

As part of the induction of newly elected directors, there is an induction program for members of the Supervisory Board of Moscow Exchange. The program includes the following activities:

- ▶ familiarization of Supervisory Board members with the key internal documents of the Exchange, resolutions adopted by the General Meeting of Shareholders and the Supervisory Board;
- ▶ familiarization of Supervisory Board members with the history of the Russian on-exchange market, basic information on the development strategy and operating activities of the Exchange;
- ▶ individual meetings with the Chairman of the Supervisory Board and the Chairman of the Executive Board;
- ▶ individual meeting with the Director of the Corporate Governance Department;
- ▶ meeting with the management of the Group in the form of a one-day introductory course held within two months from the date of election to the Supervisory Board;
- ▶ individual meeting(s) with the Chairperson(s) of the Supervisory Board Committee(s), whose members are also members of the Supervisory Board.

## ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES IN 2018

### *Information on the Supervisory Board Members' Attendance at Meetings of the Supervisory Board Committees*

For the period from 1 January 2018 to 31 December 2018:

- ▶ **the Strategy Planning Committee** of the Supervisory Board held five in-person meetings: one meeting before and four meetings after the annual General Meeting of Shareholders held on 26 April 2018. Also, two Strategy Days of the Supervisory Board were organized:

Full name	Number of meetings attended	% of the total number of meetings
Rainer Riess Chairman of the Committee	5	100
Duncan Paterson	4	80
Oleg Viyugin	4	80
Anatoly Braverman	4	80
Andrey Golikov	5	100
Yury Denisov	5	100
Alexander Izosimov Member of the Committee since 26 April 2018	2	50

- ▶ **the Nomination and Remuneration Committee** of the Supervisory Board held 13 meetings, including 8 in-person meetings: six meetings before and seven meetings after the annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Mikhail Bratanov Chairman of the Committee	7	100
Member of the Committee since 26 April 2018		
Oleg Viyugin	13	100
Rainer Riess	13	100
Yury Denisov Member of the Committee until 26 April 2018	6	100

- ▶ **the Audit Committee** of the Supervisory Board held six meetings, including four in-person meetings: three meetings before and three meetings after the annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Duncan Paterson Chairman of the Committee	6	100
Maria Gordon	6	100
Rainer Riess	6	100

- ▶ **the Budget Committee** of the Supervisory Board held 11 meetings, including 5 in-person meetings: two meetings before and nine meetings after the Annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Andrey Golikov Chairman of the Committee	11	100
Anatoly Braverman	11	100
Maria Gordon Member of the Committee since 26 April 2018	7	77.8
Valery Goreglyad Member of the Committee until 26 April 2018	2	100

- ▶ **the Technical Policy Committee** of the Supervisory Board held one in-person meeting (after the General Meeting of Shareholders held on 26 April 2018):

Full name	Number of meetings attended	% of the total number of meetings
Anatoly Karachinsky Chairman of the Committee	1	100
Andrey Golikov	1	100
Alexander Izosimov Member of the Committee since 26 April 2018	1	100

- ▶ **the Risk Management Committee** of the Supervisory Board held eight meetings, including four absentee meetings: three meetings before and five meetings after the Annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Yury Denisov Chairman of the Committee	8	100
Valery Goreglyad	7	87.5
Anatoly Braverman	5	62.5

## AUDIT COMMITTEE

The primary purpose of the Audit Committee is to ensure the Supervisory Board is effective in addressing issues relating to the control of financial and economic activities.

The main tasks of the Audit Committee are:

- ▶ control, analysis, and participation in the discussions of issues relating to accounting (financial) reporting;
- ▶ control, analysis, and evaluation relating to risk management and internal control;
- ▶ ensuring independence and impartiality relating to internal and external audit;
- ▶ control relating to counteraction to unfair actions of the Exchange's employees and third parties;
- ▶ assistance in ensuring the participation of the Supervisory Board members in monitoring and personal awareness of the financial and economic activities of the Exchange and the Group companies;
- ▶ preliminary consideration, analysis, development, and provision of opinions and recommendations to the Supervisory Board of the Exchange on issues relating to the functions and tasks of the Audit Committee;
- ▶ preparation of the assessment of the auditor's report of the Exchange and its submission as materials for the Annual General Meeting of Shareholders of the Exchange.

Composition of the Committee:

- ▶ Duncan Paterson, Chairman of the Committee;
- ▶ members of the Committee: Rainer Riess, Maria Gordon.

In 2018, the Audit Committee of the Supervisory Board held six meetings, including four in-person meetings. 37 issues were considered at the meetings.

The main issues considered by the Committee in 2018 and on which recommendations were given to the Supervisory Board, related to the performance of the Group's external auditor, review of MOEX's consolidated financial statements, and reports of the Internal Audit Service.

The Audit Committee reviewed the results of the General Internal Control System Audit project, including the Internal Control System Organization Principles.

In 2018, with regard to the recommendations of the Audit Committee, the Supervisory Board advised the General Meeting of Shareholders to select Deloitte as the external auditor; and the relevant resolution was adopted by the Annual General Meeting of Shareholders. In September 2018, the Audit Committee discussed with the external auditor the audit strategy in respect of financial statements for 2018, and in December the interim results of the audit.

The Audit Committee reviewed the specifics of the introduction of the IFRS 9 standard to the Group's financial statements for 2017.

The Committee paid significant attention to the development of corporate governance. The Committee reviewed the action plan for compliance with the Corporate Governance Code of the Bank of Russia, discussed approaches to communication with investors and shareholders, reviewed the conflict of interest and corporate conflict management policy, and the new version of the Exchange's Corporate Governance Code.

The Committee also assessed the auditor's report on the Exchange's accounting (financial) statements for 2017, and reviewed the Report to Management on the Audit Results for the year ended 31 December 2017. The Committee gave recommendations to the Supervisory Board on awarding the head and employees of the Internal Audit Service of the Exchange based on their performance in 2017.

## NOMINATION AND REMUNERATION COMMITTEE

The primary purpose of the Nomination and Remuneration Committee is to support the effective work of the Supervisory Board of the Exchange in addressing issues relating to the activities of the Exchange and other companies directly or indirectly controlled by the Exchange, and the nomination and remuneration of members of supervisory boards and executive bodies, other key executives, and members of revision commissions.

The key objectives of the Nomination and Remuneration Committee are the preliminary consideration, development and provision of recommendations and conclusions to the Supervisory Board of the Exchange, as well as to supervisory boards of the Group's companies, on the following issues:

- ▶ personnel planning (succession planning), enhancement of professional composition, and effectiveness of supervisory boards;

- ▶ effective and transparent remuneration of members of supervisory boards, members of the collegial executive body, and a person performing the functions of the sole executive body ("members of executive bodies"), as well as other key managers;
- ▶ priority activities of the Exchange and the Group companies in respect of nomination and remuneration of members of supervisory boards, members of executive bodies and other key managers, members of revision commissions;
- ▶ policies and standards for the selection of candidates for members of supervisory boards, members of executive bodies, aimed at attracting qualified specialists;
- ▶ determination of key performance indicators for top managers, and evaluation of their achievement.

Composition of the Committee:

- ▶ Mikhail Bratanov, Chairman of the Committee;
- ▶ members of the Committee: Oleg Viyugin, Rainer Riess.

In 2018, the Nomination and Remuneration Committee of the Supervisory Board held 13 meetings and considered 45 issues.

The main issues, which were considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board, related to planning of compositions of supervisory boards of the Exchange, NSD, and CPP NCC; assessment of the independence of candidates and members of the Supervisory Board of the Exchange; self-assessment and training of members of the Supervisory Board of the Exchange; nomination of candidates for the Supervisory Board; assessment of the expediency of reviewing the amount of remuneration payable to directors; giving recommendations on the determination and assessment of achievement of corporate KPIs (goals) of the Group and individual KPIs of members of executive bodies, and the Director of the Corporate Governance Department of the Exchange; management succession program and extension of powers of members of executive bodies; and option program for managers. In 2018, the Committee's work was focused primarily on giving recommendations on the candidacy of the Chairman of the Exchange's Executive Board, whose powers expired on the date of the Annual General Meeting of Shareholders of the Exchange in 2018.

## STRATEGY PLANNING COMMITTEE

The primary purpose of the Strategy Planning Committee is to improve the performance of the Exchange and its subsidiaries and affiliates, as well as companies, directly or indirectly controlled by the Exchange, in the long and medium term.

Main tasks of the Strategy Planning Committee:

- ▶ coordination of strategic goals, control of strategy implementation, adjustment of the existing development strategy;
- ▶ coordination of priority activities;
- ▶ giving recommendations on dividend policy;
- ▶ evaluation of performance in the medium and long term;
- ▶ preliminary consideration and giving recommendations on participation in other organizations;
- ▶ evaluation of voluntary and mandatory offers to acquire shares in Moscow Exchange;
- ▶ consideration of the financial model and valuation model of business and its segments;
- ▶ consideration of reorganization and liquidation;
- ▶ consideration of changes in the organizational structure;
- ▶ consideration of reorganization of business processes.

Composition of the Committee:

- ▶ Rainer Riess, Chairman of the Committee;
- ▶ members of the Committee: Anatoly Braverman, Oleg Viyugin, Andrey Golikov, Yury Denisov, Duncan Paterson, and Alexander Izosimov.

In 2018, the Strategy Planning Committee of the Supervisory Board held five meetings and considered 23 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to development of the main trends in the market, assessment of the implementation of the current strategy, innovation management, implementation of priority projects, and strategic development on the Kazakh market. The Committee's work was focused primarily on the development of a new strategy 2020+. The development of the strategy was divided into two stages. Stage A: the Committee discussed global and regional trends, digitalization trends and the competitive environment, conducted SWOT analysis, and evaluated promising business models and key development areas. Stage B: the Committee discussed key strategic projects, proposals for the wording of the mission and vision, and financial goals of the strategy. All members of the Supervisory Board were involved in the development of the new strategy during two Strategy Days specially organized to coincide with meetings of the Supervisory Board.

## RISK MANAGEMENT COMMITTEE

The main task of the Risk Management Committee is to foster the improvement of the risk management system of the Exchange and Moscow Exchange Group companies in order to enhance the reliability and efficiency of the Exchange.

Main functions of the Risk Management Committee:

- ▶ giving recommendations for the Supervisory Board of the Exchange on priority areas for the development of the risk management system;
- ▶ analysis of internal risk management procedures, and recommendations to improve their efficiency, on behalf of the Supervisory Board of the Exchange;
- ▶ consideration of individual elements and/or parameters of the risk management system, and estimation of their adequacy and effectiveness;
- ▶ review of reports of the Exchange and the Moscow Exchange Group companies management on the functioning of the risk management system, if necessary;
- ▶ giving opinions on issues submitted to the Committee by the Exchange's Executive Board.

Composition of the Committee:

- ▶ Yury Denisov, Chairman of the Committee;
- ▶ members of the Committee: Valery Goreglyad, Anatoly Braverman.

In 2018, the Risk Management Committee of the Supervisory Board held eight meetings and considered 27 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to the regular analysis of the Moscow Exchange Group's reports on management of various risks, including business continuity, operational and other risks. At the meetings of the Committee, special attention was paid to improving operational risk management, developing compliance risk regulation, and updating relevant policies and principles, which are fundamental documents of the Exchange's risk management.

## BUDGET COMMITTEE

The primary purpose of the Budget Committee is to support the Supervisory Board of the Exchange in exercising control over the formation and expenditure of funds intended for financial support of the Exchange and the Group companies.

Main tasks of the Budget Committee:

- ▶ determining the principles of formation and expenditure of budget of the Exchange and Group companies;
- ▶ timely and reliable formation of the planned budgets of the Exchange and individual structural units and companies of the Group;
- ▶ ensuring operational management of the budgeting process of the Exchange and Group companies;
- ▶ assessment of the efficiency of the budgeting process of the Exchange and Group companies.

Composition of the Committee:

- ▶ Andrey Golikov, Chairman of the Committee;
- ▶ members of the Committee: Anatoly Braverman, Maria Gordon.

In 2018, the Budget Committee of the Supervisory Board held 11 meetings and considered 41 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to planning of the consolidated budget and control over its execution; determination of the amount of dividends in accordance with the dividend policy, including with respect to the subsidiaries of the Exchange; determination of rates for all markets of the Exchange and effectiveness of the use of marketing periods; control of execution of priority project budgets; the Exchange's wealth management; conducting stress tests of the Exchange's financial model; and giving recommendations in respect of real estate owned by the Exchange, and data centers leased by the Exchange.

---

## TECHNICAL POLICY COMMITTEE

The main objectives of the Technical Policy Committee are the development and improvement of effectiveness of the Group's activities through recommendations and expert opinions to the Supervisory Board of the Exchange, boards of directors (supervisory boards) of the Group companies and their committees, and executive bodies of the Exchange and the Group companies in respect of technical policy and development of IT and software of the Group.

The main tasks of the Technical Policy Committee are:

- ▶ effective interaction between the Exchange and Group companies and participants of the on-exchange, financial and commodity markets, namely users of the Group's software and hardware, in respect of issues of technical policy and IT and software development;
- ▶ ensuring full and comprehensive consideration of the needs of participants of the on-exchange, financial, and commodity markets in the IT and software development;
- ▶ coordination of activities relating to technical policy within the Group and ensuring centralized policy in matters within the competence of the Committee.

Composition of the Committee:

- ▶ Anatoly Karachinsky, Chairman of the Committee;
- ▶ members of the Committee: Andrey Golikov, Alexander Izosimov, Vladimir Kurlyandchik, Kirill Menshov, Yury Yartsev.

In 2018, the Technical Policy Committee of the Supervisory Board held one meeting and considered four issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to the establishment of the Exchange IT development program for 2019-2020 and subsequent years, as well as amendments to the Exchange's Technical Policy aimed at improving the efficiency of equipment use. In 2018, the Committee also reviewed reports on the implementation of new technologies and methods for developing and assessing their value in Moscow Exchange Group.