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Dear reader,

I am glad to welcome you to the 2nd issue of the AEB Business Quarterly in 2015. It is devoted to regional development in Russia, an issue which is widely discussed due to the size and diversity of the world's largest country.

Starting business in Russia is not always as easy as in other countries, but success is possible. Many factors influence this, but one of the key issues is to choose the right place for development. However, the current crisis enforces companies to optimise their structures. Despite this, many persevere and see opportunities especially in the regions.

Cost efficiency, easy management, logistics, market opportunities are all, of course, very important for any development. But the direction of the business also strongly depends on the region: an area may be suitable for one kind of entrepreneurship but not necessarily for another.

This magazine will inform you, amongst other things, on state support in the regions, current challenges for corporate banking in the regions, the current situation in regional hospitality and much more.

As always, the magazine will update you on past AEB events and the activities of our Committees.

Sincerely yours,

Frank Schauff

Chief Executive Officer

Association of European Businesses



Dear readers,

The mission of the AEB North-Western Regional Committee (AEB NWRC) is to create a more favourable business and investment environment in the North-Western region in order to benefit members. Now, when we are going through the worst political crisis between Russia and Western countries in the recent history, the role of the AEB mission in Russia has become much more significant.

In the new economic reality, it is important to find new ways of doing business and more opportunities and possibilities for successful business. The AEB NWRC will focus on bringing new information to its members about the current economic situation, including sanctions. A special effort will be made to organise various events concerning the localisation of production and how to do it successfully. Dialogue between St. Petersburg and the Leningrad Region administrations and the AEB has to continue and be strengthened in order to improve the business climate and to guarantee conditions for European companies to operate in NW Russia.

The AEB North-Western Regional Committee was founded in St. Petersburg in 2010. Currently, it has more than 130 members, with six actively functioning sub-committees and lots of different sorts of events taking place. We have member companies from most of the EU countries, but owing to St. Petersburg's proximity with Finland and Scandinavia, a large proportion of its members are Scandinavian, and more specifically Finnish (40%).

On this note I wish you pleasant reading!

Timo Mikkonen

Chairman of the AEB North-Western Regional Committee

**Dear readers,**

The AEB has been represented successfully in the Russian regions. The AEB Southern Regional Committee (AEB SRC) was the first of the AEB regional committees to come into existence and has been fully operational since 2003. Currently, it unites 39 companies, including leading foreign investors and international banks, which have affiliates operating in the Krasnodar, Stavropol, Rostov-on-Don, Volgograd regions and the Adygei republic.

The Committee's activities are aimed at solving problems connected with the development of international companies in the region, the creation of convenient conditions for the development of a mutually-beneficial cooperation and interaction with the regional authorities. These are the basic principles for productive relations between the AEB Southern Regional Committee and regional government bodies.

Fields of the AEB SRC practice include:

- promoting, strengthening and business reputation of the AEB in the region;
- interaction with the authorities;
- interaction with key non-governmental partners;
- creating an effective platform for business communication.

The committee takes an active part in keynote events associated with investment opportunities, including forums and exhibitions in the region. The committee also achieves its goals by collaborating with different unions and working groups of the Southern Federal District, the Krasnodar region and the local authorities. Likewise, the committee organises conferences, round tables and seminars to promote business development and address particular issues in today's economy.

The purpose of the committee is to make the fullest possible use of investment opportunities in the region. This goal is directly connected with the plans of local and regional governments to promote the dynamic development of the economy.

The Southern Regional Committee of the Association of European Businesses can help improve communication between investors, regional authorities and local businesses, and help get closer to European experience and advanced technologies in different fields of business. This will strengthen the existing competitive advantages in the south of Russia and make the region more attractive for investors by providing new opportunities for economic development in the region.

More than 50 companies out of 600 are represented in Southern Russia and, consequently, for many companies located in Russia but not working in the Southern Federal District, the committee can be an effective tool for promoting and developing their business in the region through business missions, major business events and opportunities to communicate with the regional authorities and local businesses on a regular basis.

Oleg Zharko

Chairman of the AEB Southern Regional Committee

AEB BUSINESS QUARTERLY, Summer 2015

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AEB 12th Flagship Conference

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State support of investments in the Krasnodar region



SERGEY RADCHENKO

Senior Associate,
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Investment support is one of the main economic tasks of the government. A number of normative acts addressing this issue have been adopted in the Krasnodar region. This article briefly reviews measures of state support for investments already existing in the region and the results of their application.

First of all, we should consider that the state provides support measures for only those projects which are assigned the status of an "approved investment project" by the Administration of the Krasnodar region. The status assignment can be administered if the project meets the following conditions:

financial feasibility of the investment project confirmed by the business plan; achievement of economic, fiscal, social and industrial efficiency as a result of the project's implementation; a documentary confirmation of financial resources of the own and/or loan funds of the investor; and the positive report after a state examination of the projecting documentation. An agreement between the regional administration and the investor formally establishes the "approved" status of the project.

The state guarantee. The essence of this measure is to provide safeguards to ensure the obligations of the investor to its counterparties. The guarantee is provided on the basis of the results of an open competition. The winner is determined by the social and economic importance of the project, the compliance of the project goals declared by the investor with guarantee goals defined by the regional Budget Law, the financial condition of the investor, the verification of repayment resources of loan funds which the guarantee is issued for, and fiscal performance of the project. The Governor of the Krasnodar region provides a guarantee on the resolution of the competition's Commission, and the investor signs the performance guarantee agreement.

The investment tax credit. It means a change of tax payment terms, when

the investor can reduce tax payments within a specified period and within certain limits with subsequent gradual repayment of the loan amount and accrued interest. The investor applying for the investment tax credit must meet the requirements: 1) no overdue payments to the budget, as well as on previously granted deferrals, instalments and investment tax credits; 2) the investor should not be under reorganisation, liquidation or bankruptcy. The interest rate for the amount of the investment tax credit is set at half of the refinancing rate of the Central Bank of the Russian Federation. The state support in the form of investment tax credit is provided within limits of estimated payback period of the investment project but not exceeding 5 years.

The tax exemptions. Experience has shown that it is one of the most cost-effective support measures for investors. There are two types of tax exemptions for investors: income tax exemptions and property tax exemptions.

The income tax is credited to the regional budget at a rate of 18%. The exemption involves applying a reduced rate of 13.5%. The investors can claim this rate if their main business focuses on crude oil production and manufacturing of oil products, wholesale and (or) retail sale of petrol and other

liquid and gaseous fuels, or production of electric and thermal power by thermal electric power plants. The exemption is valid for the payback period of the investment project but not exceeding 5 years.

Investors can be exempted from property tax if the property is produced or acquired for implementation of the investment project and is not part of the taxable base prior to the implementation of the investment project within the term of its payback period, but not exceeding three years.

Monitoring of investment projects.

Government support in the form of monitoring of the project implemented on the territory of the Krasnodar region involves organising the current work of the special monitoring group to support investors in the development and implementation of investment projects, checking that investors have been granted necessary approvals and permits from state and municipal bodies and organisations of the Krasnodar region in time.

State subsidy. There are two types of subsidy: 1) for the repayment of coupons issued by the investor's bonded loans if the loan is intended to be used to implement an approved investment project. The subsidies are paid at half of the refinancing rate of the Central Bank of the Russian Federation effective on the date of registration of the report on bond issuance, but not exceeding the amount of already paid coupons. Subsidy payment is made after the investor pays the relevant coupon, but not more than once a quarter; 2) for the repayment of loan interest received by Russian banks and aimed at the implementation of approved investment projects. Subsidies are not



granted if credit is received for securities transactions or to pay interest resulting from the overdue loan payment. Subsidies are provided at 75% of the refinancing rate of the Central Bank of the Russian Federation effective on the date of the loan agreement, but not more than 75% of the actual expenses on credit interest payment.

Subsidies from the regional budget are granted within the estimated payback period of the investment project but not exceeding 3 years from the beginning of the actual subsidy assistance.

Budgetary allocations from the Investment Fund of the Krasnodar region. The essence of this measure is that the Krasnodar region provides investors with liquid funds in exchange for a share of the investor's nominal capital. This support measures can be applied if the cost of the investment project in the first quarter of the year

of application is not less than 500 million roubles, and the investor's participation in the investment project is at least 50% of the cost of the investment project.

How effective are these measures? According to the results of 2014, investment in the Krasnodar region amounted 693.2 billion roubles. This means that the Krasnodar region ranks third in Russia after Moscow and the Tyumen region. According to data of municipal units of the region 212 large (worth over 100 million roubles) investment projects are currently underway, and their total sum amounts about 1.1 trillion roubles and the implementation period extends to 2030.

Thus, the measures described are effective and efficient and should serve as a guideline for the development of similar measures in other regions of Russia. |

Candidates' expectations from potential employer. Regional aspects. Randstad Award-2015 results



MARIA KOLOBOVA

Sales Director, South Region,
ANCOR Holding

This year ANCOR held the Randstad Award ceremony in Moscow for the second time. Gazprom became the most attractive employer among Russian companies, while Samsung won the same award among international companies. Oil and gas, consumer electronics and automotive are now the most attractive sectors in Russia.

Every year the most attractive employers get this prestigious award on the basis of the largest independent research effort in the world. In 2014, 23 countries participated in the Randstad Award, covering 75% of the global economy.

Randstad Award research also identifies the key factors of employers' attractiveness, and job seekers' preferences and concerns. The survey in Russia was conducted by the independent research company, ICMA Group, on behalf of Randstad and ANCOR. 9106 respondents aged 18–65 (54% women; 46% men) participated in Randstad Award research-2015.

According to the research, the most important criterion for job seekers in Russia is salary and employee benefits. 34% of candidates consider them the most important factors. The same criteria are the top priorities for candidates worldwide. The potential employer's financial health and stability come next (13%). This factor, along with long-term job security, may become the core value in 2015. Interest-

According to the research, the most important criterion for job seekers in Russia is salary and employee benefits.

ing job content (10%), long-term job security (6%) and career progression opportunities (4%) were also in the top five. However, environmental and social awareness (CSR) was in last place.

The situation in the South is a little different: job seekers' motivation is changing. They are paying less attention to the core material factors (salary and employee benefits) which are usually in the foreground during periods of economic stability. The most important drivers for job seekers this

year are long-term job security, financial health and stability and employer brand attractiveness.

Besides the traditional employer brand attractiveness questions there are also some additional ones. This year, the research included questions about social networks, factors that contribute to candidates' decision to change employers and factors that make employees stay with their present companies.

Thus, 25% of respondents have changed their employers in the past year, 19% of them changed their job voluntarily, 4% changed and plan to change again, and 3% were made redundant. Employees change employers

because of low compensation (44%), lack of career opportunities (34%) and lack of financial stability (30%), which is especially important today.

It's interesting to note that 25% of respondents are not satisfied with their current job and will change it as soon as possible. 21% of candidates plan to change their employers. 4% changed last year and plan to do it again.

Competitive salary (47%) along with interesting jobs (36%) and financial health (33%) make employees stay with their current employer. Career growth and professional opportunities are in last place for candidates today. However, 54% reported they haven't

changed their employers in the past 12 months and won't do so next year. It means that candidates have become more cautious in the job market, and most prefer a wait-and-see attitude.

Meanwhile, the government of the Russian Federation does not foresee any reduction in the demand for all kinds of well-skilled specialists in our country. But the number of the unemployed is not decreasing. Thanks to new regional programmes to support weak but strategic industries, management will be able to maintain the workplaces. For example, there are plans to increase the financing for animal husbandry, crop farming, food processing and production. |

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European companies in Russia: looking into future with neutral expectations



ALEXANDER DEMIDOV

Managing Director, GfK Russia

In this article we present the key results of the 8th Survey "Strategies and Prospects of the European Companies in Russia" conducted by the Association of European Businesses (AEB) in co-operation with the International Institute of Market and Social Research, GfK Rus, in Russia in March–April 2015. 108 top managers of AEB member companies took part in face-to-face and online interviews.

European companies have increasingly pessimistic expectations regarding the economic situation and their compa-

nies' performance in Russia, according to this survey. Business confidence as measured on the AEB-GfK Index has continued to decrease. In 2015, it dropped by 9 points compared to 2014 and now stands at 106 points out of possible 200, thus moving out of the positive expectations area into the neutral area. The good news is that in 2015 the decline in business confidence has slowed compared with 2014, when the Index plummeted from 144 points in 2013 down to 115.

The AEB-GfK Index¹ reveals the current perception of the economic situation and investment climate in Russia from the point of view of European companies doing business in the country. It reflects the problems they are facing and their intentions regarding business strategies for the coming 2–3 years. (1 ►)

The increasing pessimism of European companies in Russia is driven by the deteriorating economic situation in the local market and negative geopolitical factors, determined mainly by the crisis over Ukraine.

Only 55% of representatives of European business expect turnover growth in 2015. This fact in itself is not bad

as it means that more than half of the respondents expect growth of their business. However if we compare that with the numbers in previous years, we see that in 2014, 72% of European companies expected turnover growth in Russia, in 2013 – 89%. The same trend is seen regarding the revenue growth expectations.

Taking into account the uncertainty about the stability of the economic and geopolitical situation in and around Russia, representatives of AEB member companies are pessimistic about the development of foreign investment in Russia over the next 2–3 years. Only 23% of respondents plan to increase investment in their businesses in 2015. Last year this number was 30%, and in 2013 – 66%. An increase in investment in their industry within the next 2–3 years is expected by 19% of businessmen, and into the Russian economy on the whole by 20% of respondents. Compare it with the 2014 survey results: these numbers were 22% and 31%, and in 2013 – 47% and 59%, respectively.

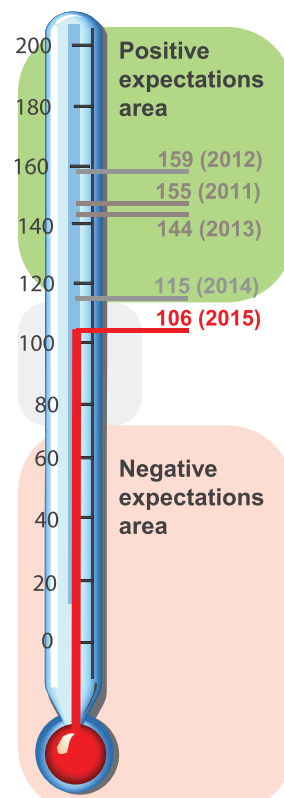
As a result, the short-term (1–2 year) outlook for Russia is very pessimistic, according to the survey, while in the middle-term (4–5 years) it is better.

¹ The Index is the difference between positive and negative answers on the scale of 200 points. In case of only negative answers the Index will be equal to 0, in case of only positive – to 200. If the share of positive and negative answers is equal, the Index is 100. Positive value is between 100 and 200, negative – below 100.

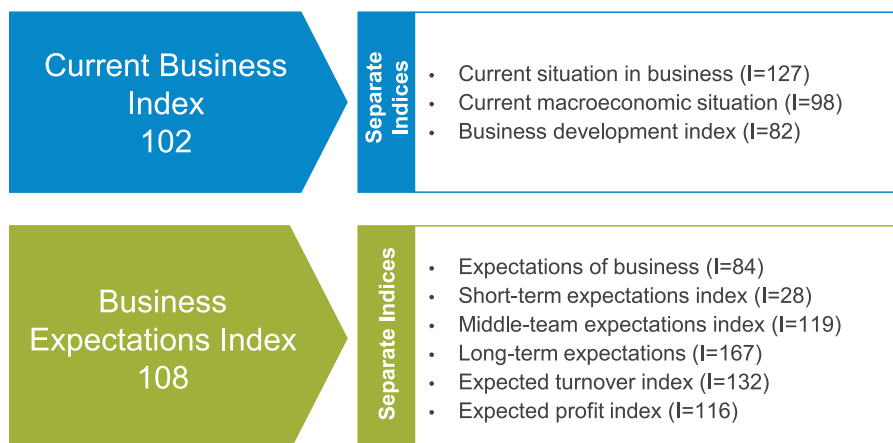
1 ► AEB-GfK INDEX: EXPECTATIONS REGARDING DOING BUSINESS IN RUSSIA



AEB-GfK Index, 2015



Integrated Index



The long-term prospects for the Russian economy are thought to be very good. What are the reasons behind such pessimistic short-term expectations and intentions?

According to AEB members, the economic conditions for doing business in Russia have deteriorated. This is connected first of all with high interest rates and the limited availability of bank credit. Red tape is still one of the major problems in Russia, according to the representatives of European business. But the good news is that the perception of this problem has not increased compared with last year. However, there is not much optimism regarding the improvement in such

areas as infrastructure, customs practices, and regulations. At the same time, the survey revealed positive expectations regarding improvement in tax regime.

Regulatory limitations and lack of qualified personnel are still among the main obstacles for business growth in Russia as reported by the participants, although, once again, the situation is better than a year ago. There is one indicator which has deteriorated noticeably compared with 2014 and that is the reliability of the supply chain.

The entry of Russia into the WTO had an effect on the business of only 20%

of companies surveyed, while 72% claim that they have not felt any impact of this change.

The main pain point in the regions is still the Ukrainian geopolitical crisis. Its negative impact on the business of AEB members has intensified considerably this year. In 2014, 45% of respondents reported that the problem over Ukraine had impact on their business, while in 2015 that share has risen to 74%.

EU and US sanctions, as well as the counter-sanctions imposed by Russia, also adversely affected the business in Russia of many European companies. Although only 5% of companies of

the survey report that their activities fall directly under the EU and the US sanctions against Russia, a full 70% of respondents report that the sanctions had a negative impact on their business. They are much more numerous than those who were impacted by the counter-sanctions of Russia. 7% of the European companies acting in Russia say their business activities were hit directly by Russia's counter-sanctions, and 38% only partially.

The devaluation of rouble had a negative impact on the business of 81% of companies that took part in the survey. However, for 13% of companies surveyed it was a good opportunity.

The decline in Russia's positions in the international ratings had a negative impact on the business of 47% of European companies in Russia, while the country's improved results in the "Doing Business" international rating was not noticed by 82% of participants.

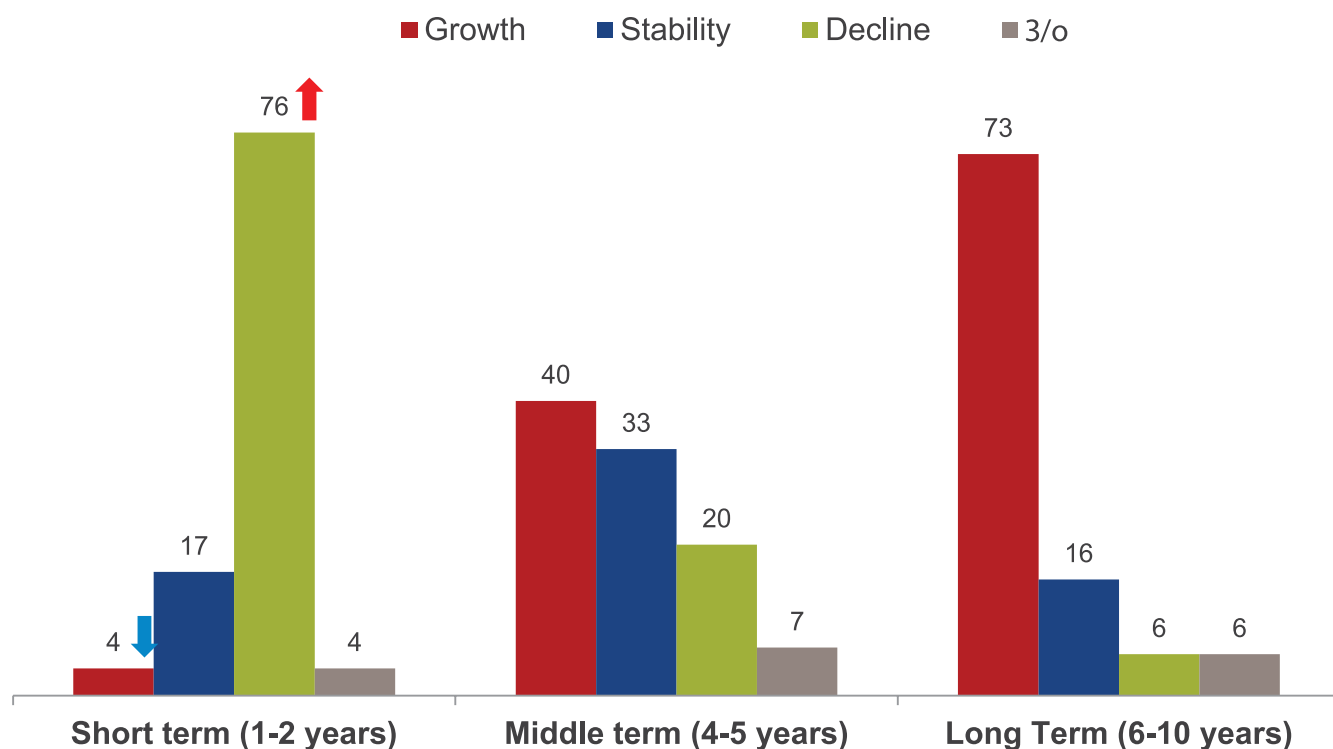
In order to adjust to the import substitution policies of the Russian government, 33% of companies are going to change their strategies. At the same time, for 64% of companies these policies are not a strong reason to change their business plans.

Notwithstanding the fact that several indicators of the state of the investment climate in Russia show negative trends,

there are important positive signs found by AEB-GfK survey, and a strongly positive outlook for the longer term.

Looking at the survey results we can see that European businesses had even worse expectations for Q1 2015 in Russia and since, fortunately, they did not come true, expectations of businessmen regarding the economic situation have stabilised. 24% of respondents say that the state of the local economy is worse than expected, while in 2014, 52% considered that state of the Russian economy was worse than expected. At the same time, this year 22% of businessmen say that economic conditions have improved, while in 2014 only 6% said so. (2 ►)

2 ► RUSSIA'S ECONOMIC OUTLOOK FOR THE NEXT 10 YEARS, %



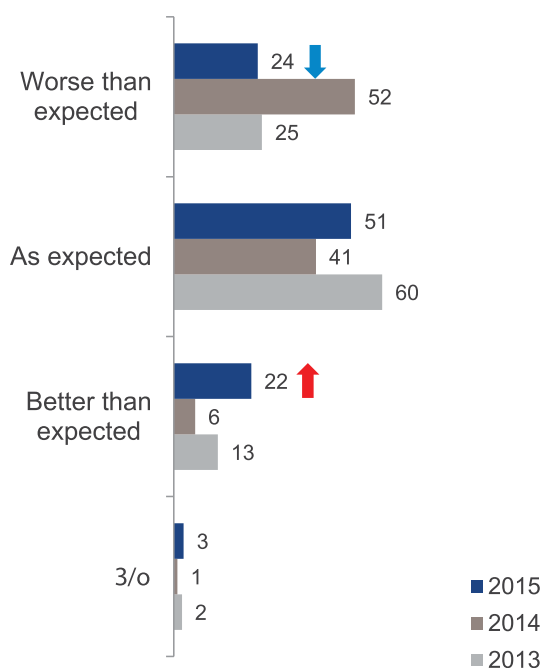
↑↓ Considerable change vs 2014

Base = 108 AEB members (2015)

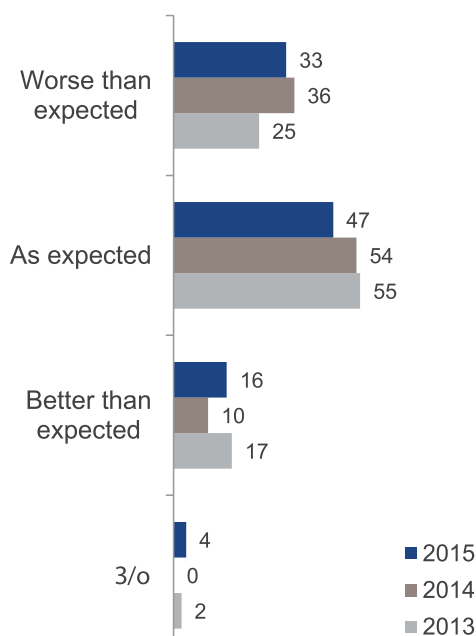
3 ► PERCEPTION OF ECONOMIC SITUATION AND ESTIMATION OF COMPANIES' RESULTS FOR Q1 2015, %



Economic situation in Q1 against expectations



Business results in Q1 against expectations



Base = 108 AEB members (2015)
98 AEB members (2014)
87 AEB members (2013)

↑↓ Considerable changes 2014

According to 22% of respondents, the Russian economy in Q1 2015 demonstrated better results than expected, while 24% thought the economic situation was worse. Last year the same indicators were 6% and 52% respectively.

16% of the top managers of the European companies claim that the situation for their business has improved (and 10% in 2014). 33% said it was worse than last year (36% in 2014).

Taking into account the facts mentioned above, we can say that in 2015

the growth of pessimism in European companies in Russia has slowed compared with 2014. (3 ►)

In summary, the results of the 2015 AEB-GfK survey show that European companies are still cautious in their estimates about the economic situation in Russia and their expectations regarding the performance of their businesses. AEB member companies do feel the impact of the current situation on their business. Key indicators such as turnover, revenue, investment and perceptions of the economic situation, as well as the financial terms of doing

business, have all deteriorated. At the same time it should be noted that the pessimistic trend has slowed. Business confidence is still in the neutral area of expectations, and not in the negative area. Long-term prospects for the Russian economy are still considered very good, and the performance of Q1 2015 was better than expected.

It seems that, after the shock of 2014 spring events and skyrocketing negative expectations connected with them, European business has accommodated itself to the new and more difficult economic climate in Russia. |

Regional HR trends 2015.

General overview



ELENA NOVOSELOVA

Head of Regional Development,
Coleman Services UK

The difficult economic situation influences social and labour life in Russia. The human resource trends in 2015 depend on the Russian economy, which is nowadays not in the best position due to falling global oil prices, Western sanctions and the conflict in Ukraine. It's not easy to be an optimist in such a situation, but a crisis for one is an opportunity for another. We see that in spite of stagnation or fall in some sectors of business or regions there is an increase in others.

Some experts think the Russian labour market will not contract in 2015, but will be stagnant. In 2015–2016, there would be in demand for professions such as sales manager, engineer, IT-

specialist, as the need for industrial personnel increases continually. The dominant motivating factors are salary, career development and the interest of a project. Nowadays, many vacancies are "on hold", but there is always a need for good specialists.

At the same time, according to press publications "the total quantity of unemployed in Russia" increased by 7.8% in a month (from 1 December 2014 to 1 January 2015, based on Rabota.ru).

The situation in the North-West is not looking very optimistic. According to the government of St. Petersburg, since 17 February 2015, more than 600 companies have announced plans to cut staff in the next six months, so the number of unemployed in September 2015 is expected to increase to 15,000. At the same time, many companies restructure staff relations by dissolving labour contracts with employees "by mutual agreement", though data on this subject are not included in the official statistics. For the record, there is currently about a 1,400 per week rise in the number of unemployed. However, according to the urban labour exchanges in the job bank, there are about 80,000 open positions.

From the official statistics, we can add the fact that traditionally, for the Rus-

sian market, in a period of instability, there is such a thing as "hidden unemployment". The fact is that many businesses have been affected by the low rate of the rouble, which has led to a decline in the production of goods. Measures that such enterprises are taking include the introduction of part-time working and transfers to part-time employees. At the same time, employees often demonstrate loyalty to their employer and do not resign, hoping that the situation will soon change for the better.

Search time work for employees, or other ways of effecting personnel optimisation, is definitely increasing. According to the situation in 2014, for candidates who are looking for senior-level positions, the period of job search is on average 7–9 months. We are seeing increasing competition among candidates at all levels at the moment. Companies scrutinise potential employees long and carefully, often "freezing" a vacancy or new position due to redistribution of responsibilities within the existing staff.

As for the indexation of wages, many companies have decided to postpone the traditional indexing at the end of the first quarter. Those that still do index, have increased wages, on average, by 5.5%. The maximum level in St. Petersburg which is known to our company was 9%. |

Tough but interesting



JUUSO HIETANEN

President, NCC Housing,
Russia and Finland

By now we can say with confidence that the “fat times” for the Russian market have come to an end. Between 2010 and the end of 2013, the Russian economy showed stable growth thanks to the ultra-high prices for gas and oil. This windfall in the international energy market allowed Russia to increase living standards and people’s purchasing power without any fundamental reforms so needed to raise the quality of national development. Together with this, money became more readily available both for businesses and consumers, which caused extensive development of practically every industry.

These 4 years (2010–2014) could be called a Golden Age for the housing industry. More and more people had the opportunity to buy a property. Demand increased substantially from year to year, especially in such large economic and political centres as Moscow and St. Petersburg. Business was attempting to supply not just current, but also future demand (2–3 year view). This required bank finance for many companies, but that seemed to be no problem then.

In 2014, both business and consumers started to realise that the fat times were very close to the end: geopolitical uncertainties, sanctions, oil prices, investment outflow from Russia, the rouble rate collapse and the decline of money’s real purchasing power – all these factors made people invest money. For Russia, residential and commercial property has at all times been considered the most effective and safe investment. So there was a real sales boom in the second half of 2014. But now the market has weakened considerably in comparison with the same period in 2014. As it looks now, 2015 and most probably 2016 will be very challenging for the whole of Russia, and especially for our industry due to several causes:

- decreasing demand and purchasing power and its interdependence with oil and gas prices;
- oversupply;
- unpredictable variations in production costs;
- lack of the Russian market investment attractions;

Yet these challenging but interesting times could force companies to make fundamental changes:

- to develop business models and make processes more effective;
- to pay more attention to product quality and content;
- to focus more on the market and customers.

To sum up, NCC has been working in Russia for 43 years, a period when the political, social and business environment here can be described as having been in permanent flux, very challenging and unpredictable.

On the other hand, it has always been interesting and has favoured those who dare. For them there have been many opportunities to do real business. At any time, the main thing is always to have the right attitude. Follow your values at all times and in all places and you will be successful. |

Regional aspects of the Russian leasing market



ANDREY DONCHENKO

Head of Regional Branches,
Raiffeisen-Leasing

Raiffeisen-Leasing started its regional development from St. Petersburg. Here the first regional branch of our company was founded in 2001. Since then, the St. Petersburg branch has borne the burden of being the leading regional unit. This branch became a place where almost all new regional procedures and technologies of the company were designed and first implemented. Afterwards the leading role of the branch was confirmed by the decision to situate the regional directorate of Raiffeisen-Leasing in St. Petersburg.

Our focus on regional development has brought brilliant results. The share of regional customers in the total contract value of Raiffeisen-Leasing has fluctuated around 70% for the last few years. This figure is much higher than for the Russian leasing market as a whole (approx. 50%).

Step by step we have achieved success in our action plan of acquiring clients in almost all Russian regions. Great results have been achieved in the Volga and the Ural regions. This was likely due to the significant growth in business activity and investment in these regions over the last decade. We can plainly see the substantial potential of such regions as the South and Siberia. I can proudly say that our clients are situated in all the many time zones of Russia, from Kaliningrad to Petropavlovsk-Kamchatsky.

Our regional activity has given us a real opportunity to extend our cooperation with the SME segment, which is well known as a core segment for leasing companies all over the world. The SME segment is an important part of the business landscape in Russian regions and creates a significant demand for investment.

Because of the huge size of Russia, such factors as significant time intervals between regions, different traditions of doing business, the predominance of certain industries and their influence on the local society should be taken into consideration when building a business model for various regions. At the same time, the regions have many common features. For example, it is very important to personalise your relationships with clients. This means that you should spend more time than usual on establishing direct, private and trusting contacts with your clients. Such "face to face" contact will help you to get on the inside of the local business community.

Nowadays the situation in the financial sphere is not very stable. Reduction of demand for investment due to the unpredictable economic situation, high interest rates and low availability of loans damage not only the position of businesses but also that of leasing companies.

The Russian leasing market in 2014 declined by 13% (all figures by RA "Expert") from 2013, totalling 680 bln RUR (783 bln RUR). It is approximately equal to 1% of GDP. At the same time, the share of the North-Western Region leasing market has reduced significantly from 15% (2013) to 10% (2014). In the circumstances, the only way to be successful is to have a diversified portfolio of clients and an adaptable business model.

It is worth mentioning that, based on these principles, the St. Petersburg branch of Raiffeisen-Leasing was able to diversify its investments between different industries in the North-Western Region. They now include construction, pharmaceuticals, transport, logistics, IT, and engineering. Moreover, during the last few years the branch has been consciously focusing its activity on the SME business segment. It is a very reliable and accountable sector, which is very important in the current climate.

Altogether, these achievements help us avoid significant difficulties in the current situation, and so we look to the future with optimism. |

Corporate banking: current challenges for business in regions



VICTORIA DYACHKOVA
Client Strategy and Marketing
Department Director, Rosbank

In 2014, the Russian economy faced serious challenges which will have an impact on the development of the country throughout the current year. The most optimistic estimates of GDP decline in 2015 are 2–3%, while growth in subsequent years will not exceed 2.5%, which is lower than the world average. Inflation in 2015 is projected to be 11%, and with the pessimistic scenario up to 17%.

The Russian banking sector has been experiencing difficult times. There are a number of factors that have a significant impact on the dynamics of lending. Firstly, the increased CBR key rate and, as a consequence, the increased cost of funds. Secondly, the reduced liquidity of the banking sec-

tor due to the limited access of the largest players to mid- and long-term funding on the U.S. and the European markets. Thirdly, the projected deterioration in the quality of the banking loan portfolio in 2015, together with the tightening of regulatory policy could have a significant impact on the process of consideration and approval of credit applications from corporate clients. The banks look for balanced approach between cost of risk and profitability. For example, at Rosbank, loan applications from clients who have the full package of the bank's services, including cash management and payroll services, are considered in the first line a first-come-first-served basis.

On the other hand, despite the leading positions on the local market and good knowledge of the regional situation, companies also faced with a number of problems: already mentioned are the cost of loans, reduced consumer demand in the domestic market, increased inflation and FX risks. This affects the behaviour of potential borrowers. We see that companies have been reconsidering their investment projects, trying to borrow less and using those funds only for maintenance of operating activity.

We can say that clients' finance needs have not changed significantly, but customers had to reduce their demand

in the current period. Along with this, banks have to analyse more carefully customers' requests, which may result in an extended credit review process and a reduced number of new disbursements. To predict the future in the current situation is difficult, but we are unlikely to see significant financing growth in 2015.

In the current situation, banks have started to revise their relationship strategies with their clients. It is important not only to grant a loan but to sell the company complex services, including settlement and cash services, payroll, trade finance, etc. There is a shift to commission products and transactional services. Last year Rosbank accelerated the development of regional corporate business in particular, strongly promoting trade finance services in the regions, which resulted in a 47% growth of the trade finance portfolio. Also we pay special attention to the expansion of cross-border business to fully employ Rosbank's advantages as part of Societe Generale Group.

It is worth mentioning a number of actions which may help to normalise the situation on the monetary and financial markets: cancellation of sanctions, funding support for the banking system, reduction in the lending cost for borrower and cost-of-risk minimisation.



The mutual cancellation of sanctions will provide significant support to the “producing sector”, which will allow companies to actively develop their investment projects, which, of course, will result in an increase in demand for finance. Some experts consider that sanctions could push Russian companies to actively develop import substitution, but, realistically, it will take time and systematic support of the Russian government at all stages is a key to achieve this goal.

Taking into consideration the fact that the largest players on the banking market remain without proper access to international finance, the prob-

lem of funding support is one of the most difficult, especially for medium-sized and small banks. Despite all the measures taken by the Government and the Central Bank (CB) (refinancing, provision of subordinated loans, redemption of securitised securities), the problem of long-term funding remains unsolved.

Given the policy of import substitution, which requires large financial investments by manufacturers, it is necessary to continue the gradual reduction of the CB key rate at least until the introduction of mechanisms for subsidising interest rates for development of industrial sectors are in place.

In addition, control over the cost of risk is required, primarily in the segment of small and medium-sized enterprises. It is necessary to introduce effective hedging instruments to mitigate risk. These tools should be widely publicised, and isolated cases of granting of state guarantees will not have any significant effect.

The corporate lending market depends on the macroeconomic situation in Russia and is strongly influenced, of course, by external factors. However, thoughtful and timely support from the Central Bank and Government are essential to support the local production and economic development. |

Seeing new challenges as opportunities



PETRI ISOMÄKI

General Director,
Sokos Hotels Russia

The current situation in the hospitality segment is not easy, but it really depends on what angle you take on it. In my view, last year was different from everything we had experienced before, but the main challenge to me was the rate, while the number of tourists coming to St. Petersburg was not an issue. I see that this city is still of great interest for domestic and international travellers, and even though we have gone through some drop of the guest flow from certain countries it is now coming back. I firmly believe that St. Petersburg as a destination will keep its attraction and most likely the volume of tourists in the upcoming

season will be there, but we will see a shift in where they come from. There are new destinations where we are looking for potential business at the moment, as we admit that uncertainty exists on how many European tour series will materialise. We are also developing partnerships, allowing us to enter global markets, like China for example, and make sure that we have all the necessary marketing tools in place and visibility in the market. Overall I feel very positive as any change is an opportunity for growth and finding new ways of working, albeit the market is challenging.

What could really help all hospitality industry of our city is promoting St. Petersburg as a safe and culturally rich destination for the outbound market. There is strong competition for tourists among great cities of the world. (And let's not forget Sochi – a new strong player on the Russian market, which represents an alternative travel destination inside Russia.) This tricky task is progressing under the supervision of the St. Petersburg government, but in the current situation we all have to redouble our efforts. One obstacle that short-term tourists face is getting a Russian visa, and this is exactly where European cities have a strong advantage as destinations, especially for the European traveller. We have a

good experience with St. Petersburg Line visa-free cruising, which we hope can be extended in the future.

In terms of rates we can see that the market situation is getting more complicated. 5-star hotels are changing their pricing policy and becoming more affordable, which represents a challenge for other players in the hotel segment. Of course, Sokos hotels are following the market, our pricing is dynamic too, yet one should not forget that discounting cannot last forever. Pricing is one of the competitive things, but not the only one. We are trying to highlight why each of our hotels is special and what it has to offer the guest. The attitude of the guest is determined by many factors, especially if we are talking about frequent travellers and repeat guests.

Many companies are now going through the optimisation of their business processes, but we see it in our own way in Sokos Hotels. I strongly believe that business has to be revised on a regular basis, irrespective of the market situation. The service industry is very special and many methods that work for other businesses are simply not appropriate. Even more: we are now looking for new good ideas to invest in, and of course we keep investing in our people. |

AEB News

Once again we are glad to announce that this year the Association of European Businesses (AEB) is celebrating its 20th Anniversary. We invite all AEB member companies to share this unforgettable moment with us, on **24 September 2015, at the Congress Park, Radisson Royal Hotel, Moscow**. VIP guests, a reception and a number of pleasant surprises await all those who will join us. Unique sponsorship packages for maximum visibility

and exclusive opportunities for sponsor companies are available right now.

For details please contact:

Marie Rondelez, Events Director, at marie.rondelez@aebrus.ru, +7 (495) 234-27-64 ext. 118.

Anastasia Kondratieva, Marketing, PR and Communications Director, at anastasia.kondratieva@aebrus.ru, +7 (495) 234-27-64 ext. 126.



The Association of European Businesses is pleased to announce about new appointments to the Council of National Representation (CNR).

The new CNR members are:

Alan Thompson (the United Kingdom) – Russo-British Chamber of Commerce (RBCC);

Charles Mahon (Ireland) – PM Group.
Congratulations!

Elections within the Board

The Association of European Businesses is pleased to announce that, according to the AEB Charter, the AEB Board elected Philippe Pegorier, President and General Director, Alstom, as Chairman of the Board at its first meeting after the AEB Annual General Meeting on 13 May 2015. Olga Bantsekina, Chief Representative, Coleman Services UK Ltd, was elected First Deputy Chairperson, Joerg Bongartz, Chairman of the Board, Deutsche Bank Ltd, and Teemu Helppolainen, Head of Business Area in Russia, YIT, were elected Deputy Chairpersons. Joerg Bongartz was also elected the Treasurer of the AEB Board. The members of the AEB Board are:

Michael Akim, Member of the Board, Vice President, ABB Russia; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK Ltd; **Joerg Bongartz**, Deputy Chairman & Treasurer of the AEB Board, Deutsche Bank Ltd.; **David Gray**, Member of the Board, Chairman, PwC Russia; **Teemu Helppolainen**, Deputy Chairman of the AEB Board, Head of Business Area in Russia, YIT; **Antonio Linares**, Member of the Board, Managing Director, ROCA in Russia and CIS; **Tobias Luepke**, Member of the Board, Partner, EY; **Philippe Pegorier**, Chairman of the AEB Board, Country President and General Director, Alstom; **Gerald Sakuler**, Member of the Board, Individual Member.

Elections within the Council of National Representation

The Association of European Businesses is pleased to announce that the CNR on 14 May 2014, elected **Aage V. Nielsen**, Vitus Bering Management (Denmark), CNR Chairman at its first meeting after the AEB Annual Gen-

eral Meeting. **Lodewijk Schlingemann**, Juralink Legal Consultancy (Netherlands), was elected CNR First Deputy Chairman. **Karolina Skrobotowicz**, Polish Business Club (Poland), and **Alan Thompson**, Russo-British Chamber of Commerce (RBCC) (UK), were elected CNR Deputy Chairpersons.

Seed Producers Committee established

We are happy to announce that on 11 March 2015, the AEB Board decided to establish Seed Producers Committee instead of Sub-Committee. The Chairman of the Committee is Vladimir Druzhina, KWS. The new Committee's goals are:

- to promote innovative seeds technologies and products on the Russian market;
- to create an efficient platform for the seeds international

companies to discuss key issues and to elaborate a joint platform to lobby for;

- to develop permanent and regular government relations to promote joint interests;
- to encourage constructive cooperation with the appropriate professional associations and unions.

This Committee unites KWS, Limagrain, Monsanto, Bayer, Dow AgroSciences, Pioneer and Syngenta.

Round Table "Pharmaceutical Market: Creating Fair Rules of the Game"

On 12 March 2015, the AEB took part in the Round Table "Pharmaceutical Market: Creating Fair Rules of the Game". The event was dedicated to the discussion of the existing antitrust problems on the pharmaceutical market which is regarded as one of the most complex multilateral markets. The Round Table took place in the Federal Antimonopoly Service (FAS) of the Russian Federation and was opened by Igor Artemiev, Head of the FAS.

Frank Schauff, AEB CEO, and Sergey Smirnov, Chairman of the AEB Health & Pharmaceuticals Committee, Chairman of the Board of OOO "Novo Nordisk", made the first public presentation of the concept of the Code of Conduct for pharmaceutical producers. The Code is drafted by a special Working Group which was established within the AEB Health & Pharmaceuticals Committee in November 2014 and is in a regular dialogue with the FAS Russia. The Code takes into account the previous successful experience of the AEB Automobile Manufacturers Committee. It will be open to any pharmaceutical producer and is expected to be published by June 2015.



Frank Schauff, AEB CEO

Mission to Brussels

The Board of the Association of European Businesses headed by Philippe Pegorier, Chairman of the Board and Frank Schauff, AEB CEO, visited Brussels on 16–18 March 2015.

During this traditional yearly trip, Board members voiced to the European authorities the concerns of the European businesses with regard current EU-Russia relations, Ukraine-related sanctions and other issues at stake such as import substitution, parallel imports, waste management and



L-R: **David Gray**, Member of the AEB Board, Managing Partner, PwC Russia; **Joerg Bongartz**, Deputy Chairman of the AEB Board, Chairman of the Board, Deutsche Bank Russia; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services Ltd.; **Philippe Pegorier**, Chairman of the AEB Board, Country President and General Director, Alstom; **Tobias Luepke**, Member of the AEB Board, Partner, Tax & Law, Legal Group, EY Moscow; **Michael Akim**, Member of the AEB Board, Vice President, ABB Russia; **Alain Le Roy**, Secretary General of the European External Action Service; **Luis Felipe Fernandez de la Peña**, Managing Director for Europe and Central Asia, European External Action Service; **Andra Koke**, Head of Economic Section, EU Delegation to Russia; **Gunnar Wiegand**, Director for Russia, Eastern Partnership, Central Asia, Regional Cooperation and OSCE, European External Action Service; **Gerald Sakuler**, Member of the AEB Board; **Frank Schauff**, AEB CEO; **Wolfgang Behrendt**, Russia Desk Officer, European External Action Service.

the Russian Federal Law on personal data protection. They advocated the removal of both the economic and the financial sanctions and stressed the need for a renewed the EU strategy towards Russia.

The participants met, among others, Alain Le Roy, newly appointed Secretary General of the European External Action Service, Jean-Luc Demarty, Director-General for Trade at the European Commission, Berndt Lange, Chairman of the Inter-

national Trade Committee at the European Parliament, Othmar Karas, Chairman of the Delegation to the EU-Russia Parliamentary Committee at the European Parliament and Vladimir Chizhov, Ambassador of Russia to the European Union.

For more information, please contact Marie Rondelez, AEB Events Director and Advisor on EU Affairs, at marie.rondelez@aebrus.ru, +7 (495) 234-27-64 ext. 118.

March Annual Congress of the Russian Union of Industrialists and Entrepreneurs

On 19 March 2015, Philippe Pegorier, Chairman of the AEB Board, participated in the Annual Congress of the Russian Union of Industrialists and Entrepreneurs. Vladimir Putin, the RF President, made a welcome speech. He announced the expansion of liberties for business. "The further expansion of liberties for business is the best response to all of the external challenges and limitations. That is why we will be sure to continue to create favourable conditions for those people who are willing to invest in the domestic economy and industry so as to develop modern technologies and create jobs", said Mr. Putin.

The participants of the forum were: Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, Igor Artemiev, Head of the Federal Antimonopoly Service of the Russian Federation, Andrey Nikitin, Director General of the Agency for Strategic Initiatives, Boris Titov, Presidential Commissioner for Entrepreneurs' Rights Protection and others.



Philippe Pegorier, Chairman of the AEB Board, President and General Director, Alstom (Russia, Ukraine, Belarus)



L-R: **Vladimir Bulavin**, Plenipotentiary Presidential Representative in the North-Western Federal District; **Mikael Aro**, President and CEO, VR-Group, Representative of the NDBC Co-Chairman; **Alexey Mordashov**, Chief Executive Officer, AO "Severstal Management", Co-Chairman of the Northern Dimension Business Council (NDBC).

Northern Dimension Forum

On 26 March 2015, the VI Northern Dimension Forum jointly organised by the Association of European Businesses and Northern Dimension Business Council started in Saint Peters-

burg. During the opening session welcome speeches were delivered by: Alexey Mordashov, Chief Executive Officer, AO "Severstal Management"; Co-Chairman of the Northern Dimension Business Council (NDBC); Mikael Aro, President and CEO, VR-Group Representative of the NDBC Co-Chairman; Vladimir Bulavin, Plenipotentiary Presidential Representative in the North-Western Federal District; Georgy Poltavchenko, Governor of St. Petersburg; Vladimir Goshin, Member of Board (Minister) for Customs Cooperation, Eurasian Economic Commission; Ivan Soltanovsky, Head of Department of European Cooperation, RF Ministry of Foreign Affairs; Sven-Olov Carlsson, Deputy Head of the EU Delegation to the Russian Federation; Philippe Pegorier, Chairman of the Board, the Association of European Businesses (AEB), President and General Director, Alstom (Russia, Ukraine, Belarus). Frank Schauff, Chief Executive Officer, the Association of European Businesses, moderated the inauguration ceremony. The VII Northern Dimension Forum will be held on 7 April 2016.

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Annual General Meeting 2015

On 22 April 2015, the AEB held its Annual General Meeting. Philippe Pegorier, Chairman of the AEB Board, Olga Bantseki-na, First Deputy Chairperson of the AEB Board, Joerg Bongartz, Deputy Chairman of the AEB Board and the AEB Treasurer, Michael Akim, AEB Board Member, and Tobias Luepke, AEB Board Member, reported on the different aspects of the AEB's work in 2014. Frank Schauff, AEB CEO, presented an operational report. Aage V. Nielsen, acting Chairman of the Council of National Representation (CNR), who chaired the AGM, made a welcome speech and informed the attendees about the work of the CNR. The guests Alexey Mordashov, CEO, AO "Severstal Management", Vygaudas Ušackas, Head of the Delegation of the European Union to the Russian Federation, and Jean-Francois Cirelli, Senior Advisor for the GDF SUEZ Presidency to gas supplies, addressed the AEB members on the current economic and political developments in

Russia and the EU. Joerg Bongartz, Deputy Chairman of the AEB Board and the AEB Treasurer made a presentation of the Balance Sheet, the Financial Report and Annual Report 2014. Gerard Uijtendaal, Acting Chairman of the AEB Auditing Commission (AC) presented the AC's results. The AGM participants thanked Donald Scott, former CNR Chairman, and Marco Koschier, former AC Chairman, for their long term contribution to AEB's success. At the end of the meeting the AEB members voted on the 2014 Annual Report, the 2014 Financial Report and the 2016 Budget. They also elected a new Auditing Commission member – René Pischel (European Space Agency) and confirmed the new composition of the CNR:

AUSTRIA – Dietmar Fellner, Austrian Trade Commissioner;

CZECH REPUBLIC – Jiri Sterba, BBH Legal LLC;

CROATIA – Jakov Despot, Croatian Chamber of Economy, Representation to Russia;



L-R: **Michael Akim**, AEB Board Member; **Philippe Pegorier**, Chairman of the AEB Board, **Matthias Schepp** (moderator), Der Spiegel, Moscow Bureau Chief, **Olga Bantseki-na**, First Deputy Chairperson of the AEB Board, **Tobias Luepke**, AEB Board Member.

DENMARK – Aage V. Nielsen, Vitus Bering Management;

ESTONIA – Meelis Milder, Baltika Group;

FRANCE – David Lasfargue, Gide Loyrette Nouel;

FINLAND – Jari Jumpponen, East Office of the Finnish Industries;

IRELAND – Charles Mahon, PM Group;

GERMANY – Michael Harms, AHK – German Russian Chamber of Commerce;

GREECE – Stefanos Vafeidis, Coca Cola Hellenic Bottling Co. Eurasia;

HUNGARY – Sandor Rethi, OTP Bank;

ICELAND – Ingolfur Skulason, Kleros LLC;

ITALY – Brenno Todero, Codest International S.r.l.;

LITHUANIA – Julius Salenekas, Lithuanian Business Club in Moscow;

MALTA – Patrick Catania, International Hotel Investments (Benelux) B.V. in St. Petersburg;

MONTENEGRO – Luka Nikčević, Chamber of Economy of

Montenegro in Moscow;

NETHERLANDS – Lodewijk Schlingemann, Juralink Legal Consultancy;

POLAND – Karolina Skrobotowicz, Polish Business Club;

SERBIA – Sveta Vasiljevich, Representation of the Economic Chamber of Serbia in Russia;

SLOVENIA – David Kokalj, Mediko Vital;

SWEDEN – Frederik Svensson, Mannheimer Swartling;

SWITZERLAND – Marco Mariotti, Philip Morris International;

TURKEY – Ali Tunc CAN, Russian-Turkish Businessman Community;

UK – Alan Thompson, Russo-British Chamber of Commerce;

The Annual General Meeting was followed by a well-attended AEB Grand Reception, an ideal platform for networking and cooperation.



Sergey Lavrov presents the plaque to Philippe Pegorier

Philippe Pegorier awarded

On 13 May 2015, Sergey Lavrov, the Russian Minister of Foreign Affairs, presented a plaque on behalf of the Russian Foreign Ministry "For the contri-

bution to international cooperation" to the Chairman of the Board of the Association of European Businesses (AEB) Philippe Pegorier.

"This award from the Russian Minister of Foreign Affairs is a great honour for me, for the whole AEB and Alstom. It once again confirms that the contribution of European companies to the economy of the Russian Federation does not go unnoticed and is appreciated at the highest level," – Mr. Pegorier acknowledged.

The award recognises citizens of Russia and foreign nationals for their active collaboration with the Russian Foreign Ministry in developing bilateral cooperation, promoting Russia and Russian culture, implementing projects to support compatriots and other viable ventures. The decision to grant the award was made by the Russian Foreign Minister.

Belgian Euroreception

On 20 May 2015, the Association of European Businesses held its Euroreception at the beautiful garden of the Embassy of the Kingdom of Belgium. His Excellency Mr. Alex van Meeuwen, Ambassador of the Kingdom of Belgium to the Russian Federation, delivered his speech. Philippe Pegorier, Chairman of the AEB Board, Frank Schauff, AEB CEO, and Aage V. Nielsen, Chairman of the Council of National Representation, also welcomed the guests. All the participants had a chance to talk in an unstrained atmosphere of mutual understanding and discuss relevant business issues with the high-ranking guests.



L-R: **Philippe Pegorier**, Chairman of the AEB Board; **H.E. Mr. Alex van Meeuwen**, Ambassador of the Kingdom of Belgium to the Russian Federation.



L-R: **Nadezhda Sharavskaya**, Deputy Head of the Department of the control over social sphere and trade of the FAS; **Timofey Nizhegorodtsev**, Head of the Department of the control over social sphere and trade of the FAS; **Igor Artemiev**, Head of the FAS; **Andrey Kashevarov**, Deputy Head of the FAS; **Frank Schauff**, AEB CEO.

AEB presents 1st Draft of Code of Conduct for pharmaceutical producers

On 25 May 2015, the AEB presented the first draft of the Code of Conduct for pharmaceutical producers at the Expert Council of the

Federal Antimonopoly Service (FAS). The meeting took place at the FAS and was chaired by Igor Artemiev, Head of the FAS. The AEB was represented by Frank Schauff, AEB CEO, and Sergey Smirnov, Chairman of the AEB Health & Pharmaceuticals Committee, as well as the members of the Working Group on the Code of Conduct (WG) of the Health & Pharmaceuticals Committee. The WG has been working on the Code of Conduct since November 2014 in close cooperation with the FAS. At the meeting a public discussion was held on the Code of Conduct involving experts, representatives of professional associations and pharmaceutical companies. It is expected that the Code of Conduct will be finalised in June 2015. The Code of Conduct aims at establishing internal rules for self-regulation of pharmaceutical business in Russia as well as fair terms of competition in the industry.

AEB 12th Flagship Conference

On 27 May 2015, the AEB held its 12th Flagship Conference "Russian Economy: Quo Vadis?". During the Conference participants discussed the current state of and prospects for the Russian economy. Philippe Pegorier, Chairman of the AEB Board, made the opening remarks. Among keynote speakers of the first panel discussion were Alexander Idrisov, President, Strategy Partners Group, Nikita Maslennikov, Head of Finance and Economy Department, INSOR, Luis Felipe Fernandez de la Peña, Managing Director For Europe & Central Asia, European External Action Service, Andrey Sharonov, Dean, Moscow School of Management Skolkovo, and Ekaterina Trofimova, First Vice President, Member of the Board, Gazprom Bank. The second session was devoted to the Russian energy sector. Marie-Claire Aoun, Director of Energy Center, French Institute of the International Relations, Jacques de Boissésou, General Representative in Russia, Total, David Gray, Chairman and Chief Advisor to the Managing partner, PwC Russia, Igor Ignatiev, Deputy Country Chair in Russia, Shell, Chairman of the AEB Energy Committee, Tatiana Mitrova, Head of Oil and Gas Department, Energy Research Institute, RAS, Stephan Solzhenitsyn, Partner, McKinsey, Stephane Zweguintsow,



L-R: **Stephane Zweguintsow**, Chairman of the Board, Enel Russia; **Igor Ignatiev**, Deputy Country Chairman in Russia, Shell, Chairman of the AEB Energy Committee; **Maxim Shirokov**, General Director, E.ON Russia; **Tatiana Mitrova**, Head of Oil and Gas Department, Energy Research Institute, RAS; **Marie-Claire Aoun**, Director of Energy Center, French Institute of the International Relations; **Jacques de Boissésou**, General Representative in Russia, Total; **David Gray**, Chairman and Chief Advisor to the Managing partner, PwC Russia; **Stephan Solzhenitsyn**, Partner, McKinsey.



L-R: **Alexey Venediktov**, Editor-in-Chief, Echo of Moscow; **Frank Schauff**, AEB CEO; **Andrey Sorokin**, Director, Russian State Archive of Social and Political History; **Alain Blum**, Professor, Ecole des Hautes Etudes en Sciences Sociales; **Yury Rubinsky**, Director of French Studies Centre, Institute of Europe, RAS.

Chairman of the Board, Enel Russia, discussed Russia's energy role in the world.

The closing session was dedicated to our perception of history. Alain Blum, Professor, Ecole des Hautes Etudes en Sciences Sociales, Yury Rubinsky, Director, French Studies Centre, Institute of Europe, RAS, Frank Schauff, AEB CEO, Andrey Sorokin, Director of the Russian State Archive of Social and Political History, Alexey Venediktov, Editor-in-Chief, Echo of Moscow, discussed the history lessons and prospects for the future.



L-R: **Nikita Maslennikov**, Head of Finance and Economy Department, INSOR; **Andrey Sharonov**, Dean, Moscow School of Management Skolkovo; **Alexander Ivlev**, Country Managing Partner for Russia, EY; **Philippe Pegorier**, President and General Director, Alstom (Russia, Ukraine, Belarus), Chairman of the AEB Board; **Luis Felipe Fernandez de la Peña**, Managing Director For Europe & Central Asia, European External Action Service; **Ekaterina Trofimova**, First Vice-President, Member of the Board, Gazprom Bank; **Alexander Idrisov**, President, Strategy Partners Group.



Memorandum of Understanding

On 28 May 2015, the AEB signed a Memorandum of Understanding (MoU) with the VDMA (Verband Deutscher Maschinen und

Anlagenbau/German Engineering Association). The MoU will ensure cooperation in the field of agricultural machinery in order to represent the interests of the members of both associations.

VDMA Agricultural Machinery is the leading branch association of the agricultural machinery manufacturers. It comprises approximately 160 German and European companies of this industry in Germany and other EU countries making it one of the largest branch associations in Europe comprising all types of manufacturers including self-propelled vehicles, implements and spare parts manufacturers. In Germany alone it represents an annual turnover of 7.7 billion euros and more than 30.000 employees (in 2014).

AEB COMMITTEE UPDATES

AMC Committee

The new Customs Union Technical Regulations, CU TR 018/2011, "On the safety of Wheeled Vehicles" entered into force on 01 January 2015. The novelty of this document is a compulsory requirement to equip all new types of vehicles with ERA-GLONASS system from the date of the TR enforcement. Full implementation of the TR requirements still remains a problem due to a late accreditation of the ERA-GLONASS components testing and certification laboratories/bodies as well as due to still not clear related processes.

Right after the first laboratories had got officially accredited by Rosstandart, AMC Certification/Homologation Work-

ing Group organised meetings with representatives of NP GLONASS, NAMI Testing-site (NICIAMT), Svyaz-Certificat – "ERA" and Testing Centre "Omega" – branch of FSUE NIIR. At these meetings, also attended by OEMs' technical experts, the burning issues of the ERA-GLONASS components certification processes and roll-over GOST development were discussed.

All the parties agreed to continue cooperation towards practical implementation of the CU TR 018/2011, "On the safety of Wheeled Vehicles" and were unanimous on further actions.

Banking Committee

On 15 May 2015, the AEB Banking Committee members met representatives of the Financial Market Development Department, Central Bank, to exchange updates on registration and

recognition of the National Clearing Center (NCC) by the European Securities and Markets Authority (ESMA) and to discuss possible further actions.

Crop Protection Committee

On 19–20 March 2015, the Containers Management Scheme Internal Workshop for Pilot Projects Coordinators was held in Thessaloniki, Greece. The workshop, organised by the European Crop Protection Association (ECPA), united representatives from Bulgaria, Greece, Lithuania, Serbia, Slovakia, Turkey, and Russia. Tatiana Belousovich, AEB GR Manager for Crop Protection and Seeds, participated in this workshop. She delivered a presentation on the Main Achievements & Obstacles of the CMS Pilot Project in Russia conducted by the Association of European Businesses and the Russian Union of Crop Protection Producers.



Tatiana Belousovich, GR Manager for Crop Protection and Seeds, AEB

Customs & Transport Committee

On 7 April 2015, the AEB Customs and Transport Committee organised the 11th AEB Customs Conference: "New in customs legislation: from good to the best".

The conference focused on current customs legislation and practice, as well as hot customs topics such as customs risk management system, customs control on post released goods, parallel import, customs valuation issues, e-documents management and others. Frank Schauff, AEB CEO, and Tatiana Golendeeva, State Secretary – Deputy Head of the Federal Customs Service of the Russian Federation, held welcome speeches. The event was moderated by Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia.



Tatiana Golendeeva, State Secretary – Deputy Head of the Federal Customs Service of the Russian Federation

Energy Efficiency Committee



Participants of the event

On 3 April 2015, the AEB Energy Efficiency Committee held its Round Table "Return on Energy Saving Investment for Industrial & Warehouse Complexes". In the past, the Committee organised several events related to the Energy Efficiency in real estate sector: in the centre of its interest were green buildings, commercial buildings, and industrial sector. This time, the main topic was devoted to the warehouses. The event was chaired by Vincent de Rul, Chairman of the AEB Energy Efficiency Committee, EDF Fenice Rus. The speakers from Radius Group, KNX, Lindab, Philips, TABLOGIX, and JLL shared their experience in realising successful projects. The main accent was put on concrete projects for giving the participants the possibility to find appropriate solutions on energy efficiency.

Health & Pharmaceuticals Committee



L-R: **Evgeniy Kardash**, Executive Director, Polysan; **Elena Petrova**, Head of the Department for cluster in medical, pharmaceutical industry and radiation technologies, "St. Petersburg Technopark" OJSC – Cluster Development Center of St. Petersburg; **Pavel Tarakanov**, Vice Governor of Tyumen Region, Head of the Representation Office of Tyumen Region in the Federal Bodies of Governance; **Sergei Smirnov**, Co-Chairman of the Working Group of Healthcare & Pharmaceuticals of the Northern Dimension Business Council, Chairman of the AEB Health & Pharmaceuticals Committee, Chairman of the Board, OOO Novo Nordisk; **Alexander Borisov**, Co-Chairperson of the Working Group of Healthcare and Pharmaceuticals of the Northern Dimension Business Council, General Director, Polysan; **Ivan Vasilenko**, General Director, Olpharm.

On 26 March 2015, the AEB Health & Pharmaceuticals Committee held its traditional round table as part of the VI Northern Dimension Forum. This year, the event was dedicated

to the topic "Pharmaceutical manufacture localisation in the new reality: a field for investment experiments and innovation growth". The event was co-chaired by Sergei Smirnov, Chairman of the AEB Health & Pharmaceuticals Committee, Chairman of the Board, OOO Novo Nordisk, as well as Alexander Borisov, General Director, OJSC Polysan.

Participants included regional administration officials, businesspeople and experts from the pharmaceutical industry. Pavel Tarakanov, Vice Governor of the Tyumen region, Head of the Representation Office of the Tyumen region in the Federal Bodies of Governance, presented the mechanisms of state support for investment projects in the pharmaceutical industry in the Tyumen region. Elena Petrova, Head of the Department for Cluster in Medical, Pharmaceutical Industry and Radiation Technologies, St. Petersburg Technopark OJSC – Cluster Development Center of St. Petersburg, spoke on the state support to Local Pharmaceutical Manufacturers in the North-Western Federal District. Ivan Vasilenko, General Director, Accredited Laboratory "Olpharm", touched upon the necessary conditions for the innovative development of the pharmaceutical industry in Russia, while Evgeniy Kardash, Executive Director, OJSC Polysan, shared the company's localisation experiences in Russia and abroad. The round table outcomes will be used for formulating concluding recommendations.

On 10 April 2015, the AEB took part in the Round Table "Localisation of Pharmaceutical Production in Russia: Yesterday, Today and Tomorrow" which took place in Kaluga's pharmaceutical cluster. The AEB was represented by Frank Schauff, AEB CEO, and Sergey Smirnov, Chairman of the AEB Health & Pharmaceuticals Committee, Vice President, Novo Nordisk. The Round Table was dedicated to issues such as localisation in the new economic conditions; definition of the local product: its current status and prospects; long-term contracts with pharmaceutical manufacturers; parallel imports in the Russian Federation, and the fight against counterfeiting, the harmonisation of standards in the Eurasian Economic Union. The event was co-organised by the Association of Russian Pharmaceutical Manufacturers, the Kaluga Region Government and the Round Table of the EU-Russia Industrialists. Among the attendees were representatives of relevant ministries: the Ministry of Health of the Russian Federation, the Ministry of Industry and Trade, regional ministries, representatives of NP "Kaluga pharmaceutical cluster" as well as rep-



L-R: **Frank Schauff**, AEB CEO; **Vladimir Emelianov**, Deputy Head of the Department of State Regulation of the Medicines Turnover, Ministry of Health of the Russian Federation; **Dmitry Kolobov**, Deputy Head of the Department for Development of Pharmaceutical and Medical Industry, Ministry of Industry and Trade of the Russian Federation.

representatives of pharmaceutical companies. The conclusions of the Round Table will be submitted to the attention of the State Council of the Russian Federation. The Round Table followed the Ceremony of the Inauguration of Novo Nordisk's Manufacturing Facility in Kaluga.

HR Committee



On 9 April 2015, the AEB HR Committee held its 12th Annual HR Conference "HR Fitness: Doing More with Less". This year the Conference was focused on the practices that leading companies apply in uncertain times in the following sectors: recruitment, compensations & benefits, assessment, training & development, and labour law. The discussion in parallel sessions was devoted to the following topics:

- Compensation & benefits: remuneration strategy in crisis.
- No pain-no gain. Creating better talent management during economic crisis.
- Key imperatives for HR in assessment, training & development. Changing nature of work.
- Statutory regulation in Russian labour and migration: new developments for the future.

The panel discussion by CEOs "HR Under Uncertainty – A CEO's Standpoint" was a special point of the program, closing the conference. The panelists discussed how their companies feel doing business in Russia these days.

L-R: **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK; **Philippe Pegorier**, Chairman of the AEB Board, Chairman of the AEB Machine Building & Engineering Committee, President, Alstom (Russia, Ukraine, Belarus); **Antonio Linares**, Member of the AEB Board, Chairman of the AEB Construction & Building Material Suppliers Committee, General Manager, ROCA Russia & CIS; **Maxim Shirokov**, General Manager, E.ON Russia; **Dmitry Ereemeev**, General Manager, Richemont Russia & CIS.

Intellectual Property Committee

On 3 April 2015, the AEB Intellectual Property Committee and the AEB Taxation Committee held their Round Table "Tax Related Aspects of Intellectual Property Transactions".

The event provided a valuable platform for discussion of the most important tax aspects of intellectual property transactions including SaaS and licensing relationships, VAT exemption applicable to license contract, license payments inclusion into customs value of imported goods transfer pricing, case law regarding tax disputes, free EULAs taxation and others.

The AEB kindly thanks the main sponsor of the Event: Baker & McKenzie CIS – Limited.



L-R: **Natalia Faizrakhmanova**, Senior Associate, Pepeliaev Group; **Inna Elisanova**, Senior Associate, Russian Tax and Customs Practice, Dentons; **Kirill Roubalsky**, Senior Associate, Russian Tax and Customs Practice, Dentons; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, Partner, PwC; **Denis Voevodin**, Deputy Chairman of the AEB Intellectual Property Committee, Partner, Dentons; **Arseny Seidov**, Partner, Baker & McKenzie.

IT & Telecom Committee

On 28 April 2015, the AEB IT & Telecom Committee and its Working Group on Personal Data organised a Round Table "From Theory to Practice: Preparing to Comply with FL-242 Requirements". The RT was moderated by Edgars Puzo, Atos, Chairman of the AEB IT & Telecom Committee and WG on Data Protection.

The participants of the event learned more about the experience gained in preparing to comply with FL-242 requirements, with speakers from Beiten Burkhardt, PwC, Philips, and Atos. The organisers focused not on general topics and law interpretation or understanding but on concrete steps to help find the appropriate solutions, so as to be ready when FL-242 enters into force in September 2015. A lively "question-answer" session accompanied every presentation.



L-R: **Alexey Konyshkov**, Head of Department, Managed Services, Atos; **Andrey Gursky**, Head of IT, Philips Russia, Ukraine, Belarus and Central Asia; **Dmitry Inshakov**, IT Director, PwC; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, Chairman of the Working Group on Data Protection, General Director, Atos; **Andrey Slepov**, Senior Associate, BEITEN BURKHARDT.

Machine Building & Engineering Committee



On 24 April 2015, the AEB Machine Building & Engineering Committee held an open event with Valentin Gapanovich, Senior Vice President, RZD. Philippe Pegorier, Chairman of the AEB Board, Chairman of the AEB Machine Building & Engineering Committee, made a welcome speech. Valentin Gapanovich gave a presentation on RZD's innovation development programme and localisation of innovative rolling stock production. This event was a continuation of the long-lasting tradition of the AEB meetings with the top management of RZD.

Valentin Gapanovich, Senior Vice President, RZD

North-Western Regional Committee

On 15 April 2015, following a well-established tradition, the AEB North-Western Regional Committee (NWRC) organised a World Bank briefing based on the World Bank's "Russia Economic Report #33" entitled "The Impact of Economic Sanctions". The AEB NWRC members had the privilege to hear Birgit Hansl, Lead Economist and Country Sector Coordinator for the Russian Federation. This time the Report #32 was focused on:

- recent economic developments;
- economic outlook;
- in focus: the impact of economic sanctions.

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



L-R: **Timo Mikkonen**, Chairman of AEB North-Western Regional Committee; **Birgit Hansl**, Lead Economist, Country Sector Coordinator for the Russian Federation, World Bank.

On 25 March 2015, the AEB North-Western Regional Committee held its Annual General Meeting. The meeting took place at Sokos Hotel Olympia Garden in St. Petersburg. Except for the regular annual report of the Committee's activities presented by the Chairman of the Committee, Timo Mikkonen, the AEB NWRC members had an opportunity to meet with Mikhail Penziev, Deputy Head of Industrial Policy and Innovations Committee of St. Petersburg, who provided a brief insight into the industrial policy of the city and the prospective activities in terms of attracting new investments. The meeting was followed by a networking reception during which Philippe Pegorier, Chairman of the AEB Board, held a speech on past and current activities of the AEB, as well as briefed on the traditional meeting of AEB representatives with different EU Institutions in Brussels, where the AEB voiced to the European authorities the concerns of the European businesses with regard current EU-Russia relations, Ukraine-related sanctions and other issues.



L-R: **Ruslan Kokarev**, AEB COO; **Mikhail Penziev**, Deputy Head of Industrial Policy and Innovations Committee of St. Petersburg; **Timo Mikkonen**, Chairman of the AEB North-Western Regional Committee.



L-R: **Vladislav Shirobokov**, East-West Digital News; **Pasi Ketonen**, ITELLA; **Igor Tarasenko**, Yandex; **Timo Mikkonen**, Chairman of the AEB North-Western Regional Committee.

On 16 April 2015, the AEB North-Western Regional Committee organised an event on E-trade in Russia: current situation, challenges and opportunities.

The event was devoted to the main trends in the development of E-Commerce in Russia, including payment systems and delivery methods. Prominent E-commerce companies such as Yandex, Avito, Nokian Tyres, ITELLA, East-West Digital News,

Russian E-Money Association, and Traffic Isobar presented their success stories and exchanged practical experience. Also a legal outlook was provided as referred to the e-commerce contracts, consumer rights and risk management in e-commerce by the well-known ATTORNEYS AT LAW BORENIUS RUSSIA and Baker & McKenzie.

We would like to thank the sponsors of the event, Vlerick Business School campus in St. Petersburg who kindly hosted the event; and the company Vostok Consulting Oy.



PR & Communications Committee



L-R: **Alexey Bobrovsky**, Anchorman, Russia 24 TV Channel; **Evgeny Novikov**, PR-Director, "Delovaya Rossiya"; **Inga Vorobieva**, Head of Press Service, "Special Economic Zones" JSC; **Andrey Gorodov**, Department of Science, Industrial Policy and Entrepreneurship of Moscow City; **Ekaterina Karasina**, External Communications Managing Director, Export Insurance Agency of Russia (EXIAR); **Yan Khanov**, Managing Partner, Publicity agency; **Igor Reichlin**, Chair of the AEB PR & Communications Committee, Managing Partner, Reichlin & Partners.

On 8 April 2015, the AEB PR & Communications Committee held an open event "How Does Investment Climate Influence Business Communications? What Has Changed?"

Changes to the investment climate in Russia and the cool-down in international relations are leading to a change in the paradigm of the communications agenda. The current situation gives rise to the following questions, which were discussed at the event:

- What do foreign companies and investors operating in Russia or planning to work with Russia need to take into consideration?
- How can companies maintain communications in Russia in today's conditions?

- What threat is posed by import substitution policies? What are the advantages for Russian companies? What measures is the state able to offer foreign investors and companies?

- Is it possible to speak the same language – the language of business?

- What are the communications trends in the Russian and international media in relation to foreign and domestic companies operating in Russia?

- What are the benchmarks? i.e., what can be trusted in terms of political and economic sanctions for doing business in Russia?

Safety, Health, Environment and Security Committee

On 18 March 2015, the AEB Safety, Health, Environment and Security Committee held the round table, titled "Best practices in health and safety sphere in Russia". The event was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Sub-Committee. Oleg Bochkov, Head of EHS, BASF, presented BASF responsible care management system, Timur Gilyazov, Pensions Director, MetLife, spoke on programs of health, wellness and prevention, and Aleksey Buryachenko, Business Development Director, Corporate Health, reported presented the company's report on increase of productivity and labor safety during crisis changes.

L-R: **Aleksey Buryachenko**, Business Development Director, Corporate Health; **Timur Gilyazov**, Pensions Director, MetLife; **Konstantin von Vietinghoff-Scheel**, Chairman of Health & Safety Sub-Committee, Corporate Counselling Services; **Oleg Bochkov**, Head of EHS, BASF.



On 19 March 2015, Environmental Sub-Committee of the AEB Safety, Health, Environment and Security Committee held the round table "New waste management regulation and its impact on business". The event was attended by more than 100 guests and was very welcomed by the companies involved. The participants were invited to take part in a discussion on the new bylaws prepared by the Ministry of Natural Resources and Environment and listen to the reports on different industries waste recycling experience in the European countries.



L-R: **Denis Lim**, Associate, Baker & McKenzie; **Max Gutbrod**, Partner, Baker & McKenzie; **Nikolay Nefediev**, Deputy Director of the Department for state policy and regulation in environment protection, Ministry of Natural Resources and Environment of the Russian Federation; **Mikhail Divovich**, Chairman of the Environmental Sub-Committee of the AEB Safety, Health, Environment and Security Committee, General Director, ECOTEAM; **Julia Zakharova**, Senior Associate, Pepeliaev Group; **Frank Schauf**, AEB CEO.

On 25 May 2015, the AEB Safety, Health, Environment and Security and HR Committees, held a workshop titled "Security and legal aspects of recruitment and labor conflicts". The event gave HR and security professionals the opportunity to share their best practices in pre-employment screening and background checks as well as the resolution of labour conflicts. The workshop attendees could make a case analysis and discuss its possible solution with the speakers: Evgeny Reyzman, Deputy Chairman of the Labour Law

Sub-Committee, Counsel, Baker & McKenzie; Mikhail Balev, Chairman of the Security Sub-Committee, Business Development Executive, MIG Business Security Strategies, and Dmitry Budanov, CEO, Elite Security Holding Company.

The meeting was co-moderated by Mikhail Balev, Chairman of the Security Sub-Committee, Business Development Executive, MIG Business Security Strategies, and Michael Gernershausen, Chairman of the AEB HR Committee, Managing Director, Antal Russia.

Seed Producers Committee

On 22 May 2015, Tatiana Belousovich, the GR Manager for Crop Protection and Seeds from the Association of European Businesses, participated in the meeting of the leadership of the State Commission on Test and Protection of Selection Achievements. During the meeting some major issues of the industry were discussed: the participation of the leading European seeds-producing companies in the forthcoming Seeds-tester Day in the Tambov region; proposals for a round table; and the possibility of signing a Memorandum on cooperation between the State Commission on Test and Protection of Selection Achievements and the AEB.



L-R: **Tatiana Belousovich**, GR Manager Crop Protection and Seeds, AEB; **Yury Chorniy**, Chairman of the Division of Administration and Information Support Department of the State Commission on Test and Protection of Selection Achievements; **Vitaliy Voloschenko**, Head of the State Commission on Test and Protection of Selection Achievements; **Yury Rogovskiy**, Deputy Chairman of the State Commission on Test and Protection of Selection Achievements; **Ismail Merzhoev**, Deputy Chairman of the State Commission on Test and Protection of Selection Achievements.

Small & Medium Sized Enterprises Committee



Maxim Reshetnikov, Moscow City Government Minister, Head of Economic Policy Department

On 29 May 2015, the AEB SME Committee held its open event "Anti-Crisis Measures for SMEs: Government and Business Initiatives". The impact of economic crisis on small and medium-sized businesses is significant. SMEs are now considered the most sensitive sector and the worst affected by economic climate. The first half of the workshop gave an overview of the anti-crisis measures to support small and medium-sized businesses, applied by the RF authorities at federal and regional levels – by the Moscow City Government and the Ministry of Economic Development of the Russian Federation. One of the issues at the center of the discussion was the issue of import substitution through localisation of production and services. The second half of the event was devoted to practical recommendations on how to cut costs in different business segments. The event was moderated by Orlin Efremov, Chairman of the AEB SME Committee, Managing Director, Performance Partners LLC.

Southern Regional Committee

On 2 April 2015, the AEB Southern Regional Committee held its Annual General Meeting (AGM) at the Red Royal hotel. The AEB management delegation represented by Ruslan Kokarev, AEB COO, and Olga Pavlyuk, Regional Development Director, was invited to attend the event. Representatives of the AEB Southern Regional Committee member companies discussed the results and perspectives of the Committee's work. Oleg Zharko, Chairman of the AEB Southern Regional Committee, talked on the work of the AEB Southern Regional Committee in 2014, and recalled the events which the Committee had organised independently or with support, as well as the large number of publications and references printed in the media. He focused on the projects that were initiated in 2014 and will continue in 2015. The discussion was followed by a briefing with Igor Galas, Minister of Economy of the Krasnodar region, where Mr. Galas informed the AGM participants about the plans and projections of the Krasnodar region administration in attracting investments. Through active discussion, the members of the AEB Southern Regional Committee were able to raise the issues concerning doing business in the Krasnodar region and make suggestions for closer cooperation with investors.



Participants of the event

The meeting ended in the reception with classical music, gourmet cuisine and a lottery.

The AEB Southern Regional Committee expresses its appreciation to the sponsors: Cargill, Advocates Bureau Yug and Knauf South Sales Department – the regional office of Knauf Gips Ltd. (Krasnodar).



L-R: **Igor Brener**, HR Director, European office of grains and oilseeds Cargill, Russia, Deputy Chairman of the AEB Southern Regional Committee; **Tatiana Barkhatova**, Vice-rector of Kuban State Technological University for international relations and youth policy; **Oleg Zharko**, Chairman of the AEB Southern Regional Committee; **Michael Germershausen**, Chairman of the AEB HR Committee, Managing director, Antal Russia.

On 21 May 2015, Kuban State Technological University hosted the 7th annual HR conference of the AEB Southern Regional Committee "HR investing in the future". Newspaper "Yug Times" became a media partner of the conference. The conference participants were welcomed by Oleg Zharko, Chairman of the AEB Southern Regional Committee, Michael Germershausen, Chairman of the AEB HR Committee, Managing director, Antal Russia; Tatiana Barkhatova, Vice-rector of the Kuban State Technological University for international relations and youth policy, Igor Brener, HR Di-

rector, European office of grains and oilseeds Cargill, Russia; Deputy Chairman of the AEB Southern Regional Committee. The attendees were the representatives of major Russian and international companies operating in the region, as well as medium business: general directors, heads of HR and PR departments. The conference was visited by lecturers of Kuban State Technological University and mass media. Among the speakers were the representatives of EY, Ancor, Cargill, CLAAS, Knauf South sales direction – regional office of Knauf Gips Ltd. (Krasnodar), Nestle-Kuban, Syngenta, Philip Morris Kuban. During the first part of the conference the participants discussed the main trends of the Russian HR market, both the federal level and regional specificities, methods of employee motivation in the modern economic process. The second panel discussion was devoted to projects aimed at training young professionals.

Among presented projects were business schools, implemented this year in Kuban State Technological University, Kuban State Agrarian University with the support of the AEB Southern Regional Committee member companies, the Programme "Nestlé needs YOUTH", a development program for young professionals "Trainee" of CLAAS, the project "Students of Syngenta", participation of Knauf in movement WORLD SKILLS RUSSIA. Representatives of business and universities discussed the students prospects and possibilities as well as confirmed the effectiveness of the collaboration between universities and business in training young professionals.

Taxation Committee

On 15 April 2015, the Taxation Committee held a business meeting "Cross-border intercompany transactions: risks and solutions". The event covered recent court practice and new legislative initiatives in cross-border intercompany transactions as well as practical matters and advice from leading tax professionals.

The speakers, Dzhangar Dzhalchinov, Dentons; Natalia Faizrakhmanova, Pepeliaev Group; Oleg Akilbaev, Oriflame; Angelos Benos, Deloitte & Touche; Evgeny Timofeev, Goltsblat BLP; Alexei Nesterenko, Ernst & Young; Mikhail Orlov, KPMG; Arseny Seidov, Baker & McKenzie briefed the participants on different taxation aspects of cross-border transactions and participated in the round table discussions "Russian and foreign cases – similarities and differences" and "Tax planning and protection of taxpayers' rights in the new environment". The meeting was moderated by Alina Lavrentieva, Chairper-



L-R: **Angelos Benos**, Deloitte & Touche; **Evgeny Timofeev**, Goltsblat BLP; **Oleg Akilbaev**, Oriflame; **Natalia Faizrakhmanova**, Pepeliaev Group; **Dzhangar Dzhalchinov**, Dentons; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, PwC.

son, and Vadim Zaripov, Deputy Chairman of the AEB Taxation Committee. For more information kindly refer to the presentations made at the event.

MEMBER NEWS

ALPE consulting

SAP Roll-Out at Vaillant Group

ALPE consulting started a new SAP Roll Out project with Vaillant Group from Germany at the end of April. ALPE experts are responsible for all localisation issues and focus on FI/CO and SD/MM topics. The Vaillant Group is an internationally operating leader, family-owned company in the heating, ventilation and air-conditioning industry.

SAP Go Live at Zumtobel

On 1 April 2015, according to the schedule ALPE consulting's experts started the SAP system in the company ZG Svet (the Russian branch of the Austrian company Zumtobel). During the project the following modules have been implemented: FI/CO, MM, SD. Also the consultants have adjusted the processes reflecting the imported goods purchase operations and the sales of goods on the territory of Russia and CIS. Besides that, the modules of the asset management, of integration with the payroll system and with the telebanking system as well as the distribution program for purchase price variance account and other financial operations have been adjusted. The project is a typical Roll-Out, in which ALPE consulting has a great experience. The Austrian company Zumtobel is one of the few global players in the lighting industry.

VAT reporting in SAP system in accordance with the new legislation

On 27 April 2015, the VAT reporting period for the 1st quarter 2015 expired. The reports now must be submitted by companies in electronic format in accordance with the new rules. ALPE consulting has successfully upgraded the SAP system and the additional settings at their client companies. This will allow companies now to use the new standard functionality for creating a tax report on VAT and the purchase and the sales ledger. ALPE consulting's experts have adjusted the system and trained the users, as well as did all the preparation work for the systems' upgrade. Also for the companies which were not able to upgrade their system, ALPE consulting specialists have developed a special program allowing to prepare VAT reports without using a standard SAP solution.

BEITEN BURKHARDT



BEITEN BURKHARDT Organises the Charity Event "Easter Fun"

Moscow, 15 April 2015 – International law firm BEITEN BURKHARDT organised the charity event "Easter Fun", which took place on 14 April at the Kolomna Municipal Social Rehabilitation Center for Minors.

The joyful Easter holiday always brings with it spring and sunshine, a sensation of all good things and hope for the future. However, Easter is celebrated in different ways in Germany and Russia. We decided to show the children how their peers in Germany celebrate Easter, and also to tell them the well-known story of the Easter bunny. For this purpose, we stocked up on sweets, chocolate eggs and Easter bunny figurines, and also spring Stollen cakes. All these goodies were hidden away in "secret spots" that the children had to find, after they had solved the riddles from the master of ceremonies.

The holiday and game of hunt "the treasure of tasty treats" was a resounding success. Each team rapidly answered the questions from the master of ceremonies, participated in the competitions and made their way to the coveted "treasures". And so the Easter bunny came to Kolomna for the first time in its life.

HEMPEL

HEMPEL is completing its new factory in Ulyanovsk

HEMPEL, the Danish global supplier of protective and marine coatings, is nearing completion of its new state of the art factory in Ulyanovsk. The factory will produce the full range of premium anticorrosive coatings for the oil and gas, chemical, power, civil infrastructure, mining, and marine industries. At 16 million litres, the factory will have the largest production capacity in Russia and Central Asian Region in this market segment. General Director of ZAO HEMPEL, Peter de Groot explained: "Bringing the production of high quality anticorrosive coatings will enable HEMPEL to better serve its customers by offering faster response times and products that are more suitable for the



Russian climatic and operating conditions. Furthermore, by becoming a local producer, we will be supporting the local economy and development in this immense Eurasian Region and securing a solid and reliable pipeline of sales for HEMPEL."

Roca Group

Roca Group took part in MosBuild 2015

Roca Group Russia and CIS successfully took part in a leading international building and interiors exhibition MosBuild 2015.



The company presented new items and popular brand collections in the exhibition area of over 500 sq m – Roca (international), LAUFEN (Swiss), JIKA (Czech) and AQUATON and Santek (Russian). Exhibit items represented the entire range of bathroom products – ceramic products, furniture, faucets, shower trays and baths.

The main focus of the exhibition was on innovative ceramic material SaphirKeramik™ by LAUFEN. This is very thin and durable ceramics, a unique product of the Swiss experts, allowing to make robust and at the same time lightweight bowls with a wall thickness of only 1–2 mm instead of the usual 7–8 mm.

Roca Group has provided comprehensive fitting out for Spartak Stadium

Roca Group has equipped all the public areas of Otkrytie Arena – the home stadium of Moscow football club Spartak with capacity of 42,000 seats. To take into account the requirements for functionality and design of different stadium stands, the company offered a comprehensive solution using three brands of products in different price categories – LAUFEN (premium) and Roca (premium and mid-price segment) and JIKA (mid-price segment).

Alongside with standard products, solutions from Roca range for handicapped people were implemented on site – special bowls with easy accessible faucet, adjustable mirrors and strong ergonomic handrails helped to create a barrier-free space at the stadium.



APPOINTMENTS

ALPE consulting



Dmitry Vishnevetsky appointed Deputy General Director of ALPE consulting

Dmitry Vishnevetsky is ALPE consulting's Deputy General Director, responsible for the operational matters in the company. Dmitry has worked for ALPE consulting

for more than 7 years as Head of New Business Solutions Department and as a Senior Project Manager. Prior to joining ALPE consulting Dmitry worked for GMCS as a Senior SAP CO-FI Consultant/Team Lead for over 3 years and also for EastLine Group as SAP CO Consultant. Having started his career in SAP as a Junior SAP CO Consultant at Russian Railways Dmitry now has a wide experience in SAP implementation projects as a Project Manager and a Consultant. Dmitry holds a Master's Degree with Honors in Engineering from the Rostov-on-Don State University of Transport Communications and has a PhD Diploma in Technical Science.

Bene AG



Michael Stockford as the General Director for Bene Rus LLC

In January 2015, Bene AG announced the appointment of Michael Stockford as the General Director for Bene Rus LLC, with full time location in Moscow.

Beyond the overall scope of management responsibilities Michael will utilise his existing network through the industry and will strengthen the Bene Rus LLC sales team. Prior to his relocation back to Moscow, Michael has spent active 14 months with Bene Middle East team in Dubai. Before joining Bene AG, Michael spent several years in Moscow acting as General Director for Russia and CIS for Interface company.

DLA Piper



Denis Sosedkin assumes the role of Office Managing Partner at DLA Piper in St. Petersburg

DLA Piper, a global law firm, is pleased to announce that effective 1 May 2015

Denis Sosedkin assumes the role of Office Managing Partner at the firm's St Petersburg office.

Graduated from the Law Department of St. Petersburg State University, Denis began his legal career with Arthur Andersen in 1997. In 2002, as Andersen combined its operations in Russia with Ernst & Young, he continued working at EY Law as Senior Manager.

In 2005, after the CIS integration of EY Law and DLA Piper, Denis took over as Senior Associate with DLA Piper in St. Petersburg and further was promoted to Partner in 2007. Currently Denis heads the Corporate Practice at DLA Piper in Russia (both Moscow and St. Petersburg teams), serving a number of national and multinational clients based in various regions. He is a recognised expert in M&A and has led several major sales and acquisitions in different industry sectors. Denis has been heavily involved in a number of major investment projects, throughout Russia, where he has advised clients on various issues during the initial investment stages as well as on the restructuring of existing operations. Denis acts as a Co-Chairman of the Investment & Legal Committee of the American Chamber of Commerce (AmCham) in St. Petersburg. He was highly recommended by Chambers Europe and Legal 500 during more than nine years. Denis was also recognised by Best Lawyers as Lawyer of the Year in Russia in Mergers & Acquisitions and Corporate Law in 2012 and 2015 respectively.

Marriott Moscow



New appointment: Director of Sales and Marketing

Daria Chekalova was appointed as Director of Sales and Marketing at Renaissance Moscow Monarch Centre Hotel as of 1 April 2015. Daria Chekalova has a

substantial professional experience. Prior to her hotel engagement she worked for a Business Travel Agency and deeply experienced in eCommerce field in different establishments. Working for a GSO Steigenberger Hotels AG Daria represented and run up a German market hotel chain in Russia. Before the current position Daria held a role of Director of Sales for Radisson Blu Belorusskaya Hotel.

NEW MEMBERS



A+

At A+, we believe in "Positive Business". We create social businesses initiatives and enhance Corporate Social Responsibility across Russia. It accounts for 2% of Russian GDP (versus 10% in Europe), has been growing by 5% every year for the last ten years, and the potential is tremendous in terms of economic growth, efficient social handling, and international cooperation. We are a collaborative group of six professionals, half Russian, half French, gathering the experience of communication & creation, project management, entrepreneurship, digital media & IT, financing and sociology. We connect the dots, bringing to talented Russian leaders and entrepreneurs the international know-how. We facilitate the financing of Russo-European projects. We believe in what we do. That's why we succeed. Feel free to contact us if you want to be part of the story.

www.associes-plus.com



Actando

Actando is a global leader in digital learning solutions – Serious Games, automated role-plays and simulations – to increase effectiveness of Sales and Marketing teams. Industries: Banking, Energy, FMCG, Healthcare, Retail, Services, Telecom.

www.actando.ru



ARIVIST GROUP

ARIVIST Group offers a full service package in customs clearance and transport logistics since 1992. We are in top 10 largest customs brokers in Russia with more than 2500 declarations processed per month. ARIVIST has offices in: Saint Petersburg, Moscow, Nizhny Novgorod, Novorossiysk, Yekaterinburg, Vladivostok. The main services of ARIVIST Group are:

- CUSTOMS CLEARANCE (legal support; classification expertise; certification);
- TRANSPORTATION (sea freight; air freight; trucks; railway);
- CARGO (combined; dangerous; oversized; general; perishable).
- WELL-EQUIPPED WAREHOUSES

The main figures of Arivist Group:

- 23 years of successful work;
- 2 licensed customs brokers;
- 300 + employees;
- 5 branches across Russia with Head Office in Saint Petersburg;
- More 1000 of long-termed clients;
- ISO 9001 standard in work.

www.arivist.ru



AZIMUT

AZIMUT Moscow Olympic Hotel is a part of the AZIMUT Hotels chain – the market leader in Russia by the number of rooms and one of the fastest growing hotel brands in the mid-market hospitality segment. AZIMUT Moscow Olympic Hotel provides outstanding levels of comfort and customer care, whether for work or rest. There are 486 modern guest rooms, including the Club Floor, complimentary high-speed Wi-Fi throughout, bar, bakery and restaurants, AZIMUT Sport fitness centre and spa, Thai massage, and 12 conference rooms covering 3,210 square metres of meeting space. AZIMUT Moscow Olympic Hotel offers a personalized service, flexibility, convenient location and extended opportunities for business – all that distinguishes us from others.

www.azimuthotels.com



Carnelutti

Carnelutti law firm was founded in 1898 and is currently rated among the top law firms in Europe, according to Chambers Global, Chambers Europe, The Legal 500, The Practical Law Company, European Legal Experts and Euromoney's Guide to the World's Leading Lawyers. Currently, the global network of independently owned and managed Carnelutti Law Firms includes offices in Rome, Milan, Naples, Paris and Moscow and it occupies a leading position in the international market of professional services by supporting internationalisation of Italian and European businesses. The core mission of Carnelutti is focused on creating a lasting and fruitful collaboration with each customer, through a personalised approach, a constant search for the most cost effective solutions and more advantageous opportunities: to this aim, our single control room is handling completely and simultaneously all aspects of legal, tax & accounting assistance, while ensuring at the same time absolute confidentiality of any reserved information provided by the customer. By combining both deep experience of Russia's quick-moving

business and legal environment and an excellent knowledge of European best practices, our competent international team has what it takes to protect your interests, to find the right solutions, and to get your deals closed in even the most complex situations.

www.carnelutti.ru



LES OREADES

The idea for creating the gallery came in 1981 by a French musician, Edmond Rosenfeld. The name of the gallery can be translated as "mountain nymphs" – "oreades". In 1989, Rosenfeld, then the director of three branches of "LES OREADES" in France (Paris, Toulouse, and Loushonne), came to Russia, and in 1990 a fruitful cooperation between Russian artists and the gallery began. Therefore, we consider that year the creation of the Russian branch of "Les Oreades".

www.lesoreades.ru



Lieu Commun

For over 22 years, Lieu Commun has been a creative agency for intercultural corporate communication, building bridges between Russia, France and Asia. Our team works on joint projects to:

- create and produce communication tools;
- create from small to large events, parties, exhibitions with its own catering facilities Leonov-Pycco;
- support businesses in their team building efforts, with a creative and gastronomic touch, at Lieu Commun place in central Moscow

www.lieucommun.ru

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Loyens & Loeff

With a history dating back more than 100 years, Loyens & Loeff is today the leading legal and tax firm if you do business in or from the Netherlands, Belgium and Luxembourg, our home markets. A highly satisfied client base includes major global corporations, organisations, financial institutions and family-owned businesses. And successful partnerships are realized not only due to the overall strength of our firm and breadth of our offering, but in the way we address our partnerships.

Integrated approach

We do so with an integrated legal and tax approach that applies the necessary skill sets in a manner that furthers the overall economic success of our clients. Our client-focused, pragmatic approach ensures your broader business objectives and company performance is always being considered while addressing the tasks at hand.

Independent and international

As a fully independent law firm, Loyens & Loeff is excellently positioned to coordinate international tax and legal matters. We have our own network of offices in major financial centres, staffed with specialists. Our office network is complemented by several country desks all of which are experienced in structuring investments all over the world. It's a winning combination that enables us to assist international clients in a very effective way.

www.loyensloeff.com



Lufthansa German Airlines

The Lufthansa Group is a global aviation group with a total of around 540 subsidiaries and equity investments, which in the financial year 2014 were organised into five business segments: Passenger Airline Group, Logistics, MRO, Catering and, up to the end of 2014, IT Services. All the segments occupy a leading position in their respective markets. In 2014, the Lufthansa Group generated revenue of EUR 30.0bn and employed an average of 118,973 staff.

The biggest business segment in the Lufthansa Group is the Passenger Airline Group. Lufthansa Passenger Airlines, SWISS and Austrian Airlines are network carriers serving the global

market and all passenger segments. Germanwings operates direct flights within Europe. Investments in the Belgian network carrier Brussels Airlines and the German-Turkish charter airline SunExpress complete the airline portfolio. The airline group defended its European market leadership in the reporting period, again recording the greatest number of passengers and the highest revenue of any European airline.

www.lh.com



MaxiMICE

MaxiMICE is the biggest full cycle Event and MICE agency in Russia, by turnover and by number of employees working in the company. For several years we are acknowledged as market leaders and trend makers in the industry of corporate event business. For years we have been successfully working with major world brands, to coordinate creative, technical "turn-key" events all over the world, with full logistics support. MaxiMICE is a creative agency, that provides services for events of any formats and scope, from slogan or logo, through a weekly cycle conference and trendy film. Creative – concepts, scripts, speeches and etc. Design – key visuals, logos, corporate identity of the project. Production – graphic design, shooting corporate video's, video reports. Art-management – casting, booking, work with actors, costumes, props.

www.maximice.ru



PM Group

PM Group is an international engineering, architecture and project management company with a comprehensive portfolio of services ranging from small consultancy studies to large-scale, complex, fast-track capital projects globally. Established in 1973, PM Group today employs 2,100 highly skilled personnel servicing private and public sector clients across 25 countries worldwide. Group turnover in 2014 was EUR250million.

Headquartered in Ireland, the Group's strong multi-discipline teams deliver complex projects to clients in the Biopharmaceuticals; Advanced Technology; Medical Technologies; Food and Nutritionals; Research and Development; Transportation; Healthcare; Education; Energy, 'Cleantech' and Environmental sectors.

www.pmgroupp-global.com

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www.tmdfriction.com

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LLC "Volkswagen Bank RUS" Russia is a member of international group Volkswagen Financial Services AG. Volkswagen Financial Services AG is a 100%-owned subsidiary of Volkswagen AG and has its headquarters in Braunschweig, Germany, responsible for coordinating the worldwide financial services activities of the Volkswagen Group. In Europe, Asia-

Pacific, North America and South America we manage the financial services operations directly via subsidiaries. VWFS AG is the largest automobile financial services provider in Europe. Total Assets at 31.12.2014 reached more than 107 billion euros. At the reporting date VWFS AG had 11,305 employees worldwide, 5,928 – in Germany.

www.vwbank.ru



Zurich Reliable Insurance JSC

Zurich Reliable Insurance JSC is part of Zurich Insurance Group, which has been present in Russia since 1996. Zurich Reliable is a direct subsidiary of Zurich Insurance Company Ltd., Switzerland (ZIC), the main Zurich group insurance carrier, holding 99.9% of the shares of Zurich Reliable. ZIC is a company that directly and indirectly holds all of the Zurich regulated entities and offers AA-/positive ratings by Standard & Poor's, Aa3 by Moody's and A+ by A.M. Best. The second stockholder of Zurich Reliable Insurance is Zurich Versicherungs-Akteingesellschaft, a joint company based in Austria.

Zurich Reliable Insurance offers insurance solutions for corporations, both domestic and multinational.

- engineering lines: specialised underwriting and risk management in construction projects;
- property: real estate, equipment and business income protection from unforeseeable consequences;
- financial lines: solutions for management liability, professional indemnity for commercial and financial institutions and other specialized needs;
- marine: solutions for international and Russian companies against marine exposures;
- liability: public, employer's, product liability and product recall insurance.

www.zurich.ru

Association of European Businesses (AEB)

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Please fill out the Application Form in **CAPITAL** letters, sign it and fax it: **234 28 07** /

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Calendar year / Календарный год: 2015 ☐ (Please check the appropriate box/boxes / Укажите соответствующий год/года)

Name of your AEB Contact / Ваше контактное лицо в АЕБ: _____

1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ

Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /
Название компании в соответствии с уставом. (Для индивидуальных членов – название компании, в которой работает заявитель):

Legal Address (and Postal Address, if different from Legal Address) /

Юридический и фактический адрес, если он отличается от юридического:

INN / KPP / ИНН/КПП:

Phone Number / Номер телефона:

Fax Number / Номер факса:

Website Address / Страница в интернете:

2. CATEGORY / КАТЕГОРИЯ :

THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER

Please indicate your AEB Category / Отметьте категорию		Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
<input type="checkbox"/>	SPONSORSHIP / Спонсорство	–	10,000 euro/евро
<input type="checkbox"/>	CATEGORY A / Категория А	>500 million/миллионов	6,300 euro/евро
<input type="checkbox"/>	CATEGORY B / Категория Б	50–499 million/миллионов	3,800 euro/евро
<input type="checkbox"/>	CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
<input type="checkbox"/>	CATEGORY D / Категория Д	<1 million/миллионов	800 euro/евро
<input type="checkbox"/>	INDIVIDUAL (EU/EFTA citizens only)/ Индивидуальное (только для граждан Евросоюза/ЕАСТ)	–	800 euro/евро

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Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ, должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

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К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ, работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

Please bear in mind that all applications are subject to the AEB Executive Board approval /

Все заявления утверждаются Правлением АЕБ

3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН

Title, First Name, Surname / Ф.И.О:

Position in Company / Должность:

E-mail Address / Адрес эл. почты:

4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ	
A. For a company / Компаниям: Please specify COMPANY'S country of origin / Указать страну происхождения компании ¹	
or B. For an individual applicant / Индивидуальным заявителям: Please specify the country, of which you hold CITIZENSHIP / Указать гражданство	
<p>Please note that only EU / EFTA members can serve on the Executive Board and the Council of National Representatives/ Внимание! В Совет национальных представителей и Правление могут быть избраны члены, представляющие страны Евросоюза или ЕАСТ.</p> <p>Please fill in either A or B below/ Заполните только графу А или В</p>	

5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г.			
Company activities/ Деятельность компании	Primary / Основная:		Secondary / Второстепенная:
Company turnover (euro)/ Оборот компании (в Евро)	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
Number of employees/ Количество сотрудников	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) / Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ?	
<input type="checkbox"/> Personal Contact / Личный контакт	<input type="checkbox"/> Internet / Интернет
<input type="checkbox"/> Media / СМИ	<input type="checkbox"/> Event / Мероприятие

Signature of Authorised Representative of Applicant
Company / Подпись уполномоченного лица заявителя:

Date/Дата:

Signature of Authorised Representative of the AEB /
Подпись Руководителя АЕБ:

Date/Дата:

¹ Location of a parent company or of the main shareholder/ Местонахождение головной конторы или основного учредителя.



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12-14 April 2016 | Atyrau



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