

## Activity of Committees in 2017

### Information on Supervisory Board Members' Attendance at Committee Meetings

From 1 January 2017 to 31 December 2017, there were:

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- ▶ In 2017, **the Strategic Planning Committee** held five meetings in total, along with the Strategy Away Day; two meetings were held before and three meetings after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Rainer Riess Chairman	5	100
Anatoly Braverman (since 27 April 2017)	3	100
Wang Yuan (until 27 April 2017)	2	100
Oleg Viyugin (since 27 April 2017)	3	100
Sean Glodek (until 27 April 2017)	2	100
Andrey Golikov	5	100
Yury Denisov	4	80
Duncan Paterson	4	80

# 6

- ▶ In 2017, **the Audit Committee** held six meetings in total, including four full-time meetings; three meetings were held before and three meetings after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Duncan Paterson Chairman	6	100
Maria Gordon	6	100
Rainer Riess	6	100

# 13

- ▶ In 2017, **the Nomination and Remuneration Committee** held 13 meetings in total, 10 of which were in-person meetings; two meetings were held before and 11 meetings after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Rainer Riess Chairman	13	100
Yury Denisov	12	92
Maria Gordon (until 27 April 2017)	2	100
Oleg Viyugin (since 27 April 2017)	11	100

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- ▶ In 2017, **the Budget Committee** held nine meetings in total, six of which were in-person meetings; three meetings were held before and six meetings after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Andrey Golikov Chairman (since 27 April 2016)	9	100
Anatoly Braverman (since 27 April 2017)	6	100
Sean Glodek (until 27 April 2017)	3	100
Valeriy Goreglyad	8	89

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- ▶ In 2017, **the Technical Policy Committee** held two in-person meetings in total (after the date of the AGM, i.e. 27 April 2017).

Director	Number of meetings attended	% of total meetings attended
Anatoly Karachinsky Chairman	2	100
Andrey Golikov	2	100

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- ▶ In 2017, **the Risk Management Committee** held five in-person meetings in total; one meeting was held before, and four meetings were held after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Yury Denisov Chairman	5	100
Valeriy Goreglyad	5	100
Sean Glodek (until 27 April 2017)	–	–
Anatoly Braverman, (since 27 April 2017)	4	100

## AUDIT COMMITTEE

The primary purpose of the Audit Committee is to ensure the efficient work of the Supervisory Board of the Exchange in making decisions on issues concerning control over financial and economic activities.

The Committee's key objectives are:

- ▶ control, analysis and participation in consideration of issues in the area of the bookkeeping reporting (financial statements);
- ▶ control, analysis and assessment in the area of risk management and internal control;
- ▶ ensuring independence and impartiality in the area of internal and external audit;
- ▶ control in the area of prevention of and response to mala fide actions of the company's employees and third parties;
- ▶ facilitation of the actual participation of the members of the Supervisory Board of the Moscow Exchange in controlling the Exchange and the Moscow Exchange Group companies' business activities and their personal awareness of such activities;
- ▶ preview, analysis, preparing and providing opinions and recommendations to the Supervisory Board of the Exchange on issues with regard to functions and objectives of the Audit Committee;
- ▶ preparation of assessment of the Exchange auditor's opinion and submission of such assessment as the materials for the AGM of the Exchange.

Committee members:

- ▶ Duncan Paterson, Chairman;
- ▶ Rainer Riess; and
- ▶ Maria Gordon.

In 2017, the Audit Committee held six meetings (of which four were in-person meetings), where 28 agenda items were discussed.

The main issues considered by the Audit Committee in 2017 were: Moscow Exchange Group external auditor performance; consolidated financial statements and Internal Audit Service reports.

Particular attention was given to the project on the general internal control system and information security and business continuity programs implementation.

In 2017, the Audit Committee recommended the shareholders elect a new external auditor, and the AGM resolved accordingly. In September 2017, the Audit Committee and the new auditor of the Exchange, Deloitte, discussed the audit strategy in relation to 2017 financial statements, and in December, they discussed interim audit findings.

The Committee also reviewed the auditor's report on the 2016 accounting (financial) statements for the Exchange and presented relevant recommendations to the Supervisory Board on 2016 year performance-based bonuses to be paid to the Head of the Internal Audit Service and the Internal Audit Service team.

The Committee held meetings with external auditors and highly appreciate the effectiveness of the audit procedures.

## NOMINATION AND REMUNERATION COMMITTEE

The primary purpose of the Nomination and Remuneration Committee is to foster effective decision-making by the Supervisory Board of Moscow Exchange on matters concerning the operations of the Exchange and of other companies, directly or indirectly controlled by the Exchange, related to the nomination of and remuneration to the members of supervisory boards and executive management bodies, other key managers and members of revision committees.

The key objectives of the Nomination and Remuneration Committee are preliminary review, development and provision of recommendations and conclusions to the Supervisory Board of the Exchange, to supervisory boards of the Moscow Exchange Group regarding the following matters:

- ▶ staff planning (succession planning), enhancement of professional composition and performance efficiency of supervisory boards;
- ▶ efficient and transparent remuneration to the members of supervisory boards and the collegial executive body, as well as the person, performing the functions of the sole executive body (hereinafter, the "members of executive management bodies") and to other key managers;
- ▶ priorities of the Exchange and the Moscow Exchange Group activities in relation to nomination of and remuneration to the members of supervisory boards and executive management bodies, other key managers as well as the members of revision committees;
- ▶ policies and standards on choosing nominees to supervisory boards and executive management bodies, aiming at attracting qualified specialists;
- ▶ identifying and measuring key performance indicators for top managers.

Committee members:

- ▶ Rainer Riess, Chairman;
- ▶ Oleg Viyugin; and
- ▶ Yury Denisov.

In 2017, the Nomination and Remuneration Committee held 13 meetings, where 56 agenda items were discussed.

The main issues considered by the Nomination and Remuneration Committee in 2017 were: planning the composition of the supervisory boards of the Exchange, NSD and CCP NCC; verifying the independence of candidates and members of the Supervisory Board of the Exchange; the Supervisory Board members self-assessment and training; nominating candidates to the Supervisory Board; assessing the rationale for reviewing the size of remuneration payable to directors and members of the revision committee; developing recommendations on formulating and measuring key corporate performance indicators (targets) for Moscow Exchange Group and key individual performance indicators for members of executive bodies, the Director of Corporate Governance and other key managers of Moscow Exchange Group companies; management succession planning; extending the powers of the Executive Board members; and the stock option plan for the management. In the reporting year, the Committee was focused on the matters related to developing recommendations on candidates for the role of the Chairman of the Executive Board, whose office expires on the day of AGM in 2018, extension of office of the Chairman of NSD Executive Board and the Chairman of CCP NCC Executive Board, as well as to searching a new CFO for the Exchange.

## STRATEGIC PLANNING COMMITTEE

The primary purpose of the Strategic Planning Committee is to enhance efficiency of Exchange's operations, as well as that of its subsidiaries and affiliates, including companies under its direct or indirect control in both the medium and the long term.

The key objectives of the Committee are:

- ▶ agreeing strategic goals, control over strategy implementation, adjustment of the existing development strategy;
- ▶ agreeing priority areas of business;
- ▶ developing recommendations on dividend policy;
- ▶ evaluation of the efficiency of business in the medium and long term;
- ▶ consideration relating participation in other entities;
- ▶ evaluation of voluntary and mandatory offers on acquisition of shares in the Exchange;
- ▶ review of a financial model and a model of evaluation of business and the value of its business segments;
- ▶ consideration in relation to reorganisation and liquidation;
- ▶ consideration in relation to changes in the organisational structure;
- ▶ consideration in relation to reorganisation of business processes.

Committee members:

- ▶ Rainer Riess, Chairman;
- ▶ Anatoly Braverman;
- ▶ Oleg Viyugin;
- ▶ Andrey Golikov;
- ▶ Yury Denisov; and
- ▶ Duncan Paterson.

In 2017, the Strategic Planning Committee held five meetings, where 36 agenda items were discussed.

The main issues considered by the Committee in 2017 were: innovation management, inclusive of establishing a subsidiary focused on investing into innovations and fintech companies, as well as participation in Fintech Association; strategy implementation; strategy implementation control, inclusive of retail investor strategy development and NSD strategy development; possibility to develop and promote market data products; and crypto assets as a new business opportunity.

## RISK MANAGEMENT COMMITTEE

The primary purpose of the Risk Management Committee is to contribute to improvements in managing operating, legal, reputational, strategic and other nonfinancial risks that the Exchange and Moscow Exchange Group companies may face, with a view to enhancing the stability and effectiveness of Exchange's operations.

The Committee works closely with the Risk Committee of CCP NCC, which analyses financial and non-financial risks of the credit institution as part of Moscow Exchange Group.

Committee members:

- ▶ Yury Denisov, Chairman;
- ▶ Valery Goreglyad; and
- ▶ Anatoliy Braverman.

In 2017, the Risk Management Committee held five meetings, where 24 agenda items were discussed.

In 2017, the Risk Management Committee considered and developed recommendations for the Supervisory Board on the matters related to regular review of risk reports, inclusive of reports on business continuity, operational and other risks; information security and business continuity strategy development; findings of the internal processes and controls audit across Moscow Exchange Group; regulatory changes in relation to CCP NCC operations and their effect on the Group operations in overall.

## BUDGET COMMITTEE

The Budget Committee's primary purpose is to ensure control on the part of the Supervisory Board over accumulation and spending the cash funds intended for financial support of operations for the Exchange and companies that are part of Moscow Exchange Group.

The key objectives of the Committee are:

- ▶ setting the key principles for budgeting and budget spending of the Exchange and the Group companies;
- ▶ setting up the targeted budget of the Moscow Exchange and separate business units and Group companies timely and accurately;
- ▶ securing day-to-day management of budgeting of the Moscow Exchange and the Group companies;
- ▶ assessing the effectiveness in budgeting of the Moscow Exchange and Moscow Exchange Group.

Committee members:

- ▶ Andrey Golikov, Chairman;
- ▶ Anatoly Braverman; and
- ▶ Valery Goreglyad.

In 2017, the Budget Committee held nine meetings, where 43 agenda items were discussed.

The main issues considered by the Budget Committee in 2017 were: planning and control over consolidated budget execution; determination of the size of dividends in accordance with the dividend policy, also in relation to subsidiaries of the Exchange; setting fees across Exchange markets and assessing the effectiveness of marketing periods; development of recommendations regarding premises owned by Moscow Exchange; and budgetary control in relation to Moscow Exchange's priority projects. One of the most notable recommendations was to pay out interim dividend by H1 2017 performance results.

## TECHNICAL POLICY COMMITTEE

The Committee's primary purpose is to develop and enhance the efficiency of the Exchange and Moscow Exchange Group operations by preparing recommendations and expert opinions for the Supervisory Board of the Exchange and for the Boards of Directors (Supervisory Boards) and their committees of Moscow Exchange Group companies regarding technical policy and the development of IT and software solutions at the Exchange and Moscow Exchange Group companies.

The key objectives of the Committee are:

- ▶ fostering efficient collaboration between Moscow Exchange and Moscow Exchange Group companies with on-exchange securities and commodities markets participants using the Exchange's software and hardware facilities on the matters regarding technical policy and the development of IT and software solutions;
- ▶ optimising the processes for complete and comprehensive assessment of on-exchange securities and commodities markets participants' demand for IT and software solutions development; and

- ▶ coordinating the activities related to technical policy matters within Moscow Exchange Group and ensuring the centralised policy on matters falling within the committees' remit.

Committee members:

- ▶ Anatoly Karachinsky, Chairman;
- ▶ Andrey Golikov;
- ▶ Vladimir Gibenko;
- ▶ Vladimir Kurlyandchik;
- ▶ Alexander Chetverukhin;
- ▶ Mikhail Khasin; and
- ▶ Yury Yartsev.

In 2017, the Technical Policy Committee held two meetings, where four agenda items were discussed.

In 2017, the Technical Policy Committee considered and developed recommendations for the Supervisory Board on the following matters: the Group IT development program, operations and IT developments audit findings, IT safety and business continuity, and the choice of a prospective solution for Big Data processing.