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Dear reader,

Welcome to the first edition of the AEB Business Quarterly in 2015!

This issue is devoted to migration. As we all know, this is an issue of great importance and it has been always talked about. It is worth mentioning that the Federal Migration Service of the Russian Federation (FMS) implements quite successfully migration policy and, as a result, favourable conditions for conscientious employers while doing its best to stand against illegal migration.

The AEB is constantly involved into the migration policy-making process and opinions by the AEB experts on migration issues have always been taken into the consideration in developing migration law initiatives and now the foreign companies have an opportunity to prepare documents for Highly Qualified Specialists.

On this occasion, I would like also to make you aware of the work visa and work permit service the AEB provides for free to its members.

This publication will help you to find out about the latest changes in the legislation, like obligatory exams to demonstrate the knowledge of the Russian language skills, about administrative sanctions and the risk of foreign employees being prohibited from entering Russia, about the new patent system and many other important matters.

Taking this opportunity, I would like to thank sincerely the Federal Migration Service of the Russian Federation for years of effective collaboration!

As always, the magazine will update you on past AEB events and committee activities.

On this note, let me end by wishing each and every one of you the very best in the second quarter of 2015!

Sincerely yours,

Frank Schauff

Chief Executive Officer

Association of European Businesses

**Dear colleagues,**

Migration is currently an important component of the country's socio-economic development, being one of the drivers of economic growth and a means of compensating for the deficiency in national labour resources. Implementing the Concept of the State Migration Policy of the Russian Federation until 2025 is a primary goal pursued by the Federal Migration Service (FMS) of Russia. Within this framework, systematic work on the improvement of related legislation is currently being carried out. The ratio between legal and illegal labour migrants in the Russian Federation has been improving. Over the past five years, it stood at 1 to 4, but last year it was almost at par. The differentiated approaches now being pursued in the Russian Federation towards attracting legal labour migrants with various qualifications and skills have already been recognised as unique, and our experience is now being embraced around the world. We advocate a well-balanced approach towards migration regulation. The maximum effect from tightened liability will be achieved, provided that procedures for those who are eager to stay and work legally in Russia are perfected and simplified. We promote interaction with non-governmental

associations, research organisations and educational establishments. We review the initiatives of civil society institutions aiming for solution of the most complicated migration-related issues. We prepare proposals for the state migration policy of the Russian Federation, and the improvement of applicable legislation.

On 1 January 2015, our national legislation was supplemented by a number of important migration-related laws and regulations. They cover various aspects, from obtaining citizenship in the Russian Federation to hiring highly-qualified professionals from abroad, as well as state duty fees. This work has been carried out by the FMS of Russia in close cooperation with stakeholder Russian agencies, academia and the business community. As a result of these meticulous efforts, fundamentally new tools for attracting foreign manpower in the Russian Federation have been developed. This year's hallmark event is the abolition of quotas for issuing work permits to citizens from non-visa countries entering the Russian Federation. Now there is no need to obtain a work permit – a patent will be enough. We have experience in working with patents for non-visa migrants. Patents have been issued to migrants working on commission from Russian citizens for personal and household needs not related to entrepreneurial activities. The figures are truly impressive: in 2014 alone, some 2,355,500 patents were drawn up, representing almost 55% year-on-year growth. The new rules require citizens applying for work permits, patents, temporary and permanent residence permits, to pass compulsory examinations in the Russian Language, History and the Fundamentals of Russian Legislation.

We are committed to the course we have embarked upon with regard to the liberalisation of Russian migration legislation for the highly-qualified professionals demanded by the Russian economy. This demand is growing every year: in 2014 alone, almost 35,000 work permits were granted to foreign citizens in this category, exceeding the previous year's indicator by 30%. Overall, since 1 July 2010, when the system was set up, more than 86,000 work permits have been granted. I would like to announce that on 1 January 2015, the Eurasian Economic Union, entailing the free flow of goods, services, capital and manpower among member states, was launched within the Customs Union. The Treaty on the Eurasian Economic Union explicitly stipulates that member states neither establish nor apply restrictions envisaged by their national legislation with a view to protecting domestic labour markets. The working population in member states is provided with unified fiscal terms with regard to personal income tax starting from the first day of employment on an equal basis with citizens of the country where they are employed. We are paying special attention to the development of educational migration, focusing on promoting the migration of young people who wish to live in Russia, and expanding possibilities for conferring citizenship on investors and citizens who are of Russian origin and have sufficient proficiency in the Russian language. We are confident that effective cooperation and a strong relationship with the Association of European Businesses will contribute to a fruitful bilateral dialogue with the European business community.

Konstantin Romodanovsky

Head of the Federal Migration Service of the Russian Federation

**Dear readers,**

This edition of the AEB Business Quarterly is dedicated to migration issues. Members of the AEB Migration Committee have prepared articles covering, amongst other things, the new patent system for CIS nationals, quota issues, the administrative fines impacting on entrance into Russia, second citizenship and the procedure for notifying the immigration authorities, the new rules for local labour agreements with foreign employees, and the provisions of the new law on secondment.

The AEB Migration Committee (formerly known as the Visa Task Force) was formed in 1997 and currently includes representatives from more than 55 AEB member companies. Our Committee is comprised of experts from the largest local and international consulting companies and includes specialists from different industries who have broad practical experience in the immigration area.

Over the period of its existence, the Migration Committee has developed a strong relationship with the Federal Migration Service, the Ministry of Economic Development, the Ministry of Labour and Social Development, the Moscow Government (Department of Labour and Employment), and other state bodies dealing with immigration issues. The Committee has participated in the drafting of various important legislative acts, including the law on simplifying the procedure for hiring Highly Qualified foreign Specialists (HQSs) and the law on migration enrolment. The Committee has lobbied effectively for the interests of the AEB members and has resolved many of the practical issues they have faced in the past.

Our success stems from the active work of Migration Committee members and the great help of the AEB professionals who work together to promptly identify any problematic issues in the area of immigration and address them with the authorities. Our experts have established an open and trust-based dialogue with high-level immigration and employment authorities, allowing us to share information, exchange opinions, collaborate on legal developments and solve the immigration-related issues faced by the AEB members.

Compliance with immigration legislation is one of the most important issues to consider when doing business in Russia, especially now, when there are so many new developments in immigration law. Although new immigration procedures are designed to be simple and straightforward, they often turn out to be complicated and require further investigation and discussion with the immigration authorities.

We are happy to share our knowledge and experience in the immigration area, and proud to present the articles drafted by our trusted Committee member experts. We believe that the AEB member companies will consider presented information in order to ensure their compliance with current immigration procedures and requirements. We want our members to be up to date with the various legislative and practical changes, and be able facing the challenges of the current business environment. In short, we wish them continued success in doing business in Russia.

Liudmila Shiryaeva

Chairperson of the AEB Migration Committee,
GR Director, Tax & Law, Ernst & Young

AEB BUSINESS QUARTERLY, Spring 2015

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AEB held its Annual Press Conference



AEB members took an opportunity to participate in a briefing by Konstantin Romodanovsky

Publication name/Наименование издания: AEB Business Quarterly (Ежеквартальное деловое издание АССОЦИАЦИИ ЕВРОПЕЙСКОГО БИЗНЕСА)

Published by/Учредитель: Non-profit making partnership “Association of European

Businesses”/Некоммерческое партнерство “АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА”

Chief Editor/Главный редактор: M.E. Konischev/Конищев М.Е.

Publication volume and number/Номер выпуска: 01, 2015

Release date/Дата выхода:

14 April 2015/

14 апреля 2015 г.

Circulation/Тираж:

16000 copies/16000 экз.

Cost/Цена: Distributed free of charge/Бесплатно

Publisher's address/Адрес издателя, редакции:

16, bld. 3, Krasnoproletarskaya str., 127473, Moscow, Russia/Россия, 127473, г. Москва, ул. Краснопролетарская, д. 16, стр. 3

The “AEB Business Quarterly” is registered with The Federal Service for Supervision of Legislation in Mass Communications and Protection of Cultural Heritage, Certificate registration ПИ № ФС77-24457/ СМИ “АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА: Ежеквартальное деловое издание” зарегистрировано в Федеральной службе по надзору за соблюдением законодательства в сфере массовых коммуникаций и охране культурного наследия. Свидетельство о регистрации ПИ № ФС77-24457 от 23 мая 2006 года.

The opinions and comments expressed here are those of the authors and do not necessarily reflect those of the Non-profit making partnership “Association of European Businesses”/ Мнения/комментарии авторов могут не совпадать с мнениями/комментариями учредителя публикации, Некоммерческого партнерства “АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА”

New immigration legislation: patent system for CIS nationals



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Senior Consultant, Human Capital, EY

General overview

On 24 November 2014, Federal Law No. 357-FZ on "The Modifications of the Federal Legislation Act on the 'Legal Status of Foreign Nationals in the Russian Federation' and a Number of Other Legislation Acts of the Russian Federation" was adopted.

The new provisions of the legislation establish that starting from 1 January 2015, foreign nationals who do not require a visa to arrive to Russia (mainly citizens from other CIS¹ countries) are no longer required to obtain individual work permits for performing labour activities. Instead, these foreign nationals may apply for a special patent.

Those companies who already have labour relations with foreign nationals from the CIS or are considering engaging them should closely analyze the new procedure.

It is important to note that foreign nationals whose work permits were obtained in 2014 and are currently valid can continue performing their labour activities through the period of validity of the work permit. Once the permit expires, they should apply for a patent in accordance with the new regulations.

The patent system was introduced in 2010 for foreign nationals from the CIS countries, who perform activities for Russian citizens connected only with personal, household or similar purposes. Starting from 1 January 2015, the new provisions of the Federal Law 115-FZ, "On the Legal Status of Foreign Nationals in the Russian Federation," enable the following parties to engage foreign nationals for a labour activity under a patent: a company or a customer of works (services) that is a legal entity, individual entrepreneur, private notary, lawyer with an established private legal practice, or other person whose professional activities are subject to state registration and (or)

licensing in accordance with the federal law.

The so-called "quota" application is now not applicable for those who hold patents, i.e., companies should not request a quota for engaging foreign nationals under patent system – therefore, it is no longer required to include in the quota application data on potential foreign workers from the CIS countries.

It is essential, however, to outline that under the new provisions, the federal executive body in migration sphere or Russian government has the right to suspend issuance of patents in a particular region (or in Russia in general), based on the economical and labour market situation. In other words, considering that quota is no longer linked to a particular company, the authorised state body and Russian government may now regulate situation in regions by the number of issued patents.

Specifics of the patent system

A foreign national is entitled to apply for a patent within 30 calendar days of his/her arrival to Russia on the basis of a migration card stating "work" as the purpose of travel

¹ The following countries are currently included in the CIS: Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan, and Ukraine.

to Russia. A patent will be issued to a foreign national for a duration of one to twelve months and with the possibility of further renewal for a period of up to 12 months. A copy of a signed employment or civil-legal agreement should be provided to the responsible territorial department of the Federal Migration Service (hereinafter, "FMS") within 2 months of patent collection by a foreign national, unless it is presented at the time of applying for the patent.

According to current legislation, a foreign national is able to apply for a patent to the responsible immigration authorities either in person or through an organization authorised by a particular region of Russia to

provide services related to the processing of patents.

If there is no authorised organization established in the particular region where a foreign national is planning to work and apply for a patent, the documents for the initial patent can be submitted by an authorised representative of a foreign national on the basis of a notarised power of attorney. This option should be available only until 2016, as by that time the respective authorised organizations should be established in all regions of Russia. Among the documents required by the responsible immigration authorities to apply for a patent (established by Federal Law No. 115-FZ, "On the Legal Status

of Foreign Nationals in the Russian Federation"), the special attention should be paid to the following documents:

- Voluntary medical insurance agreement or a similar agreement with a medical organization for the provision of chargeable medical services in the territory of Russia. It is important to note that the law obliges a foreign national to be insured with an insurance company established according to Russian legislation and/or hold a contract with a medical organization located in the same region of Russia where a foreign citizen intends to perform labour activities.
- Certificate confirming knowledge of the Russian language, as well as the history and basics of Russian legislation.

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- Medical examination confirming the absence of certain diseases.
- Fixed advance tax payments for the validity of the patent in the amount of RUB 1,200 (one thousand and two hundred) per month. The amount of such payments is subject to an adjustment for the deflator coefficient, as well as for the coefficient reflecting the regional peculiarities of the labour market set out by a particular region of Russia for the corresponding calendar year. The amount of fixed advance patent payment established for Moscow is RUB 4,000 (four thousand) per month.

It is also important to mention that advance patent payments are deductible against the individual income tax due payable through the tax agents, over the period of the patent's validity with respect to the corresponding tax year. The patent payments must be settled by a foreign national in person.

Those foreign nationals from the CIS countries, planning to work in Moscow, should visit the Moscow "Multifunctional Migration Centre" which is located at the address: Moscow, Troitsky district, Vorentsovskoye village (near Sakharovo) in order to apply for a patent. At the respective Migration Centre an individual

can fill in the application forms, pass the medical examinations, the exams on the Russian language, history and basis of legislation; as well as to receive a voluntary medical insurance agreement, and arrange for a notary translated passport copy. The application for a patent must be submitted by an applicant in person. No option for submitting the package of documents by an authorised representative of a foreign national on the basis of a power of attorney is available.

Exemptions

The patent system does not apply to foreign nationals from the CIS countries, who are employed as:

- highly qualified specialists²;
- foreign students enrolled full-time at educational organisations duly accredited by the responsible state bodies;
- key personnel³.

The above-mentioned categories of foreign citizens will still need to receive a work permit in accordance with the applicable regime as stipulated by law. Based on the current wording of the law, the branches and representative

offices of foreign legal entities are not explicitly listed among the parties entitled to engage foreign nationals under a patent system. Taking into account that the regular work permit regime for foreign nationals from CIS countries (who do not qualify for the HQS regime) was fully replaced by patents, it does not seem feasible for the branches and representative offices to support the legal engagement of this category of foreign citizens in Russia.

Meanwhile, considering the aforementioned information, companies that engage or are planning engaging foreign nationals from CIS countries should seriously consider the current immigration requirements, as well as the available regimes for engaging foreign nationals in order to timely receive the necessary immigration documents for their employees and secure their employment in Russia. |

² An HQS is defined as a foreign citizen with experience, qualifications and achievements in a specific professional area which meet an employer's internal requirements and who earns at least RUB 2,000,000 per year in Russia.

³ Foreign nationals who are employed by foreign commercial organizations from WTO member countries for the purpose of work at the branches, representative offices and subsidiaries of the respective organizations in the territory of Russia.



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Реклама

Exams to demonstrate knowledge of Russian language, history and legal framework for foreigners who apply for work and residency permits



EKATERINA ELEKCHYAN

Associate, Baker&McKenzie

Starting from 1 January 2015, foreign nationals who apply for a work permit, patent, temporary residency permit or permanent residency permit in Russia are required to prove their knowledge of the Russian language, history and legal framework. The new requirement does not apply to Highly Qualified Specialists (HQS) which makes the HQS procedure for obtaining work permits even more appealing.

Knowledge of the Russian language, history and legal framework can be proved with one of the following documents:

- a certificate of proficiency in Russian, knowledge of the history of Russia and the legal framework of the Russian Federation;
- state documents for education (at least to the basic general education level), issued by an educational institution of a state that was part of the USSR before 1 September 1991;
- document for education and (or) for qualifications issued to persons who have successfully passed the final state examination in the Russian Federation, dated after 1 September 1991.

The two latter documents can be presented mostly by citizens of the CIS countries. The majority of foreign nationals from Western countries will have to pass an examination in order to obtain a certificate of knowledge of the Russian language, history and legal framework.

Foreign nationals who enter Russia on the basis of a work visa are required to provide one of the above docu-

ments to the immigration authorities within 30 days of being issued a work permit. Foreign nationals who have obtained work permits, patents, temporary residency permits and permanent residency permits before 1 January 2015 will have to submit proof of the required knowledge and language skills to extend their permits.

Where to pass the examination

A foreign national can pass the examination in one of many authorised centres. All authorised centres are accredited by one of five higher educational institutions which were approved by the Ministry of Education and Science of Russia as educational institutions certified to conduct examinations. Currently, these educational institutions are Lomonosov Moscow State University, the People's Friendship University of Russia, Pushkin State Russian Language Institute, St Petersburg State University and Pacific National University.

There are approximately 400 authorised centres which are located in the Russian regions, CIS countries

and in other countries, for example, in Germany, Italy, the United Kingdom and Poland. The complete list of authorised centres which conduct examination of foreign nationals can be found on the official website of the Federal Migration Service of Russia at www.fms.gov.ru.

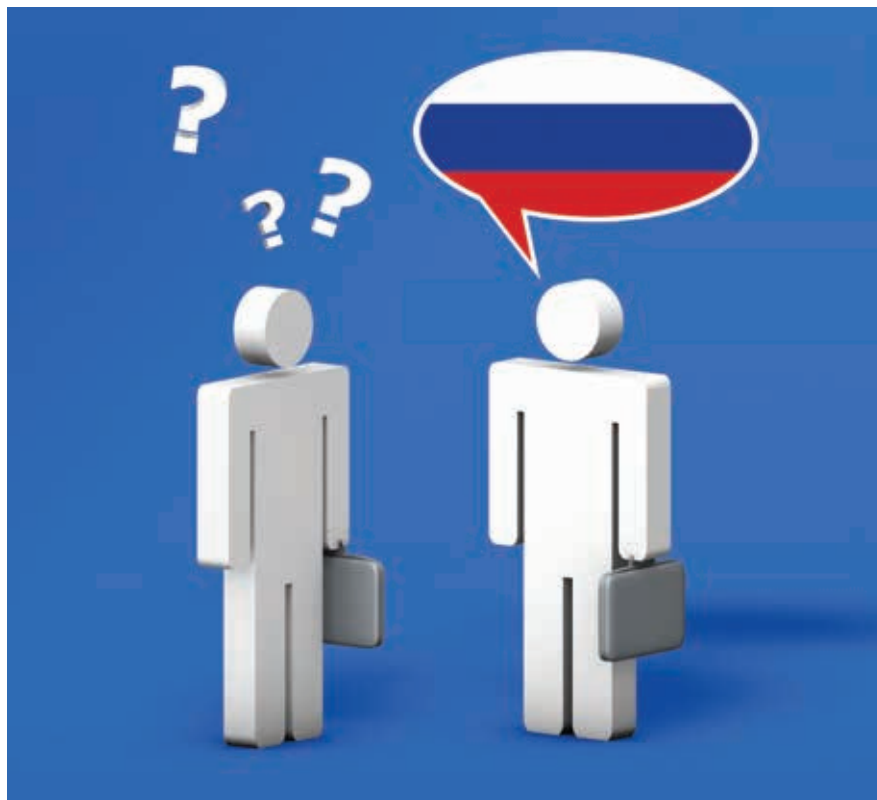
Many authorised centres and other educational organizations offer preparatory courses to foreign nationals who would like to obtain certificates of the required knowledge. The length of study depends on the level of knowledge of the Russian language. The duration of a standard course is approximately 80 academic hours while an intensive course lasts 20 academic hours.

How the examination is conducted

The examination consists of three parts: written and oral examination for knowledge of the Russian language and a written examination for knowledge of Russian history and legal framework. The examination lasts for one and a half hours (1 hour for the Russian language part and 15 minutes for each of the other two parts).

To pass the examination a foreign national should have basic knowledge of the Russian language and be able to understand and participate in conversations on business, cultural and everyday life, to read small texts and to complete application forms, questionnaires and notices.

Questions for the Russian history part of the test cover various periods, including, Ancient Rus', the Russian Empire, the USSR and modern Russia. The test includes questions on major facts and events of Russian history as well as on cultural traditions. A



foreigner will also need to memorize names of famous Russian politicians, statesmen, scientists and artists.

Questions for the Russian legal framework part of the test cover the foundations of the Russian constitutional system and questions on legal issues which a foreign national may face while working and living in Russia. In particular, a foreigner should be aware of his rights and obligations, should know the main immigration rules and grounds to impose legal liability on foreign nationals.

The passing score for each part of the examination is 66%. However, if a foreigner scores not less than 60% for one part of the examination and not less than 66% for the other two, he will receive a pass.

All test questions for the examination on Russian history and legal frame-

work are available online (though only in Russian). It is also possible to take a trial Russian language exam online. Authorised centres conducting examinations also offer foreign nationals the chance to take preliminary tests.

If the exam is passed successfully, a foreign national will receive a certificate of proficiency in Russian, knowledge of Russian history and the legal framework of the Russian Federation which is valid for five years.

Though the examination is an additional requirement making the procedure for obtaining regular work permits and patents more complicated, it is possible to pass it. If a foreign national is planning to obtain a certificate of proficiency in Russian, knowledge of Russian history and the legal framework we would recommend to devote sufficient time to preparation for the examination. |

Administrative sanctions and risks of foreign employees being prohibited entry into Russia: practical comments on new legislation and recent law-enforcement practice



ANDREY SLEPOV

Senior Associate, Head of the Employment and Migration Law Practice, International Law Firm BEITEN BURKHARDT, Co-Chairman of the AEB Migration Committee

Administrative sanctions for violations of migration legislation and law-enforcement practice in this area are becoming increasingly stringent. What new provisions and tendencies should foreign citizens and their employers pay attention to?

New regulation on Highly Qualified Specialists and other foreign employees

In the new amendments to the law regulating the status of Highly Qualified Specialists (HQS) one can find a rare instance when administrative barriers become more flexible and less burdensome for business. Previously if a company was held administratively liable for illegal employment of foreign citizens (without a work permit, etc.), it was unable to get work permits for foreign employees as HQSs for several years. Starting from March 2015, if the relevant administrative liability is imposed in the form of a fine, payment of the latter will allow the company to file with the migration service for an HQS work permit again without further delay.

On the other hand, however, the new regulation expands the list of grounds for handing down a two-year suspension of a company's right to get work permits for foreign employees as HQSs.

Now this right may also be suspended if the employer provides false or forged documents. Therefore, it is essential to check the correctness of the contents and execution (including signatures) of documents (and their translations) being filed.

It is also worth noting that pursuant to the new requirements of the law companies should inform the migration service of the conclusion of a contract with a foreign employee and his/her dismissal within 3 working days. This notification cannot be sent by post. Thus, quite a short period of time is allocated for providing this notification. Non-compliance with this requirement will entail significant administrative sanctions (fines in the amount of RUB 35–50K for officials and/or fines in the amount of RUB 400–800K or administrative suspension of activities for a period of up to 90 days for companies). Most likely, filing a notification outside the indicated timeline will entail the same liability as if it was not filed at all.



Liability of patent holders and their employers

The new law on the issue of patents to employees from countries having a visa-free regime with Russia for work in Russian companies has come into force and requires close attention from both employees and employers.

First of all, if for any reason a foreign employee does not succeed in filing the documents to receive a patent within 30 calendar days from the moment of entry into Russia, he/she will have to pay a fine in the amount of RUB 10–15K, receive the relevant confirmation of payment and only then he/she may file. However, depending on the cost of travelling out of Russia and back, a more budget-friendly and safe option might be to exit and re-enter Russia. It should be kept in mind that every subsequent instance when administrative liability is imposed could become a ground for prohibiting a foreign employee from entering Russia (please see details below).

When hiring a foreign employee based on a patent, employers should pay special attention to the region that is indicated in the patent. For example, if a

patent is issued in the Moscow region, but the employee is hired and works in Moscow, it may lead to severe administrative liability for both the employer (a fine in the amount of up to RUB 1 mln or suspension of activities for a period of up to 90 days) and the employee (a fine up to RUB 7K and administrative deportation from Russia, unless he/she has relatives in Russia). As of February 2015 even business trips to other regions are not allowed.

Prohibition of entry

A significant number of foreign citizens (including Highly Qualified Specialists) currently face a situation in which they are prohibited from entering Russia for three years due to the fact that they were subject to administrative fines at least twice during last three years. Any violations (irrespective of the level of their gravity), including exceeding speed limits fixed by traffic enforcement camera or slight violations of parking rules, may serve as a ground for such a decision. Violations committed by a foreign citizen in his capacity as a general manager or another company official also count. The problem is that a person may only be informed of the prohibition upon arrival in Russia. Perhaps the only defence that really

works in this situation is reference to the employee's family status. As long as he or she has close relatives living or working in Russia (according to some practice, even relatives who are foreign citizens), it may serve as a ground for release from the prohibition of entry. This is based on international treaties protecting personal and family rights, which prevail over Russian legislation.

Practical recommendations to mitigate the above risks include reassigning responsibility in order to prevent "professional" liability for officials who are foreign employees, not allowing expats to drive cars registered in their own names, etc.

The Association of European Businesses in Russia represented by its management and members of the Migration Committee maintains a dialogue with the migration authorities aimed at decreasing administrative barriers, fixing non-proportional sanctions and finding thereby a fair balance between interests of the state and business that engages foreign specialists. The Association believes that positive developments in this area will enable improving the investment climate in Russia, which is so important nowadays. |

Labour code gets new chapter on foreign workers



KAZBEK SASIYEV

Associate, Dentons

A new chapter to the Russian Federation Labour Code concerning the regulation of labour by foreign workers entered into force on 13 December 2014.

The new rules mean that all foreign workers, except temporarily or permanently resident foreign citizens, must now have either a voluntary medical insurance policy or an agreement on paid medical services for a foreign employee (for at primary least health care and specialised urgent medical assistance) concluded by the employer with a medical organisation. This requirement that foreign employees be provided with a medical insurance

policy or agreement on paid medical services previously only applied to foreign workers working under the highly-qualified specialist (HQS) procedure.

The question of the term of employment contracts concluded with foreign workers has also finally been settled. An employment contract between a foreign worker and an employer must be concluded for an unlimited period. Exceptions to this rule are permitted only on general grounds (listed in article 59 of the Labour Code). This ends the long-running controversy over the duration of employment contracts for foreigners (previously there were statements in favour of fixed term contracts, including from the competent government agencies).

An important new rule allows, in certain cases, the temporary transfer of a foreign citizen for up to one month to perform work not covered by his/her employment contract for the same employer, irrespective of the profession/specialty/title/field of work stated in the worker's work permit or patent, not more than once per calendar year. Before this amendment, temporary transfers of foreign workers were typically treated as working in a profes-

sion/specialty/title/field of work not stated in the work permit, which resulted in administrative penalties.

Equally important, in practical terms, is the ability in certain cases not to terminate employment relations with a foreign employee upon the suspension or expiration of a permit to hire and use foreign workers, a work permit, a patent, temporary or permanent residence and voluntary medical insurance.

The suspension or expiration of any of the above documents requires the suspension of the employee from work for a period not exceeding 1 month. This makes it possible to not dismiss the employee when the employee or employer has not managed, for whatever reason, to obtain a new hiring permit, work permit, patent, etc. on time.

Finally, the list of documents foreign workers must present when being hired has been revised and now includes a voluntary medical insurance policy, temporary or permanent residence permit, work permit, and certain other documents. Information on the said documents is to be provided in the employment contract with the foreign worker. |

Changes in Russian migration law: Russians must notify authorities if they hold second citizenship



MAXIM NOVIKOV

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Since 4 August 2014, it has been a legal requirement that Russian citizens in possession of citizenship of another country, or who have a permanent residence permit issued by a foreign country, have to report this to the Russian migration authorities. This obligation can be found in Russian Federal Law No. 142-FZ "On introducing amendments to articles 6 and 30 of the Russian Federal Law 'On citizenship in the Russian Federation', and to other legisla-

tive acts of the Russian Federation" dated 4 June 2014.

This law is applicable to all Russian citizens, except:

- those who live permanently outside Russia;
- situations covered by international agreements (for example, situations in which a specific dual citizenship agreement has been signed between Russia and another country).

In some countries (Denmark, the Netherlands, Finland and Switzerland), a permanent residence permit is a necessity for anyone wishing to engage in labour activity. Russian citizens working in these states should

always notify the Russian migration authorities.

The notification form that needs to be completed requires all a citizen's main information, including his or her passport details, along with the data from the respective foreign document (a passport or permanent residence permit). Copies of these documents should be attached to the notification form.

Should a Russian citizen have several different citizenships (or permanent residence permits) then a notification form for each citizenship (or permanent residence permit) must be sent to the authorities.

For Russian citizens who are acquiring Russian citizenship following the admission of the Republic of Crimea into the Russian Federation, the 60-day notification process comes into force from 1 January 2016

There are two ways to deliver the notification form and the associated documents. The first way is to submit them directly to an office of the migration authority, stating your address in Russia (either the address you are staying at, even temporarily, or the address of some property you own). The second way is to submit all of these documents at any branch of the Russian Post Office. In either case, if it is about children under 18, you must do it in person or through a representative.

The notification deadline is 60 days from the date that the respective documents (your foreign passport or permanent residence permit) were officially issued to you.

Russian citizens who hold a different citizenship, who have permanent residence permits and who permanently live outside Russia or who have not travelled to Russia since 5 October 2014 should notify the migration authorities within 30 days upon arriving in Russia for a visit.

For Russian citizens who are acquiring Russian citizenship following the admission of the Republic of Crimea into the Russian Federation, the 60-day notification process comes into force from 1 January 2016.

The consequences of violating the above rules can be severe.

Non-compliance can result in financial penalties from RUB 500 to RUB 1000, though in some cases a person may be held criminally responsible and be fined up to RUB 200,000, have their liberty deprived for up to one year, or be forced to perform community service or correctional work (up to 400 hours).

Thus if you are considering a different citizenship or applying for a residence permit to live in a foreign country, please take the above into account in order to avoid falling into unnecessary trouble.

Make sure you always comply with the law! |



Employment contract with foreign employee – new rules



LUBOV GRIBANOVA

Senior Immigration and Corporate Compliance Lawyer, Mazars

Since 1 January 2015 the Labour Code of the RF has been supplemented by Chapter 50.1, regulating the employment of foreign citizens and stateless persons (Federal Law No. 409-FZ dated 01.12.2014 "On the Introduction of Amendments to the Labour Code of the Russian Federation and Article 13 of the Federal Law 'Concerning the Legal Status of Foreign Citizens in the Russian Federation' related to peculiarities of labour regulation of employees – foreign citizens and stateless persons").

Employment contract

According to new rules (Article 327.2 of Chapter 50.1 of the RF Labour Code), an employment contract with a foreign citizen or stateless person (hereinafter – the "foreign citizen") shall be signed for an indefinite term, except for cases when, in accordance with Article 59 of the Labour Code, a fixed-term employment contract can or shall be concluded.

The employment agreement shall state the following information:

- **for temporarily staying foreign citizens:** on the work permit or patent issued according to the Russian legislation, except for cases when a work permit or patent is not required according to the Russian legislation or an international treaty, (for example, to foreign journalists accredited in the Russian Federation, scientific or teaching staff invited by the state-accredited institutions of higher education and other specific categories of foreign employees stipulated by Paragraph 4 Article 13 of the Federal Law "On the Legal Status of Foreign Citizens in the Russian Federation" № 115-FZ);
- **for temporarily residing foreign citizens:** on a temporary residence permit;

- **for permanently residing foreign citizens:** on a residence permit.

Along with this information, an employment contract with a foreign employee temporarily staying in the Russian Federation must include a condition stating the arrangements for medical care provision to such an employee during the term of the employment contract, including **requisites of a voluntary health insurance contract (policy) or a contract signed between the employer and a medical organization on provision to such an employee of paid medical services.** A voluntary health insurance contract (policy) or contract signed between the employer and a medical organization on provision of paid medical services to an employee, being a foreign citizen or stateless person, shall ensure provision to such employee of emergency primary health care and specialised emergency medical care.

Employment of a foreign citizen or a stateless person

According to Article 327.3 Chapter 50.1 of the RF Labour Code, along with the documents required for all



employees, a foreign citizen is obliged to provide to the employer:

- a voluntary medical insurance contract (policy) valid in the Russian Federation, except for cases when the employer enters into an agreement with a medical institution on the provision of paid medical services to an employee (for example, such obligation of the employer is established in relation to employment of highly qualified foreign professionals pursuant to Article 13.2 of the Federal Law "Concerning the Legal Status of Foreign Citizens in the Russian Federation");
- a work permit or patent (for temporarily residing foreign citizens – a temporary residence permit, for foreign citizens permanently residing in Russia – a residence permit).

The procedure for issuing employment authorization documents valid on the territory of the Russian Federation is currently organised so that only foreign citizens entering the RF on a visa-free basis may apply and obtain a patent for a labour activity without employer participation. Foreign citizens arriving in the Russian Federation under a visa regime will require an application from the employer in order to obtain a work permit. At the same time, in order to apply for work permits for certain categories of foreign citizens (for example, Highly Qualified Specialists pursuant to Article 13.2 of the Federal Law "Concerning the Legal Status of Foreign Citizens in the Russian Federation"), an employment

contract signed by the employee and the employer will be required before submission of the documents needed to apply for a work permit.

Specifically for such cases, the law provides that a work permit application may be submitted by a foreign citizen or stateless person to the employer after conclusion of the employment contract, if the employment contract, concluded and executed in line with the present Code, is required to obtain a work permit. In this case, the employment contract shall take effect not earlier than the date of receipt by a foreign citizen or stateless person of the work permit, and information on the work permit shall be included in the employment contract in the manner prescribed by the third part of Article 57 of the Labour Code of the Russian Federation (missing details shall be entered directly in the text of the employment contract, and missing conditions shall be determined by an appendix to the employment contract or a separate agreement between the parties, concluded in writing, forming an integral part of the employment contract).

Temporary transfer

A temporary transfer of a foreign employee to another position without regard to the profession indicated in the work permit or patent is allowed in cases provided by the RF Labour Code (accident at work, down time) for a period not exceeding one month and nor more than once per calendar year.

Suspension from work

Apart from cases provided by the RF Labour Code, a foreign employee shall be suspended from duty in cases as follows:

- suspension or termination of the employer's permit to hire foreign workers;
- expiration of a work permit (temporary stay permit or a residence permit);
- expiration of a voluntary medical insurance contract (policy) in the Russian Federation or termination of an agreement between the employer and a medical institution on the provision of paid medical services.

Termination of employment contract

Furthermore, Article 327.6 of Chapter 50.1 of the Labour Code of the Russian Federation introduced ad-

ditional grounds for termination of employment contracts with foreign citizens:

- suspension, expiry or revocation of the employer's permit to hire foreign workers (in this case the employee shall be paid benefits in the amount of **two-week average salary**);
- revocation of a work permit (temporary stay permit or a residence permit);
- expiry of a work permit (temporary stay permit or a residence permit);
- expiry of a voluntary medical insurance contract (policy) in the Russian Federation or termination of an agreement between the employer and a medical institution on the provision of paid medical services;

- bringing the number of employees – foreign citizens and stateless persons in accordance with restrictions prescribed by regulatory documents in respect of labour;
- impossibility of providing the employee with the previous work at the end of the temporary transfer;
- impossibility of providing the employee with a temporary transfer (if an additional transfer is needed).

In total, the innovation in the Labour Code has regularised the labour relations between employers and foreign employees and clarified the situation in the event of suspension from work and termination of a labour contract with a foreign citizen. |



Pekram



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IT companies are now allowed to apply for HQS work permits at lower salary threshold



YANA NEGORUEVA

Immigration Coordinator, Move One

The Federal Migration Authority has started to accept applications from IT companies for Highly Qualified Specialist (HQS) work permits with a salary level of 1 million roubles per employee annually (instead of 2 million annually for the companies in other operational spheres).

The basis of submissions of such applications is an extract from the list of accredited organizations which operate in the sphere of information technology. Accreditation is done by the Ministry of Communication and Mass Media of the Russian Federation.

This accreditation can be obtained by a Russian IT company irrespective of the nature of ownership and legal form if it develops and sells software for computers and databases on material objects or electronically, irrespective of a type of an agreement, and/or provides services in the adaptation and modification of software and databases for computers, or installs, tests and maintains programs and databases (this has to be proved by the main activities recorded in the State Register, which is updated on yearly basis).

The list of documents required for accreditation can be found in the Statement of Russian Federation Government #758, dated 6 November 2007. It includes an application for accreditation, an extract from the State Register of Legal Entities (ЕГРЮЛ), copies of the main corporate documents and a reference with a signature by the head of the company stating that the company operates in the IT sphere. If the decision of the Ministry is positive, the data about the company is added into the accreditation list within 30 business days from the date of application.

The process of obtaining a work permit is unchanged if the salary is from 1 to 2 million roubles, though addi-

tionally an extract from the Ministry of Communication and Mass Media must be provided. The authority issuing the work permits and other documents is the same.

International Assignment for Russian Citizens – typical documents required: legalisation and apostille

During the last few years it has become more common for international companies to send their Russian employees on international assignments abroad. In connection with this we have prepared a short list of the vital documents required for the immigration process in order to obtain permits and work visas abroad.

Marriage Certificates, Birth Certificate – documents issued by government authorities upon an actual registration of marriage or the birth of a child. The main authority in charge of the procurement of duplicates of both documents in Russia is the ZAGS (ЗАГС) which initially issued the document. The name and location of the authority which issued a certificate is always indicated on the certificate itself. Usually procurement of the duplicates takes 12 days if applied for at the office where it was initially

issued. If that is not possible, the application can be submitted at another authority (which is chosen by address of registration of the applicant). However in this case process may take a few months.

Diploma (Degree Certificate) Duplicates – a certificate or deed issued by an educational institution, such as a university, that testifies that the recipient has successfully completed a particular course of study, or received an academic degree. The authorities which issue duplicates are the universities which initially issued the document. However, many universities refuse to issue duplicates without a reference about loss of the original from the police.

Criminal Record Certificates (police record) – a record of a person's criminal history, generally used by potential employers and immigration. The information included in a criminal record varies between countries and even between jurisdictions within a country. The certificate is valid for limited period of time which should be confirmed with the authority where document is to be presented (immigration authority abroad or foreign consulate in Russia). Applications for criminal records certificates have to be submitted in the GUVД (ГУВД) according to the permanent address registration. However, if that registration is outside the Moscow region the certificate can be obtained in a special department in Moscow. It usually

takes up to 30 days to obtain criminal record certificate in Moscow, but may take less in regions. The main authority which is in charge of it – ZITS GUVД Moscow (ЗИЦ ГУВД г. Москвы).

According to international practice, documents issued in one country are not valid in another country unless there is agreement between countries. Therefore all documents have to be authenticated prior their use in other country.

There are two main ways of documents authentication: consular legalisation and apostille.

Consular Legalisation – the traditional method for authenticating

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public documents to be used abroad. This consists of a chain of individual authentications of the document. This process involves officials of the country where the document was issued, such as ministries, courts or (local) governments, as well as the foreign consulate of the country where the document is to be used.

Consular legalisation is done for usage of a document in a specific country. If the document has to be used in another country the process of consular legalisation has to be repeated from the beginning. The authority which pre-legalises the document may differ depending on the type of the document and foreign consulate requirement. In Russia the process of document legalisation often involves translation of a document into the language of the destination country, notarization of translation, pre-legalisation by the

Ministry of Foreign Affairs or the Ministry of Justice and then legalisation in the foreign consulate.

Usually legalisation done on the notarised translations so the original of the document is not affected.

Apostille – a simplified authentication method for public documents used in countries which are signatories of the Hague Convention abolishing the requirement of legalisation of foreign public documents. Once the document is apostilled it can be used in any of the countries which are a party to the Convention. An apostille can be placed on the original of the document or on a notarised copy of the document according the requirements of the final authority to which the document will be submitted (immigration authority abroad or foreign consulate). Apostilles for Marriage

Certificate and Birth Certificate are procured in ZAGS. In most cases, and for remote locations, the Ministry of Justice can be responsible for this.

Important: Please note that if a marriage or birth certificate was issued before 1996 (in the form of a folding carton book) then procurement of a new certificate will be required in order to apostille it.

For Diplomas the responsible authority is the Ministry of Education, and for Criminal Record Certificates, the authority which issued the document, if it is a notarised copy of a document, is the Ministry of Justice. Processing time varies from a few hours to a week depending on authority, with the exception of educational certificates, getting an apostille for which may take up to few months as they have to be confirmed separately for every region. |

Secondment agreements in Russia: “to be, or not to be”



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On 1 January 2016, amendments to the Labour Code protecting “seconded work” will take effect. “Seconded work” means the work carried out by an employee in the interests and under the guidance and supervision of a party other than the employer of such employee.

The draft law has been under consideration by the Russian State Duma for three years and business pressure has helped to change it significantly from when it was first published. It has been widely reported that the amendments will prohibit secondments, but this is not true. Instead, the law in-

troduces regulations on secondment arrangements.

The Russian Tax Code has recognised secondment arrangements for many years. However, the risk always remained that any seconded employees may be deemed to be employees of the host company. At the same time, the Labour Code did not specifically address secondment arrangements, thus raising concerns as to their compliance with Russian law, in particular that the host company would be deemed as the employer directly liable for deducting personal income tax and for paying social contributions.

In addition, Russian migration law does not cater for secondment arrangements for foreign secondees. Moreover, the adopted law still contains some ambiguity. For instance, one of the key problems not clarified by the law is Russian migration legislation that still does not recognize secondment agreements. It is not clear which party shall be responsible for obtaining of work permits.

Nevertheless, in practice secondment agreements have been widely used, mainly by international companies.

The main elements of the law are as follows:

Party allowed to second personnel

As a general rule, the provision of personnel based on a secondment agreement will be allowed where such personnel are seconded by:

Russian private recruitment agencies, which can second employees to both companies and individuals, if they:

- are Russian companies – thus, branches or representative offices of foreign recruitment agencies cannot second personnel in Russia;
- are accredited as recruitment agencies in Russia, though the accreditation body and procedure to be applied has not been established yet;



- do not apply special tax regimes;
- have no unpaid taxes and levies;
- have a charter capital of at least RUB 1 million (currently EUR 13,000); and
- comply with certain special requirements relating to their CEOs.

Group companies, including foreign companies and their subsidiaries or other affiliates, if the employees are seconded:

- to affiliates of the employer; or
- to a company that is a co-party to a shareholders' agreement.

The details of such secondment within group companies will be set out in an additional new law. This will hopefully answer questions on the work permit

and visa regulations for seconded foreign employees, since one of the key problems is that Russian migration law still does not recognize secondment agreements.

In all cases, the consent of an employee to be seconded is required. In addition, the consent of the trade union of the host company is required if more than 10 percent of the total number of employees of the host company are to be seconded from other companies. Moreover, in addition, the supplementary agreement on secondment to the employee's individual employment contract has to be concluded, providing that the working conditions of the seconded

employee are the same as for the employees of the host company.

The proposed restrictions generally seem to be quite tough and significantly reduce the options for businesses to second personnel among Russian companies. The positive side of the law is that it establishes a legal basis for secondment in Russia, especially for cross-border secondment between foreign investing companies and their Russian subsidiaries, which was absent previously. However, it is disappointing that the changes to the law did not include secondment to the Russian branches or representative offices of foreign companies.

Total ban of secondment

The provision of personnel as secondees is prohibited in the following cases:

- for the replacement of employees on strike;
- for the fulfilment of a job in case of idle time;
- insolvency of the host party;
- if a part-time working regime is established in the host company in order to avoid mass lay-offs;
- for the replacement of employees who have stopped working in cases provided by law, in particular due to non-payment of salary for a period exceeding 15 days. Additional restrictions on secondment may be introduced by other federal laws.

Liability of the host company

During the period of secondment, secondees are supervised and given instructions by the host company. However, the employer remains liable for payment of salary, withholding income tax obligations and paying the social charges, including compulsory accident insurance.

The law also imposes liability on the host company in connection with entering into a secondment agreement. Thus, the host company will be jointly liable for all payments due to the seconded employee (salary, severance, vacation payment). This means that

if the party providing employees fails to pay salaries to the seconded employees, the host company may be required to pay the unpaid salaries and other employment law related payments. Moreover, the host company will have to organise the investigation of accidents involving seconded employees.

Despite the fact that these amendments to the Labour Code protecting "seconded work" will not take effect for another year, we recommend that businesses start to take the new provisions into account now when structuring secondment arrangements. |



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Foreigners in Russia: a few words about freedom of movement



ILYA SOLOMATIN

Associate, PwC

Freedom of movement and free choice of domicile are among the natural rights of all individuals. This is a quote from the most translated document in the world: the United Nations Universal Declaration on Human Rights. Russia also backs this statement. Liberty to travel and reside in the country is constitutionally guaranteed for everyone who lawfully stays in Russia, including non-citizens. But does it mean that a foreigner with a valid visa can move freely around the country, from Kaliningrad in Europe to Chukotka, Far East? The answer is: yes and no.

In Soviet times, foreign citizens were allowed to visit only certain open parts of

the country, after announcing their travelling routes to the Soviet authorities and local company which invited them. Vast areas in Siberia, the Soviet North, the Caucasus, Ural, Karelia and the Baltic republics (almost 30% of Soviet land) were closed to foreigners. After the collapse of the USSR, local markets and lands became opened for non-citizens. Development of international relations was unthinkable without abandoning the tough Soviet restrictions.

However, nowadays the freedom of movement of foreigners in Russia is once again limited in a number of cases. These generally coincide with international rules allowing countries to limit the freedom of movement for the benefit of national security, public order, public health, etc. In Russia certain territories and places can be visited only with a special permit. The list of such territories and places, produced by the Russian Government, includes: special zones which need specially permitted entrance for foreigners, the Russian border zone, closed cities (mainly nuclear research or weapon manufacturing centres), war or emergency zones, quarantine areas, anti-terrorist operation zones, military facilities, agencies dealing with state secrets, and ecological disaster zones. In many of these areas a valid pass must be shown by Russian citizens as well (e.g., in Rus-

sian border zones, closed cities). In this context, **special zones which need specially permitted entrance for foreigners** are of the greatest interest among the areas specified above.

In Russia these special zones occupy only 3% of the land and they are dispersed practically in all geographical parts of the state (including the European part, Ural, Siberia and the Far East). The Russian government has listed all these territories (the list is amended from time to time), and all foreign embassies and consulates accredited in the state are provided with detailed geographical maps displaying all these zones.

Zones requiring specially permitted entrance for foreigners include military places, certain border-adjacent zones, and a few manufacturing towns. For example, among them are several towns of Moscow region, Novy Uren-goy (the unofficial Russian gas capital), Norilsk (the world's largest mining and metalworking centre), the Baltic coastlines in the Kaliningrad enclave, etc.

The entrance of a foreigner into any of these special zones must be agreed beforehand with the relevant territorial department of Russian Federal Security Service (FSS). Usually permission is issued upon the application of an

inviting Russian organization, which should specify the name of the foreigner, his or her visa, entry purpose, place and period of stay, as well as the name of Russian citizen responsible for compliance of a foreigner with conditions of stay in the zone. Usually it takes 2 weeks to consider the application, and this should be borne in mind when planning the visit. Importantly, FSS is free to allow entrance into the zone or to refuse in it (although in practice refusals are rare).

In practice it may also happen that a zone requiring specially permitted entrance for foreigners overlaps with another zone with a special entrance regime, for example, the Russian border zone (e.g. in Chukotka region). In this case entry to the zone technically should be approved twice, but in practice the application process is combined into one, or made in parallel.

The consequences of violation of entry process can be serious both for the

foreigner and for the inviting Russian party. The foreigner can be expelled from the country, while the inviting company can be heavily fined (up to 500,000 roubles). To avoid any painful surprises, conscientious Russian companies usually comply with entry requirements. Given this, it is recommended to plan all regulatory aspects of trips to Russia, including visits to special zones, and remember about the well-worn proverb: "Forewarned is forearmed"! |

AEB News

AEB initiates anti-recessionary measures to support SME member companies

The Association of European Businesses is happy to announce a brand-new benefit for SME member companies decided at the latest meeting of the AEB Board in January 2015. To support our **category D** member companies* through

this difficult time we offer them an opportunity to participate in the AEB events free of charge in the year of 2015. We hope this sustaining measure will encourage SME member companies to play a more dynamic role in the AEB activities.

Be more active – explore new opportunities for your businesses!

* Category D: a company with a worldwide turnover <1 mln EUR and individual members

Rostov-on-Don territorial Sub-Committee closed

AEB informs you that upon the results of the discussion at the AEB Board meeting held on 14 January 2015, it was agreed to abolish Rostov-on-Don territorial Sub-Committee of the AEB Southern Regional Committee.

Member companies of the above-mentioned Sub-Committee, are able to go on participating dynamically in the AEB

Southern Committee's work as well as in other AEB Committees' activities.

In case of any questions, requests or comments, please contact Olga Pavlyuk, the AEB Regional Development Director, or Yuliana Perederiy, Coordinator of the AEB Southern Regional Committee.

AEB Working Group on Labour Compensation at hazardous production sites closed

The Association of European Businesses has announced that the AEB Working Group on Labour Compensation at hazardous production sites has been closed. We thank all the AEB

members for their valuable contribution and participation in the WG's activities. Other activities with regard to this issue will be channelled through the AEB HR Committee.

Meeting with EU attachés

On 5 December 2014, the transit issues and restrictions imposed recently by the Russian Federation on the goods transiting Russia and Belarus to/from Moldova/Kazakhstan and other countries were discussed during a meeting with the EU customs attachés in Russia at the EU delegation.

Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, and Wilhelmina Shavshina, Co-Chairperson of the AEB Customs and Transport Committee, were invited to share information on Committee's work with regard to the current customs and transit issues affecting the EU business in Russia.

In 2013–2014, FCS restrictions on the application of the TIR Convention on the territory of the Russian Federation has been one of the most important and problematic transit issues for the EU businesses operating in Russia.

Dmitry Cheltsov made a presentation on "TIR in Russia: Developments and Prospects".

Dmitry underlined that currently TIR Carnets are accepted by the Russian customs authorities without the requirement of additional guarantees and additional forms of customs control in 8 out of 107 road crossings in the North-Western section of the Russian state border in Vyborg, Karelia and Murmansk customs posts.

Uncertainty with the TIR Convention's application within Russia raises serious concerns for the AEB members and representatives of business community and transport operators under conditions where limitations on the application of the Convention exist despite the absence of legal acts restricting the application of the TIR system within the Russian Federation.

Dmitry emphasised that the International Road Transport Union (IRU) is open for a dialog with the Federal Customs service to find a way to resolve the situation. The EU businesses express confidence that removing limitations on application of the TIR Convention on the entire territory of Russia and active joint work aimed at the improvement of individual provisions of the Convention will help clarify and bring closer stakeholders' positions, expand cooperation and strengthen connections in the interests of facilitating mutual trade, further develop the transport industry, and bring about the utilisation of the transport and transit potentials at national and global levels.



Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee, General Delegate, IRU Permanent Delegation to Eurasia

After the presentation, participants addressed their questions and concerns about TIR Convention implementation and transit through the Russian Federation.

It was agreed to hold meetings between the EU Customs attachés and the AEB Customs and Transport Committee experts on a regular basis.

VIII Annual Press Conference "REVIEW 2014"

On 15 January 2015, the Automobile Manufacturers Committee of the Association of European Businesses held its VIII Annual Press Conference "REVIEW 2014".

The event took place at the Radisson Royal (Ukraine) Hotel in Moscow.

The main speakers at the Conference were Dr. Frank Schauff, AEB CEO, and Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee, President & General Director, Mazda Motor Rus LLC. At the Press Conference, the sales results of the Russian automotive market in 2014 and prospects for 2015 were presented. Sales of new passenger cars and LCVs in Russia in December 2014 increased by 2.4% as compared to December 2013. Annual sales of new passenger cars and LCVs in Russia in December decreased by 10.3% as compared to the year 2013.

The AMC Chairman, Joerg Schreiber announced the AMC forecast for 2015:

"2014 ended with a strong finish, but with a cumulative volume loss of 10% it remains a disappointing year for the Russian car market. In the face of the looming recession, expectations for 2015 are even lower: our forecast for the total market of PC and LCV next year is 1.89 million units, equivalent to a 24% contraction of the market on a year-on-year basis."



Joerg Schreiber, Chairman of the AEB Automobile Manufacturers Committee, President & General Director, Mazda Motor Rus LLC

At the Press Conference the main issues on the AMC Agenda were featured. CEOs and representatives of major automotive companies participated at the Press Conference. The representatives of leading Media were present and showed huge interest in the event. A series of individual interviews with the speakers and individual brands' representatives were organised after the event.

AEB would like to express gratitude to the sponsors of the Annual AMC Press Conference for their invaluable support in organising the event:

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Ambassador **Vygaudas Ušackas**, the Head of EU Delegation to the Russian Federation

AEB Strategy Meeting

On 22 January 2015, The Association of European Businesses held its Strategy Meeting 2015, where Board members, CNR representatives, the Committee Chairpersons, several honoured guests, the AEB CEO and staff met at the AEB premises to discuss and define the committee's main targets and initiatives for 2015. At the meeting, Vygaudas Ušackas, Head of the EU Delegation to Russia, spoke on EU-Russian relations in the current political and economic environment. The participants of the meeting made constructive proposals for adjustment of AEB activities to the new challenges of the year 2015.

Annual Press Reception

On 28 January 2015, AEB held Annual Press Reception for media representatives. Philippe Pegorier, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus), opened the event with the welcome speech. He noted that the journalistic profession has become very important today. AEB CEO Frank Schauf introduced the Committee Chairmen and expressed his belief in close cooperation between the media and AEB.

Philippe Pegorier, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus), gives the welcome speech



L-R: **Adil Shirinov**, First Vice-President and Executive Director, Ford Sollers; **Igor Savelyev**, Head of Strategic Planning, KAMAZ; **Petr Linhart**, Vice President of Corporate Development Project, AvtoVAZ; **Frank Schauf**, AEB CEO; **Ruslan Kabirov**, First deputy of the Minister of Industry and Trade of the Republic of Tatarstan; **Mikhail Kuchinskiy**, General Director, United Automotive Technologies.

Automotive Forum in Kazan

On 5–6 February 2015, the Association of European Businesses, in cooperation with the international exhibition operators Messe Frankfurt and Kazanskaya Yarmarka, and supported by the Ministry of Industry and Trade of the Republic of Tatarstan, organised the 1st International Automotive Forum "TIAF 2015 supported by Automechanika" in Kazan. During the Forum car-makers and producers of automotive components and other companies interested in the contacts had B2B meetings. The plenary session was opened by Frank Schauf, AEB CEO. Igor Savelyev, Head of strategic planning, KAMAZ, Adil Shirinov, First Vice President and Executive Director, Ford Sollers, Mikhail Kuchinskiy, General Director, United Automotive Technologies, Ibadulla Satybalov, Vice President of the Czech group Jihostroi a.s., and Şükrü Tetik, OİB Board Member, also made speeches.



L-R: **Frank Schauff**, AEB CEO; **Rustam Minnihanov**, President of the Republic of Tatarstan.

Meeting with President of the Republic of Tatarstan

On 5 February 2015, Frank Schauff, AEB CEO, had a meeting with Rustam Minnihanov, President of the Republic of Tatarstan. Ravil Zaripov, Prime Minister and Minister of Industry and Trade of the Republic of Tatarstan, and Radik Gimatdinov, Presidential Assistant on International issues, also attended the meeting.

Briefing by Andrey Nikitin

On 13 February 2015, the AEB held a briefing by Andrey Nikitin, General Director of the Agency for Strategic Initiatives (ASI), at the AEB Conference Room. The briefing was organised by the AEB Working Group on Modernization and Innovations and moderated by Ruslan Kokarev, AEB COO, and Michael Akim, Chairperson of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia. The event provided AEB members with key information on the ASI projects of improving business climate in Russian regions, a possibility to share concerns and ideas regarding possible involvement into the ASI's instruments. Meeting participants addressed Mr. Nikitin on several important issues concerning the construction and retail sectors. AEB and ASI intend to strengthen their dialogue on a practical basis.

The Agency for Strategic Initiatives was created in 2011 to coordinate the processes of improving national business climate, support business and reform education models. This initiative belongs to Vladimir Putin who remains chairman of the supervisory board of the Agency.



L-R: **Michael Akim**, Chairman of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia; **Andrey Nikitin**, Director General, Agency for Strategic Initiatives.



L-R: **Philippe Pegorier**, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus); **Liudmila Shiryayeva**, Chairperson of the AEB Migration Committee, Executive Director, EY; **Frank Schauf**, AEB CEO; **Konstantin Romodanovsky**, Head of the RF Federal Migration Service.

Briefing by Konstantin Romodanovsky

On 16 February 2015, the AEB Migration Committee organised a briefing by Konstantin Romodanovsky, the RF Minister, Head of the Federal Migration Service of the Russian Federation.

Mr Romodanovsky and representatives of the Federal Migration Service, briefed the AEB member-companies on the new FMS legislative initiatives in the framework of the implementation of the Russian migration policy concept for the period up to 2025: upcoming changes in immigration system, as well as practical migration matters, such as new

patent system for foreign employees from non-visa countries, notification of FMS of Russia on dual citizenship, exams for foreign employees, HQSs in Representative offices, new rules of employment contracts with a foreign employee and other changes to the Labour Code and administrative liability of foreign employees.

Konstantin Romodanovsky and Lev Yakobson, First Vice-Dean of High School of Economics, presented a questionnaire on monitoring the business needs for hiring of foreign specialists in Russia.

Briefing by Knut Fleckenstein

On 16 February 2015, AEB organised a briefing by Knut Fleckenstein, Vice-Chairman of the Group of Socialists & Democrats in the European Parliament. The event was held on AEB premises and gave members a great opportunity to discuss the current situation in Ukraine and the related sanctions with a key German politician from the European Parliament. Mr Fleckenstein, who chaired the Delegation to the EU-Russia Parliamentary Cooperation Committee during its previous term in the European Parliament, shared his views on the current tensions between the EU and Russia. He was eager to hear about the difficulties faced by European investors in Russia and their position vis-à-vis the sanctions. The AEB will continue to voice the concerns of European businesses in Brussels during its planned visit to the European institutions on 16–18 March 2015.



Knut Fleckenstein, Vice-Chairman of the Group of Socialists & Democrats at the European Parliament

Business Mission to Tyumen

On 17–18 February 2015, the AEB delegation organised its business mission to Tyumen. During the mission, Philippe Pegorier, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus), met with Vladimir Yakushev, Governor of the Tyumen region.

The AEB delegation also participated in the “II Tyumen Investment Forum. Investment. Industrialization. Regions. Breakthrough logic” to discuss development and investment prospects in the region. Philippe Pegorier made a welcome speech at the plenary session alongside Sergey Naryshkin, Chairman of the State Duma of the RF Federal Assembly, Igor Holmanskikh, President of the Urals Federal District, Andrey Nikitin, General Director of the Agency for Strategic Initiatives, Alexey Repik, President of the All-Russia Public Organisation “Delovaya Rossiya”, and Alexander Kalinin, President of the All-Russia Public Organisation “Opora Russia”.



L-R: **Vladimir Yakushev**, Governor of the Tyumen region; **Philippe Pegorier**, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus).

During the second day of the mission, the Association of European Businesses held a round table “Cooperation with International Partners: New Opportunities and Risks in the Current Economic Conditions” moderated by Sergey Naryshkin.



L-R: **Ruslan Kokarev**, AEB COO; **Antonio Linares**, Member of the AEB Board, General Director, ROCA in Russia and CIS; **Frank Schauff**, AEB CEO.

Open Doors

On 19 February 2015, the Association of European Businesses (AEB) opened its doors to potential members. Companies had a good opportunity to get detailed information about the AEB membership benefits from the presentations given by Frank Schauff, AEB CEO, Antonio Linares, AEB Board Member, General Director, ROCA in Russia and CIS, and Ruslan Kokarev, AEB COO.

Moreover, a good environment was created for visitors to have a “speed dating” with the AEB employees representing the following tables:

- AEB Loyalty Programme and CRM system:
Vera Prokopenko, AEB Customer Care Manager;

- Membership and Sponsorship Benefits:
Lyudmila Sahakyan, AEB Membership Development Manager;
- Membership Benefits and Committees work:
Natalia Trembovetskaya, AEB Head of Membership and Sales;
- Publications and Communications:
Anastasia Kondratieva, AEB Marketing, PR and Communications Director;
- Publications and Communications:
Mikhail Konishchev, AEB Publications Manager;
- Lobbying and Legal Questions:
Maya Limonnikova, AEB Legal Advisor;
- Regional Development:
Olga Pavlyuk, AEB Director for Regional Development.



Czech Euroreception

On 25 February 2015, the AEB and the Embassy of the Czech Republic in the Russian Federation held an "AEB Czech EuroReception" event. The Ambassador of the Czech Republic, His Excellency Vladimir Remek, opened the event with a welcome speech. AEB Board Chairman, Philippe Pegorier, thanked the Czech Embassy for inviting AEB members and expressed his hopes for stronger cooperation between the AEB and companies from the Czech Republic. He also announced a number of important upcoming AEB events, and invited everyone present to join them.

Vladimir Remek, Ambassador of the Czech Republic to the Russian Federation

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AEB COMMITTEE UPDATES

Airline Committee

On 17 December 2014, the AEB Airline Committee met with Dmitri Shamraev, Regional Director for Russia and the CIS, IATA, to discuss and share views on potential problems, possible impacts for the airline industry, associated with processing of personal data using databases located exclusively in Russia (the Federal Law "On Amendments to Certain Legislative Acts of the Russian Federation in terms of Verifying the Processing of Personal Data in Information and Telecommunications Networks" No. 242-FZ dated 21 July 2014).

L-R: **Marek Pedersen**, General Manager, SAS; **Anna Minina**, AirFrance-KLM; **Carla Catuogno**, Country Manager, Alitalia; **Vladimir Proskurin**, FDS Manager, IATA; **Sylvie Caudriller**, Chairperson of the AEB Airline Committee, General Manager, AirFrance-KLM; **Leonid Tarasov**, General Representative, DELTA; **Dmitri Shamraev**, Regional Director for Russia and the CIS, IATA.



Customs & Transport Committee



L-R: **Alexandra Morozova**, Manager, Retail Excellence, Mazda Motor RUS OOO; **Elena Andreichikova**, Associate, DLA Piper; **Ksenia Bortnik**, Coordinator of the AEB Customs and Transport Committee; **Dmitry Cheltsov**, Chairman of the AEB Customs and Transport Committee, IRU; **Alexei Missailov**, Commercial Director, Parkline Logistics.

On 27 November 2014, the AEB Customs and Transport Committee organised a round table with the Japanese Business Club and JETRO for discussing recent developments in the customs sphere and exchanging experts' points of view between Japanese and European companies working in Russia regarding customs procedure in the different industries. The Committee experts talked on the following topics:

- harmonisation of customs duties on the territory of the Customs Union;
- conditions of the concept's application for "industrial assembly of wheeled vehicles" in the Customs Union;

- customs control tightening after the sanctions imposition;
- customs value correction;
- preliminary information and pre-clearance;
- mandatory requirements for equipping wheeled vehicles with ERA GLONASS system or devices;
- TIR system in Russia;
- administrative responsibility for customs regulations violation;
- authorised economic operators;
- customs implications of judiciary reform in Russia.



L-R: **Hitoshi Kazama**, Special Project Manager, Mitsubishi Electric (Russia) LLC; **Koji Noda**, General Director, Nikon; **Ryuichi Hattori**, General Director, JETRO Moscow; **Sergei Chironov**, Interpreter.

On 5 December 2014, the AEB Customs and Transport Committee members and other representatives of international businesses in Russia had a meeting with executive officers of the Federal Customs Service to discuss the most acute and problematic issues in the customs sphere for businesses operating in Russia. This bi-annual meeting was moderated by Tatiana Golendeeva, State Secretary, First Deputy Head of the Federal Customs Service, and by Dmitry Cheltsov, Chairperson of the AEB Customs and Transport Committee. The following issues were discussed:

- list of documents reduction required for customs clearance;
- technology of remote goods' release;
- customs transit through the territory of the Russian Federation (in particular, to Kazakhstan);
- disharmony of commodity classification in the Tariff Nomenclatures of Russian and Eurasian Economic Union;

- application of the TIR Convention on the territory of the Russian Federation;
- the system of information exchange between customs posts.



L-R: **Wilhelmina Shavshina**, Co-Chairperson of the AEB Customs and Transport Committee; **Julia Hertel**, IKEA; **Dmitry Cheltsov**, Chairman of the AEB Customs and Transport Committee; **Sergei Gusev**, Co-Chairman of the AEB Customs and Transport Committee; **Andrey Kirienkov**, Customs Rus.



L-R: **Artem Yulegin**, Head of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission; **Alexander Kovalev**, Council of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission; **Baurzhan Bekeshev**, Head of Department on Entrepreneurship Development, Eurasian Economic Commission; **Dmitry Cheltsov**, Chairman of the AEB Customs and Transport Committee, General Delegate of IRU.

On 29 January 2015, the AEB Customs and Transport Committee (CTC) organised a round table with Baurzhan Bekeshev, Head of Department on Entrepreneurship Development, Eurasian Economic Commission (EEC), Artem Yulegin, Head of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission, Alexander Kovalev, Council of Division

on Advocacy of Entrepreneurship, Eurasian Economic Commission, in the Baker&McKenzie office.

Mr Bekeshev made an informative presentation dedicated to cooperation between the EEC Department on Entrepreneurship Development and the business community, including the introduction of regulatory impact assessment of draft decisions of the Eurasian Economic Commission, which may have an impact on the business environment. The regulatory impact assessment was developed on the Eurasian Economic Union country members' RIA practice. An integrated information system between the EEAU members is under development. A working group, including business representatives from EEAU members, will be set up for public consultations.

Mr Bekeshev informed that according to preliminary estimates about 120 Draft Decisions of Eurasian Economic Commission (among 850) met the negative opinions in the framework of regulatory impact assessment.

Regulatory impact assessment of the EEC Decisions which came into force, still has not been implemented.

Finance & Investments Committee

On 12 February 2015, the AEB Finance and Investments Committee held an open event: "Where are we headed? De-offshorisation, sanctions, the economy and some practical crisis management advice".

At the moment it is critical for businesses to adjust to the new realities of the current situation and this event served as a platform to take stock of the challenges facing companies operating in Russia, to take a view on how long and deep the crisis might be and to consider strategies and tactics that might help management navigate the increasingly complex environment. The event gave the audience an opportunity to hear updates and thoughts of the invited experts (Tobias Luepke, EY, Chris Weafer, Macro-Advisory Ltd, Alexander Anichkin, Clifford Chance, and Stuart Lawson, EY) where we are headed and to contribute with ideas and comments during the Q&A session. The welcome speech was made by Frank Schauff, AEB CEO. The event was moderated by Stuart Lawson, Chairman of the AEB Finance and Investments Committee, EY.



L-R: **Alexander Anichkin**, Partner, Clifford Chance; **Chris Weafer**, Senior Partner, Macro-Advisory Ltd; **Tobias Luepke**, Partner CIS Transaction M&A Law Leader; Head of the German Business Center, EY; **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; **Frank Schauff**, AEB CEO.

AEB kindly thanks for supporting the event:

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HR Committee



L-R: **Marina Simonova**, General Manager, Ventra; **Denis Chalov**, General Manager, AGroup Russia; **Natalia Ovcharova**, Marketing Manager, Talent Q; **Viktoriya Timofeeva**, Head of Recruitment and Assessment, OTP Bank; **Irina Zarina**, Chairperson of the AEB Assessment, Training and Development Sub-Committee, Managing Director, CEB SHL Measurement Solutions; **Florin Petrescu**, Head of Human Resources Russia, Ukraine, Kazakhstan, Citi; **Natalia Tikhomirova**, Senior Manager, Human Resource Consulting, Tax & Legal Services, PwC.

On 29 January 2015, an AEB Open Event entitled "HR Solutions in Uncertain Times: doing more with less", organised by

the AEB HR Committee, Assessment, Training and Development Sub-Committee, was held.

The crisis in the economy threatens companies not only with financial problems and loss of market position but also with the loss of skilled personnel, without whom it will be impossible to survive the crisis. Numerous studies have concluded that for people with satisfactory salaries, some non-financial motivators are more effective than extra cash in building long-term employee engagement in most sectors, job functions, and business contexts. The event "HR Solutions in Uncertain Times: doing more with less" was devoted to the practices the leading companies apply in uncertain times: non-material reward and motivation customised and quite focused approach in learning and development. The event was moderated by Irina Zarina, Chair of the AEB Assessment, Training and Development Sub-Committee, Managing Director, CEB SHL Talent Measurement Solutions.

On 17 February 2015, the Relocation Sub-Committee of the AEB HR Committee held its annual Relocation Conference "Bringing Expats to Russia". The event has been held for last eight years and is traditionally focused on the latest developments in the areas of property and relocation, corporate relocation policies, settling in Moscow, the market for hotels and serviced accommodation, schooling, support systems for families, departure services, immigration and labour law, employment of foreign nationals in Russia, etc. This year, the Conference was a half-day event organised in an interactive format. The conference included three sessions focused on latest trends and challenges in the following sectors:

- Session 1: Relocation industry and rental market.
- Session 2: Outbound relocations.



L-R: **Olga Kurilova**, Bruck Consult Associate Partners; **Andrey Slepov**, BEITEN BURKHARDT Moscow; **Inna Soltyk**, MoveOne; **Elena Groshkova**, Swiss Business Hub Russia, Embassy of Switzerland; **Marina Semenova**, Chairperson of the AEB Relocation Sub-Committee, Intermark Relocation.

- Session 3: Recent legislative developments in immigration and labour law.

Insurance & Pensions Committee

On 6 February 2015, the delegation of the AEB Insurance and Pensions Committee (headed by Vladimir Sukhinin, Deputy Committee Chairman, Cardif Insurance Company) met with Igor Zhuk, Director of Insurance Market Department, Central Bank of Russia, to discuss current insurance issues and further cooperation with the regulator. Among the issues discussed were: the regulator's priorities in the short term and anti-crisis measures, negative court practice, curators for insurance companies, internal audit, methodology of tariff calculation, the role of the

financial ombudsman, regulation of insurance activities in terms of anti-money laundering (AML) – to name but a few. As a result of the meeting, the Committee representatives sent a number of proposals and took part in the working meetings on the Resolution of the RF Supreme Court on the application of OSAGO legislation by the courts and on the Central Bank's draft regulation on solvency margin for insurance companies. The Committee will continue a dialogue with the Central Bank and it was agreed to meet with Mr. Zhuk on a regular basis.

Intellectual Property Committee



L-R: **Eugene Arieivich**, Chairman of the AEB Intellectual Property Committee, Partner, Baker&McKenzie; **Tatiana Sazonova**, Deputy Chairperson of the AEB Intellectual Property Committee, Head Philips IP&S (Russia, Ukraine, Belarus & Central Asia), European Patent Attorney; **Anton Bankovskiy**, Deputy Chairman of the AEB Intellectual Property Committee, Head of IP Practice, CMS.

Delegation of the European Union to the Russian Federation and the Federal Service for Intellectual Property (ROSPATENT). The Committee was represented by Eugene Arieivich, Chairman of the AEB Intellectual Property Committee, Partner, Baker&McKenzie, Tatiana Sazonova, Deputy Chairperson of the AEB Intellectual Property Committee, Head Philips IP&S (Russia, Ukraine, Belarus and Central Asia), European Patent Attorney, and Anton Bankovskiy, Deputy Chairman of the AEB Intellectual Property Committee, Head of IP Practice, CMS. The event was aimed at discussing the draft study which compares the system of IPR protection in the EU and in Russia, identifies gaps and proposes relevant recommendations. The study is being carried out as part of the Project "Modernization of the IPR System of the Russian Federation" by the Office for Harmonization in the Internal Market (OHIM) and ROSPATENT.

On 11 December 2014, the AEB Intellectual Property Committee took part in the "Seminar to Present and Discuss the Gap Study of Provisions of the EU Legal Acts and the Civil Code of the Russian Federation, Ch. IV Related to Trade Marks and Designs". The Seminar was organised by the

Legal Committee

On 21 November 2014, the AEB Legal Committee held its In-House Counsel Day for the second year in a row. This event provided a unique opportunity to general counsels and senior in-house lawyers to share their experiences and the challenges they face. The meeting was co-chaired by Alexander Kozhukhov, Chairman of the AEB Legal Committee and Sergey Krokhalev, Deputy Chairman of the AEB Legal Committee. Frank Schauff, AEB CEO, held a welcome speech for the participants. Heads of legal departments of the AEB member-companies from different industries as well as representatives of legal firms discussed issues related to legal department management, interaction with regulators, litigation, ethics and compliance.



L-R: **Frank Schauff**, AEB CEO; **Alexander Kozhukhov**, Chairman of the AEB Legal Committee; **Ilsur Akhmetshin**, Country Integrity Officer Russia, Azerbaijan, Belarus, ABB; **Ekaterina Pustovalova**, Regional Director (Russia and CIS) ICA/International Compliance Association, President ICS; **Anton Subbot**, Counsel, Baker & McKenzie – CIS Limited; **Sergey Krokhalev**, Deputy Chairman of the AEB Legal Committee.

AEB expresses its deepest gratitude to the sponsors for supporting the event:



BORENIUS

Establishment of the AEB Sub-Committee on Compliance & Ethics

The AEB is pleased to announce that on 10 December 2014 the Board took a decision to establish a Sub-Committee on Compliance and Ethics as part of the AEB Legal Committee.

The Compliance & Ethics Sub-committee is going to be a place where professionals from the AEB membership and different external stakeholders (incl. state bodies) can share and promote best practice via informational briefings, seminars, reports, and regular compliance case updates. Areas of interest include business ethics, regulatory issues, internal controls, governance and risk assessment and mitigation.

Compliance & Ethics Sub-Committee:

- monitors compliance with senior overlay requirements of international and country authorities;

- keeps the AEB members apprised of changes in international and country regulations effecting maintenance compliance standards;
- invites state bodies for a constructive dialogue, business and government opinion sharing on critical legislation regulations, enforcement practices;
- joins various government initiatives in the compliance area via interaction with country authorities and other relevant bodies, involved/responsible in/for compliance and anti-corruption matters;
- engages of external counsel and reputable consulting companies to provide professional insight to compliance matters;
- drives joint cross-sectoral activities jointly with Legal, HR, PR & Communications, Finance and Investments committees.

The inaugural meeting of the Sub-Committee took place on 27 January 2015. Representatives from various industries are invited to join the group.

Migration Committee



L-R: **Alexey Filipenkov**, Co-Chairman of the AEB Migration Committee; **Liudmila Shiryayeva**, Chairperson of the AEB Migration Committee; **Vadim Kudryashov**, Head of Moscow Department of Labour and Employment.

On 10 December 2014, the AEB Migration Committee organised a round table jointly with the Moscow Department of La-

bour and Employment regarding the quotas for hiring foreign employees in Moscow for 2015 and the status of the quotas for 2014, and some other topics relevant to hiring foreign employees within the competence of the Department. Vadim Kudryashov, Head of the Moscow Department of Labour and Employment, and Alexander Ni, Deputy Head of Division of Labour Migration, Moscow Department of Labour and Employment, spoke about the main reasons of rejection of the companies' quotas application forms for 2015; quota procedure and the forecast for 2015, including quota issue in view of introduction of the patent system for the foreign employees from non-visa countries. The parties agreed to organise further meetings on the regular basis so that AEB members can be kept abreast of changes and new approaches in this area.

On 19 December 2014, the AEB Migration Committee organised a business meeting: "Labour migration: the year's results and perspectives" with the participation of Federal Migration Service representatives: Elena Proshina, Head of Legal Department, FMS Russia; Dmitry Demidenko, Deputy Head of Department on working with foreign citizens, FMS Russia; Ilya Kirillov, Senior Inspector, Department on citizenship, FMS Russia. The traditional year-end event covered recent legislative developments in the migration sphere, new initiatives introduced in legislation, in particular, the new patent system for foreign employees from non-visa countries, draft law on migration control, as well as practical migration matters, such as notification of FMS of Russia on dual citizenship, requirement of biometric personal data, exams for foreign employees, changes to the Labour Code and etc.



L-R: **Ilya Kirillov**, Senior Inspector, Department on citizenship, FMS Russia; **Dmitry Demidenko**, Deputy Head of Department on working with foreign citizens, FMS Russia; **Elena Proshina**, Head of Legal Department, FMS Russia; **Liudmila Shiryayeva**, Chairperson of the AEB Migration Committee, GR Director, EY.

North-Western Regional Committee



On 5 December 2014, following a well-established tradition, the AEB North-Western Regional Committee organised a World Bank briefing based on the World Bank's "Russia Economic Report #32" titled "Policy Uncertainty Clouds Medium-Term Prospect". The AEB NWRC members had the privilege of hearing Birgit Hansl, Lead Economist, Country Sector Coordinator for the Russian Federation.

The Russia Economic Report #32 focused on:

- recent economic developments;
- economic outlook;
- in focus: paths to diversified development in Russia.

The briefing was hosted by the Consulate General of the Netherlands in St. Petersburg.

Birgit Hansl, Lead Economist, Country Sector Coordinator for the Russian Federation, World Bank.

On 19 December 2014, Customs, Transport & Logistics Subcommittee of the AEB North-Western Regional Committee's organised a briefing: "News of customs legislation and practice" with Yuri Lyamkin, the first Deputy Head of the North-Western Customs Department on Customs Control, the Customs Service Major-General.

During the briefing the following issues were discussed:

- categorization of participants of foreign trade: a practical approach FCS/SZTU;
- AEO – enforcement practice in the region;
- checking the correctness of the declared customs value and the HS code – the practice of customs checks by the customs authorities of SZTU;
- the use of information technology for customs declarations – current status and prospect.

The representatives of the responsible SZTU structural units participated in the briefing and clarified relevant issues.



L-R: **Galina Kushner**, SZTU; **Mikhail Safronov**, SZTU; **Wilhelmina Shavshina**, DLA Piper; **Yuri Lyamkin**, SZTU; **Maxim Mamchur**, SZTU; **Maria Yakovchik**, SZTU.

Among the guests were representatives of such companies as ANCOR, Ariston Thermo, Baker&McKenzie, BSH Group, Ford Sollers, Group SEB Vostok, Nissan, Philip Morris Sales and marketing, Port Hamburg Marketing, Roedl & Partner, RUSSIA CONSULTING, Stockmann ZAO, Translogix, Baltica-Trans, and other. We would like to thank DLA Piper St. Petersburg for hosting the event.



L-R: **Vladimir Miklashevsky**, Helsinki based Economist, Danske Bank; **Peter Tabak**, Lead Economist, European Bank for Reconstruction and Development (EBRD); **Timo Mikkonen**, Chairman of the AEB North-Western Regional Committee.

On 27 January 2015, the AEB North-Western Regional Committee organised an open event on "Economic-financial outlook: challenges and perspectives for 2015". The briefing was hosted by the Consulate General of Finland in St. Petersburg.

AEB NWRC members had the privilege to hear Peter Tabak, Lead Economist, European Bank for Reconstruction and Development (EBRD), and Vladimir Miklashevsky, Helsinki based Economist, Danske Bank, give their views on the current economic situation in Russia, RUB Foreign Exchange Edge and prospects for 2015. About 95 participants from AEB member companies and St. Petersburg-based consulates were present at the event. It was followed by networking session.

Safety, Health, Environment and Security Committee

Environment protection regulations have recently undergone significant changes. On 21 July 2014 Federal Law No.219-FZ "On Revision of the Federal Environment Protection Law and Individual Regulations of the Russian Federation" was adopted. This law changes the system of regulation of environmental impact, introducing the concept of "Best Available Techniques" (BAT) as is common in the European Union. On 5 December 2014, the Environmental Sub-Committee of the AEB Safety, Health, Environment and Security Committee held a meeting with Mikhail Begak, Deputy Chairman of the Technical Committee-113 "Best Available Techniques"

established by Rosstandart, who informed the participants about TC-113 work on development of BAT reference documents that will assist in identifying the techniques that are the best for the environment as a whole, and are economically and technically available for relevant industrial sectors. BAT reference documents will also be used in the development of the regulatory frameworks and coordination of ecological and industrial policies. In 2015 Environmental Sub-Committee will continue its cooperation with Mikhail Begak and would like to invite everybody to join the upcoming meetings.

On 10 and 12 February 2015, the Security Sub-Committee of the AEB Safety, Health, Environment and Security Committee, in co-operation with the international exhibition operator Messe Frankfurt, organised two round tables within the frame of TB FORUM powered by Intersec: "Remote security as one of the most dynamic type of private security. Tendencies and prospects" and "Integration as an evolution of security systems. Problems of implementation of integrated systems in corporate sector". The events attracted much attention from the audience and were a good platform for discussion by both security industry professionals and service end-users.



L-R: **Mikhail Balev**, Chairman of the Security Sub-Committee, the AEB Safety, Health, Environment and Security Committee, Business Development Executive, MIG Business Security Strategies; **Vladimir Lipov**, Marketing Director, Altonika SB, and participants of the round table.

Taxation Committee



L-R: **Rustem Akhmetshin**, Pepeliaev Group; **Andrey Ignatov**, EY; **Kirill Vikulov**, Baker&McKenzie; **Sergey Shatalov**, Deputy Minister of Finance, FS; **Frank Schauff**, AEB CEO; **Alina Lavrentieva**, PwC.

On 17 December 2014, the AEB Taxation Committee held its traditional end-of-year Taxation Forum. The event focused on recent tax legislation developments and key new initiatives of the RF Government in the taxation sphere.



L-R: **Alexander Erasov**, GOLTSBLAT BLP; **Vladimir Konstantinov**, PwC; **Mikhail Orlov**, KPMG; **Denis Zaytsev**, DS Law; **Anastasia Spiridonova**, Deloitte; **Vadim Zaripov**, Pepeliaev Group.

Sergey D. Shatalov, Deputy Minister of Finance of the RF, participated in the Forum's round table and addressed a number of important tax matters. Committee experts shared their views and engaged in an active dialogue with the audience.

Working Group on Modernization & Innovations



L-R: **Michael Akim**, Chairman of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia; **Gulnara Bikkulova**, Technology Capital and Markets Access Department Director, Member of the Board, Russian Venture Company.

On 6 February 2015, the AEB Working Group on Modernization and Innovations organised an Open Event: Presentation of the Russian Venture Company (RVC): "Opportunities and Mechanisms for Cooperation".

RVC was represented by Gulnara Bikkulova, Technology Capital and Markets Access Department Director, member of the Board of the Russian Venture Company. Mrs Bikkulova provided a comprehensive overview of the venture activities of RVC as well as highlighting the fields in which AEB member-companies and RVC could potentially cooperate. The Russian Venture Company is a governmental fund of funds and a development institute of the Russian Federation, one of Russia's key tools in building its own national innovation system.

MEMBER NEWS

ALPE consulting

SAP Go Live at SIKA

On 12 January 2015, the ALPE consulting experts successfully started the SAP system in the Russian branch of the Swiss company SIKA (Lobnya, Moscow region). The SAP ERP system has been successfully implemented in accordance with the project plan and at the moment the ALPE consulting team is maintaining the system in production mode. The following modules have been implemented: MM, SD, FI, CO, PP. In the future SIKA plans to modify the existing system to the level of EHP 7. SIKA is the largest manufacturer and world leader of construction materials.

SAP Project at Faurecia

In October 2014, ALPE consulting was tasked with supporting Faurecia (Tolatti) on various SAP logistic topics. Currently senior logistic consultants are working closely with Faurecia Russian and international central resources on topics including master data and stock management, CDI and EDI, MRP runs, generation of ASN as well as training key users and local IT staff. Founded in 1997, Faurecia has grown to become a major player in the global automotive industry and a leader in its four areas of business, making it the preferred partner of some of the world's largest auto-makers.

SAP Project at ContiTech

In November 2014, ALPE consulting had a kick-off meeting at ContiTech VTOGE RUS, and the Roll-Out project of the corpo-

rate standard SAP ERP functionality started in December. The Go Live is planned for 1 April 2015. On 26 January ContiTech experts and Key Users from Europe and Russia will start a preliminary testing of the SAP system prototype configured by ALPE consulting. ContiTech sells automotive part imported from the mother company. It is the third project of ALPE consulting in the Continental Group and we are proud to be the main SAP service provider for this Group in Russia.

BEITEN BURKHARDT

BEITEN BURKHARDT organises charity event "Nitochka Dobra"

Moscow, 12 January 2015 – International law firm BEITEN BURKHARDT organised the charity event "Nitochka Dobra" [Thread of Good] held on 18 December 2014 at the Kolomna Municipal Social Rehabilitation Centre for Minors. During the event the children presented a theatrical show that they had themselves prepared.

The kids rehearsed the inspirational New Year show Thread of Good with an actress from Kolomna People's Theatre. Costumes and decorations were purchased, while the children enthusiastically learned their roles, dances and verses. Meanwhile, the New Year presents requested by the children in letters to Grandfather Frost were acquired.

On 18 December, the children performed Thread of Good together with actors from the theatre. The children got into



character and gave 100% on stage. The show was wonderful: positive and indicative of the New Year. This was followed by a soap bubble extravaganza organised by a magic fairy, and then by the moment that the children had been eagerly awaiting – the appearance of Grandfather Frost, who presented the children with coveted gifts.

Brainpower CIS

Brainpower CIS, BPI Group moved their Moscow office to the very centre at the beginning of February.

The company's local headquarter welcomes their guests in the Galereya Akter Business Centre on Tverskaya Street.

All the details are available on Brainpower website www.brainpower.ru.

Brainpower is a market-leading executive search and management selection agency with a more than 20-year success story on the Russian market.

The company's operations spread to Russia, CIS, and Europe and cover all the industries, including FMCG, retail, luxury, finance and banking, healthcare, heavy industry, high tech, life style, and more.

Business Media Russia

The whole world in one VISION

BusinessMediaRussia is proud to announce the specialised international machine vision exhibition VISION Russia Pavilion & Conference, taking place 17–18 June at Expocentre Fairgrounds. Messe Stuttgart, the leading trade fair organiser, will support the event as the General Partner.

"Machine vision" refers to the industrial application of vision technology. It describes the understanding and interpretation of technically obtained images for controlling production

processes. It has evolved into one of the key technologies in industrial automation, and is used in virtually all manufacturing industries. Machine vision technology is unique in its ability to resolve the trade-off between raising quality and cutting costs. This unique industry is just entering the Russian market. However, it has already strengthened its position as a must-have technology at European manufactures over the 25 years of successful development.

After marketing research, we can undoubtedly state that it is the right time for the industry to have its own professional event. Taking into consideration the beneficial co-location with the leading microelectronics trade fair–SEMICON Russia, this event should represent a breakthrough for the Russian industry.



Mark your calendar and plan now to visit our trade fair!

<http://www.vision-russia.ru>

Dentons



Historic combination creates leading, largest law firm in the world

大成 (pronounced "da CHUNG"), a leading law firm in China, and Dentons, a top 10 global law firm, announced a combination that will be unique in the marketplace. The result will be the only firm to offer seamless service across Africa; Asia Pacific; Canada; Central Asia; Europe;

the Middle East; Russia, CIS and the Caucasus; the United Kingdom (UK); the United States (US); and all 34 of China's regional administrative divisions.

The new firm will have more than 6,500 lawyers and professionals in 120 locations in more than 50 countries. It is the first combination of a leading Chinese firm and a top 10 global firm.

"With the largest and fastest growing economy in the world, the attraction of China to our clients is strong. All of our competitors are looking East," said Portnoy, the Global Chief Executive Officer of the new firm. "By uniting East and West in one firm – not merely through a few offices in large cities, but with a deep presence across China – we can provide Chinese businesses with global ambitions and international clients with interests inside China a reach and depth that simply can't be found elsewhere."

Griffin Partners



Sherrizone-Nord Logistics Park construction has been completed

Phase I construction was completed in late December. Three stand-alone buildings are ready for finishing work and installations. Sherrizone-Nord is located at 15 km from the MKAD and 800 meters from Sheremetyevo Airport. The transport access to the Park is the essential component for the operational comfort of residents. Sherrizone-Nord is located in the vicinity of major regional centres, with a total number of residents exceeding 600,000 people. Regular public transport routes link the logistics park with Moscow and the major cities of the Moscow region.

Oleg Gusakov, Griffin Partners:

"Our team was working on the project during the whole year, and we have succeed in completing it on time as planned. The process of commissioning and execution of ownership rights will start early in the year 2015."

Sherrizone-Nord Logistics Park is a class A warehousing complex of total area 55,600 m². The area of the mezzanine offices is more than 5,000 m².

Units of 8,000 m² and over are available for the long-term lease.

TMF Group



TMF Group opened new office in Kirov, Russia

TMF Group, a leading global provider of high-value business services, is expanding its footprint in Russia.

In February 2015, we opened new office in the city of Voronezh, which is our third location in Russia. TMF Group is expanding in Russia, opening more possibilities to serve clients closer to where they are. We already have more than 150 experts working in our offices in Moscow, Saint Petersburg and Voronezh.



The TMF Group is a leading global provider of high-value business services to clients operating and investing internationally. We focus on providing specialised and business-critical financial and administrative services that help our clients to operate their corporate structures, finance vehicles and investment funds in different geographic locations.

Our core services can help companies of all sizes with HR and payroll, accounting and tax, corporate secretarial, international structuring, fund administration and structured finance – whether a company wants to globalise, or whether they need support to streamline existing operations.

With operations in more than 80 countries, the TMF Group is the global expert that understands local needs.

Visit our website for more information <http://www.tmf-group.com/en/russia>

APPOINTMENTS

ALPE consulting



Alexey Ladur appointed Cloud Services Unit Director

Alexey Ladur is ALPE consulting's Cloud Services Unit Director, responsible for the development of Managed Cloud as a Service (MCaaS) solutions in Russia and CIS.

Prior to joining ALPE consulting in January 2015, Alexey was CIO of Itella and Saint-Gobain for over 17 years. He has a wide experience of IT strategy development and implementations of huge set of IT solutions including more than 10 years of SAP experience. Alexey has been certified as IT Service Manager, CISP (ICT Standards Professional) and as PMP (Certified Project Manager). Alexey spent 3 years as an engineer-programmer in the Biomedical Laboratory of the Institute of Information Transmission of the Russian Academy of Science. Alexey holds a Master's Degree in Radioengineering from the Moscow Institute of Physics and Technology.



Mikhail Dereshev appointed Sales Director of ALPE consulting

In January 2015, Mikhail Dereshev was appointed Sales Director with responsibility for Russian customers. Mikhail will be responsible for communication with

customers, as well as with the ALPE consulting delivery department and for quality control of the provided services. Prior to joining ALPE consulting, Mikhail was Deputy IT Director of Modis (a fashion retail company). He has over 14 years of sales and consulting experience with SAP, working at SAP as the Key Account Executive, at M.Video as the Head of ERP Department, at Siemens as the Head of Consulting Department. Mikhail holds a Diploma in accounting and auditing from the Management Academy of Kazakhstan and is a certified SAP FI consultant.

MAI Insurance Brokers



Natalia Savicheva appointed Head of Employee Benefits Department

MAI Insurance Brokers, a multinational company that provides its clients with comprehensive support in placing or

following-up insurance contracts, announces a new appointment in the Employee Benefits Department.

Natalia Savicheva joined the MAI team in September, 2014. Natalia's experience in medical insurance is more than 18 years and for most of this period she worked for Ingosstrakh Insurance Company. At Ingosstrakh Natalia held the position of Head of Corporate Clients Division and was responsible for Key Clients sales and servicing.

Commenting on her new appointment Natalia said: "Working as an insurance broker is a new and challenging role for me. Now I can look at my business cases from a different angle and I hope that all of my professional experience will be helpful here."

Philip Morris



Sergey Slipchenko appointed Vice-President Corporate Affairs

Sergey Slipchenko was appointed Vice President Corporate Affairs for PMI affiliates in Russia in January 2015. In this capacity, he is in charge of Government Relations, Communications, and Public Affairs.

Sergey joined Philip Morris International (PMI) affiliates in Russia as sales representative in 1994. He has further progressed through various positions of increased responsibility in Sales. In 2000, Sergey was appointed Manager Sales Development and Training at PMI Operations Centre in Lausanne and moved to Switzerland.

During his next career stage, Sergey worked as Director Sales and Distribution at Philip Morris Ukraine where he later headed the marketing function. In 2007, he returned to Russia as Director Marketing, and in 2010, he was promoted to the position of Managing Director Philip Morris Romania and Bulgaria.

Sergey was born on 18 January 1971, in Moscow, Russia. He holds a degree in international journalism from the Moscow State University. In 2001, he earned an Executive MBA at INSEAD Business School.

The St. Regis Moscow Nikolskaya



Alexandra Goncharova appointed Marketing Director

The St. Regis Moscow Nikolskaya announced the appointment of Alexandra Goncharova as Director of Marketing. Alexandra has gained profound experience over many years in brand management, marketing positioning, communications, loyalty and B2B mar-

keting in her previous roles for international brands, such as Coca-Cola, Mary Kary and Clarins. Before her role at St. Regis, she honed her hospitality marketing skills at Hyatt and Kempinski hotels. Alexandra will lead the marketing team and support the positioning of the St. Regis brand in Russia to increase local and international brand awareness.

Alexandra graduated from the Far-Eastern State University and has two degrees, in English Philology and Law.

NEW MEMBERS



Angelini

Angelini, a privately owned, international group, is leader in the healthcare and wellbeing market in the pharmaceutical and mass-market sectors. Angelini was founded in Italy at the beginning of the 20th century. Today, it is an international group with branches in 20 countries and worldwide product distribution.

In the pharmaceutical sector, Angelini is an "integrated company", active in research and development, as well as the production and marketing of active ingredients, branded medicines, generics, medical products and food supplements. Angelini focuses mainly on pain relief, inflammation, CNS, cold & flu, oral care & sore throat, gynaecology, disinfection. The most widespread and well-known international brands are Tantum, Trittico and Aulin.

In November 2014 Angelini registered its company in Russia as "Angelini Pharma Rus LLC".

www.angelinipharma.com



Baltica-Trans

Group of companies "Baltica-Trans" is the leading logistics operator in the North-West and the South region of Russia

"Baltica-Trans" was founded in 1999 in St. Petersburg.

There are two representatives in Novorossiysk and Yekaterinburg.

The logistic operations of the company cover all of the continents.

The mission of "Baltica-Trans" – to be a natural and integral part of the clients business as a reliable logistics link in the supply chain.

The main advantages

- the cargo leaves port in 2 days;
- the payment delay is 90 days;
- rate quotation – no more 1 hour;
- a self-developed mobile application for clients, which allows monitoring of on-line data for current and previous orders;
- "one stop-shop principle" for the whole complex of logistics services, including sea freight, forwarding, customs clearance, etc;
- free port forwarding;
- internal training centre "Baltic logistics school".

Actives of Baltica-Trans

Truck fleet

- the trucks are no older 3 years;
- trucking 24 hour, 7 day per week;
- guard, GPS-monitoring;
- all trucks are insured;
- certificate of ASMAP membership.

Tank-container fleet

- tank-containers for various cargoes, including hazardous, food, etc.

Rail platform fleet

- certificate of inclusion into the list of customs representative / own license of customs representative (broker);
- own license of bonded carrier;
- the company insured its responsibility in TT Club to \$750,000;
- representatives in the largest port terminals.

www.baltica-trans.ru

**DHL Global Forwarding**

DHL is present in over 220 countries and territories across the globe, making it the most international company in the world. With a workforce exceeding 315,000 employees, we provide solutions for an almost infinite number of logistics needs. DHL is part of the world's leading postal and logistics Group, Deutsche Post DHL and encompasses three divisions: DHL Express, DHL Global Forwarding, Freight and DHL Supply Chain.

In Global Forwarding, DHL is the world leader in air freight services and one of the leading providers of ocean freight services. Our logistics solutions span the entire supply chain, from the factory to the shop floor. They also include special transport-related services. We store, collect and deliver the goods, handle customs formalities, insure the load and supply product-related information. In this way, we ensure safety and reliability across national borders.

We also plan and implement industrial logistics projects worldwide, in particular for the energy industry.

To an increasing extent, we also contract for transport management services in order to combine all means of transport for our customers with the goal of reducing complexity, improving quality and lowering costs.

DHL Global Forwarding is headquartered in:

Leningradskoye highway 39, Bldg. 5

Khimki Business Park, 10th floor

Moscow/Khimki, 141400 Russia

Tel.: +7 495 933 22 00; 8 800 770 71 01

Fax: +7 495 933 22 02

www.dhl.ru

**E.ON Russia JSC**

E.ON Russia JSC was registered on 4 March 2005 in Surgut. The authorized capital of the Company amounts to RUB 25,219,482,458.37, the par value of one share is RUB 0.4. 83.7% shares of E.ON Russia JSC belong to E.ON Russia Holding GmbH. – 100% subsidiary of E.ON SE, the international power concern.

Five heat power plants with the total capacity of 10,345 MW are included in E.ON Russia JSC: Surgutskaya GRES-2 (5,597 MW), Berezovskaya GRES (1,600 MW), Shaturskaya GRES (1,493 MW), Smolenskaya GRES (630 MW), and Yayvinskaya GRES (1,025 MW).

Electric power generation in 2014 totalled 59.238 billion kWh, heat power – 2,211.0 thousand Gcal.

E.ON Russia JSC's investment program provides for construction of new generating facilities for 2,400 MW. Commissioning of 4 steam and gas power-generating units with the aggregate capacity of 1,600 MW took place in 2010-2011 at Shaturskaya GRES, Surgutskaya GRES-2, and Yayvinskaya GRES. One more project of the investment program – construction of a coal-fired power-generating unit with the capacity of 800 MW of Berezovskaya GRES – is at the implementation stage.

www.eon-russia.ru

**Herbalife**

Herbalife is a global nutrition company. Herbalife was founded in Los Angeles in 1980 and operates today in more than 90 countries worldwide. We are a publicly-traded company on the New York Stock Exchange (NYSE: HLF) with more than 7,000 employees and millions of customers. The company reported net sales of \$4.8 billion in its full year 2013 financial filings. Herbalife is committed to helping fight obesity and poor eating habits by offering high-quality products, personal high-touch coaching, and a social environment that inspires customers to eat better, maintain a healthy weight, and pursue a healthy, active lifestyle.

www.herbalife.ru

**NP IRT**

Registered as a non-commercial partnership, the "Industry Round Table for Cooperation with the European Union" (NP IRT) is an association of Russian business circles seeking to effectively implement the Russian international economic agenda, primarily in Europe.

Since its creation in 2008, NP IRT has been actively voicing the need for combined efforts of the leading Russian businessmen to improve the political and legal climate of Russia-EU relations, eliminating barriers for implementation of mutually beneficial projects and business incentives.

Members of the Partnership, large and the largest Russian companies as well as business and analytical think tanks, join forces on a platform provided by the Partnership to identify and tackle common problems that Russian businesses face in developing trade and investment relations with the European Union, such as exploring the opportunities of the Russian membership in WTO to the full extent, harmonization of

technical regulation of the Eurasian Economic Union and the EU, participation in R&D programs, and finding solutions to current political and economic challenges.

www.irt-rus.org

Schlumberger

Schlumberger

Schlumberger is the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide. Employing approximately 120,000 people representing over 140 nationalities and working in more than 85 countries, Schlumberger provides the industry's widest range of products and services from exploration through production.

Schlumberger Limited has principal offices in Paris, Houston and The Hague, and reported revenues from continuing operations of \$48.58 billion in 2014. For more information, visit www.slb.com.

www.slb.com



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