To public joint-stock companies
No. IN-06-28/49 of 12 July 2021

Information letter
concerning the recommendations for public joint-stock companies on the disclosure of non-financial information pertaining to their activities

The recommendations on information disclosure attached hereto have been developed by the Bank of Russia for public joint-stock companies with a view to enhancing the quality of non-financial information on their activities that is disclosed.

This information letter is to be included in the Bank of Russia Bulletin and published on the official website of the Bank of Russia.

Sergey Shvetsov
First Deputy Governor
Bank of Russia

Annex
to Bank of Russia Letter
No. IN-06-28/49 of 12 July 2021

RECOMMENDATIONS FOR PUBLIC JOINT-STOCK COMPANIES ON THE DISCLOSURE OF NON-FINANCIAL INFORMATION PERTAINING TO THEIR ACTIVITIES

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BACKGROUND

Matters related to sustainable development and addressing climate change are increasingly drawing attention of executive authorities and financial market regulators across the globe. Assessment of risks and opportunities related to climate change, humanity's treatment of the environment, relations with society as a whole and local communities in particular, protection of human rights, and other issues of sustainable development is emerging as a global trend and is going to determine the key aspects of the economic and financial agenda in the near future.

Sustainable development in the global context is defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs[1]. The concept of sustainable development enables three interconnected aspects of global development: economic, social and environmental[2]. Neither aspect can be considered in isolation from the others, thus the sustainable development model is three-dimensional and envisages a simultaneous evolution of the global system along all three vectors.

The 2030 Agenda for Sustainable Development adopted by the Resolution of the United Nations General Assembly on 25 September 2015 and the Paris Agreement of 12 December 2015[3] adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and signed by the Russian Federation in New York on 22 April 2016 (the "Paris Agreement") have provided a legal and ideological basis for a new global redistribution of capital flows in favour of the markets that promote sustainable development goals.

In order to make such redistribution more effective, the concerned international organizations have developed respective recommendations, methodological guidelines and standards for financial market participants, which are designed to help enhance the transparency of companies and provide better access to non-financial information pertaining to their activities. Among these organizations are the Global Reporting Initiative (GRI), United Nations Global Compact, Sustainability Accounting Standards Board (SASB), International Integrated Reporting Council (IIRC)[4] and others. The PRI Association (Principles for Responsible Investment, PRI) was specifically created in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI) and United Nations Global Compact to develop a methodological basis for responsible investment as an activity enabling the redistribution of capital flows to financing sustainable development.

Responsible investment is a conceptual approach to investing, under which investment activities as well as assessment and monitoring of investments involve accounting for environmental factors (including those related to ecology and climate change), social factors and corporate governance factors (together referred to as ESG factors[5]), the risks and opportunities that such factors create for investments, as well as on the diligent exercise of the investor's rights and communication with the companies that are invested in. Moreover, for institutional investors responsible investment corresponds to their fiduciary duties to act

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[1] Brief for GSDR 2015. The Concept of Sustainable Development: Definition and Defining Principles. https://sustainabledevelopment.un.org/ content/documents/5839GSDR%202015_SD_concept_definiton_rev.pdf.

[2] GRI 101: FOUNDATION 2016. https:// www.globalreporting.org/media/wwvkhymd/gri-standards-consolidated-2020.pdf?g=419257b1-08c5-497a-a7ad-fc7b8e7445d3#page=4&zoom=100,0,0.

[3] Resolution "Transforming our world: The 2030 Agenda for Sustainable Development" adopted by the United Nations General Assembly on 25 September 2015. https://unctad.org/system/files/ official-document/ares70d1_en.pdf.

[4] On 9 June 2021 the IIRC and the SASB announced their merger and the subsequent creation of the Value Reporting Foundation.

[5] The term "Environmental, Social and Governance Factors" or "ESG factors" is widely used to indicate factors related to the environment (including those related to ecology and climate change), society (social factors) and corporate governance. This term was first used in the report "Who Cares Wins. Connecting Financial Markets to a Changing World" prepared in 2004 under the auspices of the United Nations Global Compact at the urging of the then UN Secretary General Kofi Annan. The report particularly underscored that accounting for ESG factors when conducting investment analysis and making investment decisions will ultimately contribute to higher reliability and sustainability of financial markets, and will enable sustainable development of society. ESG factors as a term entered common usage in 2006 with the PRI Association adopting its Principles for Responsible Investment, which highlight the importance of accounting for ESG factors in the investment process. By the end of 2020, the number of organizations that had declared their commitment to the Principles for Responsible Investment reached 3,038, while the total value of assets under their management exceeded USD 103.4 trillion. https://www.unpri.org/pri/about-the-pri.

reasonably and in good faith in the interests of their clients and beneficiaries, contributing to better reliability and profitability of investments for these persons[6].

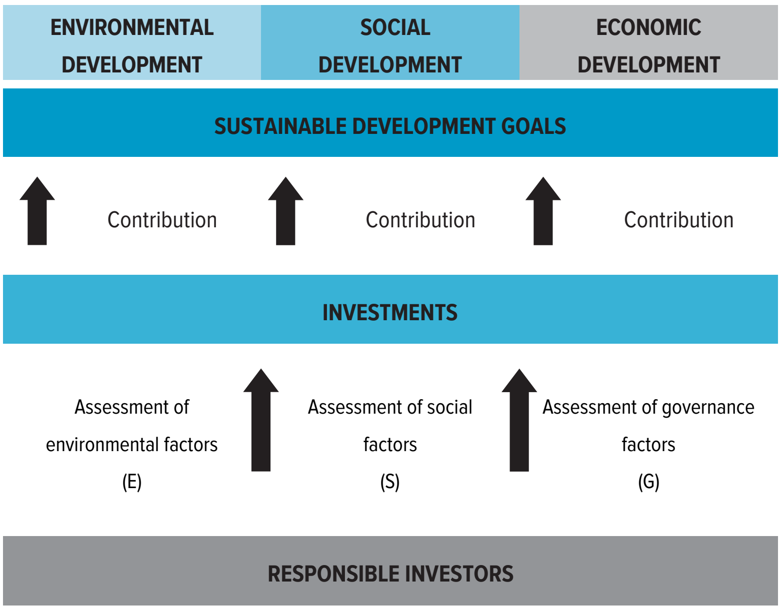
Furthermore, responsible investment encourages creation of an investment portfolio with a risk-reward ratio that is acceptable for the investor, since ESG-related risks are highly likely to transform into financial risks and lead to a drop in the asset's price.

Risks and opportunities have always been an important aspect of conducting investment analysis and forecasting returns on investment. However, as countries fulfil their obligations under the Paris Agreement and some states adopt plans to introduce cross-border carbon regulation, the identification, assessment and comparison of ESG-related risks and opportunities have become particularly in demand in the context of investment activities.

Taking into account that most Sustainable Development Goals (SDGs; the full list is provided in Annex 1)[7] are dedicated to environmental protection and social development, investors using the concept of responsible investment in their activities tend to focus on assets that contribute to the achievement of the SDGs. Such attention from investors helps get sustainability issues on the agenda of board meetings, as well as integrate these matters into the organizations' strategies, corporate governance systems, and business models. Therefore, the development of responsible investment encourages companies to introduce responsible business practices and SDG-centred approaches.

The correlation between responsible investment, accounting for ESG factors and the SDGs is shown in Figure 1 below.

FIGURE 1. CORRELATION BETWEEN RESPONSIBLE INVESTMENT, ACCOUNTING FOR ESG FACTORS AND SUSTAINABLE DEVELOPMENT GOALS



Besides the responsible investors' demand for ESG-related information, organizations today increasingly have to take into account demands of other stakeholders – employees, trade unions, local communities, executive authorities, and non-governmental organizations – whose decisions may also have an impact on the organization's activities. What is important for all of them, is what kind of influence the organization's activities have on the environment where they live and where their children are going to live, on society and the economy; as well as what role the organization plays in achieving universal human values formulated in the SDGs. These stakeholders, as opposed to investors, pay attention not to the organization's financial indicators, but rather to its contribution to making this world a better place. Even

[6] *See also* Bank of Russia Information Letter No. IN-06-28/111 of 15 July 2020 "On the recommendations for applying responsible investment principles".

[7] Envisaged in the 2030 Agenda for Sustainable Development that was adopted by the United Nations General Assembly on 25 September 2015.

though the interests of investors, shareholders and other stakeholders may differ, the line between evaluating the organization's activities from the point of view of creating and augmenting its value (an investment approach) and from that of universal human values and following the SDGs is becoming increasingly blurred. At the end of the day, an organization's success in the long term depends on both sets of factors.

According to the report on the disclosure of sustainability-related information published by the World Economic Forum (WEF) in September 2020[8], the probability of creating long-term value with respect to sustainable development is higher for those companies that align their corporate objectives with the long-term objectives of humanity, as formulated in the SDGs, thus ensuring positive results for their business, the economy, society and the planet as a whole.

The Statement on the Purpose of a Corporation signed on 19 August 2019 by 181 CEOs of major US companies participating in the Business Roundtable Association[9] has become a notable confirmation of the growing importance of all modern corporations' stakeholders. This declaration announces a shift from creating value only for shareholders to creating value and good for all stakeholders, shareholders included. On the international level, transition from the old paradigm, which viewed generating profits and value for shareholders as the corporation's main objective, to a new one, where the corporation's activities are aimed at creating sustainable value for all stakeholders, was declared by the WEF in late 2019[10].

With the expanding global presence of responsible investment and a growing demand from investors and other stakeholders to access and analyse data on how companies factor in the SDGs, on how the organization affects the environment, society and economy, as well as clarifications on how ESG-factors and related risks and opportunities are accounted for, disclosure of non-financial information containing such data has become an increasingly relevant issue for public joint-stock companies (the "Companies"). Ensuring transparency of the non-financial aspects of the Company's activities and disclosure of non-financial information to all stakeholders enables a more realistic risk-assessment and allows evaluating the Company's long-term financial stability on a fundamentally different level. Besides, disclosing non-financial information is an important factor motivating Companies to build their business models and strategies with relevant stakeholder demands in mind. This provides for a more balanced and sustainable development of the economy and society.

The above-mentioned trends have contributed to the emergence in international practice of a so-called "double materiality" concept[11], which presumes that there is value in disclosing non-financial information on how the company accounts for ESG factors and related risks and opportunities (non-financial factors that are highly likely to influence financial indicators), as well as information on the company's impact on the environment (including climate), society and economy (i.e. long-term value creation with respect to sustainable development).

Taking into account this approach, these Recommendations are designed to assist Companies in ensuring quality disclosure of non-financial information that would be relevant, useful, consistent, and compatible with indicators describing the activities of the Company, as well as those of other Companies, and that could be used by Companies themselves to attract financial resources in a more efficient manner, as well as by their stakeholders to make more balanced decisions with regard to such Companies.

The Recommendations have been primarily developed to be used by Companies as guidelines but can also be implemented by other organizations interested in increasing information transparency of their activities, practicing effective governance, and disclosing information about ESG factors, as well as for the

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[8] World Economic Forum. Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation. 22 September 2020. https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation.

[9] Business Roundtable Redefines the Purpose of a Corporation to Promote "An Economy That Serves ALL Americans". https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans.

[10] Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution. https://www.weforum.org/agenda/2019/12/davos-manifesto-2020-the-universal-purpose-of-a-company-in-the-fourth-industrial-revolution/.

[11] European Commission. Guidelines on Reporting Climate-Related Information. https://ec.europa.eu/info/files/190618-climate-related- information-reporting-guidelines_en.

purposes of enhancing the efficiency of policy-making and supervisory functions performed by the Board of Directors (Supervisory Board)[12], ensuring greater accountability of the management for doing business with due regard for ESG factors, boosting the investment appeal of Companies, and providing for better interactions between Companies and their stakeholders.

Furthermore, the Recommendations are intended to create a unified, consistent, principle-based upper-level methodology for disclosing non-financial information that can be used by Companies and other organizations of any size from various economic sectors for providing the public with material information about the impact of such organizations on the environment (including climate), social development (including protection of human rights) and economy, as well as about the ESG factors pertaining to the Company's activities and its ESG-related risks and opportunities (taking into consideration the particularities of the sector and the nature and scale of the Company's activities).

These Recommendations have been developed with account of the provisions of international standards and supranational legislation on disclosing non-financial information (see Annex 2) in accordance with Federal Law No. 208-FZ, dated 26 December 1995, "On Joint-Stock Companies", and are based on the principles and provisions of the Corporate Governance Code recommended by the Bank of Russia to be used by Companies whose securities are admitted to trading at organized markets (the "Corporate Governance Code")[13].

Thus, pursuant to Section 288 of the Corporate Governance Code, along with the information required to be disclosed by law, Companies should additionally disclose the following:

1) information about the Company's mission, strategy, corporate values, objectives, and policies;
2) information about the Company's social and environmental responsibility.

Section 291 of the Corporate Governance Code stipulates that Companies should disclose the following information about their social and environmental responsibility:

1) the Company's social and environmental policies;
2) the Company's sustainability report compiled in accordance with internationally recognized standards[14];
3) the results of the technical audit, audit of quality control systems, and the results of certification of the Company's quality management system in terms of its compliance with international standards.

The Russian legislation, as well as regulatory and supervisory authorities can set specific requirements with respect to how Companies organize and proceed with disclosure of information about sustainability-related factors (including environmental and climate-related factors), community-related (social) factors, and factors pertaining to corporate governance. For instance, Russian Government Directive No. 876-r, dated 5 May 2017, "On the Adoption of the Concept for Development of Public Non-Financial Reporting and the Action Plan for Its Implementation" approved the Concept for Development of Public Non-Financial Reporting, which, among other things, provides for the development of legal requirements in this area. In addition, the Bank of Russia Regulation "On Disclosure of Information by Securities Issuers"[15] contains requirements for the disclosure of information about corporate governance in the Company's annual report.

When implementing these Recommendations, Companies should take into account applicable regulatory legislation and make sure that such implementation does not contravene the requirements thereof.

The Recommendations highlight the importance of reflecting the interlinkages between various environmental, social, and governance-related aspects of the Company's activities, as well as between the financial and non-financial factors pertaining to such activities when disclosing non-financial information.

Pursuant to the Recommendations, the Company's main document for disclosing non-financial information should be its annual report. That said, for the purposes of flexibility and convenience of

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[12] Hereinafter referred to as the "Board of Directors".

[13] *See* Bank of Russia Letter No. 06-52/2463 of 10 April 2014 "On the Corporate Governance Code".

[14] For instance, the Global Reporting Initiative (GRI).

[15] *See* Bank of Russia Regulation No. 454-P, dated 30 December 2014, "On Disclosure of Information by Securities Issuers", which from 1 October 2021 onwards will be superseded by Bank of Russia Regulation No. 714-P, dated 27 March 2020, "On Disclosure of Information by Securities Issuers".

disclosing non-financial information to stakeholders, the Company may exercise its own discretion in determining the document that would include the non-financial information to be disclosed, as well as the amount of such information and the format of the disclosure depending on the objectives thereof, and nature and scale of the Company's business. Thus, the Company may opt for disclosing non-financial information in its annual report, sustainability report, environmental report, corporate social responsibility report, or any other report containing information about ESG factors.

In accordance with the Bank of Russia Regulation "On Disclosure of Information by Securities Issuers", non-financial information should partially be disclosed in the securities issuer report and/or annual report. In this light, the Recommendations provide additional methodological clarifications with regard to such information aimed at developing a consistent approach to disclosing non-financial information. Such information contained in the securities issuer report and the annual report should be compiled with due account of the Recommendations. In case the Company discloses non-financial information through other means, for instance, in its sustainability report, environmental report, social responsibility report, or other documents, it is advisable to disclose information in a holistic manner in order to provide a clear overall picture of sustainability-related issues pertaining to the Company's activities, notably, by including information already disclosed in other reports where necessary, as well as references to such reports.

GLOSSARY

The Recommendations use the following terms and definitions:

Business model: a description of significant factors and mechanisms used by the Company to create, increase and maintain value over the long term, and to transform available resources into results of the Company's operations.

Climate-related opportunities: potentially promising types of activities that the Company can use and build upon to establish competitive edge and increase its appeal for various stakeholders, in the context of climate change and the policies aimed at preventing any negative impact on climate that are implemented by the governments and regulators of the parties to the Paris Agreement.

Stakeholders: government and local government bodies, public law entities (e.g. states, federated regions/provinces, municipalities, etc.), legal entities and individuals that may have a stake in the results of the Company's operations and the value the Company creates, and/or can have significant effect on the Company's operations, products/services or decisions, or the actions of which can have effect on the Company's capability to create value, successfully implement its strategies and accomplish its objectives, as well as individuals and legal entities affected by the Company's operations.

Climate risks: risks related to climate change as well as to policies that are aimed at preventing the humanity's negative impact on climate and are implemented by the governments and regulators of the parties to the Paris Agreement that can have a negative effect on the Company's operations. Climate risks include physical climate risks and transition climate risks.

Non-financial information: information and indicators reflecting the Company's objectives, strategy, corporate governance policies, risk management system and communications with stakeholders, in the context of the Company's planned contributions to achieving the SDGs, goals set out by the Paris Agreement, national strategic goals with regard to environmental protection, social development and economic growth, results of the Company's operations in terms of its impact on the environment, social development and economy, and in the context of adapting the Company's operations to account for environmental factors (including those related to ecology and climate change), social factors and corporate governance factors, as well as risks and opportunities related to these factors.

Non-financial reporting: reporting on sustainable development, ecological reports, reporting on corporate social responsibility or other reporting that contains non-financial information, in particular information on environmental factors (including those related to ecology and climate change), social factors and corporate governance factors, except for securities issuers' reports and joint-stock companies' annual reports.

Transition climate risks: risks related to the transition to a low-carbon economy, in particular to policies implemented by the governments and regulators of the parties to the Paris Agreement in order to prevent climate change. Transition climate risks are subdivided into political, legal, technological, market and reputational risks.

Due diligence: a procedure allowing the Company to identify, prevent, mitigate or account for any actual or potential negative impact that the Company as well as its suppliers, contractors, customers and consumers may exert on the environment (including climate), social development (including protection of human rights) and economy.

Sustainable development: development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept of sustainable development provides a three-dimensional model that simultaneously enables the economic, social and environmental aspects of global development.

Physical climate risks: risks related to natural phenomena emerging due to climate change. Physical climate risks are subdivided into acute risks (related to unexpected events) and chronic risks (related to long-term change of climate characteristics and conditions).

Supply chain: a combination of resources, technologies, activities and persons enabling each stage of producing and selling goods and services, from supplies of raw materials and production to distribution and sales to end consumers.

Value chain: a combination of an institution's business processes that reflect its business model and transform inputs into outputs by creating added value.

ESG factors: environmental factors (including those related to ecology and climate change), social factors and corporate governance factors.

1. GOALS AND OBJECTIVES OF DISCLOSING NON-FINANCIAL INFORMATION

For the purposes of the Recommendations, non-financial information is defined as information and indicators reflecting the Company’s objectives, strategy, corporate governance policies, risk management system and communications with stakeholders, in the context of the Company’s planned contributions to achieving the SDGs, goals set out by the Paris Agreement, national strategic goals with regard to environmental protection, social development and economic growth, results of the Company’s operations in terms of its impact on the environment, social development and economy, and in the context of adapting the Company’s operations to account for environmental factors (including those related to ecology and climate change), social factors and corporate governance factors, as well as risks and opportunities related to these factors.

Disclosure of non-financial information is intended to help achieve a number of important goals:

- Increase stakeholders' confidence in the Company's operations by ensuring greater transparency of the Company's operations with regard to ESG factors, as well as the Company’s accounting for risks and opportunities related to these factors;
- Enhance the investment appeal of Russian Companies by meeting the demands of the investors that pursue a responsible investment approach;
- Create conditions for sustainable development and effective transition to a low-carbon economy by adapting the Company’s business models to account for factors contributing to the Company’s long-term profitability as well as for ESG factors related to the operations of such Companies;
- Create favourable living conditions and an enabling environment for business.

The objectives of non-financial information disclosure are as follows:

- Provide stakeholders with access to information about the Company's impact on the environment, social development and economy, as well as the ability to identify the nature of this impact, measure and evaluate it, monitor changes and assess the Company's non-financial performance related to ESG factors and its effect on the Company's financial performance;
- Provide investors and other stakeholders with the ability to assess material risks and opportunities related to ESG factors, as well as the effect that such risks and opportunities may have on the Company's economic and financial performance;
- Develop practices and procedures to account for ESG factors related to the Company's operations when formulating strategic priorities and key performance indicators (KPIs), taking managerial decisions, establishing risk management, internal control and internal audit systems, elaborating remuneration systems for members of the Board of Directors, executive bodies, and key employees of the Company, and organizing the Company’s internal accountability and disclosure systems.

2. GENERAL PROVISIONS ON THE DISCLOSURE OF NON-FINANCIAL INFORMATION

It is recommended to disclose material non-financial information that would help to gain an objective and comprehensive overview of the Company's impact on the environment (including climate change), social development (including protection of human rights) and economy, as well as the Company’s accounting for ESG factors, risks and opportunities related to these factors that have significant influence on the Company's development, its performance indicators and market position.

It is recommended that the environmental factors and related risks taken into consideration should include, but not be limited to, climate change, greenhouse gas emissions, energy consumption, water consumption, waste generation, water use management, waste disposal policy, use and protection of natural resources (for instance, water and land), biodiversity protection, and other important environmental factors.

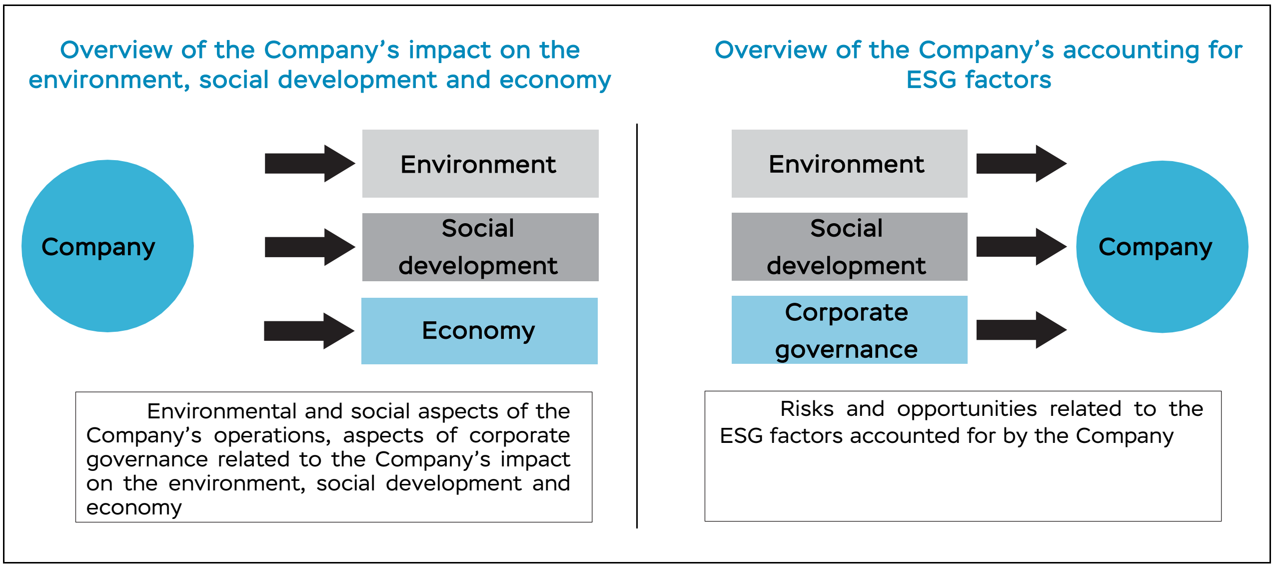
It is recommended that the social factors and related risks taken into consideration should include, but not be limited to, staff turnover, occupational health and safety measures, work accident data, employee training costs, infringements of employee labour rights, approaches to human capital formation, interaction with indigenous minorities and regional communities, supply chain management, and other social factors important for the Company, as well as related risks.

It is recommended that the governance-related factors and related risks taken into consideration should include, but not be limited to, the Company's capital structure, a controlling shareholder and any persons controlled by the Company (if any), the Company's management history, the Company's role and position in the national economy, the history of the Company's general shareholders' meetings (quorums, agendas, established procedures, and the use of progressive technologies to hold meetings), protection of the rights of securities' holders in the course of corporate actions (including approaches to executing major transactions and interested party transactions entailing a conflict of interest between the stakeholders and the Company), the Company's implementation of the Corporate Governance Code recommendations, effectiveness of the Company's governance system, including the composition of the Board of Directors and its performance review, the Company's approaches to risk management, internal control and internal audit, procedures used by the Company to manage conflicts of interest, the Company's approaches to and practices of remunerating members of its governing bodies and key employees, and the Company's approaches to and practices of disclosing information related to social and environmental responsibilities, including those recommended by the Corporate Governance Code.

For the purpose of disclosing non-financial information on ESG factors, as well as on risks and opportunities related to these factors, it is recommended to consider how they are reflected in the Company's sustainable development strategy, and in the context of achieving the SDGs, goals set out by the Paris Agreement, and national goals set out in the documents related to governmental strategic planning. When assessing the impact of risks and opportunities related to ESG factors, positive and negative, actual and potential, direct and indirect, short-term and long-term, intentional and unintentional effects of this impact should be considered.

This disclosure is intended to report objective information that the stakeholders need to understand the impact of the Company's accounting for ESG factors on its economic and financial performance, as well as the impact that the Company's operations have on the environment, social development and economy.

FIGURE 2. DISCLOSURE OF NON-FINANCIAL INFORMATION



The non-financial information disclosed should include:

- the list of material issues and the approach to determining them;
- information on the Company's strategy (sustainable development strategy) in the context of and in relation to the Company's planned contribution to achieving the SDGs, goals set out by the Paris Agreement, national goals set out in the documents related to governmental strategic planning, as well

as information on the Company’s accounting for ESG factors, and risks and opportunities related to these factors when formulating its strategy (sustainable development strategy).

- information on the Company’s corporate governance;
- brief description of the Company's business model;
- description of the Company’s policies and procedures related to the Company's impact on the environment, social development and economy as well as accounting for the ESG factors with regard to the Company's operations;
- the results of the implementation of these policies and procedures;
- description of the main risks and opportunities related to ESG factors, as well as the ways the Company manages these risks and opportunities, including, when appropriate, information on the following issues (recommended):
  - risks and opportunities arising from the interaction with contractors;
  - risks and opportunities related to the Company's products or services;
  - other risks and opportunities arising within the value chain that includes the Company and that the Company affects;
- the Company's key non-financial performance indicators (non-financial KPIs) relevant to the nature of its business.

It is recommended that the Company use international standards and supranational regulations on the disclosure of non-financial information (Annex 2) for detailing non-financial information, material issues and the Company's non-financial performance indicators, as well as for determining the presentation of its non-financial information.

It is recommended to disclose material non-financial information based on a predetermined and selected list of material issues that should include, inter alia:

- environmental impact (including impact on climate change);
- social impact;
- relations between the Company and its employees;
- protection of human rights;
- countering corruption, commercial bribery and bribery of foreign public officials.

At the discretion of the Company and depending on the nature and scope of its operations, the aforementioned list may be extended.

In order to ensure a consistent presentation of non-financial information, it is recommended that the Company should divide material non-financial information into thematic clusters before disclosing the corresponding data on material issues (see Figure 3). In particular, it is recommended that each material issue should be accompanied by information on the Company’s policies and procedures and the results of their implementation, information on risks and opportunities related to ESG factors, the ways the Company manages these risks and opportunities, as well as the Company’s non-financial KPIs.

FIGURE 3. COMPOSITION OF MATERIAL NON-FINANCIAL INFORMATION DISCLOSED

<table>
<tr><td colspan="2">Reflection of sustainable development issues in the Company's strategy (sustainable development strategy), targets of the Company's planned contribution to achieving the SDGs, goals set out by the Paris Agreement, national strategic goals with regard to environmental protection, social development and economic growth</td></tr>
<tr><td colspan="2">Information on the Company’s corporate governance</td></tr>
<tr><td colspan="2">Business model</td></tr>
<tr><td colspan="2">Disclosure of material issues:</td></tr>
<tr><td>Approaches to determining material issues</td><td></td></tr>
<tr><td>Policies and procedures</td><td rowspan="4">Disclosure of information on material issues in accordance with the predetermined thematic clusters</td></tr>
<tr><td>Results of the policies’ and procedures’ implementation</td></tr>
<tr><td>Description of main risks and opportunities as well as the way the Company manages these risks and opportunities</td></tr>
<tr><td>Non-financial KPIs</td></tr>
</table>

It is recommended to disclose non-financial information on policies and due diligence procedures used when interacting with persons participating in the supply chain. Non-financial information disclosed may also include material non-financial information with regard to persons participating in the supply chain (suppliers and contractors), as well as relevant non-financial information with respect to such organizations. In particular, this information may contain data on the environmental impact of the contractor to which the Company has assigned a part of its core operations[16], data on work accidents and the mortality rate among the contractor's employees engaged at the Company's facilities, and other information required for an overview of the environmental, social and economic impact of such suppliers and contractors.

If there are no policies or procedures related to one or more of the Company's material issues listed above, the Company is recommended to give a reasoned explanation of the lack of such policies or procedures, as well as provide information on its future plans and approximate dates of developing and adopting policies with regard to the material issue(s) in question.

As part of preparing for the disclosure of non-financial information, the Company is recommended to duly comply with the legislation of the Russian Federation on the protection of information classified as confidential, including information constituting legally protected commercial and other secrets, as well as with the legislation on the protection of personal data.

The Company is not recommended to disclose information related to forthcoming events or negotiations that it takes part in if the disclosure of such information may prejudice the commercial interests of the Company or its contractors.

It is recommended that non-financial information disclosed by the Company should reflect and not contradict the information that the Company discloses in accordance with the corporate law requirements, securities market legislation and regulations of the Bank of Russia.

3. DETERMINING MATERIAL NON-FINANCIAL INFORMATION FOR THE PURPOSES OF DISCLOSURE

The materiality of non-financial information for the purposes of disclosure should be assessed taking into account the scale of the Company's actual or potential impact on the environment (including climate), social development (including protection of human rights) and economy, as well as the significance of ESG factors and ESG-related risks and opportunities to the Company (employing the "double materiality" principle). When assessing the risks of a negative impact, it is recommended to rely on a combination of the potential risk impact and the corresponding risk probability.
Information can be deemed material if:

- disclosing, omitting or misstating it could influence the decisions of stakeholders, as well as the Company's securities price;
- omitting or misstating it could distort the perception of the Company's impact on the environment, social development and economy, and the Company's ESG-related risks and opportunities.

An information materiality assessment should consider the scale and nature of the Company's activities, as well as the context in which the Company operates. Information that may be material in one context may not be in another. For the purposes of these Recommendations, context is defined as the internal and external factors and specific circumstances pertaining to the Company's activities, sector and region of operation, and stakeholder composition.

Determining material issues

It is recommended to determine the materiality of certain issues related to the Company's activities by assessing them against the criteria below. When determining material issues for the purposes of disclosure, it is necessary to consider both external and internal factors. The materiality assessment criteria include, inter alia:

➢ the significance of certain ESG factors to the Company;

[16] For example, when an oil company supplies the extracted oil to third parties for refining under tolling agreements.

- ➢ existing damage or other risk implications related to the Company's impact on the environment, social development and economy;
- ➢ the severity of potential risk implications or the scale of positive effects stemming from the Company's impact on the environment, social development and economy;
- ➢ the probability of risks or positive effects materializing due to the Company's impact on the environment, social development and economy.

Companies within an industry often share the same significant ESG factors. This can be explained, for instance, by similar resources used by the Companies or the Companies' impact on their employees, social development (including protection of human rights) and the environment (including climate). In view of this, when determining the materiality of information and material issues, it is recommended to analyse the information disclosures made by other Companies in the same sectors. Certain industry-specific international standards, such as those issued by the Sustainable Accounting Standards Board (SASB), offer ready-made sets of material issues which may be applied to various economic sectors. Nevertheless, it is recommended to identify particular material issues to be disclosed on an individual basis depending on all the circumstances of the Company's activity.

When assessing the materiality of certain issues for the purposes of disclosing non-financial information, it is recommended to consider the following:

- ✓ **Strategy, business model and main risks:** the Company's objectives, strategies, approach to governance and corporate management, values, tangible and intangible assets on the Company's balance sheet, supply chains, potential risks and related risk management approaches.
- ✓ **The specificities of the sector(s) in which the Company operates:** material issues viewed as such by a significant number of Companies operating in the corresponding sector; common material issues in a particular sector that concern the shared supply chains. Issues deemed material by competitors, consumers or suppliers tend to be viewed as such by the Company as well.
- ✓ **Interests and expectations of stakeholders:** in order to determine the materiality of a particular issue, the Company should cooperate with various groups of stakeholders to gain an understanding of their key interests, needs and concerns.
- ✓ **The Company's impact on the environment, social development and economy:** the Company should assess the consequences of its impact on the environment, as well as the frequency of such consequences occurring. This entails assessing the impact of the Company offering its goods and services, and the Company's relations with its counterparties (including within supply chains).
- ✓ **Governmental policy and regulatory environment:** domestic and foreign policy carried out by the government.

The Company should formalise its approach to materiality assessment, as well as the list of issues deemed material for a specific period of time in its sustainable development policy (policies), information policy or any other internal document.

When disclosing non-financial information, the Company should disclose internal policies and processes used to perform the materiality assessment for certain issues related to the Company's activities.

In 2020, the concept of double materiality was further elaborated into "dynamic materiality"[17]. Dynamic materiality implies that the significance of sustainability-related material issues can change, gradually or sometimes very rapidly, to various groups of stakeholders, i.e. persons whose main objectives entail making economic decisions and persons whose interests are primarily focused on assessing the Company's impact on the environment, social development and economy, as well as its contribution to the SDGs.

However, issues pertaining to greenhouse gas emissions, working conditions and business ethics are considered material regardless of the nature and scale of the Company's activities[18].

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[17] "Dynamic Materiality: Measuring What Matters". TruValue Labs, January 2020; CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB) Statement of Intent to Work Together Towards Comprehensive Corporate Reporting, September 2020. https://impactmanagementproject.com/structured-network/statement-of-intent-to-work-together-towards-comprehensive-corporate-reporting/.

[18] "Dynamic Materiality: Measuring What Matters". Tuvalu Labs, January 2020.

The Company should regularly review its materiality assessment policies and procedures to ensure that the issues deemed material remain relevant. This includes the assessment of material issues in the context of possible changes in their significance to various groups of stakeholders. Such reviews should be conducted more frequently by Companies operating in the most dynamic and innovative sectors of the economy, as well as Companies which often modify their business models, internal policies, and approaches to choosing their counterparties.

4. PRINCIPLES OF NON-FINANCIAL INFORMATION DISCLOSURE

FIGURE 4. LIST OF PRINCIPLES RELATED TO THE DISCLOSURE OF NON-FINANCIAL INFORMATION

✓ **Principle 1**
Disclosures should be fair, balanced and understandable

✓ **Principle 2**
Disclosures should be sufficient and complete

✓ **Principle 3**
Disclosures should be forward-looking and strategic

✓ **Principle 4**
Disclosures should be stakeholder-oriented

✓ **Principle 5**
Disclosures should be consistent and comparable

Principle 1. Disclosures should be fair, balanced and understandable

Non-financial disclosures should give fair consideration of positive and negative environmental, social and governance-related aspects of the Company's operations. All assessments and the presentation of the disclosed information should be free from bias.

When disclosing non-financial information the Company should account for the interests and requests of stakeholders. In doing so, the Company should use all available data sources that it considers reliable. The Company should not mislead data users by disclosing incorrect material information, omitting disclosure of material non-financial information or disclosing immaterial non-financial information.
In addition, when disclosing non-financial information the Company should refrain from value judgments and opinions, and rely only on facts.

The following elements of corporate governance, if introduced, could improve the quality of non-financial information disclosure and make it fairer:

- ✓ the Board of Directors comprises independent directors, including those with expertise in sustainable development; committees formed under the Board of Directors work on issues related to sustainable development and information transparency;
- ✓ the Company's risk management system accounts for ESG factors; the Company has effective internal controls and reporting system as well as an internal audit system;
- ✓ the Company has an effective system for interacting with stakeholders that helps the Company to identify the stakeholders' interests, demands and concerns, analyse and handle relevant issues, and employ communication and feedback mechanisms;
- ✓ non-financial information disclosed by the Company is certified by an independent person, for instance, by an audit organization.

Non-financial information disclosed should be presented in simple language with uniform terminology. The wording used when disclosing information should be straightforward and unambiguous, without complex technical terms. If technical terms are to be used, they should be explained and defined.

Material non-financial information should be accompanied by the relevant context of the Company's activities to ensure better comprehension and easier understanding of the conditions in which the Company operates. Non-financial information disclosed should demonstrate how the material issues disclosed relate to the Company's long-term strategy, approaches towards accounting for major risks and the Company's policies.

Non-financial information disclosed should specify the types of the Company's activities relevant to the disclosure, particularly if the information disclosed does not cover certain segments of the Company's operations. When describing material issues, it is also recommended, if possible, to indicate the scale, nature and limits of the Company's impact on certain environmental (including climate), social (including protection of human rights) and economic aspects.

Disclosure of information on the assessment methods for certain disclosed indicators, assumptions, constraints, as well as the description of data sources used can improve the quality of the information disclosed.

In order to ensure an objective assessment of the Company's development level, performance indicators, market position, as well as the Company's impact on the environment, social development and economy, when selecting non-financial information for disclosure, it is recommended to find the right balance between the components of such information by presenting both qualitative and quantitative indicators. Quantitative information provides insightful disclosure of non-financial efficiency indicators (the Company's KPIs and goals) while qualitative information provides the context for the Company's operations, facilitates understanding and subsequent use of the disclosed non-financial information by stakeholders.

Quantitative information is recommended to be disclosed both in absolute and relative terms (for instance, against sales volume, asset size or earnings before interest, tax, depreciation, and amortization (EBITDA)). It is also recommended to disclose relative quantitative indicators per unit of the Company's product[19].

A balanced combination of descriptive explanations and quantitative information presented in graphs, schemes and diagrams can make the disclosure of non-financial information more effective, provide better transparency of the Company's operations for the stakeholders, and improve the comparability of such data with the indicators related to both the Company's operations and the activities of other Companies. It is not recommended to limit the disclosure of non-financial information to the list of the Company's KPIs reflecting its impact on the environment (including climate), social development (including protection of human rights) and economy.

In order to improve the quality of non-financial information disclosure, Companies disclosing certain KPIs should present them in the context of the Company's strategic goals, disclose data sources, and assumptions and constraints applied to the non-financial information disclosure, specify changes in the assessment methodology used for the non-financial information disclosure, as well as disclose qualitative information on previous target and actual KPIs.

Principle 2. Disclosures should be sufficient and complete

It is recommended that the disclosure of non-financial information should provide a fair overview of the Company's operations over the reporting period. The amount of the non-financial information disclosed that is related to material issues depends on the materiality of a particular issue. The Company is recommended to ensure a sufficiently comprehensive disclosure that would give the stakeholders a complete picture of the Company's impact on the environment (including climate), social development (including protection of human rights) and economy, the Company's accounting for ESG factors, as well as risks and opportunities related to these factors.

When appropriate, the Company should refer to other sections of the annual report or to the Company's other documents containing relevant information in order to prevent overlaps, shorten introductions and provide references to the information from other data sources with a view to ensuring concise presentation.

If material information cannot be disclosed due to its confidentiality, the corresponding facts should be presented in general terms to prevent any breach of confidentiality.

[19] For example, per barrel of oil produced for the oil industry, per tonne of the relevant metal produced for the metallurgical industry, or per ounce of gold produced for the gold mining industry.

Principle 3. Disclosures should be forward-looking and strategic

Non-financial information disclosed should include data on the Company's mission and business model, its strategy and goals as well as their implementation, and an overview of the Company's short-, medium- and long-term development prospects with respect to the material issues chosen for the purposes of non-financial information disclosure. Such disclosure is intended to provide general information on the strategic approach to the material issues disclosed that are related to the Company's activities, i.e. information on what the Company does, how it operates and why.

The disclosure of the Company's mission, strategy, key goals, targets and strategic commitments provides an overview of the Company's activities and a better understanding of the Company's development vectors and prospects. Independent external monitoring of the implementation of the Company's strategic plans and progress made towards achieving key targets is crucial for higher transparency of the Company's activities and can be carried out by third parties (for instance, audit organizations). Information on the strategic goals and targets can be presented both in a qualitative and quantitative form. The Company is recommended, if possible, to disclose relevant information based on science-backed climate change scenarios. The Company should also provide a summary of the main difficulties and problems it could face in the upcoming year or in the period of three to five years when striving towards particular goals.

The Company is recommended to disclose information on how the Company's non-financial KPIs would contribute to achieving its key goals. In addition, disclosures should include information on risks and other factors that could influence the Company's further operations and planning horizon, as well as limit the Company's ability to provide forecasting data.

It is recommended that the non-financial information disclosure should enable stakeholders to assess the Company's strategy and the extent of the Company's contribution to the sustainable development agenda over a certain period. The disclosure of non-financial information is also intended to encourage stakeholders to evaluate the Company's progress in achieving its long-term goals.

Principle 4. Disclosures should be stakeholder-oriented

In the course of non-financial disclosure, the Company should take into account the interests of all stakeholders. It is recommended to consider the interests of all the Company's shareholders in a balanced manner and not to prioritise the interests and preferences of some over those of others.

For the purpose of non-financial disclosure, the list of stakeholders should include, where possible, the following persons:

- shareholders;
- investors;
- employees;
- customers;
- suppliers;
- local communities;
- authorities;
- social partners (e.g. labour unions and employers' associations);
- civil society;
- other persons that the Company may perceive as potential stakeholders.

The Company is recommended to disclose the information on its engagement with relevant stakeholders as well as on how their interests have been taken into account when disclosing non-financial information.

Principle 5. Disclosures should be consistent and comparable

Non-financial information should be disclosed in connection with other information disclosed in the annual report of a joint-stock company, as well as to the information disclosed otherwise, including as required by the legislation of the Russian Federation. It is recommended to disclose non-financial information in a way that would complement the information already disclosed in other documents and not contradict it.

Aligning the non-financial information disclosed in the annual report of a joint-stock company with the rest of the information disclosed would make the latter more comprehensive and valuable for stakeholders.

Approaches to drafting documents containing non-financial information should be consistent while the information and indicators disclosed should be comparable over at least three years. In this regard, it is recommended to disclose the changes in relevant indicators over a certain period. The Company should provide explanations for any changes made to the approaches towards and methods of presenting information. It will ensure an easier and better understanding of the provided information by the stakeholders, guarantee the comparability of the indicators disclosed, enable the monitoring of changes that would give a full picture of the Company's development dynamics, performance indicators, market position, and impact on the environment, social development and economy, as well as to assess the reliability of the Company's outlook.

Consistency in calculating the Company's KPIs and consistency of the corresponding methodology is an important factor for ensuring that the disclosure of non-financial information is viewed as a reliable and accessible source of information for any stakeholders. If a certain indicator becomes irrelevant for non-financial disclosure or if the Company adjusts its methodology for calculating certain indicators to improve the quality of the information disclosed, the Company should also disclose the information about such changes as well as the impact that such changes are intended to make.

If the Company discloses information in its sustainable development report, environmental report, corporate social responsibility report or any other report on ESG factors related to the Company's activities, such disclosure should be guided by the aforementioned approaches to ensuring the consistency and comparability of the information disclosed. Furthermore, in this case the annual report of a joint-stock company for the same period should include references to the relevant information.

5. COMPONENTS OF NON-FINANCIAL DISCLOSURES

Company's strategy (sustainable development strategy)

The Company is recommended to disclose information on its strategy (sustainable development strategy) in the context of and in connection with the Company's planned contributions to achieving the SDGs, goals set out by the Paris Agreement, and national goals set out in documents on governmental strategic planning, as well as information on the Company's accounting for ESG factors, and risks and opportunities related to these factors, when formulating its strategy (sustainable development strategy).

It is recommended to specify strategic approaches and targets adopted as part of the Company's sustainable development policies when disclosing the Company's strategy (sustainable development strategy), as well as the Company's targets with regard to the planned contributions to achieving the SDGs, goals set out by the Paris Agreement and national strategic goals.

When disclosing non-financial information, it is crucial to highlight priority SDGs, goals set out by the Paris Agreement and national strategic goals in terms of the Company's planned contributions. It is also recommended to disclose the Company's strategic goals, achieving which would contribute to global (for instance, combating climate change) and local – national, regional and municipal goals related to the SDGs and goals set out by the Paris Agreement.

When disclosing information on the Company's contribution to achieving its priority SDGs, the Company should refer to international standards applicable to its operations and to environmental (including climate-related), social and economic national commitments.

Current progress with regard to achieving the Company's strategic goals related to the SDGs, goals set out by the Paris Agreement and national strategic goals should be disclosed as well.

Non-financial information disclosed should include information on all SDGs that investors and other stakeholders might expect to be featured in the disclosure taking into account the area of the Company's activities, as well as explanations as to why some SDGs are not considered material or a priority for the Company.

Company's corporate governance

It is already common practice for Russian Companies to disclose information on corporate governance as one of the key aspects of their operations relevant for shareholders, investors and other stakeholders. Pursuant to the requirements set out in the Bank of Russia Regulation "On Disclosing Information by Issuers of Issued Securities", if the Company's shares are admitted to organized trading, the annual report of the joint-stock company should include the following information on its compliance with corporate governance principles and recommendations:

- a statement by the Board of Directors on the Company's compliance with the corporate governance principles set forth in the Corporate Governance Code (in case the Company does not comply with these principles or does not comply in full, the Company should specify such principles and provide a brief overview of the provisions that the Company does not comply with);
- a brief description of the most material aspects related to the Company's corporate governance model and practices;
- the methodology that the Company uses to assess its compliance with the corporate governance principles set forth in the Corporate Governance Code;
- key reasons, factors and/or conditions (should be specific) showing why the Company does not comply or does not comply in full with the corporate governance principles set forth in the Corporate Governance Code;
- mechanisms and instruments of corporate governance that are used by the Company instead of those recommended by the Corporate Governance Code;
- planned (prospective) actions and measures of the Company aimed at improving the corporate governance model and practices, as well as the timeframes for such actions and measures.

The Bank of Russia's Information Letter No. IN-06-52/8, dated 17 February 2016, "On Disclosing the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint-Stock Company" provides a detailed explanation regarding what kind of information on the Company's corporate governance model and practices should be disclosed in the joint-stock company's annual report and how such information should be presented. Therefore, the letter should be used as a guide when preparing relevant sections of the joint-stock company's annual report.

The disclosure of the aforementioned information should be accompanied by the disclosure of matters related to corporate governance practices concerning the Company's operations, procedures and systems that ensure the accounting for and managing of the issues related to the Company's impact on the environment (including climate), social development (including protection of human rights) and economy, as well as the Company accounting for ESG factors, and managing the risks and opportunities related to these factors.

The list of such matters includes, but is not limited to:

- expertise and qualification of the Board members in the areas of sustainable development, environmental protection and social development;
- frequency and nature of Board meeting discussions on sustainable development issues, ESG factors, risks and opportunities related to these risks, and an assessment of how important these issues are and whether they are properly reflected in the Company's mission, strategy and goals;
- specialized committees under the Board of Directors that are charged with considering issues associated with sustainable development and ESG factors, as well as risks and opportunities related to these factors;
- allocation of responsibilities associated with sustainable development issues between the members of the Company's executive bodies and their accountability with regard to such issues;
- accounting for sustainable development issues and ESG factors when organizing systems of risk management, internal control and internal audit;

- accounting for sustainable development issues and ESG factors when organizing and adjusting remuneration systems for the Company's management;
- accounting for sustainable development issues and ESG factors in the Company's information policy.

If the Company discloses non-financial information in a non-financial report (a separate sustainable development report, an environmental report, a corporate social responsibility report or some other report on ESG factors related to the Company's activities), the Company should provide a reference to the information disclosed in the annual report regarding the Company's corporate governance practices and its compliance with the principles and recommendations set forth in the Corporate Governance Code. Such reference should be given in the part of the disclosure dedicated to the Company's corporate governance. If the information on corporate governance provided in the joint-stock company's annual report does not fully comply with the aforementioned approaches, the Company is recommended to supplement such information on corporate governance with other relevant information, including information on assessing and accounting for ESG factors, and risks and opportunities related to these factors.

Company's business model

It is recommended that the description of the Company's business model should disclose information on what ensures the Company's growth and preservation of value over a long period of time. The description of the Company's business model complements the information on the Company's strategy and corporate governance, and thus provides the context for the disclosure of non-financial information. It also gives an overview of the Company's operations and explains the principles behind the Company's organizational structure by outlining how the Company transforms inputs into outputs in the course of its activities.

In simple terms, the Company's business model provides information on the following:

1. what the Company does;
2. how the Company operates;
3. why the Company does it.

The disclosure of information on the Company's business model should also include a description of the following:

1. the Company's business environment;
2. the Company's organization and structure;
3. the markets where the Company operates;
4. the Company's objectives and strategies;
5. main trends and factors that could influence the Company's future development.

The Company should use KPIs to describe its business model, main trends, and other aspects of its activities.

The Company is recommended to provide information on its business model in such a way that would make this information clear for the stakeholders. Furthermore, such information should be based on facts rather than opinions. It is also recommended to avoid immaterial disclosures that would distract the stakeholders' attention from material information.

The description of the Company's business model should disclose information on:

1. the Company's main goods (products) and services as well as how the Company meets the needs and demands of consumers and/or clients;
2. production of goods or provision of services as well as the Company's approaches to organizing production of goods or provision of services that ensure the Company's competitiveness and business sustainability;
3. characteristics of the markets where the Company operates, including their development potential.

Taking into account the Company's determined material issues regarding its impact on climate, the Company should also disclose the following information on its business model:

1. impact of climate-related risks and opportunities on the Company's business model and financial planning;

2. potential impact of the Company's activities on climate, both positive and negative;
3. sustainability of the Company's business model, taking into consideration different climate-related scenarios over various time horizons, including a 2°C or lower scenario and a scenario with an increase of more than 2° C above pre-industrial levels.

In addition, the Company is recommended to disclose the following information:

1. a description of changes made to the Company's business model aimed at managing physical and transition climate risks as well as taking advantage of climate-related business opportunities;
2. a description of the Company's reliance on natural resources such as water, land, ecosystems or biodiversity that are threatened by climate change, and the impact of the Company's activities on these factors;
3. a description of how the changes in the Company's business model aimed at preventing and mitigating the consequences of climate change and/or adapting the Company to climate change could affect the Company's demand for human capital;
4. a description of how the Company developed scenarios to assess the sustainability of the Company's business model.

Company's policies and procedures

The Company is recommended to disclose material information that would provide the stakeholders with a fair overview of the Company's policies and procedures associated with sustainable development, including those related to the Company's impact on the environment, social development and economy, as well as the Company's accounting for ESG factors.

The Company should disclose its approaches to managing the key non-financial aspects of the Company's activities and the Company's main goals, as well as information on the Company's plans for achieving its goals and objectives. The disclosure of policies and procedures associated with sustainable development should include a description of how responsibility and accountability with regard to sustainable development issues are allocated between the Company's governing bodies and members of executive governing bodies, as well as information on what influence the allocation of resources could have on the Company's goals, risk management and expected results of its operations with regard to the Company's impact on the environment, social development and economy taking into account the above recommendations. The Company is also recommended to disclose information on policies and procedures related to identifying, assessing, monitoring and managing risks or taking advantage of the Company's opportunities associated with ESG factors.

The Company should disclose the following information on policies and procedures related to the environment and climate:

1. the Company's policies related to the environment and climate, including the policy for climate change mitigation or climate change adaptation;
2. the Company's environmental and climate-related goals established under the Company's policies, especially with regard to greenhouse gas (GHG) emissions, and how the Company's goals correlate with national and international goals, in particular, with the Paris Agreement;
3. the Board's perception and assessment of risks and opportunities related to the environment and climate;
4. the role of the Company's executive bodies and key executives in assessing and managing risks and opportunities related to the environment and climate as well as the approaches to such role distribution.

In addition, the Company is recommended to disclose information on the following:

1. the Company's communication with suppliers (contractors), consumers and clients participating in the supply chain on environmental and climate-related issues along with a description of the approaches used for this kind of interaction, which are contributing to climate change mitigation or climate change adaptation;
2. how the Company integrates environmental and climate-related issues into operational decision-making;

3. the extent of the Company's involvement in national environmental and climate-related policies, including membership in relevant organizations and communities (interest groups);
4. what access (if any) and at what levels (in particular, at the Board level or at the level of the Company's executive bodies and key executives) the Company has to expertise in environmental and climate-related issues (internal resources or external data sources);
5. personnel policies related to the environment and climate, for instance, policies with regard to investment in developing skills required for the transition to low-carbon technologies or measures that ensure safe working conditions in a changing climate;
6. whether the Company's remuneration policy accounts for the results of the Company's operations related to the environment and climate, including in comparison with the target and, if so, how the Company takes such results into account;
7. power-related objectives set out under the Company's polices;
8. reasons behind particular environmental and climate-related goals set by the Company;
9. goals related to absorbing GHG and preventing GHG emission, if this information is relevant for the Company considering the scope and nature of its operations.

The Company should also disclose the following information on its policies and procedures related to occupational health and safety, prevention of industrial injuries and occupational disease in the Company, as well as on its accounting for the relevant issues in the organizations participating in the supply chain:

1. workplace's policies;
2. contractual obligations negotiated with suppliers and contractors;
3. allocation of resources for managing risks related to industrial injuries and occupational disease, training and informing employees with regard to occupational health and safety, and cooperating with local authorities and social partners on the aforementioned issues.

The Company is also recommended to disclose its policy on corporate social responsibility, communications policy with regard to local communities, tax policy, policy on combating corruption, commercial bribery and bribery of foreign public officials, as well as policy on human rights protection.

The Company should also disclose information on the allocation of responsibility for developing, approving, implementing and monitoring policies on specific issues, for example, climate-related issues, in terms of the Company's organizational and corporate governance structures.

In order to identify, prevent and eliminate the Company's current and potential adverse impact on the environment (including climate), social development (including protection of human rights) and economy, the Company is recommended to implement a risk-based due diligence procedure. This procedure can be linked to the Company's policies and practices regarding risk management, including in relations with suppliers (contractors) within the supply chain, as well as to the analysis of the results of the Company's activities. It can also be used to ensure the achievement of the Company's specific goals.

The Company should disclose material information on how due diligence processes and procedures are integrated into the Company's operations, as well as information on the decisions made to introduce due diligence procedures into the Company's operations, and describe the envisaged operating principles of this process. That said, the Company should dedicate special attention to how it intends to prevent and eliminate the adverse impact of its operations on the environment, climate, and local communities.

Examples of implemented due diligence procedures may include the Company's policies and procedures aimed at eliminating the use of hazardous substances, chemicals and biocides in its production and operations as well as within the Company's supply chain, and, if that information is deemed material, policies related to research and development, policies on using safer alternatives, data on how the Company assesses what kind of environmental impact the chemicals used could have and whether they are safe, as well as the information on how the Company ensures compliance of its operations with the legislation on chemical and biological safety.

The Company should provide information on how it sets goals and assesses progress towards achieving them in terms of implementing its policies and organizing due diligence procedures.

The Company is recommended to disclose key indicators associated with quantitative characteristics of risks identified when implementing due diligence procedures, as well as to provide information on measures taken to prevent, eliminate or mitigate these risks and on enhancements made to the Company's policies and due diligence processes in the corresponding areas.

The Company should disclose any material changes in its policies and organizational aspects of the due diligence process and procedures over the reporting period.

Results of the Company's policies and procedures

The Company should disclose non-financial information on the projected and actual results of its activities related to environmental and social issues, disclose the data on the maturity of its corporate governance system and monitor relevant aspects of the Company's operations.

By disclosing the results of its policies, the Company can provide the stakeholders with useful information on its strengths and weaknesses.

The Company should clarify the connection between financial and non-financial indicators and the results of the Company's activities, disclose information on managing such indicators over the period of no less than three years and ensure the comparability of data for the purposes of monitoring, assessing progress and comparing the results of the Company's activities with other companies operating in the relevant sector or market.

Analysis of the results of the Company's procedures and policies can feature the Company's non-financial KPIs. The Company should disclose those non-financial KPIs that the Company considers the most useful for monitoring and assessing its progress as well as for ensuring comparability with relevant operational results of other companies or sectors. The Company is recommended to disclose and clarify such information with reference to the Company's goals, financial KPIs and targets (indicators, benchmarks) specified in the Company's strategy.

The Company can include in its non-financial disclosure the following information regarding the results of its activities, including as a comparison between target and actual indicators:

- current volume and intensity (gross and relative) of GHG emissions;
- current volume and intensity of non-GHG emissions into the air and water;
- current volume and intensity of energy, fuel and water consumption;
- current volume and intensity of waste generation and disposal;
- use of hazardous substances and chemicals, and biocides;
- impact on natural resources and biodiversity; and the Company's reliance on them;
- results of the Company's plans and policies aimed at eliminating the adverse impact on climate and the environment as well as curbing GHG and non-GHG emissions into the air and water, reducing energy, fuel and water consumption, and cutting waste generation.

The Company should dedicate special attention to the disclosure of information on how its impact on the environment (climate and ecology) influences financial indicators and, where possible, provide relevant financial KPIs.

Principal risks and opportunities

Global climate change poses substantial risks to the activities of many companies. Such risks are generally classified into physical climate risks and transition climate risks. However, global efforts to achieve the SDGs and the goals set out by the Paris Agreement aimed at preventing climate change, mitigating the consequences of this change and adapting to them can also provide companies with new opportunities. These opportunities may arise from improving resource efficiency and reducing costs, introducing and using low-carbon energy sources, developing new products and services, and enhancing the sustainability of the entire supply chain. Climate-related opportunities may differ depending on the region, market and industry where the Company operates.

The Company should disclose information on the principal risks and opportunities related to the Company's impact on the environment (including climate), social development (including protection of human rights) and economy, as well as information on how the Company identifies, assesses and manages such risks and opportunities when organizing its risk management and internal control systems. The risks and opportunities could be related to the Company's operations, the goods produced and services provided, the supply chain that the Company participates in, and the Company's business relationships with counterparties.

The Company is recommended to disclose information on how ESG factors and principal risks and opportunities related to these factors, as well as the Company's approaches to its environmental, social and economic impact could affect the Company's business model, operations and financial KPIs.

The Company should disclose material information on principal environmental, social and economic risks and opportunities, regardless of whether they stem from its own decisions or actions, or from external factors. For instance, non-financial disclosure may include material information on risks and opportunities related to suppliers (contractors) within the Company's supply chain.

A description of principal risks and opportunities should include risks and opportunities identified over the short, medium, and long term. As per climate-related risks, a materiality assessment and a description of physical risks and transition risks should be given, as well as the reasons why they are deemed material for the Company. It is also recommended to provide information on the Company's accounting for relevant risks and opportunities when preparing its strategy (sustainable development strategy).

The Company should describe the changes in the principal environmental (primarily, climate-related), social and economic risks and opportunities that have taken place in the reporting period, along with the changes in relevant risk management approaches and procedures, as well as explain the reasons behind such changes.

The Company should provide non-financial disclosures on the following:

- risks of producing defective (low-quality) products and possible effects of such products on consumers' safety;
- policies implemented to address the issues related to the production of defective products;
- measures taken to settle consumer claims related to defective products;
- customer personal data protection;
- incidents of consumer data protection violations, including those that were prevented, as well as relevant measures and instruments used to address such risks;
- risks and opportunities related to engaging with suppliers (contractors) within the supply chain.

The Company should consider disclosing material information with regard to the climate-related impact on its operations and strategy, taking into account particular conditions, scale and nature of the Company's activities, as well as relevant estimates of the likelihood of negative events occurring made with scenario analysis. Additional aspects that the Company should focus on when making disclosures on climate-related risks and opportunities, and corresponding risk management approaches are provided in Annex 3.

The Company should disclose information on risks of harm related to human rights, labour and environmental protection) in its supply and subcontracting chain, and on how the Company manages such risks and mitigates their potential adverse impacts.

Non-financial key performance indicators

The Company should disclose non-financial KPIs and KPI frameworks (metrics) that may be useful for understanding ESG factors and ESG-related risks and opportunities, taking into account the nature of the Company's activities. It is recommended to provide information on how these indicators are linked to other indicators and data used by the Company in corporate governance and risk management systems, as well as in assessing the Company's progress towards strategic goals. The Company should disclose non-financial KPIs that are necessary to understand its development level, performance, market position and the impact of its activities on the environment (including climate), social development (including protection of human rights) and economy.

The Company should provide a fair and balanced overview of its activities by using general, as well as sector- and company-specific non-financial KPIs. Disclosing broadly recognized KPIs that are generally used in a particular sector or a certain market segment may improve comparability of data between the Company and other companies within the same sector or within the same or similar supply chain.

KPIs should be used consistently from one reporting period to the next in order to provide reliable information on the Company's progress and trends in its activities.

Non-financial KPIs are considered effective tools in establishing a connection between qualitative and quantitative non-financial information. When presenting quantitative indicators, it is recommended to provide the purposes for their introduction, as well as metadata, i.e. a description of approaches to calculating the relevant indicators, which would make such indicators more understandable and transparent for the stakeholders. The Company should also disclose information on the methodology and approaches that it relies upon when collecting data.

In case the list of non-financial KPIs changes, the Company should explain the reasons behind such alteration. In certain instances, particularly if there is a significant change in the calculation methodology, the Company may decide to revise the information and data series for previous reporting periods. In this case, the Company should describe possible effects of such revision.

Moreover, when disclosing non-financial KPIs, the Company should comment on the factors and reasons underlying significant changes in the indicators over the reporting period and make projections as to how non-financial KPIs might evolve in the future.

The Company may present KPIs in the context of its targets or past results, or in comparison with those of other companies.

Disclosure of material issues related to the Company's activities

The Company should disclose material information on specific material issues that are related to its activities based on the approaches, methods and indicators set forth in generally recognized international standards, in particular for the purposes of meeting the stakeholders' needs. A non-exhaustive list of such standards is given in Annex 2 hereto. The Company should also provide a list of material issues and approaches adopted to determine them.

Material issues related to the Company's activities are often interconnected. For instance, environmental issues related to the Company's activities, products or supply chains may also have an impact on the safety and/or health of consumers, employees or suppliers, as well as on the Company's reputation and brand value. The Company should provide a clear, fair and comprehensive description of its activities that encompasses all relevant aspects of an issue. A tentative list of relevant material issues and sets of indicators for the purposes of non-financial disclosure is provided below.

Environmental matters

The Company should disclose relevant information on the actual and potential impacts of its operations on the environment, including climate, and on how current and foreseeable environmental issues, approaches to solving them, along with changes related to the environment and climate may affect the Company's development, performance or market position.

This may include:

- material disclosures on preventing and/or combating pollution, including information on direct and indirect GHG emissions to the atmosphere, particularly, direct emissions related to the Company's activities and indirect emissions produced within the value chain;
- environmental impact from electricity and heat use;
- use and protection of natural resources (e.g. water, land) and related protection of biodiversity;
- environmental impacts from transportation or from the use and disposal of products;
- development of green or more environmentally friendly products and services;
- environmental violations and the Company's accountability;
- financing of external environmental projects.

When disclosing non-financial climate-related information, the Company should rely on relevant generally accepted international standards, including the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Industry Standards.

When disclosing non-financial environmental information, the Company may use, inter alia, the following non-financial KPIs, depending on the scale and nature of the Company's activities and taking into account the material issues selected by the Company:

- energy performance;
- energy consumption/production from renewable/non-renewable sources, including:
  - total energy consumption/production from renewable/non-renewable sources;
  - energy intensity of the Company's activities;
  - energy efficiency targets;
  - renewable energy consumption and/or production targets;

  GHG emissions in tonnes of CO_2 equivalent, including:
  - direct GHG emissions from sources owned or controlled by the Company (Scope 1);
  - indirect GHG emissions from the generation of purchased and consumed heat and electricity (Scope 2);
  - other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the Company, including supplier- and consumer-related emissions (Scope 3);
- GHG emissions intensity;
- emissions of other pollutants (expressed in absolute values and as intensity of emissions);
- characteristics of CO_2 absorption tanks produced by the Company;
- impacts on environment and biodiversity, description of the Company's dependencies on environmental and biodiversity-related factors;
- waste generation, waste management and disposal (e.g. recycling and recirculation rates);
- environmental characteristics of the Company's products and services.

Social and employee matters

The Company should disclose information on social matters, particularly information on its relationship with employees. Material disclosures may include the following:

- the implementation of fundamental declarations, conventions and recommendations of the International Labour Organization (ILO)[20];
- gender, age and ethnic diversity, employment of people with disabilities;
- employment, workplace management, occupational health and safety issues, including measures to prevent industrial injuries;
- trade union relationships, including respect of trade union rights;
- human capital management, including employment management, career and employability management, education, training and development management, and remuneration system management;
- health and safety at work;
- consumer relations, including consumer satisfaction, accessibility of products and services, products with possible effects on consumers' health and safety;
- the Company's impacts on vulnerable social groups[21];
- responsible marketing and research;
- relations with local communities and authorities, including the impact of the Company's activities on social and economic development of local communities and authorities;
- building a dialogue with civil society.

When disclosing non-financial social information, the Company should take into account broadly recognised international standards such as the Global Reporting Initiative (GRI) Standards, the OECD

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[20] For example, the ILO Declaration on Fundamental Principles and Rights at Work of 18 June 1998, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of 16 November 1977, ILO Convention No. 155 on Occupational Safety and Health of 22 June 1981, ILO Convention No. 167 on Safety and Health in Construction of 20 June 1988, and ILO Convention No. 187 on the Promotional Framework for Occupational Safety and Health of 15 June 2006.

[21] Vulnerable groups may include children and youth, elderly people, people with disabilities, ex-combatants, internally displaced people, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples, and ethnic minorities.

Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the Guidance on Social Responsibility of the International Organization for Standardization (ISO).

The Company should consider formulating and disclosing KPIs based on such aspects as:

- workers who participate in activities with a high risk of occupational accidents or diseases;
- the number of occupational accidents (including fatal), types of injury or occupational disease;
- total number and ratio of new employee hires over the reporting period, classified by age group, gender and region;
- the number and ratio of empty positions to be filled by underqualified candidates who will receive additional training at the Company;
- employee turnover;
- the ratio of employees working under temporary and permanent contracts;
- average hours of training per year per employee, classified by gender, region of residence, citizenship and other characteristics;
- the ratio of employees covered by collective agreements and collective bargaining indicators;
- employee consultation processes;
- number of people with disabilities employed;
- gender, ethnic and country diversity;
- the ratio of a median employee salary to a high-paying management salary.

An indicative list[22] of material social issues and indicators that the Company should rely on when determining the scope of material non-financial information to be disclosed is provided in Annex 4.

Respect for human rights

The Company should disclose material information on actual and potential impacts of its operations on human rights, including information on adverse impacts directly linked to the Company's operational activities, products, services or its relations with counterparties.

It is considered best practice for the Company to publicly express its commitment to respecting and observing human rights. This commitment may define what the Company expects from its management, employees and business partners in relation to human rights. The information may explain whose rights the commitment addresses, for instance the rights of children, women, indigenous peoples, national or ethnic minorities, religious and language minorities, people with disabilities, local communities, smallholder farmers, and the rights of workers, including those working under temporary contracts, migrant workers and members of their families, and workers in the supply chains.

The Company should consider making material disclosures on human rights due diligence, and on processes and arrangements implemented to prevent human rights abuses. This may include, for instance, information on human rights policies and procedures for signing contracts with businesses in the Company's supply chain, and information on how the Company mitigates potential adverse impacts on human rights and provides adequate remedy if human rights have been violated.

Material disclosures may reflect how the Company approaches, among others, the Guiding Principles on Business and Human Rights[23], the OECD Guidelines for Multinational Companies, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The Company may consider disclosing human rights KPIs based on such aspects as:

- occurrences of severe impacts on human rights relating to the Company's activities;
- the processes and arrangements for receiving and addressing complaints, and mitigating and providing remedies to human rights violations;
- operations and suppliers at significant risk of human rights violations;
- processes and measures for preventing trafficking in human beings for all forms of exploitation, forced or compulsory labour and child labour, and unsafe working conditions;
- how accessible the Company's facilities, documents and websites are to people with disabilities;

[22] An indicative list is compiled based on the Global Reporting Initiative (GRI) Standards.

[23] The Guiding Principles on Business and Human Rights: Implementing the UN "Protect, Respect and Remedy" Framework. UN Doc. A/HRC/17/31.

- respect for freedom of association;
- engagement with relevant stakeholders.

Combating corruption, commercial bribery and bribery of foreign public officials

The Company should disclose material information on how it manages the matters related to combating corruption, commercial bribery and bribery of foreign public officials, as well as information on the incidents of corruption, commercial bribery and bribery of foreign public officials that have taken place within the Company.

The Company may consider making disclosures on the organization of efforts aimed at combating corruption, commercial bribery and bribery of foreign public officials, decisions made in this regard, management instruments used and resources allocated to such efforts.

The Company is also recommended to consider explaining how it assesses the efficiency of its policies aimed at combating corruption, commercial bribery and bribery of foreign public officials, what action it takes to prevent or mitigate adverse effects of such factors, how it monitors performance and communicates on the matter, both internally and externally.

When preparing such information, the Company may rely on broadly recognized international standards, for instance, the OECD Guidelines for Multinational Enterprises, the OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises or the Guidance on Social Responsibility issued by the International Organization for Standardization (ISO).

The Company should consider disclosing anti-corruption and bribery KPIs based on such aspects as:

- anti-corruption policies, procedures and standards;
- criteria used in corruption-related risk assessments;
- internal control procedures and resources allocated to preventing corruption, commercial bribery and bribery of foreign public officials;
- the share of employees having received appropriate training on combating corruption, commercial bribery and bribery of foreign public officials;
- use of whistleblowing mechanisms and hotlines for reporting violations of internal policies and procedures, and applicable legislation;
- the number of pending or completed legal proceedings on corruption and bribery.

Supply chains

The Company should disclose its supply chain information, including a description of the key supply chain elements related to the Company’s activities, primary brands, products, and services. The Company should disclose material information on the supply chain-related issues that have significant implications for the Company’s development, performance and market position. It may include information needed for a general understanding of the Company's supply chain as well as an understanding of how closely environmental, social and governance-related matters are considered when managing the supply chain. In particular, when describing its supply chain, the Company should disclose the following information:

- types of suppliers (contractors) service providers involved in the supply chain;
- total number of suppliers (contractors) service providers engaged by the Company and an estimated number of suppliers (contractors) involved throughout the supply chain;
- geographic location of suppliers (contractors);
- sector-specific characteristics of the supply chain, such as its labour intensity;
- significant changes to the Company’s supply chain (changes in the location of suppliers (contractors), the structure of the supply chain, or relations with suppliers (contractors), including the processes of their selection and termination of their contracts).

If the Company considers that disclosing detailed information about potential changes in the supply chain or about supply chain-related issues could mislead stakeholders or could be detrimental to the Company, it may disclose summarised information, so as to avoid such risks.

When disclosing supply chain-related information, the Company should follow the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct[24], the UN Guiding Principles on Business and Human Rights, and relevant industry-specific frameworks such as the FAO-OECD Guidance for Responsible Agricultural Supply Chains.

The Company should provide disclosure of key supply chain indicators based on such aspects as:

- monitoring the activities of suppliers (contractors) with regard to the following:
  - ✓ labour practices and labour rights, including prevention of child labour and forced labour;
  - ✓ unsafe working conditions (including building safety, protective equipment, and workers' health);
  - ✓ respect for human rights;
  - ✓ GHG emissions and other types of environmental pollution;
  - ✓ deforestation and other biodiversity-related risks;
- monitoring the Company's impact on suppliers (contractors), e.g. the impact on terms and average timeframes for making payments under contracts as related to the abovementioned issues.

The approach to the disclosure of information on due diligence policies and processes for responsible supply chains (with minerals from conflict-affected and high-risk areas taken as an example) is provided in Annex 5.

6. INTERNATIONAL STANDARDS FOR NON-FINANCIAL DISCLOSURE

For the purposes of non-financial disclosure, the Company should rely on internationally recognized standards, the choice of which may depend on the Company's priorities (e.g. climate change-related factors), as well as on the particular economic sector.

Relying on internationally recognized standards will promote structured disclosure of non-financial information required by relevant stakeholders, limit administrative burden and facilitate comparative analysis of such information.

The Company disclosing non-financial information in accordance with international standards should specify which international frameworks it has relied upon.

In 2020-2021, a global trend has emerged to harmonize various non-financial disclosure standards based on the approaches embodied in the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This work is expected to be done by the newly established International Sustainability Standards Board (ISSB) under the IFRS Foundation[25], on the basis of a prototype[26] developed by the "group of five" independent sustainability standard-setting institutions. The aim is to elaborate a single international standard for non-financial disclosure using a combination of separate information blocks. The Company should follow closely the developments in this field with a view to implementing the most cutting-edge approaches to disclosure of non-financial information that are in line with the stakeholders' demands.

Although the TCFD Recommendations set forth approaches to climate-related disclosures, the main information blocks presented in Figure 5 should also be used for other environmental and social disclosures with regard to the material issues determined by the Company.

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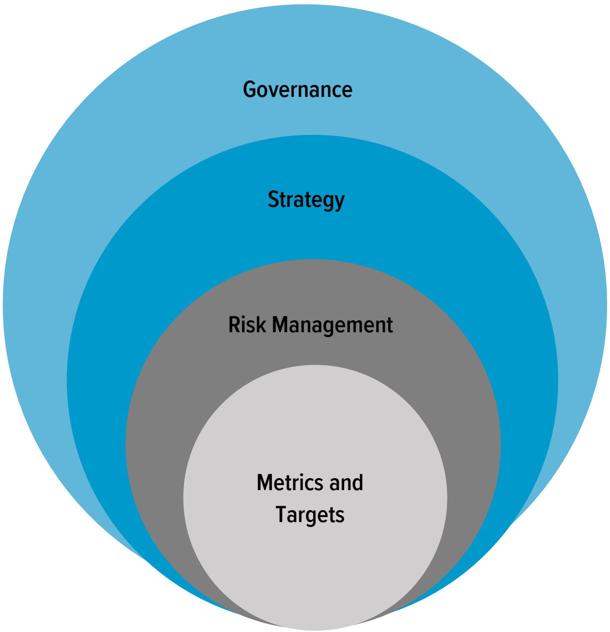
[24] As part of developing due diligence approaches for responsible business conduct, the OECD has elaborated six additional guidelines for various sectors of the economy (see Annex 2).

[25] Please see: https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/ed-2021-5-proposed-constitution-amendments-to-accommodate- sustainability-board.pdf.

[26] CDP, CDSB, GRI, IIRC, SASB. Reporting on enterprise value. Illustrated with a prototype climate-related financial disclosure standard. https://29kjwb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/Reporting-on-enterprise-value_climate-prototype_Dec20.pdf.

FIGURE 5. CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED DISCLOSURES PROVIDED IN THE TCFD RECOMMENDATIONS[27]



Governance	a) the Board's role in and stance on accounting for climate-related risks and opportunities b) the management's role in assessing and managing climate-related risks and opportunities
Strategy	a) climate-related risks and opportunities identified over the short, medium, and long term b) the impact of climate-related risks and opportunities on business, strategy, and financial planning c) the resilience of strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
Risk Management System	a) processes and procedures used to identify and assess climate-related risks b) processes and procedures used to manage climate-related risks c) the integration of processes used to identify, assess and manage climate-related risks into the organization's risk management system
Metrics and Targets	a) metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b) Scope 1, Scope 2, and, if appropriate, Scope 3[28] GHG emissions, and related risks c) targets used by the organization to manage climate-related risks and opportunities and assess its performance against targets

7. TIMEFRAME AND PROCEDURE FOR NON-FINANCIAL DISCLOSURE

Non-financial information should be disclosed in Russian. If non-financial information includes data or indicators expressed in monetary terms, they should be denominated in the currency of the Russian Federation.

Disclosure of non-financial information in a foreign language used in the financial market, as well as any other language used by investors and other stakeholders, in addition to the disclosure in Russian, is likely to enhance information accessibility and improve the Company's transparency for a wide range of stakeholders. The Company should decide whether the relevant information should be additionally disclosed in a foreign language depending on the diversity of the Company's stakeholders.

The Company should provide non-financial disclosures in its annual report. That said, the Company may determine at its own discretion the scope, format and form of non-financial disclosure based on the purposes of the disclosure, as well as the scale and nature of the Company's activities, and with due regard for the disclosure requirements established by law. Therefore, non-financial information may also be disclosed in a non-financial statement, depending on the Company's established practices and needs.

The Company's non-financial information disclosed should cover a twelve-month reporting period.

To ensure comparability of non-financial information with the Company's financial statements and other information disclosed, for the purposes of non-financial disclosure the Company should use a year lasting from January 1 to December 31, inclusive, as the reporting period (reporting year), unless other start and end dates of the reporting year equaling a calendar year are established for consolidated financial statements by the Company's charter.

[27] Source: TCFD, "Recommendations of the Task Force on Climate-related Financial Disclosures," June 2017. https://assets.bbhub.io/company/ sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf.

[28] Under the Greenhouse Gas Protocol methodology, Scope 1 refers to direct GHG emissions, Scope 2 refers to indirect GHG emissions related to energy generation and Scope 3 refers to other indirect emissions not included in Scope 2.

If the Company's non-financial disclosure is made in the form of a non-financial statement, such statement should be disclosed on the Company's website within a period not exceeding the period envisaged for the disclosure of the Company's annual report by the Russian legislation.
Approval of a non-financial statement should fall within the purview of the Board of Directors.

The Company should ensure that its non-financial statement is available on the Company's website for at least three years since its publication.

Moreover, if applicable, the Company should disclose its non-financial statement by publishing it on the website of an information agency accredited by the Bank of Russia to disclose information on securities and other financial instruments, which is used by the Company for information disclosure in accordance with the securities legislation.

If the Company compiles a non-financial statement, the Company's issuer's report and annual report should contain a reference to the information disclosed in the non-financial statement.

If the Company, along with other organizations and/or foreign organizations, constitutes a group (group of companies) as defined in the International Financial Reporting Standards (IFRS),[29] non-financial information should be disclosed on a consolidated basis for the group of companies as a whole, taking into account the materiality of such information for the entire group and for each of the major companies within the group. Moreover, other Companies forming the group of companies should disclose material non-financial information as well. If non-financial information relating to the Companies is disclosed in the group of companies' non-financial statement, the non-financial statements of such Companies should contain a reference to the information provided in the group of companies' statement.

8. INDEPENDENT EXTERNAL AUDIT OF NON-FINANCIAL INFORMATION

With a view to enhancing the stakeholders' trust in the Company's activities and the non-financial information disclosed, the Company should arrange an independent external audit of the non-financial information disclosed in the Company's annual report or in a non-financial statement, which should be presented in the form of professional assurance. Independent external assurance of the non-financial information disclosed may be carried out by an audit organization (auditor).

The Company's non-financial information disclosed should be accompanied by an opinion or a report, which should be based on the professional assurance and contain a conclusion with regard to the non-financial information in question.

The Company should disclose the list of non-financial information items audited, as well as the information about the standards in accordance with which the audit has been conducted.

The Company is recommended to disclose information about independent external non-financial auditors, as well as auditor selection principles and criteria.

The Company should also provide the grounds for qualifying external non-financial audit as independent (this involves, inter alia, an analysis of the relationship between the Company and the relevant persons, including information on whether these persons have been remunerated by the Company for other services).

[29] The International Financial Reporting Standards were brought into force in the Russian Federation in accordance with Resolution of the Russian Government No. 107, dated 25 February 2011, "On the Approval of the Regulations Governing the Endorsement of the International Financial Reporting Standards and Interpretations of the International Financial Reporting Standards for their Application in the Russian Federation".

ANNEX 1
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United Nations Sustainable Development Goals[30]

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

[30] Resolution “Transforming our world: The 2030 Agenda for Sustainable Development” adopted by the United Nations General Assembly on 25 September 2015. https://unctad.org/system/files/official-document/ares70d1_en.pdf.

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List of International Standards and Supranational Regulations on the Disclosure of Non-Financial Information

1. World Business Council for Sustainable Development (WBCSD). *Social Capital Protocol.*
2. World Economic Forum (WEF). *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation.*
3. World Economic Forum (WEF). *Toward Common Metrics and Consistent Reporting of Sustainable Value Creation.*
4. United Nations (UN). *UN Global Compact standards.*
5. Global Sustainability Standards Board (GSSB). *Global Reporting Initiative Standards (GRI Standards).*
6. Corporate Reporting Dialogue (CRD). *Statement of Common Principles of Materiality* and *Landscape Map.*
7. European Parliament (EP) and the Council of the European Union. *Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups*.
8. European Commission (EC). *Guidelines on non-financial reporting (methodology for reporting non-financial information) (2017/C 215/01).*
9. European Commission (EC). *Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01).*
10. European Commission (EC). *Guidelines on reporting climate-related information.*
11. Natural Capital Coalition (NCC). *Natural Capital Protocol.*
12. International Organization for Standardization (ISO). *ISO 26000 – Social Responsibility.*
13. International Labour Organization (ILO). *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.*
14. International Integrated Reporting Council (IIRC). *International Integrated Reporting Framework.*
15. International Financial Corporation (IFC). *Beyond the Balance Sheet – IFC Toolkit for Disclosure and Transparency.*
16. United Nations (UN). *Guiding Principles on Business and Human Rights: Implementing the UN 'Protect, Respect and Remedy' Framework.*
17. Organisation for Economic Co-operation and Development (OECD). *OECD Guidelines for Multinational Enterprises.*
18. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Responsible Business Conduct.*
19. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.*
20. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector.*
21. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector.*
22. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence for Responsible Corporate Lending and Securities Underwriting.*
23. Organization for Economic Co-operation and Development (OECD) — Food and Agriculture Organization (FAO). *OECD-FAO Guidance for Responsible Agricultural Supply Chains.*

24. Partnership for Carbon Accounting Financials (PCAF). *Global Greenhouse Gas Accounting and Reporting Standard for the Financial Industry.*
25. Carbon Disclosure Project (CDP). Various documents.
26. Climate Disclosure Standards Board (CDSB). *Framework for reporting environmental and climate change information.*
27. Sustainability Accounting Standards Board (SASB). Industry Standards.
28. Task Force on Climate-Related Financial Disclosures (TCFD). *TCFD Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures.* Annex to the *TCFD Final Report: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*. Technical Supplement to the *TCFD Final Report*: *The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities.*

ANNEX 3
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List of Recommended Disclosures on Climate-Related Risks and Opportunities, and Risk Management Approaches

1. Description of the Company's processes for identifying and assessing climate-related risks over the short, medium, and long term, and disclosure of how the Company defines short, medium, and long term.

2. Description of the principal climate-related risks the Company has identified over the short, medium, and long term throughout the value chain, and any assumptions that have been made when identifying these risks. This description should include the principal risks resulting from any dependencies on natural capitals threatened by climate change, such as water, land, ecosystems or biodiversity.

3. Description of processes for managing climate-related risks (if applicable, how the Company makes decisions to mitigate, transfer, accept, or control those risks), and description of how the Company is managing the particular climate-related risks that it has identified.

4. Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management. An important aspect of this description is how the Company determines the relative significance of climate-related risks in relation to other risks.

In addition, the Company should disclose the following information:

1. Description of any climate adaptation measures undertaken by the Company as part of its risk management process.

2. Detailed breakdown of principal climate-related risks by business activity.

3. Detailed breakdown of principal climate-related risks by geographical location.

4. Locations that are critical to value chains, including operations, suppliers and markets.

5. Description of how the Company sets and applies limits to climate-related risks, including any triggers used to escalate issues to management attention.

6. Description of the processes for prioritising climate-related risks, including any thresholds applied, and indication of which risks are considered most significant across the value chain.

7. Categorization of the principal climate-related risks and their impact on the financial performance of the Company according to whether they are transition risks (policy, legal, technological, market and reputational risks) or physical risks (acute and chronic risks).

8. Risk mapping that includes climate-related issues.

9. Definitions of risk terminology used or references to existing risk classification frameworks used.

10. Frequency of analyses with regard to risk identification and assessment.

11. Linkages between principal climate-related risks and financial KPIs.

12. Description of how scenarios and/or internal carbon pricing are used for risk management actions such as mitigation, transfer or adaptation.

13. Financial impacts of extreme weather events, including possible indicators on days of business interruptions and associated costs, cost of repairs, fixed-asset impairment, value chain disruptions and lost revenues.

ANNEX 4
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Indicative List of Material Social Topics and Indicators Compiled on the Basis of the GRI Standards

Employment
1. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
2. Total number and rate of employee turnover during the reporting period, by age group, gender and region.
3. Benefits provided to full-time employees that are not provided to temporary employees or part-time employees (with the terms of employment contracts stipulating a part-time working day/shift and/or part-time working week, including a split working day), by significant locations of operation. These guarantees, compensations and exemptions include, among others: – life insurance; – supplementary health insurance; – supplementary non-state pension. The Company should also disclose its definition of “significant locations of operation”.
4. Maternity and parental leave: – total number of women that are taking maternity leave; – total number of employees that are entitled to parental leave, by gender; – total number of employees that are taking parental leave, by gender; – total number of employees that returned to work in the reporting period after parental leave ended, by gender; – total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender; – return to work[31] and retention[32] rates of employees that took parental leave.
Labour / Management Relations
1. Minimum number of weeks’ notice provided to employees and their representatives prior to the implementation of significant operational or organizational changes that could substantially affect them.
2. For Companies with collective bargaining agreements, report whether the agreements specify any provisions for amending and expanding such agreements, as well as provisions establishing the procedure for informing the employees on implementation of collective agreements.
Occupational Health and Safety
The Company should[33] report the following information on its employees and workers who are not employees[34] but whose work and/or workplace is controlled by the Company.
Occupational Health and Safety Management System
1. A statement of whether an occupational health and safety management system has been implemented, including: – statement of whether the system has been implemented based on recognised risk management and/or management system standards/guidelines and, if so, a list of such standards/guidelines. – information on significant violations in the area of occupational health and safety.

[31] Return to work rate is the ratio of the total number of employees that did return to work after parental leave to the total number of employees that were due to return to work after taking parental leave.

[32] A retention rate is the ratio of the total number of employees retained 12 months after returning to work following a period of parental leave to the total number of employees returning from parental leave in the prior reporting period.

[33] This recommendation covers the next six subsections.

[34] Workers who are not employees might include volunteers, contractors, self-employed persons or sole proprietors, and agency workers, among other types of workers. Workers who are not employees might include those working for the Company’s suppliers, customers, or other business partners.
Control of work implies that the Company has control over the means or methods, or directs the work performed with respect to its occupational health and safety performance. Control of workplace implies that the Company has control over the physical aspects of the workplace (e.g. access to the workplace), and/or the type of activities that can be performed in the workplace.

2.	A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.
Hazard Identification, Accident and Incident Risk Assessment	
1.	A mechanism for hazard identification and accident risk assessment, including: – the composition of the commission on hazard identification and accident risk assessment; – conditions for carrying out scheduled and unscheduled hazard identification and accident risk assessment; – procedure for making and implementing decisions on conducting industrial safety inspections, diagnostics, testing, and certification of structures and technical devices; – preparedness procedure for localisation and liquidation of incidents' impact; – accident/incident reporting and investigation procedure.
2.	A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.
3.	A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.
4.	A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.
Occupational Health Service	
A description of the occupational health services' tasks and functions or the duties of occupational health professionals, and an explanation of how the Company ensures the quality of these services and facilitates workers' access to them.	
Worker Participation, Consultation, and Communication on Occupational Health and Safety	
1.	A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.
2.	Where formal joint management–worker health and safety committees/commissions exist, a description of their responsibilities and functions, meeting frequency, and an explanation of why any workers are not represented by these committees/commissions.
Worker Training on Occupational Health and Safety	
A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	
Promotion of Worker Health	
1.	An explanation of how the Company facilitates workers' access to medical and healthcare services, and the scope of access provided.
2.	A description of any health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the Company facilitates workers' access to these services and programs.
Prevention and Mitigation of Occupational Health Impacts and Measures to Enhance Occupational Safety Directly Linked to Working Conditions	
A description of the organization's approach to preventing or mitigating significant negative occupational health impacts and measures to enhance occupational safety that are directly linked to its operations, products or services.	
Workers Covered by an Occupational Health and Safety Management System	
1.	If the Company has implemented an occupational health and safety management system based on legal requirements and/or recognised standards/guidelines: – the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the Company, who are covered by such a system; – the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the Company, who are covered by such a system that has been internally audited; – the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the Company, who are covered by such a system that has been audited or certified by an independent external party.

2.	Whether and, if so, why any workers have been excluded from this disclosure, including the types of workers excluded[35].
3.	Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.
Work-Related Injuries	
1.	For all employees: – the number and rate of fatalities as a result of work-related injuries; – the number and rate of high-consequence work-related injuries (excluding fatalities); – the number and rate of fatalities as a result of non-work-related injuries; – the number and rate of high-consequence non-work-related injuries (excluding fatalities); – the average number of hours worked overtime.
2.	For all workers who are not employees but whose work and/or workplace is controlled by the Company: – the number and rate of fatalities as a result of work-related injuries; – the number and rate of high-consequence work-related injuries (excluding fatalities); – the number and rate of fatalities as a result of non-work-related injuries; – the number and rate of high-consequence non-work-related injuries (excluding fatalities); – the average number of hours worked overtime.
3.	The work-related hazards that pose a risk of high-consequence injury, including: – how these hazards have been determined; – which of these hazards have caused or contributed to high-consequence injuries during the reporting period; – actions taken or underway to eliminate these hazards and minimise risks using the hierarchy of controls.
4.	Prevention of work-related injuries, reduction/elimination of workers' exposure to harmful and/or dangerous production factors, occupational risk management.
5.	The number of hours worked used as a basis for calculating the indicators (e.g. 200,000 or 1,000,000 hours worked).
6.	Whether and, if so, why any workers have been excluded from this disclosure, including the types of workers excluded.
7.	Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.
Work-Related Ill Health and High-Hazard Work	
1.	For all employees: – the number of fatalities as a result of work-related ill health; – the number of employees declared disabled as a result of work-related ill health; – the number of persons experiencing work-related ill health recorded in the reporting period; – the main types of work-related ill health.
2.	For all workers who are not employees but whose work and/or workplace is controlled by the Company: – the number of fatalities as a result of work-related ill health; – the number of workers declared disabled as a result of work-related ill health; – the number of persons experiencing work-related ill health recorded in the reporting period; – the main types of work-related ill health.
3.	High-hazard work, including: – how high-hazard work has been determined; – which types of high-hazard work have caused or contributed to cases of ill health during the reporting period; – the number of persons performing high-hazard work; – prevention of work-related ill health, reduction/elimination of workers' exposure to harmful and/or dangerous production factors, occupational risk management.
4.	Whether and, if so, why any workers have been excluded from this disclosure, including the types of workers excluded.
5.	Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.
Training and Education	
1.	Average hours of training per employee during the reporting period, by gender and employee category.

[35] Types of workers can be based on criteria such as employment type (full-time or part-time), employment contract (permanent or temporary) and location, among others.

2.	Type and scope of programs for upgrading employee skills and professional training programs implemented.
3.	Programs for upgrading employee skills and professional training programs (transition assistance programs) provided to facilitate the management of career endings resulting from retirement or termination of employment.
4.	Percentage of total employees by gender and by employee category who received a regular performance review during the reporting period.
Equal Opportunity	
1.	Percentage of individuals within the Company's governance bodies in each of the following diversity categories: – gender; – age group: under 35 years old, 35-50 years old, over 50 years old; – other indicators of diversity where relevant (such as minority or vulnerable groups[36]).
2.	Percentage of employees per employee category in each of the following diversity categories: – gender; – age group: under 35 years old, 35-50 years old, over 50 years old; – other indicators of diversity where relevant (such as minority or vulnerable groups).
3.	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.
Elimination of Labour Discrimination	
1.	Total number of labour discrimination incidents during the reporting period, by number of effective court judgements.
2.	Measures taken by the Company during the reporting period intended to eliminate incidents of discrimination.
Freedom of Association and Collective Bargaining	
1.	Activities in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk.
2.	Measures taken by the Company in the reporting period intended to support rights to exercise freedom of association and collective bargaining.
Child Labour	
1.	Activities considered to have significant risk for incidents of child labour.
2.	Measures taken by the Company in the reporting period intended to contribute to the effective abolition of child labour.
Elimination of Forced or Compulsory Labour	
1.	Activities considered to have significant risk for incidents of forced or compulsory labour.
2.	Measures taken by the Company in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.
Security Practices	
Percentage of security personnel who have received formal training in the Company's human rights policies or specific procedures and their application to security.	
Rights of Indigenous Peoples	
1.	Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period, by number of effective court judgements.
2.	Measures taken by the Company during the reporting period intended to eliminate incidents of violations involving the rights of indigenous peoples.
Human Rights Assessment	
1.	Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments.
2.	Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to the Company's operations.
3.	Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to the Company's operations.
4.	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
5.	Approaches used to evaluate the significance of investment agreements and contracts that include human rights clauses or that underwent human rights screening.

[36] Vulnerable groups can include children and youth, the elderly, people with disabilities, ex-combatants, the internally displaced, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples, and ethnic minorities.

Local Communities	
1.	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: – social impact assessments, including gender impact assessments, based on participatory processes; – environmental impact assessments; – public disclosure of results of environmental and social impact assessments; – local community development programs based on local communities' needs; – works councils, occupational health and safety committees and other worker representation bodies to deal with impacts.
2.	Operations with significant actual and potential negative impacts on local communities, including: – the location of the operations; – the significant actual and potential negative impacts of operations.
Supplier Social Assessment	
1.	Percentage of new suppliers that were screened using social criteria such as observance of employees' rights, working conditions, local community engagement, etc., and a list of the social criteria used to screen new suppliers.
2.	Number of suppliers assessed for social impacts.
3.	Number of suppliers identified as having significant actual and potential negative social impacts.
4.	Significant actual and potential negative social impacts identified in the supply chain.
5.	Percentage of suppliers identified as having significant actual and potential negative impacts on labour relations practice with which improvements were agreed upon as a result of assessment.
6.	Percentage of suppliers identified as having significant actual and potential negative impacts on labour relations practice with which relationships were terminated as a result of assessment, and why.
Customer Health and Safety	
1.	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.
2.	Total number of incidents of non-compliance with regulations and/or recommendations concerning the health and safety impacts of products and services within the reporting period, by: – incidents of non-compliance with regulations resulting in a fine or penalty; – incidents of non-compliance with regulations resulting in a warning; – incidents of non-compliance with recommendations concerning the health and safety impacts of products and services.
3.	If the Company has not identified any non-compliance with regulations and/or recommendations concerning the health and safety impacts of products and services, respective statement should be provided.

ANNEX 5
to the Recommendations
for Public Joint-Stock Companies
on the Disclosure of Non-Financial Information
Pertaining to Their Activities

Approach to Disclosure of Information on Responsible Supply Chain Due Diligence Policies and Processes (with Reference to Supply Chains of Minerals from Conflict-Affected and High-Risk Areas)

The Company should disclose information on due diligence policies and processes for responsible/sustainable supply chains[37] of tin, tantalum, tungsten and gold from conflict-affected and high-risk areas[38], where such information is material for the Company.

In particular, respective data should be prepared with due regard for the OECD documents such as the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidances"). The Company should disclose material information on its policies and practices with regard to conflict minerals due diligence, as well as on the results of their implementation. The Company should also consider disclosing material information on the measures taken to implement the five-step risk assessment framework provided for in the OECD Guidances[39].

The Company should disclose the key indicators relating to quantitative characteristics of risks identified during due diligence.

Possible examples of sector-specific key indicators include:

- the proportion of direct suppliers in the supply chain that have adopted and implemented a conflict minerals due diligence policy consistent with the OECD Guidances;
- the proportion of supplied tin, tantalum, tungsten or gold originating in conflict-affected and high-risk areas that has been subject to due diligence;
- the proportion of clients contractually requiring information on due diligence with regard to minerals from conflict-affected and high-risk areas.

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[37] The UN Global Compact defines supply chain sustainability as the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the lifecycles of goods and services. The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market.

[38] Conflict-affected and high-risk areas (zones) are those identified by the presence of armed conflict, high risk of violence or other risks to human life, health, and freedom. High-risk areas include areas of political instability or repression, institutional weakness and insecurity. Such areas are often characterized by widespread human rights abuses and violations of national or international law.

[39] The five-step risk assessment framework includes the following:
1) Establishing effective supply chain management systems;
2) Identifying and assessing risks in the supply chain;
3) Designing and implementing a strategy to respond to identified risks;
4) Carrying out independent third-party audit of supply chain due diligence at identified risk points in the supply chain;
5) Disclosing information on supply chain due diligence.