

Corporate Governance System

Moscow Exchange Corporate Governance Model and Practice in Brief

Moscow Exchange is one of the largest Russian public companies included in the MSCI Russia Index. The Bank of Russia, the country's financial markets regulator, is a shareholder of Moscow Exchange. And the Exchange, as a market infrastructure operator, establishes binding rules for all other issuers. Due to these factors, the Exchange has to demonstrate higher corporate governance standards and serve as a model for other issuers. The corporate governance system has been consistently strengthened over recent years since the Exchange became a public company. Current major goals are to enhance the Exchange's effectiveness and competitiveness and ensure positive perception of the corporate governance system by shareholders, investors and representatives of the business community.

The Exchange constantly reviews and responds to changes in legislation and practices in the area of corporate governance in Russia and abroad, and it also adheres to the Federal Law on Organized Trading that includes requirements for the corporate governance system of the market operator, principles and recommendations set out in the Corporate Governance Code of the Bank of Russia, the Listing Rules; the G20/OECD Principles of Corporate Governance; global codes of conduct and principles set out in the global standards for corporate social responsibility and sustainable development as well as the GRI Standards.

Since shares of Moscow Exchange are admitted to trading and kept in the quotation list of Moscow Exchange's first (highest) level, the following actions were taken in 2017 in order to comply with the corporate governance requirements set out in the Listing Rules and the Corporate Governance Code of the Bank of Russia:

- ▶ four independent directors were elected to the Supervisory Board, and one director received independent director status in the reporting period;
- ▶ independent directors meet the independence criteria established by the Listing Rules;
- ▶ the Audit Committee consists only of independent members of the Supervisory Board; a majority of the members of the Nomination and Remuneration Committee are independent directors while the Chairman of the committee is the Senior Independent Director.