

## ASSESSMENT OF PERFORMANCE OF THE SUPERVISORY BOARD AND COMMITTEES

### *Assumptions and Grounds for Assessment*

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In accordance with the recommendations of the Russian Corporate Governance Code and best international practice, the Supervisory Board of the Exchange assesses its performance on an annual basis.

In 2017, the Nomination and Remuneration Committee reviewed the pool of competencies required for the Supervisory Board members. The pool is comprised of the knowledge of financial market infrastructure, exchange industry, information technologies for the centralized market infrastructure, operational and financial risk management, wealth management (investments, dividends), financial accounting, personnel policy and modern approaches to motivating top managers, innovation management, post-trading services and regulatory strategy.

### *Assessment Goals and Objectives*

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The assessment is aimed at monitoring positive changes in the activities of the Supervisory Board, and evaluating the work of the Committees, independent directors and the Chairman of the Supervisory Board. One important aspect of the assessment is to receive detailed feedback from members of the Supervisory Board.

In order to achieve these goals, with the help of a facilitator from the International Institute for Management Development (IMD), various aspects of the Supervisory Board's activities were assessed, including areas where the majority of directors gave critical comments, and areas where, by general consensus, no significant changes were required.

### *Assessment Participants*

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Nine out of twelve participants took part in the assessment of the Supervisory Board; they answered most of the questions and commented on the most difficult ones.

### *Assessment Results*

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Participants stated that many aspects of the Supervisory Board's activities in recent years have improved. However, there are some aspects that should be paid extra attention.

The following aspects of the Supervisory Board's activities deserve a positive assessment:

- ▶ leadership of the Supervisory Board in implementing the mission and vision of the company, managing the company, and ensuring its effectiveness;
- ▶ implementing strategic ideas and joint strategy development with managers;
- ▶ interaction between members of the Supervisory Board and managers;
- ▶ effective organization by the Chairman of the Supervisory Board of the work of the Board;
- ▶ technological support of work of the Supervisory Board.

The following areas were selected as areas to be improved:

- ▶ the vision of the development of the company in 10, 20 or 50 years is not clear enough;
- ▶ prevailing practice of commenting on presentations by managers at meetings of the Supervisory Board;
- ▶ inefficient use of time by members of the Supervisory Board;
- ▶ need for better preparation by all directors for meetings of the Supervisory Board;
- ▶ developing a risk-taking culture to foster innovation with an acceptable level of tolerance to possible failures.