

In support of the SSE initiative, the Sustainability Sector was opened on Moscow Exchange in August 2019. You can read more about this in the section "Key steps to development of responsible investing".

Moscow Exchange is a member of the Ring the Bell for Gender Equality global initiative aimed at supporting gender equality and promoting women's contribution to business, politics and the economy. The main objective of this initiative is to encourage business to take measures to advance sustainability goals through the empowerment of women. In 2019, as part of Ring the Bell for Gender Equality, events dedicated to International Women's Day were held by 85 exchanges around the world, including Moscow Exchange. For more information on adherence to principles of human rights, including gender equality, see the section "Human Resources Policy."

Moscow Exchange supports the Ring the Bell for Financial Literacy initiative and participates in activities under this initiative. As part of the International Investor Week in 2019, Moscow Exchange, as well as 38 other exchanges, held an opening of trading ceremony dedicated to international collaboration to improve financial literacy globally. Read more about other projects of Moscow Exchange to improve financial literacy in the section "Key Steps to Sustainable Economic Growth".



Maria Kharlashkina

Deputy Head of the Strategy Department



"In recent years, Moscow Exchange has expanded cooperation with leading international organizations, exchanges and financial institutions. MOEX's decision to join such a large international initiative as the SSE in 2019 once again confirmed our intention to promote the principles of sustainability in the Russian market, promote dialogue between investors and issuers and implement best practices in the field of responsible business."

ORGANIZATION OF EVENTS FOR THE PROFESSIONAL COMMUNITY

Over the years, the Group has organized exchange forums in the world's largest financial centers, which annually bring together several thousand representatives of large investment banks and funds, heads of trading operations in the financial markets and portfolio managers. Such forums are an effective platform for dialogue between representatives of investment funds and banks, government agencies and heads of Russian companies, and they contribute to improving the image of the Russian financial market and increasing the interest of domestic and international investors in the securities of Russian issuers.

In 2019, Moscow Exchange, together with major investment banks, held four two-day exchange forums, with more than 2,500 people and more than 80 issuers in attendance. As part of these forums, representatives of issuers had an opportunity to participate in panel discussions, and also meet investors in a one-on-one format.

In addition, Moscow Exchange held a number of conferences, roundtable discussions and seminars on a smaller scale during 2019, involving various partners from the corporate and public sectors. These events are aimed at discussing legislative innovations, IR trends and sustainable development topics. In total, Moscow Exchange held about 50 such events in 2019, with more than 4,000 people taking part.

IMPROVING PROFESSIONALISM OF THE IR COMMUNITY

Since 2016, the MOEX IR Academy, a platform for dialogue within the IR community has been operating on Moscow Exchange, aimed at exchanging the views of professionals in the field of IR, acting as a discussion club and a center for developing professional principles and standards in the field of IR.

Since the start of the initiative, more than 15 roundtable discussions and workshops have been held at the IR Academy, where more than 100 IR leaders, portfolio managers, top analysts and independent experts spoke about current trends in their industries.

Since the IR Academy was launched, representatives of 90% of all Russian public companies have attended workshops.

In addition, on 13 November 2019 at the annual report awards ceremony, Moscow Exchange and Institutional Investor magazine awarded winners of an independent survey among international investors on the performance of IR teams at Russian companies. 180 portfolio managers and analysts from 89 banks and funds from around the world took part in the survey.

DEVELOPMENT OF PARTNERSHIPS WITH UNIVERSITIES

Moscow Exchange's cooperation with leading universities is designed to ensure the training of highly qualified personnel for the Group and the industry, and also facilitate the implementation of research projects in the field of economics and technology.

Moscow Exchange works closely with NRU Higher School of Economics, Lomonosov Moscow State University, Financial University under the Government of the Russian Federation, Plekhanov Russian University of Economics and the Moscow Engineering Physics Institute (MEPhI). Jointly with these universities, Moscow Exchange conducts research in the field of securities market development, information technology and risk management and creates application programs for training young specialists. As part of career guidance programs, students are given the opportunity to choose the area they are interested in for internships and implement their projects with the support of Group employees. The direction of special training programs for senior students is also actively developing, under which master classes for students are conducted by top managers and leading specialists of Group companies.

In 2019, a student conference "MOEX Progress: Russian Financial Market Development." was held jointly with NRU Higher School of Economics. In 2019, 30 students took part in this competition. A special Master's Program, "Securities and Financial Engineering," was organized in conjunction with the Financial University, and a program of interaction with the National Research Nuclear University "MIFI" has been operating for more than 20 years, under which a department specializing in exchange trading technologies was created at the university. For several years, Moscow Exchange employees have been giving lectures and conducting seminars on financial risk management at the Faculty of Computational Mathematics and Cybernetics of Lomonosov Moscow State University and at the St. Petersburg School of Economics and Management.

In 2019, 215 people participated in four IR Academy events organized on the following topics:

- annual report preparation;
- independent analytics workshop;
- development of an IR specialist profession;
- Practical IR Conference.



Maxim Lapin

CFO, member of the Executive Board

As part of cooperation with the Higher School of Economics, Moscow Exchange CFO and member of the Management Board Maxim Lapin gives a number of courses and seminars at the St. Petersburg School of Economics and Management on business research methodology.

more than
1,000
 people

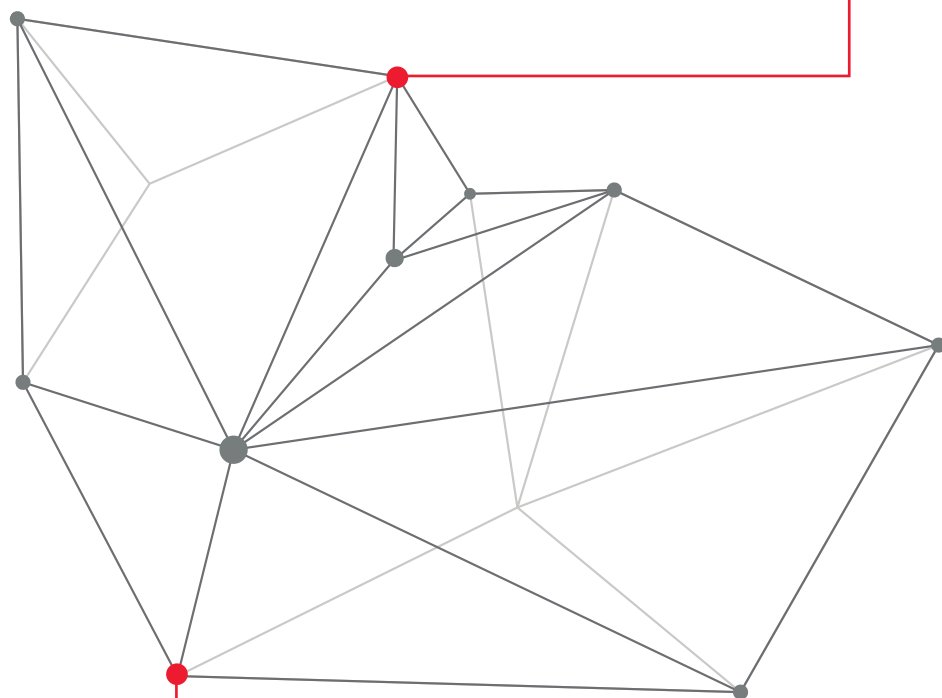
took part in Fincontest in 2019

Fincontest competition

Jointly with the Financial University, Moscow Exchange traditionally organizes a contest specialized on financial markets, known as "Fincontest". The Exchange helps evaluate participants' knowledge in the fields of corporate finance, securities market and financial analysis, while giving them an opportunity to start their professional career. In 2019, more than 1,000 people took part in the contest, with 20 people becoming winners. Of these, three students were invited to an internship at the Group following an additional selection.

Moscow Exchange acted as a partner in organizing the 2019 All-Russian Student Competition at the Securities Market in 2019 together with the Novosibirsk State University of Economics and Management (NGUEU). This competition included a set of analytical and theoretical tasks, as well as a practical section in the form of participation in the tournament «Novosibirsk Region Governor's Cup for On-exchange Financial Market». In total, students from 18 universities across Russia took part in this competition. In 2019, the Group also provided financial support for the 11th All-Russian Competition on the financial market and the basics of consumer knowledge for senior pupils and the 13th All-Russian competition on financial literacy, financial market and rights protection of financial services consumers.

3



Moscow Exchange Reporting on Sustainability Performance

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Environmental Efficiency

In their approach to environmental performance, Moscow Exchange Group companies are guided, in addition to the requirements of current legislation, by the best practices of financial sector companies, as well as the precautionary principle adopted in 1992 at the UN Conference on Environment and Development held at Rio de Janeiro, Brazil¹.

Key documents

Moscow Exchange's environmental activities are regulated by:

- environmental legislation and standards of the Russian Federation;
- Waste Generation Standards and Waste Disposal Limits, approved by Moscow Department of Nature Management and Environmental Protection for the period until February 2023;
- the Moscow Exchange Environmental Monitoring and Industrial Control Program.

Key areas for improving the environmental performance of Moscow Exchange

- increasing energy efficiency (including electricity, heat, and automobile fuel);
- improving water efficiency;
- reducing the waste generation and increasing the share of recyclable waste;
- increasing the awareness and responsibility of employees on environmental issues.

Responsible authority

Responsibility for implementation of measures in the field of environmental performance of Moscow Exchange is assigned to the Administrative Department of Moscow Exchange.

Supervisory Board role

Approval of key regulatory documents in the field of environmental efficiency and environmental risk control.

In 2020, Moscow Exchange has set a goal: zero increase in energy consumption (in GJ / million rubles of revenue) compared to the metric for 2019.

Moscow Exchange has set a goal for 2020: zero increase in GHG emissions intensity (in CO₂ equivalent tons / million rubles of revenue) compared to the metric for 2019.

ENERGY EFFICIENCY AND GHG EMISSIONS

Energy consumption^{1,2}

Indicator	2017	2018	2019	Δ 2019/2018, %
Electricity, TJ	56.2	57.2	58.1	+1.6
Heat consumption, TJ	19.8	21.7	19.8	-8.8
Gasoline and diesel fuel, thousand liters	98.9	96.4	77.9	-19.2
Energy intensity, GJ / million rubles of revenue	1.46	1.43	1.34	-6.3
Energy intensity per employee, GJ / person	34.3	33.9	33.0	-2.7

GHG emissions³

Indicator	2017	2018	2019	Δ 2019/2018, %
Direct GHG emissions (Scope 1), tons CO ₂	195.0	197.7	179.3	-9.3
Indirect GHG emissions (Scope 2), tons CO ₂	8,864.3	8,952.3	8,943.3	-0.1
GHG emissions intensity (Scope 1 & 2), tons CO ₂ / million rubles of revenue	0.24	0.23	0.21	-8.2
GHG emissions intensity per employee (Scope 1 & 2), tons CO ₂ / person	5.5	5.4	5.2	-3.7

¹ Rio Declaration on Environment and Development (UNEP): https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf.

¹ Data on electricity and heat consumption is given for buildings: Bolshoi Kislovsky per., d. 11 and 13, Sredny Kislovsky per., d. 1/13, str. 4 and 8, ul. Spartakovskaya, d. 12, ul. Vozdvizhenka, d. 4/7, as well as data on electricity consumed by the data center at the addresses: Warsaw highway, 125d and ul. Sharikopodshipnikovskaya, d. 11, str. 9.

² Information on energy consumption expenditures is presented in Moscow Exchange's 2019 Annual Report.

³ Calculation of GHG emissions was made using the calculated coefficients approved by Order of the Ministry of Natural Resources of Russia dated 30 June 2015 No. 300. To estimate emissions from Scope 2, we also used open data on specific fuel consumption by generating facilities of Mosenergo PJSC and average losses in electric and heat networks of PJSC MOESK and PJSC MOEK for 2017–2018.

In its activities, Moscow Exchange directly emits greenhouse gases through the operation of corporate vehicles and its own diesel generators to generate electricity in case of emergencies. Indirect emissions occur due to the use of electric and heat energy purchased from energy supply organizations.

The Group constantly strives to reduce energy consumption and GHG emissions by using more energy-efficient equipment and vehicles. The Group companies operate a modern vehicle fleet, in which most of the cars were produced after 2014 and all cars are equipped with Class IV and Class V engines.

In 2019, the volume of electricity consumption amounted to 58.1 TJ, which is 1.6% higher than in 2018, while the intensity of energy consumption to revenue decreased by 6.3% and amounted to 1.34 GJ / million rubles. In addition, the Group significantly reduced its heat energy consumption, as well as gasoline and diesel fuel consumption in 2019, by 8.8% and 19.2%, respectively. This came about due to the limited operation of a number of older and less efficient cars, as well as a decrease in the cost of heating the premises due to the warm winter of 2019. The decrease in energy consumption in the reporting year also resulted in a general decrease in direct and indirect GHG emissions (Scope 1 and Scope 2) by 0.3% year-on-year to 9,122.6 CO₂ equivalent tons. The emissions intensity to revenue decreased by 8.2% and amounted to 0.21 tons of CO₂ /million rubles.

Installation of energy-saving light bulbs

In 2019, about 670 energy-saving LED light bulbs have been installed at Moscow Exchange Group offices, which is nearly twice as many as in 2018. In total, over the past three years, 1,140 light fixtures have been replaced in this way at the main office, which is about 30% of their total number.

Thanks to switching processors to the power saving mode when there is no load, as well as due to efficient power supplies, modern technology can significantly reduce energy consumption, while energy efficiency increases by about 2-3% for each new generation of server hardware. Equipment change cycles are indicated in the Technical Policy of Moscow Exchange; for more details, see the section "Key Steps to Creating a Trusted Environment".

One of the key server equipment suppliers for Moscow Exchange is HPE, whose products hold 27 world records in server efficiency, including energy efficiency. HPE products comply with international environmental and energy efficiency standards, including the Electronic Product Environmental Assessment Tool (EPEAT), ENERGY STAR and China Energy Conservation Program (CECP).

To reduce electricity consumption in our offices during off-hours and at weekends, the lighting of corridors, ventilation systems and office cooling systems are forcibly turned off during these periods. In addition, we have installed engineering equipment that allows for schedule-based switching of the server air cooling system in the winter to use cold atmospheric air. During repair and renovation of the premises, the light fixtures are replaced with energy-saving LED models.

THE MAIN SOURCE OF ENERGY CONSUMPTION FOR THE GROUP IS COMPUTER AND SERVER EQUIPMENT. OPERATION OF MOSCOW EXCHANGE GROUP COMPANIES' SYSTEMS INVOLVES MANAGING AN EXTENSIVE NETWORK OF EQUIPMENT ACROSS THREE DATA CENTERS.

Saving energy and optimizing the number of equipment units is a basic need, without which it is impossible effectively manage computing power.

To achieve these goals, work is underway in two main areas:

1

Consolidation of computing power associated with the development of virtualization systems and implementation of solutions based on microservice architecture, thanks to which server equipment always works under load and does not waste electricity. Currently, Moscow Exchange uses about 2 thousand virtual machines, which leads to almost 90% energy saving compared to server equipment that does not utilize this technology.

2

A constant rotation and updating of equipment, the use of more modern and energy-efficient server solutions.

The issue of using renewable energy sources is also relevant for Moscow Exchange, however, at the moment, due to market conditions and the location of the Group companies, it does not seem possible to establish relations with the specified type of energy suppliers or own production of renewable energy. In 2019, Moscow Exchange for the first time participated in the disclosure of GHG emissions information as part of the Carbon Disclosure Project (CDP), received a rating of D (on a scale from A to F), and further plans to consistently increase the level of disclosure.

WATER CONSUMPTION

Water consumption¹

Indicator	2017	2018	2019	Δ 2019/2018, %
Volume of water consumption, thousand m ³	17.2	21.2	25.2	+18.9
Water consumption intensity, m ³ /million rubles of revenue	0.45	0.53	0.58	+9.4
Water consumption intensity per employee ² , m ³ /person	11.1	13.4	15.0	+11.9
Water discharge ³ , thousand m ³	19.6	24.1	28.2	+17.0

¹ Water consumption data is presented for buildings: Bolshoi Kislovsky per., d. 11 and 13; Sredny Kislovsky per., d. 1/13, str. 4 and 8, ul. Spartakovskaya, d. 12; ul. Vozdvizhenka, d. 4/7.

² Average headcount was used in this calculation.

³ Group discharge exceeds water withdrawal due to the fact that when calculating it, the volumes of water passing through the storm drains of Moscow Exchange office buildings are also used.

In 2019, the volume of water consumption by Group companies amounted to 25.2 thousand m³, which is 18.9% more than in 2018. The growth was due to the installation of five additional hygienic showers, an additional shower in the fitness room on Kislovsky pereulok, as well as a general increase in the number of Group employees, while water consumption per employee increased by only 11.9% year-on-year in connection with the measures taken to reduce water use.

For 2020, Moscow Exchange has set a goal to achieve zero increase in water consumption (in m³/million rubles of revenue) as compared to the metric for 2019. In 2020, Moscow Exchange plans to increase the efficiency of water consumption at its offices. As early as in 2019, sensor plumbing faucets were installed at the Kislovsky pereulok office and a cold-water pumping station was replaced with a more modern one with a smooth power control.

In 2019, the volume of waste generated by Moscow Exchange decreased by 9.5% year-on-year and amounted to 243.2 tons, of which the majority was domestic waste of hazard class 4 and 5 (low-hazard and non-hazardous waste).

For 2020, Moscow Exchange has set a goal to achieve zero increase in waste generation intensity (in tons / million rubles of revenue) as compared to the metric for 2019.

WASTE

Volume of waste generated by hazard class, tons¹

Indicator	2017	2018	2019
Total, tons	239.8	268.8	243.2
Hazard class 1, tons	0.2	0.2	0.3
Hazard class 2, tons	0.0	0.1	0.2
Hazard class 3, tons	4.4	0.1	0.1
Hazard class 4, tons	209.0	224.2	196.8
Hazard class 5, tons	26.2	44.2	45.8
Waste generation intensity, tons / million rubles of revenue	0.006	0.007	0.006
Waste generation intensity per employee, tons / person	0.15	0.16	0.14

Volume of waste generated by type of treatment, tons¹

Indicator	2017	2018	2019	Δ 2019/2018, %
Total generated and treated by the waste disposal contractor, tons, including:	239.8	268.8	243.2	-9.5
For processing, tons	4.6	2.5	7.3	+192.0
For disposal, tons	15.5	19.9	20.9	+5.0
For decontamination, tons	3.7	3.9	3.6	-7.7
For on-site storage, tons	0.0	0.0	0.0	-
For landfill, tons	216.0	242.5	216.9	-10.5

All offices organized collection and disposal of used batteries and set up bins for separate collection of waste and its further disposal to increase the efficiency of waste processing and the environmental involvement of staff. In 2019, the share of processed and utilized waste significantly increased, and the share of waste destined for landfill decreased. With the planned replacement of old office computer equipment, the Exchange creates opportunities for its secondary use, offering it to Exchange employees, schools and orphanages. In total, as part of this initiative, five computer monitors were donated to orphanages in 2019.

¹ Data on the volumes of waste generation is presented by buildings: Bolshoi Kislovsky per., d. 11 and 13; Sredny Kislovsky per., d. 1/13, str. 4 and 8; ul. Spartakovskaya, d. 12 (86% of the used office space of the Moscow Exchange).

In addition, Moscow Exchange strives to reduce paper waste generation through the introduction of electronic workflows.

ENVIRONMENTAL EXPENDITURES

Total environmental expenditures, thousand rubles¹

Kind of payment	2017	2018	2019	Δ 2019/2018, %
Air protection and climate change prevention	74.1	25.6	1.1	-95.7%
Collection and treatment of wastewater	1,640.6	1,876.2	2,422.2	+29.1%
Waste management	599.7	918.4	1,476.1	+60.7%
To protect the environment from noise, vibration and other types of physical impact	433.9	362.0	300.0	-17.1%
Other areas of activity in the field of environmental protection	560.0	149.0	166.0	+11.4%
Total	3,308.3	3,331.1	4,365.3	+31.0%

In 2019, Moscow Exchange increased the amount of expenses and investments aimed at environmental protection. The main reason for the growth of waste disposal fees is an increase in the volume of waste allocated for recycling and reuse, while reducing the volume of waste intended for disposal, as well as adoption of higher standards. The reduction of costs for the protection of atmospheric air and prevention of climate change is associated with reduction in the operating time of diesel generators, which are used as a backup source of electricity generation. There were fewer situations when it became necessary to use generators in 2019 than in 2018.

¹ The discrepancy with the values published in Moscow Exchange's 2018 Annual Report is due to a change in approach to the disclosure of environmental protection expenses and investments. The updated approach is designed to bring the disclosure of Moscow Exchange data in line with the prevailing disclosure practices among Russian issuers and the form of state statistical reporting.

PLANS FOR 2020

In 2020, the main areas for improving Moscow Exchange's environmental performance will remain energy efficiency enhancements for our offices, server equipment, data centers and the fleet, implementation of initiatives to reduce water consumption and equipping of offices with smart devices, as well as increase in the environmental responsibility of staff, reduction in overall waste volumes and increased share of reused waste.

Personnel Development

HUMAN RESOURCES POLICY

Moscow Exchange recognizes that the effective and motivated work of its employees, including the efforts aimed at solving non-standard tasks, is a critical factor for achieving the Group's strategic goals. To ensure sustainable growth and increase labor productivity, Moscow Exchange relies on the creativity and diverse experience of its employees, and encourages their teamwork aimed both at solving current business problems and creating opportunities to improve the society in which we live and work.

Key documents in the field of HR policy at Moscow Exchange

- Internal labor regulations;
- Regulation on bonuses;
- Regulation on corporate social support.

Key tasks of our human resources policy

- attraction, motivation and retention of highly qualified specialists and managers;
- continuous professional development of employees;
- creating an atmosphere conducive to revealing employee potential, achieving better results and implementing strategic goals.

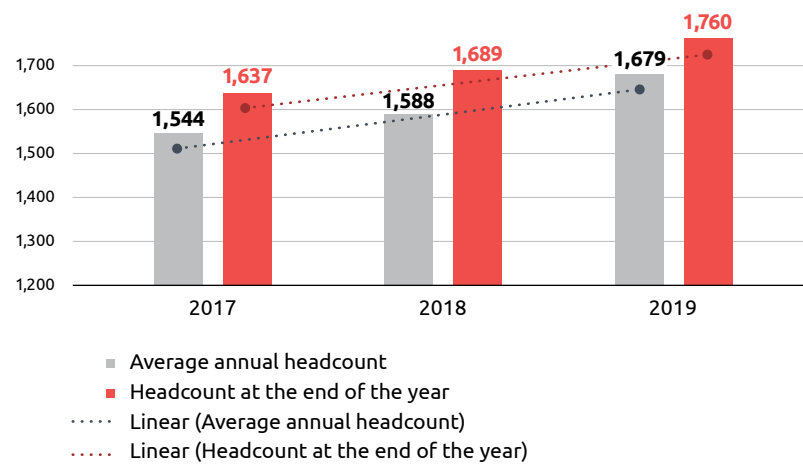
Responsible authority

Moscow Exchange's Personnel and HR Policy Department

Supervisory Board role

- approval of key documents in the field of HR policy, including the Long-Term Motivation Program;
- setting annual company-wide goals, which are then cascaded to top management and line employees, and further monitoring their implementation.

Moscow Exchange headcount, people



In 2019, the number of payroll employees across Group companies increased by 4.2% year-on-year and amounted to 1,760 people. The main areas where headcount growth was recorded were information technology, markets, legal support, risk management and compliance.

Moscow Exchange provides employees with flexible and convenient working conditions. In 2019, 93% of employees were employed on a permanent basis and 98% of employees on a full-time basis. Moscow Exchange seeks to provide equal employment opportunities and ensure gender balance across its team. In 2019, 47% of employees were women.

Headcount in 2019 by employee category

Indicator	Top managers	Functional managers	Specialists	Workers	
Total, persons	20	382	1,327	31	
By gender, %	male	65	60	50	100
	female	35	40	50	0
By age, %	≤ 25 years	0	0	9	0
	26–35 years	0	15	40	10
	36–55 years	85	69	43	55
	≥ 56 years	15	16	8	35

Adherence to the principles of gender equality is also enshrined in the corporate culture of the Exchange. The Code of Business Ethics (Code of Conduct) records the commitment of all employees of the Exchange to the principles of equality regarding respect for labor rights, non-discrimination of staff and customers on any racial, national, gender, social and other grounds. The Exchange supports conventions No. 111 and No. 156 of the International Labor Organization and respects the cultures, opinions and lifestyles of all employees, does not participate in any actions that could contribute to creating an atmosphere of bullying and harassment or violation of human dignity at the workplace. Recruitment is based on selection solely by competency with zero tolerance for gender discrimination.

Headcount in 2019 by gender and employment type, people

Company	By employment contract						By employment type					
	Male		Female		Total		Male		Female		Total	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Total	869	63	761	67	1,630	130	915	17	811	17	1,726	34
Moscow Exchange	577	45	382	34	959	79	617	5	410	6	1,027	11
NSD	209	16	286	24	495	40	214	11	301	9	515	20
NCC	83	2	93	9	176	11	84	1	100	2	184	3

Number of new hires in 2019 by gender and age, people

Company	Male	Female	≤ 25 years	26–35 years	36–55 years	≥ 56 years
Total	200	146	100	136	101	9
Moscow Exchange	132	85	59	95	58	5
NSD	51	39	28	30	29	3
NCC	17	22	13	11	14	1

The personnel structure of Moscow Exchange is characterized by a healthy balance of youth and experience, with younger employees accounting for about 40% of total staff. Supporting staff continuity and transferring knowledge from the older generation of employees to the younger is one of the tasks of the HR policy of Moscow Exchange. We should note a high proportion of employees with a doctorate degree in the Group, which is 3%, or 51 people. The succession program and the high academic and professional potential of the Group's employees certainly help in the process of adaptation and development of new hires.

In addition, Moscow Exchange provides exceptional career opportunities for the most talented students and graduates, winners and prize-winners of contests and educational competitions. The Exchange constantly interacts with a number of leading Moscow universities, informing students about open vacancies, holding master classes, research conferences and contests for students, and also providing them with an opportunity to participate in hands-on training. More information is available in the "Key Steps Towards Professional Community and Partnership Development" section.

Group companies are characterized by a relatively low level of staff turnover, which allows Moscow Exchange to attract the best specialists and maintain the continuity of knowledge and skills in key areas. One of the urgent tasks of the Group following the adoption of its revised strategy is to reduce the turnover among IT personnel, including by providing attractive working conditions, social guarantees and educational opportunities.

Staff turnover at Moscow Exchange Group, %

Indicator	2017	2018	2019
Staff turnover	8	9	11

Staff turnover at Moscow Exchange Group in 2019 by gender and age, %

Indicator	≤ 25 years		26–35 years		36–55 years		≥ 56 years	
	Male	Female	Male	Female	Male	Female	Male	Female
Staff turnover	45.5	27.6	15.8	13.3	8.5	4.4	4.6	14.5

The Group launched an educational initiative – reverse mentoring, in which older colleagues pass on their experience to young colleagues and, in turn, learn modern practices from them.

In 2019, 37 people participated in internships with Moscow Exchange, of which 21 continued their internships into 2020. As a result of internships in 2019, every fourth intern later became employed by the Group companies.

For 2020, Moscow Exchange has set a goal to achieve zero increase in staff turnover compared to 2019.

WAGES AND STAFF MOTIVATION

Moscow Exchange provides its employees with a competitive level of remuneration, which includes fixed and premium components.

The size of the fixed part of remuneration and the target size of the variable part are determined according to the current system of job categories (grades) and based on market data on the wage level. The bonus part of employee remuneration depends on the results of the Group's activities and employee's individual achievements assessed as part of this process.

Moscow Exchange Group companies carry out periodic performance evaluations for all employees at least twice a year, including setting, adjusting and evaluating the achievement of personal targets.

Starting from 1 July 2019, salaries were reviewed for Moscow Exchange employees. For employees with a salary of less than 100 thousand rubles per month, the mandatory review was at least 10%. For the remaining employees, a budget was allocated for review in the amount of 5.5% from the salary.

In 2019, the ratio of the average salary of specialists and lower grade workers, taking into account bonuses, to the minimum wage established in Moscow on 01.01.2020, amounted to 4.1.

Moscow Exchange provides its full-time employees with an additional package of social programs, which include:

Type of programs	List of programs	List of employees covered by this program
Insurance services	• Accident and Illness Insurance	All employees
	• Health Insurance	All employees; possible to add coverage for relatives from the first working day
	• International Health Insurance	All employees; possible to additionally insure relatives at their own expense
Parental leave	• Insurance for Tourists Traveling Abroad	All employees insured by Health Insurance program
	• Compensation to average earnings for the entire period of parental leave in accordance with Russian legislation	All employees
Miscellaneous	• PrimeZone Corporate Discount Program	All employees
	• Financing of interest clubs: MOEXSmart (What? Where? When?), Culinary Club, MOEXWalk (tours in Moscow), sports sections	
	• Fitness room in the office of Moscow Exchange	

The Group also has a Social Affairs Commission, which considers the potential provision of material assistance to employees in connection with an accident or extraordinary circumstances not covered by existing insurance programs and determining the amount of such assistance¹.

To retain key personnel and ensure their focus on the long-term business development of the entire Group, a Long-Term Motivation Program based on shares of Moscow Exchange is in force, with its principles and parameters being approved by the Supervisory Board of Moscow Exchange².

In addition, a Recognition program for employees was updated in 2019. A competition is held annually in which the most active and productive Exchange employees, as well as the best functional and design teams, are selected across five categories. Voting takes place on the corporate portal, winners in the nominations "Best Start", "Best Employee", "Best Team" are chosen by representatives of the Exchange's top management. The winner in the "CEO Selection" nomination is personally selected by the Chairman of the Executive Board of Moscow Exchange, and the winner in the "Best Internal Service" nomination is the employee who collected the most domestic "currency" (for more details, see the MEMS project) in the "Thank you, colleague" category. In addition, as part of the Recognition program, employees who have been members of the Group for 20 and 25 years receive awards in the form of badges and medals, respectively.

In 2019, by decision of the Social Affairs Commission, 7 full-time and former employees of Moscow Exchange, received targeted support. The average amount of material assistance amounted to 243.5 thousand rubles.

Key objectives of corporate culture development

- increasing employee involvement in strategy implementation;
- development of the most effective employee behavior models to solve the business problems faced by Moscow Exchange;
- increasing the efficiency of vertical, horizontal and cross-functional interaction of employees.

CORPORATE CULTURE DEVELOPMENT

Moscow Exchange seeks to continuously develop HR management processes and an internal corporate culture based on the principles of leadership, responsibility and employee engagement.

The Group's corporate values are integrated into all key personnel processes and means of communication, including the internal communications system, the intangible motivation system, the personnel performance evaluation system, corporate training processes, and others.

To monitor corporate culture in 2018, a study was conducted on the involvement of the Group's personnel, where 88% of Group employees took part. Based on the results of the study, key development zones were identified, and they will be given special attention in the coming years.

Based on the results of this study, 2019 was declared the year of dialogue between employees of Moscow Exchange. As part of this initiative, special training events were held in the reporting year on how to give and request feedback. As a result of these events, the number of working meetings and team sessions has increased.

At Moscow Exchange, all employees have an opportunity to request and give feedback. The continuous feedback tool is configured in such a way that any employee can request and give feedback.

For the convenience of soorting reviews, categories are configured:



- professional activity;
- cross-functional interaction;
- personal review;
- corporate event;
- compliance with corporate values;
- compliance with business ethics rules;
- process improvement proposal.

This mechanism is used by various structural divisions to solve their business problems, including collecting recommendations for finalizing software, receiving feedback on training, corporate holidays and other areas.

¹ The Commission considers issues for all companies included in the Group, with the exception of NSD where a similar commission operates.

² The grant is issued in three tranches of 20%, 30% and 50% with a maturity of one, two and three years, respectively. The program is structured in the form of two sales contracts under which its participant receives shares as a result of netting (the difference between the nomination price and the sale price; however, if the sale price is lower than the nomination price, the sale does not occur). The price of nomination (sale) is defined as the average price of Moscow Exchange shares for 90 calendar days preceding the date of nomination (notification of sale).

MEMS Project – MOEX Extra Motivation System

In 2019, the MEMS project was included in the Recognition program for Moscow Exchange companies. MEMS is a project launched in 2016, a game program aimed at increasing the intangible motivation of employees. Under this program, employees have the opportunity to earn “currency” for participating in the Group companies’ life and non-standard approach to solving work problems. Employees receive this “currency” from managers in gratitude for a job well done, from ordinary colleagues for help in their work, and from the Group companies for active participation in corporate events. You can spend this “currency” in the Exchange’s internal store to buy special souvenir products that cannot be purchased any other way.

In 2019, more than one thousand employees of the Exchange took the opportunity to thank colleagues with conventional currency, and more than 2.3 thousand purchases were made with this “currency” in the internal corporate store.

In 2019, the MEMS project participated in the Silver Archer competition in the Internal Corporate Communications and Corporate Media category.

HUMAN RIGHTS

Moscow Exchange supports the principles of the main international conventions on human rights, such as the UN Guidelines on Business and Human Rights, and the conventions of the International Labor Organization in the field of promoting freedom of association and collective bargaining of workers, and prevention of forced and child labor. The Exchange strictly adheres to these principles in its activities.

In 2019, the Group did not record a single case of employee discrimination on the grounds specified in the Code of Business Ethics (Code of Conduct).

In 2019, Moscow Exchange automated the process of filing applications for employees to work on non-working days through an internal corporate portal, providing additional transparency of this process for the HR service and guaranteeing due remuneration to the employee.

In accordance with Russian legislation and its own Code of Business Ethics (Code of Conduct), the Exchange does not allow discrimination in work. The current version of the Code of Business Ethics (Code of Conduct), approved in 2016, outlines the commitment of all staff to the principles of equality with regards to labor rights, non-discrimination of staff and customers with respect to gender, race, color, nationality, language, origin, property, family, social and official position, age, place of residence, religion, beliefs, affiliation or non-affiliation with public associations or any social groups. The Exchange shows respect for the cultures, opinions and lifestyle of all employees, does not participate in any actions that could help create an atmosphere of bullying and harassment or violation of human dignity at the workplace. Read more about the Code of Business Ethics (Code of Conduct) and the processes for familiarizing employees with it in the “Business Ethics and Anti-Corruption” section.

In addition, the Group adheres to the principle of zero tolerance for the use of child and forced labor, which is also prohibited by current Russian legislation.

The order and scope of work of the Group’s employees is regulated by job descriptions and internal labor regulations that fully comply with the requirements of the Labor Code of the Russian Federation. An employee’s work on additional days and hours, outside the work schedule specified in the employee’s employment contract, is subject to the employee’s personal consent and is remunerated additionally in accordance with the provisions of the Russian labor legislation.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The Group's training and development system includes educational programs, workplace development and self-learning tools. At the same time, the Group places emphasis on transferring responsibility for their development to employees, providing modern technologies, resources and additional opportunities for such objectives.

The "70-20-10" concept

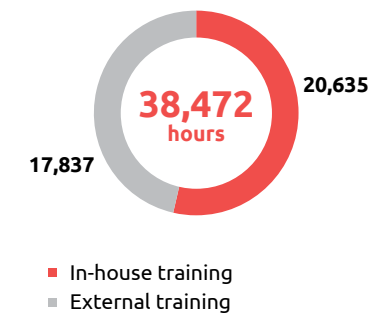
Since 2017, the Group follows a "70-20-10" training concept, which involves a shift in focus to self-education and workplace development training (70% of development efforts), along with other learning from experience (20% of development efforts) and direct training (10% of development efforts).



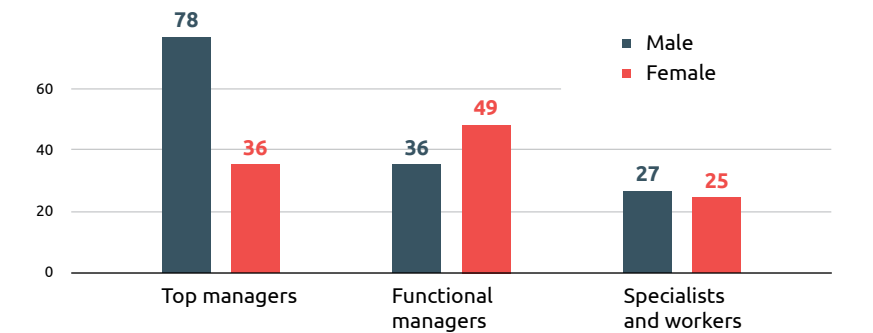
Number of training hours for Group employees

Indicator	2017	2018	2019
Total number of training hours	35,545	32,161	38,472
Average training hours per employee	21.7	19.0	30.6 ¹
% of employees trained from overall headcount	69	74	70

The structure of training programs in 2019 by type of training, hours



Average training hours for Group employees by gender and employee category



Training programs

Program name	Brief information about the program
Internal training for employees	
Management Faculty for Beginner Managers	The program helps participants realize the change in their role as a leader and analyze their managerial experience, and also introduces participants to practical tools for HR management.
Management Faculty for Advanced Managers	The program helps participants update their managerial skills and move to a new level of their use, introduces them to new approaches and allows them to try out specific practical tools.
Personal Effectiveness Faculty	The program is developed taking into account the importance of "over-professional" skills (meta-skills) that allow you to control your perception and thinking, change negative beliefs, control your emotional state in stressful situations and act in advance.
Project Faculty	The program is aimed at the comprehensive development of skills in the field of project management, increasing the efficiency of interaction between project teams and creating a single semantic field for all participants in project teams.

¹ The method for calculating the Average training hours per employee changed in 2019. In 2019, the number of hours was calculated per trained employee, in 2017 and 2018 – per employee based on the payroll.

Program name	Brief information about the program
Professional Faculty	<p>The program is aimed at introducing key exchange business processes and best practices, as well as increasing the level of English proficiency for use in professional activities.</p> <p>The “Internal coaches” project is being implemented at the Faculty where the employees of the Group conduct short master classes, trainings and seminars to transfer unique knowledge within the Group.</p>
External training for employees	<p>Moscow Exchange provides an opportunity to undergo training in the form of:</p> <ul style="list-style-type: none"> • training events (trainings, seminars, round-table discussions, distance learning courses, etc.); • conferences; • specialized practical training aimed at obtaining and developing knowledge, skills and abilities that are mandatory for this position.

Development of competencies of the Supervisory Board members

Moscow Exchange is one of the few organizations on the Russian market that systematically organizes training for members of the Supervisory Board. Members of Moscow Exchange Supervisory Board are offered CEDR training along with receiving an international business mediator certificate. This program is aimed at intensive development of skills in the field of conflict management, resolving commercial disputes and conducting complex negotiations. In addition, members of the Supervisory Board undergo training under the intensive program Audit Committees in a New Era of Governance aimed at studying best practices in the field of functioning of audit committees and their support for corporate strategies implementation. In 2019, Andrey Golikov, Deputy Chairman of Moscow Exchange Supervisory Board, and Mikhail Bratanov, member of Moscow Exchange Supervisory Board, participated in training under the CEDR program. Maria Gordon, member of Moscow Exchange Supervisory Board, took a six-day training course under the Audit Committees in a New Era of Governance program in 2019.

Over the past 3 years, Moscow Exchange Group companies, as well as its contractors working at the Exchange’s production sites, have not experienced any work-related injuries.

OCCUPATIONAL HEALTH AND SAFETY

Moscow Exchange Group is responsible for maintaining the life and health of employees and maintains high standards of occupational health and safety. Moscow Exchange has a Labor Safety Policy approved on 27 March 2018. The occupational health and safety system covers all employees of the Group companies.

Under the adopted occupational health and safety system, the Exchange assumes the following obligations

- comply with the requirements of labor legislation and state regulatory requirements for occupational health and safety;
- ensure safe working conditions, preserving the life and health of all employees by performing a set of consistent and continuous measures aimed at preventing accidents and cases of health deterioration, occupational injuries and occupational diseases, including through the management of occupational risks;
- inform each employee of the identified hazards, harmful factors and occupational hazards in the workplace;
- constantly improve the Occupational Health and Safety management system to maintain it in a form consistent with the current needs of the Group, and promote the professional development of responsible employees;
- if necessary, provide employees with modern means of collective and individual protection;
- involve employees (or representative bodies authorized by them) in participation in the management of occupational health and safety and provision of working conditions consistent with requirements through the necessary resource support;
- ensure the functioning of all levels of control over compliance with state regulatory requirements for occupational health and safety;
- stimulate the personal interest of each employee in ensuring (as far as possible) safe working conditions by increasing the level of responsibility for observing obligations in the field of occupational health and safety;
- regularly conduct a special assessment of working conditions and control over compliance with sanitary rules and anti-epidemic (preventive) measures.

Moscow Exchange management assumes responsibility for the implementation of occupational health and safety measures by establishing appropriate goals and objectives, planning and financing measures to achieve them, undertakes to respect these values and calls on all employees to do so.

Assessment of working conditions and analysis of professional risks

In 2019, a special assessment of working conditions was carried out at 103 NCC workplaces, which showed that no harmful or dangerous factors were identified, and working conditions were recognized as permissible.

In addition, an assessment of occupational risks was carried out at all workplaces of the Exchange and NCC in 2019 to identify occupational hazards for an employee in his work, to determine their magnitude and severity of potential consequences.

Occupational safety training

All new employees of the Group undergo mandatory introductory trainings on occupational health and safety, fire safety, civil defense and emergency response, electrical safety.

In 2019:

374 new hires	passed an introductory briefing on occupational health and safety
70 employees	passed a voluntary quest on occupational health and safety
40 employees	passed a special voluntary first aid course
All employees of the Group	have access to the corporate portal where they can become acquainted with all instructions and regulations on occupational health and safety, articles on health, undergo distance training

In 2019, a voluntary quest on occupational health and safety was organized for Exchange managers. In total, 70 people took part in the quest. Employees gained knowledge about basic occupational health and safety rules that an employee should possess in accordance with the Labor Code of the Russian Federation, as well as quick response skills in case of emergency.

Supporting the health and well-being of employees

Moscow Exchange pays considerable attention to maintaining the health and good physical condition of its employees at the workplace. To prevent illness in public offices places, disinfectants are always available, employees are offered fruits in the kitchen areas, a healthy menu in the dining room and a healthy assortment in snack machines, and tips on healthy eating and lifestyle are published on the corporate portal. In the office on Spartakovskaya street, a healthy diet station is installed. There are also additional exercise machines installed in the office on Bolshoi Kislovsky pereulok, a gym with cardiovascular equipment and a tennis table is organized in the office on Spartakovskaya Street, and its own bicycle parking is open. In addition, Moscow Exchange employees are involved in running, swimming, volleyball, basketball, football and hockey competitions with the financial support of the Group.

PLANS FOR 2020 IN THE FIELD OF HR POLICY AND OCCUPATIONAL HEALTH AND SAFETY

Key planned activities in the field of HR management in 2020 include

- introduction of an updated program of long-term incentives for key employees (LTI);
- decrease in the turnover of key personnel in the field of information technology;
- development of a new grading system;
- development of a corporate training system, including the adoption of a new version of the Regulation on staff training.

In terms of occupational health and safety in 2020, the following is planned

In addition to compulsory seminars and trainings, the Group plans to introduce quarterly training and quests on occupational health and safety, fire safety, first aid on a voluntary basis for all employees regardless of position.

Charity and Volunteering

Charity is an important area of focus for implementing the Exchange's social responsibility. Key corporate donors in the Group are Moscow Exchange and NSD.

Key document

In its charity activities, the Group is guided by the Regulation on the Charity Policy Committee, approved by the decision of the Executive Board of Moscow Exchange dated 12 May 2014.

Responsible authority

Under the Executive Board of Moscow Exchange, the Charity Policy Committee provided for by these Regulations operates.

In 2019, during 9 meetings the Committee adopted:

- a plan of the charity projects that the Exchange will set in motion throughout the year;
- a number of decisions on supporting charitable programs valued below 10 million rubles.

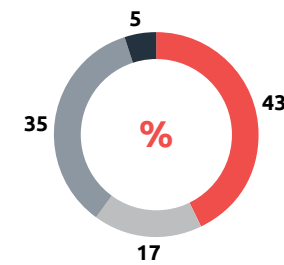
For charity programs, the budget of which exceeds 10 million rubles, relevant conclusions, proposals and recommendations are submitted for consideration by the Executive Board of Moscow Exchange.

Priority areas of Moscow Exchange's charity policy

- upbringing, education, treatment of children;
- prompt response, assistance for the victims of disasters and cataclysms that led to destructions within the territory of the Russian Federation;
- assisting veterans and the elderly.

The key document of Moscow Exchange in the field of charitable activities is published on the Company's website at <https://www.moex.com/s1358>.

The structure of charitable expenses by category



- Science, education and contribution to financial literacy improvement
- Support of veterans
- Healthcare, rehabilitation and care for those with disabilities
- Other

PARTNERSHIP WITH FOUNDATIONS AND INITIATIVES

Moscow Exchange has traditionally cooperated with a number of charitable foundations with a proven track record, thus ensuring transparency and efficiency of spending, in the meantime increasing a number of the final beneficiaries.

Moscow Exchange's main partners in the field of charity

Give Life Foundation engaged in the treatment and rehabilitation of children with blood diseases.

VERA Hospice Charity Fund engaged in the development of palliative care in Russia and provides support to more than 50 hospices in Moscow and regions of the country.



The Nikitsky Club of Scientists and Entrepreneurs is working on the creation of an interdisciplinary forum of accredited representatives of the professional community with a broad civic outlook on the most important problems of Russia.

New Teacher Foundation attracts young specialists and graduates of leading universities of the country to teaching in ordinary regional schools. Teachers are included in the educational, methodological and scholarship support program.

24.1

million rubles

in 2019 was allocated by Moscow Exchange for the charity projects

In addition, Moscow Exchange is open to collaboration with other organizations and funds operating within the priority areas of the Group's charity activities. New projects shall be considered by the Charity Policy Committee under the Executive Board of Moscow Exchange, and based on the following criteria:

- how successfully the project solves specific problems of the Russian society (focus);
- the extent to which its positive impact is measurable (effectiveness);
- whether Moscow Exchange employees may participate in the project (involvement).

Moscow Exchange does not support organizations that implement discriminatory policies on the basis of the gender, sexual orientation or nationality, and neither directly nor indirectly participate in financing organizations the activities of which are related to human rights violations, creation or distribution of weapons of mass destruction, or projects that carry the environmental pollution risk.

KEY CHARITY PROJECTS IN 2019

Support of educational programs

In 2019, as part of the Exchange's long-standing cooperation with the New Teacher Foundation, the Exchange contributed to the implementation of the Teacher for Russia program, which recruits talented young people and graduates of the leading higher education institutions to teach in public schools. Key project tasks are:

- providing access to education for children from areas with a challenging social environment;
- increasing the attractiveness of the teaching profession and to recruit talented teachers to the school system;
- introduction of new educational formats and technologies.

In 2019, Moscow Exchange financially supported 15 teachers of mathematics and economics working in the Tambov, Voronezh and Kaluga regions. They received a full range of support, including educational program, methodological and scholarship support.

In addition, in 2019, Moscow Exchange together with the foundation continued their "Parental Environment" joint project, within which Group employees meet with child psychologists, trainers, authors of best educational practices – those who best understand modern children. In 2019, six meetings were held, in which about 250 employees of Moscow Exchange participated.

Aid for children

In 2019, the Group continued its active cooperation with the Give Life ("Podari Zhizn") Foundation, supporting the Foundation's most important program "Voluntary Donation" which encourages citizens to make blood donations to hospitals, as well as all those directly seeking help: children and adults, patients undergoing prolonged treatment as well as crash and accident victims.

Moscow Exchange annually allocates funds to the Sheredar Charitable Fund for a rehabilitation program for children 13–17 years old who have been diagnosed with oncological diseases, supporting the summer and winter sports and wellness program "Holidays with a Cause", implemented by the Our Children ("Deti Nashi") Foundation, which in 2019 assisted 40 orphans in undergoing rehabilitation programs.

The Group pays particular attention to initiatives that support children in healthcare facilities. In 2019, the Group companies provided work for the hospital groups of the Danilovtsy volunteer movement for six months and provided financial assistance to the outpatient palliative service of the Miloserdiye Charity Foundation.

In 2019, cooperation with the Volunteers for Orphans ("Volontery detyam-sirotam") Foundation was extended. If in past years the interaction was limited only to the joint charity fairs, in 2019 financial resources were also allocated to support the "Abandoned children in the hospitals: resource support" program, which involves comprehensive support for the abandoned children: providing food, medicine, clothes and care for the child.

In addition, in 2019, the Group helped the Elizavetinsky Orphanage pay a teacher of the junior remedial class for six months of work. Moreover, in order to develop the creative abilities of children from the Udelninsky Center for Out-of-School Activities, a multimedia studio was purchased where children learn the basics of animation, video shooting and editing and film their first cartoons.

Aid for the severely ill, disabled and their families

In 2019, Moscow Exchange Group companies provided assistance in the following areas:

- support for regional hospices in the framework of Vera Charity Foundation projects; in particular, part of the funds was allocated by the Foundation for urgent needs of hospices: purchase of care products, additional meals for patients and material aid to the personnel;
- support for the rehabilitation of patients with acute cerebrovascular accident and stroke prevention under cooperation with the ORBI Charity Foundation;
- support for the Duet Sports Club, in particular, financing trips of disabled athletes to competitions and festivals in wheelchair dancing ("Dance Parachute Festival", Russian Championship, Cup of Continents in Wheelchair Dance), as well as the purchase of costumes for dancing activities.

Support for veterans

Each year, Moscow Exchange provides financial assistance to war veterans and relatives of the Group's employees. In 2019, more than 70 participants in the Great Patriotic War, home front workers, siege survivors, and prisoners of concentration camps received one-time payments.

CORPORATE VOLUNTEER PROGRAM

Volunteering is an important element of Moscow Exchange corporate culture, as it unites employees on the basis of common values, as well as to develop such important competencies as solving non-standard tasks, responsibility and leadership. Moscow Exchange employees may participate in projects of the Exchange's partner organizations as a volunteer, donor or make donations. Participation in the charity projects by employees is encouraged, inter alia, by internal "currency" (for more details, see the MEMS project); read more about this in "Human Resources Policy" section.

In 2019, employees of Moscow Exchange donated about 50 liters of blood during the field donor campaign of the Give Life Foundation and collected about 100 thousand rubles from personal funds to help children under care of the fund.

Employees receive information on charity events in the daily morning "Company News" newsletter, and reports and photo reports on charity events held on a special page of the internal portal called "Corporate charity". In the same place, employees can apply for participation in the volunteer campaigns and make a donation or advertise alternative charity projects.

In 2019, employees came up with various voluntary initiatives

- collection of New Year's gifts for the wards of the "Joy in Old Age" Foundation;
- collection of clothes and gifts for the children of the Odoevsky orphanage;
- a team of the MOEX Smart Club intellectual club organized a charity game to help one of the wards of the "Be a Man" foundation;
- as part of a charity Christmas tree, 80 gifts were purchased for orphans who are being treated at the Kirov Regional Children's Clinical Hospital.

The Exchange's employees independently perform tasks on the ProCharity intellectual volunteering platform. For example, in 2019, on this platform, Moscow Exchange employees helped the Donor Search Non-Profit Partnership for Donor Development and Every Dog Charity Foundation for the Support of the Stray Pets in drawing up effective financial models and business plans for attracting investors to implement projects of these organizations.

PLANS FOR 2020

In 2020, Moscow Exchange plans to continue cooperation with key charitable foundations and organizations in the approved priority areas of charitable activities, as well as to search for new promising projects and initiatives in these areas.

In terms of promoting volunteering, the Group plans to further expand this practice, encouraging employees to participate personally in charity projects, and gradually expand the list of projects and initiatives.

Key documents of Moscow Exchange in the field of corporate governance are published on the Company's website at <https://www.moex.com/s1358>.

Corporate Governance

Moscow Exchange is a public company whose shares are traded on the organized market. As the largest exchange in Russia, Moscow Exchange establishes corporate governance standards for public companies in Russia (including for the Exchange itself) as part of its listing procedures. As such, this determines the high standards of corporate governance adhered to by the Group, which in many ways serve as a benchmark for other issuers.

Moscow Exchange Group follows the following regulatory documents, standards and requirements in its activities

- the provisions of the Federal Law "On Joint-Stock Companies" and the Federal Law dated 21 November 2011 No. 325-FZ "On Organized trading", including the corporate governance system of the trade organizer;
- the provisions of the Bank of Russia Corporate Governance Code;
- the Listing Rules requirements;
- G20/OECD Corporate Governance Principles;
- international rules of conduct and principles set forth in international standards in the field of corporate social responsibility and sustainable development, as well as information disclosure standards developed by the Global Reporting Initiative (GRI);
- internal policies, regulations and other regulatory documents.

Strategic priorities and policies, including those related to corporate social responsibility, are approved by the Exchange Supervisory Board. The heads of operating units, whose functionality includes these issues, are responsible for achieving goals and adhering to the principles of corporate social responsibility and environmental efficiency.

The main principles and objectives of Moscow Exchange's corporate governance are set forth in its Corporate Governance Code. The Code is a public document that complies with Russian legislation, including the Federal Law "On Joint-Stock Companies", as well as the requirements of the Bank of Russia. It was developed taking into account the provisions of the Corporate Governance Code recommended by the Bank of Russia, and other principles of corporate governance recommended by generally recognised international organisations. It also complements the Exchange's system of corporate governance with procedures corresponding to high standards in the area of corporate governance. Meanwhile, Moscow Exchange constantly monitors, evaluates external changes and, if necessary, quickly responds to the development of legislation and corporate governance practices in Russia and abroad, including by amending its own Corporate Governance Code.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Corporate social responsibility is one of the important elements of corporate governance set forth in the Code of Corporate Governance of Moscow Exchange, and is defined as a set of principles and obligations that the Exchange seeks to be guided by in carrying out its activities with regards to interaction with stakeholders and its impact on the national economy, in the social sphere and on the environment.

The Code sets out the goals and principles of corporate social responsibility, as well as the Exchange's approaches to environmental efficiency and, in particular, establishes that the Exchange will pursue a policy of protecting the environment, reducing its harmful effects by deliberately abandoning actions that have a negative impact on the environment, and will contribute to the environmental protection through raising awareness among its employees¹.

Key principles of Moscow Exchange's corporate governance

- ensuring that the Exchange management system meets Moscow Exchange's strategic goals, corporate values, business features, as well as the needs and interests of its customers;
- ensuring the efficient operation of the Exchange Supervisory Board;
- ensuring operation of internal control, internal audit and the risk management systems of the Exchange;
- ensuring the prevention, identification and settlement of conflicts of interest related to the activities of the Exchange, as well as anti-corruption;
- ensuring equal and fair attitude to all shareholders (members) while they exercise their legitimate rights in managing the Exchange, as well as maintaining a balance of the rights and interests of the clients, counterparties of the Exchange and other interested parties;
- ensuring the transparency of activities and effective communication of the Exchange with its shareholders (members) and other interested parties;
- commitment for further development with the aim of sustainable growth of the Exchange and increasing return on investment in equity.

More detailed information about the Moscow Exchange corporate governance system and key developments in 2019, as well as additional information about key management bodies, can be found in Moscow Exchange's 2019 Annual Report.

In 2019, the current version of the Corporate Governance Code was approved by decision of the Moscow Exchange Supervisory Board, and a number of provisions relating to corporate social responsibility were updated, including:

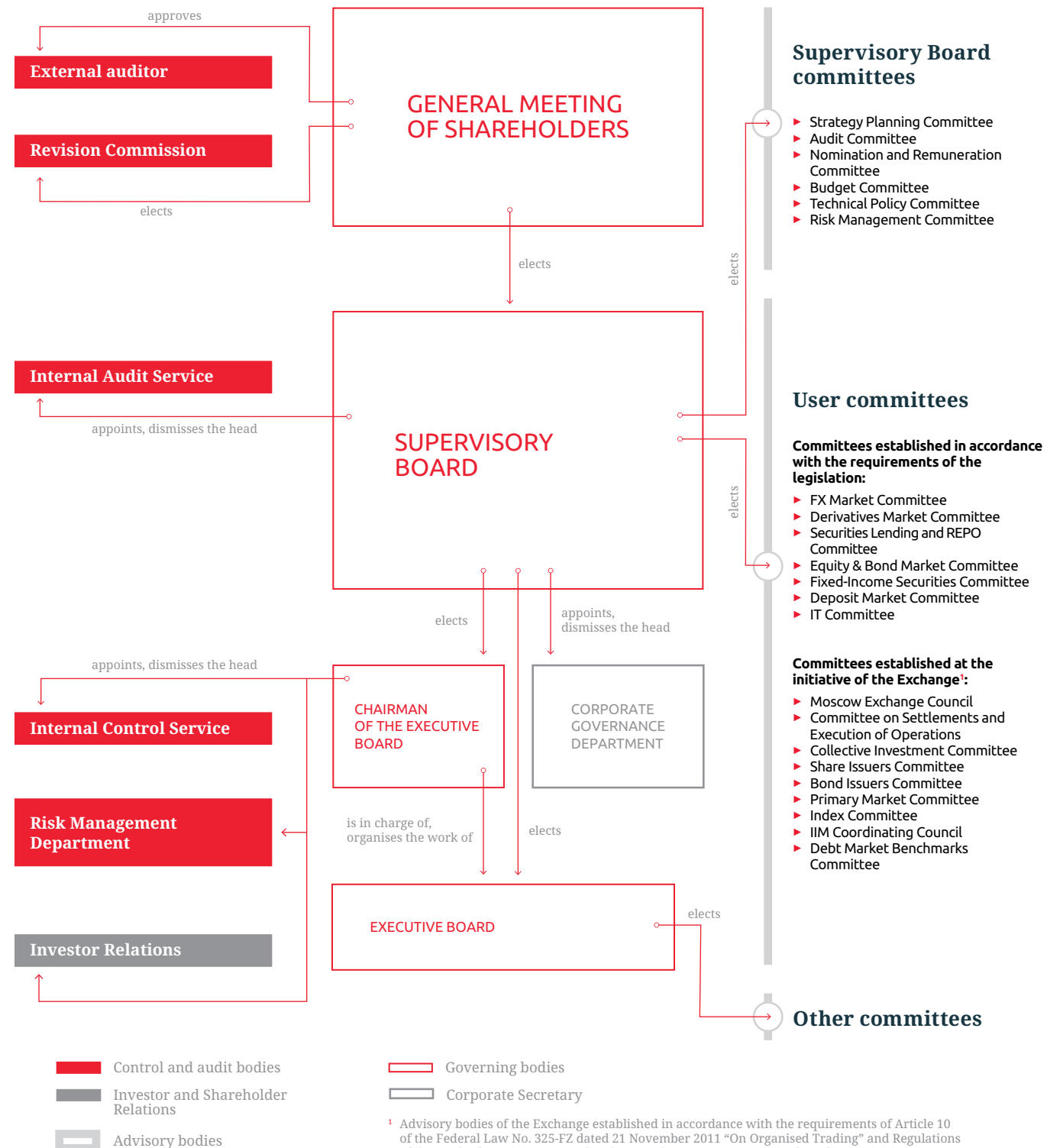
- the procedure for self-evaluation of the effectiveness of the Supervisory Board was formalized, and the procedure for its external evaluation by independent consultants once every three years was determined;
- the procedure for selecting a senior independent director was established if the Chairman of the Supervisory Board is not an independent director;
- the succession program for members of the Executive Board was introduced;
- the section in the field of conflict of interest management was updated;
- the sections on the Exchange's initiatives in the field of environmental efficiency, business ethics and prevention of corruption offenses were updated.

The corporate governance system of the Company includes a system of management bodies, supervisory bodies and other bodies of the Exchange, which are:

- the General Meeting of Shareholders (supreme management body);
- a two-level management system with a clear division of powers between the Supervisory Board (general management of activities) and management – the Executive Board and the Chairman of the Executive Board (operating management);
- the committees of the Supervisory Board;
- the internal control system: an internal audit service reporting to the Supervisory Board, an independent external auditor, and the Revision Commission;
- a corporate governance department acting as a corporate secretary.

¹ See more at <https://fs.moex.com/files/10167>.

Corporate governance system of Moscow Exchange



MANAGEMENT BODIES

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of Moscow Exchange that operates in accordance with the laws of the Russian Federation and the Moscow Exchange Charter.

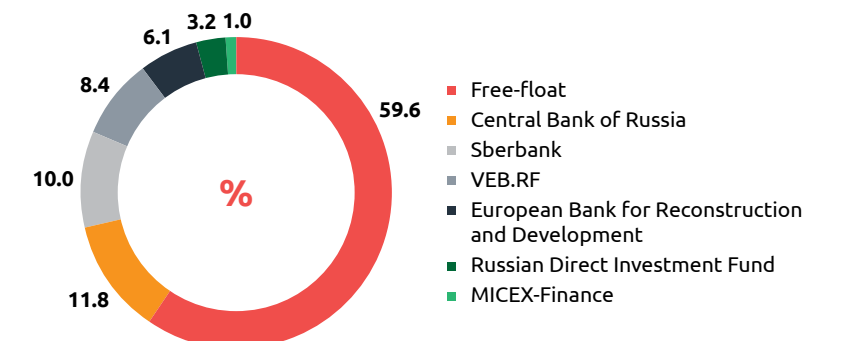
The General Meeting of Shareholders is the supreme governing body of Moscow Exchange that operates in accordance with the laws of the Russian Federation and the Moscow Exchange Charter.

- absence of a controlling shareholder and shareholders owning more than 12%;
- a high free float (nearly 60%).

Together, these factors enable Moscow Exchange to maintain a balance of the shareholder interests and effectively fulfill its infrastructure function in the financial market.

In accordance with the Charter, each share guarantees the right to one vote at the General Meeting of Shareholders. To find out more about decisions made at AGMs, please see Moscow Exchange's 2019 Annual Report or visit the Moscow Exchange website at <https://www.moex.com/s758>.

Ownership structure of Moscow Exchange as of 31 December 2019



Supervisory Board

The Supervisory Board is a key management body of the Exchange, carrying out its activities under the Charter and the Regulation on the Supervisory Board of Moscow Exchange approved by the Annual General Meeting of Shareholders of Moscow Exchange dated 27 April 2017.

The members of the Supervisory Board are elected by the General Meeting of Shareholders for the period until the next AGM. The members of the Supervisory Board of the Company are elected by cumulative voting.

The terms of reference of the Supervisory Board are established in the Charter and are clearly separated from those of the executive bodies that manage the day-to-day activities of the Exchange. In particular, the Supervisory Board determines the mission, strategy and key performance indicators of the Exchange's operations, and also determines the most important issues affecting strategy implementation and the long-term development of the Group. In addition, the Supervisory Board approves most internal policies.

The share of women in the Supervisory Board of the Moscow Exchange is 16.7%, which is 8.2 percentage points higher than the average for the Russian Federation, which is 8.5%¹. Moscow Exchange prohibits discrimination based on gender, race and other grounds when appointing a person to the position in the governing bodies.

¹ According to Deloitte's "Women in the boardroom" study, 2019: <https://www.deloitte.com/global/en/pages/risk/articles/women-in-the-boardroom5th-edition.html>.

Information on Supervisory Board committees

Committee	Key goals	Chairman	Members ¹	Number of meetings
Strategy Planning Committee	Improving the efficiency of the Exchange and its subsidiaries through preliminary review and preparation of recommendations for the Supervisory Board regarding the design, development and implementation of strategic goals and objectives of the Exchange and the Group in the long and medium term	Reiner Riess	Ilya Bakhturin Paul A. Bodart Oleg Viyugin Andrey Golikov Dmitry Ereemeev	10
Audit Committee	Ensuring efficiency of the Moscow Exchange Supervisory Board in solving issues related to control of financial and operating activities	Mariya Gordon	Paul A. Bodart Alexander Izosimov Reiner Riess	9
Nomination and Remuneration Committee	Ensuring the Supervisory Board efficiency in matters related to the activities of the Exchange and the companies directly or indirectly controlled by the Moscow Exchange in the area of appointments and remuneration of the members of supervisory boards, executive management bodies, as well as other key executives and members of revision committees	Mikhail Bratanov	Oleg Viyugin Mariya Gordon Alexander Izosimov	18
Budget Committee	Exercising control of the Moscow Exchange Supervisory Board over formation and expenditure of the funds intended for financial support of the Group	Andrey Golikov	Mikhail Bratanov Mariya Gordon	13
Technical Policy Committee	Development and improvement of efficiency of the Exchange and the Group by preparing recommendations and expert conclusions for the Exchange Supervisory Board, the boards of directors, as well as for executive bodies of the Exchange and the Group companies on technical policy and development of information technologies and software of the Exchange and the Group	Alexander Izosimov	Dmitry Ereemeev Vladimir Kurlyandchik Kirill Menshov Yury Yartsev	2
Risk Management Committee	Participation in the improvement of the risk management system of the Exchange and the Group in order to enhance reliability and efficiency of the Exchange's activities	Andrey Golikov	Mikhail Bratanov Valery Goreglyad	10
Interim Corporate Governance Committee (ceased its operation on 21 November 2019)	Development of amendments to the shareholder agreement regarding the shares of NSD	Oleg Viyugin	Paul A. Bodart Mikhail Bratanov Andrey Golikov Bella Zlatkis	2

The Audit Committee and the Nomination and Remuneration Committee are composed entirely of independent directors.

¹ Standing committees members as of 31 December 2019.

Attendance of the meetings by members of the Supervisory Board, %

Full name	% of meetings attended in 2019
Oleg Viyugin	100
Andrey Golikov	100
Ilya Bakhturin	82
Paul A. Bodart	88
Mikhail Bratanov	100
Mariya Gordon	100
Valery Goreglyad	96
Yury Denisov	100
Denis Ereemeev	100
Bella Zlatkis	100
Alexander Izosimov	100
Reiner Riess	100
Anatoly Braverman (member of the Supervisory Board until 25 April 2019)	100
Anatoly Karachinsky (member of the Supervisory Board until 25 April 2019)	100
Duncan Paterson (member of the Supervisory Board until 25 April 2019)	100

Full name	Strategy Planning Committee	Audit Committee	Nomination and Remuneration Committee	Budget Committee	Risk Management Committee	Technical Policy Committee
Ilya Bakhturin	43					
Paul A. Bodart	100	100				
Mikhail Bratanov			94	100	100	
Oleg Viyugin	100		94			
Andrey Golikov	100			100	100	
Mariya Gordon		89	89	85		
Valery Goreglyad					80	
Yury Denisov	100				100	
Denis Ereemeev	86					100
Alexander Izosimov	67	100	100			100
Reiner Riess	100	100	89			
Anatoly Braverman (member of committees until 25 April 2019)	67			100	40	
Duncan Paterson (member of committees until 25 April 2019)	100	100				

In 2019, an external assessment was carried out, within the framework of which the positive aspects of the activities of the Supervisory Board were noted and recommendations on the development directions were provided.

External and internal assessment

In accordance with the recommendations of the Bank of Russia Corporate Governance Code and best international practices, the Exchange Supervisory Board annually conducts a self-assessment of its performance. In addition, once every three years, an independent consultant is engaged to make the external assessment of the Supervisory Board activities.

During an external independent assessment, the following positive aspects of the activities of the Supervisory Board were highlighted:

- Professional interest and involvement of directors: most directors actively participate in discussions, defend their point of view, demonstrate an “ownership” approach and are focused on teamwork;
- Effective procedures for choosing a strategic direction: The Board engages key stakeholders in the discussion and determination of the Group’s future;
- Board committees solve the tasks assigned to them. Chairmen of most committees effectively organize the work of the committees;
- The leadership style of the Chairman of the Board ensures the substantive quality of discussions and representation of all points of view;
- Professional Corporate Secretary ensures efficient functioning of the Board and implementation of best corporate governance practices.

The main areas deserving additional attention of the Supervisory Board:

- Representation of competencies: it is necessary to strengthen competencies in the field of the exchange industry, IT, development of digital products, HR and operational risks;
- Interaction with management: it is necessary to optimize control and increase transparency with regards to principles of division of responsibility;
- Enhancing a dialogue with the shareholders, including the Bank of Russia combining two roles – a shareholder and a regulator, will simplify the work of the Supervisory Board and executive bodies;
- Succession planning of the executive bodies and members of the Board.

Remuneration

The existing system of remuneration for members of the Supervisory Board is determined by the Remuneration and Compensation Regulation approved by the decision of the Exchange's Annual General Meeting of Shareholders in April 2019.

Remuneration of the members of the Supervisory Board in 2019, RUB thousand

No.	Full name	Basic remuneration	Supplementary remuneration	Reimbursement of travel expenses	Remuneration for participation in the management bodies of subsidiaries	Total
1	Mikhail Bratanov	4,867	2,500	0	3,500	10,867
2	Alexander Izosimov	5,500	2,789	1,032	0	9,321
3	Oleg Viyugin	5,500	8,500	300	3,500	17,800
4	Andrey Golikov	4,000	8,000	29	8,000	20,029
5	Mariya Gordon	5,500	2,789	43	0	8,332
6	Valery Goreglyad	0	0	0	0	0
7	Yury Denisov	4,000	3,750	212	8,750	16,712
8	Bella Zlatkis	4,000	0	0	4,750	8,750
9	Reiner Reiss	5,500	4,560	154	0	10,214
10	Anatoly Braverman (member of the Supervisory Board until 25 April 2019)	4,000	3,750	0	0	7,750
11	Anatoly Karachinsky (member of the Supervisory Board until 25 April 2019)	5,500	2,500	0	0	8,000
12	Duncan Paterson (member of the Supervisory Board until 25 April 2019)	5,500	3,302	52	0	8,854

Each member of the Supervisory Board is paid a fixed remuneration, the amount of which depends on:

- status of a member of the Board (compliance with independence criteria);
- performance of additional functions (Chairman or Deputy Chairman of the Board);
- participation in the work of the committees under the Supervisory Board (Chairman or member of the committee);
- attendance at the meetings.

The remuneration is not tied to specific performance indicators.

Executive Board

The Executive Board manages the current activities of the Moscow Exchange. The Chairman of the Executive Board acts on the Company's behalf without a power of attorney, including representing its interests, issues orders and instructions, gives instructions that are mandatory for all the Company's employees, delegates certain powers on the basis of the order to grant powers and/or power of attorney.

Composition of the Executive Board¹ as of 31 December 2019

No.	Full name	Job title
1	Yury Denisov	Chairman of the Executive Board
2	Anna Kuznetsova	Member of the Executive Board – Managing Director of the Equity & Bond Market
3	Maxim Lapin	Member of the Executive Board – Chief Financial Officer
4	Igor Marich	Member of the Executive Board – Managing Director of the Money and Derivatives Markets
5	Dmitry Shcheglov	Member of the Executive Board – Chief Operating Officer

Remuneration

The Remuneration and Compensation Policy to Members of the Executive Bodies of Moscow Exchange (approved by the Supervisory Board on 16 December 2016, minutes No. 11) shall be applied to the members of the Executive Board. In accordance with this Policy, the main elements of remuneration to the members of the Executive Board are:

- a fixed salary;
- a variable component including a short-term component (annual bonus) and a long-term component (remuneration based on Moscow Exchange shares as part of the long-term incentive program);
- benefits and privileges;
- other payments and compensations provided by law.

The target size of the annual bonus for members of the Executive Board is calculated on the basis of the established salary and the percentage of the target bonus pro rata with the time worked (the salary and percentage are determined by the Supervisory Board when concluding an employment contract with a member of the Executive Board). The estimated premium shall be calculated on the basis of the implementation of corporate and individual KPIs, the implementation of which is also evaluated and approved by the Supervisory Board. Information on the payment of remuneration and compensation to members of the Executive Board shall be disclosed in each quarterly report of the issuer (Moscow Exchange) and shall be publicly available.

¹ The share of women on the Board is 20%.

Remuneration and compensation paid to the members of the Executive Board in 2019, RUB thousand

Kind of payment	Amount of payment
Remuneration for participation in the work of the Executive Board	0.0
Salary	183,172.46
Bonus	148,337.34
Commission fees	0.0
Remuneration for participation in the work of the management body of the subsidiary	0.0
Reimbursement of expenses	0.0
Other types of remuneration	29,297.08
Total	360,806.89

PREVENTING CONFLICTS OF INTEREST

An important aspect required the management bodies to function effectively is the prevention of conflicts of interest. To manage this risk, on 28 December 2018, the Supervisory Board adopted the Corporate Conflict Management Policy¹, which regulates the main procedures in this area. Key principles of this policy include:

- notification of the Exchange of a conflict of interest by members of the Supervisory Board, members of the Executive Board and the Chairman of the Executive Board;
- priority of the Exchange's interests and its shareholders over the personal interests of members of the Exchange management bodies;
- priority participation of the Executive Board in the prevention, detection and settlement of corporate conflicts;
- priority participation of independent directors in the prevention of corporate conflicts and performance of significant corporate actions by the Exchange.

To inform shareholders and other interested parties, Moscow Exchange publishes a list of affiliates on its website.

¹ For more information, see the Moscow Exchange website at <https://www.moex.com/s1358>.

More detailed information about Moscow Exchange's corporate governance system and the results of its development in 2019, as well as additional information about key management bodies, can be found in Moscow Exchange's 2019 Annual Report.

Information on related party transactions made by the Company in the reporting year is disclosed in the relevant report available at <https://www.moex.com/s1457>.

PLANS FOR IMPROVING THE CORPORATE GOVERNANCE SYSTEM

Based on the results of the external assessment conducted in 2019, a number of measures are planned for 2020 with the aim of improving Supervisory Board performance in the following areas:

- improvement of competencies of the Supervisory Board in the field of information technology and digital products;
- implementation of a succession planning system for members of the Supervisory Board;
- strengthening interaction between the Supervisory Board and the Exchange management, in particular, making division of responsibility more effective;
- improving the efficiency of meetings by removing technical issues from the agenda, as well as by developing an annual cycle of work of the Supervisory Board with indication of the key topics for meetings and prioritization of the agenda.

Risk Management

Moscow Exchange has established and successfully operates an integrated risk management system that meets Russian regulatory requirements for the Exchange as the market operator, as well as leading international standards and practices.

Key documents

- Declaration of business continuity;
- Information security management policy;
- Regulatory risk management policy;
- Personal data processing policy.

Moscow Exchange's key risk management documents are published on the Company's website at <https://www.moex.com/s1358>.

Moscow Exchange's internal control system adopts a risk-based approach. Internal control is carried out by Moscow Exchange's management bodies (the General Meeting of Shareholders, Supervisory Board, Executive Board and the Chairman of the Executive Board), Supervisory Board Audit Committee, Revision Committee, external auditor, Internal Audit Service, Internal Control Service (compliance control), risk and operational continuity units, security units, and other units and individual employees (including the chief accountant and his/her deputies), who exercise control in accordance with the authorities granted by the Exchange's internal documents.

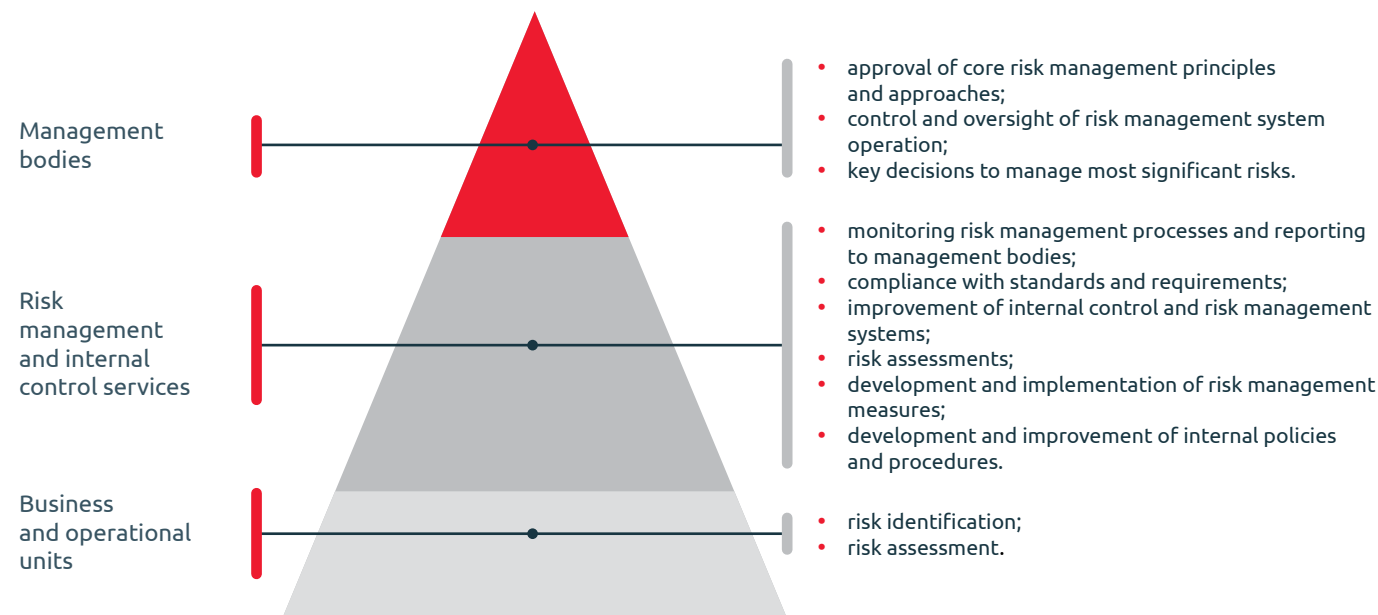
ROLE OF THE SUPERVISORY BOARD

The Supervisory Board determines the principles and approaches of the Exchange's risk management system, including approval of the following documents:

- internal documents defining the Exchange's risk management policy;
- documents defining the organization of the trading venue's risk management system. For more details, click here: <http://fs.moex.com/files/20877>;
- documents regulating how limits on the trading venue's risk exposure are set (acceptable level of risks), as well as the overall limit on the market's exposure and a list of measures to be taken in emergency situations and aimed at ensuring continuity of organized market operations. For more details, click here: <http://fs.moex.com/files/20876>.

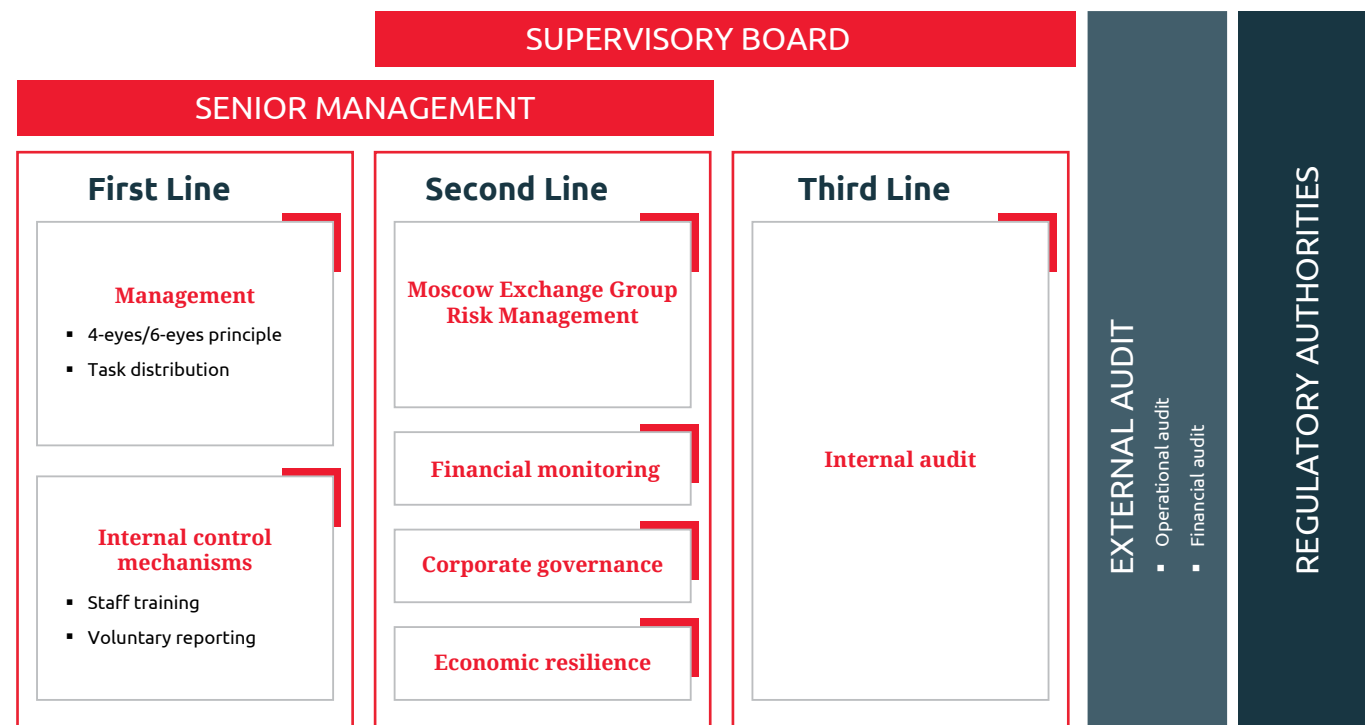
The Supervisory Board's Risk Management Committee develops recommendations for the Board to identify priority areas for the development of risk management systems at Moscow Exchange Group companies, analyzes and drafts recommendations for improving internal risk management procedures, and monitors reports submitted by designated responsible individuals from risk management units.

Distribution of risk management responsibilities



COMPLIANCE WITH INTERNATIONAL STANDARDS

As well as complying with Russian regulation applicable to the Exchange as market operator, Moscow Exchange's risk management and internal control systems also meet international recommendations and best practices. The Group conducts an annual audit of its compliance with the CPMI-IOSCO Principles for Financial Market Infrastructures, the COSO Enterprise Risk Management Framework, and Basel Committee on Banking Supervision risk management guidelines. In line with best international practice, Moscow Exchange's internal control and risk management system applies the COSO concept to the "Three Lines of Defense" model.



The First Line of Defense is represented by all employees of the Exchange’s business and operational units. This line identifies, assesses and manages the risks inherent in day-to-day operations, and develops and implements policies and procedures that govern business processes.

The Second Line of Defense is represented by units that are also responsible for risk management, internal control, compliance, financial monitoring, legal regulation, human resources, finance, tax, and trading mode, among others. Each of these units ensures the proper functioning of the internal control system in close collaboration with first line units. The second line of defense continuously monitors the internal control system; defines a single concept for identifying, assessing and responding to risks; consults and supports first-line units on issues related to risk management, development and implementation of control procedures, and regulatory requirements; and prepares summary reports on monitoring for management bodies.

In 2019, an independent audit of Moscow Exchange’s internal control system rated the maturity of the system as “developed”.

The key risk taker in the Group, the NCC, undergoes certification every three years under the ISO 9001 standard (“Quality Management Systems”). The most recent audit took place in 2019.

The Third Line of Defense is represented by Moscow Exchange’s Internal Audit Service, which independently evaluates the effectiveness of the processes developed by the first and second lines of defense. It also provides independent, objective information to management on the efficiency of the set-up and operation of the first and second lines, as well as the results of the annual assessment of the overall efficiency of the Internal Control System.

As part of the implementation of the risk management strategy at Moscow Exchange Group credit institutions, the Exchange annually reviews its risk appetite, which determines risk tolerance based on the Group’s strategic objectives.

Moscow Exchange Group companies face different risk types depending on the specific features of their activities. As the parent company of the Group, Moscow Exchange bears the risks associated with organization of trading, as well as with transactions with its own assets. The NSD, as a core element of Russian financial market infrastructure, bears risks in its depository activities. The key risk taker in the Group is the NCC, which acts as a clearing house and a central counterparty for all major markets of the Group, and as a Commodity Delivery Facility for the Commodities Market.

An additional layer of control at key Group companies is provided by specialized committees including the Moscow Exchange Risk Committee, the NCC Supervisory Board Risk Committee, and the Risk Committee reporting to the NSD Executive Board. Moscow Exchange has also created a separate structural unit responsible for managing the risks of the trading venue.

The existing internal control system is consistent with the nature, scope and conditions of activities carried out by Group companies. The Group is continuing to improve internal controls to make them more efficient and maintain a high level of system performance.

DEVELOPMENT OF RISK MANAGEMENT IN 2019

In 2019, Moscow Exchange's priority with regard to risk management shifted to forecasting potential risks. In September 2019, the Supervisory Board approved the Risk Management Improvement Program, which includes measures designed to pre-empt risks amid changing conditions; new tools such as scenario analysis; data analysis including the use of machine learning elements; and staff training with a focus on forecasting the most negative potential consequences (the "Anticipate Risk" program).

In addition, in 2019, the risk committees were reorganized to strengthen communication among them regarding risks associated with the introduction of new products.

At the Group level, the "Stabilization 3.0" program currently underway includes an independent assessment of the internal control system and implementation of measures to reduce operational and compliance risks. One of the program's main areas of focus is to increase compliance culture and develop new channels of interaction between employees of Group companies regarding risks. For more information, please see the "Business Ethics and Anti-Corruption" section.

KEY RISK PROFILE

A number of international organizations expect the influence of non-economic risks on global economic growth to increase in the coming years. A World Economic Forum study in 2018 named the five risks most likely to grow in the coming years: political polarization, global warming, destruction of natural ecosystems and cybersecurity risk¹.

¹ Source: WEF, Global Risks Report 2020.

CERTIFICATION OF COMPLIANCE WITH INTERNATIONAL STANDARDS

In 2019, NCC, the Group's principal risk taker, retained its DNV Business Assurance Management System Certificate of compliance with ISO 9001:2015, an international standard denoting best global practice in business and quality management. No significant discrepancies were found during the audit, and based on the results of the audit the management system was rated as being effective and consistent with the standard.

The audit was carried out by Det Norske Veritas and Germanischer Lloyd (DNV GL).

As part of an analysis aimed at improving information security management in 2018, Moscow Exchange and the NCC passed the certification audit for the ISO 27001 standard. In 2019, an external inspection audit confirmed the continued compliance of both companies with this standard.

Information on financial and operational risk management is presented in Moscow Exchange's Annual Report for 2019.







- High significance
- Middle significance
- Low significance

MANAGEMENT OF NON-FINANCIAL RISKS

Moscow Exchange Group has an integrated risk management system. This means that non-financial risks are managed alongside financial and operational risks, and all processes equally apply to non-financial and financial risks.

- ▲ Significance increased in 2019
- ▼ Significance decreased in 2019
- ▬ Significance remained unchanged in 2019

Risk	Description	Risk management activities
STRATEGIC RISK		
Relevance ■ Change in 2019 ▬	Risk of expenses (losses) incurred by the trading venue as a result of errors (shortcomings) in decision-making regarding the operational strategy and development of the trading venue	Key strategic risk management measures include: <ul style="list-style-type: none"> • creation of strategic planning and management processes appropriate to Moscow Exchange's scale and activities; • prevention of decision-making, including strategic decision-making, by governing bodies of inappropriate level; • overall monitoring of the risk management system; • establishment of a procedure for executing large transactions and for developing and implementing high-potential projects within the Group's overall development concept; • monitoring compliance of risk management parameters with Moscow Exchange's current state and growth strategy.

Risk		Description	Risk management activities
COMPLIANCE RISK			
Relevance	Change in 2019	Risk of losses arising as a result of non-compliance of Group activities with legislation, Moscow Exchange's Charter and internal regulations	<p>Compliance risk is managed by the Internal Control Service and the Compliance Service, which undertake the following measures to prevent losses from compliance risk events:</p> <ul style="list-style-type: none"> • monitoring of legislation; • interaction with regulatory authorities regarding the development of new regulations; • identification of regulatory risk in existing and proposed internal procedures; • analysis of best practices for implementing internal control measures. <p>The "Stabilization 3.0" program implemented in 2019 also aimed to study compliance culture within the Company. An action plan has been developed to strengthen compliance culture in 2020–2021.</p>
			
INFORMATION SECURITY RISK			
Relevance	Change in 2019	Risk of the security (confidentiality, integrity, availability) of the Company's information assets being compromised as a result of information security threats materializing	<p>Management of information security risks includes:</p> <ul style="list-style-type: none"> • ensuring the accessibility, integrity and efficient use of information assets; • ensuring information confidentiality, preventing damage from the disclosure of confidential information, including personal data; • building an effective system for monitoring and protecting the Group's information infrastructure; • increasing effective protection and optimizing the cost of ensuring information security via a risk-based approach to protecting information assets; • raising awareness of information security among Group employees.
			
REPUTATIONAL RISK			
Relevance	Change in 2019	Risk of losses due to negative public opinion regarding the Group's operational (technical) stability, the quality of its services and activities as a whole	<p>To prevent damage resulting from reputational risk, Moscow Exchange continuously monitors information about Group companies in the media and analyzes internal processes to assess the impact of each identified event or factor. The main source of reputational risk is operational risk, especially when such information becomes public. All actions taken to prevent and reduce operational risk therefore allow to reduce reputational risk.</p>
			

Risk		Description	Risk management activities
HR RISK			
Relevance	Change in 2019	Risk of expenses (losses) incurred by the trading venue as a result of non-compliance of Moscow Exchange's HR policy with Moscow Exchange's business objectives, significant loss of key personnel and/or significant loss of key expertise.	<p>HR risk management includes the following activities:</p> <ul style="list-style-type: none"> • review of Long-Term Incentive Program parameters for members of management; • management of the performance evaluation system and review of compensation structure; • revision of the ratio of remuneration components; • employee engagement surveys; • annual training program for mid-level managers; • succession planning; • cross-functional internship program; • internal coaching program; • talent management program to identify high potential employees and their individual development.
			

INFORMATION SECURITY RISK MANAGEMENT AND DATA PRIVACY

Due to the nature of their activities in working with individual accounts, Moscow Exchange Group companies need to have in place a reliable system for ensuring data privacy in order to prevent leakage, damage or loss.

To maintain their business reputation as trusted partners and reduce associated risks, Group companies have implemented and operate information security and data privacy systems that meet current Russian regulation as well as the international standard ISO 27001.

The system includes

- a special KPI system for employees that sets information security goals on an annual basis;
- regular activities to raise employee awareness, including online training on information security and introductory briefing during on-boarding;
- regular newsletters on information security and protection of confidential information;
- workshops and training mailshots for employees on countering phishing attacks.

Key results of 2019 in information security

- no data privacy incidents and breaches;
- no halts related to public release of information;
- one event of market disruption;
- 5 minutes, or 0.08 hours, total downtime time of key information systems;
- 100% of transactions serviced by the Exchange completed through the Exchange's trading platforms.

The Group will focus in particular on assessing risks in new projects and products.

PLANS FOR 2020

In 2020, the risk management system development will focus on

- strengthening risk and compliance culture (implementation of the "Stabilization 3.0" program);
- staff training, with a focus on forecasting probable events;
- continued implementation of new risk management tools, including with elements of machine learning and scenario analysis;
- improving risk and control self-assessment processes (RSCA) and expansion to cover more business processes.

Key event

The Bank of Russia issued Regulation No. 684-P ("On Mandatory Requirements for Non-Bank Financial Institutions to Ensure Data Protection in Operations in Financial Markets to Counter Illegal Financial Transactions"), dated 17 April 2019, which became effective (except for a number of provisions) on 1 June 2019.

In 2020, the Group plans to implement a number of additional measures to bring business processes in line with the requirements of this Regulation for the trading venue, central counterparty and central securities depository. This Regulation singles out these roles and set higher requirements for information security compared to other participants in Russian financial markets.

Business Ethics and Anti-Corruption

One of the key priorities of Moscow Exchange's updated strategy through 2024 is maintaining and further growing a culture of trust and responsibility. Moscow Exchange is committed to high standards of corporate business conduct, and places a high value on its reputation. The Group therefore has a strict zero-tolerance policy on corruption in all forms.

Key Moscow Exchange documents on business ethics

- Anti-Corruption Policy;
- Code of Business Ethics (Code of Conduct);
- Information Policy.

Key principles of Moscow Exchange Code of Business Ethics

- Respect for employees and equal opportunities;
- Health, safety and occupational safety;
- Zero tolerance on corruption;
- Prevention of conflicts of interest;
- Prevention of money laundering and financing of terrorism;
- Prevention of the use of insider information;
- Protection of Moscow Exchange assets, including intellectual property rights;
- Non-disclosure of confidential information;
- Maintaining trust-based relationships with customers and partners, observance of business ethics;
- A neutral position vis-à-vis political and religious activities (with no restrictions on employees engaging in such activities in a personal capacity);
- Corporate social responsibility and commitment to sustainable development principles.

Moscow Exchange's key documents on corporate business ethics are published on the Company's website at <https://www.moex.com/s1358> and <http://fs.moex.com/files/11125>.

Key principles of the Anti-Corruption Policy

- Prohibiting any transfer/receipt of valuables (including gifts and incentive payments) to obtain assistance in solving any issue;
- Prohibiting transactions with third parties acting on behalf of or in favour of the Exchange;
- Establishing a collective body for decision-making on signing contracts;
- Inclusion of anti-corruption clauses in contracts, vetting of all counterparties;
- Providing employees with channels to inform about corruption risks (including anonymously).

Responsible departments

Under the Three Lines of Defense model adopted by Moscow Exchange, every structural unit within the company identifies and assesses risks associated with its own processes, including corruption risks. The Compliance Department is responsible for the overall organization and maintenance of corruption risk management.

The Audit Committee of the Supervisory Board is responsible for overall control in this area.

ANTI-CORRUPTION

In line with its zero-tolerance principle, Moscow Exchange takes preventive measures with regard to both internal and external stakeholders, including by providing information and training to employees, developing mechanisms for receiving information about corruption risks, and including anti-corruption clauses in contracts with counterparties.

Reporting on corruption and breaches of business ethics

To ensure that decision-makers are promptly notified about possible corruption and breaches of business ethics, the Group has in place a special email address. Senders remain confidential, and the Group's anti-corruption policy also sets out the principle of non-retaliation. In 2019, two messages were received – investigation of one revealed no case to answer, while the second was deemed not to be an allegation of corruption.

In 2019, no significant corruption risks were detected at Moscow Exchange Group companies. There have been no confirmed cases of business ethics breaches or corruption in the past three years.

To maintain a high level of employee awareness of anti-corruption practices and methods, Moscow Exchange informs its employees at several levels:

- New employees undergo introductory training and are made aware of key documents, which they sign to acknowledge having read.
- In case of changes in values, principles, standards and codes of conduct, employees are notified via the internal portal and other internal communications channels (corporate magazine, posters, newsletters, etc.).

Members of the Supervisory Board who are not employees of Moscow Exchange are acquainted with new values, principles, standards and codes of conduct when considering the approval of relevant documents. The Group also has an internal training course, which is recommended for all employees. In 2019, 725 people completed this course, which is about 41% of the Group's total personnel.

Information and training on anti-corruption policies and methods

Information and training categories	Results
Information and training on existing anti-corruption policies and methods	
Key management bodies	All members of the Executive Board and the Supervisory Board have been informed
Employees	All employees of Moscow Exchange have been informed
Business partners	All business partners have been informed (anti-corruption clauses are included in agreements with business partners)
Training on anti-corruption policies and methods	
Employees	725 employees successfully completed the training course

INDEPENDENT ASSESSMENT OF COMPLIANCE RISK MANAGEMENT SYSTEM MATURITY

In 2019, at the request of Moscow Exchange, EY conducted an external audit that confirmed the maturity of the Exchange's system for managing compliance risks, including corruption risk, and gave recommendations to improve the effectiveness of compliance risk management approaches. These recommendations were partially implemented in 2019, and implementation will continue in 2020.

During 2019, Moscow Exchange established a Compliance Management Committee and launched the Stabilization 3.0 project with the support of an external auditor. The project includes:

- audit of internal control systems and control systems of the second line of defense;
- audit of business processes and their current controls;
- audit of tools for obtaining information on regulatory and compliance risk events, as well as training in the field of prevention and related risk management.

The project framework includes identification of inconsistencies and shortcomings in current processes, preparation of a road map to remedy issues, and improvement of the compliance and risk management culture. Roadmap implementation marks a positive trend in the compliance and risk management culture, including increased coordination of actions between structural divisions.

PLANS FOR 2020

In 2020, the Group plans to continue implementation of the compliance culture improvement roadmap, including:

- Measures to strengthen a culture of informing about corruption risks via the creation of a "single button" to inform of any risks;
- Training sessions on corruption risk management;
- Updating the Group's anti-corruption policy and ensuring employees are familiar with its new methods and techniques;
- Updating the Group's Code of Business Ethics (Code of Conduct) based on an analysis of best Russian and international practices with the inclusion of several new provisions and principles, including from the ESG and sustainable development perspective.

Supply Chain Management

Moscow Exchange Group pays great attention to responsible supply chain management and close cooperation with goods and services vendors to ensure the economic efficiency of the procurement process and reduce financial and non-financial risks inherent in it. The Group promotes fair competition and seeks to attract reliable and responsible vendors.

Key supply chain management documents

- Regulation on Procurement Activities of Moscow Exchange;
- Bylaws on interaction between Moscow Exchange and other Group companies.

Key procurement principles

- Procurement transparency: any supplier can complete a supplier's questionnaire on the Exchange website; auctions are held on the B2B-center electronic bidding platform;
- Equality, fairness, no discrimination or unreasonable restrictions on competition with respect to procurement participants: all procurement participants, regardless of business size and country of registration, have equal rights to participate if they meet transparent and reasonable qualification criteria;
- Prohibiting an additional competitive commercial stage after the announcement of the final request for proposals, with the exception of cases of justified changes to the terms of reference, which are regarded as a new bid;
- Prohibiting the provision of services by suppliers in violation of applicable Russian law (including labor laws);
- Zero tolerance for corruption.

Moscow Exchange's key supply chain management documents are published on the Company's website at <https://moex.com/s1358>.

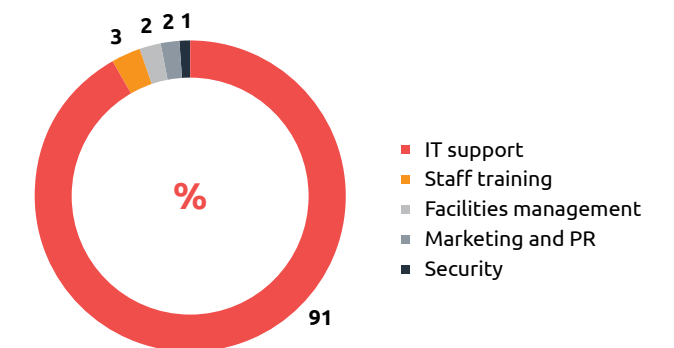
Responsible departments

- Operational units (procurement initiation, preparation of requirements and technical specifications);
- Procurement Department (organization and conducting of procurement procedures);
- Procurement Committee (approval of procurement);
- Executive Board of Moscow Exchange (approval of purchases in excess of RUB 15 mln).

Over 99% of total purchases were sourced from local suppliers, based in Russia.

SUPPLY CHAIN STRUCTURE

Procurement structure of the Group in 2019 by category



High-tech IT services to develop and maintain advanced software and equipment account for more than 90% of the Exchange's supply structure. Due to the specific nature of Moscow Exchange's operations, unique technological solutions are often required to ensure its activities. In most cases, these are supplied by advisors and contractors; the Group thereby helps to stimulate demand for innovative and high-tech products and services, as well as supporting new jobs in the supply chain.

In 2019, Moscow Exchange concluded supply agreements for products and services worth a total of RUB 6.95 bln¹, of which RUB 6.31 bln was related to IT products and services. The total number of unique suppliers exceeded 200.

In 2019, there were no significant changes in the structure of the Group's vendors or purchase orders.

¹ Including estimated deferred costs; FX-denominated transactions in 2019 are converted using the exchange rate as of 31 December 2019.

SUPPLY CHAIN ESG RISK MANAGEMENT

Moscow Exchange performs mandatory assessment of economic risks inherent to interaction with all suppliers, using the most relevant verification data (no older than one year). Contracts are not signed with vendors assessed as having a high level of risk. Non-compliant vendors (those who breach contract requirements or competitive terms) may be subject to disqualification.

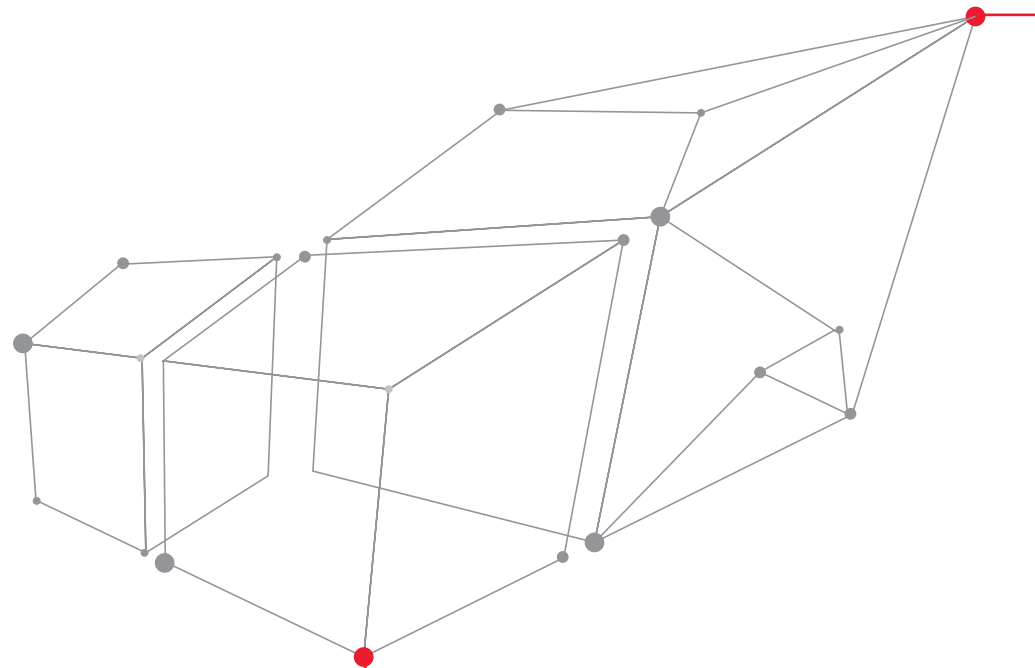
In 2019, to ensure management of ESG risks, Moscow Exchange introduced new standard agreement clauses including mandatory requirements for compliance with Russian law (including the Labor Law), as well as an anti-corruption clause that emphasizes zero tolerance for corruption and bribery. Subject to the terms of the agreements, Moscow Exchange and its vendors represent and warrant that their employees will not offer, give or agree to give any corrupt payments (cash or anything of value) to any persons, or accept similar payments and gifts.

PLANS FOR 2020

In 2020, in accordance with the updated Regulation on Procurement and taking into account recommendations received as a result of an independent audit, Moscow Exchange plans to tighten control over financial risks associated with vendors, revise procurement deadlines and limits on decision-making on procurement, and update the composition of the Procurement Committee.

In 2020, the Moscow Exchange plans to develop a Sustainable Supply Chain Policy, which will be the reference document setting out the principles of responsible business conduct for suppliers. Commitment to these principles will be taken into account during procurement procedures.

4



Appendices

- 118** Identification of Material Issues
- 120** Stakeholder Engagement
- 124** Participation in Initiatives and Associations
- 125** Key Data
- 128** GRI Content Index
- 134** Glossary
- 136** Contact Details

Identification of Material Issues

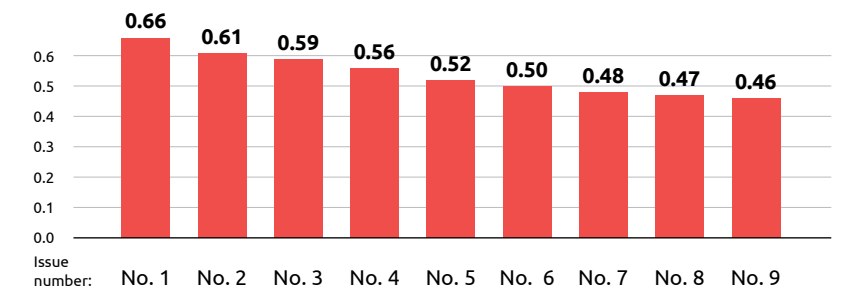
Moscow Exchange is committed to the development of non-financial reporting practices and to improving transparency regarding ESG risks and key elements of business development. This objective is included in the personal KPIs of Maxim Lapin, CFO, and member of the Executive Board.

As part of the preparation of this Report, Moscow Exchange conducted a comprehensive assessment of significant impacts that are subject of concern for key stakeholder groups. The Report working group compiled a list of 16 issues, which were evaluated for significance based on several criteria:

- Issue significance according to internal stakeholders, as determined by a survey of senior management and members of the Supervisory Board;
- Issue significance for peer exchanges, based on an analysis of disclosures in corporate reporting;
- Recommendations on disclosure of these issues from leading associations, such as the WFE and SSE, representing the interests of a professional community.

Based on this analysis, nine relevant subjects were selected and ranked based on their significance index, calculated based on all assessment criteria.

Issue Significance Index



No.	Issue	Relevant report section
1	Technological efficiency	Key Steps to Creating a Trusted Environment
2	Risk management	Risk Management
3	Data privacy	
4	Corporate governance	Corporate Governance
5	Anti-corruption activities	Business Ethics and Anti-Corruption
6	Creation and provision of new financial instruments complying with responsible investment principles	Key Steps Towards Responsible Investing
7	Moscow Exchange corporate growth and financial stability	About Moscow Exchange
8	Measures to protect the environment and mitigate negative impact on environment	Environmental Efficiency
9	Personnel development	Personnel Development

Stakeholder Engagement

Day-to-day interaction with stakeholders is an integral part of the Moscow Exchange business. As a key infrastructure platform in the Russian financial market, the Exchange consolidates large variety of different individuals and organizations, all of whom to varying extents are the key to the Exchange's success.

In building interaction with stakeholders, Moscow Exchange is governed by four key principles of the recognized international standard AccountAbility AA1000 AP (2018).

Inclusivity

Involvement of stakeholders in resolving issues that are relevant to them, open dialogue with stakeholders

Materiality

Interaction with stakeholders and disclosure of information on major topics and issues.

Responsiveness

Timely response to emerging issues and requests from stakeholders, assumption of specific obligations.

Impact

Assessment of positive and/or negative impact on the interests of stakeholders.

In its interactions with stakeholders, Moscow Exchange adheres to generally accepted business principles, including respect, consideration for the interests of all parties, striving for open and productive cooperation, and fulfilling obligations that it undertakes.

THE EXCHANGE COUNCIL AND USER COMMITTEES

Moscow Exchange is unique among Russian market organizations in having standing advisory bodies whose members are drawn from stakeholders and which advise the Exchange's governing bodies on issues of strategic development and activities on individual markets. These bodies are user committees created in accordance with the requirements of Federal Law No. 325-FZ ("On Organized Trade") dated 11 November 2011, as well as the Exchange Council.

More detailed information on the Exchange Council and user committees, their activities, meetings and decisions is published on the Moscow Exchange website at <https://www.moex.com/s468>.

User committees represent the interests of Exchange market participants and consumers of the Group's services and aim to fully and comprehensively consider their needs in specific areas, sections and markets of Moscow Exchange. As of 31 December 2019, Moscow Exchange included the following committees:

- FX Market Committee;
- Derivatives Market Committee;
- Committee on Settlements and Execution of Operations;
- IT Committee;
- Equity & Bond Market Committee;
- Fixed-Income Securities Committee;
- Collective Investment Committee;
- Share Issuers Committee;
- Primary Market Committee;
- Index Committee;
- Securities Lending and Repo Committee;
- Bond Issuers Committee;
- Deposit Market Committee;
- Debt Market Benchmarks Committee;
- Legal Committee;
- Expert Council on Listing;
- Committee for the Development of the Innovations and Investments Market under the Coordination Council of the Innovations and Investment Market (IIM) (the Expert Council);
- Committee of the Council of the Growth Sector.

The Exchange Council represents the interests of market participants in resolving issues related to the organization and development of exchange-based and other financial market infrastructure.

Its competencies include, but are not limited to:

- Developing proposals and making recommendations to the Supervisory Board on the improvement Moscow Exchange Group's growth strategy;
- Discussing the Exchange's priority projects and proposing at least one project as a KPI for the Exchange's management, as well as providing relevant recommendations to the Supervisory Board and other authorized management body;
- Developing proposals on improvements to exchange market infrastructure and clearing technologies, as well as on attracting new customer segments and other areas to the market, and providing recommendations to the Supervisory Board or other authorized management body based on discussion of recommendations.

Stakeholders groups and interaction mechanisms

Item	Stakeholders group	Key topics of interaction and stakeholders' areas of interest	Main mechanisms and formats of interaction
1	Legislative bodies: State Duma, Federation Council	<ul style="list-style-type: none"> Preparation of bills for financial market regulation. 	<ul style="list-style-type: none"> Ongoing interaction with the relevant committees of the State Duma and the Federation Council. Work in expert councils at the State Duma Committee on the financial market. Preparation and provision of analytical materials on the development of the financial market. Preparation and support of legislative initiatives submitted to the State Duma.
2	Financial sector regulator: Central Bank of the Russian Federation (Bank of Russia)	<ul style="list-style-type: none"> Preparation of draft regulatory provisions governing the financial market and the development of corporate governance. Implementation by the Bank of Russia of control and oversight of financial markets, including the activities of the market operator. 	<ul style="list-style-type: none"> Interaction with the Bank of Russia in the preparation of draft legislative initiatives on financial markets development. Preparation, direction and support of proposals for amending Bank of Russia regulations on the activities of the market operator, clearing organization and central counterparty. Participation in working groups and expert councils formed reporting to the Bank of Russia. Regular reporting in accordance with the requirements for market operators.
3	Russian government and federal executive bodies: Government of the Russian Federation Ministry of Finance of Russia, Ministry of Economic Development of Russia, Ministry of Agriculture of Russia, Federal Antimonopoly Service, etc.	<ul style="list-style-type: none"> Preparation of draft federal laws and draft Government resolutions regarding financial market activities, the development of a competitive environment in the financial and commodities markets, and the development of digital technologies. 	<ul style="list-style-type: none"> Interaction with relevant federal executive bodies on an ongoing basis in the preparation of draft legislative initiatives on developing financial and commodities markets. Participation in meetings of expert councils and work groups on financial markets development. Provision of analytics and statistics subject to requests from federal executive bodies. Participation in working groups to optimize the regulatory burden on financial market participants (the "regulatory guillotine").
4	International organizations: OECD etc.	<ul style="list-style-type: none"> Interaction for regulation and development of financial markets. Development of corporate governance practices. 	<ul style="list-style-type: none"> Interaction for regulation and development of financial markets. Development of corporate governance practices.
5	Development institutions: SME Corporation, VEB.RF State Corporation, Russian Direct Investment Fund	<ul style="list-style-type: none"> Cooperation on implementation of state development policy. Attracting investment for development projects. 	<ul style="list-style-type: none"> Issuing bonds by development institutions. Cooperation on the development of the IIM and the Growth Sector.
6	Professional and other associations and unions NAUFOR, NFA, RSPP, Association of Banks of Russia, etc.	<ul style="list-style-type: none"> Cooperation on development of financial markets regulation. Improving financial literacy. 	<ul style="list-style-type: none"> Joint events for financial market participants, consultations on legislative initiatives on financial markets development. Support for financial literacy activities.

Item	Stakeholders group	Key topics of interaction and stakeholders' areas of interest	Main mechanisms and formats of interaction
7	MOEX shareholders and investors	<ul style="list-style-type: none"> Corporate governance, exercise of shareholder rights. Moscow Exchange business development. 	<ul style="list-style-type: none"> Informational and analytical interaction through conferences and road shows, as well as conference calls and webinars. Participation of stakeholders in the exercise of their shareholder rights and related corporate governance processes.
8	Market participants	<ul style="list-style-type: none"> Information on trading on Moscow Exchange, reporting on the results of trading for market participants. Discussion of growth areas and new tools. 	<ul style="list-style-type: none"> Participation of legal entities with the necessary licenses in tenders on Moscow Exchange markets. Customer service, including KYC procedures, information on products and services, participation in user committees, and the use of the Moscow Exchange software.
9	Customers of market participants Legal entities and individuals	<ul style="list-style-type: none"> Information on trading on Moscow Exchange, products, quotes, trading calendar and training. 	<ul style="list-style-type: none"> Information from Moscow Exchange regarding the current list of traders, quotes, trading calendar, products, as well as training for private investors.
10	Issuers	<ul style="list-style-type: none"> Raising capital by issuers on Moscow Exchange markets. Issuers compliance with the requirements and listing rules. 	<ul style="list-style-type: none"> Provision of direct access to the FX, Money and Bond Markets. Informing potential issuers of financing opportunities. Interaction regarding disclosure by issuers. Issuers participation in user committees. Conducting joint events.
11	International partners and professional associations WFE, FESE, FIA, SSE, foreign exchange	<ul style="list-style-type: none"> Cooperation in on-exchange trading. Sharing experience and best practices. Promotion of sustainable development principles. 	<ul style="list-style-type: none"> Holding exchange forums, participating in conferences, implementing joint projects. Cooperation in on-exchange trading, market access, exchange of experience.
12	News agencies and media	<ul style="list-style-type: none"> Building transparent relationships and provision of relevant information in a timely fashion. Moscow Exchange Group news, listing news, market news. Disclosure of information by issuers. 	<ul style="list-style-type: none"> Conducting information events. Distribution of press releases and newsletters.
13	Employees	<ul style="list-style-type: none"> Working conditions, incentives, management and staff training processes, efficiency and cross-functional interaction. 	<ul style="list-style-type: none"> Creation of conditions for professional growth of employees, training. Activities aimed at developing engagement and corporate culture.
14	Vendors and contractors	<ul style="list-style-type: none"> Procurement procedures. Promoting competition. New products and services development. Requirements for vendors and contractors, responsible supply chain. 	<ul style="list-style-type: none"> Creating transparent conditions for participation in the procurement process. Holding auctions and transactions between Moscow Exchange Group and vendors, contractors. Performance of contractual obligations.

Participation in Initiatives and Associations

Item	Moscow Exchange Group member	Initiative/association
Sustainable development initiatives		
1	Moscow Exchange	UN Global Compact (supporting principles)
2	Moscow Exchange	WFE Sustainability Principles
3	Moscow Exchange	WFE Cyber resilience principles
4	Moscow Exchange	UN Sustainable Stock Exchanges (SSE)
5	Moscow Exchange	Ring the Bell for Gender Equality
6	Moscow Exchange	Ring the Bell for Financial Literacy
7	Moscow Exchange	CPMI-IOSCO Principles for Financial Market Infrastructures (assessment of compliance by Group organizations)
8	Moscow Exchange	Financial Literacy Development Association
Other relevant associations and initiatives		
9	Moscow Exchange	World Federation of Exchanges (WFE)
10	Moscow Exchange	Futures Industry Association (FIA)
11	Moscow Exchange	International Association of Exchanges of the Commonwealth of Independent States
12	Moscow Exchange	Russian National SWIFT Association (ROSSWIFT)
13	Moscow Exchange	Association of Russian Banks
14	Moscow Exchange	Financial Technology Development Association
15	Moscow Exchange	Non-Profit Partnership Financial Communications & Investor Relations Alliance (NP ARFI)
16	NSD	European Central Securities Depository Association (ECSDA)
17	NSD	Association of Eurasian Central Securities Depository (AECSD)
18	NSD	International Securities Services Association (ISSA)
19	NSD	Russian National SWIFT Association (ROSSWIFT)
20	NSD	National Financial Association (self-regulatory organization) (SRO NFA)
21	NCC	Global Association of Central Counterparties
22	NCC	European Association of Central Counterparty Clearing Houses (EACH)
23	NCC	Association of Regional Banks of Russia (non-profit organization)
24	Other Group members	ILO Convention No. 111 "Discrimination (Employment and Occupation) Convention"
25	Other Group members	ILO Convention No. 156 "Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities"

Key Data

Indicators		2018	2019
Key operating indicators			
Trading volume on markets operated	trln RUB	861.1	798.3
Trading volume on equities market	trln RUB	10.8	12.4
Average daily number of transactions on the equities market	thousand transactions	465.5	514.2
Trading volume on derivatives market	trln RUB	89.3	82.4
Average daily number of transactions on the derivatives market	thousand transactions	1,036.8	898.3
Trading volume on bonds market	trln RUB	29.8	28.2
Average daily number of transactions on the bonds market	thousand transactions	10.2	21.1
Trading volume on FX market	trln RUB	348.4	308.3
Average daily number of transactions on the FX market	thousand transactions	66.7	72.3
Trading volume on money market (excluding repo with GCC)	trln RUB	364.2	346.3
Average daily number of transactions on the money market	thousand transactions	7.6	11.1
Company market capitalization	bln RUB	184.3	245.5
Operating income	bln RUB	39.9	43.2
Taxes paid to budgets at various levels	bln RUB	1.33	1.16
Dividends per share	RUB	7.96	7.70
Net debt/EBITDA	-	-3.24	-3.24
Cost to income ratio	%	36.2	35.7
Investments (capex)	bln RUB	2.0	2.2
Investment in sustainable development of the economy and the professional community			
Public fund raising through treasury bonds (OFZ)	trln RUB	1.03	2.06
Funds raised by corporate issuers through bond issues	trln RUB	2.33	3.17
Funds raised by corporate issuers through IPO/SPO	bln RUB	33.8	455.4
Unique retail clients	mln people	1.96	3.86
Number of people who took part in financial literacy events organized by the Exchange in the regions	people	>56,000	>90,000
Number of participants in professional forums and conferences organized by the Exchange	people	>3,500	>4,000
Number of students under the Moscow Exchange School project for private investors	people	>28,000	>74,000
Share of international investors on Moscow Exchange Equities Market	%	48	49
Share of international investors on Moscow Exchange Derivatives Market	%	48	47
Share of international investors on Moscow Exchange Bonds Market	%	15	12
Share of international investors on Moscow Exchange FX Market	%	13	12
Share of international investors on Moscow Exchange Money Market	%	11	13
IPO volumes in the Growth Sector	bln RUB	7.85	24.65
Environmental indicators			
Electricity	TJ	57.2	58.1
Heat consumption,	TJ	21.7	19.8
Gasoline and diesel fuel consumption	thousand liters	96.4	77.9
Energy intensity	GJ / RUB mln of revenue	1.43	1.34
Energy intensity	GJ/person	33.9	33.0
Direct GHG emissions (Scope 1)	tons CO ₂	197.7	179.3

Indicators		2018	2019
Indirect GHG emissions (Scope 2) ¹	tons CO ₂	8,952.3	8,943.3
Intensity of GHG emissions	tons CO ₂ /RUB mln of revenue	0.23	0.21
Intensity of GHG emissions	tons CO ₂ /pers.	5.4	5.2
Water consumption	thousand m ³	21.2	25.2
Water consumption intensity	m ³ /RUB mln of revenue	0.53	0.58
Water consumption intensity per employee ²	m ³ /pers.	13.4	15.0
Water discharge ³	000 m ³	24.1	28.2
Waste generated, of which	tons	268.8	243.2
Hazard class I	tons	0.2	0.3
Hazard class II	tons	0.1	0.2
Hazard class III	tons	0.1	0.1
Hazard class IV	tons	224.2	196.8
Hazard class V	tons	44.2	45.8
Waste generation intensity	tons /RUB mln of revenue	0.007	0.006
Waste generation intensity per employee	tons / person	0.16	0.14
Waste generated by type of treatment, of which:	tons	268.8	243.2
For processing	tons	2.5	7.3
For disposal	tons	19.9	20.9
For decontamination	tons	3.9	3.6
For on-site storage	tons	0.0	0.0
For landfill	tons	242.5	216.9
Environmental expenditures, of which:	thousand RUB	3,331.1	4,365.3
for air protection and climate change prevention	thousand RUB	25.6	1.1
for collection and treatment of wastewater	thousand RUB	1,876.2	2,422.2
for waste management	thousand RUB	918.4	1,476.1
for protection from noise, vibration and other types of physical contamination	thousand RUB	362.0	300.0
for other areas of activity in the field of environmental protection	thousand RUB	149.0	166.0
Social indicators			
Average headcount		1,588	1,679
Headcount at the end of the year		1,689	1,760
Share of women in total headcount	%	47	47
Share of women in the headcount of functional managers	%	40	40
Share of women in the headcount of top managers	%	26	35
Staff turnover ⁴	%	9	11
Total number of training hours		32,161	38,472
Average training hours per employee		19.0	30.6 ⁵
% of employees trained	%	74	70
Payment to employees in the form of salaries and bonuses (including personal income tax)	bln RUB	4.93	5.56

¹ GHG emissions were calculated using the coefficients approved by Order of the Ministry of Natural Resources of Russia No. 300 dated 30 June 2015. To estimate emissions from Scope 2, we also used open data on specific fuel consumption by generating facilities of Mosenergo PJSC and average losses in electric and heat networks of PJSC MOESK and PJSC MOEK for 2017–2018.

² The average headcount was used in the calculation.

³ The Group discharge exceeds water withdrawal due to the inclusion in the calculation of volumes of water passing through the storm drains of the Moscow Exchange office buildings.

⁴ The indicator is calculated as the ratio of the number of employees leaving of their own accord during the year to the average number in the reporting year.

⁵ The method for calculating the average number of training hours per employee changed in 2019. In 2019, the number of hours is calculated per trained employee, in 2017 and 2018 – per employee based on the payroll.

Indicators		2018	2019
Ratio of standard entry level wage compared to local minimum wage	x	4.0	4.1
Number of internships at Group companies		46	37
Number of occupational injuries among employees		0	0
Number of occupational injuries among employees of contractors working at Company's sites		0	0
Charity donations	mln RUB	27.5	24.1
Governance			
Remuneration to members of the Supervisory Board	mln RUB	109.5	126.6
Supervisory Board headcount		12	12
Representation of Independent Directors in the Supervisory Board	%	58	58
Representation of women on the Supervisory Board	%	16.7	16.7
Attendance of meetings by members of the Supervisory Board	%	97	98
Number of confirmed cases of corruption and breaches of the Ethics Code		0	0
Number of employees who passed training on Anti-Corruption Policies and Methods		n/a ¹	725
IT systems availability	%	99.99	99.99
Number of market disruptions		2	1
Total downtime of key information systems	hours	1.08	0.08
Procurement value	bln RUB	3.84	6.95
Share of procurements by local suppliers	%	98.4	99

¹ The training course on anti-corruption policies and methods was developed at the end of 2018 and introduced into the compulsory education program only in 2019.

GRI Content Index

GRI standard	Indicator No.	Indicator	Section	Page	Note
Company profile					
102-1		Name of the organization	About the Report	4	–
102-2		Activities, brands, products, and services	About Moscow Exchange	18–19	–
102-3		Location of headquarters	Contact Details	136	–
102-4		Location of operations	–		The Group operates primarily in the Russian Federation
102-5		Ownership and legal form	About the Report	4	–
102-6		Markets served	About Moscow Exchange	6, 10–11, 18–19	Group services are available to investors and companies around the world
102-7		Scale of the organization	About Moscow Exchange	6, 10–11, 18–19	According to Clause ii, Annual report 2019 According to Clause iii, Annual report 2019
102-8		Information on employees and other workers	Personnel Development	66–67	–
102-9		Supply chain	Supply Chain Management	112–115	–
102-10		Significant changes in the organization and its supply chain	Supply Chain Management	112–115	In 2019, there were no significant changes in the organization and its supply chain.
102-11		Precautionary principle application	Environmental Efficiency	58	–
102-12		External initiatives	Key Steps Towards Professional Community and Partnership Development	48–55	–
102-13		Membership of associations	Participation in Initiatives and Associations	124	–

GRI standard	Indicator No.	Indicator	Section	Page	Note
Strategy and Analysis					
	102-14	Statement from senior decision-maker	Relevant Section	14–15	–
	102-15	Key impact, risks and opportunities	Environmental Efficiency Personnel Development Charity and Volunteering Corporate Governance Risk Management Business Ethics and Anti-Corruption Supply Chain Management	58–115	–
Ethics and Integrity					
	102-16	Values, principles, standards, and norms of behavior	About the Company Business Ethics and Anti-Corruption	7, 108–111	–
	102-17	Mechanisms for advice and concerns about ethics	Business Ethics and Anti-Corruption	109–110	–
Corporate Governance					
	102-18	Governance structure	Corporate Governance	87–97	–
	102-19	Delegating authority	Corporate Governance	95	–
	102-23	Chair of the highest governance body	–		Chairman of the Supervisory Board is not an Executive Director
	102-24	Nominating and selecting the highest governance body	–		See Regulation on the Supervisory Board of Moscow Exchange https://fs.moex.com/files/2862
	102-25	Conflicts of interest	Corporate Governance	96	–
	102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance	89–96	–
	102-28	Evaluating the highest governance body's performance	Corporate Governance	89–96	–
	102-30	Effectiveness of risk management processes	Risk Management	98–107	–
	102-32	Highest governance body's role in sustainability reporting	About the Report	5	–
	102-33	Communicating critical concerns	Risk Management	98–102	–
	102-34	Nature and total number of critical concerns	Corporate Governance	93, 98–107	–

GRI standard	Indicator No.	Indicator	Section	Page	Note
	102-35	Remuneration policies	Corporate Governance	94-96	-
	102-36	Process for determining remuneration	Corporate Governance	94-96	-
Cooperation with the Stakeholders Community					
	102-40	List of stakeholder groups	Stakeholder Engagement	120-124	-
	102-41	Collective bargaining agreements	-		There are no bargaining agreements with employees
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	120-124	-
	102-43	Approach to stakeholder engagement	Stakeholder Engagement	120-124	-
	102-44	Key topics and concerns raised	Stakeholder Engagement Identification of Material Issues	120-124, 118-119	-
Identification of Material Topics and Scope of the Report					
	102-45	Entities included in the consolidated financial statements	About the Report	4, 7	See also Annual report 2019
	102-46	Defining report content and topic Boundaries	Identification of Material Issues	118-119	-
	102-47	List of material topics	Identification of Material Issues	118-119	-
	102-48	Restatements of information	-		The inaugural report on sustainability development of the Group
	102-49	Changes in reporting	-		The inaugural report on sustainability development of the Group

GRI standard	Indicator No.	Indicator	Section	Page	Note
General Information About Report					
	102-50	Reporting period	About the Report	4	
	102-51	Date of most recent report	-		For the Company, this report is the inaugural report of this type.
	102-52	Reporting cycle	-		Annual reporting cycle
	102-53	Contact point for questions regarding the report	Contact Details	136	-
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report	4-5	-
	102-55	GRI content index	This Section	128-133	-
	102-56	External assurance	-		None
Management Approach					
	103-1	Explanation of the material topic and its Boundary	Identification of Material Issues	118-119	-
	103-2	The management approach and its components	In each Sustainability Report Section	1-136	-
	103-3	Evaluation of the management approach	In each Sustainability Report Section	1-136	-
Economic					
Economic performance	201-1	Direct economic value generated and distributed	Annual report 2019		-
Presence on markets	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Personnel Development	69-70	-
Indirect economic impact	203-1	Infrastructure investments and services supported	Charity and Volunteering	80-84	-
	203-2	Significant indirect economic impacts	Key Steps Towards Sustainable Economic Growth Key Steps Towards Responsible Investment Development		22-41
Procurement practice	204-1	Proportion of spending on local suppliers	Supply Chain Management	113	-
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Anti-Corruption	108-111	-
	205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Anti-Corruption		-

GRI standard	Indicator No.	Indicator	Section	Page	Note
Environmental					
Power	302-1	Energy consumption within the organization	Environmental Efficiency	59-62	-
	302-3	Energy intensity	Environmental Efficiency	59-60	-
	302-4	Reduction of energy consumption	Environmental Efficiency	59-61	-
Water	303-4	Water discharge	Environmental Efficiency	62	-
	303-5	Water consumption	Environmental Efficiency	62	-
Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental Efficiency	59-60	-
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Efficiency	59-60	-
	305-4	GHG emissions intensity	Environmental Efficiency	59-60	-
Discharges and wastes	306-2	Waste by type and disposal method	Environmental Efficiency	63-64	-
Compliance with environmental requirements/compliance	307-1	Non-compliance with environmental laws and regulations	Environmental Efficiency	-	-
Social					
Occupancy	401-1	New employee hires and employee turnover	Personnel Development	67-68	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Personnel Development		-
Health and occupational safety	403-2	Hazard identification, risk assessment, and incident investigation	Personnel Development	77-79	-
	403-3	Occupational health services	Personnel Development	77-79	-
	403-5	Worker training on occupational health and safety	Personnel Development	78-79	-
Training and education	404-1	Average training hours per year per employee	Personnel Development	74-76	-
	404-2	Programs for upgrading employee skills and transition assistance programs	Personnel Development		With the exception of programs for further employment
	404-3	Percentage of employees receiving regular performance and career development reviews	Personnel Development		-
Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	Personnel Development Corporate Governance	66-73, 90-95	-
Inadmissibility of discrimination	406-1	Incidents of discrimination and corrective actions taken	Personnel Development	-	-

GRI standard	Indicator No.	Indicator	Section	Page	Note
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor by material risk of forced or compulsory labor	-		Not identified
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Key Steps Towards Professional Community and Partnership Development Charity and Volunteering	48-55, 80-84	-
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Risk Management	106	-

Glossary

Terms	Definition
Green bonds	A type of bond that meets the four principles of green bonds defined by the ICMA, with proceeds used by the issuer to finance a limited number of projects. In general, these projects should result in specific environmental benefits and should be aimed at developing activities that contribute to environmental sustainability.
Indirect GHG emissions	Greenhouse gas emissions resulting from the company's consumption of electricity and heat energy received from external generating facilities
Responsible investment	An investment approach that takes into account environmental, social and managerial factors, as well as issues of long-term market stability
Direct GHG emissions	Greenhouse gas emissions sources owned or controlled by the company
Repo	A transaction of purchase (sale) of a security with an obligation to resell (purchase) after a certain period of time at a price predetermined in the relevant agreement
IMM	Innovation and Investment Market
RSPP	Russian Union of Industrialists and Entrepreneurs
Growth Sector	An initiative of Moscow Exchange and a number of partners – an exchange sector designed to support SMEs in attracting investment
Sustainability Sector	An initiative of Moscow Exchange and the Ministry of Economic Development – an exchange sector aimed at promoting investment in environmental, social projects and national projects
Social bonds	A type of bond that meets the four principles of social bonds defined by ICMA, with proceeds directed to finance a limited number of projects. In general, these projects should be aimed at solving socially significant problems.
Data center	Data processing center
CBI	Climate Bonds Initiative – a bond initiative for global climate change projects
CDP	Carbon Disclosure Project – an international project for the disclosure of information on GHG emissions
CEDR	Center for Effective Dispute Resolution – international training and certification organization
COSO	Committee of Sponsoring Organizations of the Treadway Commission. For the purposes of this report, COSO is a guide to the organization of internal control systems issued by this organization
CPMI – IOSCO	For the purpose of this report, CPMI-IOSCO refers to the principles for financial market infrastructures issued by CPMI and IOSCO, consisting of 12 specialized standards
GRI SRS (GRI)	Global Reporting Initiative Sustainability Reporting Standards
ICMA	International Capital Market Association
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering of shares on the stock exchange
ISAR	International Standards of Accounting and Reporting (interstate expert working group)

Terms	Definition
KYC	Know Your Customer – the principle of banking and exchange organizations that involves vetting a counterparty before conducting a financial transaction
LTI	Long Term Incentive Plan for key individuals
PRI	Principles of Responsible Investment - UN initiative to promote responsible investment principles
Ring the Bell for Financial Literacy	An international initiative of exchanges aimed at ensuring general access of the world's population to basic financial literacy within the framework of the UN Sustainable Development Goals
Ring the Bell for Gender Equality	International Exchange Initiative to Support Gender Equality as part of the UN Sustainable Development Goals
SASB	Sustainability Accounting Standards Board
SASB Security & Commodity Exchanges, Sustainability Accounting Standard	Standard developed by SASB for Security & Commodity Exchanges
Scope 1	Scope 1, see direct GHG emissions
Scope 2	Scope 2, see indirect GHG emissions
SPO	Secondary Public Offering – a public offering of shares of an issuer already listed on a stock exchange
SSE	UN Sustainable Stock Exchanges
UNEP FI	United Nations Environment Programme Finance Initiative
WFE	World Federation of Exchanges

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