



RUSSIAN UNION OF
INDUSTRIALISTS AND
ENTREPRENEURS



MOSCOW
EXCHANGE

RSPP AND MOEX SUSTAINABILITY INDICES: 2018 HIGHLIGHTS

Moscow, 2019

Indices, ratings, and rankings are getting increasingly widespread as tools used for independent assessment of responsible business practices. They are becoming a noticeable driving force behind the development of public corporate reporting and governance practices in the field of corporate sustainable development and corporate social responsibility.

This overview presents information about RSPP-developed sustainable development indices, as well as models of equity (stock exchange) indices compiled by the Moscow Stock Exchange on the basis of RSPP indices. Taken together, these tools can be used to capture general trends and identify best practices in this area while also helping to analyze the link between the quality of corporate information disclosure and changes in issuers' per-share earnings.

RSPP SUSTAINABILITY, CORPORATE RESPONSIBILITY AND ACCOUNTABILITY INDICES

The Russian Union of Industrialists and Entrepreneurs (RSPP) has been compiling its annual sustainable development, corporate responsibility and transparency indices (hereinafter, the Sustainability Indices) since 2014.¹

About the project

RSPP Sustainability Indices are a set of tools designed for evaluating organizations', contribution to sustainable development in order to translate the discourse on corporate sustainability and responsibility into the language of tangible, comparable and verifiable indicators.

Sustainability indices are an extension of the line of assessment and self-assessment tools in the area of corporate sustainability, social responsibility (hereinafter, CSR), and accountability developed by RSPP and adopted by corporate practitioners². The methodology for compiling the indices was developed within the program of the Severstal CSR professorship at European University at St. Petersburg in 2014 and then has been updated annually.

The 2018 RSPP Sustainability Indices successfully passed an [independent audit](#) by FBK Grant Thornton.

RSPP Sustainability Indices are featured in the international database of

sustainability ratings, rankings and indices at the [globalreportingexchange.com](https://www.globalreportingexchange.com) website.

Since 2016, the Moscow Exchange and RSPP have joined forces to jointly produce model equity indices of sustainable development by using the project's data.

RSPP Sustainability Indices project was designed to:

- help increase corporate transparency and the quality of governance in the area of sustainable development and corporate responsibility, and promote responsible business practices;
- enhance the quality of discourse about corporate responsibility through the use of tangible, comparable, and verifiable indicators;
- advance a systemic understanding of corporate social responsibility as a common platform for due recognition of the business's contribution to social development, including its economic, social and environmental aspects;
- strengthen the brand and reputation of Russian companies.

¹This project is being implemented under the auspices of [RSPP Committee for Corporate Social Responsibility and Demographic Policies](#) with the support from [RSPP Council for Non-Financial Reporting](#) with Elena N. Feoktistova acting as the Project Coordinator, and Natalia V. Khonyakova as the Head of the Working Group.

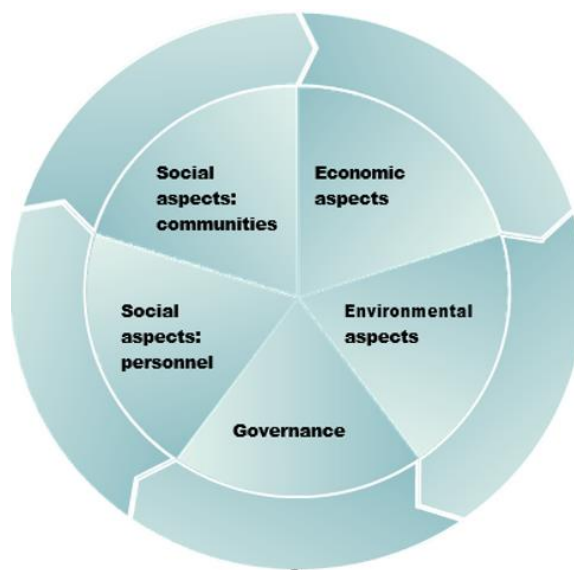
² These tools include the ISO 26000-based self-assessment methodology and the methodology for providing public assurance on non-financial reports

The project is underpinned by the understanding of corporate social responsibility as the organization's responsibility for the impact its decisions and activities have on the society and the environment, inclusive of the economic, environmental and social aspects of such an impact. This understanding, enshrined in international documents as the United Nations Global Compact, the ISO 26000 Standard, is shared by the Russian business community (The Social Charter of the Russian Business).

Under this understanding, issues of corporate social responsibility are

considered in a broad context of a competitive economy and sustainable socio-economic development of the nation, effective and frugal use of natural resources, development of the human potential and improvement of living standards.

The RSPP Sustainability Indices Focus Areas



The RSPP SUSTAINABILITY, CORPORATE RESPONSIBILITY, AND accountability INDICES project is carried out under the auspices of RSPP Committee for Corporate Social Responsibility and Demographic Policies and with the support from the RSPP Council for Non-Financial Reporting. Metalloinvest is the project's core corporate partner.



The 2018 issue of the RSPP sustainability indices was supported also by:



Under the project, two indices are compiled: an information disclosure index titled *Responsibility and Transparency*, and *The Sustainable Development Vector* index reflecting companies' performance in the areas of sustainability and corporate social responsibility.

The Responsibility and Transparency Index provides a general assessment of the situation with information disclosure of Russia's major companies with respect to sustainability and corporate social responsibility by assessing to what extent the volume and quality of publicly available corporate reports capture these companies' impact on society and the environment.

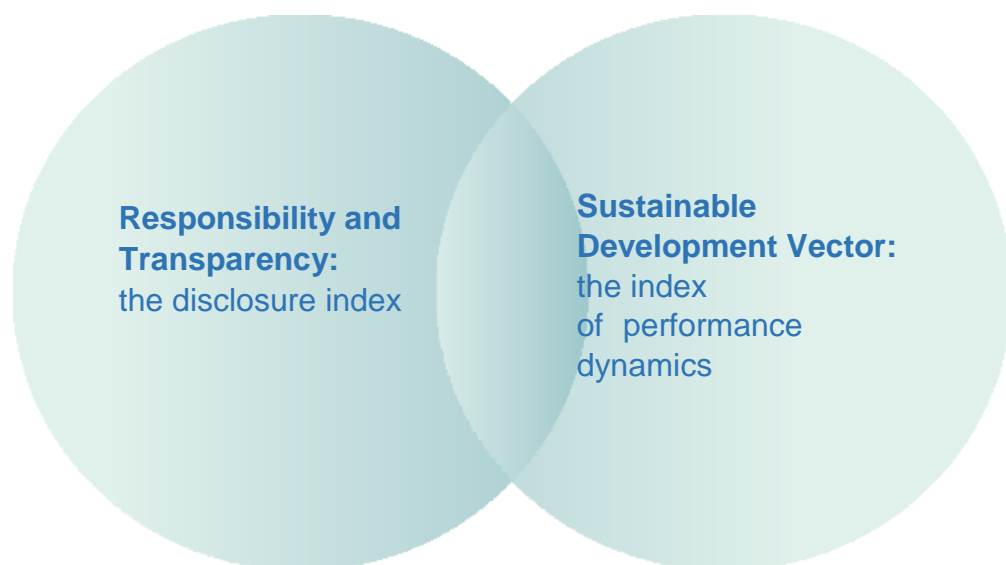
The Sustainable Development Vector index reflects the pattern of changes in companies' socio-economic and environmental performance. It is used to show the direction at which public reporting figures are pointing, and to indicate whether the environmental cost of production is going down or how significant the

companies' contribution to social development is getting.

The Responsibility and Transparency and Sustainable Development Vector indices are interrelated. The former is both a standalone tool for assessing the situation with corporate information disclosure, and a "filter" that serves as the basis for drawing samples for the second index which reflects changes in actual results presented through the information being disclosed.

Both indices stem primarily from the analysis of quantifiable information (such as a defined set of indicators for measuring sustainable development, and specific values associated with these indicators).

The indices are primarily used for assessing the situation in general and for tracing its development path. However, the data obtained while compiling these indices would be helpful in identifying successful practices and could be used for benchmarking purposes



The 2018 Responsibility and Transparency Index

On approaches to compiling the Index

The Responsibility and Transparency Index is compiled on the basis of 41 parameters and 70 relevant performance indicators that are characteristic of responsible business practices, including economic, environmental, and social performance indicators, as well as corporate governance practices. The indicators for review are obtained from publicly available non-financial reports of Russia's 100 largest companies³, i.e. companies whose socio-economic importance is most significant. For evaluation purposes, only information contained in the reports published on the

³ The selection of the sample is made on the basis of an up-to-date rating of Russia's largest companies by volume of sales, produced by RAEX-600 (published during the year following the year under review). The sampling set covers the rating's top 100 companies. In addition, this list is complemented by the top 100 companies from the RBC-500 rating of largest Russian companies (published during the year following the year under review) provided these companies are also included in the RAEX rating and occupy positions not lower than 200. Both RAEX and RBC use the volume of sales as the metric for ranking Russia's largest companies. However, their approaches to including specific companies in their ratings differ from each other which explains why their top 100 lists are not identical. It is due to the fact that, as a rule, the number of companies included in the RSPP index sample exceeds 100.

A company that is on the RBC Top 100 list but has failed to make the RAEX rating could still be included in the sample if: a) there is evidence supporting its claim for leadership in a given industry (by turnover volume or by market share), or evidence that the company's macroeconomic role is significant; b) if the company makes a request to RSPP to evaluate its level of disclosure with regard to sustainable development and CSR using the methodology of the RSPP Sustainable Development Indices, and to publicly present the results of the evaluation.

companies' official websites by the 1st of November of the year following the year under review is taken into consideration.

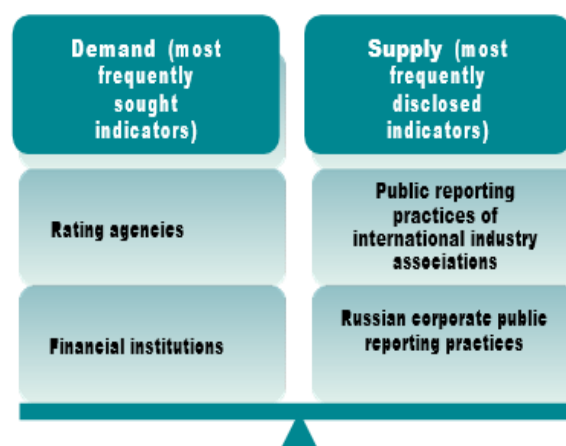
The set of indicators was identified based on an analysis of requests for information reflected in international standards for sustainable development and corporate social responsibility, and featured in toolsets of the world's leading indices and ratings in this field, as well as in evaluations by stock market analysts.

On the other hand, the real-life disclosure patterns of largest Russian

and foreign companies were also taken into account in reference to those indicators that large Russian and foreign companies are most eager to provide.

The list of these indicators is reviewed on an annual basis to stay in sync with the up-to-date sustainability and CSR agenda. It should also be noted that over the last two evaluation cycles the set of indicators has remained stable which seems to suggest that by now the corpus of key sustainability and CSR indicators has, to a major degree, taken shape.

How the selection of indicators is made



Categories of disclosure quality⁴



There's also a "zero" level, where no information on sustainable development or CSR has been provided.]

The Responsibility and Transparency Index uses two metrics to assess the degree of information disclosure: the frequency with which companies in the sample disclose their indicators, and the quality of information disclosure (see the figure above) as it applies to these indicators.

Key results

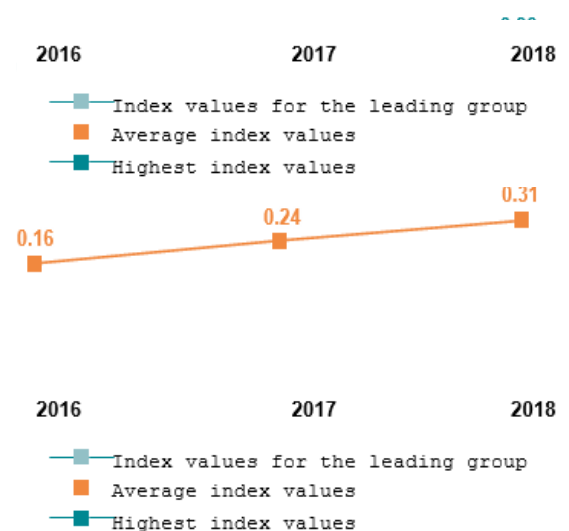
The 2018 disclosure index shows an increase in the scope of reporting: index values have been experiencing a steady growth over the last three years with the average index value demonstrating the most dramatic improvement driven by *a growth in the number of indicators disclosed*. The number of indicators shown in the reports produced by the companies included in the sample has grown by 25 percent compared to the 2016 edition of the

index. This is reflective of the fact that

some of the companies have been expanding the scope of what they disclose in their non-financial reports, which they have already been publishing over a period of several years.

Another contributing factor is *the expansion of the range of companies who disclose their sustainability and CSR impacts*. The rate of growth of the average index value outpaced the growth rate of the leading group's index.

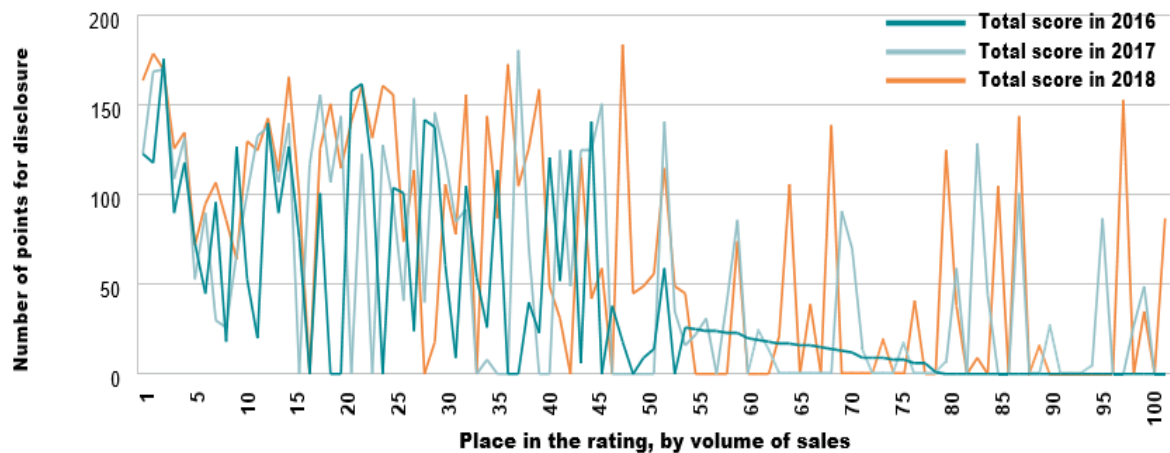
The Responsibility and Transparency Index: 2016–2018



⁴ For purposes of the Declaration level, consideration is only given to statements reflecting companies' official position/commitments which fact should be corroborated by providing a link to the company's corporate policies or by including such statements in addresses signed by the company's management.

leaders expand from 29 to 32, despite the fact that this year the entrance threshold got higher. The updated scale reflects a new reality: as the general level of disclosure increases, the competition for leadership gets more intense.

Expansion of the circle of companies disclosing sustainable development data

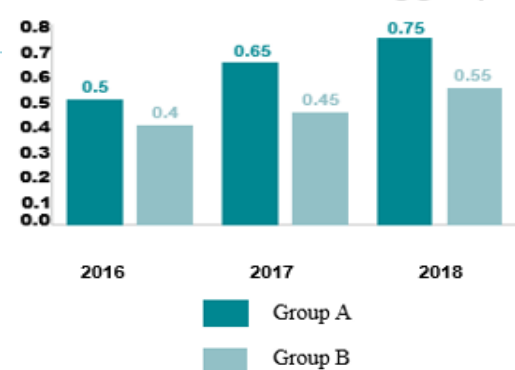


This edition of Responsibility and Transparency Index has seen *the number of companies entering the group of*

Leaders of the *Responsibility and Transparency Index-2018*

INDIVIDUAL SCORE VALUES	LEADERS OF THE RESPONSIBILITY AND TRANSPARENCY INDEX (Companies are listed in alphabetical order)
Group A: individual index score of 0.75 and above	ALROSA, Gazprom, LUKOIL, Metalloinvest, Nornickel, Rosneft, Rostelecom, Severstal, SIBUR, PJSC Sistema, SUEK
Group B: individual index score of: 0.55 and above	Aeroflot, EuroChem, EVRAZ, InterRAO», MMC, MTS, NOVATEK, NLMK, PhosAgro, Polyus, Rosatom, Rosseti, RUSAL, RusHydro, Russian Railways, Sakhalin Energy, Sberbank, TMK, Transneft, United Metallurgical Company, Zarubezhneft
“Reserve” Group: individual index score of 0.45–0.55	KAMAZ, MegaFon, Mostotre: VTB, X5 Retail Group

Raising the leadership bar: threshold score index values for leading groups

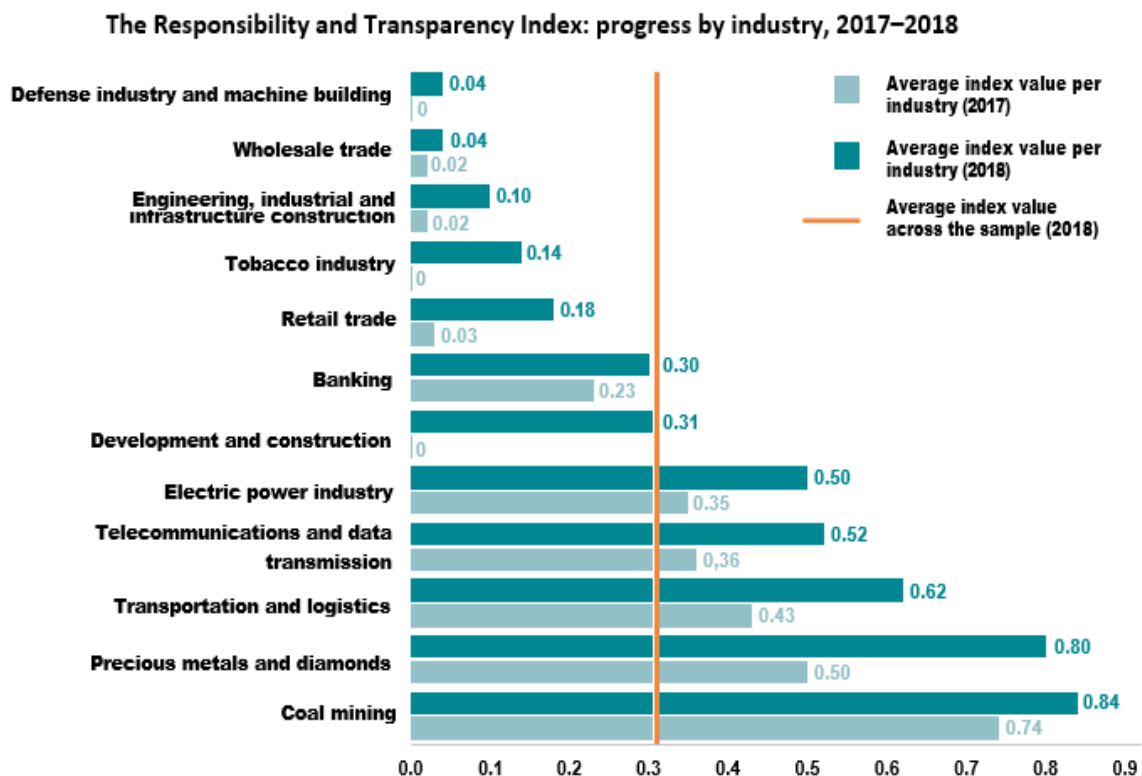


However positive the picture looks, there's also room for further index growth. First, those companies that made it to Group B definitely have a distinct growth potential. Second, there's a group that was notionally termed a Reserve Group, that is comprised of companies whose results are close to the threshold to the leaders' group. In addition to companies representing industries that have been consistently providing a fairly high degree of disclosure, it also includes companies that represent other sectors, such as retail trade and civil construction, where, based on the results of the previous edition, information disclosure was at a modestly low level.

This appears to represent the general pattern in the development of corporate public reporting: right now, *almost every industry*

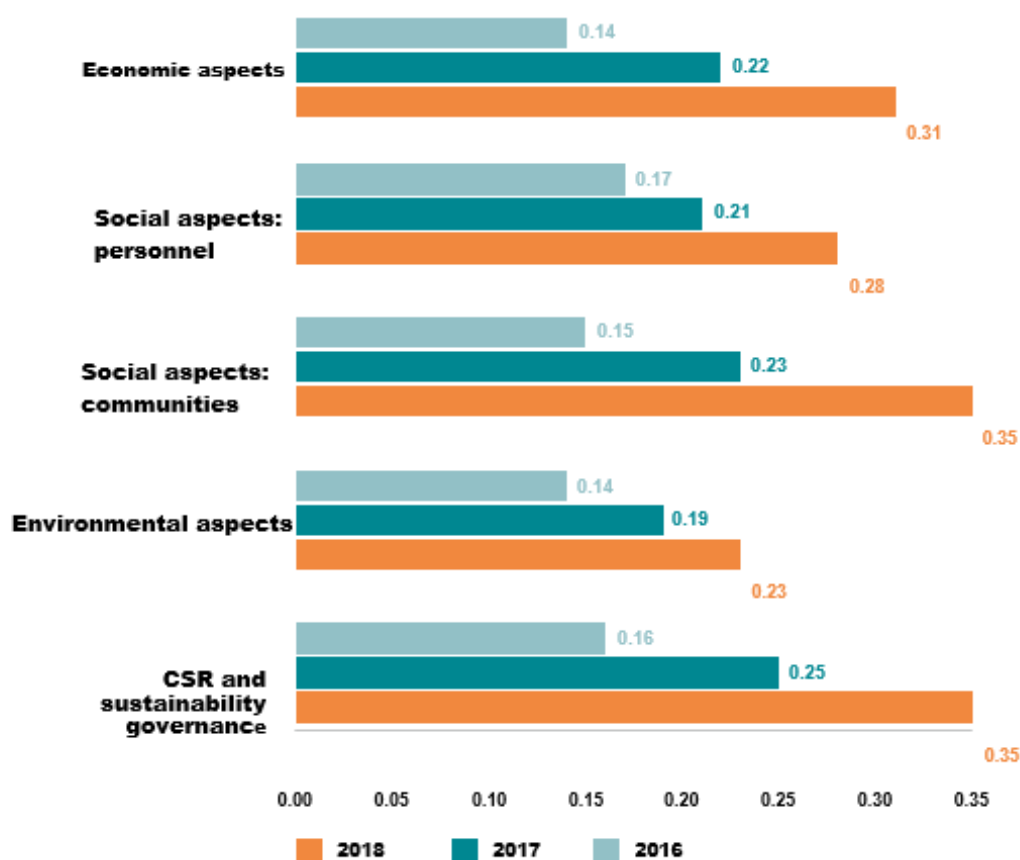
These companies become the disclosure champions paving the way for the rest of the industry players and driving up their respective sectors' index.

A look at the themes represented in the index suggests that, compared to the previous assessment, large Russian companies are paying more attention to matters of sustainability governance. As an example, we have seen a greater degree of disclosure of such parameters as "sustainability and CSR management across supply chains", or "inclusion of sustainability and CSR KPIs in the list of strategic KPIs". More information is provided on the impacts of community investments and charitable projects. When it comes to disclosing economic aspects, a greater number of



includes companies who are guided by the best practices in information disclosure.

Values of the Responsibility and Transparency Index, by topic, 2016–2018



indicates that

companies disclose information on labor efficiency, and procurement from local suppliers.

To what extent do thematic priorities of Russian companies correspond to the international practice? A comparison of data obtained in the course of compiling the Responsibility and Transparency Index with the results of an international study published by the UN Sustainable Stock Exchanges Initiative (the SSE Initiative)⁵,

these priorities are not far apart. For example, both Russian and foreign companies share a similar focus on their performance in such areas as energy efficiency and energy saving, occupational safety and health, and waste management. But they most significantly diverge where it comes to disclosing greenhouse gas emissions data: the share of Russian companies that disclose these numbers is noticeably lower, indicating that unlike their foreign counterparts they do not yet regard the climate change impacts and risk management as their priority topic.

⁵ See: 2018 Report on Progress. A paper prepared for the Sustainable Stock Exchanges 2018 Global Dialogue (SSE Initiative, 2018), http://www.sseinitiative.org/wp-content/uploads/2018/10/SSE_On_Progress_Report_FINAL.pdf. It should be noted that the sampling sizes for these studies varied as to their scale. The chart shows the result of an international study that involved 4,300 companies with sales in excess of \$1 bn whose shares are listed on stock exchanges in 35 countries. That said,

using this data for making a comparison of large companies' priorities may still be informative.

Percentage of companies disclosing the indicator, %

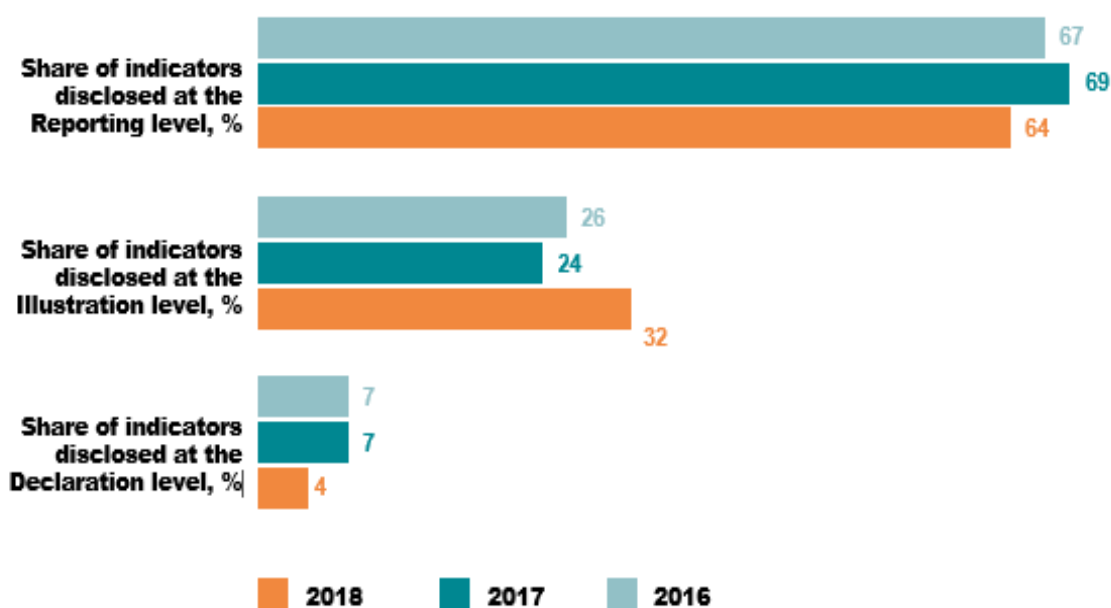


It is fair to assume that with time this divergence may taper out. The growing level of attention to the “climate agenda” that is shown by the international financial institutions and prominent foreign market players serves as an important impetus for enhancing climate-related disclosure as one of the confidence-building tools ultimately resulting in better positioning in the global market. However, further progress of Russian companies’ public sustainability and CSR reporting does not depend only and perhaps not as much on the expansion of the range of

indicators disclosed as on the quality of disclosure.

While the overall number of indicators referenced in public reports has grown by 25 percent, the share of indicators conforming to the requirements of “Reporting” category (quantitative data consolidated across the company) has somewhat decreased compared to 2016. It appears that seeking to cover a broad range of sustainability and CSR topics in the reports, companies often start by *declaring* their commitments regarding a topic and/or

Data disclosure breakdown by quality category, %



by

presenting selected specific cases *illustrating* their efforts in addressing a particular challenge. The current leaders of the Index used the same approach a few years ago to signal their commitment to sustainable development and corporate responsibility. However, since then, they have made much headway in adding value to their sustainability reporting by building on robust sets of quantitative indicators, to show the company's impact on society and the environment. It is reasonable to expect that this pattern will eventually become more widespread.

Yet, including more quantitative data in and by itself is not enough to help increase the credibility of the report and improve stakeholders' confidence in the reported information. As the practice of disclosing sustainability and CSR data becomes more widespread and as the degree of attention stakeholders are paying to such data gets more pronounced, it becomes a priority goal to make a well informed and balanced choice of indicators to be disclosed and to improve the quality of their presentation in the context of the relevant socio-economic agenda.

The Sustainable Development Vector Index

On approaches to compiling the Index

What real results and trends get reflected by the indicators disclosed through public reporting? Do they indicate an increase in the amount of social benefits offered? Has the environmental component of the production cost been reduced? The Sustainable Development Vector Index reflects the direction of changes in companies' performance with regard to sustainability and CSR.

The sample used to build the index is based on the evaluation performed for the Responsibility and Transparency index compilation and includes 32 companies

included in its leading group of companies. The Sustainable Development Vector Index is compiled by analyzing quantifiable data presented over 3 years and covering the following economic, social, and environmental parameters of sustainable development and CSR which are most often described through quantifiable indicators⁶:

1)labor efficiency;	6)air pollution. greenhouse gas emissions;
2)occupational safety and health;	7)water consumption and discharge to water sources;
3)personnel compensation and social benefits costs;	8)energy efficiency and energy consumption;
4)personnel training;	9)waste management;
5)employee turnover;	10)community investment.

The focus here is not on recording specific values per se. What really matters is in which direction things have been going over the previous 3 years. The index is built through the juxtaposition of positive and negative "signals" that indicate the direction of changes by each of the 10 indicators. If no data is available, this is interpreted as a negative "signal". As is the case with the preceding index, the Sustainable Development Vector Index does not rank companies. Its primary purpose is to sense where the situation is heading, to understand

⁶ The list of metrics was compiled with reference to international sustainability reporting standards, including the World Federation of Exchanges' WFE 2018 ESG Guidance and WFE ESG Revised Metrics June 2018, as well as methodologies underpinning leading indices and ratings in this field.

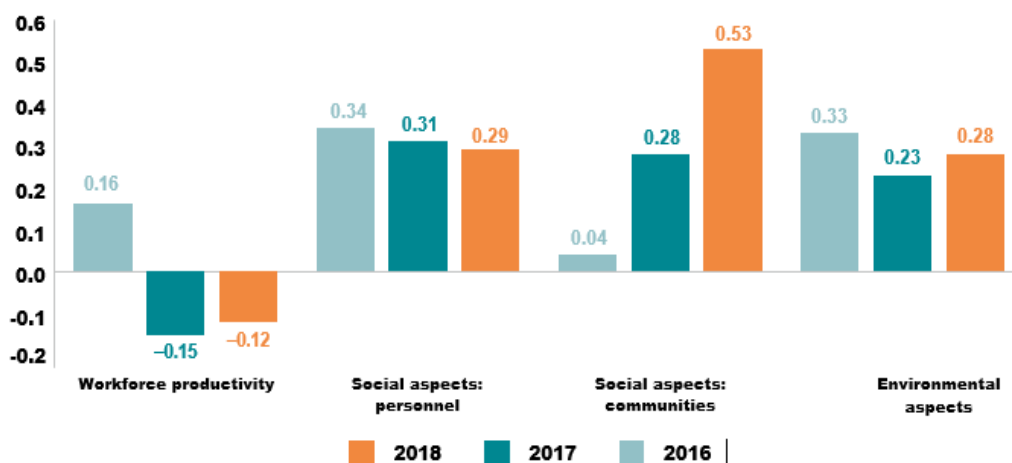
where value is built and where it is destroyed.

Key results

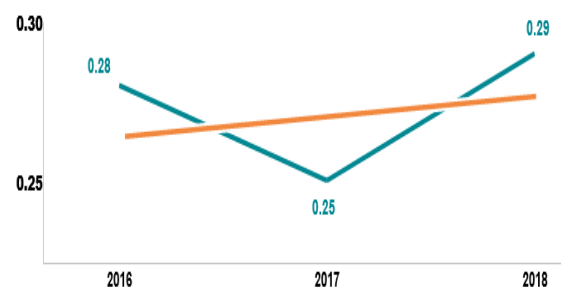
The Index has been showing positive dynamics relative to the two preceding issues. However, it is too early to conclude that this constitutes a clear trend: the average values haven't fluctuated much while the figures across the various industries and the individual scores have varied quite significantly. Such index fluctuations are clearly reflective of varying conditions under which different companies get to operate depending on the industry and the region they represent, as well as of their individual strategies for adapting to their specific economic and social environments.

Yet the data from across the industrial spectrum suggests pretty unambiguously that while the situation with personnel relations may be getting somewhat more complicated, the companies' efforts to support local communities are getting more pronounced.

Changes in the Sustainable Development Vector Index, by topic, 2016–2018



The average value of the Sustainable Development Vector Index, 2016–2018

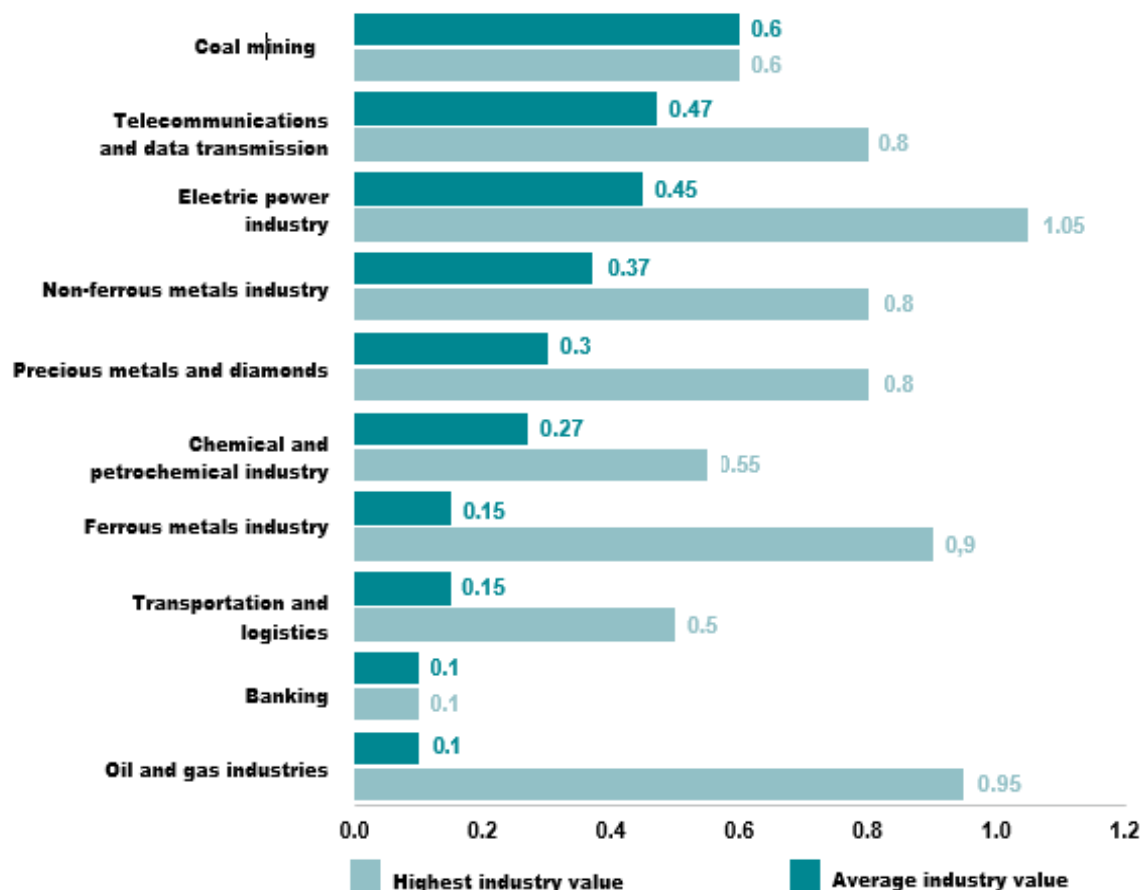


The list of leaders of the 2018 Sustainable Development Vector Index includes companies that have demonstrated positive individual index values:

ALROSA, EuroChem, Evraz, Gazprom, InterRAO, LUKOIL, Metalloinvest, MMC, MTS, NLMK, Norilsk Nickel, United Metallurgical Company, Rosatom, Rosneft, Rostelecom, RusHydro, Russian Railways, Sakhalin Energy, Sberbank, SIBUR, PJSC Sistema, Severstal, SUEK, Transneft.

The companies are listed in the alphabetic order.

Values of the Sustainable Development Vector index-2018, by industry



streams of activity that correspond to these

Transparency on the sustainability goals

2018 saw a distinct new trend in Russian public corporate non-financial reporting: alignment of sustainability and CSR goals with the UN Sustainable Development Goals to be achieved by 2030 (SDG 2030). This trend gives the reported data a new strategic context.

Observations made in the course of compiling RSPP Sustainability Indices have shown that at the moment 15 per cent of the sampled Russian companies align their strategies and activities with the UN SDGs and provide specific information about their

goals. That said, disclosure of measurable targets in those areas continues to remain a rare occasion. It should be noted that, in general, disclosure of specific sustainable development and CSR targets is regarded as a challenging task due to the volatility of the overall economic situation.

However, the assessment of the frequency and quality of disclosure of sustainable development and CSR goals which was performed under the project

suggests that the situation is beginning to gradually change. The corresponding goals disclosure index which was compiled based

on this assessment shows positive dynamics over 3 consecutive years.

This index⁷ is supplementary to both the principal indexes providing a broader context to the assessments. It is compiled in order to shed more light on the situation with sustainability and CSR governance, as disclosure of specific and measurable targets can be viewed as a sign of good governance.

Goals disclosure Index, 2016-2018



Positive dynamics of this index correlate with the results of the Responsibility and Transparency Index that, as already noted in previous sections, in 2018 showed an increased focus on issues of governance.

The developments in sustainability and CSR governance evidently serve as a driver behind the dynamics of model sustainability equity indices compiled jointly by the Moscow Exchange and RSPP. The results of modelling of sustainability equity indices carried out jointly by the Moscow Exchange and RSPP are presented in the next section.

⁷ The goals disclosure index is not taken into account when calculating the principal indices.

MOEX-RSPP SUSTAINABILITY EQUITY INDICES

About the project

Moscow Exchange has designed the Sustainability (ESG) Equity Indices. The indices are calculated on the basis of the RSPP Sustainability Indices compiled annually by analyzing publicly available reports of Russian corporates. This pilot issue of the equity indices was prepared on the basis of published 2018 issuers' data.

The analysis performed under the RSPP project is informed by the data retrieved from public corporate reports of Russia's top 100 companies by sales volume (according to RAEX and RBC rankings.) The results of the analysis are used for compiling the RSPP Sustainability Indices: *Responsibility and Transparency Index* (index of information disclosure) and *Sustainable Development Vector* (index of performance dynamics)⁸.

The MOEX – RSPP Responsibility and Transparency Index, and MOEX – RSPP Sustainable Development Vector equity indices are modelled by means of selecting securities issued by the companies that are in the leading groups of appropriate RSPP indices.

Modelling equity ESG indices based on RSPP Sustainability Indices

SECURITIES SELECTION CRITERIA	
Equity index: Responsibility and Transparency	Volume and quality of information disclosure → Identifying transparency leaders
Equity index: Sustainable Development Vector	Positive changes in performance → Identifying best performing companies

Equity index values, 2012 – 2M 2019



⁸ For details on RSPP Sustainability Indices refer to the previous section.

Equity Index	Calculation	Max issuer's weight
Responsibility and Transparency	Market cap weighted adjusted for free float	15%
Sustainable Development Vector	As per the RSPP's matrix	

Equity Index: Responsibility and Transparency

Those issuers whose securities got included in the leading group of RSPP basic Responsibility and Transparency Index were found to disclose the most complete information about their performance in the areas of sustainable development and corporate social responsibility. The table below provides an up-to-date foundation for compiling an equity index using the criteria of Responsibility and Transparency Index as the basis.

In terms of the methodology used, the Responsibility and Transparency Index is a traditional index where the weight of an individual instrument and the measure of its influence on changes in the indicator are determined based on its free-float adjusted capitalization. A similar approach is used by such indices as the MOEX Russia index, the RTS Index, MOEX's sectoral indices, etc. The essential distinction between the Responsibility and Transparency Equity Index and other similar indicators is in the approach to selecting shares: the former gives preference to the quality of disclosure of corporate information rather than focusing on liquidity and capitalization. By and large, the Responsibility and Transparency Equity Index reflects changes in the cumulative market value of shares of leading Russian companies providing the most complete disclosure of their activities in the area of sustainable development and corporate social responsibility⁹.

⁹ A number of companies included in the 2018 RSPP Responsibility and Transparency Index, such as EuroChem, Zarubezhneft, Metalloinvest, Russian Railways, Rosenergoatom, SIBUR Holdings, SUEK, Sakhalin Energy Investment Company Ltd, EVRAZ and United Metallurgical Company, did not make the equity index due to the fact that their shares are not traded on the Moscow Exchange.

#	Ticker	Security name	Capitalisation, mln RUB	Free- Float	Capitalisation, mln RUB	Weight as of 30.11.2018, %
1	SBER	Sberbank, Ordinary shares	4,187,868	48%	2,010,177	15.0%
2	GAZP	PJSC "GAZPROM", Ordinary shares	3,818,301	46%	1,756,418	15.0%
3	LKOH	PJSC "LUKOIL", Ordinary shares	3,672,000	55%	2,019,600	15.0%
4	NVTK	JSC "NOVATEK", Ordinary shares	3,422,524	24%	821,406	12.3%
5	GMKN	PJSC "MMC "NORILSK NICKEL", Ordinary shares	2,015,731	38%	765,978	11.5%
6	ROSN	Rosneft, Ordinary shares	4,484,089	11%	493,250	7.4%
7	ALRS	PJSC "ALROSA", Ordinary shares	733,772	34%	249,482	3.7%
8	MTSS	MTS PJSC, Ordinary shares	494,699	45%	222,615	3.3%
9	CHMF	PAO Severstal, Ordinary shares	839,981	20%	167,996	2.5%
10	NLMK	NLMK, Ordinary shares	949,087	16%	151,854	2.3%
11	IRAO	PJSC "Inter RAO", Ordinary shares	427,518	33%	141,081	2.1%
12	PLZL	PJSC Polyus, Ordinary shares	644,766	16%	103,163	1.5%
13	TRNFP	Transneft, Preferred shares	272,725	32%	87,272	1.3%
14	PHOR	PJSC "PhosAgro", Ordinary shares	335,794	25%	83,948	1.3%
15	MAGN	PJSC MMK, Ordinary shares	523,015	16%	83,682	1.3%
16	RUAL	United Company RUSAL Plc, Shares of a foreign issuer	440,446	16%	70,471	1.1%
17	RTKM	PJSC "Rostelecom", Ordinary shares	183,514	32%	58,725	0.9%
18	AFLT	PJSC "Aeroflot", Ordinary shares	127,055	45%	57,175	0.9%
19	HYDR	PJSC "RusHydro", Ordinary shares	215,105	19%	40,870	0.6%
20	AFKS	Sistema PJSC, Ordinary shares	82,691	36%	29,769	0.4%
21	TRMK	TMK, Ordinary shares	56,874	30%	17,062	0.3%
22	RSTI	PJSC "ROSSETI", Ordinary shares	145,144	11%	15,966	0.2%

Equity Index: Sustainable Development Vector

The RSPP Sustainable Development Vector Index is a key index of sustainable development intended to recognize signs of positive developments and assess effectiveness of companies' activities in respect of sustainability reporting. The

notion of a Sustainable Development Vector implies precise direction and clear targets. At the same time, since there's no denying that businesses have to operate in a fluid and dynamic environment, sustainability governance has to be up to the job of dealing with new market challenges (i.e. able to formulate a strategy and to get planning and control tools ready). The difference between component weighing approaches applied to compiling the equity index based on RSPP Responsibility and Transparency Index and the equity index based on RSPP Sustainable Development

#	Ticker	Security name	Capitalisation, mln RUB	Free- Float	Capitalisation, mln RUB	Weight as of 30.11.2018, %
1	AFKS	Sistema PJSC, Ordinary shares	82,691	36%	29,769	8.0%
2	ALRS	PJSC "ALROSA", Ordinary shares	733,772	34%	249,482	8.0%
3	CHMF	PAO Severstal, Ordinary shares	839,981	20%	167,996	6.9%
4	GAZP	PJSC "GAZPROM", Ordinary shares	3,818,301	46%	1,756,418	4.9%
5	GMKN	PJSC "MMC "NORILSK NICKEL", Ordinary shares	2,015,731	38%	765,978	8.0%
6	HYDR	PJSC "RusHydro", Ordinary shares	215,105	19%	40,870	6.9%
7	IRAO	PJSC "Inter RAO", Ordinary shares	427,518	33%	141,081	8.9%
8	LKOH	PJSC "LUKOIL", Ordinary shares	3,672,000	55%	2,019,600	8.7%
9	MAGN	PJSC MMK, Ordinary shares	523,015	16%	83,682	4.9%
10	MTSS	MTS PJSC, Ordinary shares	494,699	45%	222,615	5.8%
11	NLMK	NLMK, Ordinary shares	949,087	16%	151,854	8.5%
12	ROSN	Rosneft, Ordinary shares	4,484,089	11%	493,250	4.9%
13	RTKM	PJSC "Rostelecom", Ordinary shares	183,514	32%	58,725	5.8%
14	SBER	Sberbank, Ordinary shares	4,187,868	48%	2,010,177	4.9%
15	TRNFP	Transneft, Preferred shares	272,725	32%	87,272	4.9%

Vector Index, respectively, is that in the latter case, the weight of each issuer company's share is determined based on that issuer's position in the rating. A greater weight is assigned to shares of those companies whose performance has improved most dramatically. Therefore, the Sustainable Development Vector Index serves as an indicator reflecting share price changes in the case of those companies that have been demonstrating the most positive changes in the area of sustainable development and corporate social responsibility.

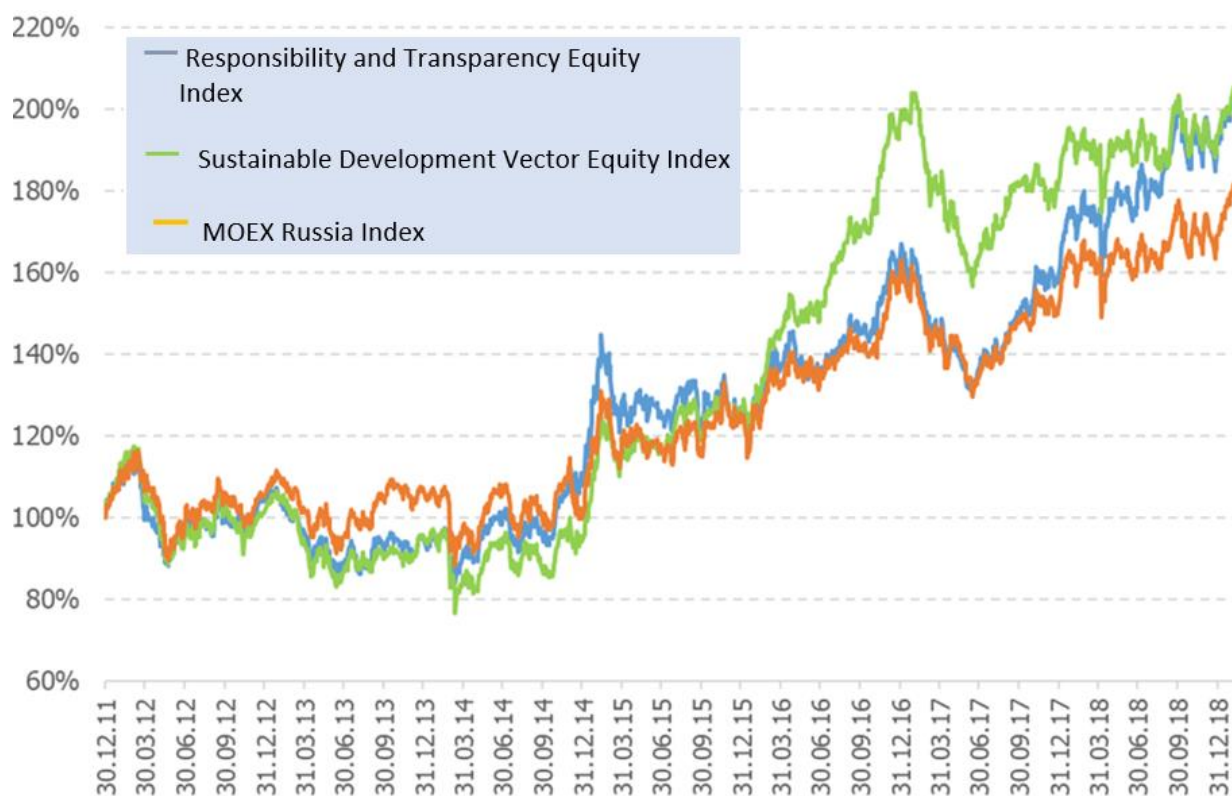
The table below provides the basis for compiling an equity index using the criteria of RSPP Sustainable Development Vector Index¹⁰.

Equity Indices' Dynamics

The pattern of changes in the performance of the MOEX – RSPP Responsibility and Transparency and the Sustainable Development Vector equity indices strongly correlates with the MOEX Russia Index, the key Russian stock market benchmark. Securities of many companies at the top of sustainable development ratings are also the stock market leaders by liquidity and

¹⁰ It should also be noted, that the analysis by RSPP provided a broader range of companies considering that the shares issued by EuroChem, Zarubezhneft, Metalloinvest, Russian Railways, Rosenergoatom, SIBUR Holdings, SUEK, Sakhalin Energy Investment Company Ltd, EVRAZ and United Metallurgical Company, did not make the Sustainable Development Vector equity index due to not being traded on the Moscow Exchange.

Return on Indices*, 2012 – 2M 2019



*in % to 30.12.2011.

EQUITY INDICES	2018			RETURN		
	CLOSE	MAX	MIN	1 YEAR	3 YEARS	5 YEARS
Responsibility and Transparency Index	1,914	2,027	1,591	21.2%	50.9%	100.4%
Sustainable Development Vector Index	1,934	2,033	1,746	7.0%	52.7%	101.8%
MOEX Russia Index	2,369	2,494	2,091	12.3%	34.5%	57.5%

capitalization and are included in the country's benchmark.

By and large, over the period under review, the sustainability indices have demonstrated higher profitability, particularly the Sustainable Development Vector Index whose basket is composed of companies that showed the best performance in terms of sustainable development over the period under review.

Contents

RSPP SUSTAINABILITY, CORPORATE RESPONSIBILITY AND ACCOUNTABILITY INDICES 3

About the project.....3

The 2018 Responsibility and Transparency Index 6

On approaches to compiling the Index 6

Key results 7

The Sustainable Development Vector Index 12

On approaches to compiling the Index 12

Key results 13

MOEX-RSPP SUSTAINABILITY EQUITY INDICES 16

About the project.....16

Equity Index: Responsibility and Transparency 18

Equity Index: Sustainable Development Vector 19

Equity Indices' Dynamics20