

METHODOLOGY

for Preparing an Environmental, Social and Governance Report

Almaty
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This Methodology was developed by Kazakhstan Stock Exchange JSC (hereinafter "*the Stock Exchange*") supported by the International Finance Corporation (IFC) as part of the Stock Exchange's accession to the United Nations Initiative called *Sustainable Stock Exchanges*, which promotes strengthening cooperation between exchanges, investors and regulators.

Chapter 1. GENERAL PROVISIONS

1. Key objectives and users of this Methodology

Disclosure by companies of environmental, social and governance (ESG) information alongside with financial information is of great importance to investors and shareholders. The use of integrated reports allows to form an adequate assessment of a company's performance and its effectiveness in future and enables to make more informed decisions regarding the company in the long run.

The Methodology provides guidance on how to prepare an Environmental, Social and Governance Report (hereinafter the "ESG Report") which aims at assisting in the formation of appropriate corporate governance and risk management systems in companies, improving the investment climate in Kazakhstan, including enhancing the attractiveness of companies for foreign investors, ensuring long-term sustainable investment and raising the level of disclosure. In addition, the use of this Methodology will also contribute to implementation of the UN Sustainable Development Goals in the Republic of Kazakhstan.

This Methodology is consistent and supplements the Stock Exchange's Requirements for disclosure of information in the annual report of a listed company, which are set out in Supplement 5.8 to the Listing Rules.¹

This Methodology provides general guidance on preparing the ESG Report that is appropriate for both joint-stock companies (JSCs) and limited liability companies (LLCs) and is intended for listed companies regardless of their size, industry or location, as well as for members of the Exchange of all membership categories. The Methodology may also be used by other stakeholders in preparing their respective reports.

The preparation and presentation of ESG Reports to the Exchange is not an obligatory part of the information disclosure requirements established by the Exchange rules for its members, listed companies and securities admission initiators (hereinafter, the Exchange members, the listed companies and the securities admission initiators are referred to as the companies in this Methodology) but is recommended by the Stock Exchange to be presented as part of increase of the information disclosure by the companies

The ESG report may be used by various stakeholders of a company, including its employees, representatives of government authorities, partners and suppliers, with that, the primary focus is to provide useful information to investors and shareholders of the company.

2. Standards used in this Methodology

The Methodology has been prepared in accordance with the Model guidance for the *Sustainable Stock Exchange Initiative* to present ESG Reports to investors and contains the international best practices on preparing the ESG Reports:

- *the Global Reporting Initiative (GRI)*;
- *the International Integrated Reporting Council (IIRC)*;
- *the Sustainability Accounting Standards Board (SASB)*;
- many similar initiatives among stock exchanges within the framework of *Sustainable Stock Exchanges Initiative*, including those in Malaysia, Brazil, Singapore and Hong Kong.

The methodology was also developed based on IFC standards for ESG practices, including:

¹ The Exchange's internal document approved by the resolution of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 15 of April 27, 2017).

- *The IFC Performance Standards for Environmental and Social Sustainability², which define IFC clients’ responsibilities for managing their environmental and social risks.*
- *ESG Progression Matrix, a tool to evaluate and improve the corporate governance of a company, which includes the governance of key environmental and social policies and procedures—to identify, reduce, and manage risk.*
- *The IFC Environmental, Social and Governance (Integrated Governance) Progression Matrix, a toolkit to evaluate and improve the corporate governance of a company, which includes the governance of key environmental and social policies and procedures—to identify, reduce, and manage risk.*
- *The IFC Toolkit for Disclosure and Transparency. The Toolkit was developed to help companies and financial institutions in emerging markets prepare comprehensive and best-in-class integrated annual reports that are appropriate for their size and organizational complexity, and adapted to the context of their operations. It provides guidance on the disclosure of material information about a company’s strategy, governance and performance, and the integration of environmental and social issues.*

Use of these tools can help a company confirm its commitment to demonstrate leadership and promote good environmental, social, and corporate governance throughout the company. Specifically, the IFC Performance Standards can be used as a risk management framework. Currently, the IFC Performance Standards are a global benchmark for project finance.

While preparing the ESG Reports, the companies may use other similar methodologies, for example, the Global Reporting Initiative (GRI) methodology.

Chapter 2. GENERAL GUIDELINES FOR PREPARING THE REPORT, CONTENT AND PROCEDURE OF SUBMISSION OF ESG REPORT

1. General Principles for preparing the ESG Report

When preparing the ESG Report, the companies are recommended to apply the following principles:

1) Liaison with Stakeholders

A company making up the ESG Report should identify the parties interested in its activities (individuals and legal entities), on which the company’s activity, produce (products, services being provided) may have a significant impact, as well as companies and persons, whose actions may have influence the company’s ability to implement successfully its strategies and achieved the goals set.

2) Materiality

The ESG Report should include only that ESG information, which is material for both the company and its stakeholders. To determine the materiality of the information the company needs to use a combination of internal and external factors, which have significant impact on the company’s operations and its stakeholder. The materiality of such information may be dependent on the company’s geographic location, its industry sector, the business model used and the impact on the environment.

The ESG Report should also encompass materiality categories which have material impact of the company on the economy of the region and the country, as a whole, on the environment and the society, on assessments and decisions of the stakeholders.

It is recommended to disclose procedures for determining material ESG information.

3) Completeness

² IFC Performance Standards:
http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

The data and the contents of the ESG Report should be sufficient to reflect the company's significant impact on the economy, the environment and the society and provide the stakeholders an opportunity to assess the results of the company's operations over the reporting period. The completeness includes three main measurements – the scope, the limits and the reporting timeframes. The concept of completeness may also be applied with regard to data collection methods.

4) Comparability

The stakeholders using the ESG report should be able to compare the information provided on economic, environmental and social results of the company's operations with the results for the preceding periods, its objectives and the performance of other companies.

5) Reliability

The information and processes used while preparing the ESG Report should be compiled, documented, put together, assessed and disclosed in such a manner that enables the stakeholders to verify the report and assess the extent of reliability of its content. The information may be expressed in qualitative descriptions and quantitative data.

6) Timeliness

The ESG Report should be submitted on a timely and regular basis, so that the stakeholders should be able to make the informed decisions. The timeliness of the report refers to the periodicity of the reports and the periods between the ESG report issue and real events described therein.

7) Clarity

The information in the ESG Report should be presented in a form clear and comprehensible to stakeholders. It should be concise in order to focus on the main aspects and ensure its readability.

It is necessary for the ESG Report to include tables, graphs, diagrams, charts, calculations and methods used for determining quantitative data in order to make the information perception easier.

2. ESG Report Content

The ESG Report should describe the company's overall vision and strategy for the short, medium and long-term periods regarding the management of significant environmental and social impacts of the company or which can be linked to its operations because of its relations with third parties (suppliers, population, various organizations).

It is recommended to include into the ESG Report the following information:

- the key problems for the short and medium term associated with environmental and social aspects of the company's operations;
- macroeconomic or political trends that impact the company and its priorities with regard to its sustainable development;
- the most important events, the performance of the company for the reporting period compared to the goals set;
- a method for assessing key environmental and social factors that impact the internal and external stakeholders, and how this reflects on the overall performance of the company, its strategy and its risk profile;
- the analysis of the impact on the company of the generally accepted environmental and social aspects based on the specific operating context of the company, its industry and geographical location;
- discussion and analysis of the company's operations on each of the environmental and social concerns, characterized as significant, the impact of ESG factors on the company's strategy and its operational and financial performance;
- efforts of the company (including policies, the strategy and the management system) to maximize social benefits and minimize environmental and social negative effects on its

operations, products and services, as well as the chain of suppliers, focusing on the issues that have been identified as material to the company;

- systematic process to identify and manage the risks, impacts and opportunities associated with environmental and social issues, including Environmental and Social Management Systems;
- the assessment of the company's performance, including the use of key performance indicators (KPIs) set in Supplements 1, 2 and 3 to this Methodology.

The company should follow the following approaches when determining the contents of the ESG Report:

- formulation of significant aspects for the company and assessment of their impact on its operations, products, services and relationship with stakeholders;
- establishing the limits of such impact on the internal and external environment of the company;
- prioritizing the revealed aspects depending on their materiality in order to identify those that need to be included into the report, and the volume of information provided with regard to them;
- disclosure of information on approaches in the area of management, as well as data relevant to the material aspects of the company's operations.

The ESG Report should disclose the operations and performance indicators of the company itself and of any entity in which the company owns 50 percent or more of the total outstanding shares or of the paid authorized capital of such entity.

The results of operations, expressed in quantitative terms, should include the information on the controlled companies not taking into account the minority interest. The information on affiliated but not consolidated companies should be provided in the volume necessary to explain the ESG strategy and performance of the company.

The information required to be disclosed in accordance with this Methodology may already be present in other reports prepared by the company, for example, in its annual report or in other reports compiled in a mandatory or voluntary manner. In this case, the company, in its discretion, may not include in its ESG Report the information which has been already disclosed, but include a reference to the document containing the relevant information.

In the event that the information needs to be disclosed does not apply to the operations of the company and/or for any reason its disclosure is not possible, it will be sufficient to mention this fact.

ESG Report should not comprise confidential and insider information and information, which constitutes a commercial secret or other information not subject to public disclosure.

3. Submission of ESG Report

The Company may submit the ESG Report to the Stock Exchange as part of the integrated annual report or as a separate document through the Stock Exchange's system of electronic document circulation with its members and listed companies.

From the time of submission of the ESG report, it become a publicly available information. The Stock Exchange publishes on its Internet site the ESG Reports received from the companies in accordance with the procedures established by the Stock Exchange by-laws.

The Stock Exchange also recommends the companies to use their own ways of communication with the investors and public to disseminate the ESG report.

Chapter 3. INFORMATION ON ENVIRONMENTABILITY CRITERIA

The ESG Report with regard to the environmental criteria should disclose the following information applicable to the company's sphere of activity during the reporting period and include the information

in form of Key Performance Indicators (KPIs), the list of which on general environmental issues are provided in Supplement 1 hereto.

1. Materials used

The information is provided, whether the company carries out environmentally hazardous business operations and other activities, has the right to special use of natural resources. Also the information is provided on the total weight or volume of materials in respective (commonly used) measurement units, spent by the company during the reporting year in the course of producing and packaging the main produce (products, services rendered) from nonrenewable and renewable materials, the portion of recyclable materials used and about hazardous materials including data on their class of hazard and respective measures taken by the company to ensure proper handling thereof and possible replacement/decrease of a class of hazard.

2. Products and Services

The quantitative information is disclosed on the extent of reducing the impact of the company's produce (products and services) on the environment over the reporting year and the environmental considerations during the design process. The report should disclose the percentage of the produce (products) and its packaging materials, accepted for recycling by each category of products, and the proportion of produce (products) made from recycled or renewable materials. The company should announce, whether its produce (products) has eco-labeling.

3. Waste Management

The information is provided on the total weight in respective (commonly used) measurement units of hazardous and non-hazardous wastes, available in the company, together with details on their classification, as well as methods and ways of their disposal (decontamination, recycling, dumping) in the reporting year. The company should disclose the information on the total weight in respective (commonly used) measurement units of transported, imported, exported, recycled hazardous waste of the company and the percentage of their domestic and international transportation.

4. Water Consumption

The total volume of water in the relevant (conventional) units of measurement is indicated, which is used by the company for the main activity during the reporting year by the source type as: surface water, groundwater, rainwater collected and stored by the company, wastewater of another company, utility and other water supply systems. It is necessary to describe whether this consumption of the company has a significant impact on the source of water, biological diversity in which the source is located, indicate whether the source of water is classified as the state natural reserve fund, its value and importance for the local population. It is necessary to disclose the information on the total volume of water in the relevant (conventional) units that are reused by the company and its share in the total consumption of the company, and to calculate the water efficiency index of the production (the volume of consumed water per product unit).

5. Energy Consumption and Energy Efficiency

The information is disclosed on the total consumption of energy by the company during the reporting year broken down by types of the used energy from non-renewable and renewable sources in respective (commonly used) measurement units, as well as the total reduction in the energy consumption over the reporting year, which the company managed to achieve as a result of energy-saving and energy efficiency improvement initiatives. The energy efficiency index should be provided (consumption of energy resources per product unit).

6. Emergency and Non-Scheduled Pollutants Discharge.

The total quantity and total volume is disclosed in respective (commonly used) measurement units of registered pollutant discharges, which took place in the reporting year due to actions/failures to act on the part of the company. The company should provide information on the discharge place and its status, properties of the substance discharged (oil, fuel, waste, chemical reagents and other substances), on the impact of such discharge on the environment, methods and ways of its consequences elimination.

7. Waste Water Discharge

The total amount of planned and unplanned waste water discharge of the company in appropriate (conventional) units of measurement over the reporting year, indicating the location of waste water disposal, quality and method(s) of waste water treatment should be disclosed. The information is disclosed on water bodies and associated habitats significantly affected by the company's waste water discharges with the indication of their geographical location, area, status and value for biological diversity.

8. Emission of Greenhouse Gas and Other Contaminants to the Atmosphere

The total volume of direct and indirect greenhouse gas discharges in respective (commonly used) measurement units made by the company over the reporting year should be specified, including their types and intensity, permitted limits and their excesses (if available in the reporting year). The information should be disclosed on measures taken by the company to reduce emissions and the volume of reduction in respective (commonly used) measurement units, also, the methods for calculation of such figures should be provided.

9. Environment

The information is provided on the company's total expenses on environment protection in the reporting year broken down by expenses on waste utilization, emission purification, environmental remedial actions and by expenses on preventing negative impact on the environment. It is necessary to disclose whether the company uses suppliers significantly actually and potentially affecting the environment, their number and percentage from the total number of suppliers and the nature of such negative impact. Measures on reducing negative consequences of the company's operations and measures on the improvement of its quality may be described. The company should inform whether it carries out the environmental monitoring of facilities and territories of its operations, as well as whether it implemented the international standards of environment protection management system, including emergency response plan, and pollution prevention policy and management plan of such situations. The ESG report should describe the steps the company is taking to prevent or adapt to the consequences of impact of climate change on its ability to operate profitably or the quality of its products and/or services.

10. Biodiversity

The company should provide an objective picture of the company's impact in its production process (products, services) on the biodiversity of the territories where it operates, during the production process, with indication of substantial direct, indirect and cumulative, positive and negative effects on the habitat. It should indicate the geographic location and the status of territories of the company's operations, the number of species of flora and fauna there, including those from the international and national Protected Species Registers, the level of their risk of extinction resulting from the company's operations impact.

11. Compliance with Environmental Requirements.

The company provides information on its compliance with environmental legislation requirements, the total amount of fines and number of cases of non-financial sanctions, including the limited sanctions, applied to the company during the reporting year for violating the environmental requirements, the number of claims submitted against the company during the reporting year for environmental impact, the nature of such violations, sanctions and claims, as well as the information on their settlement. The company should indicate the cases of violation by the company of the standards of maximum permitted emissions, pollutant discharges, norms of production and consumption wastes disposal in the reporting year, their nature and main reasons. The company should provide the information on the most recent environmental audit and the main conclusions made on the results of the mandatory environmental audit.

Chapter 4. INFORMATION ON SOCIAL RESPONSIBILITY CRITERIA

The ESG report regarding the social responsibility criteria should, at least, disclose the information set out below and should include the information in form of Key Performance Indicators (KPIs), the list of which on social issues is provided in Supplement 1 hereto.

1. Employment

The total number of the company employees is provided as of the reporting date with a breakdown by the age, gender and geographic region, including the percentage of employees hired during the reporting year. The company should describe the staff turnover and its reasons. It is necessary to report whether the company provides a social package to its employees, if it does – what it includes, whether it applies to temporary or part-time employees. Additionally, the total number of employees on leave and those who returned from maternity/paternity leave in the reporting year broken down by gender. The company should provide information on the minimum employee notification period on substantial changes related to his/her job.

2. Workplace Health and Safety

The company should provide details on the types of injuries of the company employees during the reporting year, the accidents frequency rate, the occupational disease rate, lost day rate, absentee rate, number of fatalities at company production site, including independent sub-contractors working at the company's facilities with a breakdown by the region and the gender. The company should provide details on the system of rules used for registering the accidents at the production site, and preparation of appropriate reports, including the data on fire safety. The company should indicate, whether it carries out any activities which are potentially associated with high injury rate or high risk of particular diseases. Also, it is necessary to indicate whether official agreements with trade unions include the issues of health and safety. The information on the cases of various fires occurred in the company in the reporting year, on the regularity of safety training sessions, on availability of fire-fighting equipment and their types should be provided.

3. Training and Education

The company should state the average number of hours of training per each employee over the reporting year broken down by gender and employee category. It should disclose the information on the availability of employee development programs, their types and nature, as well as assistance programs for employees who retired or resigned. The company should indicate the percentage of employees broken down by gender and employee category, whose performance was officially evaluated during the year.

4 Diversity and Equal Opportunities

The company should disclose the portion (percent) from the total number of employees related to various categories, i.e.: gender; age groups: under 30 years old, 30–50 years old, 50+ years old, minority groups and other diversity categories. The company should present data on the remuneration base rate for women versus the same for men by each category of employees broken down by location of the company's operations. The data is provided on the total number of cases of discrimination with regard to employees during the reporting year, the status of those cases and measures taken.

5. Labor Practices

The company should state the total number of complaints submitted against the company during the reporting year for non-observance of labor practices and the status of such complaints, as well as brief description of complaint submission system available in the company. The company should also describe grievance mechanisms for employees. The company should provide, for the reporting year, the total number of training hours and percentage of employees who passed the training on policies or procedures related to the significant for the company operations human right aspects. The company should specify the divisions and its suppliers with a significant risk of using child labor or forced labor, performance of hazardous work by young workers.

6. Affected Communities

The report should provide details on the company's management process and systems to prevent or mitigate impacts on local communities. This includes statements, policies or codes on interactions with the local community, including the use of security forces, behavior of workers and the treatment of indigenous people and/or minority groups.

The report should disclose the actual impact of the company's operations or projects on the safety and livelihood of the surrounding community, including through the use of security forces, involuntary re-settlement and eviction with the use of force.

7 Anti-Corruption

The company should disclose the information on available internal anti-corruption policies and methods. It should provide data on identified corruption-related risks for the company. The company should specify the total number and percentage of business units, for which corruption-related risks were assessed, the total number of employees broken down by regions and categories that have been informed and trained on the anti-corruption policies and methods. The company should also disclose the total number and nature of the confirmed cases of corruption, measures taken against the company and its employees during the reporting year due to violations associated with corruption.

8. Compliance with Requirements.

The company should provide the data on the circumstances, the total number of significant fines and non-financial sanctions, including limited sanctions, applied to the company for violations of legislation requirements. It is necessary to indicate the total number of cases that occurred during the reporting year related to the obstacle to competition and violation of the antimonopoly legislation, as well as the main results of such proceedings. The company should provide a description of the major political expenses and lobbying expenditures. The company should also disclose its effective tax rate.

9. Liability for Products

The company should specify the total number of cases of its non-compliance with the legal requirements and codes regarding the impact of produce (products, services rendered) on health and safety, on information and marking of the properties of produce (products, services rendered), in relation to marketing communications, including advertising, promotion and sponsorship for the reporting year, broken down by cases leading to a fine or collection or to a warning. It is necessary to report whether the company sells products that are banned in certain markets, raise questions from stakeholders or are subject to public discussion, and, additionally, the company should state how it responds to questions or concerns about these products. The information on the occurred cases of defected goods (products) recall in the reporting year should be provided.

10. Suppliers

Measures or efforts taken by the company to reduce the environmental and social negative effects on the supply chain, including monitoring of the working conditions and environmental consequences of the direct suppliers' activities using recycled and renewable raw materials, as well as reducing supplies of materials that are important for use and are at risk of supply constraints.

11. Consumers' Private Life

The company should indicate the total number of substantiated complaints filed with the company concerning violations of consumers' privacy, broken down by complaints received from external parties, the validity of which has been verified by the company, and complaints from regulatory authorities; additionally the company has to report the total number of detected cases of leaks, theft or loss of consumer data.

Chapter 5. CORPORATE GOVERNANCE INFORMATION

The corporate governance portion of the ESG Report should disclose the information described below applicable to the company's sphere of activity during the reporting period and include the information in form of key performance indicators (KPIs), the list of which on corporate governance issues are provided in Supplement 2 hereto.

1. Company's Corporate Governance System

The corporate governance system and its principles should be described.

The company should describe its existing systems that ensure compliance with the company's ESG policies and/or the Code of Ethics or Conduct. The process of periodic reviews and considering the ESG issues, including overseeing compliance with the ESG issues on the level of the board of directors' level (the supervisory board's) and the relevant committees on

corporate governance and sustainability.

The company should make available the report on compliance with the provisions of the company's Corporate Governance Code and/or information about non-observances occurred and/or measures taken to comply with the code during the reporting year.

2. Company's Governance Structure

The company should provide a complete description of the structure of the company's units and their competencies in accordance with the legislation, the Charter and other documents.

The company should specify the names of all company's board of directors committees (the supervisory board), their functions and competence, the number of meetings held together with the main results during the reporting year.

3. Company's Board of Directors (Supervisory Board)

3.1. Members of the Board of Directors (Supervisory Board) Information

The surname, the name, the patronymic name, the year of birth of each member of the board of directors (the supervisory board) of the company, including the chairman of the board of directors (the supervisory board) and the independent directors should be disclosed; positions occupied by each member of the board of directors (the supervisory board) during the preceding three years and at present, including the part-time jobs, in a chronological order together with the description of the scope of activities, as well as the information on the number of shares held by them (stakes in the charter capital) of the company and/or its subsidiaries and affiliates, participation in the board of directors committees (the supervisory board), functional duties and responsibilities.

It is necessary to disclose the bios and skills and experience of each member of the board of directors (supervisory board) of the company, information on their knowledge and experience, including experience in analyzing ES risks.

The data on the number of the board of directors' (the supervisory board's) meetings and their main results over the reporting year should be provided.

3.2. Nomination of candidates

The procedure for nominating and selecting candidates into the company's board of directors (the supervisory board), its committees, as well as the criteria used in nominating and selecting, taking into account the factors of gender diversity, including but not limited to gender, independence, professional qualifications and experience should be described. The company should describe the procedures used by the board of directors (the supervisory board) to prevent conflicts of interest and their management.

3.3. Performance Evaluation

The information on the role of the board of directors (the supervisory board) is disclosed in the review of the effectiveness of the company's methods of managing risks related to economic, environmental, social and governance issues. The information should be provided on the procedure for evaluating the performance of the board of directors (the supervisory board) and whether this evaluation is independent and how often it is carried out.

3.4. Reporting on Problems

The information is provided on the procedure for informing the board of directors (the supervisory board) about critical financial and non-financial issues in the company and the number of problems submitted for consideration to the board of directors (the supervisory board) during the reporting year.

3.5. Environmental and Social

The information should be provided whether the company has in place an oversight of environmental and social issues at the level of the board of directors and/or specialized committees, including approval of environmental, social strategy and policies, ensuring the appropriate dialogue among the company and key stakeholders and oversight of the effectiveness of communication and grievance mechanisms.

4. Company's Collegial (Sole) Executive Body

The surname, the name, the patronymic name, the year of birth of each member of the collegial executive body of the company (the person performing the functions of the sole executive body of the company) are disclosed; positions held by each member of the collegial executive body (the person performing the functions of the sole executive body of the company) for the preceding three years and at present, including the part-time jobs, in the chronological order indicating the scope of activity, as well as the information on the number of shares held by them (participating interests in the Charter Fund) of the company and/or its subsidiaries and affiliates, participation in board of directors' (the supervisory board's) committees, the functional duties and responsibilities.

The data on the number of meetings of the board of directors (the supervisory board) and their main results during the reporting year should be provided.

5. Company's Organization Chart

The structural units, branches, representative offices of the company should be disclosed, as well as the number of employees, the average number of employees of the company, including the employees of its branches and representative offices, and gender diversity. The information on the heads of the key organizational units is provided, as well.

6. Remuneration Information

The information on the amount of the remuneration and bonuses paid to each member of the board of directors (the supervisory board) and the executive body of the company over the reporting year, and the criteria for their determination, as well as on the amount accumulated by the company to provide them with retirement benefits, if such is envisaged³, should be disclosed.

7. Company's Shareholders (Participants)

7.1. For a Joint-stock Company

The information on the number of declared and placed shares of the company including their type (class), the face value, the number of outstanding shares should be provided; the information on the composition of the shareholders holding shares of the company in the amount (size) of five or more percent of the total number of shares placed as of the reporting date should be provided.

The information on all material transactions with shares of the company during the reporting period and changes that occurred in the composition of shareholders holding shares in the amount (size) of five or more percent of the total number of shares placed during the reporting period.

The information of all transactions carried out during the reporting period, on the initial placements of shares, share buy-back by the company and their subsequent resale, indicating the volume of transactions in quantitative and monetary terms, the price of placement and repurchase, the name of the buyer and/or seller of shares and its location (if the company is aware of such information).

The data on stock options and agreements that provide indirect or implied ownership.

7.2. For a Limited Liability Partnership

The information should be provided on all material transactions associated with participating interests in the Charter Fund of the company for the reporting period and changes that occurred in the structure of the company's participants over the reporting period; the composition of participants holding the company's participating interests in the amount (size) of five and more percent of paid Charter Fund as of the reporting date.

8. Subsidiaries and Affiliates

The information on companies which shares (participating interests) the company holds in the

³ Should it be impossible to disclose the information on each member of the board of directors (the supervisory board) and the executive body of the company, the information on the total amounts of basic remuneration and bonuses paid out to the members of the board of directors (the supervisory board) and the executive body of the company for the reporting period, and the criteria for their calculation should be disclosed.

amount (size) of five or more percent of the total number of placements (paid-in authorized capital) should be disclosed.

The information should contain the full name of the company, its legal and actual address (location), the number (size) of shares (the participating interest in the Charter Fund) held by the company, the type of the company's operations, the information about its CEO, the amount of investment of the company during the reporting year.

9. Dividend Information

The main principles of the dividend policy of the company, the information on dividends paid out or reasons for their non-payment over the preceding three years, the current value of shares, earnings per share and a share book value should be disclosed.

10. Minority Shareholder Rights

The information on the rights of the company's minority shareholders in the nomination process to the board of directors, the change of control over the company and making major transactions, a general minority shareholders liaison system should be provided.

11. Major Transaction Information

The information on the company's major transactions over the reporting year, including the date of the transaction, the subject and names of the parties to the transaction should be provided.

12. Information Policy

The information policy regarding shareholders (founders), existing and potential investors, its main principles should be provided.

13. Risk Management

The risk management procedure should be disclosed: risk detection, risk monitoring and control and risk level assessment. Information is provided on the role of the board of directors (supervisory board) in overseeing the risk management process and setting the company's risk appetite. Information is also provided how environmental and social risks have been integrated into the risk management framework.

14. Internal Control and Audit

The information is provided on the risks detected as per the results of internal revisions, audits of key risks and significant problems associated with the company's operations.

The information on measures taken to minimize these risks and problems should be disclosed.

The compliance control procedures should be described, including training of personnel, the audit and monitoring systems, the company's hotline for reporting violations, guidelines for resolving conflicts of interest, as well as sanctions and disciplinary measures in case of violations by the company of the legislative requirements.

The scope of the internal control is described, including: controls of financial accounting and reporting, forms of operational control, including risks of sustainability and interest of the parties and the forms of compliance control.

It is also necessary to consider the role of the board of directors (the supervisory board) and/or the relevant committee and the executive body of the company within the internal control system, including information on identification and independence of the external auditors of the company.

The role of internal control and audit in ensuring the quality of ESG information should be disclosed.

15. Governance of Stakeholder Relations

The company's policies and the strategy for stakeholder relations should be described, principles of identification and selection of the stakeholders should be specified as well as names of the most significant parties (e.g., the local communities directly influenced by the company's operations, clients and regulatory bodies, employees, contractors and suppliers).

Employees and/or top managers of the company empowered and responsible for stakeholder relations, the role of the board of directors (the supervisory board) in overseeing the process of

cooperation with the stakeholders should be disclosed.

The mechanisms are provided for the company to receive questions and/or complaints from stakeholders and the procedure of timely responses to them, including grievance mechanisms and External Communication Mechanisms.

Supplement 1

to the Methodology for
Preparing an Environmental
Social and Governance
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List of Key Performance Indicators (KPIs) for Common Environmental and Social Issues

ENVIRONMENTAL & SOCIAL MANAGEMENT SYSTEMS

Management System	Environmental and social Management Systems (provide description) *
Senior Commitment	Environmental & social policies approved by senior management (provide description) *
Affected Community	Affected Community grievance mechanism (provide description) *
Pollution Prevention	Pollution prevention policy and management plan (provide description) *
Workers Grievances	Worker grievance mechanism (provide description) *

ENVIRONMENT

GHG Emissions	GHG emissions (CO ₂ e in t), intensity (GHG/sales) *
Water Consumption	Water used (m ³), % recirculated, intensity (water use/sales) *
Energy Consumption and Energy Efficiency	Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales) * Resources consumption rate (by types) per product unit (for example, ton). *
Waste management	Waste from operations (t), % hazardous, % recycled, intensity (waste/sales), liquid (treatment type)
Pollution	NO _x (excl. N ₂ O), SO _x , volatile organic compounds (VOCs), particulate matter (PM), other substances. Measures for reduction of spills and emissions to the environment (filters, etc.). The number and the total volume of leaks and emissions to the environment.
Biodiversity(1)	Production enterprises located near protected and high biodiversity areas* Statement, code or policy on biodiversity management (Provide description and link) *
Climate Adaptation(2)	Steps to prevent or adapt to climate change impact on company's ability to operate profitably or the quality of its products and services

EMPLOYEES

Management system	Policy on labor conditions and employee diversity (provide description) *
Labor Practices	% of employees under collective agreements. Voluntary and involuntary employee turnover rate by major employee category

Employee	Cases of forced or child labor *
	Operations in countries 'with risk' of forced and child labor
	Gender and racial/ethnic group representation by major employee categories (%) *
	Women/Men salaries ratio
Workplace Health and Safety	Injury rate (TRIR) and fatality rate for staff employees and freelancers *
	% of employees trained on health & safety, number of accidents, incidents, fires, % of employees trained on first aid and fire safety, emergency response training

AFFECTED COMMUNITY

Management System	Affected Community grievance mechanism (provide description) *
	Statement, policy or a set of rules on security departments and interactions with the Local Community (provide description) *
Human Rights	Management of Human Rights in the value chain (codes, policies, prevention & treatment)
	Involvement in Human Rights violation (yes/no)
Local community	Company operations or projects in area that local population may live on, migrate through, or use*

PRODUCTS & CUSTOMERS

Product Lifecycle Impact	% of products that are recyclable or reusable, by sale
	Packaging weight (Tn), % from recycled or renewable materials, % recyclable or compostable
	Energy / Fuel / GHGs efficiency of products in operation
	% of products with "Sustainable", "Design for Environment", or Eco-Label designation
Product safety	Product safety fines and settlements
	Number of product recalls; total product units recalled
	Process to identify and manage new materials and chemicals of concern in products
Data Privacy (3)	Policies and practices on collection, use, and storage of information on customers
	% of users whose customer information is collected for secondary purpose, % who opted-in

ETHICS

Anti-corruption	Management of anti-corruption (codes, policies, prevention & approaches)
Competition	Fines and settlements for violation of competition and antimonopoly rules and regulations, description of major fines and corrective actions

SUPPLY CHAIN

Suppliers	% suppliers selected and monitored according to social and environmental criteria
Materials	% raw materials from (i) recycled content and (ii) renewable resources % of materials cost from critical materials (4)

Notes

* IFC Model Environmental and Social KPIs based on IFC Performance Standards

(1) Industry-specific: Forestry & Logging, Oil, Gas & Mining, Infrastructure, Real Estate, Food, Marine Transportation, Solar & Wind Energy

(2) Industries: Finance, Food, Healthcare, Infrastructure, Insurance, Real Estate.

(3) Industry-specific: Telecom, Technology, Media and e-Commerce

(4) Critical materials are defined as both essential in use and subject to the risk of supply restriction.

Supplement 2

to the Methodology for
Preparing an Environmental
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List of Key Performance Indicators (KPIs) for Corporate Governance*

Commitment to ESG	
CG Framework	Company has both a CG Code and a Code of Ethics/Conduct (y/n)
CG Officer	Is there a designated officer/body responsible for overseeing CG policies and practices? (y/n)
Structure & Functioning of Board	
Board Independence	% independent directors of the total number of members of the Board of Directors.
Board Diversity	% Women (non-promoter/Sponsor) on Board
Audit Committee	Is the board level audit committee comprised of financially literate members all of which are non-executive directors and at least one member is independent? (y/n)
Role and Responsibilities	Does the Board approve both the strategy and key policies? (y/n)
Control Environment	
Internal Audit:	Does the Internal audit function have its own charter/by-law establishing its role, responsibilities and reporting lines? (y/n)
Risk Governance	Does the Risk Governance Function cooperate with the board/risk committee and report to the board/risk committee? (y/n)
Compliance	Does the compliance function report to the audit committee? (y/n)
Disclosure and Transparency	
Annual Report	Does the annual report or the sustainability report include ESG information? (y/n)
Risk Disclosure	Does the annual report include descriptions of risk and risk appetite? (y/n)
Treatment of Minority Shareholders	
Equal Voting	Do all shareholders of the same class have: (1) equal voting; (2) subscription; and (3) transfer rights? (y/n)
Equal Treatment s/h	Are there 100% tag-along rights for change of control transactions? (y/n)
Ownership Disclosure	Is ultimate beneficial ownership disclosed publicly? (y/n)

RPTs	Is there a Related Party Transaction policy that includes escalation mechanism to shareholder approval over a certain size? (y/n)
Dividend Policy	Is the dividend policy publicly disclosed? (y/n)
Executive Compensation	Is executive compensation subject to shareholder consultation and approval (y/n)

Governance of Stakeholder Engagement

External Communication and Grievances	Are grievance mechanisms overseen by the board of directors (supervisory board)? (y/n)
Governance of Stakeholder Engagement	Are there processes for consultation between stakeholders and the board of directors (supervisory board) on economic, environmental and social topics? (y/n)

* KPIs are based on the IFC Environmental, Social and Governance (Integrated Governance) Progression Matrix.

Supplement 3

to the Methodology for
Preparing an Environmental
Social and Governance
Report

Sector Supplement on ESG issues

Introduction

Industry-specificity is a very important factor in a company's determination of material ESG issues. While the issues presented in the Methodology for Preparing an Environmental Social and Governance Report (the "Methodology") are relevant to all or most industries, they need to be considered in the context of company's industry sector, with a focus on its specific business models and use of resources. The companies should use thus Methodology to structure the annual reports and this Guidance – to integrate the issues of the industry-specificity.

Depending on the nature of the industry, the companies face different types of problems that can range from working conditions and safety in extractive industries to training and discrimination in the services and financial industries.

Environmental impacts are common to most industries, but they occur at different points in the value chain and with different intensity. For example, extractive industries have environmental impacts through manufacturing or transportation, while financial institutions can cause environmental impacts through the financing of environmentally damaging projects.

In addition to looking at the specific impact of common ESG issues, companies should also consider ESG issues that are unique to their industry.

This Supplement provides a summary of the most relevant industry-specific issues facing the Oil and Gas sector and Financial Services Sector, which have been prepared using the following industry-specific guidance:

- Sustainability Accounting Standards Boards (SASB);
- Global Reporting Initiative (GRI) and
- Sustainability Reporting Guidance of IEPICA, the global oil and gas industry association for environmental and social issues (IPIECA).

It is also based on World Bank Group and IFC industry specific guidance, including the IFC Performance Standards. This Supplement covers the general ESG matters, which are the most important and specific for oil and gas sector and financial services sector; it also provides a short summary of why it is material for these industries and examples of indicators that are proposed by SASB, GRI, IPIECA and IFC.

The Importance of Consistent and Comparable E&S Data

To attract foreign investors to oil and gas industry, the companies should have environmental and social data that is consistent and comparable. This implies that Oil & Gas and Mining companies should not only report on common and industry specific topics and KPIs for the industry, but also use internationally recognized methodology to prepare data, including scope, definitions and reporting criteria.

For further reference, please see the data reporting user's guides published by the **International Association of Oil & Gas Producers (IOGP)** and the Sustainability Reporting Guidance published by **IPIECA**, the global oil and gas industry association for environmental and social issues.

OIL AND GAS SECTOR

The Oil and Gas sector includes such industries as oil and gas Exploration and Production, Midstream and Refining and Marketing. Given the resource intensiveness and environmental impact, the

companies operating in the above-mentioned industries may face many of the common ESG issues identified in the Methodology. At the same time, the industry faces a number of issues that are unique to its business models and conditions of operations.

1. Common Environmental and Social Issues Most Material to the Oil and Gas Industry

- Greenhouse Gas Emissions
- Local Air Quality
- Waste and Hazardous Materials
- Water Management
- Biodiversity
- Community relations
- Employee Safety
- Anti-corruption

2. Example of Additional KPIs for Common Industry Issues

Issue	Indicators	Source
Local Air Quality	Quantity of hydrocarbon gas flared from operations.	IPIECA – E4-C1
Biodiversity	(1) Proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	SASB - EM0101-11
Waste and Hazardous Materials	Total weight of tailings waste, percentage recycled	SASB - M0302-07
	Total weight of mineral processing waste, percentage recycled	SASB - M0302-07
	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	SASB - EM0302-11
Water Management	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	SASB - EM0101-06
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	SASB - TA04-03-01
	Total volume of fresh water withdrawn, total volume of fresh water consumed.	IPIECA – E6-C1 & S1
Anti-corruption	Describe company policies and programs on revenue transparency.	IPIECA – SE13-C1

3. Unique Issues for the Oil, Gas & Mining Industry

- 1) **Clean fuel and fossil fuel substitutes.** Concerns about climate change and local air pollution are putting pressure on Oil & Gas companies to produce increasingly larger proportions of cleaner fuels, including through the use of renewables such as biofuels, and through use of renewable energy sources,
- 2) **Accident Prevention.** Accidents at the exploration, transportation or refining phases of Oil and Gas production can also have wide-ranging social and environmental consequences, requiring sophisticated incident and accident management procedures.
- 3) **Community relations.** Oil and gas exploration and production activities can be very impactful for local communities, requiring extra steps to ensure the safety and economic

well-being of local populations. This includes issues of involuntary resettlement and impact on the local community livelihood.

- 4) **Climate change impact on Oil & Gas reserves.** Climate mitigation efforts create a risk that Oil & Gas companies will not be able to commercialize their entire oil and gas reserves and therefore could significantly impact their future growth and market value.
- 5) **Decommissioning.** Oil and gas and mining companies have a responsibility to decommission and restore production sites that reach the end of their useful life. Planning for decommissioning activities should address environmental and safety issues and involve local stakeholders.

4. Example of KPIs for Unique Industry Issues

Issue	Indicators	Source
Clean Fuel and Fossil Fuel Substitutes	Volume of biofuels produced and purchased meeting sustainability criteria	GRI - OG14
	Percentage of Renewable Volume Obligation (RVO) met through: (1) Production of renewable fuels, (2) Purchase of “separated” renewable identification numbers (RIN)	SASB - EM0103-13
	Total addressable market and share of market for advanced biofuels and associated infrastructure	SASB - EM0103-14
Accident Prevention	Number of process safety events, by business activity	GRI - OG13
	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	SASB - TA04-15-02
	Challenges to Safety Systems indicator rate (Tier 3)	SASB - TA04-15-03
	Discussion on measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	SASB - TA04-15-05
Community Relations	(1) Proved and (2) probable reserves in or near areas of conflict	SASB - EM0101-12
	(1) Proved and (2) probable reserves in or near local population s land	SASB - TA04-04-01
	Community grievances or public controversies that the company/project has resulted in peoples’ livelihoods being negatively affected (#). Describe corrective actions	IFC Performance Standard 5
	Quantify and/or describe cases of involuntary resettlement required by the company’s activities (where governments allow permit disclosure).	IPIECA – SE3-S1
	Legal actions, community grievances or public controversies involving involuntary re-settlement and eviction with the use of force (#). Describe corrective actions	IFC Performance Standard 5
	Statement, policy or code on security forces and interaction with Local Community (y/n). Provide description and link	IFC Performance Standard 4
	Legal actions, community grievances or public controversies associated with major security incident involving the Local Community. (#). Describe corrective actions	IFC Performance Standard 4
Climate Change Impact on Oil & Gas Reserves	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	SASB - TA04-08-01
	Estimated carbon dioxide emissions embedded in proved	SASB -

Issue	Indicators	Source
	hydrocarbon reserves	EM0101-23
Decommissioning	Report the company's management approach, for planning and execution of decommissioning activities for: (i) offshore assets; and (ii) onshore assets.	IPIECA – E11-C1

FINANCIAL SERVICES SECTOR

The Financial Services sector consists of companies that take part in the following activities: Asset Management (including Private Equity), Commercial Banking, Commercial Finance (including Trade Finance, Asset Finance and Leasing), Investment Banking and Brokerage and Insurance

Most common environmental and social issues identified in the Methodology are not directly relevant for Financial Services. Rather these issues are relevant indirectly for the companies in which financial institutions invest or to which they loan. In addition, the industry faces a number of ESG issues that are unique.

1. Common Environmental and Social Issues Most Material for Financial Services

- 1) **Employees:** focusing on diversity and equal opportunities and professional integrity
- 2) **Ethics:** focusing on fraud, anti-competitive practices and market manipulation
- 3) **Environmental and Social Management System,** including and environmental & social policy approved by senior management and effective grievance mechanisms.

When reporting on some of these common ESG issues, financial services companies should consider additional KPIs that are more specific to the industry.

2. Example of Additional KPIs for Common Industry Issues

Issue	Indicators	Source
Professional Integrity	Description of management approach to assuring professional integrity and duty of care	SASB - TA02-19-04
Management of the Legal & Regulatory Environment	Total amount of losses as a result of legal proceedings associated with fraud, anti-trust, anti-competitive, market manipulation, malpractice or other industry regulations	SASB - TA02-06-01
	Description of the whistleblower policies and procedures	SASB - TA02-06-02

3. Unique Issues to the Industry

- 1) **Financial inclusion.** Financial institutions have a commercial interest and a social responsibility to provide access to their services for underserved banking customers, including lower-income individuals and small and medium-sized companies.
- 2) **ESG integration in credit and financial analysis.** ESG factors can have material impact on the companies, assets, and projects that banks finance and should therefore be integrated in credit and financial analysis as well as risk management systems for operational, finance, legal, and other risks. ESG-based lending and investments can also generate positive environmental and social benefits and create new streams of revenue. Financial Institutions should describe the standards used to manage E&S risks;
- 3) **Data security.** Financial institutions must strike a balance between (i) the use of new technology and consumer data to provide better services and (ii) the protection against data breach and misuse of data for ulterior purpose.

4. Example of KPIs for Unique Industry Issues

Methodology for Preparing an Environmental, Social and Governance Report

Issue	Indicators	Source
Financial inclusion	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	SASB - FN0101-03
	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	SASB - TA02-02-01
ESG integration in credit and financial analysis	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	GRI – FS3
	Percentage of assets subject to positive and negative environmental or social screening	GRI - FS11
	Commercial and industrial credit exposure by industry	SASB - TA02-11-01
	Discussion of how environmental, social, and governance factors are integrated into the lending process	SASB - FN0101-15
	Discussion of credit risk to the loan portfolio presented by climate change, natural resource constraints, human rights concerns, or other broad sustainability trends	SASB - FN0101-16
Data security	Discussion of management approach to identifying and addressing data security risks.	SASB - TA02-05-01
	Number of data security breaches, percentage involving customers' personally identifiable information (PII), number of customers affected	