

# *Combining forces*

Sustainability Report | 2020

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# Sustainability Report 2020

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# Reporting suite overview

- ▶ 2020 Annual Report
- ▶ 2020 Financial Statements
- ▶ 2020 Annual Results Presentation
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## 2020 Annual Report

The 2020 Annual Report provides comprehensive information about the functioning of Moscow Exchange Group and its financial results for the year ended 31 December 2020.

[www.moex.com/s1354](http://www.moex.com/s1354)

## 2020 Financial Statements

The 2020 Financial Statements comprise financial position of the Moscow Exchange Group as of 31 December 2020.

[www.moex.com/s1354](http://www.moex.com/s1354)

## 2020 Annual Results Presentation

The 2020 Annual Presentation provides information about new products, services and clients

<https://www.moex.com/s756>

## 2020 Sustainability Report

Moscow Exchange's 2020 Sustainability Report (the "Report") is the second non-financial report produced by the Group for stakeholders. The publication of this Report is an important milestone for Moscow Exchange Group, 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. The Sustainability Report consists of five main parts: 2020 Sustainability Performance Highlights, Sustainability Data Appendix, Sustainability Approaches and Procedures Appendix, 2020 GRI Content Index and Statements Appendix. The content and issue of the 2020 Sustainability Report are approved by the Moscow Exchange Executive Board.

### 2020 Sustainability Performance Highlights

The 2020 Sustainability Performance Highlights provide information on the major projects and initiatives that MOEX Group has implemented in 2020 and plans to implement in 2021 to support its key focus areas 'GREAT', that reflect stakeholders' concerns and expectations. This section also illustrates how Moscow Exchange Group has integrated ESG aspects into its strategy.

### Sustainability Data Appendix

The Sustainability Data Appendix discloses comprehensive performance metrics for 2018, 2019 and 2020. They are connected to the corresponding parts of the 2020 Sustainability Performance Highlights and the Sustainability Approaches and Procedures Appendix.

### Sustainability Approaches and Procedures Appendix

The Sustainability Approaches and Procedures Appendix contains information on key policies, procedures and departments that support our sustainability approach. The Sustainability Approach and Procedures should be read in conjunction with the 2020 Sustainability Performance Highlights, the Sustainability Data Appendix, the 2020 Annual Report.

### GRI Content Index

The GRI Content Index specifies each of the GRI Standards used and lists all disclosures included in the Report. It also contains references to relevant Sustainability Report's sections and to documents other than the Report.

### Statements Appendix

MOEX Group describes its position on certain relevant ESG topics by supporting international initiatives and organisations and aligning its activities with their principles. The Group included the following statements as a part of this Report:

- ▶ MOEX Group's contribution to the UN Sustainable Development Goals
- ▶ The SSE Communication to Stakeholders Statement
- ▶ Climate Risks Acknowledgement Statement
- ▶ MOEX Group's commitment to the UN Global Compact
- ▶ Modern Slavery Act Statement

### Reporting Framework

This Report is prepared in accordance with the GRI Sustainability Reporting Standards (GRI SRS): Core option. Additionally, the Report takes into account the requirements and recommendations of WFE ESG Guidance & Metrics (2018) and SASB Security & Commodity Exchanges, Sustainability Accounting Standard (2018). Additional information on the Report's scope and the process of identifying material issues is available in the "MOEX Group's approach to materiality" section.

### Reporting boundaries:

- ▶ The term "Moscow Exchange" and "MOEX" are used in this Report to describe PJSC "Moscow Exchange MICEX-RTS".<sup>1</sup> The terms "Moscow Exchange Group", "Group" and "MOEX Group" include the companies affiliated with Moscow Exchange Group and relevant to this Report, in their entirety: Moscow Exchange, NSD and NCC.<sup>2</sup>
- ▶ 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 2020 by the key organisations within the Group, i.e. Moscow Exchange, NSD and NCC. When the Report references other companies, this will be explicitly specified.
- ▶ In accordance with Greenhouse Gas (GHG) Protocol, Moscow Exchange Group discloses direct and indirect emissions (Scopes 1-3, Scope 3 refers to indirect emissions occurring from business travel).
- ▶ This report covers our operations for the calendar year ending 31 December 2020.
- ▶ The information is disclosed within the two reporting scopes:
  - ▶ First scope is disclosed by Moscow Exchange, NSD, NCC.
  - ▶ Second scope is disclosed only by Moscow Exchange.

### Sustainability working group

The work on this sustainability report was carried out by a working group of Exchange staff. The working group consisted of:

- ▶ Head of Sustainability, Anton Zhigalov,
- ▶ Head of Investor Relations, Anton Terentiev,
- ▶ Deputy Head of Strategy, Maria Kharlashkina,
- ▶ Head of Analytical Group, Irina Baybakova,
- ▶ Investor Relations Officer, Denis Trusov,
- ▶ Chief Financial Officer, Max Lapin

1. Moscow Exchange MICEX-RTS is a public joint-stock company.  
 2. NSD (National Settlement Depository) and NCC (National Clearing Centre) are both nonbank credit organisations and joint-stock companies.



# 2020 Sustainability Performance Highlights

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# Statement from the Chief Executive Officer



**Yury Denisov**

Chief Executive Officer

## DEAR COLLEAGUES,

The past year was a challenging one for all of us, as the COVID-19 pandemic and the related restrictions introduced to control its spread hit the global economy, leading to widespread changes in how people live and work. Like other Russian and global companies, Moscow Exchange put a great deal of effort and resources into adapting to the new pandemic environment. As a key element of financial market infrastructure in Russia, our company took a set of measures to ensure the safety of our employees and the continuous operation of our trading infrastructure. As a result, MOEX IT systems availability remained at 99.99%.

In 2020, we took every effort to ensure the safety of our employees. When the World Health Organization announced the onset of the pandemic, we quickly arranged for 90% of our staff to work from home in a matter of days. At the same time, we ensured that those who had to work from the office to support critical operations observed all the necessary precautions. MOEX adhered to all public health regulations and took additional measures to support our employees, whether they were working from home or the office. As most employees worked remotely, it was especially important for us to sustain communications and facilitate their professional development. To this end, we started to deliver all of our training courses online. As a result of these efforts, attendance in our distance learning courses doubled.

Another consequence of the pandemic was the increased uncertainty in the labour market. Moscow Exchange did its best to ensure that our employees remained confident about their employment security. Turnover decreased to 8% in 2020 from 11% in 2019.

In 2020, MOEX hosted three IPOs and four SPOs. Seven Russian companies originally listed abroad obtained a secondary listing on MOEX, facilitating further increase in the number of stocks available in Russia. The Exchange remained the main platform for raising debt capital in Russia: 170 companies, including 48 newcomers, placed 688 bond issues for almost RUB 4 trillion, RUB 800 billion higher (+25% YoY) compared to 2019.

We want to create a comfortable trading environment for our partners. As banks, brokers and other market participants shifted to work-from-home arrangements, Moscow Exchange cancelled one-off and monthly charges for all new technical access IDs for MOEX Trade terminals for Equities, Fixed income, FX and Money Markets, facilitating seamless transition to remote operations. For 2020-2021, the Group has cancelled listing fees from SME issuers with bonds issuance value less than RUB 400 million.

We continued to move forward with our sustainability and ESG risk mitigation initiatives and integrated a number of ESG projects into our strategy. These initiatives support our goals of expanding current markets and accessing new markets, as well as developing a culture of trust and responsibility. While Moscow Exchange has always paid attention to sustainability, this is now set out at the strategic level, too.

As in the previous year, we continued developing responsible investment instruments. MOEX launched two inaugural ESG ETFs. Both ETFs are based on the Moscow Exchange-RSPP Sustainability Vector Index, which contains companies that show the strongest ESG progress scores.

In 2020, Moscow Exchange organised nine events on sustainable development. Together with SASB, UN PRI, Carbon Trust, Sustainalytics and RAEX-Europe, among others, MOEX has provided a series of trainings for market participants on topics like green and social bonds, non-financial disclosure and verification, ESG risks (including climate risks) and corporate sustainability in general.

The last year was a breakthrough for us in terms of retail clients' investments. The number of individuals who hold brokerage accounts with Moscow Exchange grew by almost 5 million in 2020 to a record total of 8.8 million — meaning that more

new investors started trading on Moscow Exchange than in all previous years combined. Moscow Exchange introduced a personal finance platform, Finslugi.ru, to provide access to a comprehensive financial product offering for retail clients.

Growth of the number of retail investors has highlighted the importance of raising financial literacy among beginner investors. To help investors, we launched a number of courses under our financial literacy programme, including "Investments Without Panic", a series of online meetings with financial market experts on the most relevant topics for retail investors, our "Money Makes Money" podcast, and two Telegram channels. The online MOEX School held around 300 webinars in 2020, where retail investors learned about personal finance management and obtained relevant skills. In partnership with the Moscow School of Management SKOLKOVO, we launched a new educational programme, the Capital Raising Academy, for owners of private companies and senior managers who are looking to raise capital on Russian financial markets.

The Group fully appreciates the scale of its social responsibility to society. The charity budget was increased by an amount that had been planned for business trips and conferences but couldn't be used due to COVID-19 related restrictions. Charitable foundations received RUB 100 million to help those who were affected by COVID-19. These funds were offered to purchase medical equipment and personal protective equipment, as well as to provide support to healthcare workers, social institutions and senior citizens.

I would like to thank our employees, partners and other stakeholders for their participation and support in 2020. I am confident that together we can ensure Moscow Exchange continues to make a positive contribution to advancing the ESG agenda in 2021 and beyond.

# ESG integration into the Group's Strategy 2024



In October 2019, Moscow Exchange Group's Supervisory Board approved the strategy through 2024. The strategy has five key pillars. Two relate to areas of responsibility and three relate to areas of development. As part of the strategy, Moscow Exchange Group will continue to serve key market participants and to strengthen its Russian and fixed income positions.

By systemically delivering on the initiatives under its five key pillars, MOEX Group 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.

In 2020, MOEX Group refined its approach to sustainability and integrated the ESG component into its business strategy. Three strategic pillars — Core market penetration, Culture of trust and responsibility and Market gateway — directly relate to existing and new ESG activities and projects. MOEX Group considers the relation between its strategic pillars and ESG projects mutually reinforcing. Having these strategic pillars has helped MOEX to start new ESG initiatives that, in turn, have supported implementation of the Strategy.



**Oleg Viyugin**  
 Chairman of the Supervisory Board

**”**  
 In 2020, Moscow Exchange Group continued its efforts to embed sustainability principles into its operations. Notably, the Exchange has integrated ESG components into the Group's 2024 strategy. Moscow Exchange now offers ESG-themed financial products, and in close cooperation with other market participants, is actively promoting ESG best practices among issuers. Through active participation in shaping the ESG agenda, Moscow Exchange, as a reliable and sustainable financial market infrastructure provider, promotes responsible investment and sustainable development in Russia.

Existing ESG projects in the Strategy 2024

- ▶ improving access to financing for SMEs through the Growth Sector.

New ESG projects in the Strategy 2024:

- ▶ extending the offer of sustainability-themed products and services to address environmental and social challenges.

Existing ESG projects in the Strategy 2024:

- ▶ Business continuity and resilience to risks.
- ▶ Compliance culture development.
- ▶ Recruiting and developing diversified talent, building a culture that is healthy, diverse and inclusive.

New ESG projects in the Strategy 2024:

- ▶ Adopting and promoting international standards on corporate governance across ESG.
- ▶ Adopting and promoting high-quality disclosure on material ESG aspects among issuers.
- ▶ Impact-driven local community engagement.

## AREAS OF RESPONSIBILITY

### Core market penetration

MOEX Group 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, the Group will continue to increase the availability and time of trading, expand its range of products and services, and maintain its service offerings at the level of other leading international exchange platforms. Particular attention will be paid to working with investors and issuers, helping companies raise funds via securities issuance on the capital markets, developing new derivative products and using market data.

### Culture of trust and responsibility

The trust of market players in our infrastructure is one of the Moscow Exchange Group's key pillars. MOEX should take advantage of this trust and of our neutral position relative to all players in order to help brokers, banks and corporations develop their business and to offer them new opportunities.

Moscow Exchange Group will develop a culture of compliance with regulations, internal standards and rules. Given the Group's central position in the country's financial sector, our systems must be reliable and operate properly. MOEX Group will also focus on accelerating business processes, reducing the time needed to launch new products and making its key systems more resilient.



## AREAS OF DEVELOPMENT

Further growth of the Group's business will be supported by initiatives in three areas: market gateway, balance sheet management and financial platform. These initiatives represent a seamless continuation of MOEX's previous strategy and are based on the strengths of the Group's business model and its employees' key competencies.

### Balance Sheet Management

Through its Balance Sheet Management initiatives, the Group will offer professional market participants and companies more flexible liquidity management tools, trade execution, and post-trading services, all available through a single interface. MOEX Group will create a platform that provides convenient tools for its clients to invest funds, as well as to finance and manage the Exchange's own currency and fixed income positions.

### Market Gateway

As part of its Market Gateway initiative, MOEX Group 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 financial markets via unified interfac. This will allow the Group to grow its clientele of retail investors, who will use these services over the medium term. MOEX will develop digital platforms that open up new opportunities for banks and brokers. Professional participants and consumers will gain access to a wide range of investment and savings products.

### Financial Platform

The development of MOEX Financial Platform includes expanding the capabilities of the Exchange's settlement and depository infrastructure to a broad range of financial assets. The relevant initiatives will help the Group to offer even more services related to savings instruments and information assets.

The Group's goal is to become a platform for keeping records of rights to key financial assets. In addition to offering traditional services for maintaining records of security ownership, NSD will start providing services for maintaining records of rights to saving instruments (deposits) and information assets.



**Maria Kharlashkina**

*Deputy Head of Strategy Department*



Moscow Exchange has made meaningful progress on ESG and has contributed to the development of responsible and sustainable investing in Russia. To ensure our approach is comprehensive, we embedded the broader focus on sustainability into our updated Group Strategy 2024, enhancing and emphasizing initiatives that were already part of the strategy. The three strategic pillars now directly relate to existing and future initiatives on sustainability. Our next step is the development of a detailed sustainability roadmap for implementation by departments across Moscow Exchange.

Existing ESG projects in the Strategy 2024:

- ▶ providing retail investors with access to financial services via Finuslugi.ru and on raising financial literacy

## KEY PERFORMANCE INDICATORS

Moscow Exchange sets annual goals that apply to the sustainability of the organisation itself, as well as goals for the sustainable development of the financial markets' infrastructure and MOEX's impact on society and the environment.

Setting and monitoring such goals for Moscow Exchange is a process where all MOEX employees are involved. Specific and measurable goals are set both for the members of the Executive Board and for all employees of Moscow Exchange. The achievement of a number of company-wide goals projects on to each employee of Moscow Exchange and affects their remuneration.

The key performance indicators (KPIs) for 2020 were formulated by the Supervisory Board in three main areas:

- ▶ **Financial efficiency:** F&C income growth and operating expenses control. F&C income grew by 31% to RUB 34.3 billion. Operating expenses did not exceed the forecast. Their increase was significantly lower than the F&C income increase. As a result, the cost-to-income ratio decreased as compared to 2019, and financial efficiency was enhanced.
- ▶ **Quality of infrastructure:** ensuring the high level of accessibility and reliability of MOEX services, development of the risk management system and curther strengthening of cybersecurity. These indicators have a direct impact on the sustainability of Moscow Exchange itself and on the impact MOEX has on market participants and the wider stakeholder community. Moscow Exchange ensured smooth operation of its systems amid the pandemic and remote work of up to 90% of its employees. High market expectations of reliability, speed and productivity of MOEX systems were matched. In FY2020, MOEX systems availability was measured at 99.99%, similar to the previous three years. Besides, most of the planned measures on the key areas of MOEX sustainability, were implemented reducing operational risks, increasing the reliability of operational business processes in the long run, as well as improving compliance culture and information security.
- ▶ **New products & services:** trading time extension. An evening trading session was launched on the Equity Market in 2020. Demand for the service was strong, and it yielded extra trading volumes. Necessary arrangements were made to launch a morning session on the FX and Derivatives Markets in 2021. In this way, Moscow Exchange systematically improves market access, which is one of the key areas for the sustainable development of MOEX and the community.

# Scale and reach

Moscow Exchange Group<sup>1</sup> is the leading financial platform by equity market capitalisation 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 the transparent pricing of Russian financial assets.

With new technology and the development of digitalisation and remote communication channels, as well as the shift of a significant portion of its business processes to remote models, MOEX Group has gradually concentrated customer engagement in a single client centre at its Moscow office. As a result, in February 2020, the Group closed its regional network and employees based in the regions were offered to move to the Moscow office. However, several IT divisions remain based in St Petersburg with its full complement of staff.

**Among global exchanges, Moscow Exchange Group ranks:**



1. Moscow Exchange Group includes: NSD 99.997%, NCC 100%, other Companies in the Group. To learn more, please consult MOEX's 2020 Annual Report (The figures indicate the percentage of voting shares owned by Moscow Exchange in the relevant corporate entity).

## OPERATIONAL SCOPE AND PERFORMANCE

**947.2**  
RUB trillion

Total trading volume across all markets  
**+18.7%**  
vs 2019

**48.6**  
RUB billion

Operating income  
**+12.4%**  
vs 2019

## MOSCOW EXCHANGE GROUP ACCOUNTS FOR THE FOLLOWING SHARE OF THE RUSSIAN DOMESTIC MARKET:

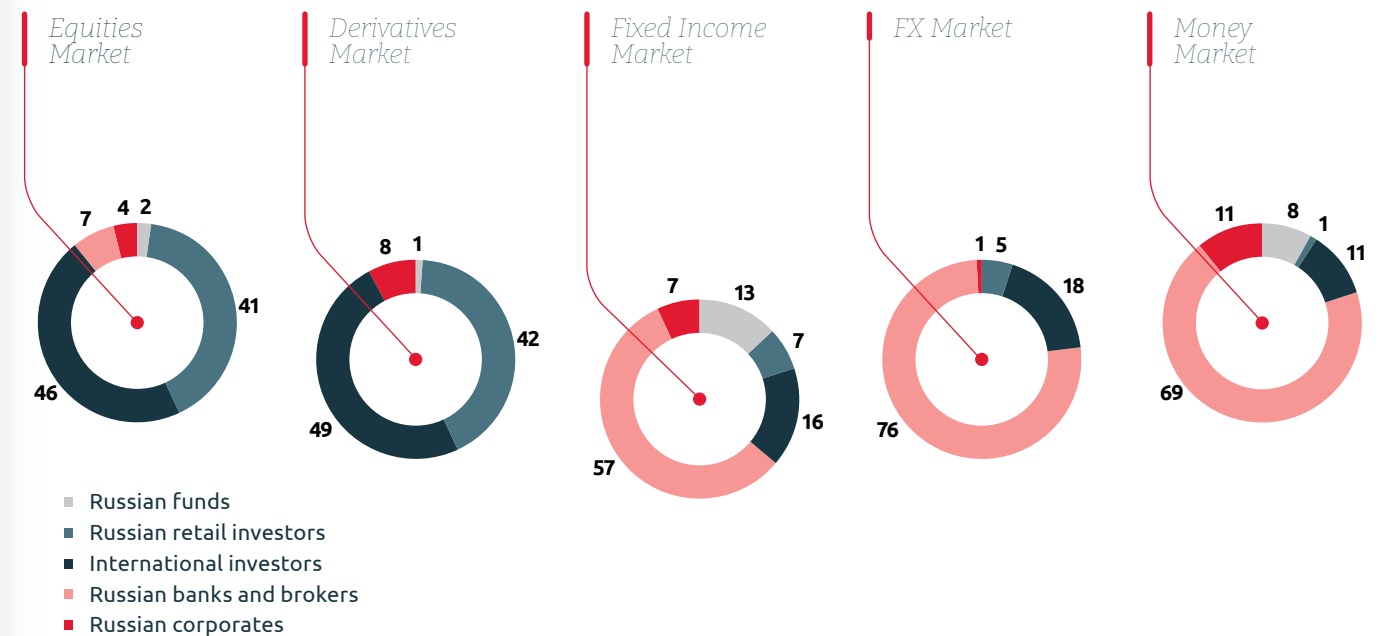
**47%**  
of FX trading

**83%**  
of repo operations

**90%**  
of equity and bond trading

**63%**  
of derivatives trading

Trading volume by market and client type in 2020, %

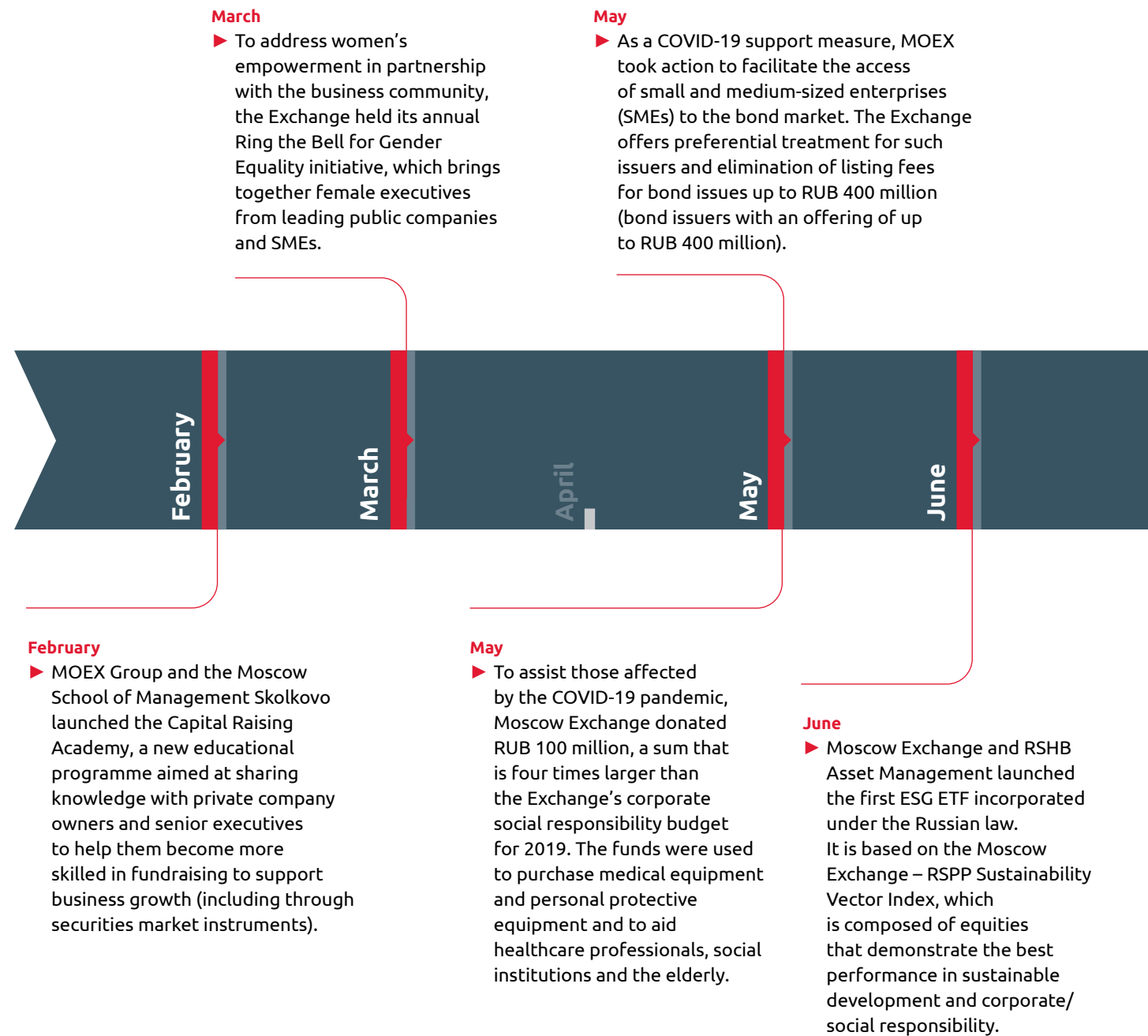


Number and growth rate of individuals with a brokerage account on on Moscow Exchange by Federal Districts

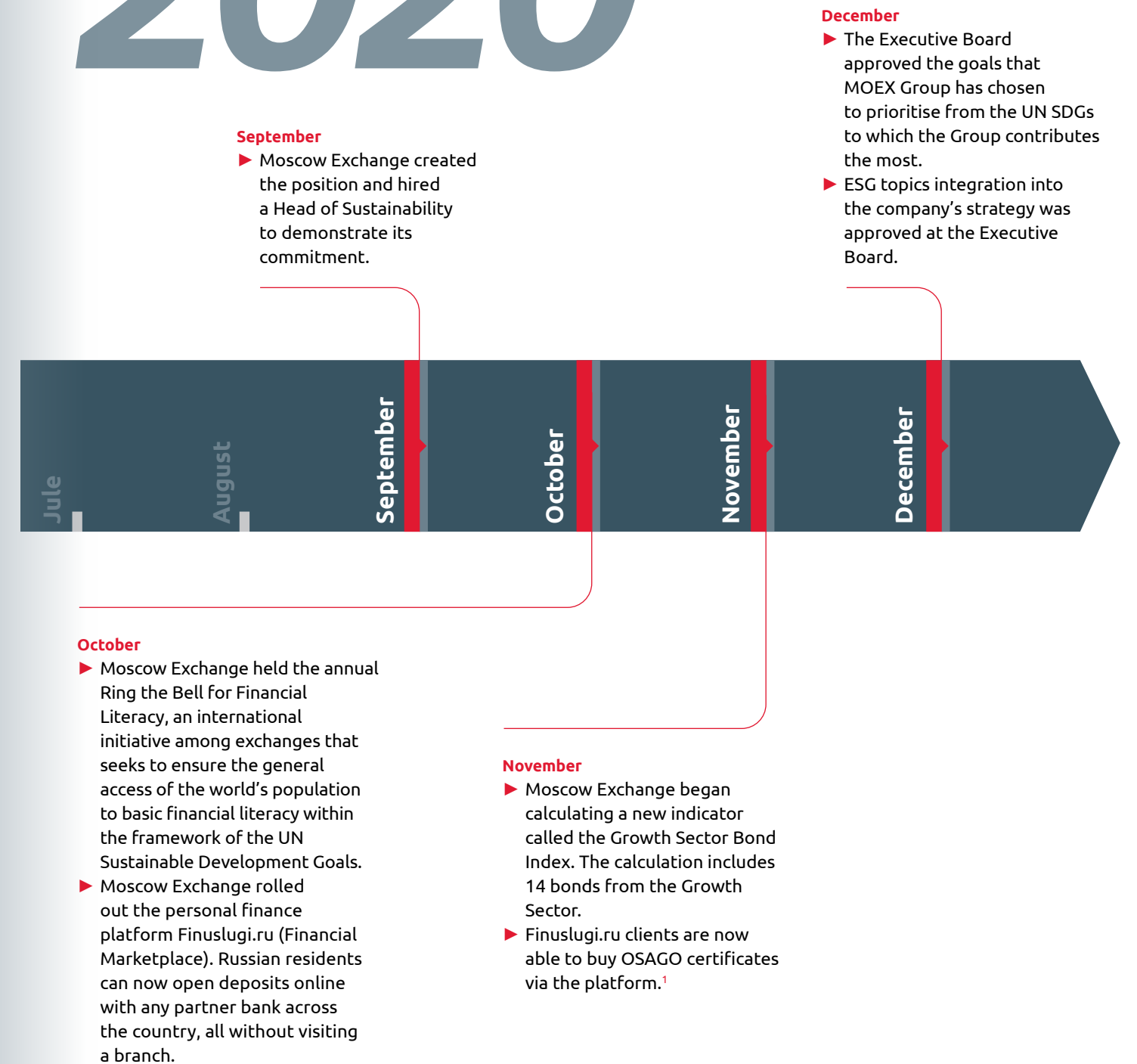




# Sustainability milestones



# 2020



<sup>1</sup> OSAGO (Russian: ОСАГО) is compulsory car insurance.

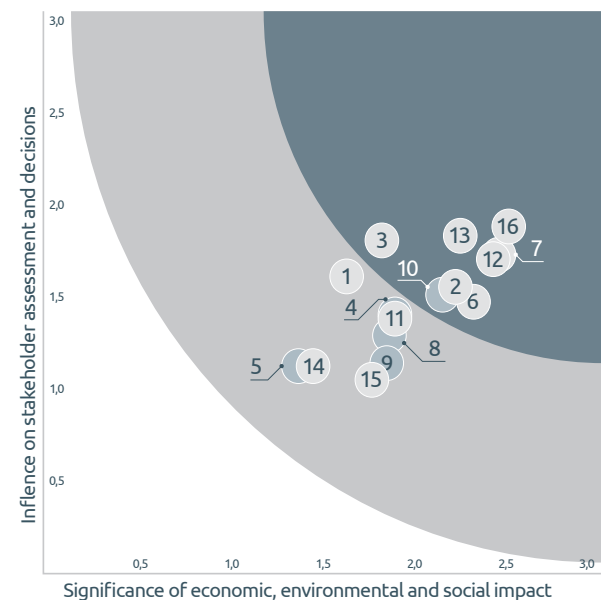
# MOEX Group's approach to materiality

In 2020, as part of preparing this Report, Moscow Exchange Group conducted a comprehensive assessment of its broader economic, social, and environmental topics raised by key stakeholder groups. For Moscow Exchange Group, materiality assessment is central to corporate sustainability because it helps to highlight and prioritise the ESG issues of greatest importance. The Report working group compiled a list of 16 issues, based on generic and sector-specific disclosure standards, which were then evaluated according to several criteria:

- ▶ Significance of the issue to external stakeholders based on an assessment of the Group's impact on their activities;
- ▶ Significance of the issue to external stakeholders based on an assessment of the Group's impact on the economy, environment and society;
- ▶ Recommendations on the disclosure of these issues from leading associations, such as the WFE and SSE, representing the interests of the stock exchanges professional community.

Based on this analysis, eight issues were ranked as material and therefore required for disclosure. The other eight were considered non-material but relevant for the organisation and are subject to selective disclosure.

## Assessment of Material Issues in 2020



- |  |  |
|--|--|
| 1 Structure of corporate governance                                      | 9 Opportunities for growth and access to funding to small and medium enterprises   |
| 2 Financial infrastructure support                                       | 10 Development of new financial instruments for responsible investing  |
| 3 Decent working conditions and employee skills development              | 11 Development of responsible supply chain by the MOEX   |
| 4 Prevention of corruption and money laundering                          | 12 Transparent functioning of markets and development of fair competition  |
| 5 Maintenance of personnel structure balance and respect to human rights | 13 Enhancing financial literacy of the population  |
| 6 Participation in working groups and regulatory initiatives             | 14 Reduction of negative environmental impact  |
| 7 Development of exchange infrastructure to expand a local investor base | 15 Sponsorship and charity   |
| 8 Access to funding for innovative companies                             | 16 Improving the quality of ESG information disclosed by issuing companies and raising awareness of sustainable development trends |

## RESOURCE EFFICIENCY PERFORMANCE

The activities and data related to the reduction of negative environmental impact is not grouped into any focus area, because it was recognised as non-material based on stakeholder survey results and our materiality assessment as a whole.

Nevertheless, considering the importance of the topic for overall global sustainability agenda for 2020, MOEX Group has set goals to improve energy, water and waste efficiency as well as zero increase in intensity of energy consumption, GHG emissions, water consumption and waste generation. MOEX Group succeeded in achieving the goals above, which is proven by the following indicators:

MOEX Group discloses relevant information in the section "Our resources efficiency and environment" in both the Sustainability Data Appendix and Sustainability Approaches and Procedures Appendix.

In 2021, MOEX Group plans to continue improving its environmental performance for 2021, Moscow Exchange has set a goal:

- ▶ zero increase in energy consumption intensity versus 2019 (in GJ / million rubles of revenue).<sup>1</sup>
- ▶ zero increase in GHG emissions intensity versus 2019 (in CO<sub>2</sub> equivalent tons / million rubles of revenue).<sup>1</sup>
- ▶ zero increase in water consumption intensity versus 2019 (in m<sup>3</sup>/million rubles of revenue).<sup>1</sup>
- ▶ zero increase in waste generation intensity versus 2019 (in tons / million rubles of revenue).<sup>1</sup>

**1.54**  
 GJ per RUB million<sup>2</sup>  
 Energy consumption intensity in 2020  
**-18%**  
 vs 2019

**0.16**  
 t CO<sub>2</sub> per RUB million  
 GHG emissions intensity in 2020  
**-24%**  
 vs 2019

**0.46**  
 m<sup>3</sup> per RUB million  
 Water consumption intensity in 2020  
**-21%**  
 vs 2019

**0.005**  
 t per RUB million  
 Waste generation intensity in 2020  
**-17%**  
 vs 2019

1. The benchmark of 2019 was used, since 2020 is not comparable due to COVID-19-related working arrangements.  
 2. Intensity ratios are provided for operating income.

# MOEX Group's key focus areas: GREAT

Based on the result of the materiality assessment and integration of ESG activities and projects into Group's 2024 strategy (see above), MOEX Group has formulated a set of sustainability focus areas ('GREAT'), that reflects its most significant ESG topics

MOEX's approach to formulating these overlapping areas was informed by the following criteria:

1. These focus areas are related to the most important ESG challenges, risks and opportunities that Moscow Exchange Group is facing and that are inherent to its industry;
2. These areas are important for MOEX stakeholders;
3. Focus areas are significant for MOEX because within these areas it can deliver the most positive impact as a company and as a financial infrastructure operator.
4. Disclosure on most material issues corresponds to the reporting principles of GRI, SASB and WFE.

## G

### GENUINE PARTNERSHIP AND ENGAGEMENT WITH THE COMMUNITY

MOEX Group recognises its responsibility to support communities and create shared benefits. MOEX group sees value in enhancing population's financial literacy since it empowers the community. Participation in working groups and regulatory initiatives enables the Group to create a more favourable regulatory environment. At the same time, sponsorship and charity is an important area of focus for implementing the Exchange's social responsibility.

**160.9 million RUB** invested in charity and sponsorship in 2020

**6.6 billion RUB** in taxes paid at different levels in 2020

## R

### RESPONSIBLE INVESTING AND SUSTAINABLE GROWTH

MOEX Group contributes significantly to sustainable economic growth and development by using innovative financing mechanisms and reorienting financial markets through development of new financial instruments for responsible investing, maintenance of markets' transparent functioning and development of fair competition. The Group develops exchange infrastructure in order to expand the local investor base and provide access to funding for all companies, including innovative ones as well as small and medium-sized enterprises.

In 2020, 2 Russian law ESG ETFs were launched, managed by RSHB Asset Management and Sberbank Asset Management

**23.9 billion RUB** total bonds outstanding in the Sustainability sector **+93%** vs 2019

In 2020, ETF on the MOEX-RSPP Sustainability Vector Total Return Index was the first in Russia to be ranked at BBB by the [RAEX-Europe ESG Rating](#)

## E

### ENVIRONMENT OF RESPECT AND EMPOWERMENT

Being a responsible employer of highly skilled staff, MOEX Group ensures decent working conditions and healthy corporate culture that provides employees with the necessary foundation to manage a variety of day-to-day activities and develop appropriate professional skills. The Group believes that diversity and inclusion in the workplace helps it to perform better, because different people often see the same problem in different ways and propose unique solutions. That is why MOEX Group maintains well-balanced personal structure and doesn't discriminate on any ground.

**55%/45%** Share of men/women in total headcount

**8%** voluntary staff turnover **-30%** vs 2019

**0 incidents** of workplace injuries involving Group employees in 2018-2020

## A

### ADVANCED GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES

As the largest exchange in Russia, MOEX Group establishes corporate governance standards for public companies as part of its listing procedures. Serving as example for other companies, the Group has a well-established corporate governance system and commits to high standards of corporate business conduct, including zero tolerance to corruption and money laundering. Engaging with companies through different channels, the Group strives to enhance the quality of ESG information disclosure and raise awareness about sustainable development trends.

**7.93 RUB per share<sup>1</sup>** dividends paid out to shareholders in 2020

**67%** of the Supervisory Board members are independent directors

**0 incidents** of corruption or Code of Professional Ethics violations in 2018-2020

## T

### TRUSTED AND RESILIENT MARKET INFRASTRUCTURE

Exchange infrastructure serves as a trusted environment for market participants, reliable in terms of cybersecurity and data privacy. Moscow Exchange Group's risk management systems as well as information security and data privacy systems ensure the continuity of trading, clearing and settlement, especially in conditions of high volatility on the financial market.

**99.99%** Moscow Exchange's IT systems availability for three consecutive years (2018-2020)

**Finuslugi.ru** launched 2 products: deposits and OSAGO insurance

**8.8 million retail clients** **+128%** vs 2019

**55 foreign stocks** available on MOEX

<sup>1</sup> The dividend payout amounted to 89% of the IFRS consolidated net profit.



## ***Genuine partnership and engagement with the community***

For the comprehensive performance metrics for 2018, 2019 and 2020, see 'Genuine partnership and engagement' in the Sustainability Data Appendix (p.68).

For the key policies, procedures and responsible departments, see 'Genuine partnership and engagement' in the Sustainability Approaches and Procedures Appendix (p.82).

An active member of sustainability working groups and initiatives:

**5+**

national regulatory working groups and the global Ring the Bell for Gender Equality and Financial Literacy initiatives

Growing number of

**300+**

financial literacy webinars held in 2020

**160.9 million RUB**

invested in the community and in philanthropic projects in 2020 (vs 119.2 million in 2019)

**More than 1 million**

ultimate beneficiaries supported through our charitable assistance

A sustainable business must produce social impact and contribute to its local communities. Exchanges play an essential role in addressing key global problems and have become agents of change, as they can contribute to community engagement by bringing together investors, stakeholders and other parties. On top of hosting regular shareholders' meetings, MOEX Group has adopted this principle by connecting to its stakeholders through user committees and the Exchange Council. Stock exchanges are encouraged to take part in actions that create social value by supporting local NGOs, making donations to charitable organisations and giving back to society. Community engagement is very important, since it facilitates domestic mobilisation of capital and provides opportunities for economic growth.

MOEX Group recognises its responsibility to support communities and create shared benefits. In this section, the company shares its commitment toward community engagement, emphasising our philanthropic projects, voluntary corporate initiatives and financial support. The Group has consistently sought to support its diverse community and incorporate different activities to benefit the market, its people and the environment.

**2020 highlights:**

**MOEX Group's efforts in improving financial literacy**

Last year was the year of private investors. Almost five million individuals opened brokerage accounts on the Moscow Exchange, which is more than in all previous years combined. In order to help unexperienced investors minimise risks, Moscow Exchange Group conducted a number of educational events and courses to enhance the financial literacy of the society:

- ▶ In 2020, the Moscow Exchange School delivered around 300 webinars where private investors learned about personal finance management and obtained relevant skills. These events received more than 80,000 views.
- ▶ MOEX launched "Investments Without Panic", a series of online meetings with financial market experts on the most relevant topics for private investors, "Money Makes Money", a podcast for private investors, and two Telegram channels (MOEX – Moscow Exchange and MOEX School) for those interested in investing. The podcast helps to increase the level of knowledge of investment issues, including clarifying the existing risks of trading and investing and provides ways to reduce them.
- ▶ MOEX Group hosted a number of annual events, such as Invest Trial and Invest Battle. In 2020, over 12,000 investors took part in the contest, and there were 700 winners. After the competition, contest participants opened more than 3,000 brokerage accounts. The contest's prize pool was 8 million roubles.
- ▶ The first Invest Marathon was also held in 2020 for both beginner and experienced investors.

**MOEX GROUP CORPORATE GOALS RELEVANT FOR THIS FOCUS AREA AND SET IN LINE WITH UN SDG TARGETS**

- ▶ SDG 4.3 Enhance the financial literacy of the population
- ▶ SDG 5.5 Promote gender balance in the business environment
- ▶ SDG 12.6 Develop corporate charity and volunteering activities and integrate information about it into reporting cycle
- ▶ SDG 12.6, 12.8 Improve the quality and quantity of ESG information disclosed by issuers
- ▶ SDG 12.6, 13.3 Increase companies' awareness of sustainability trends, standards and best practices
- ▶ SDG 17.16, 17.17 Expand partnerships for sustainable development with various institutions for the dissemination of knowledge and experience in order to support the achievement of the SDGs



**Natalia Loginova**

*Director of Issuer Relations*



Moscow Exchange Group is committed to the principle of gender equality and to ensuring a gender balance in business. As part of the Ring the Bell for Gender Equality initiative, we work to raise awareness of the corporate sector's contribution to promoting gender equality among business leaders, investors and the general public.

- ▶ A record number of investors took part in the Best Private Investor competition (16,600 investors with a total trading volume of RUB 1.7 trillion). The prize pool amounted to RUB 8.7 million.

Moscow Exchange Group has partnered with the Central Bank of Russia (CBR) in terms of financial literacy improvement. In 2020, the Exchange participated in Financial Literacy Weeks in Russian regions and continued working with the Expert Council of Financial Literacy under the CBR and in working groups at the Financial Literacy Development Association.

Also, this year, MOEX Group partnered with the Central Bank of Russia and the Agency for Strategic Initiatives in organising the Russian Financial Literacy Test. The nationwide contest helps its participants to assess the level of their financial knowledge. The competition in 2020 was divided into two parts. In addition to questions for individuals about deposits, loans, and insurance, there were separate tasks for entrepreneurs. The event attracted 450,000 participants.

In 2020, the Group donated RUB 500,000 to support the employment of a financial literacy teacher at the Big Change Charitable Foundation, which helps orphans adapt to life before and after leaving the orphanage. The teacher helps support children and provide them with important lessons in managing money.

**MOEX Group's efforts in promoting gender diversity and equality**

MOEX Group believes that embracing gender diversity and equality helps to foster an inclusive culture, not only at the Group but across the community. In 2020, as part of Ring the Bell for Gender Equality, events dedicated to International Women's Day were held by 75 exchanges around the world, including Moscow Exchange.

The ceremony was attended by Malena Mard, the Ambassador Extraordinary and Plenipotentiary of Sweden to the Russian Federation, as well as women - who lead companies and banks.

**Charity and sponsorship**

In addition to its systemic philanthropy support, MOEX Group focused its 2020 charitable activities on assisting those who were affected by COVID-19. For this purpose, the Group donated RUB 100 million (the amount four times larger than the Group's 2019 corporate social responsibility budget). The programme started in May 2020 and was implemented in Moscow, St Petersburg and other regions through the year.



During the programme, more than half of the total budget was allocated to acquire equipment for hospitals nursing homes and hospices, as well as personal protective equipment for doctors and medical staff. Aid was sent to hospitals in about 40 regions, including Astrakhan, Arkhangelsk, Belgorod, Samara, St Petersburg and Tver. The Group also funded a programme called Doctors on the Frontline ('Vrachi na peredovoi') and supported an event called We Help Doctors Together ('Pomogaem vracham vmeste').

To fight the coronavirus pandemic, the Group partnered with various charitable foundations that have long-term experience in providing help to patients, including Vera Hospice Charity Fund, the Moscow City Clinical Hospital No. 52 Development Assistance Fund, Podari Zhizn Charity Foundation, Starost v Radost, Pravmir, Sozidanie and Perspektivy.

In 2020, MOEX Group cooperated with several charity foundations and volunteer movements that support orphans and children with serious illnesses, including:

- ▶ providing financial support to the Podari Zhizn Charity Foundation. The funds were used to procure Imbruvica to treat an eight-year-old boy diagnosed with acute lymphoblastic leukaemia.
- ▶ cooperating with the Strana Chudes Charitable Foundation to provide treatment for four children with cerebral palsy.
- ▶ providing financial aid to the Miloserdie Charitable Foundation to pay for the services of a practitioner psychologist for six months.

Apart from treatment, the Company strives to invest in the development of orphaned children, including by:

- ▶ supporting the Evakuatsiya programme, which assists seriously ill children from orphanages in St Petersburg and helps them find new families.
- ▶ assisting the Elizavetinsky Orphanage in paying for the services of tutor in a junior remedial group for nine months.
- ▶ financing the procurement of Mechta special chairs for children with cerebral palsy for the Ispolnenie Mechty Charity Foundation which provides support to orphanages in Tatarstan.

In 2020, Moscow Exchange Group allocated RUB 113.4 million for charitable projects.

More than one million ultimate beneficiaries received assistance as a result of the Group's charitable programmes.

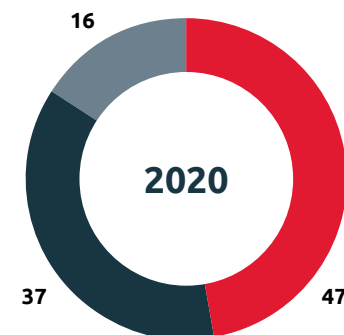
Apart from charity projects, MOEX actively engages in sponsorship activities. In 2020, Moscow Exchange allocated RUB 47.5 million for sponsorship initiatives.

In 2020 there were no community investment contributions other than charitable donations and sponsorship activities.

### MOSCOW EXCHANGE GROUP'S MAIN PHILANTHROPIC PARTNERS IN 2020 INCLUDED:

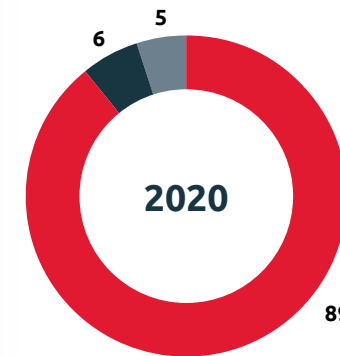
- ▶ Vera Hospice Charity Fund
- ▶ Nikitsky Club of Scientists and Entrepreneurs
- ▶ Podari Zhizn Charity Foundation
- ▶ Foundation 52 (Moscow City Clinical Hospital No. 52 Development Assistance Fund)
- ▶ Pravmir
- ▶ Sozidanie
- ▶ Starost v Radost Charity Fund
- ▶ Perspektivy
- ▶ Danilovtsy Volunteer Movement
- ▶ Miloserdie Charitable Foundation
- ▶ Pronikaya V Serdtse Foundation
- ▶ Bolshaya Peremena Foundation
- ▶ Strana Chudes Charitable Foundation
- ▶ Elizavetinsky Orphanage
- ▶ Ispolnenie Mechty Charitable Foundation
- ▶ New Economic School

### Sponsorship budget by category, %

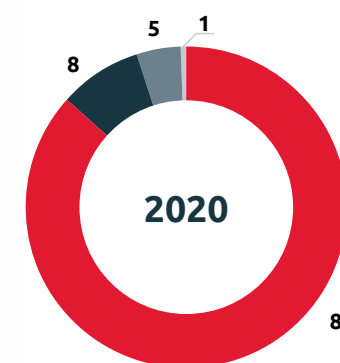


- Education and science
- Community engagement
- Sports and healthy lifestyle

### Charitable expenses by category, %



### People who received assistance from charitable programmes, %



- Healthcare, rehabilitation and care for those with disabilities/assistance to those affected by COVID-19
- Science, education and contribution to financial
- Support of veterans (including those affected by COVID-19)
- Other

### Volunteer projects in 2020:

In 2020, MOEX Group participated in several volunteering projects, including:

- ▶ Collecting portable radio sets for people under the care of the Vera Hospice Charity Fund.
- ▶ Sending office furniture to the Starost v Radost Charity Fund.
- ▶ Organising an online New Year charity fair. All funds raised at this event were allocated for the development and support of programmes and projects at the Volontery v Pomoshch Detyam-Sirotam Foundation (Due to the pandemic, the Exchange did not hold the traditional Donor Days event at the office).
- ▶ Supporting eight hospital teams from the Danilovtsy Volunteer Movement for four months. During this period, the volunteers visited Dmitry Rogachev National Medical Research Center of Pediatric Hematology, Oncology and Immunology, N. N. Burdenko National Medical Research Center of Neurosurgery, Morozov Children's Clinical Hospital, Russian Children's Clinical Hospital and Children's Psychiatric Hospital No. 6 more than 1,000 times to support children undergoing medical treatment.

### Stakeholder engagement, including partnerships and associations

#### Support for political parties and organisations

The Group did not donate to any political organisation in the reporting year. MOEX Group holds a neutral position vis-à-vis political and religious activities (with no restrictions on employees engaging in such activities in a personal capacity).

#### Engagement with Regulators on ESG

In 2020, Moscow Exchange Group was included in five working groups on ESG issues:

1. The Central Bank of Russia working group on financial instruments;
2. The Central bank of Russia working group on corporate governance and information disclosure;
3. The Central bank of Russia working group on carbon regulation;
4. Interdepartmental working group on developing investments and attracting extra-budgetary funds for sustainable development projects (chaired by Maxim Reshetnikov, Minister of Economic Development).
5. Working group on legislative and regulatory support for standardizing and verifying green financial instruments (under the State Duma Committee on the Financial Market).

#### Exchange Council and user committees<sup>1</sup>

The Exchange Council is an advisory body of the Exchange acting on a permanent basis. It was established to develop financial market and improve the Exchange's business in the interests of its users as well

1. For more details on the work of Exchange council and user committees please consult the Corporate governance system section of the Sustainability Approaches and Procedures appendix.

as to find a balance between the interests of the Exchange's shareholders and clients (trading members, financial intermediaries, investors, end users of exchange trading services) and ensure a fair relationship between all financial market participants.

- ▶ In 2020, the Exchange Council comprised of 26 members<sup>1</sup> approved by the Exchange's Supervisory Board. The Chairman of the Exchange Council is Andrey Zvyozdochkin, CEO of ATON Investment Company.
- ▶ In 2020, seven meetings of the Exchange Council were held to consider issues important to stakeholders, including assessment of satisfaction levels among MOEX clients.
- ▶ The Moscow Exchange and NSD convene 24 user committees comprised of groups of financial market participants and issuers. NSD calculates the customer satisfaction index by polling market participants, NSD's clients. In 2020, the index was 8.99 points on a 10-point scale.

#### International organisations and initiatives<sup>2</sup>

- ▶ As a member of the WFE Sustainability Working Group, Moscow Exchange Group actively participated in discussions about the objectives, practices and significant aspects of ESG focus areas where exchanges can implement recommended practices and actions to ensure that sustainability becomes integrated across the business.
- ▶ During the World Investor Week 2020 carried out by the International Organization of Securities Commissions (IOSCO), Moscow Exchange held an online ceremony as part of MOEX Home Talks devoted to financial awareness. The Ring the Bell for Financial Literacy ceremony — initiated by the World Federation of Exchanges (WFE) — was also part of this event.
- ▶ Moscow Exchange Group organised an event as part of an international Ring the Bell for Gender Equality.<sup>3</sup>
- ▶ The Group is also a member of the SSE (Sustainable Stock Exchanges) initiative whose mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organizations, can enhance performance on ESG (environmental, social and corporate governance) issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals.

#### Partnerships with universities

- ▶ In 2020, Moscow Exchange Group set up a scholarship for talented students to focus on education and fulfil their potential and a Distinguished Professorship at the New Economic School (NES). Four students currently conducting research on NES's master's degree programmes were awarded Moscow Exchange Scholarships, and a Distinguished Professorship was awarded to Anna Obizhaeva, Professor of Finance at NES.

1. The list of the Exchange Council members.  
 2. For more information on the initiatives and partnership with international organizations see 'Stakeholder engagement, incl. partnerships & associations' section in the 'Sustainability Approaches and Procedures Appendix'.  
 3. For more information on the initiative see 'MOEX Group's efforts in promoting gender diversity and equality' section of this chapter.

- ▶ In 2020, the MOEX Progress: Russian Financial Market Development student conference was held jointly with the Higher School of Economics. This conference was held as a competition between participants presenting solutions of different business cases; 30 students took part in it.
- ▶ In 2020, about 1,000 people took part in Fincontest, a specialised contest on financial markets organised in conjunction with the Financial University. Of the eight winners, three students were invited to internships at the Group companies following an additional selection.
- ▶ During the annual Novosibirsk Region Governor's Cup for Exchange Financial Market, 234 students from 24 universities in 15 Russian cities had the opportunity to learn about on-exchange instruments, try trading strategies, practice investment portfolio building and gain experience investing in financial markets. The tournament had two stages: the first stage was held under Invest Trial 2020, and the second stage was carried out during the annual Best Private Investor contest. The winners were identified in accordance with the maximum total income from operations on the equity & bond, FX and derivatives markets. All tournament winners received recognition letters from the Governor of Novosibirsk Region and Ministry of Education in Novosibirsk Region, as well as prizes from the Moscow Exchange and professional market participants.
- ▶ Other activities aimed at developing the Exchange's brand at universities included participation in career fairs (three times a year) to improve visibility of the Group's brand among students, welcome days at universities (MEPhI, Financial University, HSE, MAI), and a case championship on modern approaches to online training held together with HSE.
- ▶ In 2020, 42 students completed internships with MOEX Group, including 12 who were hired at the end of the internship period.

#### 2021 outlook

In 2021, MOEX Group plans to continue collaborating with key charitable foundations and organisations and to extend its involvement in projects promoting the Russian financial market and financial literacy. MOEX is also working on improving its charitable policy to align more significantly with the strategy.

The Group will further promote gender balance in the business environment by hosting events and participating in various initiatives concerning this important matter.



## ***Responsible investing and sustainable growth***

For the comprehensive performance metrics for 2018, 2019 and 2020, see 'Responsible investing and sustainable growth' in the Sustainability Data Appendix (p.69).

For the key policies, procedures and responsible departments, see 'Responsible investing and sustainable growth' in the Sustainability Approaches and Procedures Appendix (p.92).

The value of outstanding bonds in the Sustainability Sector increased to

**23.9 billion RUB**  
(vs 12.4 billion in 2019)

An increase of

**20.8 billion RUB**  
in value of outstanding bonds in the Growth Sector

The value of securities traded in the Innovation and Investment Market Sector increased to

**280 billion RUB**  
(vs 58 billion in 2019)

Launch of first

**2** Russian law ESG ETFs

As sustainable finance becomes increasingly mainstream, and as the achievement of SDGs becomes ever more pressing, most exchanges already consider sustainability as a strategic goal. The mobilisation of finance is central to what exchanges do and the existence of well-functioning exchanges can, therefore, contribute to economic growth and **development**. As the Sustainable Stock Exchanges initiative has declared, stock exchanges can play an important role to enable innovative financing mechanisms and promote a reorientation of financial markets through improved corporate sustainability **reporting**.

As a member of Sustainable Stock Exchanges, MOEX Group has incorporated the global trend toward responsible investing into its market environment. The Group sees responsible investment as an approach that explicitly acknowledges the relevance of ESG factors and long-term health and stability of the market as a whole to the investor. Responsible investment recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental, and economic **systems**.

On a regular basis, Moscow Exchange together with its issuers discuss feedback on new MOEX ESG products as part of the work of Bond Issuers Committee and find mutual solutions to improve services provided by MOEX.

MOEX Group supports sustainable growth and financial stability while ensuring the fair treatment of shareholders and other **stakeholders**. This section demonstrates what the Group does to foster sustainable growth and how it facilitates responsible investing through green bonds, ESG funds and other products.

## 2020 highlights

### ESG bonds

Since 2019, Moscow Exchange Group has had a Sustainability Sector for financing environmental and social sustainability projects. The sector consists of three independent segments: green bonds, social bonds and national projects. To be admitted, an issuer must establish the specific purpose of their offering in a prospectus, issue an annual report on the bona fide use of the funds and submit to an external review confirming that the bond complies with the standards on green or social issuance.

### MOEX GROUP CORPORATE GOALS RELEVANT FOR THIS FOCUS AREA AND SET IN LINE WITH UN SDG TARGETS

- ▶ SDG 8.3, 9.3 Increase growth opportunities and access to financial markets for small and medium-sized enterprises (SMEs)
- ▶ SDG 8.10 Develop a financial infrastructure for access to capital markets, and promote the development of a local investor base
- ▶ SDG 9.b Increase growth opportunities and access to financial markets for companies developing innovative products
- ▶ SDG 9.1 Increase access to financial services for retail investors
- ▶ SDG 12.6, 12.8 Improve the quality and quantity of ESG information disclosed by issuers
- ▶ SDG 12.6, 13.3 Develop instruments to promote responsible investment

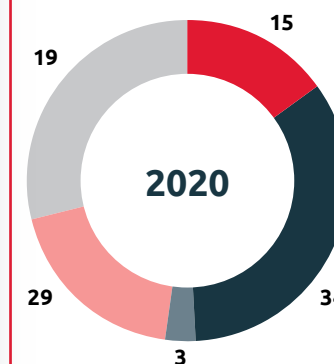


**Igor Marich**  
 Managing Director for Sales and Business Development



Meeting ambitious global goals to avoid the worst effects of climate change requires a transition to green and sustainable financial markets. Moscow Exchange plays a central role in Russia in making this transition happen; but the Exchange cannot accomplish this in isolation. In 2020 we continued to work in partnership with a range of stakeholders, including investors, issuers, index providers, standard setters, regulators, and policymakers. This work resulted in the growth of ESG bond trading volumes and the launch of new ESG indices and ESG ETFs.

MOEX-RSPP Responsibility and Transparency Index disclosed indicators disclosed by topics, 2020, %



- Economy
- Society (personnel)
- Society (community)
- Environment
- Governance

In 2020, seven new securities were included in the Sustainability Sector. By the end of the year, there were 13 ESG bonds. Amount of bonds outstanding in the Sustainability sector increased to RUB 23.9 billion.

### ESG market data, including indices

In collaboration with the Russian Union of Industrialists and Entrepreneurs (RSPP), MOEX Group operates a daily tracking of Russia's first sustainability indices: The Responsibility and Transparency Index and the Sustainability Vector Index. The Responsibility and Transparency Index is based on 23<sup>1</sup> stocks (up from 22 in the previous year), while the Sustainability Vector Index is based on 20 stocks (up from 15 in 2019).

In May 2020, the Executive Board approved a new methodology for calculating the MOEX ESG Indices. The updated methodology includes the new MOEX-RSPP Sustainability Vector Total Return Index, which is calculated on the basis of the constituents, values and parameters from the MOEX-RSPP Sustainability Vector Index, taking dividends from the constituents into account.

In December 2020, RSPP announced the inclusion of MOEX (starting January 2021) into both indices: The Responsibility and Transparency Index and the Sustainability Vector Index.

### ESG ETFs

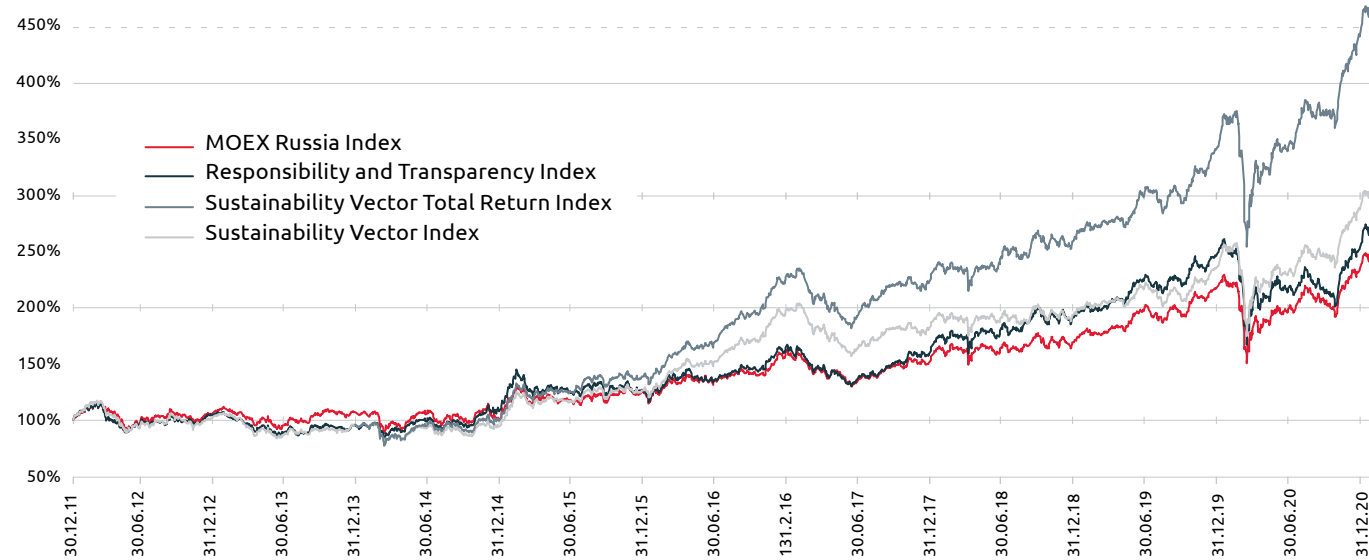
In 2020, Moscow Exchange Group launched two Russian law ESG ETFs managed by RSHB Asset Management and Sberbank Asset Management. Both ESG ETFs are based on the MOEX-RSPP Sustainability Vector Index.

On 29 June 2020, a new RSHB managed ETF began trading and was the first in Russia to be ranked at BBB by the **RAEX-Europe ESG Rating**. In the last quarter of 2020, the ETF also received the highest profitability score (+17.69%) in the **Investfunds ranking**.

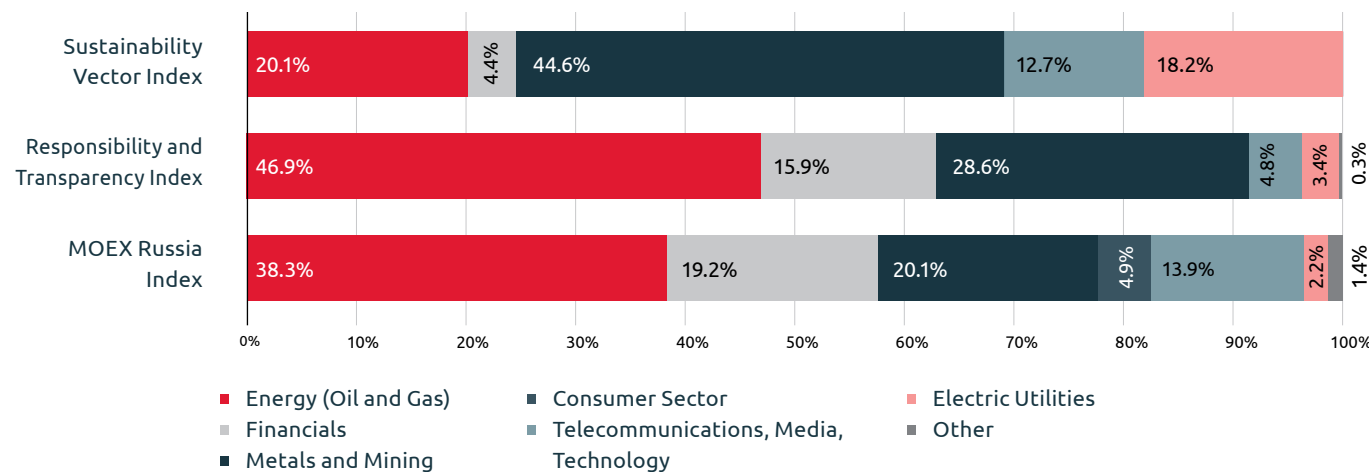
As for 'Sber – Responsible Investments' ETF, it began trading on 24 September 2020.

1. As of 30 December 2020.

Performance of the indices, 2011–2020, %

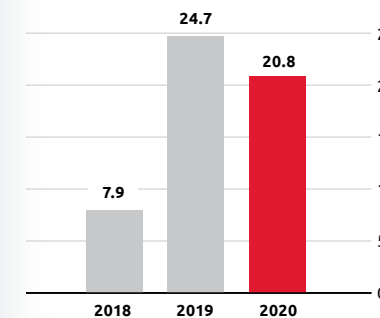


Index structure by industry, %<sup>1</sup>

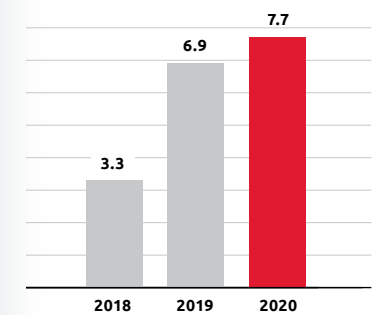


1. As of 30 December 2020.

Volume of bonds placed in the Growth Sector, RUB billion



Secondary trading volumes in the Growth Sector, RUB billion



SME segment

Since 2017, MOEX Group has worked on the Growth Sector project in cooperation with the Central Bank of Russia and a number of other partners, including the Ministry of Economic Development of the Russian Federation, the SME Corporation and the SME Bank. The purpose of the project is to help the most promising small and medium businesses raise capital (more information is available in the Sustainability Approaches and Procedures Appendix) (p.69).

In 2020, securities of 20 issuers were included in the Growth Sector, including 12 SMEs. The total volume of bonds placed in the Growth Sector in 2020 amounted to RUB 20.8 billion, including RUB 6.4 billion issued by SMEs.

In November 2020, MOEX Group began calculating a new indicator, the Growth Sector Bond Index. The calculation includes 14 bonds from the Growth Sector.

As a COVID-19 related support measure, MOEX Group has annulled the fee it levies on small and medium enterprises for bonds listings. Moscow Exchange Group has acted to simplify the access of small and medium-sized companies to the bond market (bond issuers with an offering of up to RUB 400 million).

MOEX Growth Sector is supported by a programme for SME issuers provided for by [Russian Government Decree No. 2374](#) of 30 December 2020. The programme grants subsidies to reimburse the costs that SME issuers incur when paying remuneration under agreements on placing equities or bonds and credit rating agreements.



As part of the national Small and Medium Enterprises Project, Growth Sector issuers have access to other forms of support. By the end of 2020, the Ministry of Economic Development of the Russian Federation had provided subsidies of RUB 124.2 million on paid interest income for 18 bond issues, while the SME Bank had provided anchor investments of RUB 1.28 billion for 10 bond issues.

In 2020, MOEX Group and the Moscow School of Management SKOLKOVO launched a new educational project, the Capital Raising Academy. The Academy is intended to facilitate knowledge sharing among private company owners and senior managers and to help them become more skilled in fundraising, including through Equity & Bond Market instruments.

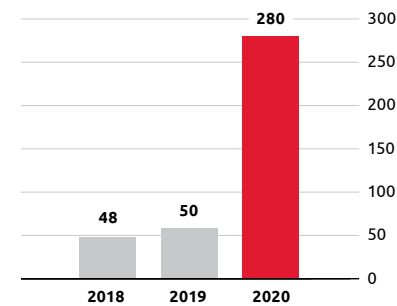
**Innovative segment**

Moscow Exchange Group provides access to the Innovation and Investment Market (IIM), whose main objective is to help attract investments to innovative companies.

In 2020, nine new securities were placed on the IIM. In total by the end of 2020, there were 23 securities on the IIM, including seven shares and depositary receipts, 13 bonds, two venture capital funds and one ETF.

The aggregate volume of trading in IIM securities (excluding REPO) in 2020 amounted to RUB 280 billion (an increase of 385% compared to 2019).

Total trading volume in IIM securities, RUB billion



**Vladimir Gusakov**

*Managing Director for Government and Issuer Relations*



Moscow Exchange plays a central role in providing the infrastructure to attract financing for sustainable development projects. We do our best to assist government agencies in developing policies and incentives for market participants. It is also crucial for us to help issuers navigate the ESG landscape and meet the ever-rising expectations of the investor community. We will launch an ESG best practice guide in summer 2021 to assist issuers with the development of their ESG management practices and reporting.

**2021 outlook**

In 2021 and on the horizon of strategy through 2024, the Group is planning to extend its offerings of sustainability-linked products and services to address environmental and social challenges — including ESG indices and market data, ESG bonds, ESG ETFs, derivatives on sustainability indices as well as to develop new instruments to promote responsible investment.

In the Growth Sector, MOEX Group will continue working on improving SME access to finance and enabling growth in the sector. Measures will be taken to improve the number of SMEs in the Growth Sector as well as to increase trading volumes and the amount of capital raised.

Moscow Exchange Group is also interested in developing the Innovation and Investment Market by expanding growth opportunities and providing better access to financial markets for companies developing innovative products. MOEX has set goals to attract more companies to the IIM as well as to improve financial performance of IIM Sector as a business unit.

# *Environment of respect and empowerment*

For the comprehensive performance metrics for 2018, 2019 and 2020 see 'Environment of respect and empowerment' in the Sustainability Data Appendix (p.71).

For the key policies, procedures and responsible departments, see 'Environment of respect and empowerment' in the Sustainability Approaches and Procedures Appendix (p.98).

Excellent perception of MOEX as an employer by several employer ratings

Decrease in voluntary staff turnover down to

**8%**

(vs 11% in 2019).

The vast majority of employees

**84%**

participated in professional educational programmes and training sessions (vs 70% in 2019)

A higher than global exchanges peer group average share of women in the total workforce of

**45%**

A new long-term incentive programme for 2021–2025 was approved by the Supervisory Board of Moscow Exchange

It is increasingly accepted that a mix of skills and expertise, coupled with diversity across aspects such as gender, age and ethnicity, support effective leadership and general work performance. Many exchanges are already free from discrimination, although more work is to be done. It is crucial to ensure that today's workforce is respected and trusted. Exchanges must do their part in providing meaningful employment and a healthy work environment. Incorporating knowledge, expertise and experience of relevant social and environmental matters at the governance and leadership level can add further depth and help the exchange integrate sustainability considerations across its business strategy, risk management and operations.

This part covers MOEX Group's initiatives to support a diverse, safe and professional workplace environment, especially its work in investing in corporate education, connecting with universities and stimulating employee awareness of sustainable development.

### 2020 highlights:

In 2020, Moscow Exchange Group ranked high in two employer ratings for students and young professionals:

- ▶ **Changellenge Best Company Award 2020** (rating of employers among the most active audience of students and graduates of the top 30 Russian universities).
  - ▶ ranked second in the rating of the best employers in the financial investment industry;
  - ▶ ranked 23rd in the top 100 companies to start a career according to business students;
  - ▶ ranked among the top 50 companies to start a career according to IT students;
  - ▶ included in the list of the best employers according to students of the Financial University and leading universities in the Urals and Siberia.
- ▶ **Best Employers of 2020** according to *Future Today* employer rating. The Group ranked among the top three financial investment companies for young professionals and among the top thirty Russian employers among students.

For the third time in a row, Moscow Exchange Group was ranked among the Forbes Best 500 Employers.

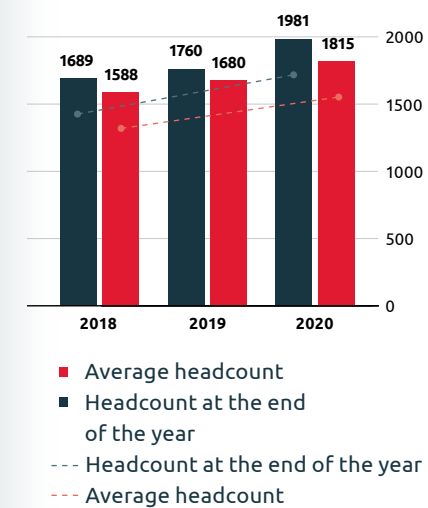
In 2020, Moscow Exchange Group adopted the following HR technology solutions:

- ▶ Automation of applications for new employees;
- ▶ Automation of the collection of information from prospective employees for security checks;

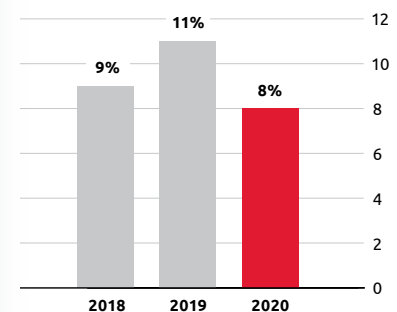
### MOEX GROUP CORPORATE GOALS RELEVANT FOR THIS FOCUS AREA AND SET IN LINE WITH UN SDG TARGETS

- ▶ SDG 4.4 Develop employees' professional and technical skills
- ▶ SDG 4.7 Train employees for effective management of sustainability within the Company
- ▶ SDG 5.5 Ensure gender balance in the Company
- ▶ SDG 8.5, 8.6, 8.7, 8.8 Ensure decent working conditions for employees

Moscow Exchange Group's headcount, people



Voluntary staff turnover<sup>1</sup>, %



- ▶ Automation of the appointment of mandatory briefings for employees;
- ▶ Online scoreboard on vacancies for hiring managers;
- ▶ Finalisation of the adaptation route for new employees based on Websoft (MOEX Progress);
- ▶ Automation of the recruitment process (submission and approval of an application for recruitment, communication between recruiter and managers).

### Employee engagement and performance

MOEX Group's headcount increased in 2020. Voluntary staff turnover dropped to 8% in 2020 from 11% in 2019. During the current reporting period and the last 3 years, the Company has not experienced any large-scale or significant job cuts affecting more than 1000 employees or more than 5% of the total workforce.

To monitor employee engagement and to improve performance, the Group conducted an annual comprehensive survey in which 86% of employees took part. The results on involvement, loyalty and satisfaction were higher than comparable results at most other companies based on the benchmarks for IT and banking industry. The survey identified key areas for improvement. Focus groups are being held to create a plan to improve performance.

In addition, in the early days of the COVID-19 pandemic in February 2020, the Moscow Exchange Group began compensating loss of income to employees who took time off for illness, regardless of the cause.

In 2020, the Supervisory Board of Moscow Exchange approved a new long-term shares-based incentive program for 2021-2025 to retain key personnel and ensure that they remained focused on the long-term business development of the entire Group.

### Learning and development

Due to COVID-19, MOEX Group had to convert most training materials and operations to online formats for those working remotely, including webinars for beginners and trainees as well as remote courses with external and internal trainers and coaches aimed at developing soft and hard skills. As a result, attendance increased twofold from 4,000 to 8,000 during the year. In addition to mandatory courses, the catalogue offered more soft skill development courses. The Exchange also optimised modules that had been previously delivered in the classroom and transformed them into e-learning courses. Overall, in 2020, employees participated in various educational programmes and training sessions.

1. Analyzing the reasons for the voluntary staff turnover, the Company takes appropriate measures to prevent such situations in the future.

In order to ensure a uniform information environment and to assist employees in the first days of the lockdown, the Group launched an online digest where it published news about the virus and how to protect oneself, expert advice on how to stay efficient working remotely and links to open online events such as webinars, lectures, conferences and courses.

Changes in work arrangements during the pandemic led to new challenges and pushed the Exchange to update and reconsider key approaches. To this end, workshops for strategically important divisions were organised. The lack of face-to-face communications was compensated by “conversation” projects (“Simple Things”, “Let’s Talk about IT”) where employees get together and discuss relevant topics as before in the office hallways. To facilitate communications and meetings, two master classes were arranged on Teams.

Since 2019, the Group successfully run its mentoring programme to support young talents. In 2020, seven mentors and nine trainees took part in the cross-functional internship programme.

In 2020, MOEX Group has conducted a learning programme for its employees on sustainable development management within the Group’s ‘GREAT’ focus areas: occupational safety trainings, trainings on information security, training on anti-corruption policies and methods, including topics related to business gifts and conflicts of interest, trainings on risk management.

### Inclusion and diversity

Employees are the driving force for the sustainable growth of the Group. Therefore, diversity and inclusion are valuable resources for the company. In order to estimate the Group’s position in terms of gender diversity and see the wider picture in the industry, a benchmarking analysis was conducted. Percentage of women on the Board, percentage of women in senior management and percentage of women across the workforce served as benchmarks.

As for Board diversity, the Group keeps in line with CBR’s Recommendations on board of directors composition and succession of Russian public joint stock companies, in particular with [gender diversity principle](#).

For the first time, Moscow Exchange Group calculated the ratio of women leading the business units generating profit for the company (front office), which amounted to 31.3% in 2020, to prepare and design better policies embedding the principle of gender equality into the company’s HR activities.



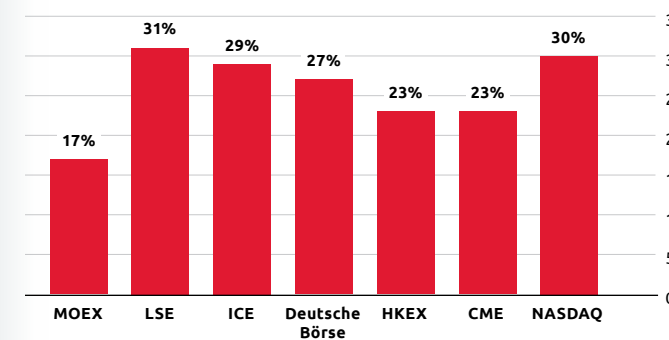
**Oleg Viyugin**

*Chairman of the Supervisory Board*

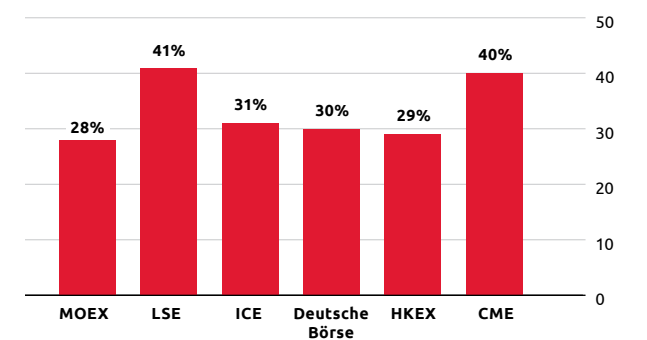


Gender equality is not only a fundamental human right but also essential for achieving peace, prosperity and sustainable development. Thanks to the measures we have adopted to ensure the principles of equality and non-discrimination, Moscow Exchange has achieved outstanding results while contributing to the development of the Russian financial market.

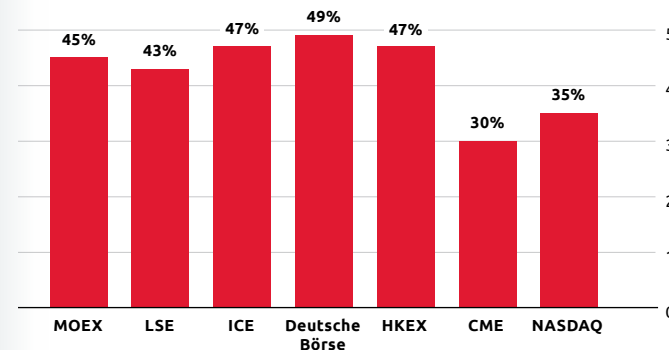
Women on the Board<sup>1</sup>, %



Women in senior management<sup>1</sup>, %



Women across the workforce<sup>1</sup>, %



The ratio of women among all employees fell from 47% to 45% due to active hiring at the Group’s IT-related business units (traditionally, women account for a much lower share of IT specialists on the Russian market), which was driven by the need to maintain services remotely during COVID-19 restrictions. The Personnel and HR Policy Department has been tasked with taking steps to ensure the balanced representation of men and women in the company.

In 2020, the average salary (plus bonuses) of specialists and lower grade workers was 3.6 times above the minimum wage established in Moscow on 1 January 2020.

A number of initiatives have been developed to help retiring age employees complete their careers.<sup>2</sup> In 2020, one employee went through the Silver University programme and retired.

1. The data is given for 2020 for MOEX Group and 2019 for the other exchanges. Based on publicly available exchanges reporting.
2. For more information about the initiatives see the ‘Environment of respect and empowerment’ in Sustainability Approaches and Procedures Appendix (p.71).

## Occupational health, safety and wellbeing

In 2020, MOEX Group increasingly focused on precautionary measures to minimise risks to employee health and well-being during the COVID-19 pandemic. The Group followed all Russian regulations and took additional measures to make in-office and remote work more comfortable:

- ▶ The Group's employees who visited the offices were provided with hand sanitizers, disposable gloves, personal thermometers and medical grade face masks.
- ▶ Air decontamination units were acquired.
- ▶ A temperature check terminal was installed at the entrance to the offices.
- ▶ Waste bins for medical face masks and disposable gloves were installed in the offices on.
- ▶ Social distancing marks were drawn in the common areas (lift halls, entrance areas, mini-kitchens, etc.)
- ▶ Premises were disinfected every day to prevent the spread of COVID-19.
- ▶ All employees working in the office were tested for COVID-19 and for COVID-19 antibodies two times a week and once a month, respectively.

In April 2020, the occupational health and safety management system was audited. No issues were identified. The audit included procedures to obtain evidence confirming compliance with Russian legislation and regulations. The audit was performed by the Institute of Breakthrough Technologies (an independent non-commercial organisation).

Moreover, in 2020, a special assessment of working conditions was carried out at 111 NCC workplaces and 847 MOEX workplaces and showed that no harmful or dangerous factors were identified. Working conditions were recognised as acceptable.

In 2020, the Group also filmed an interactive video course on occupational safety. The mandatory course highlights key aspects of occupational safety that all Group's employees should always bear in mind.

MOEX Group supports its employees and invests in their wellbeing. In 2020, the Exchange assisted a former employee in paying RUB 300,000 for surgery preparation, surgery and rehabilitation to mitigate the effects of Parkinson's disease. By decision of the Social Affairs Commission, two employees of Moscow Exchange as well received targeted support (RUB 2,244,036).

In April 2020, the occupational health and safety management system was audited. No issues were identified.

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



**Anton Zhigalov**

*Head of Sustainability*



Sustainability at Moscow Exchange depends to a large extent on our employees. It is crucially important for us to create a healthy and supportive environment in which employees can grow. The Exchange's employees possess unique skills that are highly valued. In 2020, we worked hard to create cross-functional links and competencies across the company to develop sustainability at the Exchange.

## 2021 outlook

In the coming years, MOEX Group will continue to provide and further improve decent working conditions for its employees. The Group will revise its employee recruitment policy to update the process and include non-discrimination provisions for job applicants.

In 2021, the Group plans to hold several events to develop its brand, including a hackathon for students with technical backgrounds as well as master-class programmes and seminars at leading universities in Moscow.

The training strategy for 2021 includes several approaches:

- ▶ Development of corporate competencies available to all company employees regardless of position or length of service;
- ▶ Local trainings for functions to execute the company strategy;
- ▶ Online distance learning;
- ▶ Team sessions.

In addition to compulsory seminars and trainings, the Group plans to introduce quarterly training and quests on occupational health and safety, fire safety and first aid on a voluntary basis for all employees regardless of position (assuming that fewer employees will be working remotely).

Moscow Exchange Group will further educate its employees on sustainable development issues and help them develop skills to become competent in this field.





## *Advanced governance and responsible business practices*

For the comprehensive performance metrics for 2018, 2019 and 2020 see 'Advanced governance and responsible practices' in the Sustainability Data Appendix (p.76).

For the key policies, procedures and responsible departments see 'Advanced governance and responsible practices' in the Sustainability Approaches and Procedures Appendix (p.106).

**100%** of the Audit Committee and Nomination and Remuneration Committee members and

**67%** of the Supervisory Board members are independent directors (vs 58% in 2019)

A higher than national average share of the Supervisory Board members of Moscow Exchange of **17%** are women

A major share of procurement of **95.5%** is from local suppliers based in Russia

**0** incidents of corruption or Code of Professional Ethics violations in 2020

A new Code of Professional Ethics released in 2020 covers more sustainability related topics

For this focus area, Moscow Exchange Group has chosen SDG 12.6, 13.3 and 4.7 as most relevant where MOEX can make a difference. As in the previous area, MOEX Group sees its greatest impact in how it works with the business environment and issuers on promoting sustainable development and spreading knowledge on best practices and approaches to fight pressing world problems. A separate important aspect that MOEX emphasises in its work is SDG 5.5 (promoting gender equality) both within MOEX Group and in the broader business environment.

Governance at stock exchanges is increasingly about exercising ethical and effective leadership, providing strategic vision and overseeing performance. Strong governance, prudent risk management and a healthy corporate culture provide the necessary foundation for workers to manage a variety of day-to-day activities successfully.

Principle 5 of the WFE Sustainability Principles calls that exchanges to establish effective internal governance as well as operational processes and policies to support their sustainability efforts. The governing body of the exchange should be aware of and informed about sustainability trends and business practices. Strategic decisions have to be made in due consideration of sustainability priorities, so the Supervisory Board's involvement is crucial here.

To deliver long-term value, ensure business growth and provide job security, Moscow Exchange Group has to implement responsible management approach. With the active involvement and oversight of the MOEX Supervisory Board, sustainability is incorporated across the structure and mandates of the governing bodies.

MOEX Group adheres to practices that enable the integration of sustainability in its strategic vision. In this section, the company shares information about the business practices that help to ensure sustainable development within its scope.

## 2020 highlights

### Corporate Governance

#### General Meeting of Shareholders

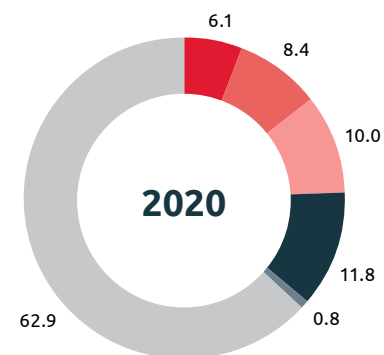
An important feature of the ownership structure of Moscow Exchange is its neutrality, which is characterised by:

- ▶ the absence of a controlling shareholder or of any shareholders owning more than 12%;
- ▶ a high free float (more than 60%).

### MOEX GROUP CORPORATE GOALS RELEVANT FOR THIS FOCUS AREA AND SET IN LINE WITH UN SDG TARGETS

- ▶ SDG 5.5 Ensure gender balance in the Company
- ▶ SDG 5.5 Promote gender balance in the business environment
- ▶ SDG 12.6, 13.3 Increase companies' awareness of sustainability trends, standards and best practices
- ▶ SDG 4.7 Train employees for effective management of sustainability within the Company

Ownership structure of Moscow Exchange as of 31 December 2020, %



- European Bank for Reconstruction and Development
- VEB.RF
- Sberbank
- Central Bank of Russia
- MICEX-Finance
- Free-float



Anton Terentiev

Head of Investor Relations



We are observing a continued increase of ESG-related enquiries from investors. The focus is not only on ESG data, but also on the procedures and approaches that Moscow Exchange employs in the area of sustainability. The company's next steps in the ESG journey are also of interest to investors. This means the Exchange needs to remain proactive on sustainability matters. It's a pleasure to realize that rapid development of sustainability at Moscow Exchange equally benefits the company, our investors and the financial markets more broadly.

# 100%

of the Audit Committee members are independent directors.

# 100%

of the Nomination and Remuneration Committee members are independent directors.

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

In accordance with the Moscow Exchange charter, each share guarantees the right to one vote at the General Meeting of Shareholders. Starting from 2020, shareholders of Moscow Exchange (individuals and legal entities) may participate in the AGM by completing electronic voting ballots using the E-voting platform, via the registrar STATUS's online Shareholder Account platform or by sending a hard copy ballot by post. To see more information about the decisions made at AGMs, please see Moscow Exchange's 2020 Annual report or visit the [Moscow Exchange website](#).

### Supervisory Board

In order to comply with corporate governance requirements set forth in the Listing Rules and to ensure the fullest possible compliance with the Corporate Governance Code of the Central Bank of Russia, the following actions were taken in 2020:

- ▶ Eight independent directors were elected to the 12-member Supervisory Board<sup>1</sup>;
- ▶ Compliance with the independence criteria established by the Listing Rules was confirmed for all independent directors;
- ▶ An independent director was elected to act as the Chair of the Supervisory Board;
- ▶ Only independent members of the Supervisory Board were included in the Audit Committee and the Nomination and Remuneration Committee;
- ▶ Four out of five committees of the Supervisory Board were chaired by independent directors;
- ▶ Information technology experts were also invited to participate in the Technical Policy Committee;
- ▶ The Supervisory Board held 24 meetings from 1 January to 31 December 2020 (including five in-person meetings);
- ▶ 16.7% of the Supervisory Board of the Moscow Exchange are women, which is 6.3% higher than the average for the Russian Federation. Moscow Exchange prohibits discrimination based on gender, race and other grounds when appointing a person to its governing bodies.

For preliminary consideration and preparation of recommendations for decision making, the following committees were set up under the Supervisory Board in 2020:

- ▶ Strategy Planning Committee;
- ▶ Audit Committee;
- ▶ Nomination and Remuneration Committee;
- ▶ Technical Policy Committee;
- ▶ Risk Management Committee.

1. For details consult Moscow Exchange Annual Report 2020.

## Information on Supervisory Board committees

Committee	Key goals	Chair	Members	Number of meetings
<b>Strategy Planning Committee</b>	Improving the efficiency of the Exchange and its subsidiaries through the 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.	Paul A. Bodart	Ramon Adarraga Maxim Krasnykh Oskar Hartmann Oleg Viyugin Andrey Golikov Dmitry Ereemeev	8
<b>Audit Committee</b>	Ensuring that the Moscow Exchange Supervisory Board is efficient in resolving issues related to control of financial and operating activities, including auditor's independence and absence of conflict of interest assessment, as well as evaluation of the audit of financial reporting of the Exchange.	Maria Gordon	Paul A. Bodart Alexander Izosimov Ramon Adarraga	10
<b>Nomination and Remuneration Committee</b>	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.	Alexander Izosimov	Oleg Viyugin Maria Gordon Maxim Krasnykh	13
<b>Budget Committee (The Budget Committee was discontinued under the decision of the Supervisory Board dated 29 April 2020)</b>	Exercising control of the Moscow Exchange Supervisory Board over the formation and expenditure of funds intended for financial support of the Group.	Andrey Golikov	Mikhail Bratanov Maria Gordon	6
<b>Technical Policy Committee</b>	Development and improvement of the performance 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 the development of information technology and software.	Vadim Kulik	Dmitry Ereemeev Vladimir Kurlyandchik Kirill Menshov Yury Yartsev Maxim Krasnykh Oscar Hartmann	5
<b>Risk Management Committee</b>	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	Vadim Kulik Valery Goreglyad	12

## Remuneration of the members of the Supervisory Board in 2020, RUB thousand

	2020				2019		2018	
	Basic remuneration	Supplementary remuneration	Total remuneration including indexation, currency revaluation and attendance	Reimbursement of expenses	Remuneration for participation in management bodies of subsidiaries	Total amount of all payments and compensations	Total amount of all payments and compensations	Total amount of all payments and compensations
<b>Ilya Bakhturin</b>	5,000	1,500	6,697	0	0	6,698	0	0
<b>Paul Bodart</b>	7,500	3,000	9,902	0	5,667	15,569	5,820	5,302
<b>Mikhail Bratanov</b>	7,500	6,750	14,683	0	5,049	19,732	10,867	3,500
<b>Oleg Viyugin</b>	7,500	11,500	19,578	0	5,049	24,627	17,800	14,101
<b>Andrey Golikov</b>	5,000	12,500	18,032	0	8,076	26,108	20,029	17,944
<b>Maria Gordon</b>	7,500	6,750	14,683	433	0	14,726	8,331	8,019
<b>Valery Goreglyad</b>	0	0	0	0	0	0	0	0
<b>Yury Denisov</b>	0	0	0	116	0	116	16,712	15,562
<b>Dmitry Ereemeev</b>	7,500	3,000	10,433	0	0	10,433	0	0
<b>Bella Zlatkis</b>	5,000	0	5,152	0	6,904	12,056	8,750	8,750
<b>Alexander Izosimov</b>	7,500	6,750	14,683	696	0	15,379	9,321	0
<b>Reiner Riess</b>	7,500	5,250	14,638	56	0	14,694	10,214	14,591

### Performance assessment of the Supervisory Board and its committees

In 2020, an annual internal self-assessment of the Supervisory Board was conducted to monitor the changes in the work of the Supervisory Board and its committees and to identify the priority areas for the next corporate year. The assessment was conducted using an online platform to ensure the anonymity of the Supervisory Board members, increase the credibility of the system and provide freedom to express substantive criticism. Eight directors participated in the self-assessment, ensuring that the responses to the questions were sufficiently representative.

#### Assessment results

Most of the questions related to the practices of the Supervisory Board received a positive assessment from the Supervisory Board members.

- ▶ Absolutely all assessment participants acknowledged that Supervisory Board meetings are held in a proper location with a sufficient number of attending directors and that the materials for the meetings are provided using modern technology.
- ▶ Participants unanimously praised the Supervisory Board members' compliance with the confidentiality policy regarding the appropriate use of information that becomes available to the Supervisory Board members.
- ▶ There was a general acceptance of the Supervisory Board's practices for monitoring the work of the Chairman and members of the Executive Board, as well as the assessment of their performance at least once a year, and decision making regarding senior management, including appointments and terminations, remuneration and benefits.
- ▶ The assessment confirmed that regular meetings are held with the company's external independent auditor selected with the involvement of the Supervisory Board. The auditor's findings are properly reviewed to ensure timely and regular provision of reliable reporting on the company's financial results to regulators in accordance with accepted accounting and financial reporting principles.
- ▶ The participants were unanimous in their high opinion of the Supervisory Board's practices for monitoring operational and financial performance, as well as for approving significant company policies and procedures, monitoring compliance and making significant changes to existing corporate policies.
- ▶ The active involvement of independent directors was confirmed. Independent directors are well informed and prepared for the Supervisory Board meetings and actively take part in the meetings, and the number of independent directors is sufficient for an objective consideration of the issues within the competence of the Supervisory Board.
- ▶ The Chairman of the Supervisory Board received overall high praise. He actively participates in the meetings and company events within and outside of the Supervisory Board and increases the quality and value of the Supervisory Board meetings.

At the same time, the self-assessment highlighted:

- ▶ the need to pay more attention to risk management issues;
- ▶ the need to increase the resources provided by the company to develop the competencies and skills of directors;
- ▶ the need to increase, on an ongoing basis, directors' awareness of how their colleagues are improving their skills and knowledge and awareness of the company;
- ▶ the need to increase directors' interaction with middle management;
- ▶ the need to reduce the length of the Supervisory Board meetings.

### Executive Board

#### Composition of the Executive Board as of 31 December 2020

No.	Full name	Title
1	Yury Denisov	Chair of the Executive Board
2	Maxim Lapin	Member of the Executive Board and Chief Financial Officer
3	Igor Marich	Member of the Executive Board and Managing Director for Sales and Business Development
4	Dmitry Shcheglov	Member of the Executive Board and Chief Operating Officer
5	Andrey Burilov	Member of the Executive Board and Chief Information Officer
6	Alexey Khavin	Member of the Executive Board and Managing Director for International Cooperation and Global Markets

#### Remuneration of the Executive Bodies of Moscow Exchange

The main elements of remuneration to the members of the Executive Board in 2020 were:

- ▶ a fixed salary;
- ▶ a variable component including a short-term component (annual bonus) and a long-term component (share-based remuneration as part of the long-term incentive program);

The short term variable compensation component relies upon an annual approval of key performance indicators, which include general corporate and individual key performance indicators. In 2020, the ratio of general corporate and individual key performance indicators was 40% to 60%. In 2021, the ratio of general corporate and individual key performance indicators will be 50% to 50% to increase the emphasis on corporate results and ensure stronger motivation. Starting from 2020, corporate goals are individual for the Chair of the Executive Board, so they account for almost 100% of his goals.

In order to encourage personal responsibility, the MOEX Supervisory Board applies the practice of deferring a portion of the bonus based on the timing of financial and other results of management activities, including potential reduction or cancellation of a portion of a deferred bonus for failure to obtain a positive result in the relevant line of business. 60% of the approved bonus for 2020 will be paid out in 2021, and 40% is planned to be paid out with a deferral in equal instalments within one or two calendar years (20% within one calendar year and the remaining 20% within two calendar years).

To provide incentives to the members of the executive bodies, align their interests with those of the Group’s shareholders and link remuneration to long-term performance, the Group has adopted a share-based long-term incentive programme. In July 2020, a new programme — in which eligibility for shares is vested in stages — was launched.

**Remuneration and compensation paid to the members of the Executive Board in 2020, RUB thousand**

Kind of payment	Amount of payment
Remuneration paid separately for participation in the work of the Executive Board	0
Salary	143,641
Bonuses	131,197
Commission fee	0
Remuneration for participation in the work of the management body of the subsidiary	0
Reimbursement of expenses	0
Other types of remuneration	18,460
<b>Total</b>	<b>293,298</b>

**Further development of the corporate governance system**

In 2020, based on the results of a self-assessment, the Supervisory Board identified the following key priority issues:

- ▶ approving the target and maximum risk appetite of the Moscow Exchange Group;
- ▶ setting the rules for coordinating with the NCC;
- ▶ approving a metric to track the execution of the strategy and business plan.



**Irina Grekova**

*Managing Director for Compliance and Business Ethics*



As a company using cutting-edge technologies and as an essential part of Russia’s financial market infrastructure, we constantly face new challenges; how we address those challenges shapes the future of many citizens’ lives as well as the future of a variety of organisations associated with the financial sector. Being fully aware of our responsibility, in 2020 we updated the Financial Markets Code of Ethical Conduct, where we define the standards of professional ethics in the company, designed to help employees make informed and effective decisions both in their daily work and in non-standard and high-risk situations.

In 2020, no significant corruption risks were detected at MOEX Group companies. There have been no confirmed cases of business ethics breaches or corruption in the past three years.

In the reporting year, seven messages were received on the special email address designed for prompt notification about possible corruption and breaches of business ethics (three anonymous requests about employee performance and engagement (43%), two anonymous suggestions about technical and IT aspects (28.5%), and two anonymous messages were about ethics and compliance (28.5%)). The Internal Control and Compliance Department analysed all of them and appropriate measures were taken.

**Business ethics and anti-corruption**

In 2020, unified approaches were adopted across the Group to combat corruption, including:

- ▶ Internal Control Rules to ensure AML/CTF compliance of the platform operator and to prevent, identify and terminate inappropriate use of insider information
- ▶ updated Anti-Corruption Policy;
- ▶ updated Whistleblowing Rules;

The Group has prepared a new Code of Professional Ethics that will come into force in 2021 (approved by the Executive Board and the Supervisory Board in March 2021). It is based on an analysis of Russian and international best practices with the inclusion of several new provisions and principles, in particular from the ESG and sustainable development perspective. The Code’s development process was designed to engage all employees to share their feedback and comments. As a result, 97% of the staff supported the final version of the Code.

For ease of use, the Code of Professional Ethics is publicly available on the company’s website, and will be issued in 2 languages: Russian (local language) and English.

The Group has launched the Speak Up! Portal in Russian and English for its employees for submitting anonymous concerns about compliance issues as well as for receiving anonymous feedback (those who submit their complaints receive a link where they can then view the response). MOEX Group is committed to the principle of protecting those who have reported issues on Speak Up! hotline.

For external persons, contacting Speak Up is available through the [Group’s website](#). The rules for reporting harassment incidents and violations have also been updated.

The frequency and procedures for disclosing information regarding calls received by the hotline are reported annually in the Group’s sustainability report.

Additionally, the Group took the initiative to launch a compliance ambassadors programme for active employees interested in self-development and in improving compliance procedures. As part of this activity, the Group conducts training sessions for ambassadors where changes related to compliance culture are discussed and where attention is given to initiatives about compliance and ethical behaviour.

- ▶ In 2019, at the request of Moscow Exchange Group, an external audit was conducted to review the maturity of the Group’s system for managing compliance risks, including corruption risks, and provide recommendations on improving its approaches to compliance risk management. These recommendations were partially implemented in 2020.



Information and training on Code of Professional Ethics, anti-corruption policies and methods

Information and training categories	Results
<b>Information and training on Code of Professional Ethics, anti-corruption policies and methods</b>	
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)
<b>Training on anti-corruption policies and methods, including topics related to business gifts and conflicts of interest</b>	
Employees	1,084 employees successfully completed the training course <sup>1</sup>

Every year, employees confirm that they are familiar with and agree to comply with the Group's principles and approaches to combating corruption and bribery.

**Supply chain management**

MOEX Group has signed supply agreements for products and services worth a total of RUB 4.9 billion, including RUB 3.6 billion for IT products and services. MOEX works with more than 220 unique suppliers.

To manage ESG risks, MOEX updated its internal regulations on procurement and, based on the recommendations from the independent auditor, took the following actions: (1) enhanced control over suppliers in terms of financial risks, (2) reconsidered the established timeline for purchases and procurement-related decision-making limits and (3) expanded the composition of the Procurement Committee with new roles.

Procurement Department employees (10 people) completed a training course on external and internal negotiations delivered by Sellwell.

In 2020, 96% of total purchases were sourced from local suppliers, based in Russia.

**Promoting responsible investing and business practices among market participants**

MOEX IR Academy is a platform for dialogue within the IR community launched by MOEX Group. In 2020, Moscow Exchange IR Academy held five events with more than 550 participants. Most of the events were directly related to ESG topics. For example, in May 2020, the Moscow Exchange Group and Sustainalytics held two webinars for issuers on ESG and the prospects for issuing green bonds, in June 2020, the Group and the independent European rating agency RAEX-Europe held a webinar for issuers on the topic of issuing green bonds in Russia.

1. The data is only disclosed by Moscow Exchange (Reporting Scope 2).

One hundred and eleven companies (including ten first-time participants) took part in the 23rd contest of annual reports in 2020. The awards ceremony was held online for the first time. During the ceremony, the Exchange and Institutional Investor magazine announced the winners based on the results of an independent survey of international investors about the IR performance of Russian companies. Three hundred and eighty-five portfolio managers and analysts from 240 banks and funds across the globe took part in the survey.

Moscow Exchange Group also partnered with other organisations to hold events dedicated to improving governance practices, including the 14th International Forum of Corporate Secretaries (in partnership with the National Association of Corporate Secretaries) and Corporate Governance in Russia 2020.

**2021 outlook:**

In the corporate governance field, the following objectives were set for the next two years:

- ▶ Create a pool of successors for the members of the Supervisory Board;
- ▶ Formalise the Group management system.

For internal audit, business ethics and anti-corruption, in 2021 and over the next few years, the Group plans to continue implementing its compliance culture improvement roadmap, including:

- ▶ Enhancing and automating compliance risk management processes;
- ▶ Receiving confirmation of compliance with ISO 19600;
- ▶ Developing unique compliance technology solutions for market players;
- ▶ Approve and integrate a new Code of Professional Ethics;
- ▶ Improve control mechanisms and trainings (differentiated by complexity).

In 2021, Moscow Exchange Group also plans to implement the following changes in terms of risk management:

- ▶ Improve business processes based on the recommendations of the internal audit;

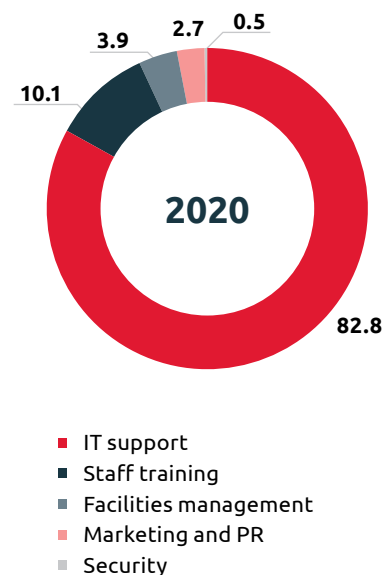
In 2021, Moscow Exchange Group also plans to implement the following changes in supply chain management:

- ▶ Improve procurement schedules;
- ▶ Automate the procurement process.

In 2021, the Supervisory Board will focus on implementing and improving the documents and policies approved in 2020:

- ▶ Risk appetite indicators and their threshold values for 2021;
- ▶ Methodology for determining risk appetite benchmarks (revised);
- ▶ Anti-corruption policy;
- ▶ Information security strategy for 2021-2024;
- ▶ Risk management system strategy to 2024;
- ▶ Information technology strategy to 2024;
- ▶ Internal audit strategy;
- ▶ Internal regulations on the principles and parameters of the share-based long-term incentive programme;
- ▶ Information policy (revised).

Procurement structure of the Group in 2020 by category, % of suppliers



# *Trusted and resilient market infrastructure*

For the comprehensive performance metrics for 2018, 2019 and 2020, see 'Trusted and resilient market infrastructure' in the Sustainability Data Appendix (p.77).

For the key policies, procedures and responsible departments, see 'Trusted and resilient market infrastructure in the Sustainability Approaches and Procedures Appendix (p.114).

A new risk management strategy and roadmap for 2021 - 2024 as well as new information security strategy were adopted by MOEX Group

A strong rate of Moscow Exchange's IT systems availability of **99.99%** confirmed in 2020 (99.99% in 2018 and 2019)

A new personal finance platform **Finuslugi.ru** launched with 2 products: deposits and OSAGO insurance

A steady growth of retail investors to total of **8.8 million** brokerage accounts (vs 3.8 million in 2019)

The cyber threat landscape is constantly evolving and becoming more *sophisticated*. Advanced cybersecurity practices are essential to the Exchange’s systematic and proactive approach to confronting and managing cyber threats, both existing and emerging. Given the crucial role that MOEX plays in the evolving financial market, it has an enormous responsibility to take the lead on cyber resilience efforts, establish trust and collaboration among participants, promote initiatives to enhance sector capabilities and increase cyber awareness.

MOEX Group believes that achieving operational resilience is critical. As a neutral trading platform and service provider, the Group must ensure trustworthiness by maintaining transparency and facilitating market access while providing quality services. The Group pays attention to the quality of information it provides, thereby creating trust among investors. The company’s security policies protect its infrastructure from different types of cyber threats. Investors appreciate the benefits of trading in a completely secure and trusted environment. Below, MOEX Group highlights the range of measures it is undertaking to ensure that its operations proceed unimpeded.

**2020 highlights:**

**Risk management**

Moscow Exchange Group’s infrastructure and risk management systems provide traders with a trusted, reliable and uninterrupted trading environment even in a highly volatile financial market. In October 2020, MOEX Group adopted a new risk management strategy and roadmap that specify the risks and preventive actions for 2021-2024. The strategy and roadmap include the MOEX Group’s approach to risk appetite. The Group’s risk appetite is identified as relevant at the Group level, inherent to all Group companies and equally assessed and monitored.<sup>1</sup>

MOEX Group regularly conducts information security audits, intrusion and anti-phishing tests. In 2020, following an independent audit, the Group received certificates for compliance with ISO 27001:2013 (“Information technology. Methods of protection. Information security management systems. Requirements”) and ISO 22301:2012 (“Social Security. Business Continuity Management Systems. Requirements”). This certification is voluntary and covers for 100 measures aimed at ensuring information security and business continuity.

In 2020, NCC successfully underwent an operational audit performed by PwC, an international audit and consulting company, in accordance with the Central Bank of Russia Regulation No. 556-P of 11 November 2016 “On the Procedure for Conducting an Operational Audit by a Central

**MOEX GROUP CORPORATE GOALS RELEVANT FOR THIS FOCUS AREA AND SET IN LINE WITH UN SDG TARGETS**

- ▶ 9.b Ensure the sustainability of the financial infrastructure



**Sergey Demidov**

*Director of Operational Risk, Information Security and Business Continuity*

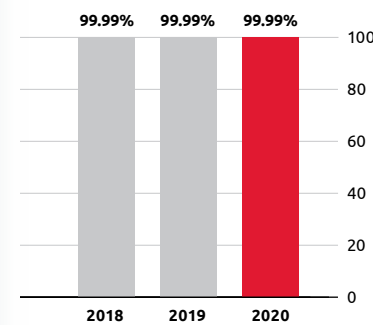


It is strategically important for Moscow Exchange to ensure a high level of trust. Investor confidence is at the core of our work, and we achieve this by ensuring the smooth operation of the exchange infrastructure. Moscow Exchange’s IT systems availability in 2020 was at 99.99%, the highest among global exchanges.

**KEY RESULTS IN INFORMATION SECURITY:**

- ▶ no data privacy incidents or breaches;
- ▶ no halts related to the public release of information;
- ▶ one market disruption;
- ▶ financial losses incurred as a result of malfunctions of the information security and cybersecurity systems amounted to 0 rubles;
- ▶ 42 minutes, or 0.7 hours, of total downtime of key systems.

*Moscow Exchange’s IT systems availability, %*



Counterparty”. The audit covered the following components: managing risks of the central counterparty, stress-testing of risks of the central counterparty, determination of the allocated capital of the central counterparty and recovery of financial stability of the central counterparty.

**Technology development**

**Information security**

In December 2020, Moscow Exchange Group adopted a new information security strategy for 2021-2024. The strategy includes measures to mitigate the potential threats to the Group’s information security and defines the key performance indicators for implementation. The Group has also entered several insurance agreements, including on electronic computer crime and personal indemnity, to reduce operational and information security risks.

As part of the Speak Up! hotline anyone can express concerns about the handling of personal data in the Group. MOEX Group commits to consider the concerns received and take appropriate action.

**Reliable IT infrastructure**

The Group’s computing capacity is installed on two advanced data centres, DataSpace (main, Tier III) and M1 (back up). The use of a fail-safe network and hardware technology maximises the seamless transfer of data between the main and back-up facility. A similar approach is applied to back up client connections.

Moscow Exchange Group’s platforms benefit from cutting-edge server and network equipment, including specialised ultra-low latency network perimeters and streamlined computing capacity for real-time settlements in trade systems. In 2020, the Exchange implemented a phased replacement of the network technology stack in both data centres and office buildings, aimed at further developing software-defined networks, introduced a separate type of collocation zone network connection for high-speed FIFO links and completely revised the concept of fibre optic links between points of presence to ensure higher data replication speeds.

Following the of the coronavirus outbreak in early 2020, the Group enabled 90% of its employees to work remotely within three days. Some MOEX Group’s employees continued to work from the office — in compliance with all precautionary measures — to carry out critical operations. Moscow Exchange’s reliable infrastructure and fast adaptation to the new realities ensured that IT systems availability remained at 99.99%.

In 2020, the following initiatives changed the way that many services work. To ensure that the Group’s systems were up and running 24/7, MOEX

1. The risk appetite of each Group company is comprised of a decomposed part of the Group’s risk appetite and individual indicators reflecting risks relevant for a specific company.

Group had to change its monitoring approach, assign dedicated 24/7 teams and equip them with advanced tools. The company purchased and launched DynaTrace, a monitoring system selectively powered by AI, which helped to reduce maintenance costs for Finuslugi.ru platform and paved the way to further integration of DynaTrace into the Group's systems.

### Transition to open technology

In 2020, the Group launched new projects based on open source products, including Finuslugi.ru platform, Online Client Registration Service and Process Management Centre. Another important step was moving our enterprise service bus (EIF/ESB) away from Software AG in favour of Kafka and Artemis open technology products. This reduced operating costs for the exchange's software and hardware and made new ESB-based solutions more flexible.

### Access to products and services

Moscow Exchange strives to provide its clients with equal and unhindered access to its products. In 2020 Moscow Exchange implemented projects that significantly expanded opportunities for all types of investors and market participants.

### Finuslugi.ru

Moscow Exchange introduced the Finuslugi.ru personal finance platform, that should become the main Russian electronic platform, where citizens can buy and manage financial products online. Currently Finuslugi.ru enables citizens to remotely open deposits in Russian banks and purchase OSAGO insurance online from insurance companies represented on the platform. In 2020, together with the launch of Finuslugi.ru, the NSD based Registrar of Financial Transactions (RoFT) was created. It stores information on all deposits opened on the platform.

### MOEX Treasury

In 2020, the Exchange launched MOEX Treasury, a terminal for corporate clients with direct access to trading. MOEX Treasury enables traders to make transactions on Moscow Exchange markets through a single user-friendly interface, including:

- ▶ conversion and swap transactions on the FX Market;
- ▶ deposits with a central counterparty on the Money Market;
- ▶ hedging opportunities on the Derivatives Market;
- ▶ deposit auctions on the M-deposits segment.

MOEX Treasury also provides integration with traders' personal accounts as well as access to the Transit 2.0 system, which is an advanced platform used by banks and corporations to exchange financial messages and electronic documents. The solution is based on NSD's Electronic Data Interchange (EDI) system. In 2020, it connected 11 banks and 22 corporations.



**Andrey Burilov**  
 Chief Information Officer



The level of MOEX's cyber resilience, which contributes to our overall operational resilience, can be a decisive factor in the resilience of Russia's financial system and the broader economy. In 2020 we updated the 2024 IT Development Strategy, which is focused on ensuring that we operate an innovative IT environment and accelerate growth of our business while retaining resilience. Extending trading hours, launching the Finuslugi.ru personal finance platform and installing new technological and IT solutions - all these initiatives are in line with our strengthened IT Strategy.

**70%**

In 2020, retail investors accounted for almost 70% of the trading volume in the evening session

compared with

**41%**

of the total volume in all equity market sessions

### Extension of the trading time

In June 2020, in addition to the main trading session, the Exchange launched an evening trading session lasting from 19:00 to 23:50 for the MOEX equity market, thus increasing the total daily trading time on the equity market by almost five hours.

In March 2021, the Exchange launched the morning trading session for the FX and derivatives markets from 7:00. Total daily trading time on the market increased by three hours from 14 to 17 hours. The evening and morning sessions improved the accessibility of the Russian financial market for all groups of investors and laid the groundwork for attracting new investors.

One out of every five retail investors trades equities during the evening session. The extension of the trading period in the FX and derivatives markets makes exchange services more accessible to clients from the Russian Far East as well as from Asian countries.

### Foreign shares

Moscow Exchange Group successfully launched foreign shares trading. At the end of 2020, 55 highly liquid shares of the largest international companies were traded. Foreign shares are traded and settled in Russian roubles, while dividends on the shares are distributed in the original currency (for US securities, in USD). All listed foreign shares can be purchased by unqualified investors. Moscow Exchange lists the most reliable and highly capitalised issuers. Foreign shares are available both during the main and after-hours (evening) sessions.

### New IT services and trading technologies upgrades

#### TWAP

Following global FX trends, the MOEX Group launched TWAP (Time Weighted Average Price) algorithm, which enables participants to execute a large order evenly over the pre-determined time period. Thus, the TWAP algorithm helps traders to avoid market impact, fight potential front-running, automate their work and minimise operational risk. This additional service contributes to higher trading volumes and helps to ensure customer loyalty.

### Negative pricing on derivatives market

The launch of the updated Spectra platform has successfully resolved the challenge of supporting negative derivatives prices. The MOEX team did an excellent job in quickly introducing a framework to support trading in futures within the negative price range and the options on such futures. A second option pricing model and a model switch mechanism have also been introduced.

### Fastest trading access protocol for the equity & bond and FX markets

Moscow Exchange has added new co-location IT services to its offering. Banks, brokerages, algo- and HFT-traders placing their hardware in MOEX's data

center can now use the new FIFO MFIX Trade service to connect to the equity & bond and FX markets. The new interface features the operation of a First In, First Out (FIFO) algorithm strictly applied to process orders at the exchange gateway with the more than 99% probability. This helps substantially improve transparency and predictability of MOEX's IT infrastructure operations. The move is in line with best global practice and meets the needs of clients using high-frequency trading strategies that respond to market events within a fraction of a microsecond. The FIFO MFIX Trade protocol is the fastest way to place orders on Moscow Exchange's equity & bond and FX markets trading systems thanks to the Exchange's updated software and hardware as well as the dedicated network infrastructure within MOEX's co-location space.

## 2021 outlook

### Risk management

The Group will continue to integrate sustainable development principles into its strategic planning, as well as into corporate governance and risk management, and improve reporting on the progress made in on its sustainable development initiatives.

In 2021, the Group also plans to continue implementing a set of additional measures aimed at aligning business processes with the market operator, central counterparty and central depository, in compliance with Regulation No 684-P of the Central Bank of Russia of 17/04/2019 "On Establishing Mandatory Requirements for Non-Lending Institutions to Ensure Information Security for Financial Market Activities to Prevent Illegal Financial Transactions". The regulation has set higher information security requirements for MOEX than for other financial market participants in Russia.

### Technology development

For technology development, Moscow Exchange Group piloted VDI workstations. In 2021, the pilot outcomes will drive the further adoption of remote technology for employees. A project to replace the back-up MOEX Data Centre is scheduled to be completed by 2021-2022. The replacement will upgrade the back-up systems, rationalise stack space at the MOEX Data Centres and improve utilisation.

The Links service, which features foreign liquidity providers, is also scheduled for an upgrade. The current Integral platform will be replaced with NTPro.

MOEX Group also plans to prepare the equity & bond market system to use partitioned clearing kernels, which improves security and smooths out the latency curve.

### IN 2021, RISK MANAGEMENT WILL FOCUS ON:

- ▶ building a stronger risk and compliance culture;
- ▶ training staff to predict probable events;
- ▶ continuing to implement new risk management tools, including those powered by machine learning and scenario analysis tools.



**Dmitry Shcheglov**  
 Chief Operating Officer



The safe and efficient operation of financial market infrastructure is essential to maintaining and promoting financial stability and economic growth. In 2020 our efforts were focused on ensuring the business continuity during the COVID-19 pandemic. Our main aim during the pandemic was to ensure and maintain the safe and efficient operations of the infrastructure in its interplay with market participants, equipment and service providers, interlinked systems, and other relevant stakeholders.

### Access to products and services

In April 2021 the Group launched new dollar-rouble and euro-rouble instruments at a lot of 1 cent in order to support FX conversion operations of up to USD or EUR 1,000. The service will make it easier for individuals to conduct FX transactions, as well as for to perform operations with foreign securities, such as receiving coupon payments and dividends.

The Group plans to further develop the Finuslugi.ru platform by connecting new financial service providers to it and expanding its product offerings. In 2020, basic financial products were launched, and new products will be gradually added to it. In the future, federal loan bonds for the population (OFZ-n), loans and other products from banks, management and insurance companies will become available on the platform.

In 2021, the functionality of the MOEX Treasury platform will be extended to meet the needs of market participants, including by allowing corporate clients to trade on the precious metals market and enabling clients to use algorithmic tools and the request for stream (RFS) service. MOEX Group also plans to connect new members to the platform.

### International cooperation

The Exchange plans to expand its collaborations with exchanges in the CIS, as well as with those in China and other Asian countries. Among other things, Moscow Exchange is exploring the possibility of establishing trading and clearing links with these markets, as well as opportunities to share experience and technologies.



# COVID-19 response statement

## 2020 AND COVID-19: DELIVERING ON PROMISES, AGAINST ALL ODDS

In 2020, the coronavirus pandemic hit the world. The Group was no exception. MOEX Group also felt the pressure to minimise the potential risks for its employees while continuing to generate value for our stakeholders. Last year, it was especially critical to contribute to solving the most pressing issues the world is facing for the sake of the common good. The Group complied with all laws and regulations introduced to control the pandemic.

***In 2020, MOEX Group implemented several measures due to pandemic conditions:***

### Supporting the Group's employees

90% of MOEX Group's employees worked remotely<sup>1</sup> with no effect on business continuity. They were provided with necessary equipment for working remotely and used audio and video conferencing

technology for communications. Employees in the office practiced social distancing, were provided with personal protective equipment, the Group's offices were regularly disinfected and the health of employees in the office was carefully monitored.

### Protecting the Group's infrastructure

Trading was never suspended during 2020. MOEX Group focused on maintaining resilience, stability and system availability and implemented additional measures to protect the Group's settlement and depositary infrastructure, market participants and their clients, and to ensure continuity and cyber security.

### Developing the Group's markets

The Group continued to launch new products and projects planned for 2020. These were implemented on time, despite the transition to remote work.

### Supporting market participants

The Group does not charge a fee for new terminals to simplify market participants transfer to remote work.

### Supporting issuers

For 2020-2021, the Group cancelled listing fees for SMEs issuing bonds with face value less than RUB 400 million.

### Supporting those in need

To support those in need during the pandemic, the Group donated RUB 100 million in 2020, which is four times more than the Group's entire charitable expenditures in 2019.

1. Flexible working arrangements stay in place even after easing COVID-19 restrictions. Financial department has shifted to flexible working arrangements.



**Max Lapin**

Chief Financial Officer



In 2020, Moscow Exchange continued to develop both ESG reporting and integration. Our upgraded disclosure addressed key gaps identified in the prior year. Moreover, we initiated the preparation of a roadmap that outlines reporting actions to be performed by specific departments across the company. The plan is to elevate our disclosure to a level where further improvements can only be achieved via introduction of new, sustainability-related business processes. Execution of the latter will be the next goal.

Our efforts to facilitate corporate sustainability at Moscow Exchange and among our partners have not gone unnoticed. In 2020, MOEX climbed up the rankings in several international ESG ratings, including MSCI ESG Rating and Sustainalytics ESG Risk Rating. In early 2021, Moscow Exchange was included in the revised ESG ranking of Russian companies by RAEX-Europe. Across these ESG rankings, MOEX performed particularly well in the areas of corporate governance and business ethics.

# Moscow Exchange in ESG indices and ratings

The Group's ESG practices are highly appreciated by a variety of assessments, including performance indices and ratings. These assessments provide useful input to benchmark against global best practices and to plan for improvements in MOEX Group's sustainability approach. Data are provided for the end of 2020.

### Indices:

- ▶ MSCI Emerging Markets Choice ESG Screened 5% Issuer Capped Index (starting September 2020)
- ▶ FTSE 4Good Emerging Index
- ▶ RSPP Sustainability Vector Index (starting December 2020)
- ▶ RSPP Responsibility and Transparency Index (starting December 2020)

### Ratings:

- ▶ BBB MSCI ESG ranking, position increased from BB to BBB (July 2020)
- ▶ 11/ 68 ESG Rank, RAEX-Europe, ESG ranking of Russian companies
- ▶ 2/68 ESG Rank, Governance, RAEX-Europe, ESG ranking of Russian companies
- ▶ 14.2/100 (0-100 risk scale) Sustainalytics ESG Risk rating, position improved from 19 to 14.2 (January 2021)

### Sustainalytics assessment:

- ▶ Fifth among companies in the sector globally
- ▶ First among exchanges with similar capitalisation levels
- ▶ First in business ethics among exchanges with similar capitalisation levels

# *Sustainability Data*

## *Appendix*

**68** MOEX Group's focus areas '**GREAT**'

**78** MOEX Group's resource efficiency  
and environment

For Moscow Exchange Group's major projects and initiatives implemented in 2020 and planned for 2021, see the relevant sections of the 2020 Sustainability Performance Highlights (p.5).

For the key policies, procedures and responsible departments, see the relevant section in the Sustainability Approaches and Procedures Appendix (p.81).

# MOEX Group's focus areas: 'GREAT'

Metrics in the Sustainability data appendix are provided in compliance with GRI and are organised to reflect the progress on our 'GREAT'<sup>1</sup> approach and delivery of sustainability initiatives according to our Strategy. Our resources efficiency and impact on environment data are based not only on current legislation but also on GRI and WFE standards as well as ESG ratings requirements.

## GENUINE PARTNERSHIP AND ENGAGEMENT WITH THE COMMUNITY

### Engagement and training

Indicator	Metric	2018	2019	2020	Reporting Scope
Number of unique retail clients	people, mln	2.0	3.9	8.8	1
Number of students of the Moscow Exchange School project for retail investors	people	>28,000	>74,000	>80,000	1
Number of people participating in financial literacy events for retail investors	people	>56,000	>90,000	>100,000	1
Number of participants of the Fincontest competition	people	-	>1,000	1,677	2
winners, total	people	-	20	8	2
winners, school pupils	people	-	-	5	2
winners, higher research degree students	people	-	-	3	2
awardees, total	people	-	-	26	2
awardees, school pupils	people	-	-	15	2
awardees, higher research degree students	people	-	-	11	2
Number of participants of MOEX Progress: Russian Financial Market Development student conference	people	-	30	35	2
Number of participants in professional forums and conferences organised by Moscow Exchange	number	>3,500	>4,000	>100,000	2
Number of international partners of Moscow Exchange with which cooperation in the area of sustainable development is being established	number	-	-	3	2

1. More information on the 'GREAT' approach can be found in the '2020 Sustainability Performance Highlights' section.

### Charity

Indicator	Metric	2018	2019	2020	Reporting Scope
Funds allocated for charitable projects, total	RUB, mln	27.5	24.2	113.4	1
Science, education and contribution to financial literacy improvement	RUB, mln	10.5	10.4	9.5	1
Support of veterans (including those affected by COVID-19)	RUB, mln	5.1	4.2	5.3	1
Healthcare, rehabilitation and care for those with disabilities/ assistance to those affected by COVID-19	RUB, mln	7.4	8.4	97.9	1
Other	RUB, mln	4.5	1.2	0.7	1
Number of ultimate beneficiaries supported as a result of charitable programs, total	people	-	-	1,081,395	1
Science, education and contribution to financial literacy improvement	people	-	-	78	1
Support of veterans (including those affected by COVID-19)	people	-	-	62	1
Healthcare, rehabilitation and care for those with disabilities/ assistance to those affected by COVID-19	people	-	-	1,081,255	1

### Sponsorship

Indicator	Metric	2018	2019	2020	Reporting Scope
Funds allocated for sponsorship, total	RUB, mln	109.4	95.0	47.5	1
Community engagement	RUB, mln	106.5	86.0	17.4	1
Education and science	RUB, mln	0.6	0.9	22.6	1
Sports and healthy life styles	RUB, mln	2.3	8.1	7.5	1

## RESPONSIBLE INVESTING AND SUSTAINABLE GROWTH

### Key operating indicators

Indicator	Metric	2018	2019	2020	Reporting Scope
Market capitalisation	RUB, bln	184.3	245.5	362.5	2
Operating income	RUB, bln	39.9	43.2	48.6	2
Taxes paid at various levels	RUB, bln	1.3	1.2	2.0	2
Dividends per share	RUB	7.96	7.70	7.93	2
Net debt/EBITDA	-	-3.2	-3.2	-3.0	2
Cost to income ratio	%	36.2	35.7	34.5	2

## Markets Performance

Indicator	Metric	2018	2019	2020	Reporting Scope
Trading volume on all Markets	RUB, trln	861.1	798.3	947.2	2
Trading volume on the Equities Market	RUB, trln	10.8	12.4	23.9	2
Average daily number of transactions on the Equities Market	thousand	465.5	514.2	1,293.5	2
Trading volume on the Derivatives Market	RUB, trln	89.3	82.4	129.9	2
Average daily number of transactions on the Derivatives Market	thousand	1,036.8	898.3	1,488.0	2
Trading volume on the Fixed Income Market	RUB, trln	29.8	28.2	30.6	2
Average daily number of transactions on the Fixed Income Market	thousand	10.2	21.1	46.5	2
Trading volume on the FX Market	RUB, trln	348.4	308.3	328.9	2
Average daily number of transactions on the FX Market	thousand	66.7	72.3	232.5	2
Trading volume on the Money Market (excluding repo with GCC)	RUB, trln	364.2	346.3	426.8	2
Average daily number of transactions on the Money market	thousand	7.6	11.1	33.6	2
Share of international investors on Moscow Exchange Equities Market	%	48	49	46	2
Share of international investors on Moscow Exchange Derivatives Market	%	48	49	49	2
Share of international investors on Moscow Exchange Fixed Income Market	%	15	13	13	2
Share of international investors on Moscow Exchange FX Market	%	13	12	18	2
Share of international investors on Moscow Exchange Money Market	%	11	13	11	2
Public fund raising through treasury bonds (OFZ)	RUB, trln	1.03	2.06	5.31	2
Funds raised by corporate issuers through bond issues	RUB, trln	2.3	3.2	4.0	2
Funds raised by corporate issuers through IPO/SPO	RUB, bln	33.8	455.4	260.4	2
Percentage of high-frequency trading on Equities Market	%	49	48	50	2
Number of product types developed/adapted for retail investors	number			2	2
Number of product types on the personal finance platform Finuslugi.ru <sup>1</sup>	number	-	-	2	2

1. The personal finance platform Finuslugi.ru was launched in 2020.

## Sustainable financial instruments

Indicator	Metric	2018	2019	2020	Reporting Scope
Primary offering volumes in the Growth Sector (SME)	RUB, bln	7.9	24.7	20.8	2
Secondary trading volumes in the Growth Sector (SME)	RUB, bln	3.3	6.9	7.7	2
Number of SME issuers in the Growth Sector	number	3	15	22	2
Secondary trading volumes in the Innovation and Investment Market (IIM)	RUB, bln	48.0	58.0	280.0	2
Number of securities in the Innovation and Investment Market (IIM)	number	10	15	24	2
Volumes of capital raising in the Innovation and Investment Market (IIM)	RUB, bln	-	-	17.5	2
Primary offering volumes in the Sustainability Sector	RUB, bln	3.8	1.9	11.5	2
Number of ESG instrument types	number	-	3	4	2
Number of bond issues in the Sustainability Sector	number	-	6	13	2
Number of ESG indexes	number	-	2	2	2
Number of ESG ETFs	number	-	-	2	2

## ENVIRONMENT OF RESPECT AND EMPOWERMENT

### Employee engagement and performance

Indicator	Metric	2018	2019	2020	Reporting Scope
Average headcount	people	1,588	1,679	1,815	1
Headcount at the end of the year	people	1,689	1,760	1,981	1
Payments to employees in the form of salaries and bonuses (includes personal income tax)	RUB, bln	4.9	5.6	8.3	1
Share of full-time employees	%	-	98	98	1
Share of part-time employees	%	-	2	2	1
Employees, permanent contract, total	people	-	1,630	1,853	1
Employees, permanent contract, male	people	-	869	1,029	1
Employees, permanent contract, female	people	-	761	824	1
Employees, temporary <sup>1</sup> contract, total	people	-	130	128	1
Employees, temporary contract, male	people	-	63	64	1
Employees, temporary contract, female	people	-	67	64	1

1. Externally and not directly employed workforce.

Indicator	Metric	2018	2019	2020	Reporting Scope
Employees, full-time, total	people	–	1,726	1,939	1
Employees, full-time, male	people	–	915	1,073	1
Employees, full-time, female	people	–	811	866	1
Employees, part-time, total	people	–	34	42	1
Employees, part-time, male	people	–	17	20	1
Employees, part-time, female	people	–	17	22	1

## Employee engagement and performance

Indicator	Metric	2018	2019	2020	Reporting Scope
Employees, senior managers, total	people	–	20	14	1
Employees, senior managers, male	%	–	65	71	1
Employees, senior managers, female	%	–	35	29	1
Employees, senior managers, under 25	%	–	0	0	1
Employees, senior managers, 26-35	%	–	0	0	1
Employees, senior managers, 36-55	%	–	85	86	1
Employees, senior managers, over 56	%	–	15	14	1
Employees, functional managers, total	people	–	382	408	1
Employees, functional managers, male	%	–	60	62	1
Employees, functional managers, female	%	–	40	38	1
Employees, functional managers, under 25	%	–	0	0.5	1
Employees, functional managers, 26-35	%	–	15	18	1
Employees, functional managers, 36-55	%	–	69	66	1
Employees, functional managers, over 56	%	–	16	15.5	1
Employees, specialists, total	people	–	1,327	1,544	1
Employees, specialists, male	%	–	50	53	1
Employees, specialists, female	%	–	50	47	1
Employees, specialists, under 25	%	–	9	9	1
Employees, specialists, 26-35	%	–	40	37	1
Employees, specialists, 36-55	%	–	43	46	1
Employees, specialists, over 56	%	–	8	8	1
Employees, workers, total	people	–	31	15	1
Employees, workers, male	%	–	100	100	1
Employees, workers, female	%	–	0	0	1
Employees, workers, under 25	%	–	0	0	1

Indicator	Metric	2018	2019	2020	Reporting Scope
Employees, workers, 26-35	%	–	10	20	1
Employees, workers, 36-55	%	–	55	47	1
Employees, workers, over 56	%	–	35	33	1
Voluntary staff turnover <sup>1</sup>	%	9.0	11.3	7.9	1
Staff turnover according to GRI <sup>2</sup>	%	16.0	15.1	13.6	1
Change in voluntary staff turnover from last year (full-time employees)	pp	–	2.3	-3.4	1
Change in staff turnover according to GRI	pp	–	-0.9	-1.5	1
Voluntary staff turnover, under 25, male	%	–	45.5	18.3	1
Voluntary staff turnover, under 25, female	%	–	27.6	18.8	1
Voluntary staff turnover, 26-35, male	%	–	15.8	12.3	1
Voluntary staff turnover, 26-35, female	%	–	13.3	10.0	1
Voluntary staff turnover, 36-55, male	%	–	8.5	7.5	1
Voluntary staff turnover, 36-55, female	%	–	4.4	2.5	1
Voluntary staff turnover, over 56, male	%	–	4.6	2.4	1
Voluntary staff turnover, over 56, female	%	–	14.5	9.5	1
Number of employees who took parental leave, total	people	39	33	24	1
Number of employees who took parental leave, female	people	39	32	24	1
Number of employees who took parental leave, male	people	0	1	0	1
Number of employees who returned to work after parental leave ended, total	people	25	18	25	1
Number of employees who remained employed 12 months after return to work after parental leave	people	20	14	15	1
Return to work rate (ratio of number of employees returned to work after parental leave to number of employees expected to return after parental leave)	ratio	1.0	1.3	1.5	1
Retention rate (share of those remaining in the organisation after the end of parental leave)	ratio	0.6	0.8	0.9	1
Number of complaints received regarding violations of employees' right to freedom of association and collective bargaining	number	0	0	0	1
Share of employees covered by collective bargaining agreement <sup>3</sup>	%	0	0	0	1
Proportion of employees in trade unions	%	0	0	0	1

- The indicator is calculated as the ratio of the number of employees who left of their own accord during the year to the total number who left in the reporting year.
- The indicator is calculated as the ratio of employees who left the organisation voluntarily or due to dismissal, retirement or death in service to the end of year.
- There are no bargaining agreements with employees. The Group recognises the right of its employees to execute collective agreements, the right for freedom of assembly and association, and the right to form or join organisations representing their interests with no fear of any consequences. As part of the training on the Code of Professional Ethics, employees are explained their right to participate in trade union organisations. The employees are also informed that if they believe that this right has been violated, they can contact the Speak Up! hotline, where their complaint will be considered, and appropriate measures will be taken.



## Employee learning and development

Indicator	Metric	2018	2019	2020	Reporting Scope
Employees, new hires, total	people	348	346	484	1
Employees, new hires, male	people	–	200	320	1
Employees, new hires, female	people	–	146	164	1
Employees, new hires, under 25	people	–	100	107	1
Employees, new hires, 26–35	people	–	136	198	1
Employees, new hires, 36–55	people	–	101	169	1
Employees, new hires, over 56	people	–	9	10	1
Number of interns	people	–	37	42	1
Number of interns hired after completion internship	people	–	10	12	1
Total number of training hours	hours	32,161	38,472	20,767	1
Average training hours per employee	hours	19	31 <sup>1</sup>	14	1
Share of employees trained	%	74	79	77	1
Number of training hours, senior managers, male	hours	–	78	33	1
Number of training hours, senior managers, female	hours	–	36	27	1
Number of training hours, functional managers, male	hours	–	36	18	1
Number of training hours, functional managers, female	hours	–	49	17	1
Number of training hours, specialists, male	hours	–	27	15	1
Number of training hours, specialists, specialists, female	hours	–	25	11	1
Share of employees received a formal performance assessment, total	%	100	100	100	100
Share of employees received a formal performance assessment, senior managers, male	%	100	100	100 <sup>2</sup>	1
Share of employees received a formal performance assessment, senior managers, female	%	100	100	100	1
Share of employees received a formal performance assessment, functional managers, male	%	100	100	100	1
Share of employees received a formal performance assessment, functional managers, female	%	100	100	100	1
Share of employees received a formal performance assessment, specialists, male	%	100	100	100	1
Share of employees received a formal performance assessment, specialists, female	%	100	100	100	1

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, while in 2018 it was calculated as per employee.
2. All employees who have worked for the Group companies for at least 3 months. This applies to all employee categories.

Indicator	Metric	2018	2019	2020	Reporting Scope
Share of employees surveyed on engagement and satisfaction	%	–	–	86	1
Surveyed employees, engaged	%	–	–	85	1
Surveyed employees, loyal	%	–	–	84	1
Surveyed employees, satisfied	%	–	–	87	1

## Employee inclusion and diversity

Indicator	Metric	2018	2019	2020	Reporting Scope
Share of women in total headcount	%	47	47	45	1
Share of women on the Supervisory Board	%	17	17	17	2
Share of women in the headcount of senior managers and managers of functional units	%	40	40	37	1
Share of women in the headcount of senior managers	%	26	35	28	1
Share of women in managerial positions in income-generating occupations (front-office) <sup>1</sup>	%	–	–	31	1
Male to female pay ratio (gender pay gap): all employees	ratio	–	–	1.39	1
Male to female pay ratio (gender pay gap): managers	ratio	–	–	1.30	1
Male to female pay ratio (gender pay gap): specialists	ratio	–	–	1.30	1
Number of employees with disabilities	people	9	9	9	1

1. The indicator was calculated for the first time in 2020.

## Occupational health, safety, and wellbeing

Indicator	Metric	2018	2019	2020	Reporting Scope
Number of employees taken the health and occupational safety training	people	135	374	517	1
Number of accidents	number	0	0	0	1
Number of injuries, employees	number	0	0	0	1
Number of injuries, contractors	number	0	0	0	1
Injury rate (frequency of injury events relative to total workforce time)	ratio	0	0	0	1
Work-related ill health	number	0	0	0	1
Absenteeism rate	ratio	0	0	0	1
Number of working places assessed for working conditions	number	1102	103	958	1 <sup>1</sup>
Ratio of standard entry level wage compared to the local minimum wage	ratio	4.0	4.1	3.6	1

## ADVANCED GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES

### Corporate governance and business ethics

Indicator	Metric	2018	2019	2020	Reporting Scope
Remuneration to members of the Supervisory Board	RUB, mln	109.5	126.6	160.1	2
Supervisory Board headcount	people	12	12	12	2
Share of Independent Directors on the Supervisory Board	%	58	58	67	2
Attendance rate at meetings of the Supervisory Board among members	%	97	98	98	2
Number of confirmed cases of corruption	number	0	0	0	1
Number of concerns raised by employees about business ethics	number	–	2	7	1
Fines or penalties for non-compliance in socio-economic areas <sup>2</sup>	RUB	0	0	0	1
Number of employees taken training on anti-corruption policies and methods, including topics related to business gifts and conflicts of interest	people	– <sup>3</sup>	725	1084	2
Number of employees received communication/training on existing anti-corruption policies and methods	%	–	45	100	2
Divisions for which corruption risk assessments were carried out <sup>4</sup>	%	–	–	100	1

1. The assessment was carried out at all MOEX subsidiaries in 2018, only at NCC in 2019, and at Moscow Exchange and NSD in 2020.
2. Fines or penalties for non-compliance with labour legislation.
3. A training course on anti-corruption policies and methods was developed at the end of 2018 and added to the compulsory training programme in 2019.
4. The first corruption risk assessment was carried out in 2020.

Indicator	Metric	2018	2019	2020	Reporting Scope
Number of employees received communication/training on risk management policies and methods	people	169	203	933	2
Procurement budget	RUB, bln	3.8	7.0	4.9	1
Percentage of the procurement budget spent on local suppliers	%	98	99	95	1

## TRUSTED AND RESILIENT MARKET INFRASTRUCTURE

### Transparency and resilience

Indicator	Metric	2018	2019	2020	Reporting Scope
Number of market disruptions	number	2	1	1	2
Total downtime of key information systems	hours	1.08	0.08	0.70	2
Availability of IT systems, %	%	99.99	99.99	99.99	2
Number of operational risk incidents	number	16	28	31	2
Number of privacy incidents and breaches	number	0	0	0	1
Customer complaints concerning data privacy and information security	number	0	0	0	1
Government complaints concerning data privacy and information security	number	0	0	0 <sup>1</sup>	1
Number of lawsuits for anti-competitive behaviour and violations of antitrust and monopoly laws <sup>2</sup>	number	0	0	0	1
Number of fines received as a result of violation of anti-competitive legislation	number	0	0	0	1
Financial losses incurred as a result of malfunctions of the information security and cybersecurity systems	RUB	–	–	0	1

1. 0 means no claims with a high probability of a negative outcome.
2. The Group strictly complies with all requirements of antitrust and competition laws, which it publicly declares in the updated Code of Professional Ethics.

# MOEX Group's resource efficiency and environment

Indicator	Metric	2018	2019	2020	Reporting Scope
Electricity consumption, total	TJ	57.2	58.1	55.0	1
Electricity consumption, data centres	TJ	17.6	18.3	19.9	1
Heat consumption	TJ	21.7	19.8	17.2	1
Gasoline and diesel fuel consumption	litres, ths	96.4	77.9	52.2	1
Energy consumption, total	TJ	82.9	81.5	74.9	1
Energy consumption intensity per revenue, total	GJ/RUB, mln of revenue	2.08	1.89	1.54	1
Energy consumption intensity per revenue, data centres	GJ/RUB, mln of revenue	0.44	0.42	0.41	1
Energy consumption intensity per employee, total	GJ/person	52.18	48.55	41.26	1
Direct GHG emissions, scope 1	tonnes CO <sub>2</sub>	197.7	179.3	120.4	1
Indirect GHG emissions, scope 2 <sup>1</sup>	tonnes CO <sub>2</sub>	8,952.3	8,943.3	8090.0	1
Indirect GHG emissions, scope 3, total <sup>2</sup>				41.7	
Indirect GHG emissions, business trips by air, scope 3	tonnes CO <sub>2</sub>	–	–	40.9	1
Indirect GHG emissions, business trips by land, scope 3	tonnes CO <sub>2</sub>	–	–	0.8	1
Intensity of GHG emissions per revenue, scope 1 & 2	tonnes CO <sub>2</sub> / RUB, mln of revenue	0.23	0.21	0.16	1
Intensity of GHG emissions per employee, scope 1 & 2	tonnes CO <sub>2</sub> / person	5.4	5.2	4.1	1
Water consumption, total	m <sup>3</sup> , ths	21.2	25.2	22.2	1
Water consumption intensity per revenue	m <sup>3</sup> /RUB, mln of revenue	0.5	0.6	0.5	1
Water consumption intensity per employee <sup>3</sup>	m <sup>3</sup> /person	13.4	15.0	12.2	1
Water discharge <sup>4</sup>	m <sup>3</sup> , ths	24.1	28.2	25.0	1
Waste generated, total	tonnes	268.8	243.2	243.7	1
waste generated, Hazard class I	tonnes	0.2	0.3	0.3	1
waste generated, Hazard class II	tonnes	0.1	0.2	2.6	1

- Greenhouse gas emissions were calculated using the coefficients approved by Order of the Ministry of Natural Resources of Russia No. 300 dated June 30, 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 PAO MOESK and PAO MOEK for 2017–2018.
- To estimate emissions from Scope 3 for the category «Business Travel» the distance-based method has been applied. Greenhouse gas emissions were calculated using the coefficients for different type of haul or distance mode multiplying by vehicle specific emission factor. The coefficients have been obtained from UK Government GHG Conversion Factors for Company Reporting by Department for Business, Energy & Industrial Strategy (Sections Business travel – air and Business travel – land).
- The average headcount was used in the calculation.
- The figures for discharge are higher than those for water withdrawal due to the inclusion in the calculation of volumes of water passing through the storm drains of the Moscow Exchange office buildings.

Indicator	Metric	2018	2019	2020	Reporting Scope
waste generated, Hazard class III	tonnes	0.1	0.1	0.4	1
waste generated, Hazard class IV	tonnes	224.2	196.8	207.8	1
waste generated, Hazard class V	tonnes	44.2	45.8	32.6	1
Waste generation intensity per revenue	tonnes /RUB, mln of revenue	0.007	0.006	0.005	1
Waste generation intensity per employee	tonnes / person	0.16	0.14	0.12	1
Waste by treatment type: processing <sup>1</sup>	tonnes	2.5	7.3	3.0	1
Waste by treatment type: disposal	tonnes	19.9	20.9	8.1	1
Waste by treatment type: decontamination	tonnes	3.9	3.6	5.5	1
Waste by treatment type: on-site storage	tonnes	0.0	0.0	0.0	1
Waste by treatment type: landfill	tonnes	242.5	216.9	227.1	1
Paper procured	number of packs, ths	14.4	15.8	6,0	1
Scrap paper generated	tonnes	17.8	23.2	11.2	1
Environmental expenditures, total	RUB, ths	3,331.1	4,365.3	3,127.6	1
Environmental expenditures, prevention of air pollution and climate change	RUB, ths	25.6	1.1	0.0	1
Environmental expenditures, collection and treatment of wastewater	RUB, ths	1,876.2	2,422.2	1,715.5	1
Environmental expenditures, waste management	RUB, ths	918.4	1,476.1	662.1	1
Environmental expenditures, prevention of noise, vibration and similar types of pollution	RUB, ths	362.0	300.0	550.0	1
Environmental expenditures, other areas of environmental protection	RUB, ths	149.0	166.0	200.0	1
Non-compliance with environmental laws and regulations	number	0	0	0	1

- Includes recycling.



# *Sustainability Approaches and Procedures*

## *Appendix*

**82** MOEX Group's focus areas: **'GREAT'**

**124** MOEX Group's resource efficiency  
and environment

For Moscow Exchange Group's comprehensive performance metrics, see the relevant sections in Sustainability Data Appendix (p.68).

For the major projects and initiatives implemented in 2020 and planned for 2021, see the relevant sections of the 2020 Sustainability Performance Highlights (p.5).

# MOEX Group focus areas: 'GREAT'

## GENUINE PARTNERSHIP AND ENGAGEMENT WITH THE COMMUNITY

### Financial literacy initiatives

Over the past few years, Russia has seen a sharp increase in the number of individuals who are starting to invest for the first time. To make the financial market more appealing to individual investors and to improve financial literacy, Moscow Exchange hosts special events, educational seminars and contests, as well as large-scale financial education projects:

- ▶ Moscow Exchange School has had great success since its founding in 2014;
- ▶ Launched in 2015, the Invest Trial contest helps participants to gain investment experience using a demo mode (without risking their own funds) and provides the winners with a real cash prize;
- ▶ Moscow Exchange holds contests for private investors to demonstrate opportunities and benefits of competent trading. The Best Private Investor, founded in 2003, is the largest competition for traders in the world;
- ▶ MOEX Group supports projects initialised by the Central Bank of Russia and the Ministry of Finance of the Russian Federation to improve financial literacy and financial awareness among the Russian public.

### KEY DOCUMENTS:

[National Strategy for the Improvement of Financial Literacy](#) approved on 25 September 2017 by the Ministry of Finance of the Russian Federation

### RESPONSIBLE AUTHORITIES:

- ▶ Strategy Department
- ▶ Business Development Department
- ▶ Communications Department
- ▶ Equity Market Department
- ▶ Issuer Relations Department

### KEY DOCUMENTS:

- ▶ [Code of Professional Ethics of Moscow Exchange](#)
- ▶ [Conventions No. 111 and No. 156 of the International Labour Organization](#)
- ▶ [The Universal Declaration of Human Rights](#), the UN

### RESPONSIBLE AUTHORITIES:

- ▶ The Internal Control and Compliance Department
- ▶ Communications Department

### KEY DOCUMENTS:

- ▶ [Charity Policy of Moscow Exchange](#)
- ▶ [Regulations on the Implementation of Sponsorship and Financing of External Projects by Moscow Exchange](#)
- ▶ [Regulation on the Charity Policy Committee approved by the Executive Board on 12 May 2014](#)
- ▶ [Provisions on the Charity Policy Committee of Moscow Exchange approved by the Executive Board on 12 May 2014](#)

### RESPONSIBLE AUTHORITIES:

- ▶ [Charity Policy Committee under the Executive Board of Moscow Exchange](#)
- ▶ For charitable programmes of over RUB 10 million, relevant conclusions, proposals and recommendations are submitted for consideration by the Executive Board of Moscow Exchange

### Promoting gender diversity and equality in the community

MOEX Group 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 the initiative is to encourage companies to take measures to advance sustainability goals through the empowerment of women. Ring the Bell for Gender Equality brings attention to the role of exchanges in advancing gender equality, promoting gender diversity and encouraging their listed companies to sign the WEPs (Women's empowerment principles).

For more information on MOEX Group's adherence to the principle of non-discrimination and gender equality applied to its staff, see Sustainability Approaches and Procedures Appendix, Environment of respect and empowerment section and, for 2020 developments in this area, please see the '2020 Sustainability Performance Highlights' section of the report.

### Community investment and sponsorship

Charity and sponsorship is an important area of the Group's social responsibility initiatives. Moscow Exchange and NSD are the most significant corporate donors in the Group.

Moscow Exchange has traditionally cooperated with several charitable foundations that have a proven track record thus ensuring transparency and efficient use of funds while also seeking to increase the number of beneficiaries.

MOEX Group is also open to collaborate with other organizations and funds, sharing the Group's philosophy on corporate giving. New projects shall be considered by the Charity Policy Committee based on the following criteria:

- ▶ **Focus:** the extent to which the project seeks to resolve a specific problem in Russian society;
- ▶ **Effectiveness:** the extent to which its positive impact is measurable;
- ▶ **Involvement:** whether Moscow Exchange employees may participate in the project.

### Priority areas of corporate giving programmes:

- ▶ Supporting the education and upbringing of children;
- ▶ Assisting the victims of natural disasters in the Russian Federation;
- ▶ Assisting veterans and the elderly.



Moscow Exchange does not support organisations that follow discriminatory policies on the basis of the gender, sexual orientation or nationality, and neither directly nor indirectly participates in financing organisations whose activities have been linked with human rights violations, the proliferation of weapons of mass destruction or the significant pollution of the environment.

### Corporate volunteer programme

Volunteering is a part of the Group’s corporate culture and brings its employees together around common values. Moscow Exchange employees may participate in projects run by partner organisations as a volunteer or donor. Employee participation in corporate giving projects is encouraged, inter alia, by the use of an internal “currency” (for more details, see the MEMS project in ‘Employee engagement and performance’ section).

Employees receive information on corporate charity events in the daily Company News newsletter, as well as on the internal portal “Corporate charity” page. In the same place, employees can also apply to participate in volunteer campaigns and make a donation or share news about other projects to attract like-minded volunteers.

### Stakeholder engagement, partnerships and associations

MOEX Group works towards building a constructive dialogue with Russian and international investors, market participants, current and potential issuers, regulators and the professional community, both by direct communication through advisory bodies and working groups, and at investment conferences, forums and specialised training events. This work helps to attract new investors to the Group’s markets, expand client base, increase liquidity on the financial markets and attract investment into the Russian economy.

### Exchange Council and User Committees

Moscow Exchange Group coordinates with market participants through so-called user committees. Functioning of these committees enables MOEX Group to receive feedback from customers on planned innovations in products and services, make upgrades to market infrastructure and draft proposals to improve the regulation of financial markets.

#### KEY DOCUMENTS:

- ▶ [International Standard Accountability AA1000 AP](#)
- ▶ [International Standard Accountability AA100 SES](#)
- ▶ [Regulation on the Exchange Council](#)

#### RESPONSIBLE AUTHORITY:

- ▶ Strategy Department
- ▶ Communications Department
- ▶ Personnel and HR Policy Department
- ▶ Managing Director of Operations
- ▶ Managing Director of Government and Issuer Relations
- ▶ Investor Relations Director

The main advisory body is the Exchange Council, which is tasked with elaborating strategic proposals to develop the Russian financial market as well as with representing the interests of market participants – the Group’s clients – to ensure that their needs are fully taken into account. The Exchange Council includes executives who represent major market participants, self-regulatory organisations, asset management companies, investment banks and the Central Bank of Russia.

User Committees are advisory bodies whose members are drawn from stakeholders and which advise Moscow Exchange’s governing bodies on issues of strategic development and activities on specific markets. User committees were created in accordance with Federal Law No. 325 (“On Organised Trade”), as well as the Exchange Council.

As of 31 December 2020, Moscow Exchange has the following user committees:

Committees established in accordance with the requirements of the legislation<sup>1</sup>:

- ▶ FX Market Committee;
- ▶ Derivatives Market Committee;
- ▶ Securities Lending and REPO Committee;
- ▶ Equity & Bond Market Committee;
- ▶ Fixed-Income Securities Committee;
- ▶ Deposit Market Committee;
- ▶ Credit Market Committee.

Committees established at the initiative of Moscow Exchange:

- ▶ Moscow Exchange Council;
- ▶ Committee on Settlements and Execution of Operations;
- ▶ Collective Investment Committee;
- ▶ Share Issuers Committee;
- ▶ Bond Issuers Committee;
- ▶ Primary Market Committee;
- ▶ Index Committee;
- ▶ Debt Market Benchmarks Committee;
- ▶ IT Committee.

NSD has the following user committees:

- ▶ Quality and Risks Committee;
- ▶ Settlement and Depository Activities and Tariffs Committee;
- ▶ Interaction with Registrars and Depositories Committee;
- ▶ Central Securities Depository Service Users Committee;
- ▶ Repository Service Users Committee.

1. Advisory bodies of the Exchange established in accordance with the requirements of Article 10 of the Federal Law No. 325-FZ dated 21 November 2011 “On Organised Trading” and Regulations of the Bank of Russia No. 437-P dated 17 October 2014 “On Organised Trading Activities”.



The Exchange Council's main activities include:

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

Most committees draw their members from professional market participants including banks, brokers and investment companies, as well as issuers and non-financial companies, for a term of one year. Their main areas of focus include preparing proposals to amend legislation and other regulations, reviewing regulatory issues regarding securities issuance and trading, information disclosure and corporate governance. Committees also develop proposals regarding organised trading of securities, improvements to clearing and settlement technology, and expansion of the range of available tools and services.

For the convenience of committee members, customers and market participants, Moscow Exchange publishes a monthly digest including a list of issues discussed at meetings of the Exchange Council and other user committees, as well as the decisions taken. Information on the activities of MOEX's committees and the Exchange Council and NSD committees is publicly available on the [Moscow Exchange](#) and [NSD websites](#).

### Sustainability initiatives and partnerships

In fulfilling its mission and relying on its values, Moscow Exchange takes an active role in various Russian and international organisations, associations and voluntary initiatives. Moscow Exchange is a member of the World Federation of Exchanges (WFE) and several WFE working groups: The WFE Sustainability Working Group, including the WFE Cybersecurity Working Group and the Operational Risk Working Group. Within the framework of this partnership, the Group regularly shares its experience and best practices with peer exchanges.

Moscow Exchange is an established participant in the WFE's Ring the Bell for Financial Literacy initiative. In addition, Moscow Exchange is a member of the global Sustainable Stock Exchanges (SSE) initiative, which was founded in 2009 at the initiative of UN Secretary-General Ban Ki-moon, and is a partner programme 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).

Moscow Exchange Group is an active participant in numerous working groups on sustainable finance and responsible investing together with other market participants and regulators.

MOEX is also an active member of the Russian Business Ethics Network (RBEN). RBEN is an external initiative on best practices of business ethics, compliance and anti-corruption.

### Stakeholder Engagement

MOEX Group is deeply engaged in establishing a constructive dialogue with Russian and foreign investors, market participants, current and potential issuers, regulatory authorities and professional communities through direct communications within consultative bodies and working groups, and through participation in investment conferences and forums, as well as dedicated training sessions. These efforts help attract new clients to Moscow Exchange Group's markets, expand the client base, improve the liquidity of the financial market and facilitate investment inflows into the Russian economy.

Moscow Exchange Group holds conferences, roundtable discussions and seminars involving various partners from the corporate and public sectors. These events are aimed at discussing legislative changes, IR trends and sustainable development topics.

One of the key events dedicated to corporate governance and communications with investors is the annual report contest held by Moscow Exchange together with RCB media group. The contest promotes transparency of public companies and efficient disclosures for investors and clients.

The table on the next pages demonstrates how the Group builds its communication with different stakeholder groups.

Stakeholder groups, topics and forms of engagement:

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

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

### Improving the professionalism of the IR community

Moscow Exchange successfully runs MOEX IR Academy, a platform for dialogue within the IR community, to encourage the exchange of views among IR professionals and to serve as a discussion club and centre for developing professional principles and standards.

Since the start of the initiative, more than 20 roundtable discussions and workshops have been held at the IR Academy, where more than 100 IR leaders, portfolio managers, senior analysts and independent experts have spoken about current trends in their industries.

### Development of partnerships with universities

Moscow Exchange’s partnerships with leading universities are designed to support the training of highly qualified personnel for the Group and the financial sector, as well as to support research on economics and technology.

Moscow Exchange works closely with the Higher School of Economics, New Economic School, Lomonosov Moscow State University, Financial University under the Government of the Russian Federation (Financial University), Plekhanov Russian University of Economics and the National Research Nuclear University MEPhI. In partnership with these universities, Moscow Exchange conducts research on the development of the securities market, information technology and risk management, and supports programmes that train young specialists.

As part of career guidance programmes, students are given the opportunity to intern at Moscow Exchange Group and work on projects with the support of Group employees. Information on internships offered by Moscow Exchange Group is published on MOEX’s career page. MOEX Group also supports special training programmes where senior managers and leading specialists from Moscow Exchange Group offer a series of master classes for students. Additional information on internships for 2020 is available in ‘Sustainability Performance 2020 Highlights’ section.

For many years MOEX Group has supported two master’s programmes, one at the Financial University and another at the National Research Nuclear University MEPhI. For several years running, Moscow Exchange Group’s employees have given lectures and seminars on financial risk management at the Faculty of Computational Mathematics and Cybernetics at Lomonosov Moscow State University and at the St Petersburg School of Economics and Management.

Moscow Exchange and the Financial University have collaborated on organising the annual Fincontest, a special contest on financial markets founded several years ago. MOEX helps evaluate participants’

knowledge of corporate finance, securities market and financial analysis, while giving them an opportunity to launch their professional career.

Moscow Exchange also supports the annual Novosibirsk Region Governor’s Cup on Stock Financial Market for students at Russian universities.

### Participation in initiatives and associations

Moscow Exchange Group member	Item	Initiative/association
<b>Sustainable development initiatives</b>		
	1	UN Global Compact (supporting principles)
	2	WFE Sustainability working group
	3	WFE Cyber resilience working group
	4	The UN Sustainable Stock Exchanges (SSE)
	5	Ring the Bell for Gender Equality
	6	Ring the Bell for Financial Literacy
	7	CPMI-IOSCO Principles for Financial Market Infrastructures (assessment of compliance by Group organizations)
	8	Financial Literacy Development Association
<b>Other relevant associations and initiatives</b>		
	9	World Federation of Exchanges (WFE)
	10	Futures Industry Association (FIA)
	11	International Association of Exchanges of the Commonwealth of Independent States
	12	Russian National SWIFT Association (ROSSWIFT)
	13	Financial Technology Development Association
		14
15		Association of Eurasian Central Securities Depository (AECSD)
16		International Securities Services Association (ISSA)
	17	Russian National SWIFT Association (ROSSWIFT)
	18	National Financial Association (self-regulatory organisation) (SRO NFA)
	19	Global Association of Central Counterparties
	20	European Association of Central Counterparty Clearing Houses (EACH)

## RESPONSIBLE INVESTING AND SUSTAINABLE GROWTH

### ESG bonds

Moscow Exchange has developed financial instruments and products that will help meet the investor community's growing demand for responsible investment tools. Together with the Ministry of Economic Development of the Russian Federation, Moscow Exchange launched the Sustainability Sector, which helps issuers raise funds for sustainability initiatives and other initiatives that meet the objectives of projects. The Sector incorporates international best practices and constitutes one of the most significant measures that Moscow Exchange has taken as a member of the Sustainable Stock Exchanges (SSE) initiative.

#### The Sustainability Sector is designed to:

- ▶ Help corporates, government bodies and other issuers raise funds for environmental and social projects;
- ▶ Create an environment that encourages foreign investment into local Russian bonds;
- ▶ Offer a set of instruments for funding initiatives that meet the objectives of national projects and the goals of the Russian Presidential Decree No. 204 of 7 May 2018 "On the National Goals and Strategic Development Objectives of the Russian Federation to 2024".

The Sustainability Sector has three independent segments: green bonds, social bonds and national projects. The green and social bonds segments feature bonds issued by various Russian issuers, provided that the bond issue or investment project meets 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 offer, issuer or project has received an independent verification that confirms compliance with the principles or standard. In order for an issue to be identified using the words "green bonds", "social bonds", registration of the bonds by the Bank of Russia and the Exchange is required. Registration in this case is carried out in accordance with the Securities Issuance Standards.<sup>1</sup>

Performance indicators of greenhouse gas emissions reduced / avoided among others can be used for reporting by green bond issuers as it is recommended by ICMA Green Bond Principles.

#### KEY DOCUMENTS:

- ▶ [Listing Rules of Moscow Exchange](#)
- ▶ [Social Bonds Principles \(SBP\)](#)
- ▶ [Green Bond Principles of the International Capital Market Association \(ICMA\), 2018](#)
- ▶ [Climate Bonds Standard of the Climate Bonds Initiative](#)

#### RESPONSIBLE AUTHORITY:

- ▶ Listing Department
- ▶ Issuer Relations Department

#### KEY DOCUMENT:

- ▶ [Methodology for calculating Moscow Exchange ESG Indices](#)

#### RESPONSIBLE AUTHORITY:

- ▶ Department of Indices and Market Data

### Listing rules

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

- ▶ An application to participate in the Sector;
- ▶ A certificate from an external verifying body;<sup>1</sup>
- ▶ A statement of undertaking to disclose information (no less than once a year throughout the lifetime of the bond) confirming that the funds raised are being put to appropriate use;
- ▶ 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.

Moscow Exchange pays great attention to feedback received from its clients on ESG instruments. This topic is widely discussed at User Committees meetings.

### ESG indices

ESG indices are designed to represent the performance of the most common ESG investment approaches by including, re-weighting or excluding companies by leveraging ESG criteria. Moscow Exchange aims to offer the range of ESG indexes to meet the needs of investors whatever ESG outcomes they want to achieve.

In accordance with the partnership agreement that Moscow Exchange and RSPP signed in March 2019, Moscow Exchange calculates the MOEX-RSPP Responsibility and Transparency and the MOEX-RSPP Sustainability Vector sustainability indices on a daily basis. The purpose of the partnership agreement is to develop and bolster sustainable business practices among Russian issuers, improve their investment appeal and help them become more transparent and trustworthy from the investor's point of view.

The MOEX-RSPP Responsibility and Transparency Index (MRRT)<sup>2</sup> includes (as of the end of 2020) stocks of 23 issuers that are leading the way in sustainability reporting area. While analysing the quality of reporting, international non-financial reporting standards and requirements are considered. Each issuer's share in the index is adjusted on a quarterly basis, using the free float market capitalisation method. The share of any given company is limited to 15%.

1. Regulation of the Bank of Russia «On Standards of Securities Issue».

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



The MOEX-RSPP Sustainability Vector Index (MRSV)<sup>3</sup> is based on stocks of 20 issuers that publish the best results based on the following ESG metrics (as compared to the previous year):

- ▶ GHG emissions;
- ▶ Water consumption;
- ▶ Power consumption;
- ▶ Waste management;
- ▶ Employee productivity;
- ▶ Occupational health and safety;
- ▶ Wages and social support for employees;
- ▶ Employee training and skill improvement;
- ▶ Staff turnover;
- ▶ Social expenditures.

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

### ESG ETFs

Two Russian ESG ETFs are managed by RSHB Asset Management and Sberbank Asset Management. Both ESG ETFs are based on Moscow Exchange-RSPP Sustainability Vector Index that is composed of equities which demonstrate the best results in sustainability and corporate social responsibility.

The ETFs based on the MOEX-RSPP Sustainability Vector Index are the first two ESG ETFs in Russia. Historically, the companies included in this index demonstrate strong performance and attractive dividend yields. By purchasing ETFs, the investor receives exposure to a diversified portfolio that includes shares of constituent companies of the MOEX-RSPP Sustainability Vector Index constituents, which reflects the most progressive Russian companies that comply with the best ESG practices.

### SME segment

In 2017, Moscow Exchange launched the Growth Sector in cooperation with the Central Bank of Russia and a number of other partners, including the Ministry of Economic Development of the Russian Federation, the SME Corporation and the SME Bank. The purpose of the Sector is to help the most advanced small and medium businesses raise capital.

The Supervisory Board plays a fundamental role in SME Sector's management process approving Listing rules of Moscow Exchange which set out main regulations of the segment.

#### KEY DOCUMENTS:

- ▶ [Rules for Trading on the Equity & Bond Market of Moscow Exchange](#)

#### RESPONSIBLE AUTHORITY:

- ▶ Equity Market Department

#### KEY DOCUMENTS:

- ▶ [Listing rules of Moscow Exchange](#)
- ▶ [Criteria for Inclusion in the High Investment Risk Sector](#)
- ▶ [Government Decree No. 2374 dated December 30, 2020](#)

#### RESPONSIBLE AUTHORITIES:

- ▶ Growth Sector Council
- ▶ The Committee of the Growth Sector Council
- ▶ Listing Department

#### PRIORITY IN THE GROWTH SECTOR IS GIVEN TO:

- ▶ SMEs;
- ▶ Companies showing growth in financial performance;
- ▶ Industrial companies;
- ▶ Companies with export earnings;
- ▶ Companies that have received support from the SME Corporation, SME Bank, FRP, REC or RDIF.

Moscow Exchange and its partners have worked to develop a mature ecosystem for the Sector, including:

- ▶ A set of "rules of the game", including a risk management system for company vetting;
- ▶ A set of partners (development institutions);
- ▶ A network of professional services organisations (placement organisers, consultants, rating agencies, etc.);
- ▶ A set of support tools provided for in the National Project on Small and Medium Enterprises and Supporting Individual Entrepreneurship Initiatives;
- ▶ A specialised project team within Moscow Exchange who have experience working with SMEs.

#### Measures to support companies in the Growth Sector:

- ▶ compensation of up to RUB 1.5 million of the issuer's securities placement expenses;
- ▶ subsidies up to 70% of the [coupon rate](#);
- ▶ anchor investments from the SME Bank with an option of acting as the offer co-organiser and buying up to one half of the issued securities;
- ▶ guarantees and endorsements for the SME Corporation's bond offers (up to RUB 1 billion);
- ▶ MSP Bank acts as a co-organizer of placements;
- ▶ The territorial divisions of the Central Bank of Russia help in organizing events for issuers.

#### Listing rules

- ▶ The issuer was established at least three years prior to the issue;
- ▶ The issuer has revenue of at least RUB 120 million;
- ▶ The maximum value of revenue is less than RUB 10 billion for bond issuers and less than RUB 25 billion for issuers of shares;
- ▶ For bond issuers:
  - ▶ the minimum issue volume is RUB 50 million;
  - ▶ availability of a rating or support from development institutions (surety from the SME Corporation, anchor investments from SME Bank).

#### Priority is given to:

- ▶ SMEs;
- ▶ Companies showing growth in financial performance;
- ▶ Industrial companies;
- ▶ Companies with export earnings;
- ▶ Companies that have received support from the SME Corporation, SME Bank, FRP, REC or RDIF.

## Company screening and risk management

Companies that wish to join the Growth Sector must meet several criteria. Each new issuer has to go through KYC (Know Your Customer) procedures. During KYC process, the potential issuer is reviewed by experts from three Moscow Exchange departments who check for a special set of risk parameters. If the review reveals any potential risks, the issuer review is forwarded to the Growth Sector Board Committee, which includes representatives of MOEX's partners (the Central Bank of Russia, the SME Corporation, the SME bank, the Industrial Development Fund and other organisations), to make the final recommendation.

It is also important to note that many small and medium enterprises have joined the Growth Sector upon receiving support from our partner organisations, such as guarantees from the SME Corporation or anchor investments provided by the SME Bank (which significantly reduce the probability of default). Coupon rate subsidies also contribute to default risk reduction, by lowering the issuer's effective public debt rate. Issuers whose activities face higher risks (development, leasing) may only join the Growth Sector if they have an approved credit rating and have received favourable Committee recommendations.

## **Innovative segment**

In 2009, MOEX introduced the Innovation and Investment Market (IIM) to help attract investments to the innovative sector of the Russian economy.

IIM consists of three segments. Each segment is intended for certain types of investors and issuers at different stages of development:

- ▶ The IIM sector helps innovative companies to conduct an IPO/SPO and get admission to public trading;
- ▶ The IIM-2 sector is a special exchange sector for the private placements. Special exchange technology is available to the investors and issuers (block-trading). This sector is for qualified investors only;
- ▶ IPO board is an online information and trading system that provides access to venture capital and private equity for leading Russian innovative small and medium private companies.

### KEY DOCUMENTS:

- ▶ Rules for Classifying Shares and Bonds of Russian Organisations, as well as Investment Shares Circulating on the Organised Securities Market, as Securities of the High-tech (Innovative) Sector of the Economy (approved by [Russian Government Resolution No. 156](#) of 22 February 2012)

### RESPONSIBLE AUTHORITIES:

- ▶ Managing Director for Relations with Issuers and Authorities
- ▶ The Committee for the Development of the Innovation and Investment Market
- ▶ Innovation and Investment Market Coordination Council

## Listing rules

- ▶ Russian and foreign securities can be admitted to trading on IIM;
- ▶ Admitted instruments: equities, bonds and open/close mutual funds;
- ▶ Market capitalisation: at least RUB 150 million;
- ▶ Business area: telecommunications, Internet, software, development and production of semiconductor devices, biotechnology, pharmaceuticals, high-tech, knowledge-based, new materials, energy efficiency, innovative manufacturing companies, etc.;
- ▶ Rating of the issuer and/or its bond issue by one of the approved rating agencies;
- ▶ A securities prospectus is to be drawn up in line with Russian law and information disclosure standards;
- ▶ Investment memorandum with more detailed information about the company's financial and operational activity and main goals and plans for providing potential growth;
- ▶ Agreement with a listing agent.

The innovative segment requires the presence of a listing agent (i.e. an advisory, broker or investment company accredited by Moscow Exchange). The listing agent provides the following services:

- ▶ Preparation of the set of documents to be submitted by the issuer together with the application for admission of securities to trading on IIM;
- ▶ Signing of the issuer's investment memorandum.

Moscow Exchange sets strict criteria for becoming an approved listing agent to ensure that investors' rights are protected and to minimise the risk that unreliable data and information will be disseminated.

## Measures to support companies in the IIM Sector:

- ▶ Special marketing and promotion programmes for innovative issuers during an IPO/SPO;
- ▶ Attracting investors aimed at companies of this type;
- ▶ IR services and tools: presentations to investors, roadshow, webinar presentations, Internet and social network promotions;
- ▶ Liquidity support: market-makers, IR tools, special disclosure rules;
- ▶ Information and analytical coverage based on monthly IIM reports;
- ▶ Access to pension savings: in accordance with the Central Bank of Russia Regulation No. 580-P, up to 5% of the portfolio of pension savings of NPFs can be invested in shares of issuers included in the IIM-Prime segment;
- ▶ Tax incentives for investors.

## ENVIRONMENT OF RESPECT AND EMPOWERMENT

In order to achieve its strategic goals, Moscow Exchange Group recognises that it is critical to have effective and motivated employees who can solve challenging tasks. To ensure sustainable growth and enhance productivity, Moscow Exchange Group draws upon the creativity and diverse experience of its employees. MOEX Group encourages its employees to work together in teams to solve current business problems and creates opportunities for employees to improve the society in which they live and work.

### Employee engagement and performance

#### Key objectives of HR policy:

- ▶ Attract, motivate and retain highly qualified employees;
- ▶ Provide opportunities for the continuous professional development to employees;
- ▶ Create an enabling environment for employees to fulfil their potential and achieve the Group's strategic goals.

Moscow Exchange Group places particular emphasis on understanding the needs of its employees, as well as on providing opportunities for them to improve their performance and ensuring that they are engaged in MOEX Group's activities (more information about specific measures, please see 'Wages and staff incentives' and 'Corporate culture development' below). To monitor employee engagement, Moscow Exchange Group conducts an annual comprehensive survey encompassing most employees.

### Survey methodology

The survey measures three components — engagement, loyalty and satisfaction — based on 58 closed and 4 open questions (for the results from 2020, please see 'Environment of respect and empowerment: 2020 Sustainability Performance Highlights').

#### The comprehensive engagement survey consists of three dimensions

##### Engagement

index reflecting employee motivation and the productivity of the working environment in a department

##### Loyalty

index reflecting the commitment of employees to the company

##### Satisfaction

state in which employees are satisfied with their work, working conditions and atmosphere in the company

#### KEY DOCUMENTS:

- ▶ HR Policy of Moscow Exchange Group
- ▶ Internal employee regulations
- ▶ Regulations on bonuses
- ▶ Regulations on corporate social support

#### RESPONSIBLE AUTHORITIES:

- ▶ Personnel and HR Policy Department

Moscow Exchange Group companies carry out annual performance assessments for all employees including setting, adjusting and evaluating their personal targets. All Exchange employees who have worked for more than three months in a given reporting period undergo a performance assessment.

The employee performance assessment system includes the criterion for completing mandatory compliance training. The assessment may also be influenced by a confirmed violation of compliance requirements.

The assessment results are used to design and prioritise measures aimed at improving performance in these three categories. Focus groups are convened among employees to prepare next steps.

### Wages and incentives

Moscow Exchange Group provides its employees with a competitive level of remuneration that includes fixed and variable (premium) components. Both parts are determined according to the current system of pay grades and are based on the market data. The bonus part of employee remuneration depends on the Group's performance and employee's individual achievements.

Moscow Exchange provides its fulltime employees with an additional package of social support, including:

Type of services	Services	Employees covered
Insurance	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
	Travel insurance	All employees
Healthcare	Sick leave pay up to 100% (in contrast to 10 days required by Russian legislation)	All employees
Parental leave	Compensation during parental leave in accordance with Russian legislation	All employees
Maternity leave	Compensation up to 100% (above the level required by Russian legislation)	All employees
Miscellaneous	<ul style="list-style-type: none"> <li>• PrimeZone Corporate Discount Programme</li> <li>• Financing of interest clubs: MOEXSmart (What? Where? When?), Culinary Club, MOEXWalk (tours in Moscow), various sport clubs</li> <li>• Fitness amenities at the office of Moscow Exchange</li> </ul>	All employees

Moscow Exchange has automated the process for employees to file applications when working on non-working days through an internal corporate portal, providing additional transparency of this process for HR and guaranteeing that employees are compensated accordingly.

The Group also has a Social Affairs Commission that may provide material assistance to employees in connection with an accident or extraordinary circumstances not covered by existing insurance programmes.<sup>1</sup>

To retain key personnel and ensure their focus on the long-term business development of the entire Group, there is an updated Long-Term Motivation Program approved by the Supervisory Board. Provision of long-term incentives as well cover employees below the senior management level.

As part of a Recognition program for employees, an annual competition is held to recognise the most active and productive Exchange employees, as well as the best functional and project teams. The winners are selected across five categories. Voting takes place on the corporate portal and the winners for Best Start, Best Employee and Best Team categories are chosen by a panel comprised of senior managers. The winner of the CEO Selection category is personally selected by the Chairman of the Executive Board, while the winner of the Best Internal Service category is the employee who collected the most domestic “currency” in the Thank You, Colleague category (for more details, see the MEMS project below). In addition, as part of the recognition programme, employees who have been members of the Group for 20 and 25 years receive awards in the form of badges and medals, respectively.

The MEMS project, currently a part of the recognition programme for Moscow Exchange companies, was launched in 2016. The project seeks to create intangible incentives for employees. Under this programme, employees earn “currency” for participating in the Group life and for taking a non-standard approach to solving problems. Employees receive this “currency” from managers who recognise a job well done, from their colleagues for help in their work or from the Group companies for taking an active role in corporate events. Employees can then spend this “currency” in Moscow Exchange’s internal store to buy special MOEX-branded products that cannot be purchased elsewhere.

### Corporate culture

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

1. The Committee considers issues for all companies included in the Group, except for NSD, where a similar committee operates.

### Key objectives for developing corporate culture:

- ▶ Increase employee involvement in strategy implementation;
- ▶ Develop effective employee behaviour models to solve the business challenges faced by Moscow Exchange Group;
- ▶ Increase the efficiency of vertical, horizontal and cross-functional coordination of employees.

MOEX Group’s corporate values are integrated into all key personnel processes and communication systems, including the internal communications system, incentives system, performance evaluation system and corporate training processes.

As part of employee engagement, Moscow Exchange Group has placed special emphasis on providing opportunities for employees to give feedback.

*At Moscow Exchange, all employees have the opportunity to request and give feedback. For the convenience of sorting reviews, categories are configured as follows:*



The continuous feedback tool is used by various structural divisions to analyse messages from employees and resolve problems on such issues as employee performance and engagement, technical and IT aspects, ethics and compliance.

## Learning and development

Moscow Exchange’s training and development system includes educational programmes, workplace development and self-learning tools. At the same time, MOEX emphasises that employees take on responsibility for their own development and provides them with modern technology, resources and additional opportunities to help them meet their development needs. The Group regularly analyzes the necessary competencies and experience among employees to build strategic plans for their further development and training.

Training needs are identified via a comprehensive analysis and assessment that includes the results of performance assessments, talent reviews, assessments of HR risks and 360-degree feedback.

The Group traditionally pays attention to the quality of training provided to its employees. The NPS indicator is included in the KPI of the Exchange training department. Net Promoter Score is an indicator of the perception of the quality of the training provided and the willingness to recommend.

### The “70-20-10” concept

Since 2017, the Group has followed the “70–20–10” training concept, which involves a shift in focus to self-education and workplace development training (70%), along with other learning from experience (20%) and direct training (10%).

MOEX Group runs a mentoring programme in which experienced colleagues pass on their knowledge to newcomers who can gain more in-depth knowledge about related functions. The mentoring program and the high academic and professional potential of the Group’s employees contribute to the adaptation and development process of new hires.

All Moscow Exchange employees receive annual training on the code of professional ethics, which includes the topic of human rights.

All Moscow Exchange Group employees participate in a training on the Code of Professional Ethics within the first month of joining the Group. The confirmation of their familiarity proceeds through a special electronic system / electronic signature.

### Training programmes

Programme name	Brief information about the programme
<b>Internal training for employees</b> Management Faculty for Beginner Managers Management Faculty for Advanced Managers	The programme helps participants realise the change in their role as a leader and analyse their managerial experience, and also introduces participants to practical personnel management tools.  The programme helps participants update their managerial skills, introduces them to new approaches and helps them to experiment with specific practical tools.

#### KEY DOCUMENTS:

- ▶ HR Policy of Moscow Exchange Group
- ▶ Internal employee regulations

#### RESPONSIBLE AUTHORITY:

- ▶ Personnel and HR Policy Department

Programme name	Brief information about the programme
Personal Effectiveness Faculty	The programme works with participants on their “over-professional” skills (meta-skills) to help them gain insights on their perceptions and thinking patterns, change their negative beliefs, exercise control over their emotional states in stressful situations and be proactive.
Project Faculty	The programme is aimed at helping participants to develop their project management skills, better coordinate the work of project teams and create a single semantic field for all employees who work on project teams.
Professional Faculty	The programme is aimed at introducing key business processes and best practices, as well as increasing the level of English proficiency among Exchange employees.  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.
<b>External training for employees</b> Individual and group training	Moscow Exchange provides employees with the opportunity to undergo training in the form of: <ul style="list-style-type: none"> <li>• Training events (trainings, seminars, roundtable discussions, distance learning courses, etc.);</li> <li>• Conferences;</li> <li>• Specialised practical trainings that help employees to develop the knowledge, skills and abilities that they need for their position.</li> </ul>

#### KEY DOCUMENTS:

- ▶ HR Policy of Moscow Exchange Group
- ▶ [Code of Professional Ethics of Moscow Exchange](#)
- ▶ Conventions [No. 111](#) and [No. 156](#) of the International Labour Organization
- ▶ [The Universal Declaration of Human Rights, the UN](#)

#### RESPONSIBLE AUTHORITIES:

- ▶ Personnel and HR Policy Department

## Inclusion and diversity

In accordance with Russian legislation and Moscow Exchange Group’s own Code of Professional Ethics, MOEX Group does not allow discrimination at the workplace. MOEX Group demonstrates respect for cultures, opinions and lifestyles that are different from its own. The Group does not accept any forms of harassment and discrimination based on gender, religion, personal beliefs, age, ethnicity or nationality, physical capabilities, gender identity, skin colour, family status, political opinion, social background.

MOEX Group supports Conventions No. 111 and No. 156 of the International Labour Organization and respects the cultures, opinions and lifestyles of all employees, and does not participate in any actions that could contribute to creating an atmosphere of bullying, harassment or violation of human dignity at the workplace. Moscow Exchange seeks to provide equal employment opportunities and ensure gender balance across its team.

The scope of work of MOEX Group employees is regulated by job descriptions and internal regulations that fully comply with the Russian Labour Code. Overtime work (i.e. outside the work schedule specified in the employee’s employment contract) is subject to the employee’s personal consent and is remunerated in accordance with Russian employment legislation.

According to the Code of Professional Ethics, the recruitment and occupation of vacant positions, the determination of remuneration and the provision of advanced training and training opportunities are based on the professional qualities and performance of the employee. Any form of patronage and discrimination is unacceptable in the Group.



Moscow Exchange Group has adopted several initiatives to arrange retiring-age employees' transition into the next step of their lives. Activities are tailored individually, following an interview with the employee who is soon to retire. These initiatives include:

- ▶ Providing individual coaching to help employees prepare for the next stage of their life;
- ▶ Arranging their participation in university-based training programmes to work with students pursuing a career in finance;
- ▶ Providing an opportunity to give lectures at youth employment centres or as part of social projects;
- ▶ Asking them to serve as mentors in the Buddy programme, which is designed to help newcomers to smoothly adapt and to ensure that the older generation of employees share their knowledge and experience;
- ▶ Providing an opportunity to write articles for specialised publications, as well as blogging/maintaining pages on portals and on social media with the support of the Communications Department;
- ▶ Supporting employees of senior generation and promoting age diversity through special initiatives, including participation in Moscow's Silver University programme;
- ▶ Providing employees with information about Moscow's Moskovskoe Dolgoletie programme, which is a social project for retired Muscovites.

### Occupational health, safety and wellbeing

Moscow Exchange Group is responsible for ensuring the health and safety of its employees. As part of maintaining high standards of occupational health and safety, MOEX Group adopted an occupational safety policy in March 2018. The occupational safety system covers all employees of the Group companies.

Under the occupational safety system, MOEX Group recognises and fulfils its obligations to:

- ▶ Comply with Russian occupational health and safety regulations;
- ▶ Ensure safe working conditions by performing a set of consistent and continuous measures aimed at preventing accidents, occupational injuries and diseases, including through the management of occupational risks;
- ▶ Inform each employee of any hazards, harmful factors and occupational hazards that have been identified in the workplace;
- ▶ Improve the occupational health and safety (OHS) management system to maintain it in a form consistent with the current needs of the Group, and promote the professional development of employees responsible for ensuring occupational health and safety;
- ▶ If necessary, provide employees with personal protective equipment (PPE);

#### KEY DOCUMENTS:

- ▶ Occupational Safety Policy of Moscow Exchange
- ▶ Internal regulations on the occupational safety management system

#### RESPONSIBLE AUTHORITY:

- ▶ Personnel and HR Policy Department
- ▶ Group for fire safety, emergency situations and labour protection

#### CURRENT OCCUPATIONAL SAFETY TRAINING SYSTEM:

- ▶ Introductory briefing on occupational safety;
- ▶ Occupational safety training and relevant knowledge tests at a specialised training centre;
- ▶ Corporate portal where employees can become acquainted with all instructions and regulations on occupational health and safety and take remote courses.

- ▶ Involve employees (or representative bodies authorised by them) in the management of occupational safety issues including by feedback mechanism;
- ▶ Provide working conditions consistent with occupational safety requirements;
- ▶ Ensure the functioning of all levels of control over compliance with occupational health and safety regulations;
- ▶ Encourage employees to contribute to the creation of safe working conditions by increasing the level of responsibility for meeting their obligations related to occupational health and safety;
- ▶ Regularly conduct a special assessment of working conditions and control over compliance with health and safety regulation (including sanitary and epidemiological requirements).

Moscow Exchange Group assumes responsibility for the health and safety of employees by establishing appropriate goals and objectives, as well as by planning and financing measures to achieve them.

### Assessment of working conditions and analysis of professional risks

Under internal regulations on the occupational safety management system approved in January 2018, the managers of individual business units are responsible for overseeing the occupational health and safety activities of their respective business units. If complaints arise about working conditions (insufficient lighting, inadequate ventilation and air conditioning systems, etc.) or any violations of occupational health and safety requirements are detected, any employee may send a request describing the problem to technical support.

### Occupational safety training

All new Group employees undergo mandatory introductory trainings on occupational safety, fire safety, civil defence, emergency situations and electrical safety.

Current occupational safety training system:

- ▶ Introductory briefing on occupational safety;
- ▶ Occupational safety training and relevant knowledge tests at a specialised training centre;
- ▶ Corporate portal where employees can become acquainted with all instructions and regulations on occupational health and safety and take remote courses.

## Supporting the health and well-being of employees

Moscow Exchange Group pays considerable attention to contributing to the health and well-being of its employees. To prevent the spread of diseases in public spaces, disinfectants are always available. Employees are provided with free fruits in the kitchen areas, a healthy menu in the corporate canteen and a range of healthy products in snack machines. Tips on healthy eating and living are regularly published on the corporate portal. The offices have their own gym with cardio machines, ping pong tables and a healthy diet station, as well as secured bicycle parking. In addition, Moscow Exchange Group employees regularly receive financial support from the company to participate in running, swimming, volleyball, basketball, football and hockey clubs or competitions.

## ADVANCED GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES

### Corporate Governance System

Moscow Exchange Group is a public company whose shares are traded. As the largest exchange in Russia, Moscow Exchange also establishes corporate governance standards for public companies in Russia (applicable for MOEX Group itself) as part of its listing procedures. This ensures that the Group adheres to high standards of corporate governance and serves as a benchmark for other issuers.

MOEX Group's corporate governance system includes a system of management bodies, supervisory bodies and other bodies, including:

- ▶ The General Meeting of Shareholders (supreme governing body);
- ▶ A two-level governance system with a clear division of powers between the Supervisory Board (general oversight of activities) and management, i.e. the Executive Board and the Chairman of the Executive Board (operational management);
- ▶ The committees of the Supervisory Board;
- ▶ The internal control system: an internal audit service reporting to the Supervisory Board and an independent external auditor<sup>1</sup>;
- ▶ A corporate governance department acting as corporate secretary.

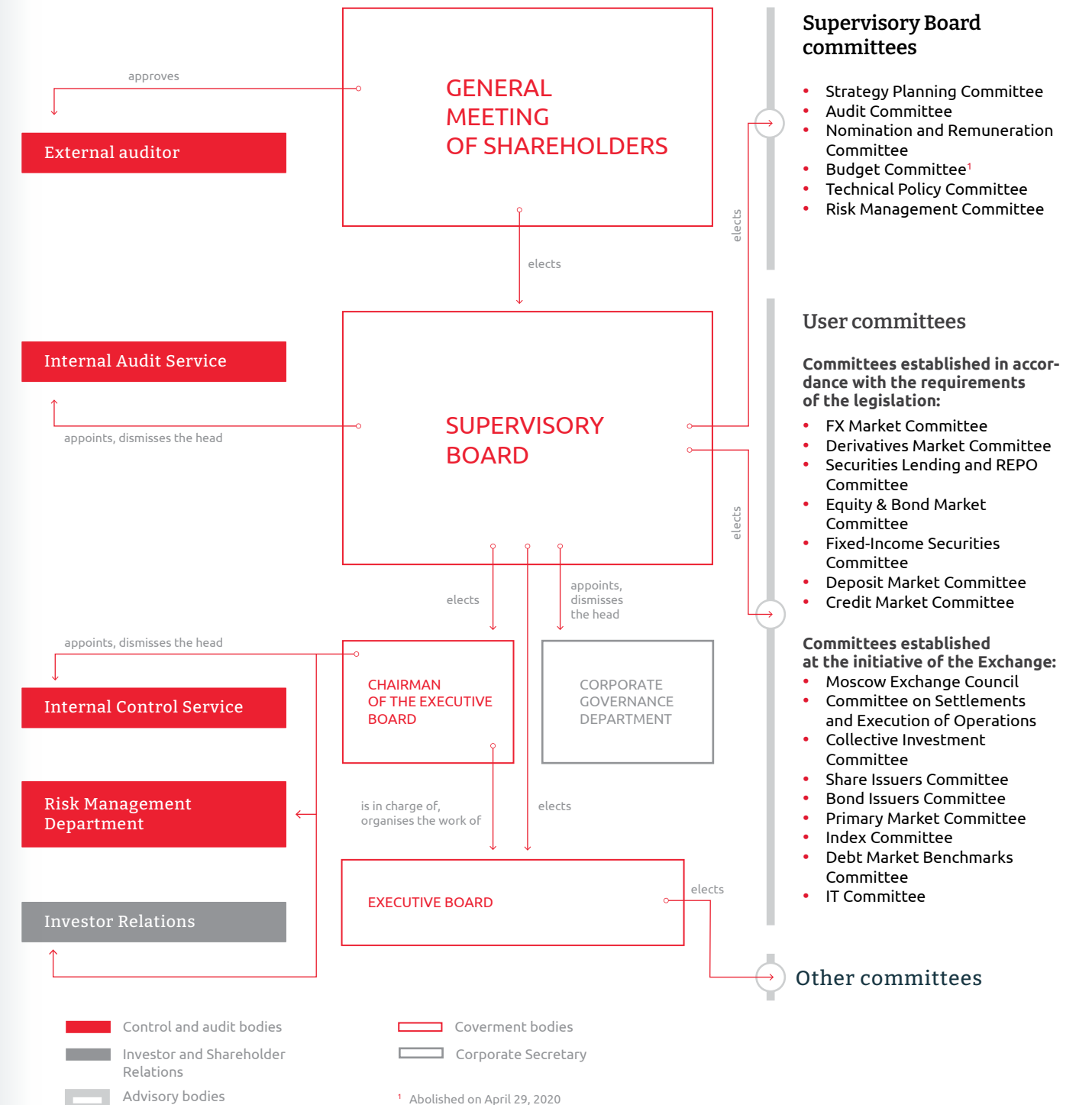
More detailed information about Moscow Exchange's corporate governance system and key developments in 2020, as well as additional information about key management bodies, can be found in Moscow Exchange's 2020 Annual Report.

1. According to the recommendations of the Central Bank of Russia, it is advised to determine the audit organization based on the results of an open tender at least once every five years. The last time the audit company was changed in 2017.

### KEY DOCUMENTS:

- ▶ [Federal Law No. 208-FZ of 26 December 1995 On Joint-Stock Companies;](#)
- ▶ [Federal Law No. 325-FZ of 21 November 2011 On Organised Trading;](#)
- ▶ [The Central Bank of Russia Corporate Governance Code;](#)
- ▶ [Listing Rules of Moscow Exchange;](#)
- ▶ [G20/OECD Principles of Corporate Governance;](#)
- ▶ [MOEX Group's policies, regulations and other internal documents.](#)

## Corporate governance structure





## Corporate Governance Code

The Corporate Governance Code sets out the main principles and objectives of Moscow Exchange's corporate governance system.

Moscow Exchange regularly monitors and 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.<sup>1</sup>

The current version of the Corporate Governance Code approved in 2019 by decision of the Moscow Exchange Supervisory Board covers several provisions related to corporate social responsibility, including:

- ▶ the procedure for conducting self-evaluation of the Supervisory Board annually and for conducting external evaluation by independent consultants every three years;
- ▶ the procedure for selecting a senior independent director;
- ▶ the succession programme for members of the Executive Board;
- ▶ the procedure for managing conflicts of interest;
- ▶ sections on initiatives related to environmental efficiency, business ethics and prevention of corruption.

## Governing bodies

### General Meeting of Shareholders

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

### Supervisory Board

The Supervisory Board, a key governing body of Moscow Exchange, carries out its activities under the Charter and the Regulations on the Supervisory Board of Moscow Exchange approved by the General Meeting of Shareholders at the annual general meeting. The Supervisory Board's committees review ESG topics that are consistent with their mandates. More information about committees can be found in Moscow Exchange's 2020 Annual Report.

The members of the Supervisory Board are elected by the General Meeting of Shareholders for one term until the next AGM. The members of the Supervisory Board of the Company are elected using a cumulative voting procedure.

The scope of the Supervisory Board's authority is established in the Charter and clearly separated from that of other executive bodies that manage the daily operations of Moscow Exchange. In particular, the Supervisory

1. For key principles of Moscow Exchange's corporate governance, please check [the Corporate Governance](#).

Board is responsible for developing the mission, strategy and key performance indicators as well as for determining the most important issues affecting strategy execution and the long-term development of the Group. In addition, the Supervisory Board approves most internal policies.

### External and internal assessment

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

### Remuneration for members of the Supervisory Board

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

Each member of the Supervisory Board is paid a fixed remuneration dependent upon:

- ▶ the status of the Board member (compliance with independence criteria);
- ▶ whether the Board member performs additional functions (Chairman or Deputy Chairman of the Board);
- ▶ whether the Board member participates in committees under the Supervisory Board (Chairman or member of the committee);
- ▶ attendance at meetings.

According to the current legislation, the concept of "Say on pay" is not applicable to the Group's remuneration policy.

### Executive Board

The Executive Board oversees the day-to-day operations of Moscow Exchange. The Chairman of the Executive Board acts on the Company's behalf without a power of attorney, including representing its interests, issuing orders and instructions that employees are obliged to fulfil, and delegating certain powers. The Executive Board is responsible for management of economic, environmental and social issues. It reviews and approves MOEX' ESG goals and targets, defines sustainable development agenda of Moscow Exchange.

### Remuneration of the Executive Bodies of Moscow Exchange

The system of remuneration for members of the executive bodies is regulated by MOEX's Policy on Remuneration and Compensation to the Members of the Executive Board, approved by the resolution of the Supervisory Board in 2016. The Policy outlines the principles and approaches to remuneration and establishes the procedure for determining the size of remuneration, as well as the types of payments, benefits and privileges provided to the members of executive bodies.

The Policy is based on the following key principles:

- ▶ Attraction and retention of a professional and effective executive team capable of executing MOEX's strategy and other priorities and of increasing profits for shareholders;
- ▶ Ensuring a competitive level of pay sufficient to attract, motivate and retain competent and qualified executives;
- ▶ Achieving an optimal balance whereby a portion of the remuneration paid to a given executive team member is dependent on MOEX's overall performance and another portion is based on their individual contribution to MOEX's performance.

Remuneration of the members of executive bodies is divided into two portions: fixed and variable pay. The variable pay accounts for a significant portion of the annual remuneration and is divided into short-term and long-term components. The short-term variable pay is an annual bonus that depends on MOEX's performance and on the personal contribution of the member to Moscow Exchange's performance. The long-term variable pay is determined under Moscow Exchange's Share-Based Long-Term Incentive Programme. The Supervisory Board adopted the share-based long-term incentive programme to provide incentives to members of the executive bodies, encourage personal responsibility, align the interests of members of the executive bodies with those of shareholders, and link remuneration to long-term performance.

The total remuneration of Executive Board members, including the ratio of the remuneration parts, is assessed by the Nomination and Remuneration Committee for alignment with the level of remuneration at comparable companies based on the results of benchmarking studies acquired from leading consulting companies. It should be noted that the members of the executive bodies of MOEX are not paid for working in the management bodies of other Group companies.

### Preventing conflicts of interest

To function effectively, management bodies must avoid conflicts of interest. To manage this risk, the Supervisory Board is guided by its Conflict of interest and Corporate Conflict Policy adopted in December 2018. The key provisions of this policy include:

- ▶ the requirement that members of the Supervisory Board, members of the Executive Board and the Chairman of the Executive Board notify MOEX when conflicts of interest arise;
- ▶ the prioritisation of MOEX's interests and its shareholders over the personal interests of members of management bodies;
- ▶ the priority involvement of the Executive Board in the prevention, detection and settlement of conflicts of interest;
- ▶ the priority participation of independent directors in the prevention of corporate conflicts and performance of significant corporate actions by MOEX.

### KEY DOCUMENTS:

- ▶ [Anti-corruption Policy of Moscow Exchange](#)
- ▶ [Code of Professional Ethics of Moscow Exchange](#)
- ▶ [Information Policy of Moscow Exchange](#)
- ▶ [Information on anti-money laundering and counter-terrorism financing for Moscow Exchange Group's counterparties](#)
- ▶ [KYC Policy of Moscow Exchange](#)
- ▶ [Conflict of Interest and Corporate Conflict Policy of Moscow Exchange](#)

### RESPONSIBLE AUTHORITIES:

- ▶ Every structural unit identifies and assesses risks associated with its own processes, including corruption risks
- ▶ The Internal Control and Compliance Department
- ▶ The Audit Committee of the Supervisory Board

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

Information on interested party transactions made by Moscow Exchange in the reporting year is disclosed in the [relevant report](#).

### ***Business ethics and anti-corruption***

One of the key priorities of MOEX Group's updated strategy is to support and nurture a culture of trust and responsibility. Moscow Exchange Group is committed to high standards of business conduct and places a high value on its reputation. The Group, in particular, has a strict zero-tolerance policy on corruption of any form.

#### Key principles of the Code of Professional Ethics include:

- ▶ Respect for colleagues and equal opportunities;
- ▶ Respect of the civil rights of the Group's employees, including the right to freedom of speech;
- ▶ Zero tolerance of 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's assets, including intellectual property rights;
- ▶ Protection of shareholders' interests;
- ▶ Data and intellectual property rights protection;
- ▶ Trust-based relationships with customers, partners and government authorities;
- ▶ A neutral position vis-à-vis political and religious activities (with no restrictions on employees engaging in such activities on a personal capacity);
- ▶ Corporate social responsibility and commitment to sustainable development principles.

### Anti-corruption

In line with its zero-tolerance policy, Moscow Exchange Group 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.

### Key principles of the Anti-Corruption Policy:

- ▶ Moscow Exchange should prohibit any transfer/receipt of valuables (including gifts and incentive payments) to obtain assistance in solving any issue;
- ▶ Moscow Exchange should prohibit transactions with any third parties who are acting on behalf of or in favour of MOEX;
- ▶ Moscow Exchange should establish a collective body for decision-making on signing contracts;
- ▶ Moscow Exchange should include anti-corruption clauses in contracts and vetting of all counterparties;
- ▶ Moscow Exchange should provide employees with channels to inform about corruption risks (including anonymously).

### 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.

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

1. New employees undergo introductory training and are made aware of key documents, which they sign to acknowledge having read.
2. If changes are made to MOEX Group's values, principles, standards or codes of conduct, employees are notified via the internal portal and other internal communications channels (corporate journal, posters, newsletters, etc.).
3. Members of the Supervisory Board who are not employees of Moscow Exchange Group are acquainted with new values, principles, standards and codes of conduct when considering the approval of relevant documents.
4. The Group also has an internal training course that is compulsory for all employees.

### Supply chain management

Moscow Exchange Group pays a great deal of attention to responsible supply chain management and close cooperation with goods and services vendors to ensure that the procurement process is efficient and to reduce financial and non-financial risks. The Group promotes fair competition and seeks to attract reliable and responsible vendors.

### KEY DOCUMENTS:

- ▶ [Procurement Policy](#) of Moscow Exchange<sup>1</sup>
- ▶ Bylaws on coordination between Moscow Exchange and other Group companies

### RESPONSIBLE AUTHORITIES:

- ▶ Operational units (procurement initiation, preparation of requirements and technical specifications)
- ▶ Procurement Department (organization and conducting of procurement procedures)
- ▶ Procurement Committee (approval of procurement in excess of RUB 6 million)
- ▶ Executive Board of Moscow Exchange (approval of purchases in excess of RUB 300 million)
- ▶ Supervisory Board of Moscow Exchange (approval of purchases in excess of RUB 600 million)

### Key procurement principles:

- ▶ Procurement transparency: any supplier can complete a questionnaire on Moscow Exchange's website; auctions are held on a B2B-electronic bidding platform;
- ▶ Equality, fairness and 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;
- ▶ Prohibition of 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;
- ▶ Prohibition on the provision of services by suppliers who are found to be in violation of applicable Russian law (including labor legislation);
- ▶ Zero tolerance for corruption.

High-tech IT services to develop and maintain advanced software and equipment account for the largest share of Moscow Exchange Group's supply structure. Due to the nature of Moscow Exchange's operations, unique technological solutions are often required. In most cases, these solutions are supplied by advisors and contractors. MOEX helps to stimulate demand for innovative and high-tech products and services, as well as supports the creation of new jobs in the supply chain.

### Supply chain risk management

Moscow Exchange Group performs mandatory assessment of economic risks, financial risks and related-party relationships for all its suppliers using the most relevant verification data (no more than one year old). 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 disqualified.

In accordance with internal regulations, procurement documents contain a link to the corporate portal or email box to ensure that non-winning procurement bidders can provide their feedback on the transparency and fairness of the procurement procedures.

To ensure management of ESG risks in supply management, Moscow Exchange Group uses standard agreement clauses including mandatory requirements for compliance with Russian law (including the Labour 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 Group 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.



## TRUSTED AND RESILIENT MARKET INFRASTRUCTURE

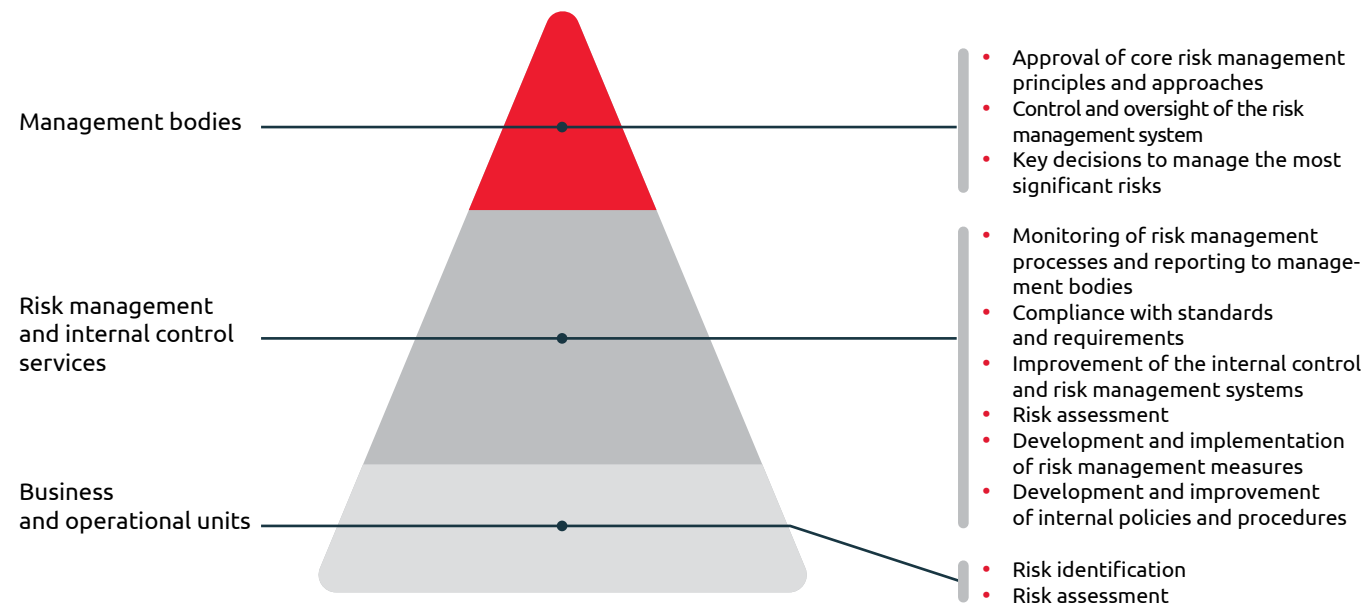
### Risk management

MOEX Group has successfully established an integrated risk management system that complies with Russian regulatory requirements for the Group as the market operator, as well as with leading international standards and best practices.

#### Information disclosure at the request of regulatory agencies, including law enforcement bodies

Moscow Exchange Group is obliged to disclose information at the official request of relevant Russian state agencies, including law enforcement bodies, for the prevention or investigation of potentially unlawful activities. Major requests may cover the following areas: countering insider trading and market manipulation (Federal Law No. 224), information on bidders/issuers (Federal Law No. 325) and anti-money-laundering (Federal Law No. 115).

#### Distribution of risk management responsibilities



#### KEY DOCUMENTS:

- ▶ Market operator-related risk management rules (revised)
- ▶ Financial platform operator-related risk management rules
- ▶ Declaration on business continuity
- ▶ Declaration on information security
- ▶ [Policy on information security management of Moscow Exchange](#)
- ▶ [Regulatory risk management policy of Moscow Exchange](#)
- ▶ [Personal data processing policy of Moscow Exchange](#)
- ▶ Business continuity policy of Moscow Exchange
- ▶ Regulations on the Audit Committee
- ▶ Regulations on the Internal Audit Service

#### RESPONSIBLE AUTHORITIES:

- ▶ Risk Management Committee of the Supervisory Board
- ▶ Risk Management Department
- ▶ Internal Audit Service
- ▶ Internal Control Service

MOEX Group's internal control system uses a risk-based approach. Internal control is carried out by MOEX's management bodies (the General Meeting of Shareholders, Supervisory Board, Executive Board and the Chairman of the Executive Board), Supervisory Board Audit 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 deputy accountants).

#### Role of the Supervisory Board

The Supervisory Board is responsible for establishing the principles and approaches of MOEX's risk management system, including approval of the following documents:

- ▶ Internal documents that lay out [risk management policy](#);
- ▶ Documents regulating how limits on 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 emergencies to ensure that markets continue to operate without interruption.

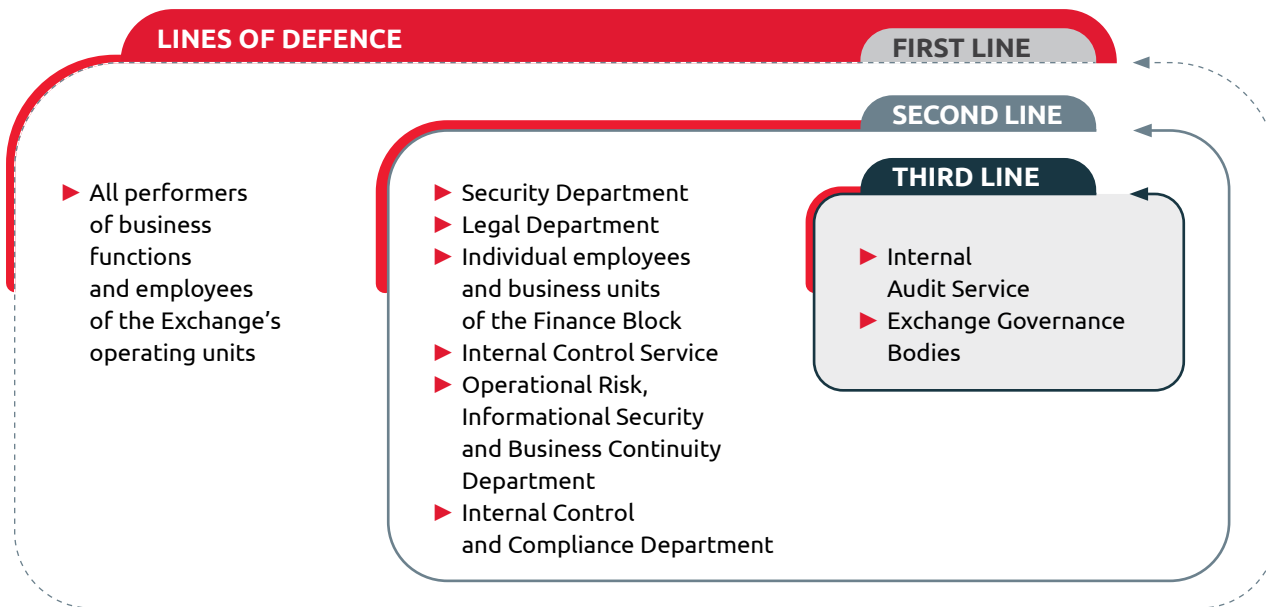
Risk Management Committee of the Supervisory Board develops recommendations for the Board to identify priority areas for the development of risk management systems at MOEX Group companies, analyses and drafts recommendations on improving internal risk management procedures, and monitors reports submitted

#### Internal Audit and Internal Control

Moscow Exchange's internal controls are designed to ensure oversight over the compliance of its licensed activities with federal laws and related regulations, on-exchange trading rules, and founding and internal documents. Internal control procedures are based on identifying, analysing, assessing and monitoring the risk of expenses (losses) and other unfavourable consequences of the operating activities and measures taken by the Central Bank of Russia and other regulatory bodies ("regulatory risk"), as well as the management of such risk.

In line with the aforementioned procedures, Moscow Exchange's internal control system operates based on the COSO Internal Control Framework and is built on the three lines of defence model, which provides for the distribution of risk management and internal control responsibilities among managerial bodies, business units in charge of control and coordination, and the internal audit function.

**Internal control system**



The first line of defence includes all business function owners and employees of operating units involved in identifying, assessing and managing risks inherent in Moscow Exchange's everyday operations and in developing and implementing policies and procedures governing current business processes.

The second line of defence is represented by the Operating Risk, Information Security and Business Continuity Department, Internal Control and Compliance Department, Internal Control Service, Security Department, Legal Department and individual employees and business units of the Finance Block that perform ongoing risk monitoring and risk management as part of their functions, including management of risks in the following areas:

- ▶ information security, including protection of Moscow Exchange's interests;
- ▶ compliance with legislation and internal documents;
- ▶ prevention of Moscow Exchange or its employees being involved in unlawful or fraudulent activities, including money laundering, terrorism financing and corruption;
- ▶ prevention of improper use of inside information and/or market manipulation;
- ▶ prevention of conflicts of interest, including identification and control over conflicts of interest and aversion of any consequences thereof.

The second line of defence supports the first line business units in identifying regulatory risks, developing and implementing control procedures, clarifying relevant legal requirements and reporting on the monitoring results to the management bodies.

The third line of defence is represented by the Internal Audit Service, which oversees the efficiency of business activities, the management of assets and liabilities, including safeguarding of assets, and the effectiveness of the risk management system.

The internal control system is subject to an independent audit that assessed its maturity level as "developed". However, the Group continues to improve its internal control system to maintain a high level of performance. As part of this process, MOEX launched the Stabilisation 3.0 project to further develop a culture of compliance and uniform approaches to managing the Group's compliance risks.

**Compliance with international standards**

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

As part of its risk management strategy, MOEX Group annually reviews its risk appetite and risk tolerance in relation to the Group's strategic objectives.

MOEX Group companies face different types of risk depending on the specific features of their activities. As the parent company of the Group, Moscow Exchange bears the risks associated with the organisation of trading, as well as with transactions involving its own assets. The NSD, as a core element of the Russian financial market infrastructure, bears risks in its depository activities. The key risk bearer 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.

The NCC undergoes certification every three years under ISO 9001 (“Quality Management Systems”). The most recent audit took place in 2019.

An additional layer of control at key Group companies is provided by specialised committees, including the MOEX 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 that is responsible for managing the risks of the market operator.

At the Group level, the Stabilisation 3.0 programme includes an independent assessment of the internal control system and measures to reduce operational and compliance risks. One of the programme’s main focus areas is to further develop a culture of compliance, as well as establish new channels of communication to facilitate the flow of information between employees of Group companies regarding risks.

The internal control system is consistent with the nature and scope of activities carried out by Group companies. The Group has consistently sought to improve its internal controls to make them more efficient and maintain a high level of system performance.

**Key risk profile**

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

Information on financial and operational risk management is presented in 2020 Annual Report. Major non-financial risks include strategic risk, compliance risk, information security risk, reputational risk and HR risk, as described in the table below.

**Key:**

- High significance
- Middle significance
- Low significance

Risk	Description	Risk management activities
<b>Strategic risk</b>		
Relevance ●	Risk of expenses (losses) resulting from <ul style="list-style-type: none"> <li>• erroneous assumptions made by management in preparing, approving and executing strategic plans;</li> <li>• inadequate execution of decisions made by management;</li> <li>• the impact of changes caused by external factors and that affect or could affect the Group’s performance.</li> </ul>	Key strategic risk management measures include: <ul style="list-style-type: none"> <li>• Developing transformation projects in organised trading or related activities, including providing additional services and access to organised trading for new financial instruments, foreign currency, goods and other organisational or technology changes in a uniform and structured manner;</li> <li>• Conducting feasibility studies for transformation projects, including analysing the balance of the following variables: investment feasibility, potential economic benefits, mitigation of identified risks and potential operational improvements;</li> <li>• Analysing the effectiveness of the implemented transformation projects, including post-project (post-investment) monitoring;</li> <li>• Planning the development of strategic activities (e.g. by designing strategic plans). As part of this process, Moscow Exchange designs a five-year strategic plan, prepares a roadmap to guide strategy execution, assesses the resources needed to successfully execute the strategic plan and receives final approval of the strategic plan from the Supervisory Board, which may decide to amend certain aspects;</li> <li>• Evaluating the strategic plan in terms of feasibility and amending it, if needed. This process may also involve assessing the related risks, as well as evaluating whether the strategic plan is consistent, aligned with market conditions, acceptable for stakeholders and likely to generate competitive advantage for MOEX Group.</li> </ul>
<b>Compliance risk</b>		
Relevance ●	Risk of losses due to failure to comply with legislation, internal regulations and standards issued by self-regulatory organisations (if such standards and rules are obligatory) or as a result of sanctions and other enforcement measures taken by oversight agencies	The Internal Control and Compliance Department is responsible for managing compliance risk and for performing the following activities to prevent losses related to compliance risk: <ul style="list-style-type: none"> <li>• Monitoring legislative development;</li> <li>• Coordinating with regulatory authorities on the development of new regulations;</li> <li>• Identifying regulatory risk in existing and proposed internal procedures;</li> <li>• Analysing best practices in internal control;</li> <li>• Obtaining preliminary approval and performing background checks when onboarding clients, signing contracts with counterparties, admitting securities to trade, launching new products or services, etc.;</li> <li>• Setting up automated controls, including controls to run parties through compliance checklists;</li> <li>• Ensuring that required policies and procedures are in place;</li> <li>• Conducting mandatory trainings.</li> </ul>

**Information security risk**

<p>Relevance</p> <p>●</p>	<p>Risk of the security (confidentiality, integrity, accessibility) of information assets being compromised as a result of the materialisation of information security threats.</p>	<p>The management of information security risks includes:</p> <ul style="list-style-type: none"> <li>• Ensuring the accessibility, integrity and efficient use of information assets;</li> <li>• Ensuring information confidentiality and preventing damages from the disclosure of confidential information, including personal data;</li> <li>• Building an effective system for monitoring and protecting the Group's information infrastructure;</li> <li>• Increasing effective protection and optimising the cost of ensuring information security via a risk-based approach;</li> <li>• Raising awareness of information security risks among Group employees.</li> </ul>
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**Reputational risk**

<p>Relevance</p> <p>●</p>	<p>Reputational risk refers to consequences leading to expenses (losses) or any other adverse effects resulting from the negative perception of Moscow Exchange Group by its counterparties, traders and their clients, shareholders, The Central Bank of Russia and others that may have a negative impact on the Group's ability to maintain its existing relationships and/or establish new ones and provide access to sources of financing on an ongoing basis.</p>	<p>Management of reputational risk includes:</p> <ul style="list-style-type: none"> <li>• Collecting and analysing coverage of MOEX Group in the media;</li> <li>• Regular analysis of the analysing reputational risk information obtained from media and other sources, including analysis of the impact of reputational factors on Moscow Exchange's financial position, the impact of the reputation of other Group companies on the Group's reputation, and the impact of MOEX Group's corporate giving and marketing activities on its business reputation;</li> <li>• Performing ongoing assessments and monitoring of RR via regular examination of Moscow Exchange's performance, monitoring the number of complaints and claims from clients and counterparties, and positive and negative coverage of shareholders and related parties in the media;</li> <li>• Regular monitoring of the business reputations of shareholders, related parties and management;</li> <li>• Overseeing the fair presentation of the financial statements and any other published information provided to the shareholders, clients and counterparties, regulatory and oversight bodies, and other stakeholders, including for advertising purposes;</li> <li>• Preventing persons with access to certain information from using that information for their personal benefit;</li> <li>• Providing management bodies and employees with data on negative and positive coverage about MOEX Group in the media and other sources, and timely considering and analysing the completeness, credibility and objectivity of such information.</li> <li>• Taking disciplinary actions against employees who may have increased Moscow Exchange Group's reputational risk as a result of misconduct.</li> </ul>
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**HR risk**

<p>Relevance</p> <p>●</p>	<p>Risk of expenses (losses) incurred by MOEX Group as a result of the lack of alignment between HR policy and business objectives, as well as the significant loss of key personnel or expertise.</p>	<p>HR risk management includes the following measures:</p> <ul style="list-style-type: none"> <li>• Review of the parameters of the long-term incentive programme for the Group's employees;</li> <li>• Management of the performance evaluation system and review of compensation structure;</li> <li>• Revision of the ratio between remuneration components;</li> <li>• Employee engagement surveys;</li> <li>• Annual training programme for mid-level managers;</li> <li>• Succession planning;</li> <li>• Cross-functional internship programme;</li> <li>• Internal coaching programme;</li> <li>• Talent management programme to identify high potential employees and facilitate their individual development.</li> </ul>
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**KEY DOCUMENTS:**

- ▶ [Policy on Information Security Management of Moscow Exchange](#)
- ▶ [Declaration on Information Security](#)
- ▶ [Personal Data Processing Policy of Moscow Exchange](#)
- ▶ [Information Security Strategy](#)

**RESPONSIBLE AUTHORITIES:**

- ▶ Operational Risk, Informational Security and Business Continuity Department
- ▶ Technical Policy Committee

**Information Security**

The topic of information security has become very relevant: during the pandemic, the financial sector was subjected to cyber-attacks more often than other sectors of the economy. While such attacks have not yet led to significant failures or systemic problems, these risks are significant and regulators around the world are developing measures to mitigate them.

The Supervisory Board approves the risk management strategy and information security strategy as well as other core policies. The Risk Management Committee of the Supervisory Board reviews risk management reports and provides recommendations concerning management of certain types of risk. The Executive Board is responsible for determining MOEX's level of acceptable risk and for approving internal regulations.

The Group is taking measures to upgrade its information security processes and therefore focuses on improving its Information security strategy. The document sets out measures aimed at reducing the likelihood of actual threats to the information security of Moscow Exchange and defines key performance indicators for the implementation of the Strategy.

MOEX Group regularly conducts information security audits, intrusion and anti-phishing tests. To protect against distributed denial-of-service (DDoS) attacks, a hybrid solution is employed in which Moscow Exchange's own equipment is used to protect against simple attacks. For more complex attacks, a sanitising centre at a higher-level provider is automatically connected. A separate unit, the Security Operations Centre, is responsible for monitoring and responding to information security incidents.

Moscow Exchange Group as well conducts a regular human rights risk assessment linked to data privacy. To assess this risk, MOEX uses its own risk appetite methodology.<sup>3</sup> MOEX Group discloses the process for evaluating and responding to law enforcement or government data requests in accordance with Russian legislation. Responsible authority for personal data processing is Operational Risk, Informational Security and Business Continuity Department.

Principles, terms and measures to ensure personal data processing are described in the Personal data processing policy of Moscow Exchange.

1. See [Methodology for Determining the Control Measures of Risk Appetite of Moscow Exchange \(rus\)](#).

## Technology development

Due to the nature of modern exchange operations and its technological element, MOEX Group companies need to have reliable technology systems to ensure stability and prevent any hazardous disruptions.

Technology development processes implementation at Moscow Exchange Group companies is regulated by the Group’s Information Technology Development Strategy. The primary pillar for the Group is to maintain the availability of IT systems, updating them for new products and services as well as developing and implementing new platform solutions. The updated 2024 IT Development Strategy focuses on:

- ▶ Implementing business and technology initiatives;
- ▶ Accelerating while retaining resilience;
- ▶ Setting up an innovative IT environment;
- ▶ Strengthening synergy within the Group;
- ▶ Adapting an IT governance model;
- ▶ Controlling cost effectiveness.

To maintain their reputation as trusted partners and reduce associated risks, Group companies have adopted information security and data privacy systems that fully comply with current Russian regulations as well as with ISO 27 0001.

The employee awareness campaign includes the following components:

- ▶ A special KPI system for employees that sets annual information security goals;
- ▶ Regular activities to raise employee awareness, including online trainings on information security and introductory briefings during onboarding;
- ▶ Regular newsletters on information security and protection of confidential information;
- ▶ Workshops and training mailshots for all Group employees on countering phishing attacks, working with personal data and protection of confidential information.

Uninterrupted and fault-tolerant systems are supported by “hot” and “warm” back-up technology that allows for the speedy restoration of the trading and clearing systems in case of a failure. Server equipment that performs critical trading and clearing operations is no more than three years old, while network equipment is no more than five years old and is regularly upgraded by installing the most up-to-date models. New technology can significantly reduce energy consumption, thus, old and less energy-efficient servers are decommissioned in accordance with Moscow Exchange’s Technology Policy.

### KEY DOCUMENTS:

- ▶ Information Technology Development Strategy

### RESPONSIBLE AUTHORITIES:

- ▶ IT User Committee
- ▶ Managing Director for IT

### KEY DOCUMENTS:

- ▶ [Listing Rules of Moscow Exchange](#)
- ▶ [Clearing Rules of National Clearing Centre for the Securities Market](#)
- ▶ National Settlement Depository Rules

### RESPONSIBLE AUTHORITY:

- ▶ Customer Service Department
- ▶ Client Relations Department
- ▶ Technical Access Department

## Market access and customer experience

The Group does its best for the convenience of existing customers and attracting new ones. To achieve that, MOEX Group:

- ▶ Develops new products, services and new trading modes;
- ▶ Extends the trading time;
- ▶ Implements new technologies for access to trading and market data;
- ▶ Builds cooperation with other markets and exchanges.

MOEX’s technology infrastructure provides market participants with a trusted and reliable environment that fulfils the function of price discovery and forming an order book. Working in conjunction with Moscow Exchange’s risk management system, the technology infrastructure supports uninterrupted trading, clearing and settlement operations. Reliability is ensured by the following factors:

- ▶ High-quality risk management thanks to large-scale investments in information technology;
- ▶ Capitalised central counterparty and settlement infrastructure;
- ▶ High standards of listing and information disclosure by issuers.

To continue developing Moscow Exchange as a trusted market participants, MOEX has set the following objectives:

Category	Key objectives
Distribution of world-class exchange services beyond traditional exchange products	<ul style="list-style-type: none"> <li>• Offer a wider range of exchange products &amp; services beyond those existing on traditional exchange markets (stocks, bonds and derivatives).</li> </ul>
Creation of uniform infrastructure for the entire Russian market, including traditionally over-the-counter segments, based on a single post-trading complex with uniform settlement, collateral and risk management systems.	<ul style="list-style-type: none"> <li>• Continue to enhance access for market participants and their customers to global OTC markets and to offer better prices thanks to the exchange infrastructure and to further expand new customised mechanisms for liquidity takers/makers that are recognised globally among OTC FX platforms.</li> </ul>
Development of central counterparty and central depository institutions	<ul style="list-style-type: none"> <li>• Ensure the operational reliability of depository and clearing services;</li> <li>• Modernisation of safekeeping infrastructure: consolidation of records, collateral management and segregated record keeping.</li> <li>• Strengthening the integration into the international settlement and depository space;</li> <li>• Maintain the high share of central counterparty repo transactions in the total volume of inter-dealer repo;</li> <li>• Develop a market for standardised derivative financial instruments with centralised clearing and make it easier for market participants to sign long-term derivatives contracts.</li> </ul>
Technological reliability and efficiency	<ul style="list-style-type: none"> <li>• Ensure the uninterrupted operation of trading and information systems as well as quick reaction to any potential disruption.</li> </ul>
Creation of new services for individuals and corporate clients	<ul style="list-style-type: none"> <li>• Develop a personal finance platform, Finuslugi.ru, for retail investors, representing a common window of financial products and services offered on the market (for more details, see “Sustainability Performance 2020 Highlights: Responsible investing and sustainable growth”);</li> <li>• Improve a single marketplace interface for corporate clients, including a wide range of treasury services (asset and liability management) and division of services by trading, clearing and settlement.</li> </ul>



# MOEX Group's resource efficiency and environment

Moscow Exchange Group is committed to securing an environmentally sustainable future and minimising any negative impact on the environment.

## Energy efficiency

The main source of energy consumption at the Group is computer and server equipment, including an extensive network of equipment across two data centres.

Modern technology can help to significantly reduce energy consumption by switching processors into power saving mode when there are no loads.

**Moscow Exchange's goals include saving energy and optimising the amount of equipment. To achieve these goals, work is underway in two main areas:**

- Consolidation of computing power associated with the development of virtualisation systems and implementation of solutions based on microservice architecture to ensure that server equipment works under full load and does not waste electricity. Currently, Moscow Exchange uses about 2,000 virtual machines, which are 90% more efficient than standard systems.
- Changing and updating equipment, including the use of more modern and energy-efficient server solutions.

Moreover, every new generation of server hardware is 2-3% more efficient than the previous generation. The Group's technology policy lays out the timelines for making upgrades to server equipment.

One of the key server equipment suppliers for Moscow Exchange Group is HPE (Hewlett Packard Enterprise), 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 weekends, hallway lighting systems, ventilation systems and office cooling systems are automatically turned off. In addition, we have installed equipment that uses cold air from outside in the winter to cool the server rooms. During repair and renovation of the premises, the light fixtures are replaced with energy-saving LED models.

The use of renewable energy sources is also relevant for Moscow Exchange Group. However, at the moment, due to market conditions and the location

## KEY DOCUMENTS:

- ▶ Russian environmental legislation and standards
- ▶ Waste Generation Standards and Waste Disposal Limits approved by Moscow Department of Resource Management and Environmental Protection through February 2023
- ▶ Moscow Exchange Environmental Monitoring and Industrial Control Programme

## RESPONSIBLE AUTHORITIES:

- ▶ Administrative Department

of the company, it is difficult to establish relations with specialised energy suppliers or to produce own supply of energy from renewable sources.

## Water use

Achieving sustainable water use is among the foremost global economic, social and environmental challenges. Moscow Exchange Group focuses on improving its water consumption efficiency. Moscow Exchange Group receives water only from municipal water supplies and does not discharge any effluents into water.

There are no water bodies and related habitats that are affected by water discharges or runoff. No water body and related habitat is designated as a nationally or internationally protected area.

## Climate change impact

As part of its operations, Direct GHG emissions come from the use of corporate vehicles and diesel generators to generate electricity during emergencies. Indirect emissions occur due to the use of electric and heat energy purchased from energy suppliers.

MOEX Group has consistently sought to reduce its energy consumption and GHG emissions by using more energy-efficient equipment and vehicles. The Group's companies operate a modern vehicle fleet. Most of MOEX Group's cars were produced after 2014 and all are equipped with Class IV or Class V engines.

## Waste management

MOEX Group offices have organised the collection and disposal of used batteries and set up bins for the separate collection and disposal of waste to better manage and process waste and to encourage employees to contribute their share.

Moscow Exchange Group creates opportunities for reuse of old office equipment by donating it schools and orphanages.

The Group collects and sorts waste. MOEX Group transfers waste to its contractor for further use. The Group annually discloses information on the volume of waste by type of treatment. Moscow Exchange Group seeks to reduce the percentage of waste sent to landfill and increase the percentage sent for recycling.

The waste generated by MOEX group does not directly affect biodiversity or any nationally or internationally protected areas.

MOEX Group has made it a priority to reduce the amount of waste generated at its offices, including introducing electronic document workflows to reduce paper waste.



# ***2020 GRI Content Index***



GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
<b>General Disclosures (2016)</b>						
<b>Organisational profile</b>						
	102-1	Name of the organization	Reporting suite overview	2-3	-	1
	102-2	Activities, brands, products, and services	Annual Report 2020 (About Moscow Exchange)		-	1
	102-3	Location of headquarters	Contact details	163	-	1
	102-4	Location of operations	-		The Group operates primarily in the Russian Federation	1
	102-5	Ownership and legal form	Reporting suite overview	2-3	-	1
	102-6	Markets served	Scale and reach	12-13	Group services are available to investors and companies around the world	1
	102-7	Scale of the organisation	Scale and reach	12-13	For Clause ii,iii, iv, v see Annual report 2020	1
	102-8	Information on employees and other workers	2020 Sustainability Performance Highlights: Environment of respect and empowerment;  Sustainability Data Appendix: Environment of respect and empowerment	38-43, 71-76	-	1
	102-9	Supply chain	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices;  Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	54 112-113	-	1
	102-10	Significant changes in the organization and its supply chain	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices	54	In 2020, there were no significant changes in the organisation and its supply chain.	1
	102-11	Precautionary principle application	Sustainability Approaches and Procedures Appendix: Resource efficiency and the environment	124-125	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	102-12	External initiatives	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with community	82-91	-	1
	102-13	Membership of associations	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with community	91	-	1
<b>Strategy</b>						
	102-14	Statement from senior decision-maker	Statement from the Chief Executive Officer	6-7	-	1
	102-15	Key impact, risks and opportunities	Relevant sections of 2020 Sustainability Performance Highlights, namely: Genuine partnership and engagement with community; Responsible investing and sustainable growth; Environment of respect and empowerment; Advanced governance and responsible business practices; Trusted and resilient market infrastructure	22-63	-	1
<b>Ethics and integrity</b>						
	102-16	Values, principles, standards, and norms of behavior	ESG integration into the 2024 Strategy; Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	8, 111-112	See also Annual report 2020	1
	102-17	Mechanisms for advice and concerns about ethics	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	111-112	-	1



GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	102-18	Governance structure	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	107	-	2
	102-19	Delegating authority	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	106-109	-	2
	102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	108-109	-	1
	102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with the community	82-91	-	1
	102-22	Composition of the highest governance body and its committees	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices	107	More detailed information is disclosed in Annual report 2020	2
	102-23	Chair of the highest governance body	-		Chair of the Supervisory Board is not an Executive Director	2
	102-24	Nominating and selecting the highest governance body	-		See Regulation on the Supervisory Board of Moscow Exchange <a href="https://fs.moex.com/files/2862">https://fs.moex.com/files/2862</a>	2
	102-25	Conflicts of interest	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	110-111	-	2
	102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	108-109	-	2
	102-27	Collective knowledge of highest governance body	Annual report 2020		More detailed information is disclosed in Annual report 2020	2

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	102-28	Evaluating the highest governance body's performance	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices	50-51	-	2
	102-29	Identifying and managing economic, environmental, and social impacts	ESG integration into the 2024 Strategy	8-10	-	1
	102-30	Effectiveness of risk management processes	2020 Sustainability Performance Highlights: Trusted and resilient market infrastructure; Sustainability Approaches and Procedures Appendix: Trusted and resilient market infrastructure	58-59, 114-115	-	1
	102-31	Review of economic, environmental, and social topics	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	108-109	-	1
	102-32	Highest governance body's role in sustainability reporting	Reporting suite overview	2		2
	102-33	Communicating critical concerns	2020 Sustainability Performance Highlights: Trusted and resilient market infrastructure; Sustainability Approaches and Procedures Appendix: Trusted and resilient market infrastructure	58-59, 114-115	See issues discussed at the Supervisory Board's meetings	2
	102-34	Nature and total number of critical concerns	Annual Report 2020		See issues discussed at the Supervisory Board's meetings	2
	102-35	Remuneration policies	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	109-110	-	2
	102-36	Process for determining remuneration	Sustainability Approaches and Procedures Appendix: Advanced governance and responsible business practices	110	-	2

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
<b>Stakeholder engagement</b>						
	<b>102-40</b>	List of stakeholder groups	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with the community; Stakeholder Engagement	88-89		1
	<b>102-41</b>	Collective bargaining agreements	-		There are no bargaining agreements with employees. The Group recognises the right of its employees to execute collective agreements, the right for freedom of assembly and association, and the right to form or join organisations representing their interests with no fear of any consequences.	1
	<b>102-42</b>	Identifying and selecting stakeholders	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with the community; Stakeholder Engagement	87	-	1
	<b>102-43</b>	Approach to stakeholder engagement	Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with the community; Stakeholder Engagement	87-89	-	1
	<b>102-44</b>	Key topics and concerns raised	MOEX Group's approach to materiality; Stakeholder Engagement	88-89	-	1
<b>Reporting practice</b>						
	<b>102-45</b>	Entities included in the consolidated financial statements	Reporting suite overview	2-3	See also Annual report 2020 <a href="#">Financial statements</a>	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	<b>102-46</b>	Defining report content and topic Boundaries	MOEX Group's approach to materiality	16		1
	<b>102-47</b>	List of material topics	MOEX Group's approach to materiality	16	-	1
	<b>102-48</b>	Restatements of information	-		In footnotes	1
	<b>102-49</b>	Changes in reporting	-		In footnotes	1
	<b>102-50</b>	Reporting period	Reporting suite overview	2-3	01.01.2020 – 31.12.2020	1
	<b>102-51</b>	Date of most recent report			May 2020 for 2019	1
	<b>102-52</b>	Reporting cycle			Annual reporting cycle	1
	<b>102-53</b>	Contact point for questions regarding the report	Contact details	163	-	1
	<b>102-54</b>	Claims of reporting in accordance with the Standards	Reporting suite overview	2-3	-	1
	<b>102-55</b>	Content index	This section		-	1
	<b>102-56</b>	External assurance			None	1
<b>Management approach</b>						
	<b>103-1</b>	Explanation of the material topic and its Boundary	Relevant sections of 2020 Sustainability Performance Highlights and Sustainability Approaches and Procedures Appendix	22-63, 82-123	-	1
	<b>103-2</b>	The management approach and its components	Relevant sections of 2020 Sustainability Performance Highlights and Sustainability Approaches and Procedures Appendix	22-63, 82-123	-	1
	<b>103-3</b>	Evaluation of the management approach	Relevant sections of 2020 Sustainability Performance Highlights and Sustainability Approaches and Procedures Appendix	22-63, 82-123	-	1
<b>Economic</b>						
Economic performance (2016)	<b>201-1</b>	Direct economic value generated and distributed	Annual report 2020		-	1



GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Climate Risk Acknowledgement Statement	152-153	Disclosed without clauses a.iii. & a.v.	1
Presence on markets (2016)	<b>202-1</b>	Ratios of standard entry level wage by gender compared to local minimum wage	2020 Sustainability Performance Highlights: Environment of respect and empowerment; Sustainability Data Appendix: Environment of respect and empowerment	41, 75	-	1
Indirect economic impacts (2016)	<b>203-1</b>	Infrastructure investments and services supported	2020 Sustainability Performance Highlights: Genuine partnership and engagement with the community; Sustainability Data Appendix: Genuine partnership and engagement with the community	23-25, 68-69	-	1
	<b>203-2</b>	Significant indirect economic impacts	2020 Sustainability Performance Highlights: Genuine partnership and engagement with the community; Responsible investing and sustainable growth; Environment of respect and empowerment; Advanced governance and responsible business practices; Trusted and resilient market infrastructure	22-63	-	1
Procurement practice (2016)	<b>204-1</b>	Proportion of spending on local suppliers	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices	54	-	1
Anti-corruption (2016)	<b>205-1</b>	Operations assessed for risks related to corruption	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices; Sustainability Data Appendix: Advanced governance and responsible business practices	53-54, 76	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
	<b>205-2</b>	Communication and training about anti-corruption policies and procedures	2020 Sustainability Performance Highlights: Advanced governance and responsible business practices; Sustainability Data Appendix: Advanced governance and responsible business practices	53-54, 76	-	1
	<b>205-3</b>	Confirmed incidents of corruption and actions taken	Sustainability Data Appendix: Advanced governance and responsible business practices	76	-	1
	<b>206-1</b>	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Data Appendix: Advanced governance and responsible business practices	76	-	1
Tax (2019)	<b>207-4</b>	Country-by-country reporting	Annual report 2020	-	-	1
<b>Environmental</b>						
Energy (2016)	<b>302-1</b>	Energy consumption within the organization	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	<b>302-3</b>	Energy intensity	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	<b>302-4</b>	Reduction of energy consumption	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
Water and Effluents (2018)	<b>303-4</b>	Water discharge	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	<b>303-5</b>	Water consumption	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
Biodiversity (2016)	<b>304-1</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability Approaches and Procedures Appendix: Resource efficiency and the environment	125	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	305-3	Other indirect (Scope 3) GHG emissions	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	305-4	GHG emissions intensity	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
	305-5	Reduction of GHG emissions	Sustainability Data Appendix: Resources efficiency and the environment	78	-	1
Effluents and Waste 2016	306-2	Waste by type and disposal method	Sustainability Data Appendix: Resources efficiency and the environment	78-79	-	1
Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Sustainability Data Appendix: Resources efficiency and the environment	79	-	1
<b>Social</b>						
Employment (2016)	401-1	New employee hires and employee turnover	Sustainability Data Appendix: Environment of respect and empowerment	73-74	-	1
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	99	-	1
	401-3	Parental leave	Sustainability Data Appendix: Environment of respect and empowerment; Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	73, 99	-	1
Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	104-105	-	1
	403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	104-105	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope	
Occupational Health and Safety (2018)	403-3	Occupational health services	2020 Sustainability Performance Highlights: Environment of respect and empowerment; Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	42-43, 104-105	-	1	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	104-105	-	1	
	403-5	Worker training on occupational health and safety	Sustainability Data Appendix: Environment of respect and empowerment	76	-	1	
	403-6	Promotion of worker health	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment; 2020 Sustainability Performance Highlights: Environment of respect and empowerment; COVID-19 response statement	42-43, 64, 104-105	-	1	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	104-105	-	1	
	403-8	Workers covered by an occupational health and safety management system	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	104-105	-	1	
	403-9	Work-related injuries	2020 Sustainability Performance Highlights: Environment of respect and empowerment	42	-	1	
	403-10	Work-related ill health	Sustainability Data Appendix: Environment of respect and empowerment	76	-	1	
	Training and Education (2016)	404-1	Average hours of training per year per employee	Sustainability Data Appendix: Environment of respect and empowerment	74	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
Diversity and Equal Opportunity (2016)	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	102-103	With the exception of programs for further employment	1
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Data Appendix: Environment of respect and empowerment	75	-	1
	405-1	Diversity of governance bodies and employees	2020 Sustainability Performance Highlights: Environment of respect and empowerment; Sustainability Data Appendix: Environment of respect and empowerment	40-41, 75	-	1
	405-2	Ratio of basic salary and remuneration of women to men	Sustainability Data Appendix: Environment of respect and empowerment	75	-	1
Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	-	-	In the reporting period there were no incidents of discrimination	1
Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	Modern slavery act statement	158-159	Not identified Modern slavery act statement	1
Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Modern slavery act statement	158-159	Not identified	1
Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Approaches and Procedures Appendix: Trusted and resilient market infrastructure; Modern slavery act statement	121, 158-159	-	1
	412-2	Employee training on human rights policies or procedures	Sustainability Approaches and Procedures Appendix: Environment of respect and empowerment	102	-	1

GRI standard	Indicator No.	Indicator	Section	Page	Note	Scope
Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	2020 Sustainability Performance Highlights: Genuine partnership and engagement with community; Sustainability Approaches and Procedures Appendix: Genuine partnership and engagement with community	22-27, 82-91	-	1
Public Policy (2016)	415-1	Political contributions	2020 Sustainability Performance Highlights: Genuine partnership and engagement with community	25	-	1
Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2020 Sustainability Performance Highlights: Trusted and resilient market infrastructure	59	-	1
Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Data Appendix: Advanced governance and responsible business practices	76	-	1



# *Statements*

## *Appendix*

- 142** MOEX contribution to the UN Sustainable Development Goals
- 150** The SSE Communication to stakeholders statement
- 152** Climate Risks Acknowledgement Statement
- 156** MOEX commitment to the UN Global Compact principles
- 158** Modern Slavery Act Statement

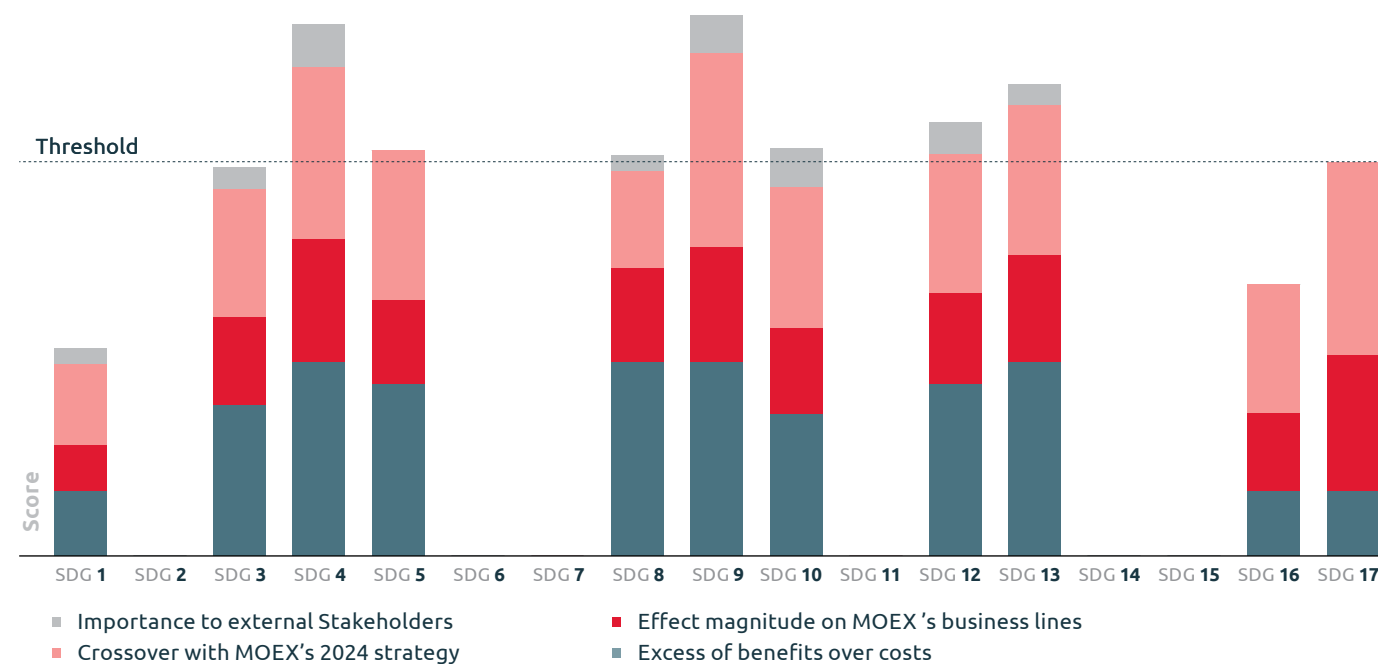
# MOEX contribution to the UN Sustainable Development Goals

## ANALYSIS

In line with the Agenda 2030 for Sustainable Development and the position of the United Nations, MOEX recognises the importance of the role that businesses can play in tackling the world's most pressing sustainability challenges.

In 2020 MOEX undertook an analysis to refine its approach to sustainability reporting and reviewed the 17 SDGs, identifying seven that Moscow Exchange can make the largest contribution to. In 2020 MOEX did two analysis: bottom-up and top-down.

Bottom-up analysis of UN SDGs to be adopted by MOEX



For the bottom-up analysis, the following steps were taken:

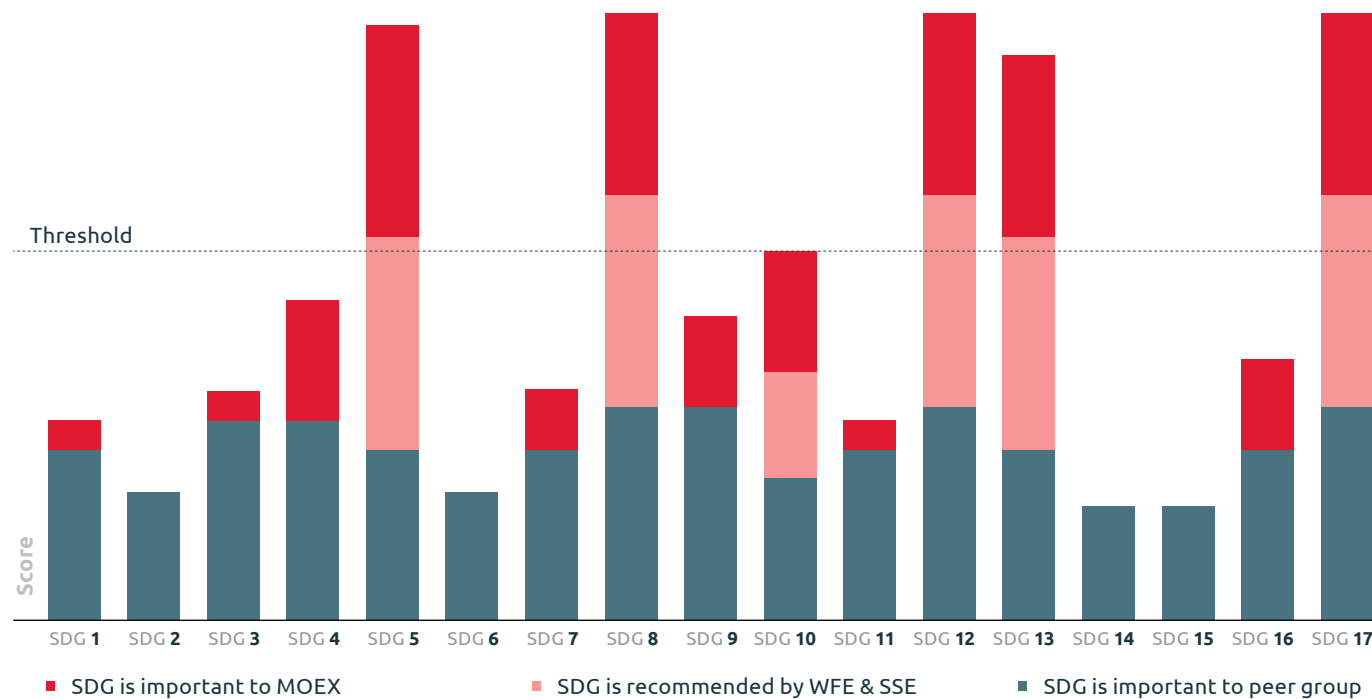
As the foundation for analysis the potential impacts of Moscow Exchange on society and the environment were identified:

- ▶ Moscow Exchange's current and potential impact on society and the environment was studied. A total of 20 potential areas of impact were identified. Each area of impact was then categorised as direct or indirect and as positive or negative, as well as according to the relevant role played by Moscow Exchange: (1) MOEX as an issuer; (2) MOEX as a provider of financial infrastructure.
- ▶ For each area of impact, initiatives that Moscow Exchange could take to minimise its negative impact and maximise its positive impact on society and the environment were identified.
- ▶ The 17 UN SDGs on target level were matched to each area of impact. A total number of 22 unique targets were identified (in some cases, one area of impact was relevant for more than one SDG).

1. Mapped the impacts against stakeholder concerns: The needs and expectations of Moscow Exchange's stakeholders were analysed. Meeting minutes from the Exchange Council and its user committees were reviewed to see if relevant ESG issues were discussed. Findings were mapped against Moscow Exchange impacts.
2. Mapped the impacts against Strategy 2024: Moscow Exchange's strategy was reviewed in light of the broader social and environmental context in which MOEX operates. Strategic priorities were mapped against Moscow Exchange impacts.
3. Mapped the impacts against key relevant business lines: The following lines of business at MOEX were selected for study: (1) Sustainable Development Sector; (2) Growth Sector; (3) Innovation and Investment Market; (4) ESG Indices; (5) Listing rules and guidance (6) Marketplace; (7) Derivatives Market; (8) MOEX fintech and innovation; (9) MOEX corporate sustainability. Findings were mapped against Moscow Exchange impacts.
4. Conducted a cost-benefit analysis: A cost-benefit analysis was carried out on the initiatives that MOEX could take to strengthen the positive impacts and mitigate potential risks attributed to efforts at achieving relevant UN SDG targets.



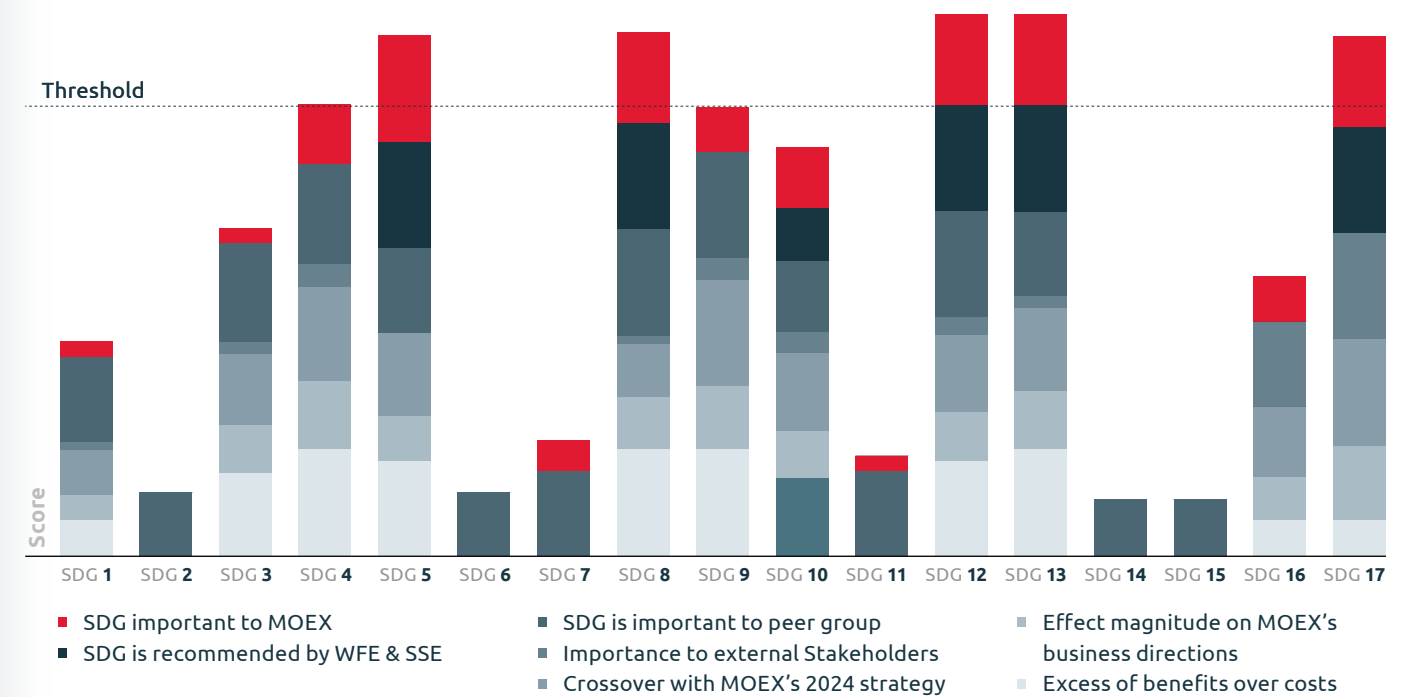
Top-down analysis of UN SDGs to be adopted by MOEX



1. Performed a peer group analysis:  
The UN SDGs chosen by peer group exchanges — LSEG, Deutsche Boerse, HKEX, Nasdaq, Bursa Malaysia, JSE and B3 Exchange — were identified and mapped against MOEX.
2. Conducted an internal survey:  
Moscow Exchange interviewed members of the Executive Board and members of the Audit Committee of the Supervisory Board. The goal of the survey was to identify internal stakeholder opinions on the relevance of the UN SDGs for Moscow Exchange.
3. Conducted interviews with relevant departments and employees  
Moscow Exchange conducted interviews with 10 relevant departments and run a group-wide employee survey.

## PRIORITISATION

Final prioritisation of top seven UN SDGs MOEX can make the largest contribution to



Each impact and the corresponding UN SDG target relevant to Moscow Exchange was finally mapped against all assessment criteria of the bottom-up and top-down parts of analysis. A point was awarded for each match. SDG targets were ranked according to the total number of points scored.

The results of the assessment led Moscow Exchange to select the following SDGs:

1. List of UN SDGs relevant for Moscow Exchange: SDG 4: Quality education, SDG 5: Gender equality, SDG 8: Decent work and economic growth, SDG 9: Industry, innovation and infrastructure, SDG 12: Responsible consumption and production, SDG 13: Climate action, SDG 17: Partnerships for the goals were identified as priority SDGs.
2. List of corporate goals and metrics to track progress on achieving the UN SDGs. All goals are grouped according to the MOEX role of either a company or as a provider of financial infrastructure. Ten goals were identified for each role, twenty in total.



## SETTING CORPORATE GOALS

MOEX has prioritized seven UN SDGs and compiled a list of corporate goals specific to each of them. The progress will be tracked and monitored according to a set of metrics.

### SDG 4 “Quality Education”



Relevant UN SDG target	Corporate goal	Corporate metrics
4.3	Enhance the financial literacy of the population	<ul style="list-style-type: none"> <li>Number of people participating in financial literacy initiatives organised by Moscow Exchange.</li> <li>Number of registered individuals who use two or more Moscow Exchange markets.</li> <li>Organisation of the annual Ring the Bell for Financial Literacy event.</li> </ul>
4.4	Develop employees’ professional and technical skills	<ul style="list-style-type: none"> <li>Total number of training hours provided to employees.</li> <li>Average number of training hours per employee.</li> </ul>
4.7	Train employees for effective management of sustainability within the Company	<ul style="list-style-type: none"> <li>Percentage of employees in relevant units trained in sustainability management as a proportion of the total number of employees on the payroll.</li> </ul>

### SDG 5 “Gender Equality”



Relevant UN SDG target	Corporate goal	Corporate metrics
5.5	Ensure gender balance in the Company	<ul style="list-style-type: none"> <li>Breakdown of staff by gender, position, and type of employment and employment contract.</li> </ul>
5.5	Promote gender balance in the business environment	<ul style="list-style-type: none"> <li>Conducting activities and participating in initiatives aimed at maintaining gender balance.</li> <li>Presence of gender criteria in ESG indices (if developed).</li> </ul>

### SDG 8 “Decent work and Economic growth”



Relevant UN SDG target	Corporate goal	Corporate metrics
8.5	Ensure decent working conditions for employees	<ul style="list-style-type: none"> <li>Regular employee engagement surveys.</li> </ul>
8.6		<ul style="list-style-type: none"> <li>Number of workplaces for which a special assessment of working conditions has been carried out.</li> </ul>
8.7		<ul style="list-style-type: none"> <li>Ratio of standard entry level wage for employees to the local minimum wage, including gender differentiation.</li> </ul>
8.8	Increase growth opportunities and access to financial markets for small and medium-sized enterprises (SMEs)	<ul style="list-style-type: none"> <li>Number of SMEs placing securities in the Growth Sector.</li> </ul>
8.3		<ul style="list-style-type: none"> <li>Volume of capital raised within the Growth Sector, RUB million.</li> <li>Trading volume within the Growth Sector, RUB million.</li> </ul>
8.10	Develop a financial infrastructure for access to capital markets, and promote the development of a local investor base	<ul style="list-style-type: none"> <li>Volume of new listings, RUB million.</li> <li>Number of new listings.</li> <li>Number of issuers.</li> </ul>

### SDG 9 “Industry, Innovation and Infrastructure”



Relevant UN SDG target	Corporate goal	Corporate metrics
9.3	Increase growth opportunities and access to financial markets for small and medium-sized enterprises (SMEs)	<ul style="list-style-type: none"> <li>Number of SMEs placing securities in the Growth Sector.</li> <li>Volume of capital raised within the Growth Sector, RUB million.</li> <li>Trading volume within the Growth Sector, RUB million.</li> </ul>
9.b	Increase growth opportunities and access to financial markets for companies developing innovative products	<ul style="list-style-type: none"> <li>Number of companies issuing securities in the Innovation and Investment Market (IIM).</li> <li>Volume of capital raising on the IIM, RUB million.</li> <li>Trading volume on the IIM, RUB million.</li> </ul>
9.1	Increase access to financial services for retail investors	<ul style="list-style-type: none"> <li>Number of products developed/adapted for retail investors.</li> <li>Number of unique retail investors clients registered on Moscow Exchange, million.</li> <li>Number of users of the personal finance platform Finuslugi.ru.</li> <li>Number of products provided on the personal finance platform Finuslugi.ru.</li> </ul>
9.b	Ensure the sustainability of the financial infrastructure	<ul style="list-style-type: none"> <li>Number of operational risk events.</li> <li>Availability of IT systems, %.</li> </ul>

SDG 12 “Responsible consumption and production” & SDG 13 “Climate action”



Relevant UN SDG target	Corporate goal	Corporate metrics
12.4 13.1	Contain and strive to reduce the intensity of GHG emissions in offices and data centres	<ul style="list-style-type: none"> <li>For offices: GHG emissions intensity per employee (Scope 1 &amp; 2), t CO<sub>2</sub> per person</li> <li>For data centres: GHG emissions intensity, t CO<sub>2</sub> per RUB million of revenue.</li> </ul>
12.4	Contain and strive to reduce the intensity of water consumption in offices	<ul style="list-style-type: none"> <li>For offices: water consumption rate, m3 per person</li> </ul>
12.2 13.1	Contain and strive to reduce the intensity of energy consumption in offices and data centres	<ul style="list-style-type: none"> <li>For offices: energy intensity, GJ per person</li> <li>For data centres: energy consumption intensity, GJ per RUB of revenue;</li> </ul>
12.4 12.5	Contain and strive to reduce the intensity of waste generation in offices	<ul style="list-style-type: none"> <li>For offices: waste generation intensity, t per person</li> <li>Generation of wastepaper, t</li> </ul>
12.6 13.3	Increase companies’ awareness of sustainability trends, standards and best practices	<ul style="list-style-type: none"> <li>Publication of the ESG Best Practices Guide for Russian companies.</li> <li>Number of ESG events.</li> <li>Number of registered participants at ESG events.</li> </ul>
12.6 13.3	Develop instruments to promote responsible investment	<ul style="list-style-type: none"> <li>Number of listings in the Sustainability Sector.</li> <li>Customer and issuer satisfaction index with the existing ESG instruments.</li> <li>Number of ESG instrument types.</li> </ul>
12.6	Develop corporate charity and volunteering activities and integrate information about it into reporting cycle	<ul style="list-style-type: none"> <li>Amount of funds allocated to charitable projects, RUB million.</li> <li>Share of employees involved in charitable activities, %.</li> </ul>
12.6 12.8	Improve the quality and quantity of ESG information disclosed by issuers	<ul style="list-style-type: none"> <li>Publication of the ESG Best Practices Guide for Russian companies.</li> <li>Number of man-hours spent at events promoting the ESG Best Practices Guide for Russian companies.</li> <li>Availability of ESG reporting as a prerequisite for listing.</li> </ul>

SDG 17 “Partnerships for the goals”



Relevant UN SDG target	Corporate goal	Corporate metrics
17.16 17.17	Expand partnerships for sustainable development with various institutions for the dissemination of knowledge and experience in order to support the achievement of the SDGs	<ul style="list-style-type: none"> <li>Number of international partners of Moscow Exchange with which cooperation on sustainable development is being established and/or established.</li> </ul>

An overview of all 20 relevant MOEX corporate goals under the 7 priority UN SDGs

MOEX as a company		MOEX as a provider of financial infrastructure	
Develop employees’ professional and technical skills	SDG 4.4	Enhance the financial literacy of the population	SDG 4.3
Train employees for effective management of sustainability within the Company	SDG 4.7	Promote gender balance in the business environment	SDG 5.5
Ensure gender balance in the Company	SDG 5.5	Develop a financial infrastructure for access to capital markets, and promote the development of a local investor base	SDG 8.10
Ensure decent working conditions for employees	SDG 8.5 SDG 8.6 SDG 8.7 SDG 8.8	Increase growth opportunities and access to financial markets for small and medium-sized enterprises (SMEs)	SDG 8.3 SDG 9.3
Contain and strive to reduce the intensity of water consumption in offices	SDG 12.4	Increase access to financial services for retail investors	SDG 9.1
Contain and strive to reduce the intensity of energy consumption in offices and data centres	SDG 12.2 SDG 13.1	Increase growth opportunities and access to finance for companies developing innovative products	SDG 9.b
Contain and strive to reduce the intensity of waste generation in offices	SDG 12.4 SDG 12.5	Ensure the sustainability of the financial infrastructure	SDG 9.b
Contain and strive to reduce the intensity of GHG emissions in offices and data centres	SDG 12.4 SDG 13.1	Improve the quality and quantity of ESG information disclosed by issuers	SDG 12.6 SDG 12.8
Develop corporate volunteering and charitable activities and integrate information about it into reporting cycle	SDG 12.6	Increase companies’ awareness of sustainability trends, standards and practices	SDG 12.6 SDG 13.3
Expand sustainable development partnerships with various institutions to disseminate knowledge and expertise in order to support the achievement of the SDGs	SDG 17.16 SDG 17.17	Develop instruments to promote responsible investment	SDG 12.6 SDG 13.3

# The SSE Communication to stakeholders statement

The report provided below is in line with the template and structure developed by the SSE<sup>1</sup>.

## Business Strategy

1. How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?	Moscow Exchange recognises the central role of sustainability for modern companies, including the growing significance of non-financial risks, the increasing importance of ESG related data and responsible investment. Moscow Exchange sees its role in this area as facilitating the dissemination of knowledge about sustainable development among its numerous stakeholders, helping issuers to disclose ESG information, and working to build a dialogue on responsible investment topics among investors, issuers and regulators.
2. How does your exchange's senior leadership and organisational structure support the promotion of corporate sustainability in its market(s)?	Having observed growing corporate interest in ESG in Russia, Moscow Exchange conducted an extensive review of the UN SDGs and prioritized seven SDGs where it believes it can make the most significant impact. Furthermore, MOEX developed a list of corporate goals for each of SDGs. They include 'Increase companies' awareness of sustainability trends, standards and best practices' and 'Develop instruments to promote responsible investing' (relevant UN SDG target 12.6). Approved by the Moscow Exchange Executive Board, the SDGs are used to guide the MOEX's ESG initiatives.  In 2020 MOEX integrated ESG-related activities into its Strategy 2024 to support three strategic pillars (see pages 8-10). In September 2020 Moscow Exchange appointed its first Head of Sustainability to demonstrate its commitment to the ESG cause. MOEX is promoting responsible investing and business practices among market participants.
3. What goals does your exchange have in regard to advancing sustainability in your market?	Moscow Exchange has aligned its sustainability goals with the UN SDGs and set the following corporate goals: among other goals, to increase companies' awareness of sustainability trends, standards and best practices and to develop instruments to promote responsible investing.

## Transparency and Issuer Reporting

4. Describe your exchange's approach to promoting sustainability disclosure by companies.	Moscow Exchange regularly monitors disclosure trends and organises events that focus on corporate disclosure issues. MOEX recently hosted a number of events with UN PRI and SASB on non-financial disclosure and assurance. In the summer of 2021, Moscow Exchange in partnership with the expert community intend to release the ESG Best Practices Guide for Russian companies to guide companies and promote sustainability disclosure.
5. What is your exchange's process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?	Listing rules changes are developed in close cooperation with market participants and the Central Bank of Russia. When changes are developed, drafts must be approved by various committees at Moscow Exchange – the committees include market participants and other stakeholders – before being sent to regulator for registration.
6. How do you track sustainability reporting of your listed companies?	Sustainability reporting goes beyond the scope of the listing rules at the moment. However, MOEX promotes the disclosure of such information and encourages companies to disclose information about their sustainability initiatives. For example, a special section of Moscow Exchange Annual report contest is devoted to improving the disclosure of sustainability information.
7. What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?	Currently MOEX does not have any sanctions for non-disclosure of sustainability related information. As for the rewards, MOEX organises annual report contest – one of the key events for corporate reporting. The annual report contest 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. The contest promotes higher levels of transparency and encourages sustainability disclosure.

1. The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. [More about the SSE.](#)

8. What connections have you made between national sustainable development frameworks and goals, and your exchange's existing standards and norms?	Russian Government is in the process of finalizing national sustainable development frameworks. Russia supports the United Nations Sustainable Development Goals as well as the Paris climate agreement. In line with the 2030 Agenda for Sustainable Development and the position of the United Nations, MOEX understands the importance of the role that businesses can play in tackling the world's most pressing sustainability challenges. Moscow Exchange created Sustainability sector – a joint initiative of Moscow Exchange and the Ministry of Economic Development of the Russian Federation – an exchange sector aimed at promoting investment in environmental, social projects and national projects (see pages 30-31).
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## Issuer Capacity Building

9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.	Moscow Exchange is currently working on the ESG Best Practices Guide in partnership with the sustainability expert community. The release is planned for the summer 2021. MOEX is also a platform for regular events to promote sustainable development topics (see page 54-55).
10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?	External assurance of sustainability disclosure is not mandatory, but many companies are doing so in line with best practices and investors' expectations. According to the Corporate Register <sup>1</sup> , 63 <sup>2</sup> reports were published in 2020, 22 of which received an independent opinion.

## Collaboration and Engagement

11. Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?	Day-to-day engagement with stakeholders is an integral part of MOEX's business. Moscow Exchange works with different groups of stakeholders, including legislative bodies, financial sector regulator, Russian Government and federal executive bodies, international organisations, development institutions, professional associations and unions, shareholders and investors, market participants and clients, legal entities and individuals, issuers, international partners, news agencies and media, and vendors and contractors (for more information on stakeholder engagement, please see pages 88-89).
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## Sustainable Products

12. How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc)?	The Moscow Exchange has developed a variety of ESG products and services, including a dedicated sector for small and medium-sized companies (the Growth Sector), green and social bonds (the Sustainable Development Sector), ESG indices and ESG ETF.
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## Exchange Needs

13. Are there specific resources (meetings, commissioned research, webinars etc) that you would like from the SSE or other relevant groups to help you in your sustainability work?	A research of how climate risks and opportunities can be identified and managed by the exchanges may be the form of support MOEX would like to get from the SSE and peer exchanges. A peer learning exercise on sustainability debt and market data instruments and services would also be of high relevancy.
14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?	The role of exchanges in climate change mitigation and adaptation is currently a topic for discussion with issuers and regulators.

1. [Corporate Register](#), the global online directory of corporate responsibility (CR) reports past and present.  
 2. [Corporate Register](#) does not cover all sustainability reports published in 2020 in Russia.

# Climate Risks Acknowledgement Statement

## DECLARATION OF MOSCOW EXCHANGE ON MANAGING CLIMATE RISKS

Moscow Exchange hereby declares its commitment to follow the principles of sustainable development, where it is essential to mention acknowledgment of climate change, as well as its intention to comply with the global best practices in responsible business conduct and responsible investment.<sup>1</sup>

Moscow Exchange consistently seeks opportunities to make a difference in sustainable development and climate change mitigation. The key international documents that underlie MOEX's sustainability activities include:

- ▶ Transforming our world: the 2030 Agenda for Sustainable Development adopted by the UN General Assembly in 2015.<sup>2</sup> The document contains 17 global sustainable development goals (SDGs), including responsible business practices, corporate governance and sustainable progress, and consideration of environmental and social factors.
- ▶ The OECD Guidelines for Multinational Enterprises, a set of recommendations from OECD countries to multinational enterprises on responsible business conduct.<sup>3</sup>
- ▶ Recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) for voluntary climate-related risk disclosures.<sup>4</sup>

### Acknowledgement of climate risks

Moscow Exchange's risk management policy acknowledges the physical and transition risks posed by climate change and assesses these risks

1. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development).
2. URL: <https://undocs.org/ru/A/RES/70/1>
3. See SDG 13, Transforming our world: the 2030 Agenda for Sustainable Development URL: <https://undocs.org/ru/A/RES/70/1>.
4. URL: [www.fsb-tcfd.org](http://www.fsb-tcfd.org)

in terms of their probability and expected losses. Risks that are subject to assessment include extreme weather, natural and man-made disasters, as well as risks related to the difficulty of mitigating and adapting to the consequences of climate change (hereinafter – climate risks). Threats inherent to these risks can affect the stability of global industry, the sustainable development of society, and, consequently, the Exchange's activities. Therefore, as an infrastructure organisation, Moscow Exchange recognises the significance of climate risks and looks for opportunities to improve oversight over climate risks and mitigate its potential consequences.

### Action plan for climate risks

Moscow Exchange expresses its intention to acknowledge the importance of the management of climate risk in its strategic plan, including by:

1. Enhancing awareness and understanding of climate risks and sharing knowledge;
2. Collaborating with regulators and international financial institutions to exchange information about climate risks and share best practices for managing climate risks;
3. Assessing physical and transition climate risks and managing these risks in the short, medium and long term;
4. Integrating climate risks into Moscow Exchange's risk map and embedding them into general risk management processes;
5. Disclosing information about (1) climate-related risk identification and assessment processes, (2) scenarios related to climate change, (3) key climate risks and, where applicable, their impact on financial performance, (4) as well as measures taken to adapt to climate change.

Following this approach will foster a more stable and effective financial system and achievement of goals on combating climate change and sustainability goals.

### Approach to climate risk management

In managing climate risks, Moscow Exchange will adhere to the following principles:

- ▶ **Responsibility:** Assign responsibilities for climate risk management to the management team and provide an opportunity to the Supervisory Board and Risk Management Committee to be informed about and to track the status of sustainability management and actions taken, including provision of relevant recommendations by Supervisory Board members;



- ▶ Strategy: Identify risks and opportunities for different periods of time across activities, including the provision of the of MOEX’s products and services, relations with customers, partners, suppliers the maintenance of MOEX’s premises. As well as explain how such risks and opportunities affect strategic and financial planning;
- ▶ Management: Integrate climate risk management with overall risk management processes of the of Moscow Exchange;
- ▶ Measurement and assessment: Introduce key and target indicators (quantitative indicators) of the impact of climate change on MOEX’s activities, as well as monitor and analyse performance of these indicators.
- ▶ Integrate climate risk management principles with sustainability principles in the management of MOEX’s balance sheet and capital expenditure management, and capital allocation.

### **Scenario analysis related to climate change**

To assess exposure to and manage climate risks (physical and transition risks), the Exchange employs quantitative and qualitative methods, including scenario analysis that involves the review of a set of scenarios related to climate change. This process also involves quantitative and qualitative assessment of risks and potential adverse outcomes, as well as a materiality assessment of the risk impact on MOEX. The key sources of information used in this analysis include scenarios developed by international organisations (including RCP 2.6 and IEA 2DS) and extended by Moscow Exchange in accordance with its business practices, geography and other characteristics. The Exchange develops corrective actions for each climate risk scenario in order to reduce their potential negative impact.

### **Risk management of physical risks related to climate change**

Events related to climate risks (such as floods, storms, snowfalls and other region specific weather extremes and natural disasters) could cause significant damage to Moscow Exchange’s buildings, resources and infrastructure, as well as to its customers and counterparties (i.e. a materialised business continuity risk). Climate change could also affect the financial position of MOEX’s key counterparties and other stakeholders. Moscow Exchange assessed these risks regularly under its Business Continuity Management System.

### **Risk management of transition risks related to climate change**

As Moscow Exchange’s customers, counterparties and other stakeholders become more aware of climate risks, their approaches to asset management could change. Failure in managing climate risks may be associated with reputational risks. Another potential consequence of climate risks for Moscow Exchange is the market risk. Climate risks can affect the value of securities and other financial instruments in trade and investment portfolios, as well as currency exchange rates and quotations of traded commodities. The impact of climate risk on trade and investment portfolios is assessed regularly. The response to climate change has also engendered new national and regulatory initiatives. The risks inherent to the implications of such initiatives also fall within the assessment and management of transition risks related to climate change.

### **Metrics and targets**

Moscow Exchange has set the following targets to mitigate the adverse impact of climate change:

Target	Metric
Restrain and aim to reduce greenhouse gas emissions intensity in offices and data centres	For offices: GHG emissions intensity per employee (Scope 1 & 2), tonnes of CO <sub>2</sub> per person  For data centres: GHG emissions intensity, tonnes of CO <sub>2</sub> per RUB million of revenue
Restrain and aim to reduce energy consumption in offices and data centres	For offices: energy intensity, GJ per person  For data centres: energy intensity, GJ per RUB million of revenue;
Raise awareness of sustainability trends, standards and practices among issuers	Number of events and event participants
Develop tools to promote responsible investment driven by sustainable development goals	Number of securities and listings

# MOEX commitment to the UN Global Compact principles

Moscow Exchange is not a signatory to the UNGC. However, MOEX adheres to the 10 principles that UN Global Compact proclaims. Moscow Exchange is committed to upholding fundamental human rights, ensuring fair labour practices, working against corruption in all its forms, and protecting the natural environment within which MOEX operates.

UNGC principle	MOEX's position and support of the principle	Corresponding regulatory documents and initiatives
<p><b>Human Rights</b></p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>In its activities Moscow Exchange is compliant with the Constitution of the Russian Federation and international agreements Russia is a signatory of, which prohibit any forms of human rights violations.</p> <p>Moscow Exchange does not directly nor indirectly participate in financing organisations the activities of which are related to human rights violations.</p> <p>MOEX upholds high standards of occupational safety and provides safe, suitable and sanitary work facilities to its employees.</p> <p>MOEX takes measures to protect its employees from verbal and non-verbal harassment, abuse or other threats in any form.</p>	<p>The Constitution of the Russian Federation and international agreements</p> <p>Universal Declaration of Human Rights adopted by the United Nations</p> <p>Conventions No. 111 and No. 156 of the International Labour Organization</p> <p>Code of Professional Ethics</p>
<p><b>Labour</b></p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>MOEX recognises the right of its employees to execute collective agreements, the right for freedom of assembly and association, and the right to form or join organisations representing their interests with no fear of any consequences.</p> <p>MOEX does not have any recognised trade union and operates in a non-unionised environment. However, it continues to promote good employee relations through detailed guidelines, policies and engagement.</p> <p>In its policies and activities, MOEX is committed to the principle of inclusion and diversity. Moscow Exchange demonstrates respect for all cultures, opinions and lifestyles. MOEX does not accept any forms of discrimination based on gender, religion, personal beliefs, age, ethnicity or nationality, physical capabilities, gender identity, skin colour, family status, political opinion, or social background. Moscow Exchange does not participate in any actions that could help create an atmosphere of intimidation, hostility, insult or humiliation of human dignity at the workplace.</p> <p>The Russian Federation has a Labour Code setting standard for fair employability. It is a signatory to the ILO conventions, as applicable to fair labour practices, and has a large number of labour regulations and laws that reflect the standards. The Company's employment policies incorporate these legislative provisions. Russian law prohibits forced, compulsory and child labour.</p> <p>MOEX also strictly complies with minimum wage standards set in the Russian Federation. The average salary of a MOEX employee is higher than the minimum wage in the region of operation.</p>	<p>Conventions No. 111 and No. 156 of the International Labor Organization</p> <p>Russian Labour Code</p> <p>Code of Professional Ethics</p> <p>HR policies of Moscow Exchange</p>

UNGC principle	MOEX's position and support of the principle	Corresponding regulatory documents and initiatives
<p><b>Environment</b></p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>MOEX understands its commitment to environmental responsibility and consciousness. Moscow Exchange supports a precautionary approach to environmental issues and makes effort to minimise its negative impact on the environment.</p> <p>MOEX ensures that relevant measures are taken to prevent and address accidents affecting the environment and human health.</p> <p>Moscow Exchange also works on raising awareness about potential ways to tackle environmental challenges by engaging with international partners, regulatory authorities and other participants of the financial sector.</p> <p>Moscow Exchange offers its clients different ESG products which are consistent with green investment principles.</p>	<p>Moscow Exchange Environmental Monitoring and Industrial Control Programme</p> <p>Green bonds segment of the Sustainability sector</p>
<p><b>Anti-Corruption</b></p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>MOEX has a strict zero-tolerance policy on corruption in any form.</p> <p>In 2020, unified approaches at MOEX in the field of combating corruption were defined, and an updated Anti-corruption policy was approved to prevent corruption offenses at Moscow Exchange.</p> <p>The separate structural unit (the Internal Control and Compliance Department) is responsible for the overall organisation and maintenance of corruption risk management.</p> <p>MOEX has developed a Speak Up! portal for its employees for submitting anonymous complaints on compliance issues as well as for receiving anonymous feedback. For external persons, contacting Speak Up is available through the Exchange website.</p> <p>Moscow Exchange also has a special email address in place for receiving feedback.</p> <p>Feedback submission remains confidential. MOEX's anti-corruption policy also sets out the principle of non-retaliation.</p> <p>The principles of anti-corruption and business ethics also refer to MOEX suppliers and partners. Moscow Exchange mentions anti-corruption and/or ethical behavior components in contracts with business partners.</p>	<p>Code of Professional Ethics</p> <p>Anti-corruption policy</p> <p>Anonymous reporting and non-retaliation policy</p> <p>Russian anti-bribery and corruption policies</p>



# Modern Slavery Act Statement

## DECLARATION OF MOSCOW EXCHANGE ON COMBATING MODERN SLAVERY AND ON HUMAN RIGHTS

### Introduction

Supporting initiatives taken to combat modern slavery, including the Modern Slavery Act of 2015 (UK), and acknowledging the relevance of this issue for the modern world, Moscow Exchange publishes this declaration to provide information about the actions the Exchange is taking to prevent modern slavery in any form in the organisation as well as across its supply chains.

This declaration also intends to assert the position of Moscow Exchange, i.e. that the partners it deals with should not be involved in any business practices that violate human rights.

### Moscow Exchange's business

Moscow Exchange operates Russia's main trading platform for equities, bonds, derivative instruments, currencies, money market instruments and commodities. MOEX includes the central securities depository (NSD), and a clearing center (NCC), performing the functions of central counterparty on the markets, which allows Moscow Exchange to offer its clients the full spectrum of trading and post-trading services. The number of individuals with a brokerage account on Moscow Exchange exceeded 10 mln people.

The head office of Moscow Exchange is located in Moscow, Russia. The office of its subsidiary, Moscow Exchange International Ltd, is located in London, United Kingdom. Nearly two thousand people work at Moscow Exchange and its subsidiaries.

### Moscow Exchange's approach

Moscow Exchange asserts its compliance with all applicable laws related to human rights and its adherence to the highest standards of ethics. Its adherence to the principle of zero tolerance for modern slavery and human trafficking is supported by the company's Code of Professional Ethics as well as by other policies and procedures. The Code of Professional Ethics of Moscow Exchange was revised in 2020 with all its employees taking part in its update. Moscow Exchange supports Conventions No. 111 and No. 156 of the International Labour Organisation and respects the cultures, opinions and lifestyles of all employees. MOEX does not participate in any actions that could contribute to creating an atmosphere of bullying, harassment or violation of human dignity at the workplace.

Moscow Exchange has communicated its approach to its suppliers by publishing relevant documents on [www.moex.com](http://www.moex.com) and by including anti-corruption provisions in its agreements with them. MOEX also carries out background checks on all its suppliers.

### Risk assessment

Given the technical and professional nature of the organisation's business, Moscow Exchange believes that it is unlikely for MOEX to be involved in any business practices related to human trafficking or modern slavery. MOEX is not aware of a single case against Moscow Exchange, its subsidiaries or suppliers that could be treated as a violation of human rights. IT services aimed at developing, maintaining and procuring advanced software and hardware account for more than 90% of Moscow Exchange's supply structure. Over 95% of total purchases are sourced from local suppliers based in Russia.

In 2020, an external audit of the company's internal control system was conducted, including of its procurement process. The audit confirmed that all required internal control elements were in place. Following the audit, Moscow Exchange received recommendations on enhancing its internal controls and developing a culture of compliance. MOEX has already started working on these recommendations.

### Communication

Each employee of Moscow Exchange receives regular training on the company's approaches, values and business ethics.

In 2020, Moscow Exchange set up a hotline for its employees to report violations of the Code of Professional Ethics or other compliance incidents and to receive feedback to their inquiries anonymously. The hotline is also available to MOEX's counterparties, including companies in its supply chain.



# Glossary

Term	Definition
AGM	Annual General Meeting
AI	Artificial intelligence
AML/CTF	Anti-Money Laundering/Combating the Financing of Terrorism
CBI	Climate Bonds Initiative - a bond initiative for global climate change projects
CBR	The Central Bank of Russia
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 Organisation
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
COVID-19	Coronavirus disease
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 specialised standards
Data center	Data processing center
DDoS	Distributed denial-of-service
Direct GHG emissions	Greenhouse gas emissions sources owned or controlled by the company
ESB	Enterprise service bus
ESG	Environmental, social, and governance
ETF	Exchange traded funds
FIFO	First in, first out
FX	Foreign exchange
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
GRI SRS (GRI)	Global Reporting Initiative Sustainability Reporting Standards

Term	Definition
Growth Sector	An initiative of Moscow Exchange and a number of partners - an exchange sector designed to support SMEs in attracting investment
HR	Human Resources
ICMA	International Capital Market Association
IIM	Innovation and Investment Market
Indirect GHG emissions	Greenhouse gas emissions resulting from the company's consumption of electricity and heat energy received from external generating facilities
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering of shares on the stock exchange
IR	Investor relations
IT	Information technology
KPI	Key performance indicator
KYC	Know Your Customer - the principle of banking and exchange organisations that involves vetting a counterparty before conducting a financial transaction
LTIP	Long Term Incentive Plan for key individuals
MEMS	MOEX extra motivation system project
MICEX	Moscow Interbank Currency Exchange
MSCI	Morgan Stanley Capital International
MXT	Memory Expansion Technology
OECD	Organisation for Economic Co-operation and Development
OSAGO	Compulsory civil liability insurance for vehicle owners
OTC	Over-the-counter
PRI	Principles of Responsible Investment - UN initiative to promote responsible investment principles
PTP	Precision time protocol
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
Responsible investment	An investment approach that takes into account environmental, social and managerial factors, as well as issues of long-term market stability



Term	Definition
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
RoFT	Registrar of Financial Transactions
RSHB	Russian Agricultural Bank
RSPF	Russian Union of Industrialists and Entrepreneurs
SASB	Sustainability Accounting Standards Board
SASB Security & Commodity Exchanges, Sustainability Accounting Standard	Standard developed by SASB for Security & Commodity Exchanges
SDG	United Nations Sustainable Development Goal
Scope 1 (GHG)	Scope 1, see direct GHG emissions
Scope 2 (GHG)	Scope 2, see indirect GHG emissions
Scope 3 (GHG)	Scope 3, see indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions
SME	Small and medium-sized enterprise
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.
SPO	Secondary Public Offering - a public offering of shares of an issuer already listed on a stock exchange
SSE	Sustainable Stock Exchanges initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI.
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
TCFD	Task Force on Climate-Related Financial Disclosures
TWAP	Time-weighted average price
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
WHO	World Health Organisation
WFE	World Federation of Exchanges

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