**APPROVED**

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Chairman of the Executive Board

Moscow Exchange

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**MOEX-RAEX EGS Index Methodology**

**Moscow 2024**

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# Introduction

* 1. Terms and definitions
     1. The following terms and definitions shall apply in this Methodology of the MOEX-RAEX EGS Index by Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (hereinafter referred to as the "Methodology"):
        + - Stocks are stocks of Russian issuers admitted to trading on the Exchange as well as stocks and depositary receipts representing stocks of foreign issuers having their business activity primarily in the Russian Federation. Stocks do not include stocks issued by joint stock investment funds.
          - Constituent Stocks are all securities in the Index.
          - The Exchange, Moscow Exchange is Public Joint-Stock Company Moscow Exchange MICEX-RTS.
          - RAEX Agency is a member of the RAEX rating consortium, on behalf of which RAEX International Group LLC acts; the consortium also includes RAEX Analytica LLC (Russia), RAEX Europe (Germany), Association of Rating Makers (ACP, Russia).
          - Constituent Stock Parameters Date is a trading day preceding the day of disclosure of information on change of the Constituent Stocks and/or the Constituent Stocks Parameters as of which the Parameters are determined.
          - Index, price Index is a benchmark calculated by the Exchange on the basis of trades executed on the Exchange measuring the aggregate price performance in RUB for a selection of securities.
          - Total Return Index is a benchmark measuring the price performance of the Index Constituents along with the income from reinvestment of constituent dividend payments.
          - Free Float Factor is an adjusting coefficient measuring the number (percentage) of stocks or represented stocks floating on the market.
          - Constituent Stocks Parameters is parameters of Stocks used in calculation of the Indices (free-float factor, number of stocks, Weighting Factor).
          - Stock’s Weight is the Stock’s value as a percentage of the total value of all Stocks in the list of Constituents Stocks.
          - Issuer is any issuer of ordinary, preferred or represented stocks.
     2. Terms not specifically defined herein shall be construed in accordance with other documents of the Exchange as well as the law and regulatory acts of the Bank of Russia.
  2. General provisions
     1. In accordance with the Methodology, the Exchange calculates the MOEX-RAEX ESG Balanced Index, which is a composite price index of Stocks issued by companies with the highest ESG ratings according to RAEX. The Index name in English is “MOEX-RAEX ESG Balanced Index”. The Index code is MESG.
     2. In addition to the price index, the Exchange calculates the MOEX-RAEX ESG Balanced Total Return Index. The name in English is “MOEX-RAEX ESG Balanced Total Return Index”. The Index code is MESGTR.
     3. The word mark "MOEX Index" is a trademark of Moscow Exchange registered by the State Register of Trademarks and Service Marks of the Russian Federation on 18 September 2017 (Trademark Certificate No. 630519). The word mark "MOEX" is a trademark of Moscow Exchange registered by the Federal Service for Intellectual Property in the State Register of Trademarks and Service Marks of the Russian Federation on 29 August 2014 (trademark certificate No. 521450).
     4. This Methodology as amended from time to time is subject to approval by the Exchange and come into effect on the date determined by the Exchange.
     5. Amendments and additions to the Methodology may be made once a quarter or less frequently. Information on changes introduced, including in the form of a new version of the Methodology, shall be disclosed by the Exchange not later than three business days prior to the effective date.

# Calculation the Index

* 1. Price index calculation
     1. The Index is computed by dividing the aggregate value (total capitalization) of all Stocks as of the calculation moment by the value of divisor by the following formula:

where:

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

MCn – total value (capitalization) of all Stocks as of the nth moment, determined according to paragraph 2.1.3 of the Methodology;

Dn – the value of the Divisor as of the nth moment;

The Divisor is the aggregate value (capitalization) of all Stocks as of the first day of calculation of the Index, adjusted for the changes in the Index constituents and the initial value of the Index. On the first day of calculation of the Index, the Divisor is calculated according to the formula:

where:

MC1 – the total value (capitalisation) of all Stocks on the date the Index was first calculated;

I1 – the initial value of the Index.

Thereafter, the Divisor remains unchanged (Dn=Dn-1), except for the cases described in paragraph 2.6.

* + 1. The value of the MOEX-RAEX ESG Balanced Index at the time of its first calculation is: I1 = 1,000 as of 18 December 2020.
    2. The total value of all Stocks at the nth moment of calculation is determined according to the formula:

where:

N – the total number of Stocks;

MCi – capitalisation of the ith Stock.

* + 1. Capitalisation of the ith Stock is calculated as follows:

where:

Pi – the price of the ith Stock in RUB;

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

FFi– the free float factor of the ith Stock;

Wi – a coefficient restricting the proportion of capitalisation of the ith Stock (the Weighting Factor). It equals one unless otherwise set out in Clause 2.5.

* + 1. Capitalisation MCi is calculated to four decimal places.
    2. The Indices are expressed in points and rounded to two decimals.
  1. Calculating the Total Return Index
     1. The Total Return Index is calculated using the Constituents, values and parameters of the Price Index including dividend payments on the Stocks in the Price Index.
     2. Dividends are included in the calculation of the Total Return Indices on the day on which the persons entitled to receive dividends are determined according to the law (the "Record Date"). If the Record Date is not a trading day, dividends shall be accounted for on the day preceding the Record Date which is a trading day.
     3. If the Exchange becomes aware of the dividend announcement after the date when the dividend must be accounted for in accordance with paragraph 2.2.2, then the dividend is included on the day the Exchange gets the information.
     4. Sources of information about the dividend announcement are information agencies authorized to disclose information and Issuers.
     5. The Total Return Index is calculated without taking into account taxation of income received in the form of dividends.
     6. The date of the first calculation of the MOEX-RAEX ESG Balanced Total Return Index was 18 December 2020, the value of the Index on the first calculation day was 1,000.
     7. The Total Return Index is expressed in points and calculated to two decimal places.
     8. The amount of dividends taken into account in the calculation of the Total Return Index is determined by the formula:

where:

TDn – total dividends from Constituent Stocks of the Index as of the day n;

N – number of Stocks in the relevant Index;

Divin – amount of a dividend on the ith Stock, RUB;

Qin – the total number of the ith Stocks of one category (type) of one issuer which are Constituents of the Index on day n;

FFin – the free float factor of the ith Constituent Stock on day n;

Win – the weighting factor used to calculate the Index on day n.

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

where:

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

* + 1. The yield resulting from reinvestment of dividends is determined according to the formula:

where:

In – the Price Index value on day n;

In-1– the Price Index value on day n-1.

* + 1. The Total Return Index is determined as follows:
  1. Determining the price of a Stock
     1. As the price of the ith Stock (Pi) is used the closing price of this Stock determined at the close of trading on the Exchange in accordance with the Trading Rules for the Equity, Bond and Deposit Markets.
     2. The price of the ith Stock (Pi) is determined with the accuracy of the price tick set for this Stok in the Trading Rules for the Equity & Bond Market.
     3. The procedure for determining the price of the ith Stock (Pi) stipulated in clauses 2.3.1-2.3.2 of this Methodology shall not apply in the case stipulated in clause 3.3.3 of this Methodology.
  2. Determination of the number of stocks and Free-float Factor
     1. For the purposes of this Methodology, the total number of stocks (Qi) is determined as the total number of ith stocks in the principal issue less repurchased (cancelled) stocks, unless otherwise specified by the Exchange decision.  
         In case of depositary receipts on stocks, the total number of ith represented stocks (Qi) is determined as the total number of represented stocks divided by the number of represented stocks, the ownership of which is certified by one depositary receipt of this issue.
     2. The total number of the ith Stocks (Qi) is calculated based on the results of the trading day preceding the trading day which is the Constituent Stock Parameters Date except where clause 3.3.3 hereof provides otherwise.
     3. Values of Free Float Factors are determined, revised and disclosed and the number of the Issuer’s (represented) free-floating stocks (of one category and type) are determined for the purpose of setting the Free Float Factor on the basis of the Free Float Factor Methodology approved by the Exchange.

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

where:

Wghti – the weight of the ith Stock;

MCi – capitalisation of the ith Stock;

N – the total number of Stocks.

* + 1. The Weight of the Stocks on the Constituent Stock Parameter Date is calculated by dividing the numerical value of the issuer's ESG rating by the sum of the numerical values of the ESG ratings of all issuers in the Index.
    2. To reduce the influence of the Stocks of individual Issuers on the value of the Indexes, the weighting factor Wi is used, which is calculated in such a way that on the Constituent Stock Parameter Date, the Weight of the Issuer does not exceed the value of the limitation of the share of the estimated value of one legal entity in the property of a mutual fund, reduced by 1%, established by the laws and other regulations of the Bank of Russia.
    3. The Weighting Factor Wi of the ith Stock limits the proportion of capitalisation of the ith Stock depending on the Weight of the ith Stock. The Weighting Factor Wi can be anything between 0 and 1, with accuracy to seven decimal places according to the rounding rule. Weighting Factors are calculated at the end of the trading day of the Constituent Stock Parameter Date.
  1. Calculating the Divisor
     1. The Divisor Dn is calculated where Index Constituents, a Free Float Factor, Wi Factors restricting the proportion of the ith Stocks capitalization (weighting factors) have changed, and (or) corporate events specified in Clause 3.3 hereof have occurred.
     2. Divisor Dn is calculated according to the following formula:

where:

Dn+1 – the new value of Divisor D;

Dn – the current value of Divisor D;

MCn – total value of all Stocks before the occurrence of the circumstance that is the basis for recalculation of Dividend D in accordance with clause 2.6.1 of this Methodology;

MCn' – total value of all Stocks after the occurrence of the circumstance that is the basis for recalculation of Dividend D in accordance with clause of this Methodology;

* + 1. Divisor Dn is calculated to four decimal places using the mathematical rounding rule.

# Index construction and review

* 1. Index construction principles
     1. The Constituents of the MOEX-RAEX ESG Balanced Index are selected in January from the list of Stock Issuers admitted to trading on the Exchange and ranked in the top of the RAEX ESG ranking effective as of the index review date.
     2. The Constituent Stocks list contains the names of Stock Issuers, as well as the category (type) of securities (for stocks), names of Issuers of represented securities (for depositary receipts).
     3. Stocks that meet the following requirements shall be used as the Price Index Constituents:
        + - the share of trading days, during each of which at least one trade was made in the Stock, of the total number of trading days for the six months preceding the Constituent Stock Parameter Date is not less than 99 per cent;
          - the median trading volume of the Stock calculated for the three months preceding the Constituent Stock Parameter Date is not less than RUB 50 million; the value of the Free-Float Factor of the Stock is at least 10%.
          - If the value of the Free-Float Factor is less than 7%, the Stock may be excluded from the Index at the next revision of the Constituent Stocks Parameters;
          - The free-float capitalisation of the Stock is at least 0.2% of the total capitalisation of the MOEX Russia Index;
          - the Stock is listed on either a Tier 1 or Tier 2 listing on the MOEX.
     4. The Index includes the 15 Stocks with the highest numerical ESG rating values that meet the requirements set out in clause 3.1.3 of this Methodology. Stocks of companies with ESG rating for the comparable reporting period are considered as possible Constituent Stocks.
     5. If more than 15 Stocks apply for inclusion in the Index, those whose free float is higher are selected among securities with the same numerical values of ESG rating, which apply for the last places in the Index Constituent Stocks list.
     6. If an Issuer has several types of Stocks that meet the requirements set out in clause 3.1.3 of this Methodology, the Stock with the higher free-float shall be included in the Index..
     7. The Constituent Stocks of the MOEX-RAEX ESG Balanced Total Return Index are similar to the Constituent Stocks of the MOEX-RAEX ESG Balanced Index.
     8. The Exchange may decide to include (remove) a Stock in (from) the Index that is not included (included) in the Index in accordance with the requirements set in clause 3.1.3 of this Methodology. Such decision shall be made subject to the requirements to the content of the Constituent Stocks list established by these Methodology and the regulations of the Bank of Russia.
  2. Index review
     1. Stocks are added to and removed from the Index at the Index reviews.
     2. Regular index reviews shall be carried out by decision of the Exchange not more often than once a year, except for cases provided by this Methodology. Constituent Stocks are selected on the basis of ESG-rating by RAEX agency, effective as of the Constituent Stocks list date. The selected Constituent Shares shall become effective based on the Exchange's decision at the next nearest recalculation of Constituent Stocks Parameters. The Exchange may decide to set other dates of coming into effect of the adjusted Constituent Stocks.
     3. Regular recalculation of the Constituent Stocks Parameters is carried out not more often than once a quarter in case of exceeding the maximum weight of the Issuer of the value set in clause 2.5.3 of this Methodology, except for cases stipulated by this Methodology. Updated Constituent Stocks Parameters come into effect from the beginning of the main trading session of the trading day following the third Thursday of January, April, July and October, except for cases when other effective dates are set by the Exchange's decision.
     4. Unscheduled reviews of the Index may occur if:
        + - in case of delisting of the Stock, as well as its exclusion from quotation lists;
          - trading in the Stock has been restricted;
          - in case of reorganization or liquidation of a securities Issuer, placement of additional issue of securities, cancellation (redemption) of securities, including as a result of their conversion, redemption (purchase) of securities by their Issuer;
          - if upon revision of the Constituent Stocks Parameters, the Constituent Stocks do not meet the requirements of clause 3.1.3, they may be excluded from the Index on an extraordinary basis;
          - in other cases that may have a material impact on the calculation of the Index.
     5. Regular review of the Index by the Exchange's decision and/or recalculation of the Constituent Stocks Parameters shall be announced not later than a week before the new Constituent Stocks and/or new Constituent Stocks Parameters take effect.
     6. Extraordinary review of the Index by the Exchange's decision and/or recalculation of the Constituent Stocks Parameters shall be announced not later than the day preceding the effective date of the new Constituent Stocks and/or new Constituent Stocks Parameters.
  3. Treatment of corporate events
     1. If represented stocks have been split or consolidated or scope of rights and/or procedure for exercising rights carried by the represented stocks pursuant to the foreign law have been changed, the Exchange shall make a resolution on treating such events.
     2. If trading in the ith Stock has been suspended for more than one trading day, the price measured in the Indices shall remain equal to the last price that had been calculated before the suspension.
     3. In case of splitting or reverse splitting of the ith stock, on the date of admission to trading of the issue of stocks into which the stocks were converted as a result of their splitting or reverse splitting, the total number of the ith stocks (Qi), as well as the price of the ith stock (Pi), calculated based on the results of the trading day preceding the specified date, shall be recalculated. In this case, the total number of ith stocks (Qi) is multiplied by the split ratio or divided by the reverse split ratio, and the ith Stock’s price (Pi) is divided by the split ratio or multiplied by the reverse split ratio.
     4. Upon reorganisation of a joint stock company, the price of the company's stocks is cut off at the end-of-day price of the trading day preceding the record date. Depending on the results of the reorganisation, the price and/or other parameters of the ith stock may be adjusted after the price is no longer cut off. The cut-off date for parameters, as well as the conditions under which they will no longer be cut off, are determined on the basis of judgement (expert opinion). Calculation timing and disclosure of the Indices

# Calculation timing and disclosure of the Indices

* 1. Schedule of index calculation
     1. The Price Index and Total Return Index are calculated once a day at the end of the main trading session. These single index values for the day are simultaneously current values and closing values of corresponding indices until the next calculation of the indices on the next trading day.
     2. Unless otherwise specified by the Bank of Russia regulations, the Exchange is entitled to change the time of calculation of the Index and the Total Return Index. Decisions taken by the Exchange in compliance with this clause shall be notified to MOEX trading members not less than five working days prior to the date of coming into effect of respective changes, unless the Exchange has set another term, by announcement of respective information.
  2. Control over the index calculation
     1. The business of creating, calculating and revising the Index, Total Return Index as well as revising this Methodology is based on a set of administrative principles and rules described in the Moscow Exchange Index Management Policy.
     2. In case of technical failure upon calculation of the Index or Total Return Index, or technical failure in the course of securities trading on the Exchange, which resulted in distortion of data used for calculation of indices, recalculation of previously calculated index values is allowed. This recalculation shall be carried out within the shortest possible time from the moment of detection of the technical failure. In case of recalculation of the Index or Total Return Index, the relevant notification is made on the Exchange official website.
     3. In case of circumstances that may adversely affect the adequacy of the Index and/or Total Return Index in reflecting the real condition of the Russian financial market, the Exchange is entitled to take any actions necessary to ensure the adequacy of the indices, including excluding Stocks from the Index, setting values of the parameters used to calculate the indices stipulated by this Methodology, etc.

* 1. Disclosure
     1. Information provided for by the Methodology and regulations of the Bank of Russia is disclosed on the Exchange official website.
     2. In case of changes in factors used in calculation of the indices based on judgment (expert opinion), the Exchange discloses on the official website circumstances taken into account in changing these factors and justification of such changes not later than the day following the day of their change.
     3. The values of the Index and the Total Return Index are published every trading day not later than one hour after the end of the main trading session of the given trading day.
     4. This Methodology and index values for the past year is available to any interested person on the Exchange official website.
     5. Information subject to disclosure in accordance with this Methodology may be additionally disseminated by other means, including through information agencies disseminating MOEX market data.