



Association
of European
Businesses

**Annual General Meeting
17:00 – 19:30, 24th of April, 2019**

**Renaissance Moscow Monarch Centre Hotel
Leningradskiy Prospekt 31 A bld.1**

Minutes

The Annual General Meeting (AGM) was chaired by Lodewijk Schlingemann, Chairman of the Council of National Representation (CNR). He opened the meeting and thanked the AEB members for participation in the Annual General Meeting (point 1 of the AGM agenda).

313 members (200 physically and 113 represented by proxy) were present at the AGM. The AEB had a total number of 474 members, who had paid the membership fees, as of 24th of April, 2019; thus, the quorum (238 members) was reached.

Lodewijk Schlingemann invited Andrei Sharonov, President, Moscow School of Management SKOLKOVO, for the key-note speech. The speech was followed by Questions and Answers session.

Mr. Markus Ederer, Ambassador of the European Union to the Russian Federation, then took the floor for the welcome address.

The Ambassador shared with the AGM participants their views on EU - Russian relations and the economic development in Russia in times of political and economic challenges. He supported stronger economic cooperation between the EU and Russia.

The address was followed by Questions and Answers session.

Johan Vanderplaetse, AEB Board Chairman, made an overview of the main strategic fields for AEB activities and AEB achievements in 2018 – beginning of 2019 (point 2a of the AGM agenda). On the good side, AEB could report that the Russian economy stabilized. This creates opportunities for our members that deliver technology to this important sector. Though on the other hand the country's economic is still dominated by large state companies which do not always operate in the most efficient way. 2018 has been a watershed year regarding sanctions as on April 6th 2018, the United States imposed sanctions against Rusal and Renova and introduced the innovative concept of secondary sanctions. Further US sanctions followed in August. More bills are circulating in the US Congress which, if they would be adopted, could heavily impact

further the business climate, like new DASKA and DETER bills. It is the threat of these additional sanctions more than the actual sanctions themselves that are the most harmful.

The AEB is a non-political organization and its strength lays in its neutrality. But AEB clearly believes that sanctions and counter-sanctions are not the way forward. Recently the AEB made its concerns clear towards the Russian authorities with regard to Baring Vostok case.

AEB advocates for an open dialogue between the EU and Russia that leads to a gradual de-escalation of the geopolitical tensions. An open dialogue between the Russian government and the different Chambers of Commerce allowing to create an investment climate that allow all of us to foster, Russian and foreign companies alike.

The AEB Board visited Brussels on 4-5 February 2019. Although the framework given by the European Member States for dealing with Russia does not allow for any official dialogue, contacts between the European Commission and its Russian and Eurasian Union counterparts at working level are taking place in areas of mutual interest. This is true for trade, technical regulations, cross-border cooperation, the IT and R&D sectors as well as the Northern Dimension initiative.

In addition to good cooperation with the EU Delegation, the AEB has close contacts with all the EU Embassies and their trade sections: regular EuroReceptions, new format of breakfasts for current and potential members, round tables etc. AEB has had various common events and can count on the members of the Council of National Representation (CNR) to help with those initiatives.

The past few years have been decisive in improving the interaction between AEB committees both at federal and regional levels, on horizontal topics impacting a wide range of industries. There is a long list of lobbying issues that AEB committees, sub-committees and working groups are dealing with on a daily basis. The Board Chairman thanked all AEB Committee chairs for their invaluable work.

AEB has excellent working relations with the Russian Federal Ministries and Federal Services. Minister of Foreign Affairs Sergey Lavrov briefed AEB Members on February the 21st this year. Minister of Economic Development Maxim Oreshkin visited us on 20 December 2018 and signed a Memorandum of Understanding on deeper cooperation between his Ministry and the AEB. The same goes for the Federal Antimonopoly Service and its Head, Igor Artemiev, the Federal Customs Service, the Federal Tax Service or the Ministry of Interior.

AEB is strongly presented at regional level. Offices in St-Petersburg and Krasnodar are very active in organizing meetings and business visits to regions. Moscow office had the pleasure to welcome Sergey Sobyanin, Mayor of Moscow in December 2018.

Board Chairman informed the members that the Board decided to restructure the Membership fees and the updated table for the 2020 Membership campaign will be presented later during the meeting. AEB fees were frozen since 2012 and some adjustments were necessary to ensure the operations of the Association for the benefit of its members.

He thanked his fellow Board Members, Members of the CNR and the Auditing Commission, Committee chairs as well as the Chief Executive Officer Frank Schauff and his staff for their dedicated work.

He drew the attention of the AGM participants that the Board proposes to the AGM to prolong the assignment of Frank Schauff as the CEO of the AEB for another year.

Johan Vanderplaetse confirmed that today AEB is the main representative body of foreign investors in Russia and the Eurasian Economic Union, thanks to a 24 year old experience in the Russian business environment.

Frank Schauff, AEB Chief Executive Officer (CEO), briefed through the AEB Operational Activities in 2018 (point 2b of the AGM agenda).

2018 has not been an easy year. Economically as Russia continued its recovery after some years of recession and for some other external reasons as the AEB had been forced in fall 2017 to move from its office on Krasnoproletarskaya Street to a new location at very short notice and had to adjust to those new constraints in our daily operations.

The AEB office remained fully operational.

The number of events at Federal and Regional levels stayed at previous years' level with a slight decrease due to the FIFA World Cup with overall 116 events organised:

- 88 events at the Federal level (95 last year) gathering overall 4 554 participants (less than last year, 5400)
- 14 in the North-West Region and
- 14 in the South Region;

In addition to the activities of our two regional offices, regular presentations of the investment potential of Russian regions (in 2018: Republic of North Ossetiya – Alaniya, Republic of Karachaevo-Cherkesskaya and Novgorod region) were organised. The AEB is also present at all major federal events held in the regions: St. Petersburg International Economic Forum, the St Petersburg Legal Forum, St Petersburg Annual Investment Forum, Sochi Economic Forum, the Eastern Economic Forum in Vladivostok and the Perm Export Forum.

On 28 November 2018 the AEB held an AEB Day in Krasnodar with 4 parallel Federal & Regional Committee discussions and an official meeting with Regional Foreign Investment Advisory Council chaired by the Governor of the Krasnodar Region.

The number of Committee meetings slightly increased compared to last year, from 262 in 2017 to 268 in 2018;

Membership stabilized with 524 Members in 2018 (compared to 528 in 2017), with an increase in the total membership revenues of 1,5 % up to 2 367 000 Euro, allowing for a balanced budget. The average membership invoice also increased by 2,3 per cent in comparison to 2017 up to 4,518 Euro (in 2017 – 4,415 Euro).

In 2018, the AEB has successfully passed ISO 9001:2015 supervisory certification audit. In July 2018, the AEB team underwent the procedure of supervisory certification audit of Quality Management System according to the ISO 9001:2015 standard. In particular, the selective AEB staff members were examined on the policy, goals, risks and challenges of the organisation in terms of enhancing the quality of the daily workflow. All targets with regard to the Quality

Management System were reached successfully. In 2019 the remaining part of the AEB team will undergo a similar procedure.

AEB is moving on and test new formats in terms of communication. Meeting the requirements of time the AEB has introduced a new mailing format – the AEB WEEKLY which contains information on current activities and forthcoming events.

AEB presence in the mass and social media is increasing over the years. In 2018, the AEB has been quoted more than 16,000 times according to Interfax data, with about 64% of those quotes at the Russian Federal level, 29% at the Russian regional level and 7% in foreign media. AEB launched an account in Instagram in 2018 while more actively communicating through Facebook and Twitter. The number of our followers is constantly growing making AEB activities more visible and attractive.

The newly designed web site was launched on 11 March 2019.

Taking into account the digitalization trend AEB optimized its publication plan. All publications are now available on the AEB web page.

Cooperation with partners has intensified. In 2018 we signed Memorandum of Understanding with the following Russian regions and organizations:

- Ministry of Economic Development of Russia
- Federal Fund for Industrial Development
- Organization of Russian Businesses Delovaya Rossiya
- Roscongress Foundation
- To mention but a few.

Lobbying activities on behalf of our Members and a constructive dialogue with the public authorities remains our top-priority. In 2019, the AEB will continue to cope with such issues as parallel imports, consumer protection legislation, the labeling of goods with special marks and other track & trace projects, customs management, insurance, taxation, banking, technical regulations, trade law, self-regulations initiatives.

One of the most pressing issues has been the new Federal Law amending the procedure for registering foreign citizens which entered into force in 2018 and caused several disputes in the business community.

Another significant challenge is the new procedure for charging value-added tax for the services provided by foreign organisations in electronic form, which applies since 1 January this year. The AEB proposed amendments to the new law.

2018 has also been a year of geopolitical tensions for Russia with more sanctions. This is the reason why the AEB elaborated and presented to the Board a strategy regarding sanctions and a respective position paper. AEB goal is to provide a context that enables our members to manage within the sanctions:

- 6 briefings dedicated to sanctions were organized for AEB Members.
- Legal alerts were sent out

The AEB is also monitoring closely the Russian counter-sanctions that might strongly harm the interests of European investors in Russia one of which is the Draft Law amending the Criminal Code and introducing criminal responsibility for complying to sanctions of foreign states on the Russian territory as well as committing actions contributing to introducing restrictive measures towards Russia by foreign states. On 23 May 2018 the CEO took part in the meeting of the State Duma Council on Legislation chaired by Vyacheslav Volodin, State Duma Chairman, devoted to discussion of this draft law and strongly voiced the detrimental effect of such a law on the investment climate in Russia.

In 2019 the AEB will do its best to further lobby the interests of its Members.

Lodewijk Schlingemann, CNR Chairman, reported on the CNR development in 2018 (point 2c of the AGM agenda). He stressed the fact that the CNR now represented 24 out of 36 EU, EU-candidates and EFTA countries. The goal of the CNR was to build closer relationship between national Business/Embassy commercial structures and the AEB. The CNR was always available to support the AEB membership development. In future the CNR will continue to aim at:

- Interaction with the AEB Board and the AEB CEO;
- Stimulate AEB membership through interaction with country business communities;
- Develop new and sustainable business cooperation between the AEB/EU and Russian partners as well as with EU ambassadors in Russia and Russian Ambassadors in the respective EU countries.

Rene Pischel, AEB Auditing Commission (AC) Chairman, reported on the composition and the AC activities in 2018 (point 2d of the AGM agenda). In 2018 the AEB achieved positive results in the area of finances:

- Auditing Commission consists of three members;
- Held four meetings since last AGM;
- AEB financial statements were audited by Alinga Consulting company.

Overall stable financial status with an increased income vs. 2018 Rene Pischel also informed AEB members about the results of the 2018 independent AEB auditing, which had been done by the Audit Company Alinga Consulting Group, and presented a consolidated balance sheet and income statement for the year ended 31st of December, 2018. He also confirmed the statement of the independent auditors that "the financial position of the Group as of 31st of December, 2018 and the results of its operations, changed in equity and in cash flows for the year then ended in accordance with International Financial Reporting Standards". The full set of the consolidated financial statements of the Auditor was available for review by members.

Frank Schauff, the AEB CEO, presented the Financial and Annual Report 2018 and Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018 (point 3a of the AGM agenda) (Attachment 1). He confirmed that the 2018 Financial Statements, which had been audited by Alinga Consulting Group, were in order.

Frank Schauff, CEO, drew the attention of the members to the amendments to the budget for 2019 and went on to present the Development Strategy of the AEB for 2019 – 2020. The following three main directions of transformation were mentioned as well as draft budget for

2020 which had been approved by the Board on the 10th of April, 2019 (point 3b of the AGM agenda) (Attachment 2):

- Taking on board a digital communications specialist;
- Development and implementation of educational and training programs;
- Hardware / Software upgrade;

Within the above mentioned framework and in order to ensure due modernization and development of the AEB functions and to improve the respective activities the Board proposes to allocate the sum of 250'000 (two hundred fifty thousands) Euro, in order to be invested by the AEB within the financial years 2019-2020.

The Board proposed to amend the AEB budget 2019 and to allocate 150 000 Euro to acquiring new skills in digital communication and marketing, retraining of the AEB staff members in accordance with the new demands and challenges, upgrading of hardware and software in the AEB office in order to ensure due modernization and development of the AEB functions and to improve the respective activities.

The Board asked the AGM to confirm that the remaining funds from 150 000 Euro allocated to the AEB budget 2019, which will not be used in 2019, can be transferred to the AEB budget 2020 for completion of goals stipulated above.

The Board asked to approve the AEB budget 2020 and to allocate 100 000 Euro with due regard of the two years modernization and development of the AEB functions plan as stipulated above.

The CEO then presented the draft proposal for AEB membership fees starting from 2020 (point 3d of the AGM agenda) (Attachment 4).

Frank Schauff went on to present the Budget for 2020 (point 3c of the AGM agenda) (Attachment 3). There were no questions regarding the budget for 2019 and the draft budget 2020 from the AEB members. The 2020 budget would be revised in the last quarter of 2019 by the AEB Board, if necessary.

Lodewijk Schlingemann, AGM Chairman, drew the attention of the members to the fact that according to the Art. 9.2 the Auditing Commission shall supervise the AEB's financial activities and internal procedures, and this year the term of one current member of the AEB Auditing Commission was expiring.

The AGM Chairman then presented the leaving Auditing Commission member (point 3e of the AGM agenda):

Surname, Name	Company
Pischel Rene	European Space Agency

and

the Candidate for the Auditing Commission:

Surname, Name	Company
Pischel Rene	European Space Agency

After completing the presentation of the Auditing Commission Candidate the AGM Chairman reminded that the term of the current CEO was expiring and he presented the candidate to the position of the CEO for a one-year term (point 3f of the AGM agenda):

Surname, Name	Company
Schauff Frank	CEO of the AEB

AGM Chairman went on to present the members of the AEB Council of National Representation (CNR) whose term expired or who had left during the year and the new members of the AEB CNR (point 3g of the AGM agenda):

- members of the AEB Council of National Representation whose term expired or who had left during the year :

Country	Name	Institution
Belgium	Johan Vanderplaetse	Schneider Electric
Denmark	Aage V. Nielsen	Vitus Bering Management
Estonia	Meelis Milder	Baltika Group
Italy	Carlo Palasciano	Enel Russia
Slovakia	Peter Shulek	Europeum
Spain	Antonio Linares	Roca
Switzerland	Martial Rolland	Nestle Russia & Eurasia
United Kingdom	Roger Munnings	Russo-British Chamber of Commerce (RBCC)

- New Composition of the CNR (continuing current CNR members and new members nominated by the National ambassadors and approved by the AEB Board on April the 24th, 2019) :

Country	Name	Institution
Austria	Rudolf Lukavsky	Austrian Trade Commissioner

Belgium	Marc Dellaert	Center for Creative Leadership
Bulgaria	Zeynel Boba	Midatech Company Limited
Czech Republic	Daniel Ruzicka	Mikenopa
Denmark	Aage V. Nielsen	Vitus Bering Management
Finland	Jari Jumpponen	East Office of Finnish Industry
France	David Lasfarque	JEANTET
Germany	Matthias Schepp	German-Russian Chamber of Commerce
Hungary	Tamas Endrenyi	EGIS Pharmaceuticals PLC in Russia
Iceland	Ingolfur Skulason	Kleros LLC
Ireland	Charles Mahon	PM Group
Italy	Fabrizio Cepollina	CNH Industrial Russia
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
Norway	Svein Age Dahl Olsen	Equinor
Poland	Alexander Janeczek	Work Service
Portugal	Jorge Azevedo Sousa	Rusgrape LLC
Republic of Croatia	Jakov Despot	Croatian Chamber of Economy Representation to Russia
Slovenia	David Kokalj	Medico Vital
Spain	Guillermo Morodo	Morodo & Partners
Sweden	Fredrik Svensson	Mannheimer Swartling
Switzerland	Martial Rolland	Nestle Russia & Eurasia
United Kingdom	Roger Munnings	Russo-British Chamber of Commerce (RBCC)

The AGM Chairman took the floor and proposed to the AGM participants to use for the approval of points 4a, 4b, 4c, 4d and 4e of the AGM agenda the open voting procedure.

Open Voting took place (by using voting cards) on:

- **To approve the Financial and the Annual Reports 2018 (point 4a of the AGM agenda).**

The results of the voting on the Financial Report and the Annual Report 2018 are the following:

In favor: 313

Abstained: 0

Opposed: 0

The motion carried.

- **To approve the amendments to 2019 Budget to allocate 150 000 Euro to acquiring new skills in digital communication and marketing, retraining of the AEB staff members in accordance with the new demands and challenges, upgrading of hardware and software in the AEB office (point 4b of the AGM agenda).**

The results of the voting on amendments to 2019 Budget are the following:

In favor: 308

Abstained: 1

Opposed: 4

The motion carried.

- **To approve the Budget for 2020 (point 4c of the AGM agenda).**

The results of the voting on the Budget for 2020 are the following:

In favor: 309

Abstained: 3

Opposed: 1

The motion carried.

- **To approve membership fees beginning from 2020 (point 4d of the AGM agenda).**

The results of the voting on the membership fees beginning from 2020 are the following:

In favor: 303

Abstained: 8

Opposed: 2

The motion carried.

- **To confirm the new composition of the Council of National Representation (point 4e of the AGM agenda).**

The results of the voting on the new composition of the Council of National Representation are the following:

In favor: 311

Abstained: 1

Opposed: 1

The motion carried.

After completing the Open Voting, Secret Election of the AEB Auditing Commission member and the CEO (by using ballots and respective sealed boxes) took place (points 4f and 4g of the AGM agenda).

AEB members cast their ballots into sealed ballot boxes. The boxes were brought by the members of the Election Oversight Commission (Vera Solovaya, AEB Administrative director, Marc Dellaert Center for Creative Leadership, CNR member from Belgium, and Olga Anisimova, Castren & Snellman, independent law firm). The ballot papers were counted by the AEB staff members under the supervision of the Members of the Election Oversight Commission.

After the completing of the counting procedures AGM Chairman informed the AEB members about the election results for the AEB Auditing Commission and the CEO (point 5a of the AGM agenda).

- **Ballot 1**

Election of new Auditing Commission members (point 4f of the AGM agenda):

Result of secret elections:

Total number of received VALID ballots 209;

Number of NON valid ballots 10.

According to the election results the AEB Auditing Commission candidate received the following number of votes:

Rank	Votes	Surname, Name	Company
1	209	Pischel Rene	European Space Agency

- **Ballot 2**

Election of the CEO (point 4g of the AGM agenda):

Result of secret elections:

Total number of received VALID ballots 211;

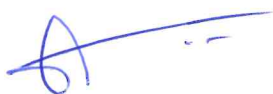
Number of NONE valid ballots 8.

Rank	Votes	Surname, Name	Company
1	211	Schauff Frank	AEB

According to the election results Frank Schauff was elected AEB CEO for one-year term.

Once the votes were presented to the AGM participants by Lodewijk Schlingemann, AGM Chairman, the Annual General Meeting 2019 was officially closed.

Chairman of the AGM



**Lodewijk Schlingemann,
Chairman of the AEB CNR**

Secretary of the AGM



**Vera Solovaya,
Administrative Director**

"28" May 2019

"28" May 2019

Attachment 1

Financial Statements

Consolidated statement of financial position as of December 31, 2018

	December 31, 2018 ('000 EUR)	December 31, 2017 ('000 EUR)
ASSETS		
Non-current assets		
Property, plant and equipment	39	46
Intangible assets	26	28
Investments in associates	139	42
Deferred tax assets	3	7
Total non-current assets	207	123
Current assets		
Other assets	37	25
Trade accounts receivable	9	27
Advances to suppliers	33	64
Other debtors	45	46
Cash and cash equivalents	3 351	3 062
Total current assets	3 475	3 224
Total assets	3 682	3 347
LIABILITIES AND UNRESERVED FUND BALANCE		
Unreserved fund balance	1 947	1 704
Current liabilities		
Prepaid membership fees and advances received	1531	1460
Trade payables	48	28
Provisions	156	114
Other liabilities	-	41
Total current liabilities	1 735	1 643
Total liabilities + unreserved fund balance	3 682	3 347

Attachment 1

Financial Statements

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018

	Year ended December 31, 2018 ('000 EUR)	Year ended December 31, 2017 ('000 EUR)
Membership fees	2.224	2.321
Events	164	195
Projects	355	361
Publications	11	14
Other revenues	56	67
Total revenues	2.810	2.958
Operating expenditures, net	-2.683	-2.844
Operating profit	127	114
Finance income	302	213
Share of profit of associates	107	47
Profit before income tax	536	374
Income tax expense	-59	-60
Net profit for the year	477	314
Other comprehensive income		
Foreign currency translation differences	-234	-456
Other comprehensive loss	-234	-456
Total comprehensive income for the year	243	-142

Attachment 2

Amendments to 2019 Budget

INVESTMENT DIRECTION	INVESTMENT CONTENT	BUDGET by direction (EUR)	BUDGET by year (EUR)	
			1st year	2nd year
■ NEW SKILLS	Digital communications	100.000		
■ RETRAINING	Development and implementation of educational and training programmes	70.000	150.000	100.000
■ DIGITALIZATION	Hardware / Software upgrade	80.000	rest of allocated funds to be transferred*	
TOTAL BUDGET		250.000		

* If approved by the Board

Attachment 3

Draft Budget for 2020

Exchange rate 75 RUR/EUR

		EUR		
Position		Budget 2019 approved by AGM 2018	Amended Budget 2019	Budget 2020
INCOME				
	Membership	2 360 000	2 360 000	2 480 000
	Events	219 643	239 643	239 700
	Advertisements	10 214	7 150	10 000
	Other*	471 833	480 300	493 300
TOTAL INCOME		3 061 690	3 087 093	3 223 000
EXPENSES				
	Personnel	(1 563 000)	(1 657 500)	(1 704 300)
	Office	(591 300)	(519 279)	(484 439)
	Events	(245 000)	(265 225)	(265 225)
	Publications	(69 921)	(78 220)	(78 220)
	Other**	(518 688)	(690 253)	(639 869)
TOTAL EXPENSES		(2 987 909)	(3 210 477)	(3 172 053)
Income/(loss) from operational activities		73 781	(123 384)	50 947
	Exchange difference	0	0	0
	Profit tax	(50 000)	(45 000)	(45 000)
NET RESULT		23 781	(168 384)	5 947

* including Project income

** including Project, Regional, Representative, Memberships in other NPOs and investments in associated companies

Attachment 4

Membership Fees beginning from 2020

CATEGORY	TURNOVER (mln. EUR)	MEMBERSHIP FEE (EUR)	BENEFITS
SPONSORSHIP	n/a	12.000	12 assigned / 2 representative free access to paid events & top events; free access to all open events & respective committee meetings, etc.
CATEGORY A	>500	6.500	8 assigned / 1 representative to the top events, free access to all open events & respective committee meetings, etc.
CATEGORY B	100-499	4.000	5 assigned / 1 representative to the top events, free access to all open events & respective committee meetings, etc.
CATEGORY C	1-99	2.500	3 assigned / 1 representative to the top events; free access to all open events & respective committee meetings
CATEGORY D	<1	800	2 assigned / 1 representative to top events; free access to all open events & respective committee meetings
CATEGORY I (EU/EFTA citizens only)	n/a	1.000	free access to all open events & respective committee meetings
CATEGORY R (rep.offices)	Rep offices	3.000	Company represented in Russia by a rep office only may join in category R for the first 2 years; then in category B for the 3rd year; upgrade to category A for the 4th year if applicable. 3 assigned / 1 representative to top events, free access to all open events & respective committee meetings

Note: START UP COMPANIES registered within 12 months period prior to the AEB application date, may join one category lower for the first two years.