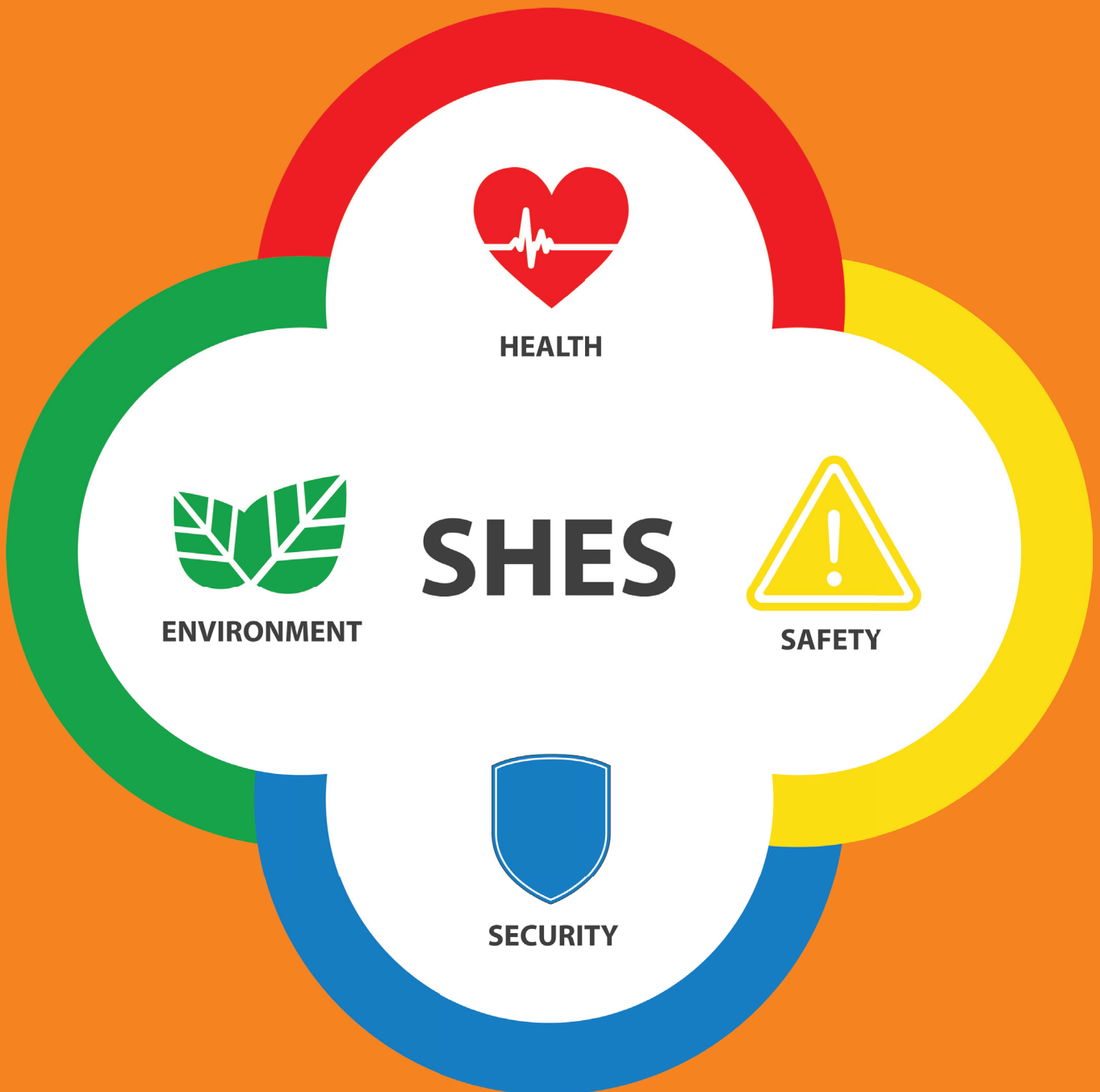




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Safety, Health, Environment & Security



With updates on: **COVID-19 prevention and response measures (practical tips for businesses and precautionary recommendations for individuals).**

**Dear readers,**

Let me kindly present the first in 2020 "Business Quarterly" to you. It sheds light on safety, health, environment and security issues from various perspectives.

It goes without saying that we could not make no mention of the current pandemic across the globe. That is why the first paper preceding all others is that of focusing on prevention and response measures to the coronavirus outbreak. Moreover, the AEB has been constantly monitoring the situation with the federal and regional authorities in order to keep our members up to date on the COVID-19 crisis. We have created a web portal at the AEB website to help companies share experience and get helpful information.

The second article summarises thought-provoking findings of the survey on safety processes: challenges, expectations, investments. Another piece explores occupational safety and health and usage of digital technologies – with their immense opportunities and inevitable risks.

One of the authors analyses effective tools and solutions in travel security management that has undergone rapid changes over the last years. One more topic related to security issues deals with the functions of embedded security officers.

Several articles review such environmental aspects as: current state and prospects for development of green financing in Russia; ecological initiatives through the prism of business interaction with state and society; global update on climate change.

A rigorous investigation of the risks that the low-carbon transformation poses to the Russian economy is provided in a separate article. Finally, legal tips to employees which might be required to undergo pre-trip medical examinations are considered.

Let me express sincere gratitude to the members of the AEB Safety, Health, Environment & Security Committee for their substantial contribution. The topics covered in the magazine are high on the agenda, and their importance cannot be overestimated.

The second half of the publication contains brief description of the AEB activities including those implemented by the Committees and Working Groups. As usual, a few members kindly shared with us updates on their most outstanding developments and achievements – that is so much appreciated! Traditionally, information about the companies which have recently joined the AEB is presented. I would like to take this opportunity to extend thanks to the newcomers for their support and trust.

Dear friends, this is the last Business Quarterly that I present to you as AEB Chief Executive Officer. After more than twelve years of engagement with the AEB I am going to leave soon. I am proud to say that the organisation has developed a lot during this time. I hope that it will continue to fulfil its task of the main representative body of foreign investors in Russia and of an important bridge between this country and the European Union. Let me cordially wish you all the best in your future endeavours and we will hopefully stay in touch!

Please keep well and stay safe!

Frank Schauff

Chief Executive Officer,
Association of European Businesses

**Dear readers,**

It is my pleasure to introduce the fourth edition of the Business Quarterly magazine, dedicated to safety, health, environmental and security (SHES) issues.

2020 is a year that marks the need for a very necessary, urgent mission to substantially solve the challenges of sustainability and climate change. The ongoing wildfires around the world, their impact on wildlife and resulting loss of biodiversity that is occurring, the outbreak of the coronavirus in the world and the consequential risks to human health and safety are deeply concerning – especially against the backdrop of continued geopolitical and geo-economic tensions.

According to the Global Risks Report 2019 (14th edition), published by the World Economic Forum “if unresolved, these tensions will hinder the world’s ability to deal with a growing range of collective challenges, from the mounting evidence of environmental degradation to the increasing disruptions of the Fourth Industrial Revolution”.

However, the lack of full recognition of the seriousness of these risks and implications for safety, health, environment, regional security, socio-economic development and well-being – by governments, business and consumers – is worrying. Among other stakeholders, companies must take a firm stand and demonstrate proactive leadership to tackle these challenges.

This edition of Business Quarterly magazine covers a selection of the aforementioned topics within the context of the mission of the AEB SHES Committee – which is to promote the longer-term priorities of a more sustainable world, sharing international best practice and standards within this sphere among companies operating in Russia, informing member companies of the AEB on the current state of affairs and proposed regulatory changes, while enhancing the exchange of information between European and Russian business through a common platform.

On this note, I wish you a pleasant reading experience.

Yours sincerely,

Valery Kucherov

Chairman of the AEB Safety, Health, Environment & Security Committee
Partner, ERM

AEB BUSINESS QUARTERLY, Spring 2020

Safety, Health, Environment & Security

COVID-19 prevention and response measures. Advice from International SOS

EVGENIY LUBALIN,
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IVAN IVANOV,
Principal Consultant, Safety Services, ERM

Digitalisation trends in occupational safety & health

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Chairman of the AEB Health & Safety
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COVID-19 prevention and response measures. Advice from International SOS



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<https://pandemic.internationalsos.com/2019-ncov>, and from our corporate website www.internationalsos.com.

What has been the impact on organisations?

Organisations will continue experiencing significant disruption in light of all the measures that are being taken to limit the spread of COVID-19. They need to maintain up to date information and communication with employees.

Are your clients implementing travel bans – what do these look like and how long do you think it will last?

At the moment, we are advising businesses to defer all non-essential international travel due to the impacts of COVID-19. This is the first time in our 35-year history that we have recommended this action. We do not anticipate substantive change in our advice in the near term given the dynamic nature of the medical threat and extent and fluidity of Government restrictions. In the meantime, we continue supporting our clients and members with access to timely and accurate information they can then make informed decisions and appropriately respond to the rapidly changing situation. This enables clients safeguarding employees. Some of the practices we are seeing are:

- systematic communication to all staff about precautionary measures and restrictions to movement;

Coronavirus (COVID-19) outbreak is a serious global issue for organisations and workforces, with potentially serious health implications, including mental health, unprecedented disruption to travel and general workforce movement, resulting in risk to business continuity. Organisations should be doing as much as possible to protect their people, to adhere to Duty of Care obligations, and to protect their business from disruption. Our medical experts anticipate that such significant viral infectious outbreaks are likely to be repeating in future, becoming a threat to people, and as an impact, business continuity and sustainability. With the right plan-

ning and measures, organisations will be in the best position to respond and protect their people and business.

In this situation organisations need to seek access to established Pandemic Information services, enabling timely, verified and actionable information for informed decision-making. For instance, we offer a wide range of pandemic services and provide assistance both in person and remotely, including TeleConsultation, with 24/7 access relying on our on-the-ground medical and security teams globally. We have also stood up open-access information on our Pandemic Information page



- travel restrictions to affected areas;
- business continuity planning: restricting meetings or attendance to event, staff segmentation, remote working for essential staff; relocation options; self-isolation;
- triggers for the decision-making process: when and how to make the decision to stop operations, restrict travels, or to resume travel to certain regions.

Many organisations are asking employees to self-quarantine – what does this entail?

Some locations are providing guidelines on how to self-quarantine. If these are available, you must follow them – these

may include strict rules about not leaving your home, wearing masks and checks may be conducted. The principle is to avoid contact with other people as much as possible, do NOT travel, use public transport, go to meetings, social gatherings or group events, avoid having visitors at your home, restrict every day movement, keep away from older people and anyone with long term medical conditions. As much as possible stay within areas in the home that others do not use – for example have your own bathroom and sleeping area. You should monitor your health regularly, and seek medical attention as soon as possible if symptoms develop. Do not have visitors or go out. If you must go out, consider

wearing a face mask, make trips as short as possible, keep over 1-2 metres away from people, avoid touching objects, use hand sanitiser.

What practical business measures are you recommending (e.g. working from home, social distancing, etc.)?

A broad range of measures can be undertaken by businesses based on the local phase of the impact of the virus and the nature of the business operation. These include social distancing, extensive staff education, stringent workplace hygiene measures, screening, work from home arrangements and travel restrictions.



What are you advising your clients/members?

Continued heightened awareness is needed, access to timely information and flexibility to change plans. Anyone with a recent travel history to affected areas, who has had contact with someone who has recently travelled to these locations or someone diagnosed with Coronavirus, should monitor their health for at least 14 days. If symptoms develop, seek medical care. Inform your healthcare provider prior to the visit about your travel history. And to not travel if ill. It is important to follow public health

guidelines as the outbreak develops. Organisations should have an effective screening, quarantine and isolation process, including a plan of action; triggers for implementation; and a reliable medical referral system.

Organisations should:

- educate employees on the symptoms and precautionary hygiene measures and ensure people have access to the most up to date information;
- advise employees to seek medical attention if they feel unwell and to not travel;

- stand up crisis management teams and meet regularly;
- review travel management plans, potential for travel disruption, risk of imposed quarantine;
- review pandemic plans including how to manage travellers from affected areas;
- review protective equipment, cleaning protocols;
- allow additional time for travel and flexibility in itineraries.

What are you advising people as precautionary measures?

We are advising that people be mindful to practice good personal hygiene.

This includes: washing hands frequently and using hand sanitiser, avoid touching your face, avoid contact with anyone who is visibly unwell and if you are unwell, to not travel. We have created a downloadable pocket guide of precautionary measures, accessible on our Coronavirus (COVID-19) web page, accessible from our landing

and possible confusion with COVID-19 symptoms.

Are masks useful in protecting people from the virus?

Surgical face masks play a limited role in preventing the spread of COVID-19. Whilst stopping people touching their mouth they do not stop breathing in the virus, nor the virus entering the

It is important for companies to be mindful of workforce concerns, and not to underestimate the stress this situation is creating. There is an element of the unknown, and situations can change quickly. In these circumstances it is important to provide access to timely, accurate, verified information. Media overload and a large amount of unverified news can be overwhelming.

page at www.InternationalSOS.com for travellers and organisations to disseminate if they wish.

Is there anything more that people can do?

People should also practice social distancing and minimise face to face contact, avoid crowded places and try to keep 2 metres away from others. General good health habits including eating well, regular exercise and sleeping well will help to support the immune system and, longer term, will promote good health. Getting a flu shot will reduce the risk of seasonal flu

eyes. They also will catch some of the droplets that are coughed and sneezed out. Fitted respirators, such as 'P2' or 'N95' masks, are more effective at preventing infection by COVID-19, however their use requires training and fitting. These are not required in a general setting. They should be used by those in close contact with infected people, such as healthcare workers.

There are a lot of reports of stress – what can you tell about this?

It is important for companies to be mindful of workforce concerns, and not to underestimate the stress this

situation is creating. There is an element of the unknown, and situations can change quickly. In these circumstances it is important to provide access to timely, accurate, verified information. Media overload and a large amount of unverified news can be overwhelming. Offering support and providing up to date accurate information can help alleviate this. We offer an emotional support service through our partnership with Workplace Options (WPO). For clients and members, this service is included in their membership and accessed by calling one of our assistance centres. Through WPO, it is possible to consistently speak with a single counsellor independent of the caller location. Also, in partnership with Occupational Psychologist, Dr Rachel Lewis, we have provided practical advice on alleviating the psychological impacts of the stress caused. The headline top tips for mental health in a crisis are: Research and learn; Accept your worries; Look after yourself; Consider the information you receive; Focus on what you can control; Think about prevention, not avoidance; Think about your impact on others; Focus on the present moment; Be prepared to say 'no'; Don't be afraid to ask for help.

Is the length of time it is taking to find a vaccine usual and what is the likelihood of finding a vaccine?

Creating a vaccine for a new found virus has become significantly faster in recent years, however it still takes time to understand enough about a virus and also test, produce and distribute vaccines. While the creation of a vaccine cannot be guaranteed, there is a sharp focus on this at a global scale. In the meantime, we are advising organisations and individuals on precautionary measures. ■

Safety: a source of increasing risk and opportunity for business



VALERY KUCHEROV

Chairman of the AEB Safety, Health, Environment & Security Committee; Partner, ERM



IVAN IVANOV

Principal Consultant, Safety Services, ERM

Introduction

Over the last 5 years, at ERM we have seen a marked increase in focus on safety in engagements with our clients around the world. We have also seen a change in emphasis with a greater focus on safety leadership and culture. Our clients have been reporting an uplift in stakeholder expectations on safety and increasing commercial and legal penalties for poor safety performance. This, in turn, appears to have caused a spike in senior leadership interest in safety. We have also observed that companies are investing substantial resources in safety processes and programmes, but significant performance challenges remain,

especially with regard to the continuing occurrence of serious injuries and fatalities. There appears to be a growing sense that traditional approaches to safety may actually be impeding progress.

In order to explore these answers in more detail, ERM decided to launch a study to assess if there is a deeper shift in perceptions on safety, and to bring fresh insight into the implications of these developments for organisational leaders and their safety functions.

We designed the study to provide insight into five areas that we believe

are key challenges for organisations today:

- preventing serious injuries and fatalities;
- safety and the growing dependence on contractors;
- safety culture and leadership, and the role of leaders in driving improvement in safety performance;
- the value derived from investments in established safety processes and programmes;
- building safety competence.

Between January and July 2018 our team held in-depth conversations with 144 senior safety functional leaders from a wide range of organisations around the world (including Russia), which confirmed a number of observations we have been making in our strategic and frontline safety consulting assignments with our global clients over the last few years. All participants of the survey were key decision makers, and most brought a global perspective from their roles and their organisations (72% of interviewees were Global Directors or VPs responsible for Safety). Most of the organisations we spoke to were multinationals with substantial employee and contractor bases located across multiple countries, and focusing on multiple different sectors such as Oil & Gas, Chemical, Mining & Metals, FMCG, Manufacturing, Transport, Power, Phar-

maceuticals and Telecommunications.

ERM's consultants with extensive experience in research studies of this type conducted one-hour structured telephone interviews. We used a combination of quantitative measures using a five-point Likert scale (strongly agree to strongly disagree) and qualitative inputs from the interviewees. A team of 10 ERM Partners and Principal Consultants from our global safety consulting team analysed the responses. The data analytics team at the Institute of Environmental Analytics (IEA) at Reading University in the UK provided substantial input on statistical analysis of the findings.

Key results of ERM's Global Safety Survey

The key conclusions of ERM's Global Safety Survey are presented on Figure 1.

Interviewees expressed a near-unanimous view that stakeholder expectations for improved safety performance will increase in all sectors and in all continents over the next 3 years. 88% of respondents agreed or strongly agreed that stakeholders are becoming more concerned about safety. Leaders who are aware of these trends are engaging more in safety and driving action to improve safety culture and performance, especially focused on fatalities and serious injuries.

Predictably, given the increased pressure and scrutiny from stakeholders, we found that respondents have ratcheted up their efforts to enhance their safety culture and performance in recent years. The vast majority of organisations we spoke to are also planning to increase their investment over the next 3 years. Safety has been, and will continue to be, a focus of increasing investment: 83% of respondents are planning to increase investment in safety over the next 3 years and 26% are planning increases of 15% or more. Capabilities, leadership development and culture change are the top priorities. Investment in these aspects is outpacing other areas by a significant margin.

Environmental Resources Management (ERM) is the world's leading provider of integrated risk, environmental, health & safety (EHS), social and sustainability consulting services. ERM's global team includes more than 5,500 consultants, working across 160 offices in 40 countries. Our advice is targeted towards risk reduction, returns to the bottom line and enhanced reputation.



Реклама



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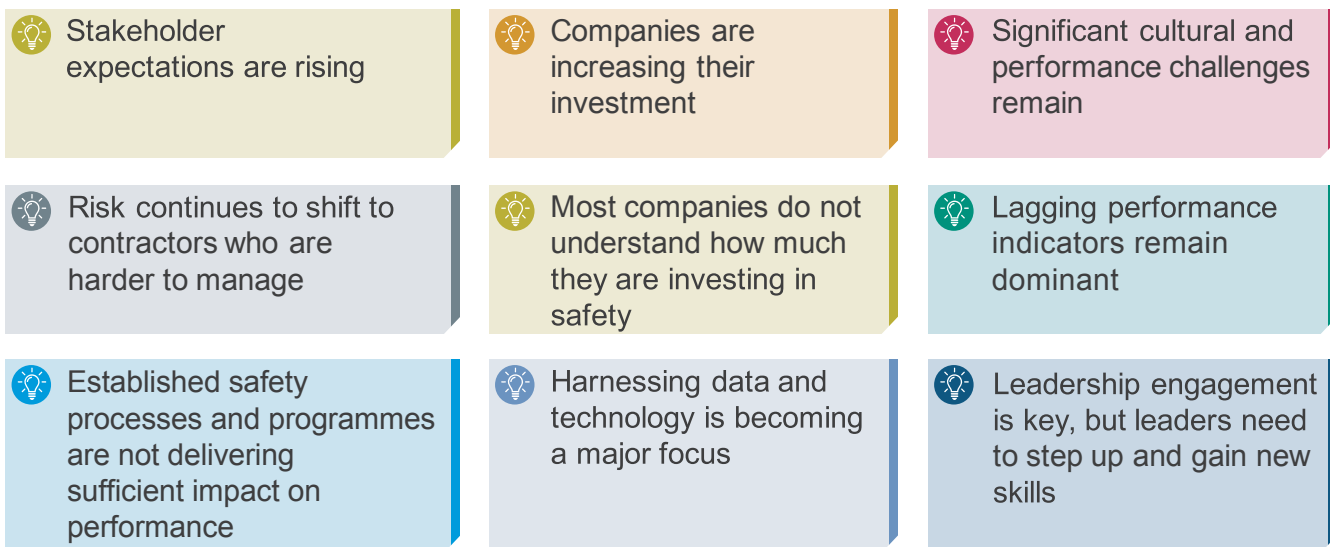
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Реклама

1 ▶ Summary findings of ERM’s Global Safety Survey



Despite organisations increasing their level of effort on safety and most organisations reporting improved performance, 60% of respondents felt their safety performance was unacceptable. The persistence of Serious Injuries and Fatalities (SIFs), and other performance challenges, raises important questions about the extent to which established safety processes and programmes and increased investment in safety can deliver the required outcomes.

In order to reduce operational costs and improve efficiency, organisations are relying more and more on contractors, who often perform more hazardous activities and 69% of respondents regard managing contractor safety as more challenging than addressing safety for their own employees. Organisations can improve contractor safety by better integrating safety considerations into every element of the contractor engagement lifecycle, especially in the early stages. This effort will require higher levels of en-

gagement and improved skills from procurement personnel and contract managers.

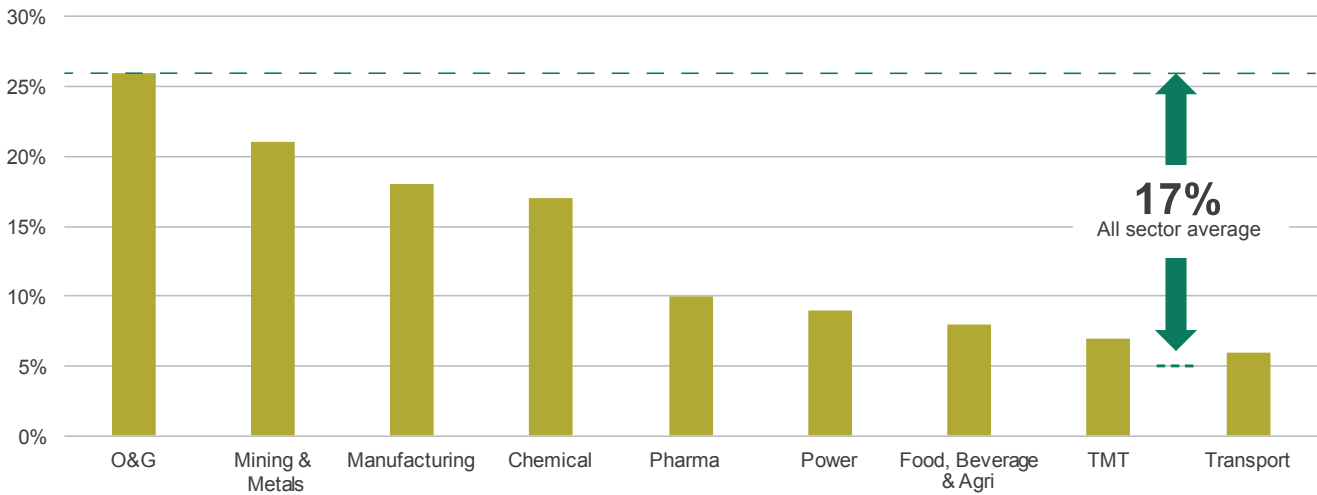
We asked interviewees to quantify the resources expended on all safety processes and programmes and to express this as a percentage of labour costs. Few respondents had actually considered the scale of their total economic investment in safety and some were uncomfortable with this line of questioning. Estimates of the direct and indirect costs of safety varied by sector ranging from 6% to 26% with an overall average of 17% and higher levels reported for higher hazard industries (Figure 2). Companies would benefit from understanding the true scale of their current economic investment in safety, especially in light of planned increases in the next 3 years.

We wanted to understand how organisations are monitoring the efficacy of their established safety processes and programmes. According to the infor-

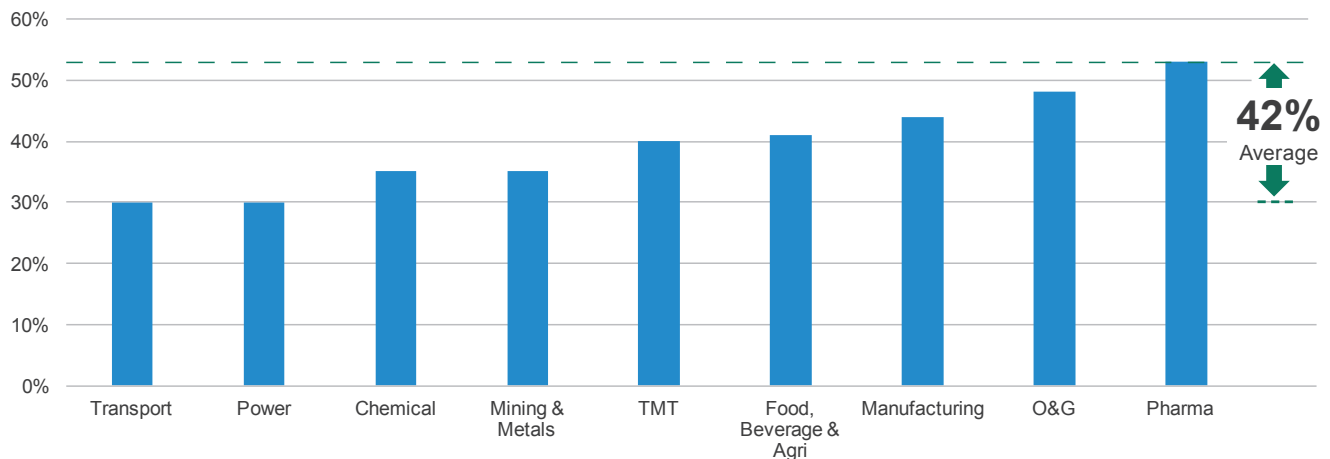
mation provided 70% of respondents referenced use of incident statistics (lagging indicators) and 25% of organisations do not measure the effectiveness of their safety training at all. The most popular method used by organisations who do measure training effectiveness is the use of end-of-course evaluations. There is a clear need for organisations to develop a more robust suite of indicators that will provide accurate readings on the extent to which the processes are yielding the right culture, leadership and frontline behaviours.

Respondents estimated that only 42% of their total investment in safety – on average – is yielding benefit measured in terms of impact on behaviours on the frontline (Figure 3). There was significant variation in the responses by sector with respondents from the Pharmaceutical and Healthcare sector stating 52% of the total investment in safety impacts performance, and a low of 30% in the Transport and Power sectors.

2 ► Average estimated investment in safety as a percentage (%) of labour costs by sector



3 ► Percentage (%) of total effort that impacts behaviours and performance by sector



We found that changes in investments in safety over the past 3 years had no bearing on performance improvement. Thus, 68% of those who increased their investment in safety reported improved performance and 67% of those whose investment in safety was static or reduced also reported improved performance. There is, however, an inherent conflict between the purpose of safety processes and human per-

formance. The purpose of all safety processes such as a permit to work, toolbox talks and safety inductions is to ensure people are alert on the job, conscious of the hazards and using appropriate mitigations to address them. However, repetition inherent in the processes induces people to engage with them unconsciously – in tick box mode – as described by Eliezer Sternberg in NeuroLogic¹. Seeking to

moderate behaviours without considering the context that influences them will not be effective. Sustainable change requires that we consider what people are asked to do, the feasibility of the task and the usability of the processes, equipment and systems that they are expected to rely upon.

We wanted to understand how organisations are harnessing data and

¹ Sternberg E. (2016) NeuroLogic: The Brain's Hidden Rationale Behind Our Irrational Behavior

technology to support safety. 92% of respondents regard harnessing data and technology as vital to improving safety performance and three quarters had a strategic priority to make better use of data and technology. These findings were consistent across all sectors. There is a great deal of excitement about the potential for the better use of data and technology – including wearables – to transform safety performance. Organisations are at different stages of maturity, with many organisations still evaluating the role that data and emerging technologies can play. We expect investment in data and technology to become a higher investment priority over the next few years as organisations progress from the Evaluate to Implement stage in the investment cycle.

We wanted to understand if the respondents believed senior, mid-level and frontline leaders in their organisations are sufficiently engaged in driving improvements in safety, and whether they had the necessary skills to positively impact their culture, behaviours and safety performance:

- 75% of respondents identified leader visibility on the frontline as the most effective means of changing behaviours (and consequently delivering performance improvement) on the frontline; and
- only 29% felt leaders at all levels were effective at hazard recognition/engaging effectively as coaches on the frontline.

Conclusions

The study data strongly suggest that 'more of the same' is unlikely to deliver the desired outcomes – many established safety processes and programmes are failing to deliver the in-

tended outcomes. It is time to pause and reflect. Leaders can use the insights presented here to challenge their own organisations to:

- Better understand the total scale of their economic investment in safety.
- Routinely evaluate if all their key safety processes and programmes are impacting culture and behaviours, asking "Could our effort be better deployed in a way that would create greater impact?".
- Direct future investments to enhance the value derived from established safety processes and programmes, so these do not become a tick-box activity. That means ensuring that

We expect investment in data and technology to become a higher investment priority over the next few years as organisations progress from the Evaluate to Implement stage in the investment cycle.

processes are fit-for-purpose and using smarter user-friendly tools (less words more pictures) to ensure critical requirements are better understood by the users on the sharp end, at the point of use. It also requires leaders to take action to breathe life into their safety processes and programmes.

- Make people the primary focus: people on the frontline including contractors, design engineers, procurement staff, and other key office-based personnel whose actions directly impact occupational and process safety outcomes.
- Accelerate their plans to harness data for enhanced decision-making and new technology to de-risk their operations.

- Better recognise that all leaders, from the CEO to frontline leaders, play an absolutely crucial role in defining the safety culture and performance of their organisations through their behaviours and the decisions they make every working day. 75% of the survey respondents identified leadership engagement as the key to driving improvement in safety performance and it emerged as the number one focus for investment in the next 3 years. This is a great opportunity to coach leaders so their engagements in the office and on the frontline are more impactful (a need identified by 71% of the respon-

dents). It is also an opportunity to equip leaders with the skills to breathe life into their processes and programmes so they deliver much greater impact on safety culture, behaviours and performance on the frontline for good.

The survey tells us, and we believe, that safety is an increasing source of risk to business and business leaders, but it is also an opportunity. Organisations that respond to the challenge will see real operational advantages in customer engagement, maintaining their license to operate, recruitment and retention of talent in a world that cares more and more about safety at work. ■

Digitalisation trends in occupational safety & health



KONSTANTIN VON VIETINGHOFF-SCHEEL

Chairman of the AEB Health & Safety Subcommittee; Managing Director, Corporate Counselling Services

Occupational safety and health is in constant flux. With changes in technologies and changes in the working conditions, it is obvious that the field will also be undergoing changes.

Literature on the topic describes a number of trends to watch in the coming years.

We are increasingly encountering the challenges of new technologies driving the realities of our workplace. Older employees struggle with the adaptation and integration of these trends whereas a growing number of

younger employees thrive and drive the process.

There is great discussion about industry 4.0 standards, the upcoming G5 network standards allowing for much faster and more sophisticated integration of technological innovations, robotisation, use of artificial intelligence, and other similar topics.

Adapting to such challenges and allowing for proper integration creates new demands on HSE professionals. The process of training and education has shifted at leadership level as much as at the ground level of the workplace. Increased drive to online solutions, learning in your own time, and interactive APP developments are on the front line. However, the generation gap, with more and more Millennials entering the workforce changes the picture. Millennials want more personalised, experience based learning. This is a different challenge as it requires experienced people to mentor and offer hands on support and guidance. For HSE specialists this requires a lot of flexibility and growth away from simply rule based technical solutions, and engineering the risk.

HSE managers will have broader roles: looking at the entire person, moving away from just preventing risk and resulting injuries and preventing down

times in the production cycle. Considering the whole person will be the focus. Discussion today centres so much more on overall health and well-being and all the different factors that have a degree of influence. It is no longer just about job demands and technical skill requirements: what counts is the overall work experience conditioned by the physical, mental, social and financial well-being of the person.

Assessment tools looking at this broader picture, able to appreciate the different levels of influence are increasingly coming to the forefront. The changing expectations of the younger generation in what they want from their employment experience make a great deal of a difference.

A further issue is that an increasing number of companies currently use contractor work, meaning that they have a more limited level of influence. Contractors are a constant challenge as their compliance with work standards, following specific protocols, their level of education and grown experience with particular work protocol is not easy to control. Will they embrace the company's culture and level of demand? Excel and exceed expectations or actually present more risk due to fluctuations and changes in team structures?



The digitalisation trends as described in a recent publication by EU-OSHA create a lot of new opportunities but are also constant drivers of more pressure and demand, which then affects the content and quality of jobs. The growing interface between so-called cobots (smart robotics) that are able to learn and become constantly smarter in their operations due to specific algorithms and also able to learn cognitive tasks presents growing pressure on workers having to interact with them. There are issues of isolation, reduced social contact with peers, and mental strain but also the issue of unpredictable behaviours of the cobots, which presents challenges from a safety point of view. Such cobots increasingly operate in areas ranging from manufacturing to process management. However, they are also playing an increasing role in computerised work processes and digitalised interactions with people operating in office environments. The advances of technology often mean the boundaries between work and private sphere are blurred.

The growing interface between so-called cobots that are able to learn and become smarter in their operations due to specific algorithms and also able to learn cognitive tasks presents growing pressure on workers having to interact with them.

But where there are all those challenges described above, growing technical advances also create opportunity.

New technologies mean workers can have reduced exposure in high-risk operations, as machines (in particular cobots) can take over. Just look at manufacturing lines, repetitive work, and many other high-risk operations. Machines reliably and successfully assure high volumes of productivity. Further digitalisation can create more flexibility and autonomy in the organisation of work. Machine supported operations also give more vulnerable groups the opportunity to access the work market, making room for more diversity. Training and educational efforts can be much more effective, and more sophisticated risk assessments are becoming available allowing for the better distribution and assignment of specific work tasks thus reducing risk factors. A lot of it depends on the right balance of organisational context, regulatory framework conditions, proper interactions with regulatory authorities, and overall economic circumstances. Occupational safety & health will continue to adapt and change with all new drivers. ■

The changing landscape of travel security management



DMITRY BUDANOV
CEO, Elite Security Holding Company

Our planet is becoming a more challenging environment to live in – more frequent natural and anthropogenic disasters, visible climate change, pandemic outbreaks, cybercrime threats, geopolitical turbulence, regional conflicts, rapid population growth, and new migration waves, and escalation for military advantage, energy resources, water, etc. Also, the number of travellers as well as travel risks proportionally grow year to year. By 2030, the number of people travelling by air alone will stand at around 5.9 billion (in 2018, it was approximately 1.5 billion: air travel accounted for 58% of all available means of transport).

Modern travel is a marvel giving us the ability to cross vast distances

easier and faster. Travel is one of the strongest drivers of the global economy – it makes our world ‘smaller’ and more accessible. However, it also generates new challenges. According to official statistics, airports in some Asian countries operate at over 100% capacity. The cost of aviation security has increased twice in the past decade.

Travel security management has drastically changed. While 10–15 years ago companies had limited visibility of their travellers, the travel industry is currently dealing with issues such as information overload, cyber threats, speed to action, etc.

The number of international arrivals globally will increase by 50% in 2030. These challenges will require artificial

intelligence (AI) to play crucial role in travel management.

According to a UNWTO (United Nations World Tourism Organisation) 2019 report, travel for leisure accounts for around 54% of all trips, business – 13% and health & religion – 27%. Today’s travellers expectations are: authenticity (‘differentiated’ experience); personalisation – individually tailored itineraries; travel with less friction (a seamless booking process); and on-demand functionality – mobile check-in, digital identity, fast Wi-Fi, etc.

Travel security management has changed drastically too. While 10–15 years ago companies had limited visibility of their travellers, the travel industry is currently dealing with issues such as information overload, cyber threats, speed to action, etc.

Today’s smartphone has 1 million times the storage of the guidance systems of the Russian Soyuz and American Apollo spacecrafts of the 60’s. 377,000 tweets, 48,000 Instagram images, 300 hours of YouTube video and 3.1 million Facebook messages are made per minute. The global datasphere is measured in Zettabytes (1 ZB is 250 billion DVDs) and is predicted to grow almost 6 times in the next 7 years, which means even the world’s most sophisticated government intelligence services struggle to manage the pace at which data is generated.



Cyber criminals are coming up with increasingly sophisticated tools and mechanisms like darkweb online courses, e-crime call centres, crime-ware as a service, etc.

Leading global corporations require that their global travel security operations partners provide incident reports even before they appear in the media.

The rising risks confronting travel security and the flood of information and noise means new approaches and technologies such as machine learning are urgently required. This is where the global travel risk management industry is moving these days.

Talking about Russia, despite geopolitics, sanctions, isolation and a challenging investment climate, many multinational companies are

Leading global corporations require that their global travel security operations partners provide incident reports even before they appear in the media.

continuing to find legal ways to maintain and further develop their business in Russia. Simultaneously, large Russian companies are ex-

panding their presence beyond the Russian borders.

Russia is a large country. Without technologically advanced local travel security solutions (which take local specifics into account) existing international programmes (regardless of how good they are) will not work reliably in Russia: it is not enough just to send out a SOS call – who is going to react and how, provide geo coverage and actual assistance on the spot?

There are currently a number of different travel security tools available globally and in Russia. Choosing one which fits your operational needs and financial expectations might be a complex exercise. Consider choosing a travel security solution, which is adapted to the local conditions in Russia, and is innovative and provided by a reliable

and professional partner. Real time monitoring and regular alerts may help travelling employees to avoid being in the wrong place at the wrong time and assist them or their family members in emergencies in due time. Some companies retain in-house or outsourced situational centres which allow them to monitor employees' travel and provide assistance in case of emergencies.

Evidently, the time has come to change the perception of travel security in Russia. Large Russian corporations should also make more use of the global best practices to support their employees when travelling abroad. Russian corporations do not take duty of care of their employees. There was

one recent disgraceful example when a senior manager of one of the Russian multibillion companies died in a traffic accident abroad. What's more, no one in the company had any information and his colleagues and family learned about the incident a few days after. Still, after all that the family had to raise money to travel and bring the body back.

Ignoring or underrating travel security sets a 'bad tone'. Basically, it is an informed decision by a company's management to put their employees and their families at risk. Losses from business disruption, brand damage, or lawsuits far outweigh the 'cost' of an effective travel security programme. Travel security should become a natu-

ral part of corporate social responsibility programmes, which are offered to each company employee and optionally their family members. Consider travel security as another benefit, like medical insurance, car allowance or annual bonus.

Travel security is not just a responsibility of corporate security. It should be considered a cross functional process with many internal stakeholders – HR, security, EHS, legal, administration, etc. – with corporate security in the leading role. The quickening pace of business, speed of news (good or bad), and the interconnectivity of almost every global corporation demand smart, cost effective travel security management. ■

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Embedded Security Officers: an effective approach in outsourcing corporate security



MIKHAIL BALEV

Business Development Executive,
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TIM FISHER

Security Chief, Deloitte

Currently, finding ways to limit spending is one of the main tendencies of practically any business. Due to this goal of limited spending, attention to quality becomes less of a priority. This affects the quality of manufactured goods, provision of services, and many other business operations. This effect on quality does not exclude Corporate Security. Naturally, such risks can weigh heavily on the company's productivity to such a critical level, that the company fiscally cannot survive the closure of its business. On the other hand, if the company does not find ways

to limit spending, it could lose its place in the market and as a result face the risk of closure. Therefore, companies seek to find the optimal balance between placing limits on spending, without sacrificing the quality of goods and services and effectively protecting itself from attacks making it a robust market competitor. One way to reach such a balance is by the use of outsourcing.

Outsourcing has long been widely accepted as a means of optimising a company's activities, allowing it to increase overall productivity by freeing up resources to develop new

methodologies, by not focusing on specialisations outside of the scope of the business.

In Russian business, companies most often use outsourcing in such functions such as accounting, office management, transportation services, IT services, and security. However, outsourcing within the sphere of security is often limited to a security company providing only guarding services. Meanwhile, the 'specialised' security concept of the company (that is, if it even exists) can most assuredly be achieved with specialists from an outsourcing company. The fact remains, that the function of Corporate Security is extremely important to the longevity of a business. Even if a company does not have an actual Corporate Security department, the function of Corporate Security certainly exists and moreover somebody must implement it into all parts of the business.

We often hear business owners and managers doubt the need of Corporate Security:

- "Our company has no need for this."
- "We have a small company and security services aren't really necessary."
- "We don't see the reason to spend money on some kind of security."

When we encounter a problem, we'll address it at the time."

Even people that I consider part of my circle of friends, still give a 'strange' response to such a question, to put it mildly: "Corporate Security is not such a relevant issue because there are so many other important aspects of business. But if something does happen by chance, then we always can come to you, my friend (with a big grin on their face)." So, how do we gently explain to our friends without insulting their intelligence that "if something happens", I will not be able to help. Not because I do not want to help but because at some point, I will not be able to help quickly enough.

That said, is Corporate Security necessary? If necessary, then how can it be made most effective considering the needs of a concrete business plan?

The main objective of Corporate Security is to provide sustainable company operations with minimal losses.

In order to solve the task at hand, within Corporate Security a combination of measures geared toward securing the main infrastructure of the company are developed and realised, which generally contain the following:

- business process;
- leadership and personnel;
- assets;

- company reputation;
- financial resources;
- material value;
- technologies;
- information resources.

Obviously, each company considers the risks above and sorts them in accordance with its own priorities. But in any case, whatever degree is assigned to the level of security, these risks must be considered as the main interests of the company owners and leadership. Accordingly, somebody needs to do the work to apply security measures against these areas of risk. Of course, outsourcing companies may take on much of the task, but far from the entire task. In any case, someone will need to guide the outsourcing company.



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Outsourcing has the following advantages:

- independent audit of Corporate Security in general or along specific subcomponents, such as auditing the effectiveness of an existing security system;
- independent corporate security consulting;
- security measures;
- creating engineering, technical and IT security systems and infrastructure;
- detective services (conducting investigations, collection of information, analysing contractors, etc.);
- checking workspaces for the technical means of unauthorised gathering of information, such as listening, or recording devices;
- design of and installation of access control and technical security systems on company facilities.

However, in any case, it is necessary that somebody from company leadership manages the processes related to outsourcing, such as:

- establishing the tasks of the outsourcing company;
- providing for effective integration of the outsourcing specialists with the company departments;
- providing for quality control of the work and services of the outsourcing specialists;
- analysing audit results and obtaining consultations to correct the security strategy of the company.

Beyond this, it is necessary for somebody from company leadership from time to time to take care of the following tasks:

- creating and adjusting the Corporate Security strategy;
- creating and editing the security

policies and regulations of the company;

- providing for the security of the company personnel through incoming background checks, ongoing training and outgoing non-disclosure interviews;
- integration with local and federal government security agencies;
- protection of confidential information;
- analysis of financial activities of the company to ensure measures

However, in the Russian market, the Embedded Security Officer service only exists in the early stages of expertise and is currently available in only a handful of companies.

for preventing and suppression of illegal actions (theft, fraud, bribery, etc.).

Who is supposed to do this... the company owner... the general manager... the top manager with other responsibilities... or someone specifically hired to take on this task?

Simply put, no matter which way you slice it; either a current top manager

needs to fulfil the responsibilities of Corporate Security, if they have the ability, desire, time and willingness to take it on. Or somebody needs to be taken onboard to handle this in your stead.

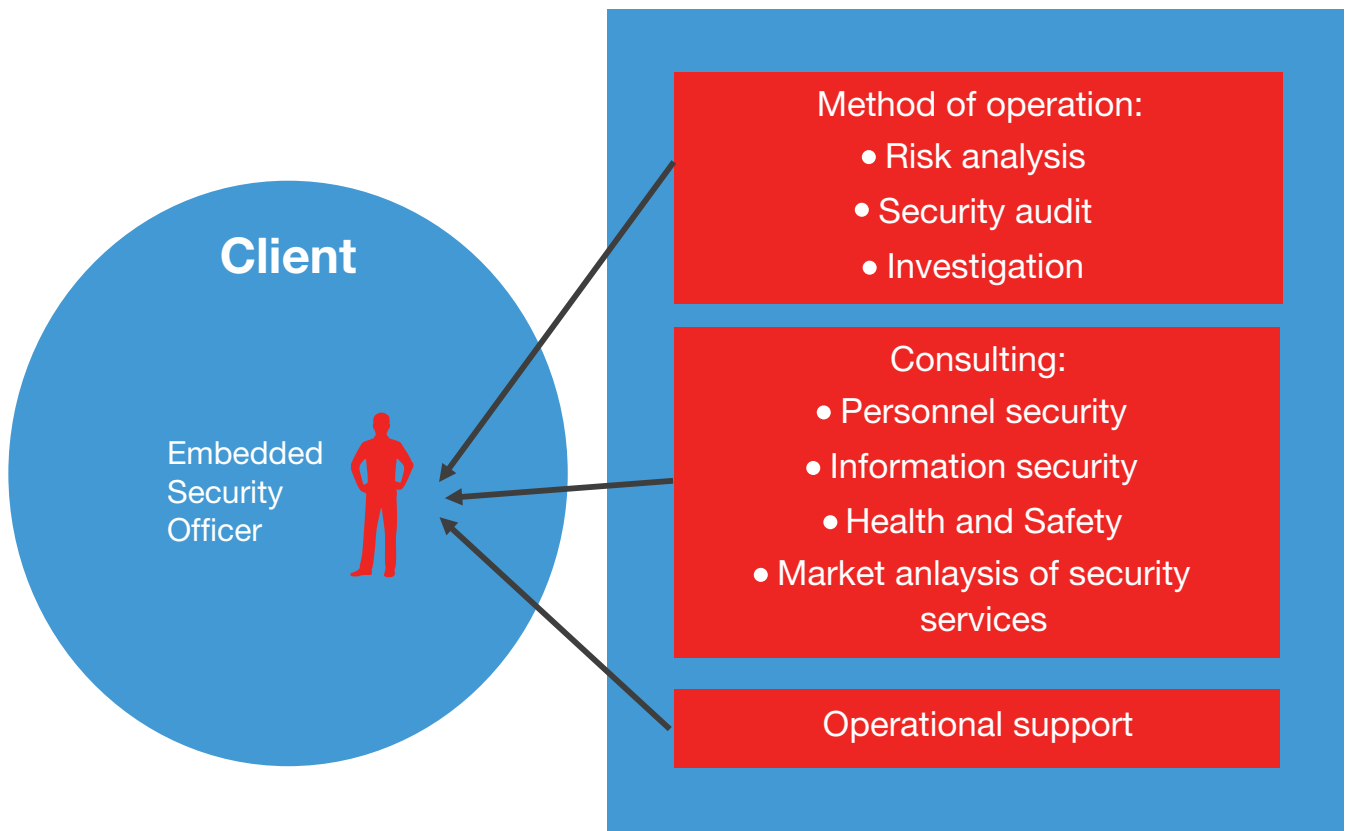
Not just in your place, but also knowing that at any moment you are certain of what result you are trying to achieve. In this case, there are a few options:

Option 1. Find a trusted individual from your circle of close friends or relatives and assign them the responsibilities of Corporate Security – but you cannot be certain the person will successfully handle the task if they have not the training, knowledge or experience in this sphere.

Option 2. Find a highly qualified specialist who you can trust to create and manage a Corporate Security programme. However, this may indeed be a very expensive endeavour. If the specialist does not perform as expected, then dismissal of the specialist and restructuring of the Corporate Security programme may result in unknown risks to critical operations of the business.

Option 3. Outsource the Corporate Security function out to a specialised company by signed contract. In this case, the question remains unanswered who will communicate and manage the actions of the outsourcing company.

It is no secret that at times, even though the Corporate Security function exists, the volume of work required cannot be completed because there are not enough specialists



in place to handle the various issues. In such a case, the reasonable question of the appropriate make-up of the Corporate Security services must be addressed. After all, the resources required to support the Corporate Security function not only depends on the salary of the employees. It also depends on the provision of workspace, communication tools, transportation and unforeseen goals and objectives. Understandably, it makes no sense to increase the price of goods and services in order to support such a function which is only occasionally required. Again, the problem arises of maintaining a seamless secure environment when the Corporate Security leader or specialist takes annual and/or sick leave. What to do in such cases?

Without outsourcing the work, it is impossible to get around this problem.

In order to satisfy the needs of the company in all aspects of Corporate Security in a seamless business process, as well as continuing maximum consistent communication along with maximum employee transparency, a successfully implemented Embedded Security Officer service is the optimal solution.

However, in the Russian market, the Embedded Security Officer service only exists in the early stages of expertise and is currently available in only a handful of companies.

Why is this service not widely available? It is difficult to identify the main

reason. In fact, there are probably many reasons. For example:

- the service is not clear to many and it is seen simply as 'rent-a-cop' solution: renting a CSO without any clear system;
- lack of desire to spend valuable resources on security;
- many company leaders consider that its current security department or at least having a security manager in place is sufficient and such a service is not needed (as already mentioned above);
- multi-national companies lack the confidence in local Russian companies to provide such services;
- the stereotypical concept that there is a risk to allow 'outsiders' into the company and it is a conflict of interest where the outsourcer allegedly attempts to make as much profit as

Processes	Problem solving	Time requirements	Notes
Viewing video archives of CCTV System	<ul style="list-style-type: none"> • Prevention of the violation of policies by employees and contractors. • Conducting investigations and handling of emergencies. 	2-3 hours weekly	Why to view videos from surveillance cameras daily if nothing extraordinary has happened? Answer: to lower the risk of something extraordinary even happening. So, why to spend money on CCTV systems? In order to investigate an incident only when something bad happens? Why not to use CCTV to analyse and prevent a crisis from happening? In any case, viewing such CCTV recordings requires specific skills.
Conducting interviews of employees and contractors	<ul style="list-style-type: none"> • Prevention of abuse, fraud, sabotage and other violations. • Monitoring the loyalty of company staff. 	1-3 hours weekly	We might say that this is just common communication with staff and contractors of the company. To some, such communication may seem like idle chatter and pointless, but in the hands of a security professional, conducting such interviews is the most effective way to obtain valuable information for subsequent analysis in order to prevent crisis situations.
Checking the operability of security systems (CCTV, access control, intrusion and fire prevention systems, etc.)	Ensuring the efficient use of technical security systems.	1-1.5 hours weekly	Most often, the operational maintenance of technical security systems is outsourced. But these systems remain the property of the company, and the question of efficiency of their use is permanently relevant.

possible and the company tries to pay less;

- meagre offering available in the local market.

The lack of available offers on the local market are attributed to the following basic aspects:

- Implicit demands.
- Severe deficit of qualified specialists, who can fulfil the function of the Embedded Security Officer. We are not talking about the retired police or federal security officers that are prevalent. But rather, we mean qualified corporate security specialists operating in the local market who have current knowledge and training in this sector particularly with international experience. Such specialists in Russia today are rare.
- The vast majority of security companies lack a way of offering such

services with enough resources to satisfy the security needs of the company in a seamless fashion.

In order to make this service understandable and clarify the practicality of adopting it, it is necessary, on the one hand, to be clear about the details of the service and, on the other hand, to take into consideration the transparency available between the client and outsourcing company.

The bottom line is that the Embedded Security Officer offered by the outsourcing company is selected and prepared to the needs of the client to fulfil the Corporate Security duties while transparently showing the results required by both the client's leadership and also the leaders of the outsourcer. In this case, the workplace is provided by the

client (in an office, store, warehouse – depending on the company business profile of the client). And the outsourcer pays the salary of the Embedded Security Officer along with providing external support to fulfil his duties (which includes many indirect costs: communication, transportation and most importantly consultation with regards to current methods and facets of corporate security operations).

The plan of action in the Embedded Security Officer service is so structured that the Client leadership along with the Outsourcing leadership may at any moment gain access to the current condition of the Client's security situation. Meanwhile the Officer can efficiently fulfil the duties set by the client leadership and at the same time request additional resources

from the Outsourcing company as needed. The Embedded Security Officer works only for the Client, directly subordinates to either the owner or the company CEO. Meanwhile, it is understood that the Officer is also subordinate to the Outsourcing leadership by which he may request additional resources when required. As a result, there is regular communication between the leadership of the Client and Outsourcer through the Officer at any time.

Experience shows that sometimes having visibility in the business process of the Embedded Security Officer provides for analysis of the regular timesheet of the Officer as a functional employee of the Client while carrying out their security du-

ties (i.e. business processes, personnel, asset, reputational, financial, material value, technological and information). From such analysis, we can analyse the time requirements needed to fulfil all of their duties. For example, if the Officer worked an average of 40-50 hours per week, then we see that one Officer is sufficient for the job. If the amount of time spent is 60 hours or more then, we can consider adding another 'deputy' officer or consider additional resources that the outsourcing company can provide to assist in completing the necessary tasks.

In such a case, it is necessary to identify the tasks and duties that are considered routine and therefore taken for granted. As a result, it

gives the impression that some tasks are simply redundant and time fillers. But in reality, those tasks take time and can only be fulfilled after experience has been gained enabling a person to achieve the appropriate skills to complete the necessary processes. Some of these processes are presented in the table on the previous page.

Now you can see it is almost a full-time job. Of course, there are other tasks, the implementation of which takes time. For example, interviews with candidates, conducting exit interviews with leaving employees (especially when leaving with negative motives), communication with law enforcement and government authorities, vetting of contractors,

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executing the orders of company management, controlling compliance with the regulations on data protection and much more. Not all of these tasks are performed every day, but together all of this takes a lot of time and effort, and also requires certain qualifications and skills for the effective performance of specified operations.

Advantages of the Embedded Security Officer service for clients:

- Formation of a personalised structure of Corporate Security without the creation of any new divisions and regular units.
- Transparency of security processes through effective communication in an organised scheme of cooperation with the outsourcing company.
- The possibility of the timely use of additional resources for solving problems that quickly arise in crisis situations using the resources of the outsourcing company.
- In case of any change in circumstances affecting the assessment

of the need to continue cooperation either with a specific Embedded Security Officer or an outsourcing company in general, or even to assess the need and ability to pay attention to aspects of Corporate Security, the company may either replace the Embedded Security Officer with another qualified employee from the outsourcing company, or simply terminate the contract. However, in any case, this will not entail any changes or consequences for the regular infrastructure and operations of the client company.

Of course, the Embedded Security Officer is not a panacea for all troubles and not a magic solution to all business problems. However, practice has shown that this is a really effective and profitable tool for solving Corporate Security problems. And this is applicable not only where a company has no security structure at all, but also in those companies where there is a Corporate Security Service, but, for

example, the spectrum of problem solving is very wide and/or there are nuances associated with cultural, linguistic and other aspects inherent in a particular location. In these cases, it is often more reasonable to outsource an Embedded Security Officer than to expand and reform your own infrastructure.

At the same time, in any case, it is important not to make a mistake and turn down the option of outsourcing an Embedded Security Officer with all the support provided, and instead simply taking on a 'lone warrior', who over time will become more of a burden and a headache than an effective assistant.

The presence of a proven approach to the implementation of this service including its unique resource base, which is sufficient to provide comprehensive support for the Embedded Security Officer, is actually available to very few companies on the market. ■

Prospects for the development of responsible finance practices in Russia



ALEXANDER BYCHKOV

President-General Director of PJSC IC RUSS-INVEST, Deputy Chairman of the Governing Council of the Association – the National Network of the UN Global Compact

In the past decade, when assessing the investment attractiveness of companies, their social and environmental responsibility has played an increasingly important role. Nowadays, it is not enough for a business to be profitable and responsible. Investors want to know for sure whether the project in which they are investing is harmful to society and the environment, and whether it contributes to the achievement of the Sustainable Development Goals approved by the UN.

There are two key trends in the development of responsible finance globally

in recent years – the development of green bonds and green banking. Funds from the sale of green bonds are used to finance projects for environmental protection, combating climate change, promoting the rational use of natural resources, and the development of renewable energy sources, etc.

In light of the European Commission's approval in 2018 of a new strategy, A Sustainable Europe by 2030, the European Union will probably be the key driver in sustainable development initiatives at the state level in the coming years, while other countries will take into account and adapt such initiatives to their national priorities.

Nowadays, it is not enough for a business to be profitable and responsible. Investors want to know for sure whether the project in which they are investing is harmful to society and the environment.

As UNCTAD estimates show, globally every year the number of exchanges that use mechanisms to promote the corporate practice of accounting for ESG factors is growing. In particular, about 40 exchanges already publish their sustainability indices, and

78 exchanges (including the Moscow Exchange) confirm their intentions to promote the principles of sustainable development in their markets (compared to 58 such exchanges a year ago).

In Russia, the consideration of ESG factors is gradually being taken into account when investing in company projects, and it is also being introduced into banking practices. In the past five years, Russian companies have faced a situation where Western investors, when assessing the investment attractiveness of a project, take into account ESG factors as well as company transparency. The loan rate

may depend on the level of environmental and social attractiveness of the project.

In Russia the main tool for external assessment in this area are the disclosure indices: Responsibility and

Openness and Vector of Sustainable Development, which have been compiled by the Russian Union of Industrialists and Entrepreneurs since 2014. These indices reflect the performance of companies in the field of corporate social responsibility and sustainable development. In 2018, the Moscow Exchange added, jointly with RSPP, indexes of the sustainable development of companies in the list of its stock indices.

Exchange joined the global initiative – Sustainable Stock Exchanges.

In 2019, the Moscow Exchange created a sustainable development sector consisting of three segments: green bonds, social bonds and the national project segment. Bonds of Russian and foreign issuers may be included in the national projects segment if the issue, issuer or investment project meets the objectives and results of

evaluation consistent with these principles.

In 2018, the Expert Council on the Long-term Investment Market at the Bank of Russia prepared an analytical note, On the Status and Development Trends of the Long-Term Investment Market in the Russian Infrastructure, including a roadmap for improving the conditions for the formation and development of the long-term investment market in Russian infrastructure. In 2018, the Working Group for Responsible Financing, including 'green' financing, the Expert Council for the Long-term Investment Market at the Bank of Russia, introduced the Diagnostic Note, Green Finance: an Agenda for Russia. Now the working group is preparing the concept for organising a methodological centre for the development of green financial instruments and responsible investment and the Russian Code of Responsible Investment.

As global experience shows, the development of green investments is largely dependent on public policy. The activity of the Russian government in this area has grown markedly in the last three years, but Russia is still lagging behind the key economies globally in developing green financing.

The first 'green' bonds were issued by the World Bank in 2008, in Russia this practice only arrived 10 years later. At the end of 2018, the Khanty-Mansiysk Resource Saving Company placed its first green bonds with a nominal value of 1.1 billion roubles on the Moscow Exchange with a yield on placement of 9.76%. Funds from the placement of bonds will be used to finance a concession project to create a landfill for placement, disposal and processing municipal solid waste in the Khanty-Mansiysk Autonomous Okrug. Russian Railways placed green Eurobonds in the amount of 500 million euros in 2019. It should also be recalled that, at the beginning of 2019, the Moscow

the following national projects: Ecology, Demography, Health, etc., as well as if there is a decision by state bodies or officials authorities, or interdepartmental commissions on compliance with the objectives and results of one of these projects.

The green and social bonds segments may include bonds of Russian and foreign issuers, subject to the compliance of the issue, issuer or investment project with the principles of green/social financing of the International Capital Market Association (ICMA) or the Climate Bonds Initiative (CBI), a non-profit international organisation, as well as an independent external

The National Association of Concessionaires and Long-Term Investors and Infrastructure (NACDI) is actively involved in promoting the responsible finance agenda and developing the green finance market in Russia. In particular, NACDI is constantly engaged in the production of monthly reviews on the development of the green investment market.

As global experience shows, the development of green investments is largely dependent on public policy. The activity of the government of the Russian Federation in this area has grown markedly in the last three years, but Russia is still lagging behind the key economies globally in developing green financing. The main prob-

lems hindering the active introduction of ESG investment in Russian practice are the lack of a regulated system of non-financial information disclosure, the lack of a strong institutional investor base in the form of pension funds and insurance companies, as well as insufficient market awareness of ESG issues, which follows from a survey by the CFA Institute and PRI.

Let me remind you that in May 2019, the Government of the Russian Federation approved the rules developed by the Ministry of Industry and Trade of the Russian Federation for subsidising companies to compensate for the cost of coupon income on bonds issued as part of investment projects

to introduce the best available technologies. This initiative allows companies to receive subsidies on green bonds issued after January 1, 2019.

Here are a few examples of developing responsible finance practices in Russia. ESG risks are prescribed in the credit and investment policy of Societe Generale – when deciding on cooperation with a company, the bank studies how its activities affect the environment and the population. The expertise of the group is also taken into account by Rosbank (a subsidiary bank of the group).

VTB, the second largest bank in Russia, has managers responsible for developing a corporate social responsi-

bility strategy and implementing social projects. Responsible financing is one of the key activities of the bank in this area.

Corporate clients of Credit Bank of Moscow undergo a comprehensive audit, based on which the bank assesses the prospects for possible cooperation. This bank has a list of industries that are excluded from the financing system or are financed after additional coordination with shareholders. Credit Bank of Moscow requires its corporate clients to comply with environmental laws and a guarantee letter is signed with the contract, which sets out the client's obligations regarding sustainable development. ■

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Реклама

How do business, state and society interact to address environmental concerns?



MAYA LIMONNIKOVA
GR Officer, Servier

Joint initiatives between business, state and society are among the key trends in addressing environmental challenges globally and in Russia. A large number of public-private initiatives aimed at preventing and reducing the environmental impact have already been executed, and there are more and more to come.

Impulse by the state

The state is one of major drivers of this trend: it stimulates market players to act, and provides financial support to certain environmental projects. For example, the Russian state is implementing its National Ecology Project

with a budget of 4,041 trillion roubles for the period of 2018-2024. It includes 11 federal projects in 4 areas: water, air, waste, and biodiversity. The project's goals are quite ambitious: for instance, in the field of waste management, it envisages the creation of a recycling industry across the country by the end of 2024.

Russian regions are also actively participating in the National Project. For instance, the Moscow Government in partnership with the private sector has already launched separate waste collection in the city. It also regularly organises various competitions for companies (e.g. Leaders of Sustainable Development in Ecology, Green Office, etc.) to share the best practices in executing an environmentally friendly approach.

Business to implement environmental initiatives

Companies are going green, investing in environmental initiatives and applying a responsible approach to consumption and production alongside other actions to stop climate change. This trend also corresponds with consumer behaviour to pay more attention to brands which care about nature and environment.

Environmental projects may differentiate depending on the industry and companies' needs. Some companies unite efforts within the sector and take *joint actions*. One example is the global fashion and textile industry: 32 companies known worldwide have recently signed the Fashion Pact (2019) focusing on actions in three areas: stop global warming, restore biodiversity, and protect the oceans.

Another example of consolidated industry action is connected to the extended producers' responsibility introduced in Russia in 2014 by Federal Law No. 89 on the production and consumption waste. Producers and importers have been given the option to organise that their out-of-date goods be recycled with the help of associations. As a result, the manufacturers of home appliances, tyres, packaging and certain other goods have recently created associations in partnership with other market players (e.g. retail companies) to deal with recycling. Such initiatives have a great potential both to ensure environmental protection and successful implementation of the state goal of creating a recycling industry in Russia, subject to predictable legislation (e.g. not raising recycling norms) and favourable investments conditions.

Some companies prefer an *individual approach* while implementing environmental initiatives. For example, in its January issue (2020) Vogue Italia made a statement about sustainability replacing photos with illustrations and hiring artists to “show clothes without photographing them”. As the company claims, this action should allow them to achieve substantial energy savings, lessen carbon emissions (due to no transportation), food and plastic waste from the catering services.

Servier eco best practices. Collaboration with NGOs and the local community

Servier, an international pharmaceutical company, acts as an ecosystem

contributor guided by the UN principles of responsible production and consumption. Globally, Servier has implemented the Good Practice Guide to Waste Management aiming to achieve global reduction of waste and increase reuse/recycling of materials, as well as to contribute to the global reduction of carbon emission linked to waste and avoid landfill waste. The guide also sums up the best waste management practices in our international offices and pharmaceutical plants.

Servier Russia carries out various environmental projects both individually and in partnership with different stakeholders setting the goal of reaching “zero solid waste to landfills” by 2030.

For instance, during 2017-2019 Servier sent more than 57 tons of paper to be recycled, which saved about 570 trees, 24 tons of wood pallets, more than 30 kg of batteries and 1.6 tons of PVC film, etc. Servier also collects plastic caps in collaboration with the Solidarity Caps Foundation: money raised is transferred to the Volunteers Help Children Charity Fund for people in need.

Moreover, in 2019 Servier organised an Ecology Week engaging staff, NGOs and the local community. In particular, a training course for staff about the zero waste approach was provided jointly with the Separate Collection Foundation. Servier also launched an eco-charitable initiative “New Life

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Реклама



Servier intends to continue developing eco initiatives, enforcing existing partnerships and exploring new opportunities.

for Old Clothes” in collaboration with the Second Breath Charity Fund. Two containers to collect old or unused clothes were installed: the first one at Servier RUS pharmaceutical plant and the other, in partnership with the local

administration, in Krasnaya Pakhra settlement, where the plant is located. Thanks to this initiative, more than 0.5 ton of clothes were collected and sent to disadvantaged people or for recycling. Servier intends to continue

developing eco initiatives, enforcing existing partnerships and exploring new opportunities.

What’s next?

The current trend to implement and promote environmental projects will be developed by companies through various collaborations with the state and the society. Therefore, businesses that will invest human and financial resources into the creation of innovative eco approaches may have additional advantages for further growth. |

2020 update on climate policy



MAX GUTBROD

Chairman of the AEB Climate Policy Working Group; Partner, Baker McKenzie

Regarding the most important events relating to climate policy in 2019, the UN Climate Change Conference (commonly referred to as COP) was held in Madrid from 2nd to 13th December 2019 (COP 25).

The media response to COP 25 was negative, in particular when compared to the sense of urgency climate activists such as Greta Thunberg had created. Furthermore, given that sceptics include Presidents Trump and Bolsonaro, it was not likely that there would be a significant increase in commitments to decrease emissions.

Even on a more technical level there were no results. However, specialists stressed that it was realistic to expect that rules will be adopted at COP 26 in Glasgow given the progress made at COP 25, at least that relating to the many issues involved in building international markets (the so-called Art. 6.2. issues). Also, there now seems to be a general recognition that no viable mechanism

for sanctioning countries that do not comply with the obligations they have undertaken in their NDCs is likely to emerge unless international markets are created. In other words, negotiators have accepted that only trade among the countries, with the country not complying with the obligations set out in the NDC having to buy mitigation units, and the country overfulfilling its obligations set out in the NDC being able to sell mitigation units, both at the price that the market determines, is a realistic sanctions mechanism. Issues regarding co-operation in building international markets (the so-called Art. 6.4 issues) have remained more controversial. That is not surprising given that a detailed agreement on Art. 6.4. requires distribution of the burden in order to adapt to a low carbon economy.

Issues to still be agreed include the reconciliation of mitigation units (they are now called ITMOs instead of the previously used term, ERUs) from different periods and issued under regimes of different countries, the treatment of pre-2020 issuances, the treatment of ITMOs outside of the requirements of countries under which they have promised in their submissions (NDCs), the treatment of pre-2020 issuances, the relationship between reductions achieved or traded under Art 6.2. and Art. 6.4, the treatment of units that had been used for sectoral purposes such as the agreement on emissions by air carriers (also referred to as CORSIA), the continuation of projects that rewarded one country decreasing emissions (under the Kyoto Agreement, such projects were known as JI and CDM-projects) and rules for accounting of emissions.

The media has identified China, India, Brazil and Australia as countries resisting an increase in overall commitments. As opposed to previous years, there has been little published about Russia. In particular, Russia has not been among those that have been seen to demand that emissions from the period prior to 2020 be recognised, although this would benefit Russia. It does seem likely that Russia is rather interested in the emerging reporting rules and will use them to implement internal legislation. Continuing rumors have it that Russia will implement a carbon tax, although details of this tax continue to be unknown. Before COP 25, there had been the hope that Russian air carriers would become interested in offsets for their emissions because the whilst previously it was believed that Russian air carriers will soon focus on what are likely to be increasing prices for the reduction units that air carriers were believed to need from 2021, given the lack of agreement on market mechanisms at COP 25 there is likely to not be an immediate incentive for air carriers to act.

In summary, it is unlikely that in 2020 there will be substantial Russian activity relating to climate policy in a narrow sense. There are however indications that suggest that the European Commission will try to reach out to Russia in the context of the newly announced Green Deal. Also, certainly, the Russian government is very likely to focus on green finance and develop parameters defining the best available technology and what is ecologically advantageous in this context. |

The Russian economy and low-carbon transformation



SERGEY DAYMAN

Director, Head of Climate Change and Sustainability Services in Russia, EY

Low-carbon growth, i.e. economic growth accompanied by a lower growth pace or absolute reduction in carbon emissions, is increasingly needed, and demanded from business by shareholders and investors, political parties, activists and general public as the severe economic and social consequences of climate change are recognised and increasingly felt. It is also becoming technologically more feasible than in the past, in part due to the effect of the incentives introduced to mitigate carbon emissions. The key drivers are technological progress in higher energy efficiency and cost par-

ity of renewable and conventional energy generation, as well as policy-led developments like carbon pricing, environmental trade regulations and the increasing importance of voluntary private sector initiatives. Low-carbon development is one of the areas foreseen by the Paris Agreement. Many countries and regions, particularly the EU, are actively accelerating the shift towards low-carbon development. According to a government order (2016)¹, Russia has planned to prepare its Low-Carbon Growth Strategy as part of the Paris commitments, with the responsibility for drafting having been delegated to the Ministry for Economic Development. Given the initial deadline set by the order has passed and was shifted to June 2020, it is increasingly clear Russia does not intend to stimulate such a transformation.

While global energy demand is still expected to grow, low-carbon development trends are likely to affect the demand for fossil fuels (due to stronger growth in renewable energy), as well as for carbon- or energy-intensive products. Russia is the second largest global exporter of oil and gas, one of the top-ten in coal exports, and a major exporter of energy- and carbon-intensive products such as steel, chemicals,

and non-ferrous metals. It can be expected that lower demand for fossil fuels and carbon-intensive products may pose a risk to the Russian economy. This is reflected in the Russian National Economic Security Strategy (2017)² albeit in a very general statement.

Several research teams have already focused on the effects of the global low-carbon transformation on the Russian economy. Paltsev (2014)³ suggests that an 80% reduction of greenhouse gas emissions in EU, a target already superseded by a full decarbonisation goal, may potentially reduce Russia's energy exports by 75% by 2050. Considering effects on GDP, Makarov et al. (2017)⁴ estimate that climate policies outside Russia might lower already weak GDP growth by 0.2 to 0.3 percentage points. Increasing global climate ambitions could lead to another 0.5 pp damage to growth. However, their research also suggests that if Russia takes policy action along with other countries like EU members, it may increase GDP. Recently, Skolkovo (2019)⁵ argued that due to the ongoing energy transformation process, the contribution the fuel and energy sector makes to GDP will decrease from its current rate of 23% to 17% in 2040 in a conservative scenario and

¹ Order of the Government of the Russian Federation dated 03.11.2016 No. 2344-r (as amended 23.12.2019) "On approval of the implementation plan of the complex of measures to improve the state regulation of emissions of greenhouse gases"

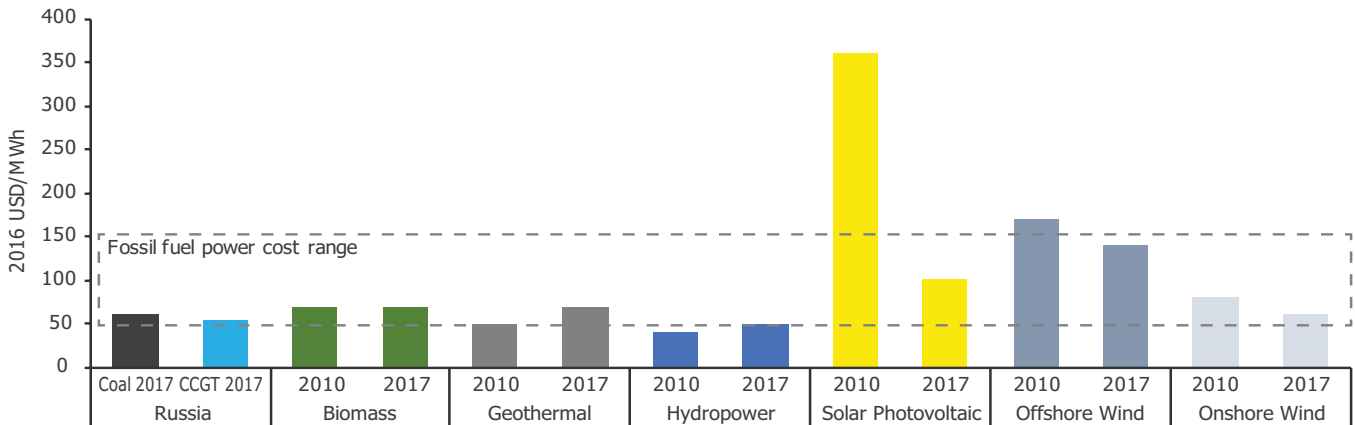
² Decree of the President of the Russian Federation No. 208 of 13.05.2017 "On the strategy for economic security of the Russian Federation for the period till 2030"

³ Paltsev S. et al. (2014) Scenarios for Russia's natural gas exports to 2050. *Energy Econ.* 42

⁴ Makarov et al. (2017) Finding Itself in the Post-Paris World: Russia in the New Global Energy Landscape. MIT Joint Programme Report 324

⁵ ERI RAS – Moscow School of Management SKOLKOVO (2019) Global and Russian Energy Outlook / Ed. A.A. Makarov, T.A. Mitrova, V.A. Kulagin

1 ► Global levelised cost of electricity from utility-scale power generation technologies 2010-17



Note: All costs are 2016 USD. Cost of Capital is 7.5% for OECD and China and 10% for Rest of World. The band represents the fossil fuel-fired power generation cost range. Source: IRENA (2018)⁶; Ram (2018)⁷; EY.

by even more in more ambitious scenarios.

All those findings support the expectation that global low-carbon developments pose significant risks to the Russian economy. Here we present the analysis of some aspects of these risks that EY conducted, and its outcomes regarding the extent to which different sectors of the Russian economy will be affected. Several factors are expected to drive global low-carbon development, including lower energy intensity, carbon pricing and other regulatory initiatives, international trade instruments, renewable energy rapidly approaching cost parity with fossil fuel generation, and voluntary private sector initiatives increasing demand for low-carbon solutions. For reference, let us focus on the technological progress leading to cost parity of renewables and fossil fuels.

The cost reductions of different renewable technologies leading to cost parity with conventional fossil-fuel technologies are a key driver for lower growth of fossil fuel demand. Figure 1 shows that all key renewable energy sources are already within the typical range for fossil fuels. Further, traditional technologies are capital-intensive and with raising operational costs their levelised cost is projected to grow. This technological advancement allows more ambitious commitments, plans, and stricter policy measures promoting low-carbon development, such as the European Green Deal in the EU, which includes supporting instruments such as a 'carbon border adjustment mechanism' proposed for the steel, cement, and aluminium sectors from 2021, a de facto border tax that would force importers to buy CO2 allowances emissions in the EU.

Driven by population growth and per-capita GDP, global energy demand is projected to continue increasing. However, global low-carbon developments are expected to lead to relevant structural changes, with IEA WEO (2018)⁸ analysis demonstrating that global demand for fossil fuels as a source of primary energy is to decrease by 26% in 2030 and by 46% in 2040. Skolkovo (2019)⁹ estimates that under the Energy Transition scenario for Russian fossil fuel exports, these would be by 10% in 2030 and 17% in 2040 less compared to a Conservative scenario. Production of fossil fuels is the second most important sector in Russia in terms of value added (contributing 8.4%). Moreover, the sector is highly dependent on foreign demand as more than 79.8% of its gross output is exported, primarily to Europe (currently 55%). Lower demand for fossil fuel exports impacts not only

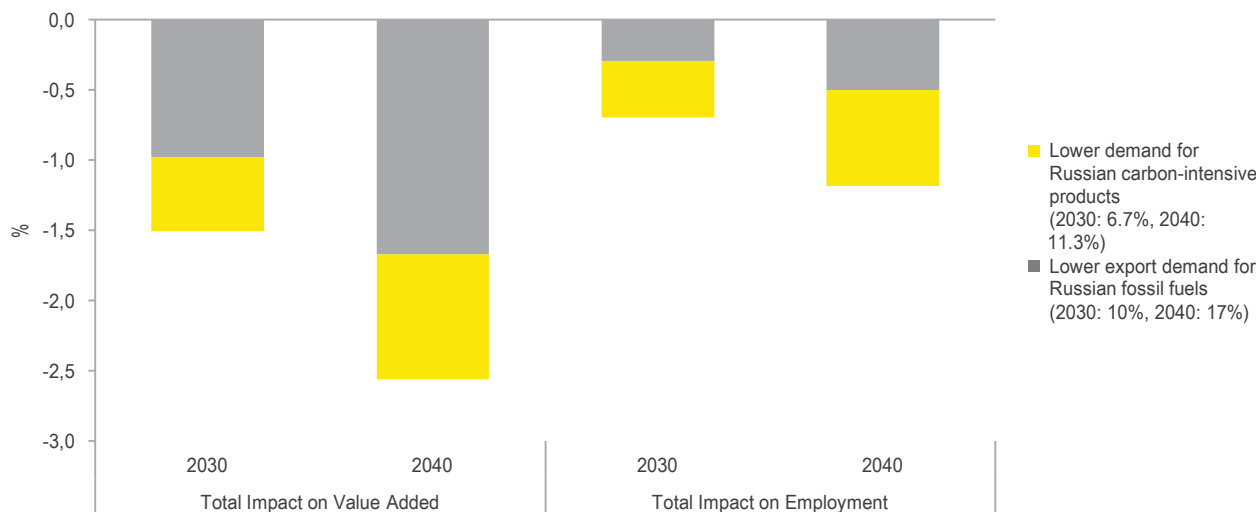
⁶ IRENA (2018) Renewable Power Generation Costs in 2017

⁷ Ram M. et al. (2018) A comparative analysis of electricity generation costs from renewable, fossil fuel and nuclear sources in G20 countries for the period 2015-2030 // Journal of Cleaner Production 199:687-704

⁸ IEA (2018). World Energy Outlook

⁹ ERI RAS – Moscow School of Management SKOLKOVO (2019) Global and Russian Energy Outlook / Ed. A.A. Makarov, T.A. Mitrova, V.A. Kulagin

2 ► Impact of lower demand for fossil fuels and carbon-intensive products on Russian exports in 2030-40



Source: WIOD, 2014; EY.

the coal mining and hydrocarbons extraction sector itself. It also has indirect effects on domestic suppliers to the industry, such as electricity, metals, and construction services. Overall, EY analysis suggests that a reduction of export demand for Russian oil, coal and gas by 10% through global low- carbon developments in 2030 reduces total value added of the Russian economy by 1.0%. The largest part is due to direct impacts on the mining and extraction sector (0.7%), while indirect impacts account for only 0.3%. This will lead to a decrease in employment in these sectors by over 200 thousand workplaces (0.3% of the total employment). The effects for 2040, in line with a continuing reduction of fossil fuel export demand, are a decrease in total value added by 1.7% and total employment by 0.5%.

The total loss in value added through a potential drop in demand for carbon-intensive products of the Russian economy in 2030 and 2040 could be 0.5% and 0.9% respectively. Total

impacts on value added are focused on the manufacture of basic and fabricated metals, land transportation and pipeline transport, and then mining and quarrying, coke, refined petroleum, and chemicals. Employment impacts, however, are somewhat more pronounced for less carbon-intensive export sectors due to lower productivity per value added in these sectors.

Overall, what would be the key impacts of lower fossil fuel and lower carbon-intensive export demand for the Russian economy? Summarily these are presented on the Figure 2.

It should be pointed out that the risks analysed here do not only have impacts on value added and employment via sector effects of the Russian economy. They are also expected to affect the economy through the volatility of oil and gas revenues. Such swings can cause significant destabilisation, in particular in a lower oil price environment. It thus can come with the risk of a trade balance deficit for Russia. Finally, while we based our assessment on more con-

servative Skolkovo (2019)¹⁰ scenarios, demand reduction figures in similar IEA WEO (2018)¹¹ scenarios are more pronounced. This indicates that the drop in export demand for Russian fossil fuels and carbon-intensive products might be higher than that indicated here.

The figures may seem not so dramatic but need to be compared to the projected rates of economic growth (between 1 and 2%) and share of employment in various sectors. For example, the fossil fuel producing sector in particular directly employs 1,36% of the economically active population.

Russia’s national low-carbon development strategy should account for these risks, considering measures that would help affected economy sectors adapt to the change in demand, support alternative growth models such as in technology and agriculture, and address economic risks for the workforce whose occupations may become obsolete with the technology transition and the shift in global energy markets. |

¹⁰ ERI RAS – Moscow School of Management SKOLKOVO (2019) Global and Russian Energy Outlook / Ed. A.A. Makarov, T.A. Mitrova, V.A. Kulagin

¹¹ IEA (2018). World Energy Outlook

Pre-shift medical examinations for employees driving vehicles who are not employed as official drivers – mandatory or voluntary?



ANDREY SLEPOV

Partner, Head of the Employment Law and Migration Practice Group, BEITEN BURKHARDT Moscow

At the end of 2018, amendments were introduced to Federal Law No. 196-FZ dated 10 December 1995 "On Road Traffic Safety" (the Road Traffic Safety Law). The key amendment is that previously the general requirements on road traffic safety imposed on legal entities and individual entrepreneurs (Article 20 of the Road Traffic Safety Law) only applied to legal entities that engage in activities related to the operation of vehicles, i.e. transport and logistics companies, etc.

Now, the general requirements on road traffic safety apply to any legal entities and individual entrepreneurs that operate vehicles. In other words, any company that owns or rents a car must comply with these requirements.

Among the general requirements, Article 20 of the Road Traffic Safety Law stipulates the need to organise conduct of compulsory medical examinations. The most controversial medical examination, which often confuses companies, is the pre-trip (pre-shift) medical examination. Some people hold that even if a company employee is given a corporate car as a benefit or to travel from client to client, the employee is required to take a pre-trip medical examination each time he/she needs to drive the car.

However, the Road Traffic Safety Law (Article 23) indicates that mandatory pre-shift medical examinations must be conducted during the entire period that an individual has been employed as the driver of a vehicle. This is understood to mean that the requirement to pass pre-shift medical examinations does not apply to such employee categories as sales and medical representatives, service engineers, etc. The indicated position is confirmed by existing prevailing judicial practice and the position of the labour inspectorate¹.

At the same time, however, taking into account the previous position of the Russian Supreme Court², we recommend applying, *inter alia*, the following set of measures to employees, who are not official drivers of the company, which will make it possible to mitigate the risk that they might be required to undergo pre-trip medical examinations, including:

- Make sure that there are no references in job descriptions to such qualification requirements as the existence of a driving licence and the length of experience as a driver, and also remove official duties similar to the functions of a driver (this includes an obligation to drive, in contrast to the right to drive) from employment contracts and job descriptions of the employee in question.
- If the company prepares route sheets for work-related trips made by the aforementioned category of employees, prepare internal pro forma of such documents that do not define the employees as drivers.
- Make sure that these categories of employees do not transport other colleagues or clients.

It is also worth noting here that in accordance with Article 312.3 of the Russian Labour Code, employers do not have to arrange medical examinations for its remote employees. |

¹ See, for example, Ruling No. 310-KG15-8439 of the Supreme Court of the Russian Federation dated 6 October 2015 on case No. A35-7124/2014; the Appellate Ruling of Moscow City Court dated 18 September 2018 on case No. 33a-6141/2018.

² Judgment No. 18-AD16-173 of the Supreme Court of the Russian Federation dated 19 December 2016.

AEB NEWS



L-R: **Stuart Lawson**, Member of the AEB Board, Finance & Investments Committee Chairman, Senior Advisor, EY; **Annette Kyobe**, Resident Representative of the International Monetary Fund in Russia; **Frank Schauff**, AEB CEO.

Briefing by Annette Kyobe, Resident Representative of the International Monetary Fund in Russia

On 4 December 2019, the briefing by Annette Kyobe, Resident Representative of the International Monetary Fund in Russia, was organised at the AEB premises.

The briefing was moderated by Stuart Lawson, Member of the AEB Board, Finance & Investments Committee Chairman, Senior Advisor, EY, and Frank Schauff, AEB CEO. At the meeting Annette Kyobe spoke in detail about recent developments and long-term prospects of the Russian economic policy, and commented on several global trends of the world economy. Ms. Kyobe noted that as in the rest of the world, Europe's manufacturing and trade had considerably weakened. Europe's slowdown was mostly externally driven, but signs of softness in investment started to appear. She also stressed that the growth was weaker in advanced Europe, while it was robust in emerging Europe excluding Russia and Turkey.

In order to accelerate the GDP growth in Russia, Annette Kyobe referred to the following essential measures: to facilitate entry and exit of firms; to ensure competitive public procurement; to reduce barriers to trade and FDI; to strengthen SOE governance.

The briefing was followed by a Q&A session.



Panelists of the plenary session (photo (c) Yury Praslov)

AEB at the Eurasian Economic Congress

On 5 December 2019, Frank Schauff, AEB CEO, delivered a report at the plenary session of the VI Eurasian Economic Congress within the premises of the press centre of MIA "Russia Today".

The main topic of the Congress was the project of connecting the EAEU and the Silk Road Economic Belt, the prospects for economic development of the Union State of the Republic of Belarus and the Russian Federation.

The plenary session was entitled "The prospects of Greater Eurasia: business as a driver of dialogue between the EAEU, India and the European Union".

During the plenary session the participants discussed how business could contribute to overcoming the political crisis in relations between the EU and Russia; under what conditions it is possible to establish mutually beneficial cooperation between the European Union and the Eurasian Economic Union in the framework of the Greater Eurasia project.

In his report, Frank Schauff identified several areas in which effective cooperation between the EU and the EAEU was possible: cooperation in the Arctic region, the development of 5G and personal data protection, improvement of the regional border infrastructure, technical regulation and partnership within the Northern Dimension.

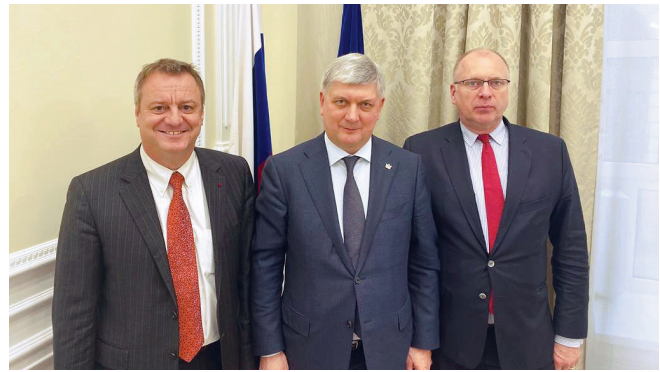
Meeting with the Governor of the Voronezh region

On 11 December 2019, the AEB representatives had a meeting with Alexander Gusev, Governor of the Voronezh region.

The AEB was represented by Johan Vanderplaetse, AEB Board Chairman, Frank Schauff, AEB CEO, as well as representatives from several member companies: Edgars Puzo, CEO of Atos; Dmitry Kashin, CEO of BMA Rusland; Lilia Kiseleva, Head of Legal Department of Bionorica.

The meeting was held within the framework of the presentation of the Special Economic Zone and the investment potential of the Voronezh region.

Alexander Gusev spoke in detail about the competitive advantages of the region, its investment potential, and major measures of state support for investors.



L-R: **Johan Vanderplaetse**, AEB Board Chairman; **Alexander Gusev**, Governor of the Voronezh region; **Frank Schauff**, AEB CEO.

It was settled to organise a presentation of the Voronezh region investment opportunities for AEB member companies in 2020.



L-R: **Johan Vanderplaetse**, AEB Board Chairman; **Maxim Oreshkin**, Minister of Economic Development of Russia; **Frank Schauff**, AEB CEO.

Briefing by Maxim Oreshkin, Minister of Economic Development of Russia

On 12 December 2019, the briefing by Maxim Oreshkin, Minister of Economic Development, took place at the Radisson Collection Hotel Moscow.

Johan Vanderplaetse, AEB Board Chairman, delivered a welcome speech.

The Minister spoke about the current situation in the Russian economy, the development of the business climate in Russia, the economic cooperation between Russia and the EU, and opportunities for foreign investors. Mr. Oreshkin noted that 2019 had been the weakest year in terms of economic growth since 2009, mostly due to sanctions, trade wars and weak consumer demand.

Maxim Oreshkin also focused on the initiative related to the business climate transformation and spoke about the first results of the programme, and the attitude of business to this initiative. The Minister outlined three main directions for further reforms: increasing the volume and quality of investments, increasing the supply on the labour market and further technological development.

The briefing was followed by a series of questions and answers moderated by Frank Schauff, AEB CEO.

Among the questions raised by AEB member companies were those which covered the current state of the technological exchange, taxation of small and medium-sized businesses, regulation of the digital economy, reduction in administrative barriers.

Meeting with Yury Lyubimov, Deputy Chief of Staff of the Government of the Russian Federation

On 19 December 2019, AEB member companies had a meeting with Yury Lyubimov, Deputy Chief of Staff of the Government of the Russian Federation.

The event was moderated by Frank Schauff, AEB CEO.



Yury Lyubimov, Deputy Chief of Staff of the Government of the Russian Federation

Yury Lyubimov shared his vision on the ongoing reform of control and supervision activities of the “regulatory guillotine”, the purpose of which is to increase the level of security and eliminate the excessive administrative burden on business entities by repealing all existing irrelevant regulatory acts in the field of supervision and control, as well as building a new, effective system of state control.

By 1 January 2021, the entire array of norms establishing mandatory control and supervisory requirements should be completely replaced with new ones.

Currently, the composition and functioning of the 41 working groups on the implementation of the “regulatory guillotine” have been approved and established. AEB representatives participate in the work of about 30 working groups at the level of managers and experts in various fields.

AEB Mystic New Year Cocktail

On 16 January 2020, the AEB organised its annual Winter Reception entitled “Mystic New Year Cocktail” which took place at the Artplay Design Centre. The event launched the AEB 25th anniversary celebrations.

Johan Vanderplattse, AEB Board Chairman, addressed the audience with a welcoming speech.

The reception was held within the immersive exhibition “Mystical Universe” – with elements of virtual reality, an art show and a separate hall with projections.

The attendees had an opportunity to enjoy audio and visual works of the famous digital artists, such as Julius Horsthuis and his project “Fractal Worlds”.



Attendees of the “Mystic New Year Cocktail” reception



L-R: **Alkis Drakinos**, Head of EBRD Office in Uzbekistan; **Bruno Balvanera**, Managing Director of Central Asia at the EBRD; **Frank Schauff**, AEB CEO.

EBRD presentation of the Uzbekistan business opportunities

On 21 January 2020, the AEB held an open event “Uzbekistan: upcoming business opportunities on the back of a strong reform agenda”.

Bruno Balvanera, Managing Director of Central Asia at the European Bank for Reconstruction and Development, and Alkis Drakinos, Head of EBRD Office in Uzbekistan, were the speakers.

The meeting became the logical continuation of the AEB business mission to Uzbekistan in 2019.

Mr. Balvanera shared with the audience the current EBRD activities in the region. He also spoke about the recent changes in the Uzbek legislation and stressed major challenges which businesses could face in Uzbekistan.

Among the EBRD strategic priorities for 2018-2023, Bruno Balvanera highlighted the following: development of the private sector (enhancing competitiveness by strengthening the private sector’s role in the economy); green transition (promoting green energy and resource solutions across sectors); connectivity (supporting increased regional and international cooperation and integration).

AEB Annual Strategy Meeting 2020

On 23 January 2020, the AEB held its Annual Strategy Meeting. The Board members, CNR representatives, Committees Chairpersons, guests of honour, the AEB CEO and the staff gathered together at the Ararat Park Hyatt Hotel to discuss the results of 2019 and define the Committees' main targets and initiatives for the future. The AEB Board Chairman Johan Vanderplaetse reviewed the AEB strategic development and prospects for the current jubilee year.



L-R: **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer; **Laurent Bardon**, Head of Economics & Trade Section, Delegation of the European Union to Russia; **Alexey Dorofeev**, Managing Director at GfK Rus; **Johan Vanderplaetse**, AEB Board Chairman; **H.E. Markus Ederer**, EU Ambassador to the Russian Federation; **Frank Schauff**, AEB CEO; **Philippe Pegorier**, AEB Board Deputy Chairman; **Paul Bruck**, AEB Board Deputy Chairman responsible for SMEs; **Olga Bantsekina**, AEB Board member; **Jussi Kuutsa**, AEB Board member; **Stuart Lawson**, AEB Board member.



Participants of the Annual Strategy Meeting 2020

The AEB CEO Frank Schauff made an operational report and a short introduction into the strategy discussion 2020.

H.E. Markus Ederer, EU Ambassador to the Russian Federation, spoke about the current EU-Russia relations. He focused on the close cooperation between the EU Delegation and the AEB on a range of technical and regulatory issues.

Alexey Dorofeev, Managing Director at GfK Rus, presented the results of the AEB GfK annual survey and called on AEB members to take part in the survey this year.

The participants of the meeting took part in the parallel sessions on four strategic topics: localisation, export from Russia and instruments for support (SPIC, etc.); events at the federal and the regional levels; digital economy: consequences for the businesses; environmental policy: opportunities and risks for European companies (waste management, energy efficiency, climate policy).

Presentation of the Belarus investment opportunities

On 28 January 2020, the AEB hosted a presentation "Belarus: new investment opportunities" with the participation of H.E. Vladimir Semashko, Ambassador Extraordinary and Plenipotentiary of Belarus to Russia.

In his speech the Ambassador provided a brief overview of Belarus as a promising investment platform for business start-up and development. He also spoke about competitive advantages for European companies, government measures to support investors and priority areas of trade, economic and investment cooperation.

After the presentations of the National Investment and Privatisation Agency and the "Great Stone" Industrial Park the participants discussed in detail various options for preferential treatment for foreign investors, including tax, visa and customs incentives provided in the free economic zones of the Republic of Belarus.



L-R: **H.E. Vladimir Semashko**, Ambassador Extraordinary and Plenipotentiary of Belarus to Russia; **Igor Leschenok**, First Deputy Head of Administration of the "Great Stone" Industrial Park.



L-R: **Laurent Bardon**, Head of Economics & Trade Section, EU Delegation to Russia; **Harvey Rouse**, Head of Unit for International Affairs, DG MOVE; **Maja Bakran**, Deputy Director General, DG MOVE; **Philippe Pegorier**, AEB Board Deputy Chairman; **Henrik Hololei**, Director-General for Mobility & Transport, the European Commission; **Johan Vanderplaetse**, AEB Board Chairman; **Paul Bruck**, AEB Board Deputy Chairman responsible for SMEs; **Alexander Liberov**, AEB Board member; **Jussi Kuutsa**, AEB Board member; **Dmitry Cheltsov**, AEB Customs & Transport Committee Chairman; **Thomas Staertzel**, AEB Board Deputy Chairman.

AEB Board business mission to Brussels

On 3-5 February 2020, the annual AEB Board mission to Brussels took place.

On the first day a meeting with Clara De La Torre, Deputy Director-General, Directorate-General for Climate Action, European Commission, was organised. Among the participants were: Johan Vanderplaetse, AEB Board Chairman; Max Gutbrod, Chairman of the AEB Climate Policy Working Group within the SHES Committee, Partner, Baker McKenzie; Laurent Bardon, Head of Economics & Trade Section at the EU Delegation to Russia; Marie Rondelez, AEB Adviser on EU Affairs. During the meeting the parties discussed important climate related issues, such as the decarbonisation process and the implications for Russia of the EU Energy Transition, the European Green Deal and European initiatives.

The same day the delegation members had a traditional meeting with Vladimir Chizhov, Ambassador Extraordinary and Plenipotentiary of Russia to the EU. The attendees of the meeting discussed the development of relations between Russia and the EU under the new government, as well as economic cooperation within the EU-EAEU dialogue.



At the meeting with **Rainer Wieland**, Vice President of the European Parliament

Another meeting of high importance was that of with Henrik Hololei, Director-General for Mobility & Transport, European Commission. Such issues as Trans-European corridors, EU-EAEU cooperation aimed at boosting trade, EAEU as a reality for European businesses were covered by the participants. The first day of the business mission finalised with the hearings of the International Trade Committee (INTA) of the European Parliament chaired by Helmut Scholz. The discussion was devoted to existing trade barriers, conformity assessment issues on ecolabelling, etc.

The second day of the AEB business mission to Brussels started with a meeting with Dermot Ryan, Member of Cabinet of the Commissioner for Trade. Among the topics of common interest were: trade barriers, especially with regard to labelling, technical regulations, prospects for a working dialogue with the EAEU.

At the meeting with Stephan Quest, Director-General for Taxation & Customs, European Commission, the AEB delegation members raised taxation issues, such as VAT on electronic services and some customs regulations.

On 4 February a meeting with Rainer Wieland, Vice President of the European Parliament, took place. The AEB delegation representatives discussed with Mr. Wieland a wide range of issues, aimed at improving the investment climate and establishing the effective cooperation between the EU and Russia.

The second day ended with two more important meetings: with Luc Devigne, Deputy Managing Director, Russia, Eastern partnership, Central Asia, Regional Cooperation & OSCE, European External Action Service, and with John Berrigan, Acting Director-General for Financial Stability, Financial Services and Capital Markets Union, European Commission.

Joint seminar of the Chamber of Commerce and Industry and Banca Intesa

On 10 February 2020, Frank Schauff, AEB CEO, and Philippe Pegorier, Deputy Chairman of the AEB Board, took part in the first joint business seminar of the Chamber of Commerce and Industry and Banca Intesa "Russia and Europe: innovative prospects for economic cooperation".

The event was attended by Sergey Katyrin, President of the Chamber of Commerce and Industry, Vincenzo Trani, President of the Italian-Russian Chamber of Commerce, Antonio Fallico, Chairman of the Board of Directors of Banca Intesa, Sergey Krasilnikov, Managing Director of the Department for International Cooperation and Integration of the Russian



Participants of the seminar

Union of Industrialists and Entrepreneurs, and others.

The discussion was focused on the use of innovative technologies to create highly efficient production, the role of financial institutions for high-tech enterprises, and prospects for Russian-European cooperation.

AEB-EEC business mission to Austria

On 12-14 February 2020, the AEB organised an official visit to Austria for a delegation of the Eurasian Economic Commission (EEC) headed by Nurlan Akmatov, Member of Board, Minister for Customs Cooperation.

The mission aimed to share the best European practices in the field of customs regulation, control and procedures, as well as benefits of the authorized economic operator status exemplified by such companies as BILLA, REWE GROUP and Kuehne+Nagel.



AEB-EEC delegation at the Austrian Federal Economic Chamber

From the AEB side the delegation included the following representatives: Frank Schauff, AEB CEO; Dmitry Cheltsov, AEB Customs & Transport Committee Chairman, Roca; Wilhelmina Shavshina, AEB Customs & Transport Committee Deputy Chairperson, DLA Piper; Galina Dontsova, Dentons Europe; Ksenia Solovieva, AEB Customs & Transport Committee Coordinator. On the first day the delegation rendered a visit to the automated logistics complex for REWE GROUP companies. The participants had a meeting with top management of the largest logistics hub of BILLA in Europe and took part in the presentation of the international platform for goods handling worldwide. The goal of the meeting was to study customs clearance procedures of the authorized economic operator. Later the official delegation took part in the guided around the BILLA warehouse complex.

On 13 February, the AEB-EEC delegation participated in the round table "Eurasian economic Union – latest developments and customs issues" which was held at the Austrian Federal Economic Chamber. Richard Schenz, Vice President, Austrian Federal Economic Chamber; Bettina Vogl-Lang, Deputy DG for Tax and Customs, Ministry of Finance of Austria, and Nurlan Akmatov, EEC Minister for Customs Cooperation delivered welcoming speeches. Mr. Akmatov spoke in detail about the development and modernisation of the customs legislation in the Eurasian Economic Union. The AEB CEO Frank Schauff presented the AEB activities regard to creating ties between the EU and the EAEU.

Later that day, the participants of the business mission met with representatives of Kuehne+Nagel at the company's head office located at Vienna International Airport. The delegates got acquainted with the customs clearance procedures for cargo transportation using T2, T1, Carnet TIR, and Carnet ATA procedures. Kuehne+Nagel has the status of the authorized economic operator, which makes it possible to produce goods in a simplified mode.

On 14 February, the delegation met with the representatives of the Ministry of Finance of Austria, headed by Harald Waiglein, DG for Economics and Finance. Frank Schauff spoke about current AEB activities in the field of business environment improvement. Nurlan Akmatov shared the EAEU strategic activities of in the field of trade and customs issues.



AEB-EEC delegation at the meeting with the Ministry of Finance of Austria representatives

AEB COMMITTEES UPDATES

Automobile Manufacturers Committee

On 14 January 2020, the Automobile Manufacturers Committee (AMC) organised its annual press conference "Review 2019".

Frank Schauff, AEB CEO, Joerg Schreiber, AEB AMC Chairman (Mazda Motor Rus LLC) and Lars Himmer, AEB AMC Deputy Chairman (Volkswagen Group Rus) answered questions about the future development of the automotive market in Russia.

Joerg Schreiber presented the car market sales results of 2019 and commented: "In a strong closing effort, December market sales improved by 2.3% year-on-year. Despite that, cumulative sales in the 4th quarter however remained in negative territory showing a 3.0% drop compared to the same period



L-R: **Lars Himmer**, AEB AMC Deputy Chairman; **Joerg Schreiber**, AEB AMC Chairman; **Frank Schauff**, AEB CEO.

one year ago. Full year sales in 2019 reached 1.76 million units – 41 thousand units or 2.3% below the level of 2018. For the current year, we expect similarly challenging market circumstances. Full year sales in 2020 are anticipated at a level of 1.72 million units which would represent a further 2.1% decline from the market level reached in 2019."

The AEB would like to thank the sponsors of the event: Total E&P Russia (gold sponsor), Continental Tires Russia (silver sponsor).

Construction Equipment Committee



L-R: **Andrey Komov**, Construction Equipment Committee Chairman, Managing Director, Volvo CE Russia; **Frank Schauff**, AEB CEO.

On 19 February 2020, the Construction Equipment Committee held its first Press Breakfast "Review 2019". Frank Schauff, AEB CEO, and Andrey Komov, Construction Equipment Committee Chairman, Managing Director, Volvo CE Russia, answered numerous questions

about the problems and prospects of the construction and special equipment market in Russia. He presented the review of the construction equipment market dynamics in 2019, made comparison of the market of Russia with other markets of Europe, stressed the questions of disposal fees and localisation.

"Under current circumstances, where the machines are burdened with huge disposal fees, the market growth seems very good news. But it also means that the market has grown by 12 per cent despite the restraining factor such as the disposal fee. Without such inefficient regulatory measures, we would have not only returned to the pre-crisis maximum in terms of market volume, but also gone far ahead... We welcome the decision of the Ministry of Industry and Trade not to increase further the disposal fee, since it is already at the extremely high level. Furthermore, there are some significant issues with the size of disposal fee for some machines and we hope to have constructive dialogue with the Ministry on this issue and assistance in resolving it," commented Mr. Komov.

The AEB would like to thank the gold sponsor of the event – Messe München Rus (bauma CTT Russia).

Energy Committee

On 28 November in the Italian Embassy in Moscow and then on 4 December in the Russian Embassy in Rome Ernesto Ferlenghi, AEB Energy Committee Chairman, Executive Vice President of ENI, took part in the presentations of the renewed Russian-Italian Civil Society Dialogue Forum.

Their Excellences Italian Ambassador to Russia Pasquale K. Terracciano, and Russian Ambassador to Italy Sergey Razov presided over the respective meetings.

Ernesto Ferlenghi, Co-Chairman of the Forum from the Italian side, and Vladimir Dmitriev, Vice President of the Russian Chamber of Commerce and Co-Chairman from the Russian side, defined the list of projects aimed at broadening the cooperation between the two countries in the fields of art, culture, sports, youth policy, religion, education, theatre and journalism.

An important area of the Forum activity is encouraging the development of small and medium businesses, in connection with which the presentation of a joint fund for supporting SME projects is planned for 2020.



L-R: **Vladimir Dmitriev**, Vice President of the Russian Chamber of Commerce; **Ernesto Ferlenghi**, AEB Energy Committee Chairman, Executive Vice President, ENI; **Lev Katz**, interpreter at the Embassy of Italy.

One of the key elements of the presentation was the new logo of the Dialogue Forum, designed by the talented Italian web designer Fabio Genuzzi (PICO Communications). Two interlaced rings painted in the colors of the Italian and Russian flags depict the continual interchange and mingling of the two cultures.



At the top of the table: **Ernesto Ferlenghi**, AEB Energy Committee Chairman, Executive Vice President, ENI; **Pavel Zavalny**, Chairman of the State Duma Energy Committee.

On 17 January 2020, Energy Committee members had a meeting with Pavel Zavalny, Chairman of the State Duma Energy Committee.

Such meetings have been regularly organised for the last three years.

It was a live discussion. Mr. Zavalny answered numerous questions raised by Committee representatives: LNG, gas pipelines, oil and gas prices, low-carbon technologies, legislative initiatives, etc.

Human Resources Committee

On 11 December 2019, the Assessment, Training and Development Subcommittee of the Human Resources Committee organised a round table entitled "Talent management and mobility. Corporate Identity". Committee members discussed a number of questions with a focus on the following ones: Whom should we develop: local or global talent? How can we make mobility process transparent and legal for stakeholders? The practitioners shared experience of international companies. Among the speakers were: Marina Gubanova, International Mobility Advisor, BP; Marina Kudriavtseva, Vice President HR Operations, Shell; Tatiana Razorenova, Head of HR Russia, Repsol; Evgenia Stanislavskaya, HR Director, Chevron. The meeting was moderated by Irina Zarina, Assessment, Training and Development Subcommittee Chairperson, Managing Director, SHL Russia & CIS.



Participants of the round table



Panelists of the open event

On 19 February 2020, the AEB held an open event “Electronic document flow: exchange of experience on implementation and related topical issues” organised by the AEB Labour Law Subcommittee of the Human Resources Committee.

The meeting was moderated by Julia Borozdna, Labour Law Subcommittee Chairperson, Partner, Head of Employment and Migration Law Practice, Pepeliaev Group. Among the speakers were: Iona Ulyanova (OBI), Denis Bushnev (SCHNEIDER GROUP), Natalia Konovalova (Deloitte), Andrey Slepov (BEITEN BURKHARDT), Anastasia Petrova (Alrud), Anna Dorskaya (KPMG).

The participants of the round table discussed possible ways to improve the efficiency of the electronic document flow, requirements for information systems and platforms, cybersecurity, personal data protection of the electronic document flow and other issues.

Insurance & Pensions Committee

On 17 December 2019, the AEB hosted a traditional annual pension conference organised by the Insurance & Pensions Committee.

The conference entitled “Pension reform: in search of stability and clarity” aimed to both inspire discussion around major recent novelties in the pension reform, and to evaluate their implications for individuals and companies.

We thank Safmar Private Pension Fund, JSC for sponsoring the event.

The conference featured presentations by top industry experts and advisers: Alexander Zaretskiy, CEO, Sberbank PPF, JSC (presentation “Guaranteed pension plan: new possibilities for the market”); Arkady Nedbay, Director General, Alliance PPF, JSC (presentation “Pension system reform: new challenges for companies”); Tadzio Schilling, Associate Director, Head, German Business Centre, EY, Chairman of the Small & Medium-Sized Enterprises Committee (presentation “The global pension reform agenda. (No) time for caution?”); and Karina Khudenko, Partner, HR Management



Presenter: **Tadzio Schilling**, Chairman of the Small & Medium-Sized Enterprises Committee, Associate Director, Head, German Business Centre, EY.

Consulting, Individual Taxation, PwC (presentation “Corporate pension programmes in Russia: 2019 survey results”). The speakers and participants agreed that in spite of the fact that the interest from individuals and companies had been rising over the past years, the general audience had very limited understanding of the recent pension instruments available, including the Guaranteed Pension Product, which could enhance the quality of pension strategy decisions.

IT & Telecom Committee



L-R: **Yury Kontemirov**, Head of the Directorate for Protection of Rights of Personal Data Subjects, Roskomnadzor; **Edgars Puzo**, IT & Telecom Committee Chairman, Atos Russia & CIS CEO.

On 30 January 2020, the IT & Telecom Committee held an open meeting on personal data with Yury Kontemirov, Head of the Directorate for Protection of Rights of Personal Data Subjects, Roskomnadzor.

The meeting was chaired by Edgars Puzo, IT & Telecom Committee Chairman, Atos Russia & CIS CEO.

Yury Kontemirov provided comprehensive answers to numerous questions raised by the participants.

North-Western Regional Committee

On 20 December 2019, the North-Western Regional Committee invited its members and partners to the Christmas Get-Together in St. Petersburg.

The event was organised in cooperation with the St. Petersburg Museum of Theatre and Music Art. The participants were offered a guided tour around the Museum. A charitable auction took place at the reception.

Prior to the start of the Christmas party, the Director of the Museum Natalia Metelitsa and the Chairman of the North-Western Regional Committee Andreas Bitzi addressed the audience with welcome speeches. The guests enjoyed a light music and participated in the holiday lottery from the AEB partners.

We cordially thank the lottery partners of the event: the Art School "Sovershenstvo" and the Charity Organisation "Big



Attendees of the Christmas Get-Together in St. Petersburg

Brothers, Big Sisters of Russia", Corinthia Hotel, Sokos Hotel, and the Museum of Theatre and Music Art.



Participants of the open event

On 30 January 2020, the North-Western Regional Committee held its traditional annual open event "Financial outlook 2020 – update for successful business".

The Chief Economist of Nordea Russia, Tatyana Evdokimova, provided analysis of the current economic and financial situ-

ation in Russia, trends and forecasts for 2020. Alexander Shchelkanov, Partner of Regional Development at Coface and Deputy Chairman of the Committee on Export and Import, ARPO "Business Russia", presented the main sector credit risks and general tendencies. Elena Kiseleva, General Manager of "Crédit Agricole CIB" St. Petersburg branch, and Elena Yakovenko, Head of Currency Control Unit at "Crédit Agricole CIB", gave a brief overview of upcoming changes in currency control. In conclusion, the CEO of the Dutch company LenGo Automotive Group Russia, Marcel Verbeeten, shared his company's experience on the Russian market.

The event was moderated by Andreas Bitzi, Chairman of the North-Western Regional Committee.

The event was supported by the Consulate General of the Netherlands in St. Petersburg.

On 18 February 2020, the North-Western Regional Committee's HR & Migration Subcommittee held a meeting entitled "News on labour protection".

Denis Smirnov, Head of the Department for Supervision of Compliance with Labour Laws of the State Labour Inspectorate in St. Petersburg, was invited to the meeting. He briefed the participants about the results of the supervision of the State Labour Inspectorate in St. Petersburg for 2019 and spoke about the main violations identified with regard to labour protection training, assessment of workplaces. Likewise, he provided recommendations for creation of the right labour protection management system.

The event was kindly hosted and supported by Baker McKenzie office in St. Petersburg.



Presenter: **Denis Smirnov**, Head of the Department for Supervision of Compliance with Labour Laws of the State Labour Inspectorate in St. Petersburg



L-R: **Alla Ogenesian**, AEB North-Western Regional Committee Coordinator; **Anna Chekhova**, Commerzbank (Eurasija); **Natalia Kapkaeva**, Port Hamburg Marketing; **Andreas Bitzi**, AEB North-Western Regional Committee Chairman; **Wilhelmina Shavshina**, DLA Piper; **Anton Rassadin**, BSH Group; **Elena Novoselova**, Coleman Services UK; **Timo Mikkonen**, ORAS Group; **Maxim Sobolev**, YIT; **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer.

On 27 February 2020, the North-Western Regional Committee (NWRC) held its Annual General Meeting in St. Petersburg.

The AGM was attended by Ruslan Kokarev, AEB Deputy CEO – Chief Operating Officer, who delivered a welcome speech and shared the AEB news.

Andreas Bitzi, Chairman of the North-Western Regional Committee, presented a report on the NWRC activities in 2019 and announced plans for 2020.

Later, the elections of the NWRC Steering Group were organised. According to the results of the secret ballot, the following representatives of the AEB member companies

were elected to the NWRC Steering Group: Andreas Bitzi, quality partners.; Anna Chekhova, Commerzbank (Eurasija); Arno Coster, SCHNEIDER GROUP; Natalia Kapkaeva, Port Hamburg Marketing; Timo Mikkonen, ORAS Group; Elena Novoselova, Coleman Services UK; Anton Rassadin, BSH Group; Wilhelmina Shavshina, DLA Piper; Maxim Sobolev, YIT. The newly elected NWRC Steering Group members held the first meeting.

After the official part of the AGM the participants enjoyed a reception devoted to the 10th anniversary of the AEB North-Western Regional Committee. The event took place at the Corinthia Hotel St. Petersburg.

Migration Committee



Panelists and participants of the conference

On 5 December 2019, within the framework of the XII Annual Migration Conference "Practice of application of migration legislation", the dialogue with the representatives of the General Migration Directorate of the Ministry of Internal Affairs of Russia took place. The participants of the conference discussed new trends in migration policy, presented the practice of hiring foreign employees in Russia and the EAEU, considered the opportunities for interaction of foreign citizens with migration authorities through the user's personal account.

Public Relations & Communications Committee



Participants of the meeting

Russia; Maxim Barkov, Commercial Director, Essity Russia.

The agenda of the Public Relations & Communications Committee remains focused on the topic of sustainable development and CSR. Leading European companies have a high level of expertise in this area and pay special attention to the implementation of these practices at the global and local levels. The Public Relations & Communications Committee's activities aim at building and maintaining the reputation of the AEB as a responsible partner and public relations participant, sharing the principles of openness, inclusiveness and interaction with external audiences on a wide range of issues. The Committee encourages the AEB to share best practices for mutual enrichment.

On 12 December 2019, the RSPP Committee on Corporate Social Responsibility (CSR) and Sustainable Development and the AEB Public Relations & Communications Committee held a joint meeting entitled "Transforming corporate strategy and performance under the impact of sustainable development global agenda".

Within this format the position of the AEB Public Relations & Communications Committee was represented by: Marina Tatarskaya, Chairperson of the Public Relations & Communications Committee, PR Director, Ferrero Russia; Anton Peshkov, CEO, Tikurila Russia & CIS; Igor Kisil, Corporate Communications Manager, IKEA Retail

On 19 December 2019, the Public Relations & Communications Committee held its open meeting entitled "Projects in the field of culture and arts as a tool of corporate and brand communications".

The meeting focused on the opportunities for businesses' corporate and brand communications through implementing arts and culture projects and exchanging best practices in this area. The AEB members discussed possible ways of partnership between business and culture and presented specific cases of implemented projects. Besides, the opportunities for cooperation were presented by the Andrey Voznesensky Culture Centre which hosted the event, and by the All-Russian Decorative Art Museum.



L-R: **Marina Tatarskaya**, Chairperson of the AEB Public Relations & Communications Committee, PR Director, Ferrero Russia; **Paul Bruck**, Deputy Chairman of the AEB Board, Deputy Chairman of the Small & Medium-Sized Committee, President, MOST SERVICE, Member of Bruck Consult.

The meeting was moderated by Marina Tatarskaya, Chairperson of the Public Relations & Communications Committee, PR Director, Ferrero Russia.

Real Estate Committee



L-R: **Ivan Korotkov**, Director of Supply Chain Automation, Leroy Merlin; **Zakhar Valkov**, COO, Radius Group; **Tatiana Kovalenko**, AEB Real Estate Committee Chairperson, Deputy General Director, SENDLER & COMPANY; **Denis Zhuravsky**, COO, Association of Industrial Parks of Russia.

On 21 February 2020, Real Estate Committee members jointly with the Association of Industrial Parks of Russia held a meeting on the issue of commercial development.

The meeting was moderated by Tatiana Kovalenko, Real Estate Committee Chairperson, Deputy General Director, SENDLER & COMPANY, and Denis Zhuravsky, COO, Association of Industrial Parks of Russia.

Zakhar Valkov, COO, Radius Group, spoke about build-to-suit, innovations and technologies. Ivan Korotkov, Director of Supply Chain Automation, Leroy Merlin, shared the story of the largest distribution centre of Leroy Merlin.

Tatiana Kovalenko briefed on the Real Estate Committee plans for the first half of 2020 and possible cooperation with different stakeholders. Denis Zhuravsky told about the AIP tasks in the field of industrial construction and warehouses.

Safety, Health, Environment & Security Committee

On 19 February 2020, the Safety, Health, Environment & Security Committee held an open meeting to discuss current experience and further development of telemedicine in Russia.

Maxim Chernin, Chairman of the Board of Directors “Doctor Ryadom”, and Maxim Kompaneets, Special Projects Manager, RZD Medicine, made presentations on the development of telemedicine services in Russia and digital technologies in health-care.

The participants of the event discussed the issues related to the legal aspects of telemedicine implementation, quality of such services, training of doctors to work in a virtual space, and problems of remote consultations.



Participants of the open meeting



Presenter: **Nikolay Kozlov**, Nestle

On 27 February 2020, the Security Subcommittee and Human Resources Committee of the Safety, Health, Environment & Security Committee held a joint open meeting “How corporate security adds value to business”.

Security experts from European and international companies discussed professional qualification management: what skills and knowledge are required for specialists and management; what the best practices are to identify and develop skills; how to measure the efficiency of corporate security.

Anna Dmitrieva from Ancor Consulting, Nikolay Kozlov from Nestle, David Burrill from the British American Tobacco, and Dmitry Budanov from Elite Security Holding Company shared their expertise and provided a live discussion.

Small & Medium-Sized Enterprises Committee



L-R: **Marc Dellaert**, Member of the AEB Council of National Representation (Belgium), Centre for Creative Leadership; **Grigory Saks**, Import Manager, PRALINE RUS; **Tadzio Schilling**, Chairman of the Small & Medium-Sized Enterprises Committee, EY; **Pavel Goryunov**, General Manager, Barco Services LLC; **Jean-Arthur Régibeau**, Ambassador of Belgium to the Russian Federation; **Helene Moris**, individual entrepreneur in the consultancy/training sector; **Johan Vanderplaetse**, Chairman of the AEB Board; Chairman of the Belgian-Russian Business Club (BRBC), Schneider Electric; **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer.

On 11 December 2019, the business meeting entitled “Doing business in Russia: success stories of Belgian SMEs” was held. The event was jointly organised by the Embassy of Belgium in Moscow, the AEB, and the Belgian-Russian Business Club (BRBC). The meeting covered the experience accumulated by Belgian companies on the Russian market and provided a platform for discussion of current key issues related to SMEs

and entrepreneurship in Russia. It aimed to raise awareness of European SMEs operating in Russia on available instruments to address the main challenges and to better exploit the market opportunities.

The meeting was moderated by Tadzio Schilling, Chairman of the Small & Medium-Sized Enterprises Committee; Head, German Business Centre, EY.

Southern Regional Committee



L-R: **Igor Brener**, Cargill; **Alexey Titov**, the Krasnodar region Legislative Assembly; **Gennadiy Struk**, the Krasnodar region administration; **Oleg Zharko**, Danone; **Diana Lipinskaya**, Bank Center-Invest; **Sergey Nikonovich**, KubSTU.

On 6 December 2019, the conference “Corporate social partnership of business and universities: development of human capital” was held in Krasnodar.

It was organised within the framework of the programme “Time for new strategies” co-organised by the Southern Regional Committee, the Public Chamber of the Krasnodar region, the Krasnodar branch of the RSPP, the Agency for investment and international cooperation, weekly Yug-Times. The participants discussed forms and experience of interaction between business and universities, current tasks for the development of human capital in higher education, prospects and opportunities for expanding projects of corporate social partnership in the educational sphere.

Alexey Titov, Deputy of the Legislative Assembly of the Kras-

nodar region, spoke about the support of the business initiative on dual education and the relevant draft law at the regional level.

Sergey Nikonovich, Vice Rector for Academic Affairs and Informatisation of the Kuban State Technological University, recalled the educational standards for universities.

The conference participants from both universities and business highly appreciated the work of business schools in the leading universities of the Krasnodar region, which has been conducted for more than five years by the Southern Regional Committee member companies.

Gennady Stryuk, Head of the Personnel Policy Department of the Krasnodar region Administration, invited the guests to take part in the Second Kuban HR Forum on 9 December 2019.



Participants of the Forum

On 9 December 2019, the representatives of the Southern Regional Committee took part in the Second Kuban HR Forum which was held in the exhibition complex "Expograd South". The Forum was the final stage of the regional competition of managers "Leaders of Kuban – moving up!" Among the Forum participants were the State Duma Deputies, members of the Federation Council of the Russian Federation, deputies of the regional legislative body, entrepreneurs, representatives of the executive authorities of the region and the scientific community.

The heads of the Southern Regional Committee took part in the plenary session of the Public Chamber of the Krasnodar region. The meeting was held on 11 February in the hall of the Philharmony named after G.F. Ponomarenko. The meeting summed up the results of the work of the Public Chamber of the Krasnodar region in 2019 and identified priority areas of activities during the current year.

The plenary session was attended by the Governor Veniamin Kondratiev, First Vice Speaker of the Legislative Assembly of the Krasnodar region Nikolay Gritsenko, Deputy Governors, Ministers, representatives of the regional administration and departments.

Chairmen of Public Chambers from all 44 municipalities of the region, representatives of Public Councils, members of the largest non-profit organisations of Kuban gathered at the meeting.

Oleg Zharko, Chairman of the Southern Regional Committee,

Ralph Bendisch, Director of "CLAAS", Deputy Chairman of the Southern Regional Committee, together with Veniamin Kondratiev, Governor of the Krasnodar region, and Yury Burlachko, Chairman of the Legislative Assembly of Krasnodar region, spoke in the panel session about the results of the project "Leaders of Kuban – moving up!". The awarding ceremony of the laureates and winners of the competition took place. Veniamin Kondratiev presented diplomas and certificates for training.

Such companies as VSK, Danone, CLAAS, Nestle-Kuban placed their exhibition stands for participants to learn about career opportunities in these companies.

Oleg Zharko, Chairman of the Southern Regional Committee, Regional Corporate Affairs Director, group of companies Danone in Russia, spoke about business schools in key universities of the Krasnodar region with support of member companies of the Southern Regional Committee. Ralph Bendisch, CLAAS, spoke about the system of dual training organised by the company at the round table with students. They discussed the best practices of internships in state local governments and businesses.



At the plenary session of the Public Chamber of the Krasnodar region

Danone, and the Committee's Vice Chairmen: Ralph Bendisch, CLAAS, and Igor Brener, Cargill, represented the AEB at the meeting.

Lyubov Popova, Chairman of the Public Chamber of the Krasnodar region, highly appreciated the cooperation with the Southern Regional Committee.



On 20 February 2020, the Southern Regional Committee held its Annual General Meeting in Krasnodar.

Frank Schauff, AEB CEO, and Oleg Zharko, Chairman of the Southern Regional Committee, met with Vice Governor of the Krasnodar region Vasily Shvets. They invited the leadership of the Krasnodar region to take part in AEB 25th anniversary events, which will be organised in Moscow and Krasnodar in autumn 2020.

L-R: **Oleg Zharko**, Chairman of the AEB Southern Regional Committee; **Frank Schauff**, AEB CEO; **Ruslan Kokarev**, AEB Deputy CEO – Chief Operating Officer.

The AGM took place in the office of the Southern Sales Directorate of Knauf. Oleg Zharko, Chairman of the AEB Southern Regional Committee, spoke about the results of the Committee's work in 2019.

The members of the Southern Regional Committee elected by secret ballot the following representatives to the Committee Steering Group: Alisa Andreeva, Philip Morris Izhora; Ralph Bendish, CLAAS; Anna Kalmykova, EY; Sergey Kuzmenkov, Nestlé Kuban; Diana Lipinskaya, Center-Invest Bank; Natalia Minzhulova, Banca

Intesa; Lyubov Popova, VEGAS LEX; Yury Pustovit, Advocates Bureau Yug; Oleg Zharko, Danone.

At the first meeting of the Steering Group Oleg Zharko was elected as Chairman of the Southern Regional Committee. His Deputies became Ralph Bendish and Lyubov Popova. The meeting was followed by a strategic meeting of the newly elected members of the Steering Group and the AEB top management. At the meeting they discussed development plans of the Southern Regional Committee and outlined a number of priority steps.



Participants of the meeting

On 28 February 2020, discussion on current tools for internal corporate communications was held in Krasnodar. Representatives of member companies of the AEB Southern Regional Committee gathered at the Center-invest Bank's financial literacy centre. The moderator was Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Director, Danone.

Managers and internal communications specialists from CLAAS, Danone, Center-invest Bank, KWS, Philip Morris and Raiffeisenbank spoke about traditional and innovative, offline and online tools, and various target groups for internal communications. The participants agreed to elaborate further ways and forms to exchange experience.

Taxation Committee

On 18 December 2019, the Taxation Committee organised its annual conference "Development of the Russian tax system: results of 2019 and prospects".

The event highlighted recent and upcoming amendments to the Russian Tax Code, various practical matters, and provided an excellent platform for discussion and exchange of knowledge by professionals.

Ekaterina Ryabova, PwC; Nina Goulis, KPMG; Natalia Faizrahmanova, Pepeliaev Group; Andrey Grachev, Eversheds Sutherland; Arseny Seidov, Baker McKenzie; Valeria Khmelevskaya, Brand & Partner; and Evgeny Timofeev, BCLP, shared their expertise and gave recommendations on important tax matters.

Konstantin Novoselov, Deputy Head of Control Directorate; Elisey Balta, Deputy Head of Transfer Pricing Directorate, and Sergey Semenov, Head on VAT Unit, Legal Entities Taxation Directorate of the Federal Tax Service, were the event's distinguished guests.

The conference was moderated by Dr. Alina Lavrentieva, Chairperson of the Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group.



Panelists and participants of the conference

Working Group on Modernisation & Innovations



L-R: **Maxim Grigoryev**, Partner, Head of Special Projects, Vegas Lex; **Vadim Anikin**, Leading Expert, Special Investment Contracts and Localisation Division, Industrial Development Fund; **Michael Akim**, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia.

On 25 February 2020, the Working Group on Modernisation & Innovations held its ad-hoc open meeting entitled "SPIC

2.0: state of play and potential impacts of implementation". The meeting covered the challenges related to implementation of the special investment contract mechanism (SPIC 2.0), state of play and potential impacts for investors. The participants discussed main practical issues and concerns of business community related to, inter alia, the criteria for formation of the advanced technologies' list, conducting expertise, regulatory requirements for conclusion SPIC 2.0 at the federal and regional levels, assessment of public risks for investors in case of failure to reach the indicators foreseen by the SPIC 2.0 mechanism.

The meeting was moderated by Michael Akim, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia.



L-R: **Vadim Kulikov**, First Deputy Director General – Technical Director, Agency of Technological Development; **Dmitry Fishkin**, Director for the Arctic Region, Far East Investment and Export Agency; **Yulia Kosareva**, Director of International Cooperation Department, Ministry for the Development of the Russian Far East and Arctic; **Alexander Safronov**, First Deputy Permanent Representative of the Republic of Sakha (Yakutia) to the President of the Russian Federation; **Alexander Fedotovskikh**, Board Member, Member of the Presidium of the Coordinating Council for the Development of the Northern Territories and the Arctic of the Russian Union of Industrialists and Entrepreneurs; **Michael Akim**, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia.

On 28 February 2020, the AEB Working Group on Modernisation & Innovations held the round table entitled "Russian Arctic development strategy and priorities. Engineering & technology for the Arctic development".

The event provided a platform for discussion of the New Arctic Strategy of Russia, technological challenges for development of

the Russian Arctic, competitiveness of projects implemented in the Arctic, and potential areas for European technologies transfer.

The discussion was moderated by Michael Akim, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia.

MEMBER NEWS

Dear members, please be informed that you can upload your news or press releases on our website in "Member News" section via a personal page absolutely free of charge.

Merck

Merck launched full cycle production of its medicine against cardiovascular diseases

Merck, a leading science and technology company, and the Russian biopharmaceutical company Nanolek announced the launch of the full cycle production of one of the key medicines to treat arterial hypertension, coronary heart disease and chronic heart failure. The drug will be produced at the manufacturing facilities of Nanolek in the Kirov region in the full compliance with GMP standards.



Today, more than 110 employees are involved in the production of the Merck medicines in Kirov. Project implementation took 4 years, and this includes 2 years of the technology transfer.

"In Russia there are modern production sites that meet international requirements and standards. This allows Russian pharmaceutical companies to extensively develop. Localisation of the manufacturing of one more medicine of Merck in Kirov is our additional advantage on the market," said Matthias Wernicke, General Director of Merck in Russia and CIS.

According to the Ministry of Health of the Russian Federation, currently around 40% of citizens suffer from hypertension. Arterial hypertension is one of the most common chronic non-specific human diseases, which in general accounts for 30% of all deaths according to WHO. Reduction of the mortality from cardiovascular diseases is very important for global and Russian healthcare.

RUSS-INVEST

Round table on the role of the financial sector to achieve the goals of sustainable development

The round table "Cooperation between business and government to achieve the goals of sustainable development. The role of the financial sector" was held on 30 October 2019. It was organised by PJSC "IC RUSS-INVEST" together with the Centre for European Studies of the Financial University under the Government of the Russian Federation. Welcoming words were addressed to the participants by Alexander Bychkov, President-General Director of PJSC "IC RUSS-INVEST", Deputy Chairman of the Governing Council of the National Network of the UN, and Oleg Kuznetsov, First Vice Rector of the Financial University.

As part of the round table, the Executive Vice President of the RSPF Alexander Murychev, Chairman of the Board of the International Bank for Economic Cooperation Denis Ivanov were speaking. Representatives of Russian banks (Center-invest Bank, Rosbank) shared their experience in the field of responsible financing.



At the round table the development of the institutional environment and the possibilities of interaction between stakeholders in the sphere of sustainable development were discussed. Particular attention was paid to the role of the financial sector in the development of responsible financing and the prospects for taking ESG factors into account when investing in Russia. Representatives of business associations, consulting companies, experts in the field of green economy also participated in the round table.

Servier

Servier and Charity Fund "Arifmetica dobra" joined efforts to help orphan graduates to embark on the life journey

Children living in orphanages remain particularly vulnerable. On a family environment, many children form their life skills in everyday life: however, orphans require special training programmes to acquire social and personal skills forming adaptive mechanisms and developing ability for self-determination.



Inspired by big wish to help children living in orphanages become well-rounded adults leading a successful and independent life, regain interest in studying, and develop trust and respect towards themselves and people around them, Servier in partnership with Charity Fund "Arifmetica dobra" launched in September 2019 a two-year joint initiative aimed at providing children raised in orphan institutions across Russia with individual continued educational support and socialisation.

It is envisaged to target 85 orphanages located in 28 Russian regions with various types of activities, including online/offline vocational trainings engaging Servier volunteers across the country; charity marathons in favour of children with intellectual disabilities; guided tours to an industrial site – Servier RUS plant; specially designed digital tools showcasing pharmaceutical professions, etc.

By uniting such philanthropic team building experience this project strengthens corporate volunteering movement, rallies Servier employees, helps build bonds, trust, confidence and teamwork while making a positive difference in the lives of children from orphanages who need it most.



Tablogix

Tablogix is engaged in promotion of safe driving

Operator of toll roads in Russia UTS ("United Toll Systems" LLC) together with Tablogix and other logistics companies announced the launch of the "Freight Carriers support safe roads" safety campaign. The social project is designed to draw drivers' attention, especially truck drivers', to the need of complying with the safe driving rules.

According to UTS statistics, almost half of all road traffic accidents (46%) in 2019 occurred precisely with the participation of freight transport. The main reasons were incompliance with the work and rest schedule by drivers, vehicle malfunctions, as well as drivers' inattention.



In order to remind drivers on the importance and need of compliance with the safety rules while driving a truck on a high-speed road, UTS together with its partners created special posters that can be found in all points of sales and company buildings on M3 Ukraine, M4 Don and M11 Neva (Moscow – St. Petersburg) highways. Special warnings are also displayed on the variable message signs along the roads, operated by UTS. By their example project contributors show the responsibility of the business entities, being major users of highway infrastructure, for maintaining safety on the roads.

Tablogix delivers 30 000 shipments per month across Russia. Distribution network covers 700 Russian cities and towns. Moreover, the company has 80 regional agents in key Russian cities to provide comprehensive logistics services.

One of the Tablogix tasks is to promote safe driving values in society. Thanks to the safe driving social ads we will make truck drivers think harder to avoid accidents.

APPOINTMENTS

Ararat Park Hyatt Moscow



Mattheos Georgiou

Ararat Park Hyatt Moscow is pleased to announce that Mattheos Georgiou has been appointed as the hotel's new General Manager.

With more than 20-year experience in the hospitality industry and extensive knowledge and sense of luxury identity, Mattheos always demonstrated leadership and efficient management in all aspects of the hotels' operations.

He is a highly seasoned hotelier and has been with Hyatt Hotels Corporation since 1999.

After beginning his career at Hyatt Regency Cologne Mattheos joined Hyatt Regency Dubai & Galleria, worked as the Director of Rooms at Ararat Park Hyatt Moscow, was promoted to the position of Executive Assistant Manager of Grand Hyatt Hong Kong in 2008.

That experience led him to the next challenge as Executive Assistant Manager at Park Hyatt Tokyo in 2010.

In 2012 Mr. Georgiou joined Hyatt Regency Thessaloniki as the General Manager.

Later he continued his career as General Manager at Park Hyatt Dubai and Andaz Munich Schwabinger Tor in 2017.

Bryan Cave Leighton Paisner Russia



L-R: Tatiana Kirgetova; Dmitry Kirillov; Dmitry Paramonov; Denis Kozhevnikov

Bryan Cave Leighton Paisner Russia, formerly Goltsblat BLP in Russia, announces an expansion of its Tax Practice, with the joining of three Senior Associates: Tatiana Kirgetova, Dmitry Kirillov and Dmitry Paramonov, and Associate Denis Kozhevnikov in response to the growing client demand for tax services.

Headed by Partner Evgeny Timofeev, the Bryan Cave Leighton Paisner Russia Tax Practice is a leading tax team on the Russian legal market. Last year, following completion of some very complex and innovative mandates in various sectors, the team collected a number of accolades, ranking high in international legal directories, including Chambers & Partners, The Legal 500, World Tax and Best Lawyers and making it to Tier 1 for Tax Advice according to Pravo.ru-300, a leading legal ranking in Russia.

The Bryan Cave Leighton Paisner Russia Tax Team currently has 21 lawyers, including Sergey Likhachev, Associate Director, Anna Zelenskaya, Counsel and Head of Tax Advisory, and Alexander Erasov, Counsel and Head of Tax Dispute Resolution, Tax Crime Defence Group.

CMS Russia



Artashes Oganov

CMS Russia is delighted to announce the promotion of Artashes Oganov to a Partner in its Moscow office. He will continue to head and further actively develop the CMS Russia's Real Estate & Construction practice.

Artashes has extensive experience of working on a broad spectrum of real estate projects. He advises clients on both domestic and cross-border M&A transactions involving commercial and residential properties, joint ventures in the real estate sector as well as secured financing for construction and acquisition of properties. Artashes also represents landlords and tenants on all issues, ranging from simple to complex lease agreements on offices, retail premises and warehousing facilities.

Artashes is ranked among the leading legal practitioners in Russia by Best Lawyers and Pravo.ru-300.

In 2019, he gained further recognition in the Russian real estate industry as he was listed by the prestigious Commercial Real Estate (CRE) journal among the most influential people on the local commercial real estate market in its Top CRE-100 Market Makers 2019 rankings.

Prior to joining CMS Russia in 2017 as a Counsel and Head of Real Estate & Construction practice, Artashes had worked in two other international law firms in Moscow for over 12 years.

Dentons



Lidia Charikova

Lidia Charikova has joined Dentons' Russia Tax and Customs practice as of counsel. Lidia was previously a partner and head of the tax practice at Liniya Prava (LP) Law Firm. Lidia Charikova has more than 15 years' experience advising on domestic and international taxation matters as well as representing taxpayers in litigation with the tax authorities. Her main focuses are international tax structuring; private wealth; tax support for private-public partnership projects, capital markets projects and M&A transactions; and tax litigation support.

Lidia has been recognized as a leading tax lawyer by international publications such as Chambers Europe, The Legal 500 and Best Lawyers.

Dzhangar Dzhachinov, partner, head of Dentons' Russia Tax and Customs practice: "Our practice keeps expanding as we recruit top professionals. It is the second professional to return to the practice after gaining experience with other law firms. High-profile specialists are always welcome to our team, as we are keen to maintain top-quality service."

Dentons' Tax and Customs practice is rated as one of the top teams by Chambers Europe (Band 1), The Legal 500 (Tier 1), World Tax (Tier 1) and Pravo.ru-300 (Tier 1 for tax advising, tax litigation and private wealth).

Hotel Baltshug Kempinski Moscow



Lada Samodumskaya

On 1 January 2020, Lada Samodumskaya took the post of General Manager for Hotel Baltshug Kempinski Moscow, and became the first local citizen and the first woman to head a hotel managed by an international luxury brand in Russia.

Since 2018, Lada was Executive Assistant Manager for Hotel Baltshug Kempinski, and during four previous years, she was

leading the regional Sales and Marketing team for hotels in Russia and CIS. In 2016, Kempinski recognised Lada with a double award as the best S&M director among the company's hotels in Europe and in the world.

With 28 years of professional experience, Lada Samodumskaya has made a career from an employee of the Reservations department to top management positions.

In 2000, she headed the Sales of Hotel Baltshug Kempinski, and in 2004 opened the Global Sales Office of Hyatt International Hotels and Resorts in Russia. From 2005 to 2014, Lada was leading the Sales and Marketing team of The Ritz-Carlton, Moscow and participated in three projects of the company's openings in Europe, Asia and the Middle East.

Lada graduated from the Russian State Academy of Management and was also studying at the Academy of the American Hotel and Lodging Association.

NEW MEMBERS

..accace

ACCACE

Originally established in Europe in 2006, ACCACE ranks among the leading outsourcing and consultancy providers in this region.

ACCACE has vast experience with handling small to large scale, multi-country outsourcing projects and providing comprehensive range of services to over 2,000 customers. We developed in-house a unique international cloud platform – TULIP, which connects all accounting, HR, payroll and time and attendance processes. It allows our clients to optimise operations, reducing paperwork related errors while saving significant financial resources and time.

ACCACE Russia is the perfect business partner for companies who are looking to improve their financial processes, HR operations and IT. Covering full range of accounting, HR, payroll, tax compliance and corporate secretarial services makes ACCACE Russia the first-choice outsourcing services provider to work with in Russia.

We aim to help accelerating our clients' success through proper outsourcing and advisory solutions, while always taking into consideration the nature of their business needs. By constantly benchmarking our performance to pursue high quality services, we proved to be a reliable partner to our clients.

www.accace.ru



Antwerp Management School

For 60 years, Antwerp Management School (AMS) has been focusing on creating value for organisations and businesses through education and research in general and through helping them to transform in a healthy and sustainable way in particular.

With its high-quality management programmes and research, the school gives a powerful impulse to economic, social and societal activities in Belgium and far beyond. Every year, 70 faculty members inspire 880 students in our (executive) master's and executive PhD programmes.

Additionally, we also welcome 2,000 professionals in B2B solutions tailored to businesses and events. The school is renowned for its personal approach that is appreciated by over 24,000 alumni from 87 different countries.

As proof of its permanent attention to the quality of its programmes, AMS has been awarded the AACSB, NVAO and AMBA accreditations and has been listed in the Financial Times Rankings.

www.antwerpmanagementschool.be



"AROMA" Trade House

The "AROMA" Trade House was established in 1996 with a unique business structure on the Russian market. The "AROMA" Trade House is the largest importer, supplier and distributor of wines and spirits.

At the very beginning the company started its business with alcohol imported to Russia. Later, as the relationships with partners and suppliers developed, the product's range increased accordingly. And for now, the "AROMA" Trade House is one of the leaders on wines and spirits market in Russia. Every year the company increases sales.

The reorganisation of the Group of companies relates to growth and developing of the "AROMA" Trade House. Thus, a large centre of distribution with warehouses and offices in Moscow was founded. At the same time the St. Petersburg branch was opened in that region, increasing substantially the sales and distribution. At the end of 2007, the "AROMA" Trade House acquired one of the oldest cognac manufacturers in France – "A.DE FUSSIGNY" Company.

The "AROMA" Trade House has been constantly developing

since that time. For now, the "AROMA" Trade House is not only the importer and distributor, but also the manufacturer and owner of the retail chain.

www.aroma.ru

BDR THERMEA GROUP

BDR Thermea Group

BDR Thermea Group is a world-leading manufacturer and distributor of smart heating and cooling solutions, systems and services. We operate in more than 100 countries, employing 6,500 people worldwide.

We develop and supply ground-breaking technologies that accelerate the global shift towards fully sustainable energy carriers. Our smart, connected and integrated tools and services cut energy bills and reduce carbon emissions.

We are a global company with market-leading local brands. Our portfolio includes renowned names such as BAXI, De Dietrich, Remeha, Brötje, Chappée, Baymak and Utica.

We are a market leader in Europe, and have strong positions in Russia, Turkey, the United States and China. BDR Thermea Group is headquartered in Apeldoorn, the Netherlands. We have BDR Thermea Group factories all over the world, making high-quality products in safe working environments. We use the Lean approach in manufacturing our products. This delivers quality for customers by ensuring more effective and efficient production processes – with employees highly involved in process optimisation – and continuous improvement.

www.baxi.net

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Bekaert

Bekaert is a global market leader in drawn steel wire products and applications and a technological leader in its two core competences: advanced metal transformation and advanced materials and coatings.

Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 29,000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generates annual combined sales of EUR 5,1 billion.

You might know us, for example, as a supplier of steel cord products for tire reinforcement – one in every four tires in the world runs on Bekaert steel cord. Or maybe you know our Dramix® steel fibers, used to reinforce over five million cubic meters of concrete every year. But we also offer significant added value for various businesses in all kinds of markets, from automotive

to construction and from utilities to the heavy equipment sector. Our baseline better together sums up the unique form that cooperation between Bekaert and its business partners takes.

www.bekaert.com



A **PACCAR** COMPANY

DAF Trucks Rus

DAF Trucks Rus is the Russian division of the Dutch company DAF Trucks N.V., a manufacturer of commercial vehicles in Europe. Since 2011 DAF has offered a full range of light, medium and heavy premium commercial vehicles in Russia. DAF is synonymous with excellent transport efficiency.

DAF Trucks Rus is a wholly owned subsidiary of PACCAR Inc. DAF trucks are sold and serviced by a network of more than a thousand independent dealerships throughout Europe, the Middle East, Africa, South America, Australia, New Zealand and Asia.

All DAF products are top quality and designed for a variety of purposes. By constantly listening to customers DAF has developed an impressive range of modern products to ensure the lowest operating costs per kilometer in the industry. At DAF we are proud of every DAF truck that leaves our factory. Because we know that we have created a truck that allows the client to effectively manage their business. Because we know that the driver will appreciate the unrivaled comfort and handling. Our love for trucks is in every detail. This is what sets DAF apart from any other truck.

www.daf.ru



Leading the Way in Russian Law

Lidings

Lidings is a leading independent national law firm advising Russian and international companies with different industrial background on all legislative aspects of doing business in Russia and CIS.

We advise market leaders, international investors, representatives of medium and large global businesses interested in entering the Russian and CIS market and in actively implementing a variety of business and commercial projects in Russia.

Our lawyers are highly skilled, multilingual legal experts who hold degrees from the best legal institutions in Russia and abroad. Their expert knowledge of Russian legislation and of the intricacies of Russia's unique business culture has built up Lidings reputation as one of the top law firms in the nation. Lidings is a member of a number of leading professional associations and networks of independent law firms giving our clients direct access to legal experts in almost every jurisdiction in the world: International Lawyers Network, Global Business Lawyer Alliance, British Russian Law Association and Bioglegis (Network of lawyers in Life Sciences).

www.lidings.com



Lipetsk Industrial Special Economic Zone

Lipetsk Industrial Special Economic Zone is one of the most effective localisation platforms in Russia for leading international companies that offers its tenants an extensive package of benefits and competitive advantages – from ready-to-use infrastructure to customs exemptions and comprehensive engineering support.

With years of valuable expertise in the bag Lipetsk SEZ provides exceptional localising conditions and viable routes for world-leading investors to set up a new facility in Russia or continue with sustained growth on the regional market. As of today Lipetsk SEZ hosts an impressive list of globally-renowned names – Honeywell, Schlumberger, Viessmann, OBO Bettermann, Yokohama, Syngenta, Cargill, LANXESS, Lamb Weston/Meijer, DOKA, Kemin Industries, ABB, Fondital, KWS SAAT SE, etc.

Back in 2018 Lipetsk SEZ launched a specialised engineering centre of automated management of remote facilities and processes, still remaining only one of its type in Russian special zones. The centre provides 24/7 operational dispatch management of all engineering systems that significantly enhances the reliability of SEZ networks operation and serves a great cost reduction tool for SEZ tenants. There is no room for complacency until an investor is happy with how their business runs – a philosophy shared by all of the SEZ staff members and earnestly appreciated by SEZ customers.

www.sezlipetsk.ru



PELCOM

PELCOM Dubna Machine-Building factory founded in 2001, is a part of the group established by MALPA TRADING ANSTALT Lichtenstein which includes Lisec (UK & Ireland) Ltd, Lisec America INC., Lisec Middle East Ltd. The main activity of these sister companies is the sales of industrial equipment for glass processing.

PELCOM has its own production facility in Dubna, Moscow region, which has a closed technological cycle: starting from metal cutting and processing, welding, painting, assembling and electrical areas and ending by the technical control and finished products stock. PELCOM has a design department that supports mechanics, electrical engineering, hydraulics, pneumatics, electrics and electronics, software, laser technologies development. The service department has a spare parts stock and provides aftersales services during the guarantee and post-guarantee periods.

In 2013 under the brand of LASCOM the company focused on glass processing by laser. A few laser technologies have been developed and patented, the serial production of the equipment for heated glass production, hollow glass cutting, gasdynamic systems started.

PELCOM is a stable, rapidly developing enterprise offering a wide range of products and services. The main focus is the development and production of complex engineering equipment for glass processing as well as non-standard equipment.

www.pelcom.ru



Smeg

Smeg is an Italian home appliance manufacturer based in Guastalla, near Reggio Emilia in the north of the country. Emilia Romagna in northern Italy is a region of rich history, culture, architecture, design, manufacturing, fashion and food.

Smeg has 18 wholly owned subsidiaries worldwide in Australia, UK, France, Belgium, Netherlands, Germany, Sweden, Denmark, Poland, Spain, Portugal, Russia, Ukraine, Kazakhstan, South Africa, USA, Mozambique and Mexico. Also, overseas offices operating in Hong Kong and Saudi Arabia. And large network of distribution partners all over

the world: Eastern Europe, Scandinavia, the Middle East, Mediterranean countries, North and South Africa, Asia, New Zealand, Canada, Central and Latin America.

Smeg is driven by an entrepreneurial spirit to continually deliver new technologies which improve the preparation of food, entertaining and quality of life. Smeg's state-of-the-art manufacturing plants have the highest quality control standards in Europe and every product produced by Smeg features unique, ground-breaking technology. Smeg is also the only brand devoted to bringing architectural style into the home. We believe that appliances should be beautiful – like a work of art – and customers should be able to choose a style to suit their personality.

www.smeg.ru



WIELTON

WIELTON S.A. is the largest Polish manufacturer of semi-trailers, trailers and car bodies and one of the three leading companies in the industry in Europe with the widest range of semitrailers in the market.

The company offers 12 vehicle groups available in more than 800 configurations.

In production process the company implements modern technologies and takes advantage of the highest quality components and materials.

Now Wielton Group includes the companies in Poland, France, UK, Italy, Germany, Russia, Ukraine, Belarus, with the brands WIELTON, Fruehauf, Lawrence David, Langendorf, Viberti, Wielton AGRO.

WIELTON LLC is the general representative of WIELTON S.A. in the Russian Federation.

The company was founded in 2006, and over the years, the WIELTON brand and the company logo have become common nouns for designating tipper semitrailers – the main type of vehicles supplied to Russia.

www.wielton.ru

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