



## OECD RUSSIA CORPORATE GOVERNANCE ROUNDTABLE

MEETING DOCUMENTS, 19 NOVEMBER 2014  
LOTTE HOTEL, MOSCOW, RUSSIAN FEDERATION

# Summary of proceedings

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**SUMMARY OF PROCEEDINGS FROM THE OECD RUSSIA CORPORATE GOVERNANCE ROUNDTABLE MEETING OF 19 NOVEMBER 2014**

December 2014

The purpose of this report is to summarise the proceedings and report on the results of the Roundtable meeting that took place on 19<sup>th</sup> November 2014 in Moscow. The meeting addressed three high-priority corporate governance challenges facing the Russian Federation, namely i) related party transactions: international best practices and the Russian landscape; ii) corporate governance and business integrity; and finally, building up on last year's work iii) reports on Corporate Governance Code compliance. The meeting was attended by high-level Russian and international stakeholders, including public authorities, regulators, investors, issuer companies, stock exchanges, among others.

For further information and all meeting documentation, please visit [www.oecd.org/daf/corporateaffairs/russia](http://www.oecd.org/daf/corporateaffairs/russia) or contact Héctor Lehuedé ([hector.lehuede@oecd.org](mailto:hector.lehuede@oecd.org))

## **1. EXECUTIVE SUMMARY**

1. The OECD Russia Corporate Governance Roundtable is a long term commitment involving a wide circle of Russian and foreign participants, expert groups, associations, firms and market participants who want to improve corporate governance in Russia. It has the support of the Moscow International Financial Centre Initiative, the Ministry of Economic Development and the Bank of Russia, among many other authorities.

2. This year was supposed to be the final year of the Roundtable's operations under the sponsorship of the Moscow Exchange and the organisers agreed to focus this years' agenda on several high-priority policy challenges facing Russia. In July 2014, the Roundtable held a technical seminar with representatives from State-owned Enterprises to facilitate a discussion of corporate governance development among those companies, particularly on the nomination, election and remuneration of Executive and Supervisory Boards and on the audit of SOEs' performance.

3. This annual meeting of the Roundtable in turn addressed the complex issue of related party transactions, and hosted a debate about the synergies between good corporate governance and business integrity. Additionally, the Roundtable meeting continued last year's work on monitoring reports for corporate governance codes to facilitate compliance and enforcement of the new Russian Corporate Governance Code.

4. The topics were addressed by high-level speakers from Russia and abroad (including the UK, the Netherlands, Belgium, Italy, Portugal, France and Malaysia). Several background documents were provided to the participants to nourish the discussions. The meeting was opened by Alexander Afanasiev (CEO of the Moscow Exchange), Mats Isaksson (Head of the OECD Corporate Affairs Division) and Sergey Shvetsov (First Deputy Governor of the Bank of Russia). Vladimir Gusakov, Elena Kuritsina and Mats Isaksson closed the meeting.

5. The meeting was well attended by a wide circle of Russian and foreign participants, including representatives of issuers, investors, regulators, authorities, experts and other participants concerned with corporate governance in Russia in general and the issues of related party transactions, business integrity and implementation of the Code in particular. Participants had an opportunity to actively participate in the discussions and showed a strong engagement throughout the meeting.

6. During the meeting, the Moscow Exchange also announced their willingness to continue the collaboration with the OECD on the OECD Russia Corporate Governance Roundtable and the ambition to extend the programme for at least three more years.

## **2. OPENING REMARKS**

### **2.1. Alexander Afanasiev, Moscow Exchange**

7. Alexander Afanasiev opened the Roundtable meeting by highlighting the importance of the topics on the agenda. He also outlined the intention of the Moscow Exchange to consider continuing the cooperation with the OECD via the OECD Russia Corporate Governance Roundtable. In this respect he emphasized the decisive role the Roundtable played in the development of the revised Russian Corporate Governance Code throughout 2013. While the now adopted Code is a solid document, he stressed that there is significant scope for further work on its effective implementation.

8. According to Mr Afanasiev, the corporate governance improvement efforts in Russia are in general on the right track, but a number of complex and specific implementation tasks still lie ahead. In this respect, he explained that a continued dialogue with international experts is key. He then outlined that the way towards an effective implementation of the Codes provisions will arguably take some time, but he also underscored that it is positive that the regulator is strongly committed to implementing the provisions of the Code and on these grounds also supportive of a continuation of the OECD Russia Corporate Governance Roundtable programme.

### **2.2. Mats Isaksson, OECD**

9. Mats Isaksson welcomed the participants of the 2014 OECD Russia Corporate Governance Roundtable, highlighting that this was the third annual Roundtable under the current framework of the OECD's co-operation with the Moscow Exchange. Subsequently, he shared several key insights on the background and approach of the ongoing review of the OECD Principles of corporate governance. Mr Isaksson highlighted that corporate governance is not an end in itself but rather a means to an end, which is growth and development. Therefore, the review of the OECD Principles of Corporate Governance has benefitted from a thorough analysis of the reality in which they are supposed to be implemented.

10. Mr Isaksson then outlined some of the key trends which the OECD observed in the framework of its Value Creation and Growth Project which in turn nourished the review of the OECD Principles. Accordingly, the first development pertains to changes in the financial eco-system. He explained that the deleveraging period following the financial crisis has resulted in a reduced exposure to non-financial corporate sector. The cost of corporate bond financing has fallen and made it possible for some companies to use the corporate bond market to replace bank borrowing. Much more important is the long-term trend and particularly indications that the hurdle for small and medium sized companies to raise money in the public stock market seems to have become higher. He then elaborated on another trend concerning longer and more complex investment chains where the actors may have different and sometimes conflicting incentives with respect to corporate governance.

11. Finally, he highlighted that it is hard to talk about corporate governance today without mentioning State-owned Enterprises (SOEs). The increased importance of SOEs in the global market reflects the rapid growth of emerging economies and presents both opportunities and challenges. Since SOEs ultimately belong to the taxpayers, he insisted that governments have a responsibility to make sure that they are run in an efficient, transparent and accountable manner. Also, a key challenge resides in making sure that there is a level playing field between SOEs and privately owned companies.

### **2.3. Sergey Shvetsov, Bank of Russia**

12. On behalf of the Bank of Russia, Sergey Shvetsov welcomed all participants of the 2014 OECD Russia Corporate Governance Roundtable. He agreed with Mr Afanasiev that while the Code is indeed a robust instrument, its effective implementation will be key. He thanked the OECD, the Moscow Exchange as well as Mr Gusakov in particular for the support and insights provided to the development of the Code and reiterated that the Bank of Russia is supportive of a continuation of an OECD Russia Corporate Governance Roundtable programme, focusing on the implementation of the provisions of the Code.

13. Mr Shvetsov admitted that good corporate governance practices are not easy to implement for Russian issuers and sometimes are not fully welcomed by shareholders who may at times have difficulties in seeing the value of powerful boards between themselves and the executive management. Nevertheless, while there is no long lived corporate governance tradition in Russia, the country has certainly come a long way over the last decades and is a committed to further improvement going forward.

14. Indeed good corporate governance is key for the development of financial markets and the financial markets are in turn a vital source of financing for Russian companies. Therefore, it is crucial that issuers increasingly understand the underlying value of good corporate governance practices. Mr Shvetsov emphasized that good corporate governance is thus an indispensable prerequisite for creating trust in markets. In his view, equity investors and bondholders both pay attention to the trustworthiness of issuers. In Russia, the provisions of the Code should be implemented via a comply-or-explain approach in State-owned Enterprises (SOEs) and in private companies alike. He added that Ms Dergunova and her team at Rosimuschestvo have already begun to foster the implementation of the Code in SOEs. Finally, Mr Shvetsov highlighted that the implementation project the Bank of Russia has started together with the EBRD and mentioned a potential need for introducing in future a Screening Group on the Implementation of the Code.

## **3. FIRST PANEL: RELATED PARTY TRANSACTIONS - INTERNATIONAL BEST PRACTICES AND THE RUSSIAN LANDSCAPE**

### **3.1. Speakers**

- Alyona Kucher, Partner, Debevoise & Plimpton LLP Moscow
- Anastasia Kossov, Policy Analyst, OECD Corporate Affairs Division
- Alessio Paces, Professor, Erasmus University Rotterdam
- Denis Spirin, Corporate Governance Director, Prosperity Capital
- Kha Loon Lee, Board Member, CFA Society Malaysia
- Rostislav Kokorev, Deputy Director of Corporate Governance Department, Ministry of Economic Development of the Russian Federation

### **Moderators:**

- Andrey Gabov, Head of Department, The Institute of Legislation and Comparative Law under the Government of the Russian Federation
- Héctor Lehuedé, Senior Policy Analyst, OECD Corporate Affairs Division

### 3.2. Background materials

- Anastasia Kossov and Dimitri Lovyrev (2014), Related Party Transactions: International Experience and Russian Challenges ([English](#)) ([Russian](#))
- Marcello Bianchi et al. (2014), Regulation and Self-Regulation of Related Party Transactions in Italy, ECGI Finance Working Paper No. 415 ([English](#))
- OECD (2012), Related Party Transactions and Minority Shareholder Rights ([English](#))
- OECD (2009), Guide on Fighting Abusive Related Party Transactions in Asia ([English](#))
- OECD (2012), Latin American Roundtable on Related Party Transactions ([English](#))

### 3.3. Summary of the topic and the debate

15. Related party transactions are a major policy issue worldwide as they present a potential for abuse and expropriation of shareholders at the hands of insiders and controlling shareholders. These transactions can take many forms and involve parties with a diversity of relations, which present a real challenge for corporate governance.

16. A 2012 OECD paper on the subject illustrates that abusive related party transactions can constitute a particular challenge where ownership is concentrated and controlling shareholders as well as groups are predominant. Regional OECD reports from Asia and Latin America confirm this tendency. They also show that most frameworks deal with these challenges via a combination of three main elements: clear definitions, formal procedures and strong disclosure. The OECD Principles of Corporate Governance as well as recent international experiences highlight the importance of adequate rules and strong enforcement.

17. Defining who related parties are is an essential starting point. Most jurisdictions adopt their own legal provisions, although some opt to follow closely IAS24, from the International Accounting Standards Board, which offers a widely accepted definition for financial reporting. Within the decision making process of the board, independent directors, the audit committee, and internal/external auditors are all required to play a significant role in monitoring conflict of interest. Disclosure, within and outside of the company and in a manner that could facilitate proper monitoring by shareholders and stakeholders completes the framework.

18. In Russia, related party transactions indisputably remain a key corporate governance challenge. While the proposal to define related parties directly in the Civil Code was not retained, the Civil Code now features a new provision which cross-references to other laws. Accordingly, appropriate amendments to the Russian Joint Stock Company (JSC) Law and the Russian Limited Liability Companies (LLC) Law are under discussion.

19. **Héctor Lehuedé** opened the panel, outlining that it will first address international experiences in dealing with related party transactions and then move on to a discussion of different challenges and approaches of regulating related party transactions in the Russian context. He also added that the Russian panellists have been at the forefront of recent reform discussions pertaining to related party transactions.

20. **Alessio Paccès** started the international part of the panel discussion by giving a general presentation about the law and economics of related party transactions. First of all, he illustrated with examples what self-dealing is and why related party transactions constitute self-dealing. Then, Mr Paccès described how related party transactions fit into the broader context of corporate governance, highlighting that as long as possibilities for tunnelling persist investors will be reluctant to invest. Nevertheless he also stressed that

related party transactions are not bad per se and can even be efficient as they can present synergies, especially in the case of company groups. Mr Paces then moved on to explaining the legal strategies to cope with related party transactions. He stressed that prohibiting related party transactions completely does not work and that screening related party transactions remains a difficult task.

21. Mr Paces then described institutional complementarities and various aspects which enable the proper functioning of related party transactions discipline. Thereby, he particularly insisted on the complementarity of enforcement institutions and on naming and shaming as an effective method. He further explained that it is vital to foster legal change to further achieve efficient related party transactions discipline. In this respect, he highlighted the crucial roles of the political economy, the building of constituencies (or demand) for change as well as the roles of institutional investors and stock exchanges in driving reform.

22. **Anastasia Kossov** outlined the regulation of related party transactions in OECD countries and gave several examples from relevant OECD jurisdictions. Accordingly, OECD experience shows that corporate governance frameworks need to deal with the challenges presented by RPTs via a combination of three main elements: i) clear definitions, ii) formal procedures and iii) strong disclosure. She explained that the evident starting point for identifying and monitoring RPTs is the definition of entities or persons who can be considered as a related party. A widely accepted definition of a related party for the purposes of financial reporting is given by IAS24 but in which laws the definition is included differs among OECD jurisdictions.

23. Ms Kossov highlighted that with regard to approvals, there are board and shareholder approval procedures. While the former are crucial in all OECD countries (and increasingly focus on the opinion of independent directors and/or committees of independent directors), the latter are overall less common in OECD countries but central in several Middle Eastern and North African countries. Finally, when focusing on disclosure, Ms Kossov emphasized to make disclosure more informative, it is important to make a distinction between related party transactions according to their materiality and their conditions. In this respect, the 2014 review of the OECD Principles of Corporate Governance favours an ongoing disclosure of material transactions.

24. **Kha Loon Lee** presented more specifically the experience of Asian jurisdictions in dealing with related party transactions. The latter constitute a key policy concern as controlling shareholders and company groups are predominant in Asia. Mr Lee stressed that a number of players are fundamental for an effective regulation of related party transactions in Asia, in particular the issuers and their boards, the stock exchanges, investors and advisors. He also outlined that the most common abusive related party transactions include first of all injection or disposal of assets to related companies but also cross guarantees and loans to associates, various bailouts and mergers, usurpations of corporate opportunity and some other recurring related party transactions.

25. He then brought the audience's attention to the fact that in their definitions of related parties, Asian countries typically distinguish between a) family relationships and b) company relationships. Each relationship type then comprises three different levels depending on the degree of closeness of the party. Mr Lee then detailed the Satyam case as well as several other abusive related party transactions which occurred in Asia in the recent past. He then moved on to describing the approval procedures. As in many western countries, board approvals are crucial in Asian jurisdictions and an increasing importance is given to independent directors. For the shareholder approvals a majority of the minority approval is generally required.

26. **Andrey Gabov** opened the Russian part of the panel, thanking the international speakers and presenting the Russian speakers to follow. He also explained that the issue of regulating related party transactions is a high-priority topic in Russia. In his view it is important to devise appropriate definitions of related parties and update the way they are regulated in general while focusing in particular on issues pertaining to the protection of minority shareholders as well as bondholders.

27. **Denis Spirin** highlighted that the Russian regulatory framework for related party transactions provides for insufficient investor protection. In his view, the key areas of concern lie with the approval procedures for related party transactions. Accordingly, Mr Spirin has outlined three main areas of shortcomings in the context of related party transactions approvals in Russia. He has subsequently given remedies which are necessary to address these shortcomings.

28. According to Mr Spirin, the first shortcoming is that Russian boards spend too much time on having to formally approve or disapprove any related party transaction, including small, less important and non-material transactions. It is therefore important to significantly simplify board approval processes and refocus the board's attention on transactions which matter and require a thorough review. To achieve this, Mr Spirin suggested introducing thresholds from where board approval is required. The second shortcoming according to Mr Spirin resides in the fact that approvals are based on outdated definitions of related parties which do not adequately encompass myriad ties. He therefore argued that it is key to extend the definition of related parties and several suggestions are currently pending in this regard. Thirdly, he highlighted that shareholders and boards do not have control over the transactions of their subsidiaries and it is hence vital to devise reasonable group-wide approaches going forward.

29. **Alyona Kucher** explained that the current approach of dealing with related party transaction in Russia is outdated and indeed needs to be reviewed and revised. She partly agreed with Denis Spirin's analysis but highlighted that dwelling on issues such as definitions is not the key in her view as a more comprehensive revision is necessary. She also insisted that new approaches should be business friendly and targeted to the reality of the Russian market.

30. Ms Kucher also commented on the fact that related party transactions are regulated differently in different countries and insisted particularly on the examples of Germany, France and the United Kingdom. Moreover, she detailed the issue of director liability and stressed the challenges faced by Russian directors under the current framework. Finally, she expressed that some progress has been achieved in Russia via the introduction of a new Article 174 of the Civil Code, which allows shareholders to challenge a transaction made at the expense of the general interest of the company.

31. **Rostislav Kokorev** commented on the presentations of Denis Spirin and Alyona Kucher, highlighting that there is indisputably significant scope for reform in the field of related party transactions regulation in Russia. He emphasized that while a balanced approach is needed, it is important to avoid forced compromises as between the various stakeholders as such compromises are likely to eventually turn out disadvantageous for all parties. It is therefore important to find a coherent regulatory approach.

32. Mr Kokorev also highlighted that it is important to consider the materiality of related party transactions and to distinguish between the regulation of material transactions as opposed to non-material ones. At the same time, the general direction of reform should strive towards simplification and clarity. He highlighted reform proposals have been submitted to the Ministry of Finance, the Bank of Russia, the Moscow International

Financial Centre Initiative and other key players and that a collection of comments is underway.

33. **Héctor Lehuedé** underlined that an ex-post, damages-focused, approach to related party transactions regulation is certainly valid but supposes the underlying assumption that there is sufficient and reliable enforcement. He then thanked participants and closed the panel.

#### **4. SECOND PANEL: CORPORATE GOVERNANCE AND BUSINESS INTEGRITY: KEY CHALLENGES FOR RUSSIA**

##### **4.1. Speakers**

- Aneta McCoy, Principal, AMAG
- Elena Bezdenezhnykh, Deputy CEO - Head of Corporate Governance, Asset Management and Legal Unit, Norilsk Nickel
- Elena Panfilova, General Director, Transparency International Moscow
- Tihana Bule, Policy Analyst, OECD Investment Division
- Mikhail Konstantinov, Head, Corporate Governance and Property Division, Inter RAO UES
- Mikhail Safarov, Partner, Regional Development Director, VEGAS LEX law firm

**Moderator:** Andrei Bougrov, Member of the Board, RSPP

##### **4.2. Background materials**

- OECD Guidelines for Multinational Enterprises ([English](#)) ([Russian](#))
- OECD-UNODC-World Bank (2013) Anti-corruption, Ethics and Compliance Handbook for Business ([English](#))
- B20-G20 Partnership for Growth and Jobs. Recommendations from Business 20 (2013) ([English](#))
- Vegas Lex (2013), Russian Nationwide Survey: Practice of Fighting the Corporate Fraud ([English](#)) ([Russian](#))

##### **4.3. Summary of the topic and the debate**

34. Good governance is an important ally for business integrity, responsible business conduct and the prevention of corruption. Together, they aim to protect the company's assets and reputation while ensuring a sustainable development model that will generate profits for shareholders and stakeholders in the long run.

35. Indicators of corruption affect the trust of market participants and investors. Russian companies can foster integrity within their corporate governance framework and serve as examples and inspiration to others. They can also differentiate themselves from the average and attract investors concerned about integrity. A solid set of corporate governance rules and procedures can foster integrity levels that render corruption unsustainable and unacceptable in Russian companies. When such settings are present, institutions and

practices give rise to a system where the processes of corrupt activities are more likely to be mitigated by preventive measures, become harder to accomplish through sound checks and balances or are more quickly exposed and addressed by enforcement. Bribery and theft at the corporate level are thus meaningfully discouraged.

36. The issue of combating corruption was the focus of discussions under the 2013 B20 Russian Presidency. The B20 Guiding Principles of Anti-corruption became the cornerstones of this process. The Task Force on Transparency and Anti-corruption proposed practical recommendations, which were presented to the G20 countries. This work was continued in 2014, during the G8 Russian presidency. The recommendations focused on areas where business can and should be part of the solution.

37. This panel will explore best corporate practices that aim to improve the corporate governance framework to foster better business integrity.

38. **Andrei Bougrov** opened the panel by highlighting the existence of synergies between good governance and business integrity. Moreover, he added that fighting corruption in Russia is an endeavour which will likely take considerable time, certainly several decades.

39. **Aneta McCoy** outlined that enhancing confidence in Russian companies requires both an enhanced transparency of the companies' corporate governance systems and an active communication with investors. In this context the central elements for Ms McCoy comprise effective and responsible leadership, people hired and trained in companies as well as a corporate governance system in line with international best practices.

40. According to Ms McCoy, the key problem is linked to the perception of the business integrity of Russian companies. She stressed that while the business integrity reality within Russian companies is poor, what is dramatically poor is the perception of it in Russia and even more so abroad. She insisted that it is therefore crucial to address issues such as personal credibility of the key executives, corporate governance in general as well as sustainable development

41. **Elena Bezdenezhnykh** explained by which rules and best practices Norilsk Nickel abides with regard to business integrity and anti-corruption. She highlighted that good corporate governance is key for responsible business conduct and the prevention of corruption. Norilsk Nickel acknowledges this and strives towards maintaining high standards with regard to all measures encouraging business integrity, such as anti-corruption monitoring, internal controls systems and risk management systems.

42. When outlining the various policies implemented by Norilsk Nickel, Ms Bezdenezhnykh elaborated on the whistleblower protection mechanism implemented within the company in form of an anonymous hotline, in line with international best practices in this regard. Yet, the experience was that the hotline was used intensively upon its introduction but then the number of calls went down as employees were not given sufficient incentives to keep on using the hotline. This led Ms Bezdenezhnykh to the conclusion that it is important to have appropriate systems in place but also, as Norilsk Nickel subsequently did, to keep up the momentum for these systems and continuously follow-up on the information received and the actions taken.

43. **Elena Panfilova** started by drawing the audiences' attention to the fact that it is the government who decides about the governance of State-owned Enterprises (SOEs) and the low levels of corporate governance and business integrity of SOEs overshadow the efforts made by private companies. Therefore, she is convinced that if the government does not

make any efforts, all efforts of private business are unlikely to pay off. Subsequently, she insisted that it should not be the role of private business to start the fight with corruption in a country.

44. Ms Panfilova emphasized that a recurring problem in Russia is that corporations and employees have a strong tendency to refer to the law for justifying their lack of integrity and responsible behavior. She also highlighted that while certain companies do have solid compliance systems in place, many companies still do not have enough instruments at their disposal when faced with bribe solicitations. Finally, she welcomed that progress on anti-corruption issues, including the disclosure of beneficial ownership is currently being addressed by the G20 as well as by Russian regulators.

45. **Tihana Bule** explained that markets cannot function without integrity and that good corporate governance and responsible business conduct can be mutually reinforcing. She then outlined the role of the OECD Guidelines for Multi-national Enterprises in this respect.

46. Overall, Ms Bule elaborated on four key areas, where good corporate governance and business integrity are intertwined, i.e. i) risk management (including risks beyond financial risks); ii) responsibilities of the board (including the need that boards adopt a more comprehensive view), iii) non-financial disclosure; and iv) the role of investors to ensure business integrity and responsible business conduct.

47. **Mikhail Konstantinov** presented his company, INTER RAO, its operations and its challenges. He subsequently agreed with Ms McCoy that it is important to focus efforts on improving both companies' corporate governance systems as well as the personal credibility and reliability of key executives. He underlined that INTER RAO is a good example, as the company has recently undergone a series of key corporate governance improvements.

48. Mr Konstantinov subsequently elaborated in more detail on these improvements, which included: i) induction programs for new board members as well as ongoing training initiatives; ii) moving board election and nomination procedures close to international best practices; iii) significant improvements in the area of risk management, iv) board and director effectiveness evaluations and finally also v) a policy that non-audit services proposed by the external auditors of the company should be first reviewed and approved by the audit committee.

49. **Mikhail Safarov** explained that corruption is an important external factor facing Russian business and the vast majority of business people are confronted with it at some point. Therefore, corrupt acts have entrenched themselves in the very mindset of some Russian business, who consider that corruption forms an intrinsic part of making business in Russia. In this context, Mr Safarov also referred to his study carried out for the RSPP.

50. Mr Safarov's expressed doubts that policies such as zero tolerance to corruption are workable in Russia in the immediate term and he also outlined the strong prevalence and destructive character of non-monetary corruption in Russian companies. Mr Safarov then reminded the audience that the highest corruption in value is to be found with top managers and that recommendations to fight corruption would require a number of legislative changes, including those which have been prepared by his firm and RSPP.

## 5. THIRD PANEL: REPORTS ON CORPORATE GOVERNANCE CODE COMPLIANCE

### 5.1. Speakers

- Elena Kuritsina, Director of the Financial Markets Access Department, Bank of Russia
- Victoria Semerikova, Head of Corporate Technologies Division, Rosimuschestvo
- Elena Dubovitskaya, Director, Governance, risk and compliance group, PwC
- Gabriela Figueiredo, Advisor to the Board, Portuguese Securities Commission
- Andrey Gaidamaka, Vice President of Investor Relations, LukOil; the Chairman of the Committee issuers of the Moscow Exchange
- Gian Piero Cigna, Legal Counsel, EBRD
- Stefan Georgiev, Head , ISS Eastern Europe and Russia

**Moderator:** Vladimir Gusakov, Managing Director of Government Relations, Moscow Exchange

### 5.2. Background materials

- 2014 Russian Corporate Governance Code ([English](#)) ([Russian](#))
- Anastasia Kossov (2013), Can Corporate Governance Codes be Effective in Emerging Markets? ([English](#)) ([Russian](#))
- Eddy Wymeersch (2012), European Corporate Governance Codes and their Effectiveness ([English](#)) ([Russian](#))
- Overview of monitoring reports of European corporate governance codes ([English](#))

### 5.3. Summary of the topic and the debate

51. Russia has recently adopted a new Code of Corporate Governance requiring annual reporting under a comply-or-explain system which will be monitored by the Bank of Russia and will aim to raise the governance standards of Russian issuers.

52. Investors also play a key role and it is broadly considered that a “comply-or-explain” approach most likely to be effective if investors actively monitor and consider compliance with the Code in their investment decision making. In some countries, institutional investors, particularly those investing public funds, are required to disclose how they take these inputs into consideration.

53. The influence of investors is however limited in jurisdictions with concentrated ownership and low free floats. Hence, the need for effective public monitoring and enforcement. In most European countries, authorities/organisations responsible for the national corporate governance code produce regular monitoring reports on companies’ compliance. Such monitoring reports have proven to be effective tools which drive the implementation of best practices in corporate governance by providing visibility to the companies’ efforts.

54. International experience shows that in the absence of credible private and public enforcement of comply-or-explain codes, issuers lack sufficient incentives to implement best practices in corporate governance, in particular the most challenging ones, as their efforts

are not rewarded, particularly because they are not distinguishable from the behaviour of those that do not aim to comply in a meaningful way.

55. This panel provided a forum to discuss concrete experiences and best practices regarding how to boost issuer's incentives to comply with corporate governance codes and how it can be best monitored by investors and the regulator.

56. **Vladimir Gusakov** opened the Panel by emphasizing that during 2013, the work of the OECD Russia Corporate Governance Roundtable has been fully devoted to the revised Russian Corporate Governance Code. He underscored that the revised and now adopted Code is a solid instrument which has largely benefitted from the efforts and knowledge of Russian experts led by Elena Kuritsina as well as from the insights provided by OECD experts.

57. **Elena Kuritsina** explained that while significant efforts have indeed been deployed to develop the Code, there is still a significant amount of work ahead as regards the implementation of the Code. Herby, her primary concern is the fact that companies truly embrace the Code and comply with it in substance rather than only in form. Indeed, Ms Kuritsina is not in favour of a purely formalistic and box-ticking approach.

58. Along these lines, the crucial next step according to Ms Kuritsina is to train companies effectively on how to use the Code rather than to mandate strict compliance. She therefore highlighted that around the world there are many different models as to how implement and monitor corporate governance codes and therefore there is no one-size-fits all solution. Indeed, market characteristics, prevalence of institutional investors and resources of the regulator all play a fundamental role. The approach to the Russian Code thus will also have to be a targeted and tailor made approach.

59. Ms Kuritsina mentioned that she would like companies to see the Code as a carrot rather than as a stick and that companies and investors alike consider the revised Russian Corporate Governance Code as a credible and robust instrument of good governance. In this respect, she expressed her enthusiasm about the upcoming EBRD project on the implementation of the revised Code. Moreover, Mr Kuritsina's wish is to work on implementation with the EBRD but also with experts from the OECD who have been key in advising on the text and the implementation of the Code so far.

60. **Victoria Semerikova** welcomed the contribution of the Moscow Exchange and the OECD to the development of the new Russian Corporate Governance Code. She is convinced that the Code adequately encompassed all relevant best practices of corporate governance and is well tailored to the needs of the Russian market.

61. Finally, Ms Semerikova underlined that it is positive that State-owned Enterprises (SOEs), which constitute the bulk of the Russian market capitalization see genuine value in the provisions of the Code. Building on this solid basis, Rosimuschestvo is actively promoting an effective implementation of the revised Code as well as the underlying value of the best practices enshrined in the Code. In this context, she highlighted that Rosimuschestvo, together with PricewaterhouseCoopers has developed a thorough methodology for the implementation of the Russian Corporate Governance Code in SOEs.

62. **Elena Dubovitskaya** explained that while the general methodology for the implementation of the Code is highly relevant, it is also important to view it through the lens of an individual, company-specific, approach. Accordingly, certain provisions (e.g. having a Senior Independent Director) may make sense in one company but not necessarily in another.

63. According to Ms Dubovitskaya, the Code is a practical instrument to effectively increase the level of corporate governance in Russian companies. Furthermore, its' comply-or-explain approach makes the code a flexible instrument and companies can therefore explain when they do not or cannot comply with a given provision. In this respect explanations should be thorough and progress should also be reported upon.

64. **Gian Piero Cigna** agreed that meaningful explanations are a key issue. He highlighted that from an investor perspective, bad corporate is an important risk. Conversely, good corporate governance with clear and understandable processes within a company are valued by investors. Therefore, it is particularly important to investors in particular and all users of corporate governance disclosure in general, that the company provides meaningful and clear explanations when it does not comply with a given provision or several provisions. Mr Cigna noted that in Russia there is currently a tendency to comply *and* explain rather than to explain when the company is not in compliance. Explanations when a company complies are thus often lengthily and redundant as it is not a priority to underscore compliance.

65. In this respect, Mr Cigna emphasized that there is scope for the regulator to focus on monitoring the quality of explanations when a company does not comply with the Code's provisions. In his view, naming and shaming individual companies can be a good tool for inducing effective implementation of the comply-or-explain approach. Mr Cigna also drew the attention of the audience to the existence of a number of good corporate governance code monitoring reports prepared by various regulators, in particular those of Spain, Estonia and Portugal.

66. **Gabriela Figueiredo** outlined the effective implementation and monitoring approach adopted by the Portuguese regulator CMVM. The launch of the first Corporate Governance Code by CMVM dates back to 1999 and ever since Portugal has had an overall positive experience, with rewarding improvements of the corporate governance in the country via the implementation of the Code. As Ms Figueiredo highlighted, the monitoring reports prepared by the regulator have played a key role for the success of the Code, as such reports fostered the effective implementation of the Code. Thus, since the launch of the Code the general perception about the value of good corporate governance changed significantly among listed companies in Portugal and some provisions of the Code reached 100% compliance rates so that they became evident and could be removed from the later versions of the Code.

67. Subsequently Ms Figueiredo explained how CMVM monitors compliance with the Code by listed companies, which involves a number of different steps and stages as well as the involvement of different units within the Regulator. She also highlighted the main contents of the CMVM monitoring reports which include i) a snapshot of the general governance status of listed companies (e.g. capital structure, governance models, remunerations, general meeting), ii) the overall and detailed assessment on CG recommendations compliance and iii) compliance analysis and assessment of the comply-or-explain duty.

68. Portugal has addressed the issue of effective explanations for non-compliance, by developing clear definitions of what constitutes a meaningful explanation and by monitoring the latter. The regulator has thus played a key role over the last years with regard to fostering the implementation of the Corporate Governance Code. However, CMVM is now phasing out from the monitoring process. The CMVM commitment to the market is now, in its supervisory duties and to keep on monitoring the companies' compliance with mandatory rules but to move to a different model with respect to the monitoring of the Code, which should gradually be handed over to self-regulatory bodies, even if, in a transition period,

sharing the experience of CMVM will be crucial and the concrete transition model is still to be defined.

69. **Stefan Georgiev** highlighted that there are three main approaches of monitoring, namely i) verification whether the company complies with the Code, ii) accuracy check (factual check of the deviations) and iii) check of the informative quality of disclosure. He also explained that it is important to distinguish between company specific monitoring and market wide monitoring. For the latter, the regulator and the stock exchange can play a vital role by carrying out verifications and checking the informative quality of disclosure. He added that private players such as associations or academics can also engage in market wide monitoring but their enforcement powers are limited to naming and shaming. For company specific monitoring, which can be carried out by the board, the shareholders and other stakeholders, Mr Georgiev outlined that the role of corporate boards in monitoring compliance with the corporate governance code is crucial.

70. Subsequently, Mr Georgiev elaborated on how ISS deals with corporate governance information. Iss monitors corporate governance information by company, analyses each shareholder meeting and provides recommendations to institutional investors. In early December 2014, ISS intends to start a corporate governance rating programme for Russia. Thereby, over 40 companies of the main index of the Moscow Exchange will be screened based on around 50 indicators and information on the state of the corporate governance of Russian listed companies will be provided to institutional investors. The companies will only be ranked among Russian companies of the index and not against other foreign companies.

71. **Andrey Gaidamaka** presented the issuers' perspective on the myriad practices companies will need to implement in order to comply with the Code. He underlined that this is challenging for issues but that at the same time it also important to ensure that the Code is effectively implemented by issuers. For some companies implementing the provisions of the Code will be easier than for others, who will probably require a long transition period.

72. Mr Gaidamaka explained Lukoil has been recognized and rewarded for its general strong commitment to good corporate governance. In Russia, Lukoil is regarded as a forerunner in the area of implementing best practices in corporate governance. Likewise, Lukoil received a number of awards for its investor relations practices. According to Mr Gaidamaka, Lukoil is also outperforming other Russian companies with regard to best practices in disclosure.

## 6. CLOSING REMARKS

### 6.1. Vladimir Gusakov, Moscow Exchange

73. Mr. Gusakov reminded the audience that one of the objectives of the Roundtable is also to raise international awareness for the progress which is taking place in Russia with regard to corporate governance. In this respect, he announced that according to the latest KPMG Singapore ranking of general perception of corporate governance standards, Russia is among to top 10 of the 25 countries ranked. While the top 3 positions are occupied by the UK, the USA and Singapore, Russia comes in front of countries like Canada, Japan and China. As it is reported, the high ranking of Russia is particularly due to the revision of the Corporate Governance Code.

## **6.2. Elena Kuritsina, Bank of Russia**

74. Elena Kuritsina said that she was delighted about Russia's good ranking in the latest KPMG study and that the efforts of the hard work on the Code are starting to pay off in the perception of the corporate governance level in Russia. She added that this is a particularly positive development in the light of the currently difficult position of Russia on the international stage. Ms Kuritsina used this opportunity to express again her gratitude to the OECD and EBRD teams and concluded by emphasising her desire for a continuation of the OECD Russia Corporate Governance Roundtable programme.

## **6.3. Mats Isaksson, OECD**

75. Mats Isaksson thanked the Moscow Exchange and the OECD team for their work on the OECD Russia Corporate Governance Roundtable. He added that the Roundtable's work also fed into the ongoing review of the OECD Principles as Russia actively participated in the OECD Corporate Governance Committee meetings. Mr Isaksson accentuated again that corporate governance is not an end in itself and that it is also something which is permanently "work in progress". In the area of corporate governance it is thus important to constantly adjust, adapt and think new. The issue of implementation is absolutely central but is also often a struggle for many countries and companies. He highlighted that in this respect a continuous exchange of experiences is key.

76. Mr Gusakov and Mr Isaksson announced that both the Moscow Exchange and the OECD would be delighted to continue the collaboration on the OECD Russia Corporate Governance Roundtable and extend the programme for at least three more years, likely in a slightly different format.

## **ANNEX 1: SPEAKERS' BIOGRAPHIES <sup>1</sup>**

- Alessio Paces** Alessio Paces is Professor of Law and Finance at the Erasmus School of Law, Erasmus University Rotterdam. Since 2009 he is Research Associate at the European Corporate Governance Institute (ECGI) and in October 2014 he became Director of the European Master in Law and Economics (EMLE). Before entering academia, Professor Paces was a senior researcher in the Law and Economics Research Department of the Bank of Italy, a financial economist at the Italian Securities Authority (Consob) and he served as junior officer in the Italian Financial Police. He holds a degree in economics from LUISS University in Rome (cum laude, 1994), a European Master in Law and Economics (with distinction, 1995), and a Ph.D. from the Erasmus University Rotterdam (cum laude, 2008). Professor Paces' research focuses on the economic analysis of corporate law and financial regulation. On these topics he published books, chapters and peer-reviewed articles of international relevance. He has participated in forums with important policy institutions, including inter alia the OECD and the European Commission.
- Alexander Afanasiev** Alexander Afanasiev has been Chairman of the Executive Board and CEO of Moscow Exchange since June 2012. Prior to joining Moscow Exchange, he spent 13 years at Bank WestLB Vostok, a subsidiary of the German banking group WestLB AG, most recently as a Deputy Chairman of the Executive Board. Prior to his work at WestLB, Mr Afanasiev was an Executive Board member of Bank Imperial. From 2005 to 2011 Mr Afanasiev was Chairman of the MICEX FX Market Council. From 2009 to 2013 he co-chaired the National Foreign Exchange Association and from 2011 to 2014 the National Securities Market Association. Mr Afanasiev has been working in the Russian financial sector since 1991. He worked at the Bank of Russia earlier in his career, and was among the founders of the Russian Project Finance Bank, the first investment bank with foreign capital in Russia. He subsequently served as Executive Director of this bank. Alexander Afanasiev graduated from the Moscow Financial Institute with a degree in international economic relations and holds a PhD in economics.
- Alyona Kucher** Alyona Kucher is a Partner at Debevoise & Plimpton LLP's Moscow office. She is recognised as a leading corporate lawyer in Russia by Chambers Global (2014) and Chambers Europe (2014). Ms. Kucher has been principally involved in such areas as general corporate practice, construction (in particular, major infrastructure projects), sale/purchase, lease and operation of real estate and other immovable property, oil and gas projects and M&A. Ms. Kucher joined the firm in 1998. She graduated from Moscow State University, Faculty of Law in 2000 and from its Faculty of Foreign Languages in 1999. She received her Ph.D. in law from Moscow State University in 2002 and currently lectures corporate and contract law in the Faculty of Law of Moscow State University. In 2004, Ms. Kucher worked in the firm's New York office and participated in a Global Fellowship Program at New York University. Ms. Kucher is an author of a book on formation of contracts and negotiations procedures as well as numerous articles on various matters of Russian law.

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<sup>1</sup> Alphabetical order

**Anastasia  
Kossov**

Anastasia Kossov is a Policy Analyst at the Corporate Affairs Division of the OECD, where she works on the OECD Russia Corporate Governance Roundtable as well as on broader corporate governance policy analysis and advice. Ms Kossov has authored and co-authored several policy papers including a paper on the effectiveness of corporate governance codes in emerging markets, the corporate governance of Russian State-owned enterprises and a paper on international experience in dealing with related party transactions. Prior to joining the OECD, Ms Kossov has been a Senior Associate at L.E.K. Consulting, an international strategy consulting firm, where she worked on large corporate strategy projects in Europe, Asia-Pacific and the USA as well as on over 30 M&A due diligences. She holds a degree in Economics and Management from the Paris-Dauphine University as well as a Master's degree in Law and Accounting from the London School of Economics.

**Andrei  
Bougrov**

Andrei Bougrov is a Deputy CEO and Deputy Chairman of the Board of Directors of MMC Norilsk Nickel as well as Member of its Management Board. He is currently a Vice President of Interros Holding Company and Member of the Board of Directors of Inter RAO. He also was a Senior Managing Director of Interros Holding Company. Mr. Bougrov was President, Chairman and Member of the Board of Directors of Rosbank; Member of the Board of Directors of INTER RAO UES, RAO Unified Energy Systems of Russia, Power Machines Corporation and RusHydro, Chairman of the Board of Directors of Prof-Media and the Third Generating Company of Wholesale Electric Market (OGK-3). Prior to that, in 1993-2002 Mr. Bougrov was Russia's Principal Resident Representative and Executive Director at the World Bank. He was also the Dean of the Board of Directors of the World Bank, Member of the Boards of Directors of International Bank for Reconstruction and Development, International Development Association, International Finance Corporation and the Multilateral Investment Guarantee Agency in Washington. D.C. Before joining the World Bank Mr. Bougrov was a senior staff member of the European Bank for Reconstruction and Development in London. He began his career as Deputy Dean of the Economic Department of the Moscow Institute for International Relations and then spent 12 years with the Russian Ministry for Foreign Affairs in charge of international economic affairs. He received a BA and a Master's Degree with first class honors from the Moscow State Institute for International Relations, completed post-graduate studies and received a Ph.D. in economics at the same institute.

**Andrei  
Gaidamaka**

Andrei Gaidamaka has been working at LUKOIL since 2001. His responsibilities include the analysis and evaluation of the company's large investment projects, as well as the formulation of LUKOIL's long term investment and business development strategy. In the past decade that Mr. Gaidamaka has been with LUKOIL, he has administered a number of high profile value-enhancing asset acquisitions. Mr. Gaidamaka has taken an active role in improvement of corporate governance systems, in investment analysis, capital allocation decisions in his position of Deputy Vice-President for Strategic Development. In September 2013 Mr. Gaidamaka was appointed Vice President of Investor Relations at LUKOIL. He was also elected Chairman of the Issuers' Committee of Moscow Exchange, that besides LUKOIL consists of Gazprom, Novatek, Sberbank, Aeroflot, MTS as well as other top 20 Russian issuers.

- Andrey Gabov** Andrey Gabov is the head of the Civil Law and Procedure Department at the Russian Government's Institute of law and comparative law studies. He is a doctor of law and associate professor, as well as the senior fellow at the Russian Government's Institute of law and comparative law studies; he is also a member of boards of a number of leading Russian companies. Mr. Gabov's academic interests include legal regulation of corporate entities, equity markets, legal regimes governing transactions involving conflicts of interest; and protection of shareholders' rights, including greenmail and corporate raiding. Mr. Gabov has authored over 70 publications including monographic "Essays on the legal theory of bills and notes" (2000); "Related parties transactions in corporate practices: issues of legal regulation" (2005); "Limited liability and supplementary liability companies in the Russian law" (2010).
- Aneta McCoy** Aneta McCoy is the Founder and Managing Partner of Aneta McCoy Advisory Group (AMAG). She is responsible for strategic development of the firm and runs AMAG's Corporate Governance services. Prior to founding AMAG in 2011, she headed Eastern European/Russian Governance research at Institutional Shareholder Services (ISS), the world's largest proxy advisory firm. In her close to eight years with ISS, Ms. McCoy developed unprecedented expertise with focus on Russia and played a key role in the formulation of policies that ultimately drive ISS' vote recommendations. Among others, she was behind ISS' recommendations on the proxy contests at VimpelCom (2005-2010), Polyus Gold (2008), and MMC Norilsk Nickel (2008, 2010, and 2011), and assisted ISS' M&A team with the analysis of Governance implications of the Uralkali-Silvinit and VimpelCom-Wind transactions. Ms. McCoy was also actively involved in the development of methodology for ISS' Corporate Governance ratings
- Denis Spirin** Denis Spirin joined Prosperity Capital Management in 2007 and is the corporate governance director. Mr. Spirin came to Prosperity from NTP Group, a Moscow based consulting holding company, where he managed shareholders' rights defence projects and M&A projects for the firm from 2004-2007. From 2002 to 2004 he worked at the Scientific Centre of Legal Information at the Ministry of Justice as a legal advisor. Mr. Spirin has Cum Laude Diplomas from the Moscow State University of Railway Engineering (Management) and from the Moscow State Law Academy (Jurisprudence). Denis is actively involved in Moscow International Financial Centre activity.
- Elena Bezdenezhnykh** Elena Bezdenezhnykh is the deputy CEO and head of the Corporate, Ownership and Legal Issues, and a member of the Executive Board at Norilsk Nickel. Born in Norilsk, she graduated from the Krasnoyarsk State University as a lawyer. Her career was started in 1995 at the Norilsk Mining and Metal Works where she rose from the position of an in-house lawyer to the director of the Corporate and Legal Affairs Department. In 2008, she was appointed head of the Legal Department at Norilsk Nickel, and in March 2012 moved on to become deputy CEO and head of the Corporate, Ownership and Legal Issues there.
- Elena Dubovitskaya** Elena Dubovitskaya is Director at PwC Russia where she manages consulting projects with regard to corporate governance for local and foreign companies. Ms. Dubovitskaya has 12 years of corporate governance related experience, including research, publications, analytics, rating

services (working with Standard and Poor's Governance Services), experience in industry and consulting. Her practical experience includes a number of projects on comprehensive assessment of corporate governance, improvement of the board of directors performance, corporate restructuring, ethical standards development and corporate reporting preparation and assurance. She graduated from the Moscow State University. She holds a PhD in Economics and completed a certificated program of studies in Corporate Governance, York University, Schulich Business School (Canada). Ms. Dubovitskaya led a number of corporate governance surveys, has more than 10 publications on corporate governance issues and holds lectures for university students on the subject.

**Elena Kuritsina** Elena Kuritsina has been the Director of the Financial Market Licensing Department at the Bank of Russia since 28 February 2014. In this capacity, she is responsible for vetting documents related to the procedure of licensing of non-credit financial institutions to work on financial markets, and also for the development of regulations pertaining to the company law and improved corporate governance. Most of Ms. Kuritsina's previous work was carried out at Russia's Federal Service for Financial Markets (FSFM) and the Bank of Russia. In 2000, she joined the civil service, obtaining a position with the Department for Securities Transactions Monitoring at the Russian FSFM, and in July 2003 she was appointed head of the Department for the stock market infrastructure regulation at the Bank of Russia. In May 2004, she was appointed head of the Securities Market Supervision Department with the Russian FSFM. In 2007, the Government of the Russian Federation appointed Ms. Kuritsina as Deputy Head of the Federal Service for Financial Markets. She has a degree cum laude in law from the Moscow State Open University.

**Elena Panfilova** Elena Panfilova is Vice-Chair for Russia at Transparency International, an international movement against corruption. She graduated from the Moscow State University in 1989. In 1997, she graduated from the political sciences department of the Russian Foreign Affairs Ministry's Diplomatic Academy. Between 1997 and 2000 she worked for her PhD in political sciences there, and was also a columnist at the Otkrytaya politika magazine. In 2000, she founded and headed the Russian Chapter of Transparency International (TI), an international anti-corruption organization. Between 2000 and 2014 she was the Director of the Center for Anti-corruption Research and Initiative of Transparency International Russia, and in July 2014, she moved on to become chair of the Russian Chapter. Since 2008, Ms. Panfilova has been teaching at the Higher School of Economics; in 2008 she also set up and led the Project Anti-Corruption Lab at the HSE. In October 2014, she was elected Vice-Chair of Transparency International.

**Gabriela Figueiredo Dias** Gabriela Figueiredo Dias is Advisor to the Board and Head of International and Regulatory Policy Department of the Portuguese Securities Commission (CMVM), where she has previously acted as Head of Issuers and Information Department. In both positions she has been responsible for the Corporate Governance Team, which is in charge of setting up and updating the CMVM Corporate Governance Code, as well as of ensuring its implementation and monitoring. In those capacities, she has been deeply involved in the implementation of international Corporate Governance standards, issuance of Corporate Governance recommendations and following Corporate Governance developments at international and

national bodies. She represents Portugal at the OECD Corporate Governance Committee since 2009 and is a member of its Bureau. She is also the Portuguese representative at the European Corporate Governance Codes Network, member of the Portuguese Corporate Governance Institute and of Governance Lab, being the author or co-author of several papers and books on Corporate Governance issues. She is also an academic, teaching corporate and securities law, and used to be a lawyer before she joined the CMVM.

**Gian Piero Cigna**

Gian Piero Cigna, who is an Italian qualified attorney, is the corporate governance specialist in the Legal Transition Team at the European Bank for Reconstruction and Development (EBRD) in London. Prior to joining the EBRD, he worked on company law, corporate governance and capital markets related issues at the European Commission and at the Italian Ministry of Economy. He practiced law in international law firms in the Netherlands, Italy, Albania and Romania and acted as consultant to international organisations and various state institutions and ministries in Eastern Europe. He has been responsible for EBRD corporate governance legal reform projects since 2004, and led reform projects in Albania, Armenia, Kazakhstan, Kyrgyz Republic, Romania, Russia and Serbia especially on corporate governance code development and implementation, as well as a number of research and standard-setting projects. At the EBRD is also responsible for the corporate governance due diligence of EBRD investee companies and development of action plans. He is member of the Bucharest Stock Exchange Corporate Governance Advisory Board and a founding member of the DFI Corporate Governance Working Group. He is lecturing corporate governance in transition countries at the Queen Mary University and King's College in London. His publications include several essays on corporate governance, capital markets and banking law most recently with a focus on emerging markets in Eastern Europe and Central Asia.

**Héctor Lehuedé**

Héctor Lehuedé is Senior Policy Analyst at the OECD Corporate Affairs Division, which is responsible for the corporate governance work of the OECD. He is in charge of the bilateral work with the Russian Federation, of research on comparative international corporate governance and of peer reviews of the implementation of the OECD Principles of Corporate Governance and the OECD Guidelines on Corporate Governance of State-owned enterprises. Mr. Lehuedé is also the manager of the OECD Russia Corporate Governance Roundtable. Before joining the organization, he was a Senior Advisor to the Chilean Minister of Finance. He started his career in the legal field and practiced law for over a decade at some of the largest legal and auditing firms in Chile, specialising in tax, corporate and financial affairs. Mr. Lehuedé holds a law Juris Doctor Degree from Universidad de Chile and a Master's Degree from Stanford University Law School.

**Kha Loon Lee**

Kha Loon Lee is currently a Director of ValueCap Asset Management, Malaysia, an investment management company, Member of the Listing Committee of the Stock Exchange, Malaysia, Technical Committee Member of the Finance Accreditation Agency in Malaysia and Board Member of CFA Malaysia. Mr. Lee held various executive positions at CFA Institute from October 1999 to August 2013 including Special Projects Director, Head of Asian Operations, Senior Policy Director and Head of Standards and Financial Market Integrity. He started and spearheaded the Asia Pacific

group as part of a global team with staff in New York, Charlottesville, London and Hong Kong. Mr. Lee authored and co-authored a number of research papers as part of the engagement process, which helped establish CFA views and positions on related party transactions, REITS Governance and periodic reporting by retail funds. He was involved in corporate governance reforms in the region, particularly in ASEAN, India, Japan and China. The involvement included consultations with the various stock exchanges, securities regulators, speaking at public seminars and private forums to debate and discuss national reform agendas. From 1976 to 1999, Mr. Lee worked at the Securities Commission of Malaysia, the Standard Chartered Bank, Hong Leong Group of Companies and PwC where he gained experience as an internal and external auditor, financial controller, treasurer and regulator of financial markets. Mr. Lee is a member of Malaysian Institute of Certified Public Accountants since 1981 and a Chartered Financial Analyst, CFA, since 1993.

**Mats Isaksson** Mats Isaksson is Head of the Corporate Affairs division at the Organisation for Economic Co-operation and Development (OECD). His responsibilities include corporate governance, state-owned enterprises, equity markets, company law, privatisation, dispute resolution and other policy areas of importance to a sound and dynamic business environment. Mr. Isaksson participated in the development of the OECD Principles of Corporate Governance and was in charge of the comprehensive revision of the Principles in 2004. He also led the work to develop the OECD Guidelines for Corporate Governance of State Owned Enterprises and initiated the OECD's work on The State in the Market Place. Mr. Isaksson has extensive experience from working with both OECD and Key Partner countries. Recently, his work has focused on corporate governance and the financial crisis and a new OECD initiative on Corporate Governance, Value Creation and Growth. The aim is to ensure that equity markets can serve the needs of the real economy and provide access to capital for innovations and growth companies. Mr. Isaksson serves on the Advisory Board of the Centre for Global Markets and Corporate Ownership at Columbia University and is Senior Visiting Fellow at the Stockholm Centre for Commercial Law. He is a founding Director of the Swedish Corporate Governance Forum and a member of the European Corporate Governance Institute.

**Mikhail Konstantinov** Mikhail Konstantinov is the Corporate Governance Director and Head of the Corporate and Property Affairs at InterRAO since January 2012. Between 1999 and 2005, Mr. Konstantinov served as the chief state registrar of real property ownership rights and transactions in the Tver Region, at the Ministry of Justice's Department for state registration of rights in Tver between 1999 and 2005. Between 2005 and 2010 he served in leadership positions at various federal government authorities. Between May 2010 and January 2012, he worked as the chief lawyer at Sobinbank, winning a merit title in 2011. He graduated from the Moscow Environmental and Political Sciences University. He has a PhD in law. He also has received a certificate of appreciation from the Russian Ministry of Justice, and has been awarded the Medal for Merit by the Federal Service of Court Marshalls and the medal of recognition for good service to the Tver Region.

**Mikhail Safarov** Mikhail Safarov is a Partner and Regional Development Director at the Law Firm VEGAS LEX. He graduated of Volgograd State University majoring in

Jurisprudence and received training in the United States (Missouri) through a program on Improving the efficiency of production and on Organization of legal business in the US. Prior to joining VEGAS LEX Michael held senior positions in the Legal Bureau Natan (Volgograd) and worked on projects International Finance Corporation (World Bank Group). Mr. Safarov is recommended by Best Lawyers 2014 for Tax Law, by European Legal Experts 2013 for Corporate/M&A as well as by The Legal 500 EMEA 2012. Mr. Safarov is an expert in the areas of white-collar corporate fraud investigations, M&A, dispute resolution, corporate restructuring and reorganization, tax disputes and legal support for projects in the gas sector. He is the author of the Nationwide Russian Survey "Fighting Corporate Fraud", a series of publications and comments in Kommersant, Kommersant in Rostov-On-Don, Kommersant-Online, Kapital-rus.ru, Uga.ru and others.

**Rostislav  
Kokorev**

Rostislav Kokorev is the Deputy Director of the Department for Innovations and Corporate Governance at the Ministry for Economic Development. Currently, he is responsible for corporate legislation, laws governing securities and collective investments markets, and the pension reform. Before joining the civil service, he used to work for the Bureau of Economic Analysis at the Russian Government's Academy of National Economy and at the International Confederation of Consumer Societies. His professional interests include studies on securities and collective investment markets and their regulation, corporate law and corporate governance, and pension reform. He is also involved in teaching and consulting on issues pertaining to financial markets. He graduated cum laude from the Economic Department of the Moscow State University in 1988, and has a PhD in economics as of 1993.

**Sergey  
Shvetsov**

From February 2011, Sergey Shvetsov had been a Deputy Governor of the Bank of Russia until he was appointed in August 2013 as First Deputy Governor of the Bank of Russian and the Head of its Financial Markets Service. Mr. Shvetsov is also a member of the Bank of Russia's Board of Directors and the National Financial Stability Board, and serves on the Financial Stability Board. Until 2011, Mr. Shvetsov served as heads of the Department for open market operations and the Department for financial market operations, and in 1996–2001, he was deputy representative officer and head of the representative office of Ost-West Handelsbank AG in Moscow. In 1993–1996, Mr. Shvetsov worked for the Bank of Russia. He is a graduate of the Economic Department of the Moscow State University, where he majored in economic cybernetics.

**Stefan  
Georgiev**

Stefan Georgiev is the Head of Research for Russia and Eastern Europe at ISS. Stefan leads the ISS research team that is based in Brussels covering Eastern Europe and the CIS region. He also has a role on ISS' European Policy Committee, which oversees the development of ISS' European Policy, and is a member of ISS' EMEA M&A Team that specializes on proxy fights and M&A transactions. Mr. Georgiev joined ISS in early 2007 and was a senior analyst covering Germany, Switzerland and Austria prior to his current role. He holds a degree in Business Management from the University of Economics in Varna (2004) and M.A. in Economics, Law, and Politics from the University of Hamburg (2007).

- Tihana Bule** Tihana Bule is an economist and policy analyst at the OECD Investment Division, focusing on responsible business conduct (RBC) and multinational enterprises. Ms. Bule works on all core aspects related to the OECD Guidelines for Multinational Enterprises, OECD's main instrument for promoting responsible business practices. Notably, this includes strategic engagement with emerging and developing economies and the organisation of the Global Forum on Responsible Business Conduct. Ms. Bule's recent publications focus on global RBC trends, as well as region- and country-specific developments. She has also recently led the establishment of a new OECD publication series about responsible business conduct in a specific context. Ms. Bule's previous professional experience includes international marketing in the technology sector and advising on international trade and transatlantic issues in Washington, D.C. She holds an MA in International Law and Diplomacy from the Fletcher School and a BA in Mathematics and Italian Language and Literature from Smith College.
- Victoria Semerikova** Victoria Semerikova is the Head of the Department of Corporate Technologies of the Federal Agency on the Management of State Property (Rosimuschestvo). Since February 2013 she performed functions of the Advisor to the Head of the Rosimuschestvo. From 2006 till 2013 she occupied leading positions in the Department of corporate strategy and development of the VTB Bank. Later she moved to the position of the Director of the Department of affiliated banks. Her area of responsibility included start-up projects to expand VTB Group presence, projects on assets acquisition, as well as special management effectiveness projects in the countries of VTB Group presence. She was a member of the Audit Committee of the VTB Branch in Armenia. From 2005 to 2006 she was employed at Ernst&Young audit company in the department of auditing telecom industry. In 2004 she received a Bachelor with distinction from the Russian Academy of Economy named after Plekhanov, and in 2006 she got Master of Management at the same Academy.
- Vladimir Gusakov** Vladimir Gusakov has been Managing Director of Government Relations at the Moscow Exchange since October 2013 (in 2009-2013, as Vice-President and managing director for corporate development he led the corporate reform of the MICEX group of companies). Between 2004 and 2007, he was Deputy head of the Federal Service for Financial Markets. He held executive positions at a number of government authorities: Russian Federal Property Fund; Ministry of Finance; Agency for Restructuring Credit Organizations. He also used to work at commercial institutions serving as a Deputy head at Bank Imperial and National Reserve Bank; State Investment Corporation and at the Moscow Interbank Currency Exchange. Since 2008, Vladimir Gusakov has continuously served on the boards of directors at a number of SOEs: Russian Railways (2008 – June 2014), Agency for Housing Mortgage Lending (since 2008) and Rosagro-leasing (since 2009; since July 2012, as Chair of the Board). He has served as elected member of the Board of the National Stock Market Association since its inception in 1996. Vladimir Gusakov is chairman of the Advisory Council on Investment Legislation at the Financial Market Committee of the State Duma; member of the Board of the National Register of Professional Corporate Directors; Committee for the maintenance of the National register of independent directors at the Russian Union of Industrialists and Entrepreneurs; Advisory Council on Corporate Governance at the Bank of Russia. He is a laureate of the

"Director of the Year - 2011" award in the nomination "Independent Director", and was recognized as the "Best Independent Director" by the "ARISTOS - 2012" award. In the TOP-1000 Russian Managers 2012 ranking Vladimir Gusakov took the 1st place in the ranking of Directors on corporate governance in the financial sector. He is a laureate of All-Russian financiers "Reputation 2014" Award. He is the winner of the All-Russian contest "Best Director in a SOE-2014" in the nomination "Best Chairman of the Audit Committee."

## **ANNEX 2: BACKGROUND MATERIAL**

- 2014 Russian Corporate Governance Code ([English](#)) ([Russian](#))
- Anastasia Kossov (2013), Can Corporate Governance Codes be Effective in Emerging Markets? ([English](#)) ([Russian](#))
- Anastasia Kossov and Dimitri Lovyrev (2014), Related Party Transactions: International Experience and Russian Challenges ([English](#)) ([Russian](#))
- B20-G20 Partnership for Growth and Jobs. Recommendations from Business 20 (2013) ([English](#))
- Eddy Wymeersch (2012), European Corporate Governance Codes and their Effectiveness ([English](#)) ([Russian](#))
- Marcello Bianchi et al. (2014), Regulation and Self-Regulation of Related Party Transactions in Italy, ECGI Finance Working Paper No. 415 ([English](#))
- OECD (2009), Guide on Fighting Abusive Related Party Transactions in Asia ([English](#))
- OECD (2012), Latin American Roundtable on Related Party Transactions ([English](#))
- OECD (2012), Related Party Transactions and Minority Shareholder Rights ([English](#))
- OECD Guidelines for Multinational Enterprises ([English](#)) ([Russian](#))
- OECD-UNODC-World Bank (2013) Anti-corruption, Ethics and Compliance Handbook for Business ([English](#))
- Overview of monitoring reports of European corporate governance codes ([English](#))
- Vegas Lex (2013), Russian Nationwide Survey: Practice of Fighting the Corporate Fraud ([English](#)) ([Russian](#))