



ICGN

International Corporate Governance Network

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By email ONLY:

Anastasia Kossov: anastasia.kossov@oecd.org
Héctor Lehuedé: hector.lehuede@oecd.org

3rd May 2013

Dear Ms Kossov and Mr Lehuedé

Re: OECD-Russia Corporate Governance Roundtable

We are writing on behalf of the International Corporate Governance Network (ICGN) to contribute our comments to the roundtable discussion on corporate governance policy reform in Russia. We hope that some of the points made below will be taken into account when amending the Russian Code of Corporate Governance. We note that for a number of markets good corporate governance has become a differentiator for companies when trying to attract national as well as international investors. Furthermore, to an increasing extent it is recognised that a good transparency and control regime helps to reduce corporate risks and supports stock price development.

By way of background, the ICGN is a global membership organisation of institutional and private investors, corporations and advisors from approximately 50 countries. Our investor members are responsible for investing or servicing global assets of U.S. \$18 trillion. The ICGN's mission is to establish and raise standards of widely accepted good corporate governance worldwide. In doing so, the ICGN encourages cross-border dialogue at conferences and influences corporate governance public policy through ICGN Committees. We promote best practice guidance, encourage leadership development and keep our members informed on emerging issues in corporate governance through publications and the ICGN website. For more information about the ICGN, its members and activities please visit our website: www.icgn.org.

The following suggestions are provided by ICGN members investing and engaging in the Russian market. Underpinning these points is a general focus on protecting the interests of minority shareholders and ensuring that they have exercisable rights that make investment in Russia less risky.

I Transparency

- Issuers should always keep their website up to date as a first point of information for investors.
- A notice of meeting, the annual report, financial statements and other indicators should be made available in English.
- All documentation should be made available well ahead of the general meeting, and at least 21 days in advance.

- Information that helps shareholders take better informed voting and investment decisions should be made publicly available and provided to shareholders or interested parties on request.
- The share capital should be stated in the articles of association, website, annual report and/or notice to the general meeting.

II Shareholding Structure

- The breakdown of shareholdings between government, founder, local institutional and individual investors, and foreign investors should be disclosed for a better understanding of corporate control and related parties.

III Board Elections

- Board nominees should be named and a short CV made available (including external mandates, experience, age, profession, potential ties with management and qualifications).
- Remuneration should be disclosed on an individualized basis.
- Related party transactions between nominees and company should be disclosed.

IV Audit Committee

- At least one financial expert must be a member of the Audit Committee

V Financial Statements

- The name of the lead audit partner and the audit firm should be disclosed in the annual report.
- Auditor's remuneration should be disclosed in the annual report.
- The use of symbols instead of denominators should be abandoned.
- All reports should use only one currency.

VI Board Composition and Committees

- The Board of Directors should have at least one third independent members (depending on the ownership structure).
- The Board should form committees of at least three members to improve its working efficiency on matters of audit, risk, board appointments and effectiveness and executive compensation.

VII Mergers and Acquisitions

- Full financial details should be disclosed when mergers and acquisitions are being proposed.
- The proposed transaction should be justified to shareholders in the context of the benefit accruing to minority shareholders.
- The auditor's report regarding the transaction should be disclosed.

We hope that suggestions provide a sense of the major concerns of global institutional investors and will contribute to the continued improvement of corporate governance policies and practices in the Russian market.

Please do not hesitate to contact Kerrie Waring, Acting Head of the ICGN Secretariat, at kerrie.waring@icgn.org, if the ICGN can be of further help on this matter.

Yours sincerely,



Michelle Edkins
Chairman of the ICGN Board of Governors



Alexander Juschus
Co-Chair, ICGN Shareholder Rights
Committee



Bram Hendriks
Co-Chair, ICGN Shareholder Rights
Committee

Cc: ICGN Board Members
ICGN Shareholder Rights Committee