



Association of European Businesses Quarterly Magazine

**BUSINESS QUARTERLY** 

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#### Security

With AEB updates on: safety and environmental protection, security consulting, environmental legislation, methods to improve security... and more



#### Dear readers,

Safety, health, environment and security is a cross disciplinary area that deals with occupational safety and health issues, business security, as well as environmental protection. It unites many unrelated areas such as public health, occupational medicine & health psychology, health physics, industrial hygiene, toxicology, epidemiology, safety engineering, ergonomics, environmental health, industrial relations, public policy and sociology.

The world is in a state of constant change. Advancements are being made in business, science and technology and many other fields. With this change come certain challenges, these include ways of establishing a successful business, while taking into consideration employee welfare and/or the safety of the surrounding environment.

One now has to contend with issues such as travel and workplace safety; climate change; global warming; conflict, trade and development patterns, as well as the overall effect of a population on environmental and natural resources and vice versa. The International Organisation for Standardisation (ISO) has developed various standards on a variety of subjects; these have become an internationally accepted way of addressing some of these issues. Another quality system is the Good Manufacturing Practice (GMP), these standards are usually adhered to by companies, whose products and services lean towards the medical field. In this issue of the AEB Business Quarterly, you will have a chance to acquaint yourselves with safety, health, environment and security issues.

I take this opportunity to welcome all the Association's new members. The highly unpredictable 2015 is drawing to a close; as we get ready to face a new year, it is the Association's sincere hope that overall 2016 will bring a more stable world economy and success to all players in the global market.

On this final note, let me wish each and every one of you a very Merry Christmas and a prosperous 2016!

Sincerely yours,

## **Frank Schauff**Chief Executive Officer Association of European Businesses



#### Dear readers,

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

Amid the current geopolitical and economic turbulence around the world, including Russia, business is becoming more sensitive and vulnerable to SHES risks. This includes political and regulatory uncertainties, environmental, social and security issues and associated internal and external stakeholder pressure — especially in light of the competition between international and national companies under different "rules of play", where safety, environmental and security performances are becoming not only a regulatory compliance issue or a competitive advantage, but also a critical part of a company's "license to operate" from the perspective of local communities, governments and staff.

On other hand, the role that such risks play in our personal lives is also increasing alongside the growing consumption of natural resources and the associated impacts on the environment, changing public attitudes towards "what is acceptable" when it comes to individual exposure to harmful health & safety factors (particularly in the workplace), increased personal security risks associated with socio-economic downturns, among other factors.

This edition of Business Quarterly magazine covers a selection of the aforementioned topics within the context of the mission of the AEB Safety, Health, Environment & Security Committee – which is to promote best international 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 changes to Russia's SHES legislation, while enhancing the exchange of information between European and Russian business through a common platform.

On this note, I wish you pleasant reading.

Yours sincerely,

#### **Valery Kucherov**

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

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The AEB celebrated its 20th anniversary



The AEB hosted its annual briefing by Igor Artemiev, Head of the Federal Antimonopoly Service

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# Enhancing senior leadership for safety and environmental performance improvement: an approach to sustainable business success



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



**BRIAN KRAUS**Global Director, Safety Performance
Improvement Services, ERM

evelopments being witnessed around the world suggest that safety and environmental performance expectations are rising on the back of declining tolerance for risk in general, tightening regulations and more stringent regulators, and increasing material and reputational consequences in the event of major accidents. The cost of safety failures is increasing, and improvements in performance must

keep pace with rising expectations. This article summarises an approach to improving safety and environmental performance in organisations by influencing senior leadership behaviours.

Over the last decade a number of significant changes in the perceptions of safety and environmental issues by business, publics and governments could have been observed, and these are arising from a variety of sources, including:

- Global, live and direct media coverage of major accidents and environmental incidents food scares, and for example pandemics has created a public awareness that is increasingly nervous, vocal, risk-averse and knowledgeable about the possible consequences of these, although it appears they do not adequately appreciate the probability side of the risk equation.
- The generation now entering the workplace have different attitudes and expectations to work than their predecessors. They have higher expectations, put more emphasis on work/life balance and, although they take risks in their private lives, they are intolerant of others (especially their employers) exposing them to risk.
- As environmental, safety and social issues are coming to the fore, companies are seeking to set that agenda with well-funded attitude-changing worldwide advertising campaigns. Governments, philanthropic organisations and academics are spending heavily on research in the public health and environmental field.

 Efforts by companies to empower and inform their workers about health, safety and environment (HSE) are changing attitudes and acceptable norms in local communities.

These factors underpin the strongly held view that HSE aspects - already a real issue for business - will become a much greater source of risk and opportunity for business in the near term. In fact, the pace of development in these trends will accelerate markedly over the years ahead. How will business sustain its wealth-creating, service-providing commercial success in the light of these powerful developments? This is the question at heart of the sustainability challenge for businesses everywhere, including in Rus-

sia, where organisational HSE culture has been for many decades at a "denial" level. To succeed in meeting the fast-changing expectations, businesses must perform better: that means fewer safety and environmental incidents and accidents, better compliance with stricter regulatory obligations, and reducing the burden on people and the environment arising from their activities. The speed of response to these challenges needs to keep pace with fast-changing expectations.

Naturally, the thrust of companies' efforts to address this challenge will need to be focused on those parts of the organisation which offer the greatest opportunities for improvement. That means focusing on:

- · the parts of operations where performance is weakest;
- · where the greatest risks, most significant non-compliances and greatest impacts on people and the environment are found:
- parts of the organisation which are most likely to be the least engaged in managing their HSE performance and typically the most resistant to change;
- areas that are often led by people who do not appreciate how a poor HSE performance can utterly undermine business success, wreck balance sheets, ruin the careers of senior executives and give rise to terrible consequences for the people who are on the firing line (and their families) when it all goes wrong.

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How can an organisation overcome these very real barriers to sustainable business success? How is it possible to get leaders in those parts of the business where the performance is most troubling to engage in transforming their safety and environmental performance?

The experience of industry professionals suggests that the vast majority of performance improvement initiatives fail to deliver anything like the results expected of them. In the majority of cases, reasons relate to a failure of leadership, and specifically to a lack of desire and ability by leaders to change. However, techniques have been developed that address these very real barriers to performance improvement, by working with teams in the boardroom and on the shop floor to bring about drastic and sustained improvements in HSE performance. The approach creates a strong imperative for change by providing senior leaders with deep insights into the very real and practical vulnerabilities arising from their current engagement in driving safety and environmental aspects. At the same time, it harnesses the leaders' innate and often profoundly effective capabilities to engage with and affect the behaviour of their own people.

The approach incorporates:

- Deep engagements with carefully selected individuals from the operation to jointly observe (and photograph), "at risk" conditions and behaviours in the field, and engaging with the front line to understand why these conditions are arising.
- Engaging one-on-one with senior leaders in the business to understand how they drive mainstream operational performance in the areas they are responsible for and how in practice these approaches contrast with those

they use to address the safety and environmental aspects of the job for their people.

- Employing high impact presentation techniques, using carefully selected photographs of "at risk" conditions and behaviours in the field, sharing insights on the causes of failure (breakdowns in leaders behaviours, processes they use and culture they create), to create a true alignment across the leadership team on the case for change and what that means in practice for the leaders.
- Subsequent design and delivery of high-impact EHS leadership training programmes that enable leaders and staff throughout the organisation to understand and act upon EHS priorities for their company with the ultimate goal to improve safety and environmental performance, achieve cost savings, reduce risk and raise employee awareness and motivation.

No change will happen without getting the people at the top to feel a deep sense of unease about the status quo. And it needs to be personal for them. But that is not enough. Leadership down the line and especially on the front line need to be in the same place: they need to go through their own awakening. By stimulating leaders at all levels to openly consider the awful consequences of poor safety performance, using photographs of their own operations to focus on the actual status of safety and environmental management within their departments, you can take the whole leadership of the organisation to a "fork in the road" where they are forced to make a choice between maintaining the status quo or leading their people in a very different direction.

Once leaders up and down the line really want change, they will almost

always be open to accepting new approaches to help them achieve different and better outcomes. Getting the leaders to pin-point what changes they will personally make is the easy part. We all know what the characteristics of great leadership look like, because we have all worked closely with and been inspired by supervisors who have nurtured our development. And actually all we need to do is adopt more of their best practices, more often, in our interactions with our teams and in the context of the decisions we make.

That covers the fundamentals that a business leader needs to possess in order to take the company's safety and environmental performance to the next level, apart from one crucial aspect the leaders time in the field. Safety and environmental performance happen at the coal face, so that's where leaders need to show up if they are to have any real impact. In order to be effective when they are there, field leaders must be able to recognise HSE hazards and risks. They also need to interact with their staff in a way that cultivates a culture where their people look out for each other.

Coaching senior and operational leaders at all levels of an organisation in this field on these aspects has helped selected companies achieve up to 70% reductions in incident and accident rates - re-emphasising the idea that the enhancement of personal leadership capability to build safety into day-to-day processes and the development of the ability to demonstrate visible safety leadership from front-line level-personnel up to the management teams are the key qualities that will define the role of sustainable leaders in business organisations over the years ahead.

## Thou shalt cause no harm. Safety and environmental protection in Shell



**OLIVIER LAZARE**Country Chair, Shell Exploration & Production Services (RF) B.V.

#### "How many people are you prepared to kill or let suffer from injuries to accomplish the great project that you are undertaking at the moment?"

This may seem a strange question, but it is a fundamental one.

Peter the Great constructed St. Petersburg from nothing, which was a historic accomplishment. But how many people were killed in this project? Historians give a figure of between 10,000 and 30,000 of the 540,000 estimated serfs who worked on the construction site for over eighteen years.

In fact, we do not really know the exact number – simply because nobody counted.

And this is not unique in the history of humanity. Death toll at such great projects, undertaken by European and North American states, as construction of the Suez Canal in the 19<sup>th</sup> century and the Panama Canal in the 20<sup>th</sup> century equals – or even exceeds – that of St. Petersburg.

Would that be acceptable today? Can you imagine starting a project today and accepting that hundreds – let alone thousands – of people would die or be seriously injured in the process? And ultimately... do people working for you count? Do they matter as individuals?

#### **Goal Zero**

In Shell we believe that the only answer to the question of the number of acceptable fatalities or injuries is ZERO. No-one should die or be injured because of the activities they are carrying out for Shell, whether they are company employees, contractors, sub-contractors, or members of communities we work in or close to. And as someone who has worked a long time in this industry — and worked in the field — I can tell you that the reason for that is that everybody counts, everyone matters, from the CEO to a cleaner on

the rig. I want them all go back home safely at the end of their work, and in as good form as they were when they started working for me.

This is fundamental. And it is as simple as that – if you choose not to subscribe to Goal Zero principles – you choose not to work for Shell.

#### Leaders' responsibility

The next questions are: "As a manager, are you responsible for the safety or the people working for you?" and "Is there something you can do to prevent accidents?". I guess most managers will say "yes". You can establish rules, make sure people follow them, train them, etc. But my third question would be: "Do you feel personally responsible for ensuring that NO accident happens?". My guess is that many will say that they are not, that "things happen", any industrial operation has intrinsic safety risks, and "statistically" people get hurt... Statistics seem to prove this: in 2014, according to the Rosstat, 1,456 people were killed in Russia's industry, with some 30,000 suffering lost-time injuries.

Interestingly, when Shell built its massive Gas-to-Liquid (GTL) plant in Qatar a few years ago, up to 50,000 workers were employed on the site. Based on current global industry statistics – not

the statistics of Peter the Great's time – the expectation was that thirteen people would get killed in Qatar GTL construction project.

But how many died as a result of this construction activity? None. And these were workers from many nationalities, with various levels of education and training, doing a massive plant construction work in extreme heat conditions. No one died because the management team decided that it was not acceptable to have any number of people killed in this project. And they took extraordinary measures to make sure that they would succeed. Goal Zero is doable, and it is entirely in our hands as leaders.

#### **Care and discipline**

Safety is the responsibility of each and everyone, and cannot be delegated. Therefore corporate safety culture is critical. The right safety culture means people are not afraid to intervene when they see unsafe conditions and leaders are role-models for everyone.

The two core elements of safety culture are care for people and discipline. Care is about engaging, listening, being open to feedback, intervening, learning from incidents and sharing this knowledge, helping others to follow the rules. Discipline is about leading people to the point where they want to understand the rules and want to follow them: at all levels, without exceptions, without double standards and in all circumstances. Blame and shame as a way to motivate or coerce employees to conform to expectations create fear, resentment and disengagement.

What we learned from the construction of Qatar GTL is that caring about peo-

ple, ensuring good living conditions, and a relentless focus on coaching of all people at the work place with high quality "toolbox talks", where they really get to understand the risks, what to do about them, and how to care for each other, was fundamental.

In 2009, Shell introduced twelve Life-saving rules, targeted at high-risk operations where it was proven that failure to comply has the highest potential for serious injury or death. The rules are mandatory for all, and non-compliance leads to dismissal. They are simple yet vital. Since their introduction the fatality rate has dropped by some 75%.

#### THE LIFE-SAVING RULES

- **1.** Work with a valid work permit when required.
- 2. Conduct gas tests when required.
- **3.** Verify isolation before work begins and use the specified life protecting equipment.
- **4.** Obtain authorisation before entering a confined space.
- **5.** Obtain authorisation before overriding or disabling safety critical equipment.
- **6.** Protect yourself against a fall when working at height.
- 7. Do not walk under a suspended load.
- **8.** Do not smoke outside designated smoking areas.
- **9.** No alcohol or drugs while working or driving.
- **10.** While driving, do not use your phone and do not exceed speed limits.
- **11.** Wear your seat belt.
- **12.** Follow prescribed Journey Management Plan.

#### Safety for environment

Goal Zero is about preventing incidents – all of them. So it can be described as "no harm to people, no leaks to environment". To avoid negative impacts on the environment

- such as leaks - we need our assets to be safe, well operated and maintained. In other words, we must comply with the principle of "asset integrity", which refers to the way we manage our facilities through their complete life cycle. This starts with design integrity (design to reduce risks to ALARP "as low as reasonably practicable") and continues through technical (maintaining hardware) and operating integrity. Operating integrity is about defining and complying with procedures and processes, such as permit to work systems, use of safeguarding systems, the management of change and others.

As an example of ensuring asset integrity – Shell's undersea wells around the globe are designed to be "capped" – i.e. sealed – in the event of an incident, and the external flow controlled, either by shutting in the well or flowing oil to a containment system. Two Shell-owned capping systems – stored in the UK and in Singapore – cover Shell's global portfolio of deep-water wells.

To illustrate what we do to minimise environmental impacts and protect the biodiversity, I would refer to Sakhalin-2 project in the Russian Far East. There is a population of grey whales that were thought to be extinct, but were re-discovered to be feeding in the summer offshore Sakhalin. We took a multimillion dollars decision to reroute pipelines offshore Sakhalin with a sole purpose of not scaring them away from their feeding grounds with construction noise. We set up an independent panel of experts to learn more about these mammals. We had them satellite tagged to find out where they come from. For more than two years we worked with the scientific community to elaborate a

procedure and system for seismic operations, which do not harm or scare away the animals. Today their number slowly but steadily grows: we're good neighbours with them.

#### **Good for business**

Safety and Goal Zero are not something you can achieve once and then keep it for life. It is a journey – and it is highly collaborative by nature.

In our safety improvement journey we discovered that safe business is good business. We are convinced that if you can manage safety, the rest will follow. There is a simple reason for this: working on safety is ensuring that everything goes as it is supposed to

go, that no error, defect or mistake occurs that can hurt someone. Ensuring no defect or error is also what quality management is about. So it's no wonder that a safe operation is also a quality operation.

The Sakhalin-2 is again an excellent example. Sakhalin's LNG plant and oil export terminal have sustained an average production reliability of 98%. We just celebrated seven LTI (lost-time injury) free years this August – very symbolic that it coincided with offloading the 1,000<sup>th</sup> standard LNG cargo since start of LNG plant in 2009 and 400<sup>th</sup> cargo of oil since start of the year-round production in 2008. Moreover, in Sakhalin we went from

having one of our worst road safety records in Shell worldwide ten years ago, to having one of the best today.

Care for people and nature, discipline, compliance and intervention in case of unsafe situations – these are the pillars of our philosophy. With that, we have made steady and significant improvements in Shell's safety and environmental performance. However, we are not completely there yet. Tragically, last year five people worldwide still lost their lives while working for Shell and our contractors. So we will continue this improvement journey until we reach, and stay at, Zero.

It is possible and it is worth it.



## Study of Behaviour Based Safety (BBS) and its significance for EHS policy



**VON VIETINGHOFF-SCHEEL**MSc, MA clinical & organisational

MSc, MA clinical & organisational psychologist, Chairman of the AEB Health & Safety Subcommittee

his article tries to look at the importance of the measurement and structured assessment of Behaviour Based Safety as a key contributor to the H&S strategy of organisations. We all know how strong the drive is towards "Zero" accidents and possibly "Zero" incidents. Most companies have this as a key objective in their mission and value statements but things still do happen. Often due to "human" error, mismanagement of a tool, lack of proper application of procedures or just a lack of engagement.

We know about the importance of RCA procedures (Root Cause Analysis). There are many methodologies and formats for the study of incidents, including near misses. Many organisations follow very strict rules reporting circumstances and situations using very precise protocols. Others are sometimes not as specific nor do they drill down things in as much detail.

It is also a difficult exercise to look at the real root causes of situations and it sometimes appears easier to point at "human" failures where the real cause is in technical or even managerial/structural failures.

#### The larger picture

Why now look is at people's behaviour? How does this matter in the context of safety? The obvious response is that it is what people do or do not do, following rules and guidelines, applying themselves, bringing judgment and analysis to a specific task that makes their action safe or less safe. The dividing line however is not so much a question of "black or white". What people do or do not in a given situation depends on a large number of factors. It is not enough to create clear guidelines, keep people accountable for their acts. There is the

whole issue of motivation, group climate, personal engagement, desire to achieve or even to excel and a lot of that depends much on how the leadership is perceived.

The study of BBS in fact needs to take into consideration all the above factors. Assessments of work processes and how specific people function in normal and maybe less normal, more stressful circumstances are the result of specific observation, scoring people's performances on check lists, have them fill in questionnaires and finally bringing all those observations of a specific "behaviour" in line with what that particular circumstance requires. The motivational and engagement aspects are in this context extremely crucial and determining elements which often do not get enough attention. Specific assessment tools have been designed for observation, self-reporting and quantified measurement specifically aligned with particular tasks.

#### **Next steps**

Above the initial phases of observation and assessment comes the point of interaction with the people concerned. A mirror technique might be applied to let them understand how



they have performed against a background of defined expectations. The aspect of self-corrective action needs to be enforced and activated. Simple techniques, that help people to be reminded of their responsibilities and procedural steps they need to follow, when executing tasks, come into play. Group processes allowing the review of team performance, evaluating individual contributions and team effort against benchmarks.

The continuity of awareness, keeping people vigilant and respectful of specific behaviours, executing tasks is where the difference comes in. This is only achieved if there is a specific and well reinforced "Culture of Safety" to which everybody needs to make its contribution. The climate aspects of a given work situation, presence of pressures and tight deadlines, room for possible

individual variance or absence of that can play a determining role.

Behaviour Based Safety takes place at the shop floor but it comes from top down in the organisation.

#### Work/life balance

Another key point of discussion looking at Behaviour Based Safety is the "Work/Life" balance. Again people's perceptions determine their behaviours and attitudes. It is how you feel and what you can do so that from a health behaviour perspective you are doing things right. Mental and physical "fitness" are key determinants but it is also obvious that nobody is permanently in peak shape. From an organisational perspective, if you take Behaviour Based Safety serious you also need to concern yourself with the "well-being" of those who have

to do things. For this there are very specific and good instruments which provide metrics as much for the individual to help people better understand their health risk behaviours, as much as the metrics allow the organisation to focus time and resources on areas for real improvement. The metrics allow understanding the cost related to ill-health conditions of the workforce and compare such costs to the investments you as an organisation need to make to achieve real improvements. All available studies have shown a positive ROI relation of up to 6 times compared to the investments needed to put a strong strategy into place. Behaviour Based Safety in this context is more than the study of human factors and needs to be seen as a strategic decision from the company to invest in their most valuable capital.

## Implementation of "Responsible Care" Programme at BASF Russia & CIS



**OLEG V. BOCHKOV**Head of Labour and Industrial Safety
Department, BASF Business Centre
Russia and CIS

hough chemistry plays a key role in maintaining and improving the quality of life, this is not always fairly recognised by society. Thus, opinion polls recently performed by the European Chemical Industry Council (CEFIC) demonstrated that a substantial percentage of participants had negative attitude towards the chemical industry. Only less than half of them believe that there are studies under way and technologies are implemented within the industry,

which solve environmental problems. However, this is a good result, as in 1999, the sceptics were about 70%, so the company's work to improve the image has been successful.

Protection of the environment, health and safety are the ultimate priorities for key players of the chemical industry, including BASF. They are fundamental for the company's concept of sustainable development and are recognised as essential principles of business conduct. The concept of Sustainable Development was formulated at the UN conference in Rio de Janeiro in 1992 and entails a process of meeting the economic, environmental and social needs of modern society, giving at the same time the opportunity to achieve their goals for future generations.

Since the new year, BASF has changed its positioning "The Chemical Company" at the "We create chemistry". Expenditures for environmental projects and safety are increasing faster than operating income, as the company sets out to create more environmentally friendly production and, at the same time, to make a breakthrough in the minds of the consumer.

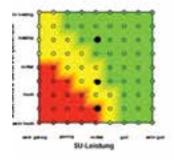
In order to implement this concept, a Responsible Care initiative was developed, a programme of world manufacturers of chemical products, which proposes a number of voluntary measures aimed at preserving the environment and ensuring safety and health. These are the main principles of this programme:

- economic interests do not have a priority over health, safety and environmental protection;
- manufacturing products, which are safe in production, use and destruction:
- minimum impact on the environment during production, storage, transportation and usage;
- assisting consumers in how to use the products safely;
- continuous development of science and technologies to improve safety and environmental protection.

The EHS (Environment, Health, Safety) management system implemented by BASF is based on the so-called Deming Cycle which consists of four steps: Plan-Do-Check-Act (PDCA).

BASF used an integral approach to this goal. First, the concept Sustainable Development became part of





#### Updating of Responsible Care-Standards

Responsible Care Management System, Group Directives, Requirements



#### Global Goals

Yearly external reporting, mid-year internally



#### Implementation of measures for improvement and operational control

Consultation, RC Audits & Data analysis

- BASF strategy we create chemistry for a sustainable future. Second, the progress in environmental protection, health and safety is promoted by the implementation of "Responsible Care"® Management System (RCMS) for the EHS issues in the companies of BASF Group. RCMS was developed as an integrated document for the entire BASF Group. It comprises standards, recommendations and best international practices, and enables the Company management to ensure continuous progress in the EHS sphere. The concept of environmental and industrial safety is based on qualified, properly trained personnel, modern production technologies with the highest safety standards for all countries where BASF has production facilities.
- Responsible Care Codes are implemented at BASF as Management Practices, governing all key elements of the EHS Policy:

- Environmental Protection;
- · Process Safety;
- Emergency Response;
- Product Stewardship;
- Occupational Health;
- Occupational Safety;
- Transportation and Distribution Safety;
- · Communication;
- Security;
- Energy.

The environment protection policy implemented into practice mitigates air emissions and discharges in water, producing less waste, and applying an environment-friendly waste management system. These standards, including the minimisation of waste, are taken into account already at the design stage, thus preventing waste generation, mitigating the amount or recycling it without harm to the environment. Verbund integrated production complexes, being BASF know-how, substantially decrease the impact on the environment

and reduce the consumption of raw materials and energy due to their optimised usage. Intermediate products or products, which previously were considered waste of some production cycle, are used now as raw materials for other production processes operating within the complex.

BASF developed Rules of Safe Design and Operation at plants in order to prevent fire, explosions, emergency emissions of chemicals and other substances hazardous for people and the environment. These Rules suppose the integration of labour and industrial safety requirements beginning from the planning stage and development of plant concept and ending with continuous operations and ongoing maintenance. The Rules include precautionary measures to ensure the safety of contractors.

BASF requires that all BASF Group companies take into consideration the



potential hazards, the impact on health and the environment of newly developed and existing substances, being part of products and raw materials, and to ensure their safe production, transportation, usage and disposal.

Material Safety Data Sheets (MSDS), which exists in different languages for all BASF products, are available both for internal use and for clients and comprise all of the necessary information on the safe handling of these products, and are mandatory at BASF.

We protect the health of our employees in the course of their duties and of visitors and contractors at our sites by operating a management system which includes health checks in accordance with legal regulations and the Medicine and Health Protection Programme in the BASF Group, and health promotional campaigns. Also, mandatory risk assessment for health at workplaces is carried out, including sanitary and hygienic certifications.

An example of a health care campaign is Steps to Health Program. It is aimed at the increase of physical activity of employees during the working day and in their leisure time. The Programme suggests doing it without special fitness equipment, by taking leisurely walks, by using steps instead of elevators and by replacing phone calls with personal meetings when it is possible.

Within the framework of the system of ensuring safe labour conditions, a system of multilayer inspections was implemented, including also a system of scheduled audits of labour safety, health and environmental protection, allowing the identification of potential

risks before they cause an accident. Special attention is paid to the active involvement of employees at all levels of this process, who can inform of any problems or suggest proposals to improve the process or labour conditions. Information sessions take place on a regular basis to make employees aware of the main indicators in the safety area, on incidents in different divisions of the Company, and on the progress in implementing action plans in safety area.

After the implementation of Responsible Care® Programme at BASF facilities in Russia and the CIS in 2008–2015, a significant decrease in total incidents rate was registered, and since 2014 no incidents have been registered.

The Section of Responsible Care® Programme regarding the safe transportation and distribution defines measures

to mitigate potential risk occurring during the transportation and storage of chemicals for company employees, transportation operators and clients.

A 24 hour "hotline" is available at BASF to instant report accidents and emergencies during the transportation of company products. There are specially trained employees within the company's divisions, who are prepared to provide professional assistance on all issues concerning the safety of BASF products, and who are responsible for priority measures in emergency response situations.

The Section of Responsible Care® Programme regarding assurance of safety covers the following issues: safety of people, property, products, processes, information and information systems through ensuring protection against all types of external and internal crimes, sabotage and terrorism. One of the goals for this section is to protect the population against eventual propagation of hazardous substances outside the limits of the plant.





Protection of the environment, health and safety are the ultimate priorities for key players of the chemical industry.

There is a sub-programme within this section, which covers assistance to employees on business assignments. Information on all company employees on business assignments has been introduced in a centralised database, so that in case of necessity it would be possible to provide adequate assistance to such employee in a fast and efficient manner.

Great attention is paid to the importance of enhancing the safety culture. Annual Global Safety Days are an example, and take place in all divisions of the company, as well as the Safety Champions programme aimed at enhancing safety culture.

BASF is not only a production company in our region. A large part of the personnel is involved in the organisation and support of sales of BASF products, and for them offices are the main working places. A substantial number of employees often go on business assignments, or drive corporate cars. For them safety issues are also very much relevant, this is why Responsible Care Management System is not confined to production facilities only, but its principles are actively and successfully implemented in the office environment too. There are programmes in effect concerning driving safety, programmes of office inspections engaging employees in game format, workshops and brainstorming sessions on safety issues.

It is safe to say, that safety is everyone's responsibility at BASF!

## EHS tradition: safety in workplaces – safety in minds



**GERHARD PFEIFER**CEO, OOO Robert Bosch, Russia

An interview with Gerhard Pfeifer, CEO, OOO Robert Bosch Russia.

#### Konstantin von Vitinghoff-Scheel:

Thank you for accepting our invitation to this interview. With the long standing tradition of "Health & Safety" (EHS) at Robert Bosch you are an important partner and a leading example.

**Gerhard Pfeifer:** Thank you also. Indeed, Robert Bosch has a very long tradition in this. Our founder, Robert Bosch already established the associate orientation as a leading principle. Based on this principle the company from its early days has always focused on the health and well-being of its employees. This not only has a moral and ethical side but it translates into some very basic economic facts. More healthy employees are more engaged and productive

and they are less prone to be involved in accidents.

**KvVS:** Does this principle also apply here in Russia?

Mr. Pfeifer: Robert Bosch's leading principles around EHS are an integral part of our worldwide auditing procedures and for that reason are equally applicable everywhere, including our different production sites and our main office here in Moscow. The audit process emphasises "local compliance" i.e. the adaptation of specific local requirements next to the rather strict and high standard directives we have within the company on a worldwide basis.

**KvVS:** Can you give a few examples?

**Mr. Pfeifer:** We need to distinguish the two components "Health" and further "Safety". The latter means a low tolerance for accidents in the workplace. We strive to have the lowest possible level by taking all sorts of precautions from the design aspect of the workflow processes as much as the emphasis on the educational processes for all our employees to respect safety regulations. This also extends to subcontractors, doing work on behalf of our company or executing jobs on our work premises. On the health side of things and based on our organisational philosophy many different things have been done over the years allowing individual employees

to get a better understanding of their personal health and contributing factors. This translates for us to a low level of fluctuation and absenteeism.

**KvVS:** Can you give us some figures and how do you compare to others in industry?

Mr. Pfeifer: Exact data are more difficult, but I can assure that we have absence rates in the lower single-digit range, improving and in line with the investments we make into our people. The turnover is below 5% here in Russia. We make all possible efforts to ensure that we have the same standards and processes on which we also get audited in all of our work locations. Samara is the latest plant we opened and the standards there are very high, the same as in our operations in Germany. Recently we have won an award from an external employer's company as "Best Employer". We also need to consider that our workforce in Russia is considerably young.

**KvVS:** What sort of support do you provide to your employees?

**Mr. Pfeifer:** Through our medical system we offer regular health checks and we work with our EHS and the medical teams on health risk information so that people become more aware. This sort of investment pays off for us in the sense that a lot of our workforce has been with us for a long time. Keeping people



healthy and aware of risk factors has a clear upside for us.

**KvVS:** This leads me to ask about the new fitness facility you have at your new Moscow office.

Mr. Pfeifer: Yes, that is something special. We decided to invest in this as a point of attraction to our new office, translating many of our conceptual intentions. This centre is actually run by an external provider specialised in running such fitness centres. We see a very positive response from our workforce and growing subscription rates. The new office is a conscious effort to address "inspiring working conditions". The physical square metre per employee, the choice of furniture all translate the ergonomic concept, creating a work atmosphere which enhances the com-

Through our medical system we offer regular health checks and we work with our EHS team and the medical on health risk information so that people become more aware.

fort and "feel good" aspects we intended to create. We have a room where people can "chill out", find a moment of rest, we have table soccer for people to socially engage and enjoy. All of this is in the intention to further create a positive atmosphere, enhancing loyalty and engagement.

**KvVS:** This sounds indeed very progressive.

**Mr. Pfeifer:** Another thing we have always invested in is that our employees can purchase Bosch products in our inhouse shop. The point of that is that people take pride in what we /they make and this is another way to give them something back.

**KvVS:** I thank you for your time and willingness to accept this interview.

## Legal problems of a special assessment of working conditions in offices



ANDREY SLEPOV
Senior Associate, Head of the
Employment and Migration Law
Practice Group, BEITEN BURKHARDT
Moscow

tarting from 2014, nearly all employers in the private sector are obliged to conduct a special assessment of working conditions in the workplaces of their employees. One of the main aims of the special assessment is improving the working conditions of employees. Even before the entry of the new law into force, representatives of the Russian Labour Ministry announced that the requirements of the law will not be burdensome for employers that do not have production sites and whose main activities are concentrated in office facilities. However, unlike the predecessor of the special assessment – the attestation of working conditions at workplaces – office workplaces are not exempted in any way from assessment procedures. There is only a transition period until 2018 for the assessment of workplaces that were created before 2014, but this does not apply to newly created workplaces.

Nevertheless, in practice most companies that do not have production sites ignore the requirements of the Federal Law "On Special Assessment of Working Conditions". E.g. very few new workplaces commissioned since 1 January 2014 have been assessed.

One can argue that office workplaces are not subject to special assessment, as there are no hazardous or dangerous factors involved in the work. However, this position is not based on the law. First of all, only the workplaces of home and remote employees are exempted from the special assessment requirements. Secondly, the absence of potential hazardous or dangerous factors in a workplace should be officially declared at least once, which is also part of the special assessment. Thirdly, if a work-related accident occurs (including when an employee is driving a corporate car), an extraordinary assessment should be conducted

irrespective of whether the absence of potential hazardous or dangerous factors was declared or not.

In some situations it is questionable whether a special assessment of office workplaces could result in no hazardous or dangerous working factors being discovered. E.g. the lighting of the work area is identified as a potentially hazardous and/or dangerous factor, but only in a limited number of instances (specifically, when there is a glaring source of light in the workplace or when high-precision work is performed with items smaller than 0.5 mm). However, in practice a number of issues arise regarding the proposed wording. For example, it is unclear whether the sun shining through a window behind an office worker's computer monitor would be considered a glaring source of light, or whether work with digital data using punctuation that may well be smaller than 0.5 mm would fall under the category of high-precision (exacting) work.

It is notable that administrative liability for the failure to conduct a special assessment or violations during the process of assessment (including the timeline, procedure, etc.) is now clearly distinguished from the liability for other violations of labour legisla-



tion and is not at all symbolic. The amount of the fine for a company ranges from 60,000-80,000 roubles (i.e. on average up to 1,000 euros<sup>1</sup>). The amount of the above fine is many times higher than the average cost of services of an agency conducting special assessment of one workplace. However, what is more important is that the amount of the fine may be multiplied by the number of workplaces where special assessment was not conducted without justifiable reasons. E.g. in January 2015 a company with 20 employees relocated to a new office. If a special assessment was not conducted until July 2015, it counts as a violation. In this situation the limitation period only expires in July 2016, and the amount of the cumulative fine may be up to 21,000 euros. A violation may be discovered as a result of an inspection of the labour inspectorate - a schedule of planned audits is

published on the websites of the regional labour inspectorates at the end of each year. The general manager of the company may be also fined and, although the amount of the fine is not significant, each subsequent fine within three years may lead to him/her being banned from entering Russia if he/she is a foreign citizen. A repeated violation of the assessment rules by the general manager or another authorised company official may lead to his/her disqualification for a term of up to three years, irrespective of his/her citizenship.

Last, but not least – even if a company has conducted a special assessment of working conditions according to the law on special assessment and no hazardous or dangerous factors were discovered, this does not guarantee that no inconsistencies will be found as a result of audits by Rospotrebnad-

zor. The reason for this is the lack of harmonisation between the legislation on special assessment and hygiene requirements. The latter in most cases still stick to a concept of absolute safety. E.g. a prolonged work duration on a PC is not normally classified as a hazardous factor during special assessments. At the same time, work on a PC for more than four hours within a working day requires regular medical examinations for employees.

In conclusion, a comparison of the legal risks related to the failure to conduct a special assessment of office workplaces and the costs of the procedure shows that it is worthwhile to conduct a special assessment of workplaces once, to declare their compliance with statutory standards, and then to forget about this procedure in relation to most existing workplaces for a long period of time.

 $<sup>^{\</sup>scriptsize 1}$  According to the official exchange rate of the Central Bank on 30 September 2015.

## Environmental legislation: unexpected barriers and expenses



#### **MIKHAIL DIVOVICH**

Deputy Chairman of the AEB Safety, Health, Environment & Security Committee, Chairman of the Environmental Subcommittee, General Director, ECOTEAM

the second half of 2014, several new environmental legislative acts forced companies plan a substantial and unexpected addition to their expenses. There is a feeling that law-making and law enforcement institutions are trying to test the tolerance of businesses to their new initiatives.

#### State Register of waste disposal facilities

The state Register of waste disposal facilities came into effect on 1 August 2014. There were long talks about this

register and nobody expected that its adoption would cause any problems. However, it transpired that not all the licensed landfills were included in the Register. Several AEB members, wellknown international companies, came to a situation when sending their waste to the licensed landfills which they had used for years and which in one moment became unlawful. In one case, the nearest appropriate landfill included in the Register was found to be 600 km away from the company! In some Russian regions, not a single licensed landfill was included in the Register. The question is: either something is wrong with the licenses, or something is wrong with the register. But in any case it is business that has fallen foul of the strange initiative of the State. In April 2015, the AEB sent a letter describing the situation to the appropriate government bodies, but there is still no answer. Probably, that is because they indeed do not have one. And there is no sign of the situation changing. As a result, one of these well-known international companies has started to plan construction of its own landfill.

#### **Federal Classification Register on waste**

The new Federal Register on waste also introduced new types of wastes.

Representatives of the law enforcement institutions assume that this is the reason for developing new waste passports. But even in the case of the old passports it took months for Rosprirodnadzor to approve them. There is no doubt that approving the new ones will take at least as long. And new passports mean added expenses for businesses.

Moreover, later Rosprirodnadzor issued a letter stating that it would not approve the limits of waste disposal or issue new licenses until all types of wastes produced by company applying for the limits or for a license are included in the federal register of waste. In our experience confirming the hazard class of waste by Rosprirodnadzor takes months if not years. And this is just the first phase of adding a specific type of waste to the federal register of wastes.

Since August 2014, just two additions to the federal register of waste have been adopted<sup>1</sup>. These additions not only added new types of waste to the register, but made some exclusions to it also. For some companies it means that they need to renew their passports again! And during the time while the new waste facilities are added to the

<sup>&</sup>lt;sup>1</sup> Order of Rosprirodnadzor dated 28.04.2015 No. 360 "About changing of the Federal Register of waste, approved by order of Rosprirodnadzor dated 18.07.2014 № 445", Registered at Ministry of Justice of Russia dated 19.05.2015 No. 37321.

Order of Rosprirodnadzor dated 20.07.2015 No. 585 "About changing of the Federal Register of waste, approved by order of Rosprirodnadzor dated 18.07.2014 No. 445", Registered at Ministry of Justice of Russia 13.08.2015 № 38502.



register the companies will have to work without limits of waste and without the necessary licenses. In its turn that means excessive payments (25 times more than regular), fines and some chances for business to be closed by the court. Working without a license also leads to a criminal responsibility.

#### Federal Law No. 458-FL

The Federal Law No. 458-FL amending Federal Law No. 89-FL "On waste from production and consumption" was adopted on 28 December 2014 and came into effect on 1 January 2015. The business community suddenly realised that companies will have to spend a lot of money to comply with the new legislation.

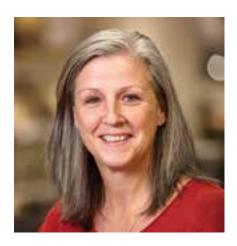
Now companies need to acquire a license for almost all waste management activity including collection, transportation and utilisation of waste and even for recycling their own waste. According to the initial version of the law, all old licenses planned to become invalid on 30 June 2015.

Utilisation fees were also planned to be collected from businesses in 2015. From the beginning of 2015, business associations and selected companies made significant lobbying efforts to postpone the implementation of utilisation fees. The AEB and its Waste Management Working Group played a very active role in this process.

As a result of this activity, old licenses will continue to be valid until 1 January 2019, new licensing will start on 1 January 2016, and finally the implementation of utilisation fees has been postponed (for all goods) for at least one year.

Recent experience should force businesses to establish constant dialogue with the State on environmental issues through professional experts and representatives. Fair rules for businesses without excessive administrative and financial barriers in the sphere of environmental protection would be a good outcome from such a dialogue.

## People & Planet Positive strategy – our responsibility



**EVA STAL**Sustainability Manager,
IKEA Retail Russia

#### Sustainability at IKEA

orking with sustainability is nothing new to IKEA. Not being wasteful and striving to make more from less are basic IKEA values. Excellent form and function, good everyday quality and built-in sustainability at a low price which is affordable are all dimensions of our Democratic Design approach which we apply to all our products. None of these features can ever be excluded as it is simply the way we do business.

Sustainability needs to be a natural part of our business. To make it happen, we are working to integrate our sustainability strategy People & Planet Positive' into everyday work, where all co-workers can contribute and actively challenge IKEA to become people and planet friendly. We believe the com-

mitments in the strategy are ambitious, but achievable. We will try new approaches, push ourselves and possibly make some mistakes along the way. We will always do our best, and we will be open and transparent about our progress and challenges.

To continue our success over the long term, we are convinced there is no way of doing business other than with sustainability. This means rather than simply minimising our negative impact or striving for a neutral impact, we aim to go further and make a positive difference to people and the environment, focusing on the areas where our impact is greatest and where we can make the most difference.

Becoming people and planet positive is an ambitious goal. IKEA is already achieving progress in key areas, for example in the work we do with our partners to support them in implementing more sustainable methods for forestry and cotton production, our substantial investments in renewable energy infrastructure and how we are demonstrating to our customers how to live a more sustainable life at home. However, we know we are at the beginning of a journey and that we still have a long way to go. We will continue to work hard to achieve our ambitious 2020 goals and beyond. Sustainability at IKEA means ensuring environmental, economic and social well-being for today and tomorrow. It means meeting the needs of people and society without compromising the ability of future generations to meet their needs – acting in the long-term interests of the majority of people and not just the few. It is about living within the limits of the planet and protecting the environment. It means promoting a strong, healthy, inclusive and just society where people can prosper and achieve their potential.

#### Summary – People & Planet Positive strategy

- 1. We want to inspire and enable millions of people to live a more sustainable life at home by helping as many people as possible to save money by using less energy and water, and reducing waste. At the same time, they will lessen their negative impact on the environment.
- 2. We want our operations to be more sustainable becoming **resource** and energy independent. We are taking a lead on renewable energy. By 2020, we will only use renewable energy in our own operations and we will use it efficiently. We are committed to using raw materials in a careful and responsible way, and making sure we use production methods that respect the environment.
- **3.** We want to create **a better life for people and communities**. We want to have a positive impact on the lives of the people we impact across our value chain, supporting positive economic, environmental and social development.



ALVSBYN pendant lamp Inspiration comes from fireflies flying around

## Inspire and enable people to live a more sustainable life at home

The IKEA vision is to create a better everyday life. This means a more sustainable everyday life. Our research informs us that many Russians want to live a more sustainable life at home. This means saving money, reducing energy and water consumption and minimising waste. The interest is high but the awareness of solutions to live a more sustainable life is low. IKEA has an important role to play by showing and communicating sustainable solutions to our customers in the stores, IKEA catalogue and other media channels.

The average Russian household spends a substantial part of their disposable income on energy use and approximately 25% of the food purchased ends up as waste. We want to take sustainability into millions of homes by offering the most affordable products that will make it easy for customers to save and generate energy, as well as providing products and solutions that use less water and help customers minimise waste.

Examples of products:

- products that help save energy, such as LED bulbs and induction hobs;
- products that help customers save water, such as water taps and dishwashers;

 products that help customers sort and minimise waste at home, such as waste sorting systems and food storage solutions.

#### Our first milestone – 100% LED lighting

LED is a lighting revolution and IKEA is fully supporting it by having switched the entire lighting range to LED from September 2015. This means that IKEA is now only selling LED lamps and bulbs. LED is a light source which uses 85% less energy than incandescent bulbs which drastically reduces household electricity bills. LED bulbs also have a useful life of up to 20 years.



IKEA PS pendant lamp You can transform the light/shadows by pulling the string

With household electricity bills continuing to rise rapidly and global energy consumption increasing, a switch to LED lighting will have a big impact. Building on our belief that everyone should be able to afford to live more sustainably at home, we offer LED at the lowest price on the market. LED is also a design revolution. The small diodes can be integrated into almost any product. It is possible to design smaller lamps, thinner structures and a more carefully spread light which

will contribute to an existing future for furnishing with light.

#### **Together**

We think companies like IKEA have a very important role to play in creating a better future. We encourage other companies to start to act and support a more sustainable life by offering sustainable products and services — only together we can make the future better for coming generations.

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#### **LED facts** (Light Emitting Diode)

- useful life up to 20 years (25,000 hours) and consume 85% less energy than traditional incandescent bulbs;
- LED bulbs come in almost any shape or size so they can fit your old light fixtures;
- can emit different light colours, from warm to cold daylight;
- reflect colours in a natural way;
- · provide an even light;
- · start up immediately;
- · can be dimmable;
- contain no mercury;
- · can be recycled as electrical waste;
- allow new design solutions;
- if one million people changed one bulb each into LED, this would in terms of reduced CO<sub>2</sub> emissions correspond to taking about 3,900 cars off the road per year. It also corresponds to the yearly household electricity consumption of 4,400 households.

## ROCKWOOL environmental responsibility



MARINA POTOKER
Managing Director,
ROCKWOOL Russia



JAN TUPMAN
Technical Director,
ROCKWOOL Russia



**OLGA ZININA**Safety, Health and Environment Manager,
ROCKWOOL Russia

OCKWOOL Russia is a subdivision of the ROCKWOOL group of companies – a global leader in the production of energy efficient, fire-proof solutions for thermal- and acoustic stone wool insulation. The history of the company began in 1909 when a small family enterprise which grew into a large international business was founded in Denmark. Today ROCKWOOL has 28 factories in 18 countries around the world, four of them situated in Russia.

Having powerful production capacities and long-term experience, the Company has the requisite expertise in the production process of structuring and providing safety for people and the environment.

We discussed environmental responsibility for ROCKWOOL Russia and what

that entails with Marina Potoker, Managing Director, ROCKWOOL Russia, and Jan Tupman, Technical Director, ROCKWOOL Russia.

## Today great attention is paid to ecological issues. What is ROCKWOOL's attitude to environmental protection?

**Marina Potoker (M.P.):** It is a very important issue for us. The main idea of thermal insulation is heat conservation and resource saving. By the way, stone wool is one of the few industrial products that has a positive influence on the environment. Annually ROCKWOOL prevents several million/billion tons  $CO_2$  emissions escaping into the atmosphere, as less fuel is required for heating the buildings we insulate.

## And what is the attitude of the Company to ecology within the frame of legal requirements?

Jan Tupman (J.T.): I would like to add that the implementation of policy in the sphere of ecological management is part of the daily activity of ROCKWOOL. First of all, the Company adheres to state legal requirements. However, very stringent and high ecological standards have been worked out at the Group, and they are often stricter than the legal requirements which are mandatory for the Company.

Ecological safety is closely connected with production safety for ROCKWOOL, and that is why the Company conducted certification on compliance with the international standard ISO 14001, which complies with environmental



protection and with the requirements of labour safety and professional health system OHSAS 18001.

M.P.: It should also be mentioned that ROCKWOOL has long-term plans in the field of ecology, which imply investment programmes. All four factories in Russia have plans for ecological development projects aimed at improving the production processes. Projects such as the construction of a storm water treatment plant, water abstraction systems and subsequent usage in the operation process are initiatives of the Company and will surely reduce the negative influences on the environment.

Is this fully the initiative of the Company headquarters in Denmark or do employees at the local level also participate in decision making? M.P.: We pay great attention to developing ecological responsibility among our employees at all levels. It is important to us that all employees should feel their real participation in the process and don't consider it to be a formality. All employees' initiatives are actively supported as doing their daily work people can find some nonstandard solutions and propose interesting ideas on reducing of possible negative impact on environment.

Marina, at the very beginning of our talk you told us about ROCKWOOL products' positive impact on environment. Tell us, please, about your experience in implementation of resources saving technologies.

**M.P.:** One other area of activity of ROCKWOOL Russia is in the implementation of projects for energy efficient

house construction, based on simple and available energy saving technologies. The first house Green Balance was constructed in Nazarievo village in the Moscow region. This is a unique building for Russia, possessing low energy consumption, a comfortable microclimate, excellent acoustic insulation and modern design.

The second energy efficient house Natural Balance was built in the Tatarstan region.

The first "A+" class house was opened in Belarus in 2015. We took participated in project implementation consulting on thermal and acoustic characteristics, calculating and providing energy efficient stone wool solutions. Under the project, the general energy consumption of the house was evaluated at 52 kWh/m², which is two-times lower than current norms in Belarus.

Jan, you are a professional with great experience of working in the company, not only in Russia but also in Great Britain. In conclusion of our talk, please tell us, have you witnessed any changes in ROCKWOOL's ecological responsibility during your tenor at the company?

J.T.: I have been working in ROCK-WOOL more than 35 years, mostly in the production sphere. Responsibility for the environment has grown considerably during that time and technologies related to pollution control have been improved significantly. I think over the next 35 years the company will continue to demonstrate great innovative success and the next generation will realise importance of natural resource protection.

## Security consulting – an effective tool in crisis prevention. As far as necessary and possible in today's Russia?



Chairman of the AEB Security Subcom-

mittee, Business Development Executive, MIG Business Security Strategies

principal attitude to consultancy in any sphere as with any kind of professional activity is ambiguous in Russia presently. Consulting is perceived by the many as surplus to requirements, increasing the final cost of the goods and services. Basically, on the surface, probably it looks like that. Without going into the root of the matter, more often than not, the consultants are perceived as "advisors making a smart face" and trying to grab their own piece of the pie, having to generate ideas which

are known already, or which have doubtful effectiveness.

There are no shortages of popular anecdotes in the community about such "apologies for counsellors", that in-

On a farm there were decreased milk yields and the cows began to die. It was decided to address this matter to a professional consultant.

 I propose to paint the barn green – advised the consultant.

The farmer thought about it, shrugged, but decided to take this advice. All the same, this is advice from a consultant! They painted the barn, but the cows continued to die. Again they addressed this to the consultant:

- The cows are still dying. What shall we do next?
- Paint yellow circles over the green! this was the new advice.

The farmer painted the yellow circles, but the cows continued to die. Again he approached the consultant:

- Nothing helps! The cows continue to die! What shall I do?
- Paint a red star in each circle the consultant advised after some thought. The farmer painted the stars but as he did so all the cows died...

- What have you advised us?! All the cows have died! - said the farmer to the consultant.
- Wow... What a pity... I have so many more interesting ideas...

There is one more reason for scepticism regard consulting in Russia - the big number of old insuperable stereotypes. Over the years, people developed an approach for problem solving whereby it is accepted advice to rely on one's own experience, knowledge and advice from relatives and friends, rather than to wait for assistance from "extraneous professionals". If you ask anybody in Russia everyone knows how to play football, how to treat yourself properly and how to make security! People talk and write a lot about the situation in Russia concerning football and healthcare. There is less information about issues related to security, but the situation is not in the best condition either. Implementation of modern approaches proceeds very slowly and inefficiently. Often you will hear the following: "We do know what to do! No need to advise us!" Meanwhile, the majority of such "knowledge" is based on old experiences in the absence of professional expertise and an unwillingness to learn something

new and to adapt to the experiences of expertise of others. If you check most universally used duty regulations in Russia today for security guards, you will see that all of them almost word for word are from the Statute of Garrison and Guard Services of the Soviet Armed Forces or from instructions of the Extra Departmental Protection Service of the USSR Interior Ministry. Some people may say: "Why should we invent something new? These are good instructions! It is OK". Someone may call this normal. But today not all the people can assess this as "OK". Life does not stand still. The development of information technology means communication, transportation and other products of scientific and technological progress have led to the formation of new risks and threats that require new tools and approaches to minimise and prevent them. The installation of dozens of video cameras and a security quard to sit in front of a monitor with dozens of pictures - is not "implementation of modern technology", like someone may think. It is more like using a sledge-hammer to crack a nut. It looks spectacular, but it is not effective. To be effective, you need to accurately understand the problem, to choose optimal solutions, to calculate the efficiency and to provide control. And this is the sphere of a professional consultant. That profession, which in Russia is not well formed - a profession of safety experts, of professional security advisors.

One is not born a professional security advisor. This profession is not taught in schools and colleges. Development in this profession takes years, but the foundation for this lies firstly in practical experience in the performance of certain activities (work in manned security, police, army and so forth), followed by active self-learning and learning professional skills via various

training programmes. The situation in this case can be assessed as pretty bad so far in Russia. This can be addressed by a variety of reasons. However, today you don't need to search (or think up!) reasons for the absence of professional security specialists, but we need to find way to effectively optimise the acute shortage of professionals with the knowledge and skills needed to meet modern requirements and challenges. The fact is, that the current situation

To be effective, you need to accurately understand the problem, to choose optimal solutions, to calculate the efficiency and to provide control.

spells trouble for the Russian security market – despite the huge "army" of former soldiers and commanders now working in this sector (this is almost 1,000,000 people!), there are very few people who can be called professional security managers. A lot of performers, but without organisers. In other words: there are many specialists, who know "what to do and how", but do not have a clear idea "what for?" This leads to difficulties in efficiency and complexities implementing new technologies and approaches, and can lead to mis-

understandings among customers and suppliers of goods and services. In particular, the implementation of integrated security systems in Russia is still progressing very slowly. There are a lot of reasons behind this: high costs, lack of specialists, technical difficulties. But in my opinion, the main reason is different: it is a lack of understanding. From one side, a lack of understanding by potential customers, what tasks can be solved by this kind of system, why it is needed, and what benefit can the implementation of such systems bring to the customer. On the other hand it is the lack of a clear understanding of such integrated systems by the manufacturers and system integrators about the real needs of the potential user. A similar situation exists in other aspects of security services provided in Russia: customers communicate directly with suppliers. Thus, the customers are not fully aware of what they need and what solutions could in principle be used to minimise the risks; and suppliers offer what they have, not quite understanding what the client needs, and even if service offered or the product is needed by the customer. More often than not, there is no middleman between the customers and suppliers. But there should be. For this purpose, professional consulting is needed: to establish the needs of the customer, to find optimal solutions, to explain tasks to the suppliers, to organise the required cooperation and to control its effectiveness, making adjustments from time to time, if necessary. Is that possible in Russia today? Fortunately, it is already possible. For nearly of a quarter century in Russia, business firms in the security sphere have appeared for professionals and companies, who have rich practical experience and knowledge, and the ability to learn from international expertise, adapting it to Russian



conditions. Up until now the need to study safety issues was frequently born in the depths of the client company already upon the detection of a specific threat, or - in case of the actual onset of a crisis. At the same time, identification of the source of the threat itself is often incorrect, and the reaction often late. Most of the problems "expand" and develop into the "acute" stage before a safety advisor is consulted. As a consequence of that, the activities of the experts involved in the project take the nature of "fire brigade" in action. Meanwhile, my more than 20 years of experience in the implementation of integrated business security projects

in different companies suggests that

the early warning of a crisis is only

possible under the following conditions:

- regular preventive checks of all aspects of the company in the interest of identifying potential security threats;
- the availability of a source of external expertise, whose task is to see the potential to improve the system of preventing security risks in the company;
- the availability of an official authority and an external consultant as part of the company structure.

A security crisis is easier and less expensive to identifying at emerging than the formative stage, than to liquidate the consequences of its occurrence. In the current period of time, rapid change in the general economic background undoubtedly contributes to the instability of the rules of business security within companies. Macroeconomic instability creates serious obstacles to the development of business and business relationships (including prohibitions, having the status of the law) for conducting certain types of business (sanctions regimes). Economic recession creates the conditions under which businesses are less concerned about increasing revenue, and more focused on minimising costs and losses. The development of corruption and crime on the "new old" rules, creates an additional burden for business, sometimes unbearable, and leads even to bankruptcy. The technological innovations of the new generation provide revolutionary opportunities not only for security reasons but also for new illegal actions against companies.

The realities of modern time are changing the priorities of security, new sources of threats, growth of crisis risks. The new rules require a fresh, integrated vision of the concept of a company's security to revise existing rules and regulations in favour of the needs of the new business surrounding the environment. International practice shows that security consulting is necessary both for companies with their own relevant specialised service (Corporate Security), and to the companies without such services. The only difference is in the spectrum of tasks and form of cooperation.

You are a company with its own corporate security service, dedicated to solving operational tasks? Can your department work better? Are there any threats that are not taken into account during the work of the department and that may cause a potential crises? Does the department use the full potential of current tools and security technologies to the maximum efficiency?

To impartially answer these questions – you need external research. And in order to really "stay on top" of the situation – such research should be regular. Your company does not have its own security service, does it?

It is not a problem – maybe, there is really no need for such a specialist department in your business. However, every company needs to research their security threats, both in external and internal. In the even of un-

earthing objective threats, as part of research, consultants will offer a package of measures for the implementation of the concept of security inside the company, as well as carrying out work which does not require the organisation of internal specialised departments.

In both ways, customer gets obvious advantages, specifically:

- no ambiguity in company activity, a complete understanding of potential security threats and their sources by the company;
- an assessment of the hierarchy of possible risks, the modelling of scenarios, depending on the directions of the development of the external environment, as well as an analysis of current innovative solutions conducive to the safe functioning of the company;
- all security measures are moved from the category of emergencies to planned discharge, which positively affects the cost of solutions and ensures the company's commitment to the planned changes.

As a result, the key benefits from security consulting for the customer are: control and transparency of its own business, savings in the staff structure, in some ways insurance against unexpected events.

Of course, to provide professional consulting services for security it is not enough to be just a well-read expert with practical experience. Unfortunately, it often happens when a very reputable and professional expert in the security sphere are unable to competently provide professional consulting services which, in its turn, entails the discrediting of security consulting as an activity. This happens most

often when the balance of the three core principles for effective cooperation with customers in the provision of such services is not observed.

Meanwhile, these principles are quite simple:

- The presence of experience, skills, knowledge and reputation allows the specialist to objectively estimate the risk map of the business environment, based on an independent view of the problems.
- The use of own (or attracted) expert and analytical resources, frequently inaccessible directly to companies. Engaging of one's own Knowledge Center, in terms of knowledge about the prospects for the development of innovative hardware and technology.
- Cooperation, mutual understanding and mutual trust with the client, as the basis for a thorough check of the information environment of the company, in the status of official partners, whose role is fixed in the contractual obligations of the parties.

If any of these principles are not followed, then the idea of using such a consulting services loses its meaning. This explains the failures of "loneradvisors", when even in the presence of experience, knowledge and reputation, but in the absence of a professional team, are unable to carry out effective professional consulting on security issues. Nevertheless, I can responsibly say that professional consulting on security and safety already exists in Russia! Albeit not on a global scale, but it already exists, works, develops and brings tangible benefits. This means (and let it not seem a too loud statement!) that the Russian market and business in Russia in general are transformed into a more civilised form.

### Security – seven free methods to improve security and cut costs for your business



**DMITRY BUDANOV**CEO, Elite Security

**TIM BOBAK**Senior Consultant, Elite Security

s the economic situation has declined in Russia, many businesses have seen increased levels of theft, security breaches and discovered large internal frauds. Budgets are stretched thinner and thinner, so what can you do to improve the security of your business and help it pass through the economic downturn?

This article will dwell on seven core proposals for improving security while reducing budgets:

#### **Outsourcing**

To cut payroll, licensing and overhead costs you can remove some security functions from your company and outsource. Non-security functions can also be paid for externally via contractors, reducing the burden on company admin and resources.

#### **Whistleblowing**

Create routes for dealing with internal fraud by putting in place procedures and

countermeasures to increase whistleblowing at your company. Allow direct reporting of any major issues to HR and Security departments anonymously via tip box or hotline.

#### Tenders and internal controls

Proper tender processes are often not in place in SMEs and even in some major multinationals, this offers a carte blanche for employees and contractors to defraud the company. Yet this can be solved via organising transparent cross departmental tenders that allow for better compliance and internal controls.

#### Security as added value

Few realise that good security adds value and does not just represent a fixed cost. Good security staff provides business continuity, lower losses and thus raise profitability at their company. However, the pool of good quality managers is small relative to the market. Therefore, go to a trusted

security professional to discuss hires as they have a better understanding of the requirements and methods for adding value.

#### **Technical systems**

The amount of staff in place on a site can be reduced through introduction of technical measures, including CCTV and alarm systems. This ranges from standard access control measures, to implementation of more advanced integrated security products.

#### Help providers help you

The security market is increasingly competitive. If in doubt about a security decision, just ask. All serious providers on the market will provide assistance with site surveys, proposals and consulting. Security companies can assist and work out proposals for free while not stretching the client company's resources.

#### Talk with security department

The more security is brought into the boardroom, the more value it can add with the correct staff and proper providers. As security is increasingly prioritised, staff will respond to the increased feedback and responsibility in a positive manner. However, if security is ignored as a department it will stagnate and not add value to your business.

Therefore, the key piece of advice is to find good security staff and providers, and open a dialogue with them. Despite the industry image, proper security companies and personnel have a lot to offer and can increase profitability for their clients.

#### **AEB News**



We are pleased to announce that Arkady Kerner, Head of Russia and the CIS Department, IBFS united, has joined the AEB Board recently, since Joerg Bongartz, Deutsche Bank Ltd., had resigned from the AEB Board before.

The members of the AEB Board are:

- Michael Akim, Vice-President, ABB Russia;
- Olga Bantsekina, First Deputy Chair of the AEB Board, Chief Representative, Coleman Services UK Ltd.;
- Tobias Luepke, Deputy Chairman & Treasurer of the AEB Board, Partner, Head of the German Business Centre, EY;
- David Gray, Chairman, PwC in Russia;
- Teemu Helppolainen, Deputy Chairman of the AEB Board, Head of Business Area in Russia, YIT;
- Arkady Kerner, Head of Russia and the CIS Department, IBFS united;
- Antonio Linares, Managing Director, ROCA in Russia and CIS;
- Philippe Pegorier, Chairman of the AEB Board, Country President and General Director, Alstom;
- Gerald Sakuler, Individual Member.

Joerg Bongartz, Deutsche Bank Ltd., vacated the position of the Chairman of the AEB Banking Committee due to a new assignment outside Russia. In accordance with the AEB Committee rules, an extraordinary vote to select a new Chairman was held by the Banking Committee.

On 11 November 2015, the AEB Board approved the result of the vote.



Igor Bulantsev, CEO, Nordea Bank, has now been appointed Chairman of the AEB Banking Committee.

#### "The Automotive Industry and Autocomponents Market in Russia"

On 25 August 2015, the AEB in cooperation with the international exhibition operators Messe Frankfurt and ITE organised the 6<sup>th</sup> International Forum IMAF-2015 "The Automotive Industry and Autocomponents Market in Russia", which took place in Moscow. More than 150 delegates participated in the Forum, including representatives of the government, professional associations and manufacturers.

Frank Schauff, AEB CEO, and Eugen Alles, General Director, Messe Frankfurt Rus, made the opening remarks.

Among the key speakers were: Bo Andersson, President, Avtovaz; Kirill Epstein, Director of Automotive components Division, GAZ Group; Marcus Osegowitsch, General Director, Volkswagen Group Rus; Jaron Wiedmaier, General Director of Continental Tires; Nikolay Khodosevich, Deputy Vice President and Director of Production Purchasing, Ford Sollers;



L–R: Frank Schauff, AEB CEO; Alex Zaguskin, Managing Director, AZ Enterprise; Alexander Morozov, Deputy Minister of Industry and Trade; Marcus Osegowitsch, General Director of Volkswagen Group Rus; Bo Andersson, President, Avtovaz; Adil Shirinov, Vice President, Ford Sollers; Kirill Epstein, Managing Director, Gaz Group; Jaron Wiedmaier, General Director, Continental Tires; Andrey Tomyshev, Automotive Sector Leader of EY (CIS).

Andrey Tomyshev, Automotive Sector Leader, EY (CIS); Joerg Bongartz, Chairman of the Board, Deutsche Bank Russia; Sergey Tselikov, Director, AA "Autostat".

Alex Zaguskin, Managing Director, AZ Enterprise, Igor Morzharetto, an automotive expert, and Sergey Tselikov were the moderators of the event.

The participants discussed issues and elaborated on business

opportunities within the Russian automotive industry, including:

- the new stage of the automotive industry in Russia: trends, forecasts, prospects;
- the financing and refinancing of projects in the automobile production industry;
- the secondary components market in Russia;
- the localisation during the economic crisis and so on.

## International Business Forum "Boosting Partnership between Russia and EU Join Projects Free from Politics"

On 3 September 2015, the International Business Forum "Boosting Partnership between Russia and the EU: Join Projects Free from Politics", supported by the AEB took place at Experimental Ring VNIIZhT in Scherbinka.

Philippe Pegorier, Chairman of the AEB Board, and Valentin Gapanovich, Senior Vice President, Russian Railways, moderated the event. Frank Schauff, AEB CEO, was among the speakers. He told about international relations between European and Russian railway companies. He admitted that in challenging times nowadays business should be separated from politics.

Among the topics the participants discussed:

- industrial associations a mechanism for accelerating innovative development and improving the competitiveness of engineering companies;
- development of railways a benchmark for industrial development;

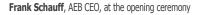


Participants of the forum

- harmonisation of technical regulations, standards and rules in railway transportation between the EU and Customs Union countries;
- the international standard IRIS: extending certification to infrastructure components and improving business efficiency for 1520 manufacturers.

#### International Commercial Vehicle Auto Show "Comtrans"

On 8 September 2015, Frank Schauff, AEB CEO, participated in the opening gala ceremony of International Commercial Vehicle Auto Show "Comtrans". Honoured guests opened the Exhibition with ribboncutting ceremony. During the International Commercial Vehicle Auto Show "Comtrans" business meeting and negotiations also took place.







## The localisation of production in Moscow key success factors for European companies in the new economic environment

On 15 September 2015, the AEB and Moscow Government held the event "The localisation of production in Moscow: key success factors for European companies in the new economic environment".

L–R: **Igor Naymushin**, Head of Government Affairs, Coca-Cola HBC Eurasia; **Igor Titov**, Deputy General Director, Renault Russia; **Stuart Lawson**, Executive Director, E&Y, Chairman of AEB Finance & Investments Committee; **Oleg Bocharov**, Head of the Department of Science, Industrial Policy and Entrepreneurship, Moscow City Government.

The moderator of the event was Stuart Lawson, Executive Director at E&Y, Chairman of the AEB Finance & Investments Committee. Frank Schauff, AEB CEO, delivered a welcome speech. He noted that in recent years the work of investors in Moscow has become more efficient.

Maksim Reshetnikov, Minister of Economic Policy and Development, Moscow City Government, and Oleg Bocharov, Head of the Department of Science, Industrial Policy and Entrepreneurship, Moscow City Government, gave presentations.

Igor Naymushin, Head of Government Affairs, Coca-Cola HBC Eurasia, and Igor Titov, Deputy General Director, Renault Russia, shared their experience of working with the Moscow Government with the event attendees.

#### AEB 20<sup>th</sup> Anniversary concert at the EU Delegation

On the 17 September 2015, H.E. Vygaudas Ušackas, Head of EU Delegation to the Russian Federation, Ambassador, invited the AEB leadership to the concert to commemorate the AEB 20th Anniversary.

L–R: Frank Schauff, AEB CEO; Philippe Pegorier, Chairman of the AEB Board; Mrs. Loreta Ušackiene; H.E. Vygaudas Ušackas, Head of EU Delegation to the Russian Federation, Ambassador; Reiner Hartmann, Chairman of the AEB Board (2006–2014), E.ON Global Commodities SE.





L–R: **Reiner Hartmann**, Chairman of the AEB Board (2006–2014), E.ON Global Commodities SE; **Philippe Pegorier**, Chairman of the AEB Board; **Frank Schauff**, AEB CEO.

#### **AEB 20th Anniversary celebration**

On 24 September 2015, the AEB celebrated its 20<sup>th</sup> anniversary. The celebration was held at the Congress Park at Hotel Radisson Royal Moscow. Frank Schauff, AEB CEO, moderated the event. Philippe Pegorier, Chairman of the AEB Board, made a welcome speech.

He noted that "for 20 years, the AEB has been representing to the best of its abilities the interests of its members, at all European and Russian policy levels, growing from a small-scale "club" of European companies taken by the hand of a few European Union's Embassies and Delegation of the European Commission to the strongest representative of foreign businesses in the Russian Federation".

The guests of honour, including Victor Khristenko, Chairman of the Eurasian Economic Commission Collegium, Stanislav Voskresensky, Deputy Minister of Economic Development of the Russian Federation, Alexey Meshkov, Deputy Minister of

Foreign Affairs of the Russian Federation, H.E. Vygaudas Ušackas, Ambassador, Head of the Delegation of the European Union to Russia, Günter Verheugen, Vice President of the European Commission (2004–2010), congratulated the AEB on its 20<sup>th</sup> anniversary. Alexander Shokhin, President of the Russian Union of Entrepreneurs and Industrialists, also

congratulated the AEB and presented awards to the AEB leadership.

The event continued with a performance by soloists from Novaya Opera and a cocktail party.

We once again express sincere gratitude to our guests, sponsors, official suppliers for participating in this fantastic event!

### **World Bank Briefing**

On 5 October 2015, the AEB invited its members to a briefing by the World Bank based on their Russia's economic report #34. The event was kindly hosted by the British Embassy at the residence of the British Ambassador in Moscow.

This time, Birgit Hansl, World Bank's Lead Economist and Country Sector Coordinator for the Russian Federation, briefed the participants on the following key issues:

- the recent economic developments and the economic outlook in the Russian Federation;
- the Fiscal Implications of an Aging Population and the Diminishing Economic Role of the Natural Resource Sector.

The event was chaired by Frank Schauff, AEB CEO, and Ian Proud, Economic Counsellor at the British Embassy in Moscow.



L–R: **Ian Proud**, Economic Counsellor at the British Embassy in Moscow; **Frank Schauff**, AEB CEO; **Birgit Hansl**, World Bank's Lead Economist and Country Sector Coordinator for the Russian Federation.

# Round table with State Commission for Selection Achievements' Test and Protection

A round table discussion on key issues for improving a variety testing activities was held on 9 October as a part of the Golden Autumn exhibition in the Crocus Expo Centre. The event was organised together with the State Commission for Selection Achievements Test and Protection and the Association of European Businesses (AEB).

The event was attended by 54 participants: the State Commission's central management as well as regional branches, members of the AEB Seed Committee and other representatives of both international and Russian seed-producing companies. All participants took an active part in the discussion.

This event continued the constructive dialogue which began in Tambov at the Seed-trial Operator Day (1–2 July 2015) and stipulated in the Memorandum of Cooperation between the State Commission and the AEB.



L–R: Participants of the event from the AEB and State Commission for Selection Achievements Test and Protection



**Birgit Hansl**, World Bank's Lead Economist and Country Sector Coordinator for the Russian Federation

### **World Bank Briefing in Saint Petersburg**

On 9 October 2015, the AEB North-Western Regional Committee invited its members to a briefing by the World Bank based on their Russia's economic report #34. The event was kindly hosted by the Consulate General of Finland in St. Petersburg. This time, Birgit Hansl, World Bank's Lead Economist and Country Sector Coordinator for the Russian Federation, briefed the participants on the following key issues:

- the recent economic developments and the economic outlook in the Russian Federation;
- the Fiscal Implications of an Aging Population and the Diminishing Economic Role of the Natural Resource Sector.

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

### **Polish Euroreception**

On 15 October 2015, the AEB and the Embassy of Poland in the Russian Federation held the event AEB Polish EuroReception. The Minister Counsellor of Poland Mr. Mirosław Cieślik opened the event with a welcome speech. Philippe Pegorier, Chairman of the AEB Board, thanked the Polish Embassy for inviting AEB members and expressed his hopes for stronger cooperation between the AEB and companies from Poland. Frank Schauff, AEB CEO, announced a number of important upcoming AEB events, and invited everyone present to join them.

The AEB is grateful to all the sponsors who supported the event, and to the Polish Business Club, which helped to organise the EuroReception: Work Service, Dako Professional Team, Bella, Maspex Wostok, Cedo House Holds, Skif Consulting, Yar Security, Odwiert, Rovese, Mago, Nowy Styl Group, TRASKO, LOT, Woseba, JMP Flowers.



L—R: Frank Schauff, AEB CEO; Mr. Mirosław Cieślik, Minister Counsellor of Poland; Philippe Pegorier, Chairman of the AEB Board.



**Gabriel Di Bella**, Resident Representative of the International Monetary Fund in the Russian Federation

### **Briefing by Gabriel Di Bella**

On 21 October 2015, the AEB held a briefing by Gabriel Di Bella, Resident Representative of the International Monetary Fund in the Russian Federation, titled "Russia: Recent Economic Developments & Challenges".

This event marks a most welcome and longstanding six-year tradition. Joerg Bongartz, Chairman of the AEB Banking Committee, Chairman of the Deutsche Bank Board, and Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY, moderated the event and assisted Mr. Di Bella in delivering his briefing to the attendees.

The IMF Resident Representative in Russia talked about the shocks affecting Russia's economy and policy reaction: monetary and fiscal policy responses, the current economic situation, the impact on the region, medium-term challenges, risks and mitigating factors.

The briefing was followed by a questions-and-answers session.

### **AEB Open Doors**

On 26 October 2015, the Association of European Businesses (AEB) opened its doors to potential members. Companies had a good opportunity to get detailed information about AEB membership benefits from the presentations given by Frank Schauff, AEB CEO, Ruslan Kokarev, AEB COO, and Olga Bantsekina, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK.

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

• AEB Loyalty Programme and CRM System:

Vera Prokopenko, AEB Customer Care Manager.

· Committee work:

Svetlana Lomidze, Director of External Affairs, Chief Committee Coordinator.

• Sponsorship & Membership Benefits & Application Procedures:

Svetlana Tolmacheva, Head of Membership and Sales Department;

Natalia Palagina, Business Development Manager.

Marketing, Publications and Advertising Opportunities:
 Anastasia Kondratieva, AEB Marketing, PR and Communications Director;

Mikhail Konishchev, AEB Publications Manager.



L-R: **Ruslan Kokarev**, AEB COO; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK; **Frank Schauff**, AEB CEO.

• Lobbying and Legal Questions:

Maya Limonnikova, AEB Legal Advisor.

• Regional Development:

Olga Pavlyuk, AEB Director for Regional Development.

Work permits via ONE WINDOW at FMS:

Anna Arsentyeva, Work Permit & Visa Manager.

 Voluntary Medical Insurance for AEB members, OJSC Allianz: Dmitry Volkov, Head of SME business;

Vladimir Cherkasov, Key Account Manager; Pavel Ozerov, Head of Marketing.

### "How to protect the environment from negative industrial impact the view of European businesses"

On 27 October 2015, the AEB and the Russian Parliamentary European Club organised a round table meeting: "How to protect the environment from negative industrial impact: the view of European businesses".

Philippe Pegorier, Chairman of the AEB Board, Country President in Russia, Ukraine and Belarus, Alstom, and Andrey Klimov, Chairman of the Board, Russian Parliamentary European Club, Deputy Chairman, Committee for International Affairs of the Council of the Federation, were the co-chairmen of the round table meeting.

Ségolène Royal, Minister of Ecology, Sustainable Development and Energy of the French Republic, and Nuritdin Inamov, Director of International Cooperation Department, Ministry of Natural Resources and Ecology of the Russian Federation, reported on the position of France and Russia regarding the environment protection in the run-up to the COP 21 climate change conference that was going to be held on 30 November–11 December 2015 in Paris.



L–R: **Philippe Pegorier**, Chairman of the AEB Board; **Andrey Klimov**, Chairman of the Board, Russian Parliamentary European Club, Deputy Chairman, Committee for International Affairs of the Council of the Federation; **Ségolène Royal**, Minister of Ecology, Sustainable Development and Energy of the French Republic.

Vincent De Rul, CEO, EDF Fenice Rus, talked about how energy companies can help reduce their environmental impact. Sergey Korotkov, Director of the Centre for International Industrial Cooperation in the Russian Federation, UNIDO, devoted his speech to the implementation of international environmental agreements in Russia and the EEU.

Gonzague De Pirey, General Delegate in Russia, Ukraine and the CIS countries, Saint-Gobain, spoke about the role of European industrial groups in environmental protection.

Mikhail Slipenchuk, Deputy Chairman of the State Duma Committee for Natural Resources, Environment and Ecology, David Campbell, President of BP Russia, Valery Kucherov, Chairman of the AEB Safety, Health, Environment & Security Committee, Partner, ERM Eurasia, and Albert Grigoryan, Head of Representation, ENGIE, took part in a discussion and pointed out the global work on environmental protection should always be on the agenda of both businesses and governments.

Mikhail Yulkin, Director of the NGO Environmental Investment Centre, drew the attention of the participants to the position of Russian business on environmental protection in the run-up to the COP 21 climate change conference in Paris.

The round table meeting was followed by a press conference.



**Boris Titov**, Presidential Commissioner for Entrepreneurs' Rights Protection

### **Briefing by Boris Titov**

On 30 October 2015, Boris Titov, Presidential Commissioner for Entrepreneurs' Rights Protection, briefed AEB members. The event was hosted by the AEB Finance & Investments Committee. It was chaired by Frank Schauff, AEB CEO, and Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY.

During the event Mr. Titov spoke about the report "Economy of growth" and proposals to improve business and investment climate in Russia, as well as about achievements, prospects and barriers in the field of entrepreneurs' rights protection.

He also openly and enthusiastically answered numerous questions regarding business mentality in Russia, import substitution, participatory construction and its insurance, institutes of financing small and medium enterprises, illegal actions of state authorities and others.

## "Energy Efficiency in Industrial & Warehouse Complexes"

On 12 November 2015, the AEB in cooperation with Messe Frankfurt Rus held the IV International Forum "Energy Efficiency in Industrial & Warehouse Complexes" as part of the XXI Exhibition "Interlight Moscow powered by Light+Building 2015". Frank Schauff, AEB CEO, opened the forum with a welcome address. Vincent de Rul, Chairman of the AEB Energy Efficiency Committee, General Director, EDF Fenice Rus, moderated the event. The forum provided its participants with an overview of the industry, its development prospects, problems and possible solutions regarding the following issues:

- Advantages of working in energy efficient warehouses.
- Implementation of the best available innovative technologies in warehouse certification.
- Automatic lighting management & return on investment in warehouses.
- · Complex solutions for logistics centres.
- Energy efficient lighting installation at industrial premises: how to effectively manage operational costs.
- Energy efficiency in the retail segment.

The keynote speakers included Ekaterina Trofimova, Warehouse Manager, TABLOGIX; Ksenia Agapova, Associate Director, JLL; Andrey Golovin, Executive Director, KNX Russia; David Gulnaz-



L-R: Vincent de Rul, Chairman of the AEB Energy Efficiency Committee, General Director, EDF Fenice Rus; Ekaterina Trofimova, Warehouse Manager, TABLOGIX; Ksenia Agapova, Associate Director, JLL; Andrey Golovin, Executive Director, KNX Russia; David Gulnazaryan, HES Business Development Manager, Alfa Laval Potok; Marina Malyutina, Key Account Manager, Philips Lighting; Golsa Fouladinejad, VP Energy and Sustainability Services, Schneider Electric; Anton Gubarev, Building Automation Manager, Legrand.

aryan, HES Business Development Manager, Alfa Laval Potok; Marina Malyutina, Key Account Manager, Philips Lighting; Golsa Fouladinejad, VP Energy and Sustainability Services, Schneider Electric; Anton Gubarev, Building Automation Manager, Legrand. The forum was organised as an open discussion during which the attendees had the opportunity to ask market experts about relevant issues. The event was followed by a speed-dating session. 10-minute direct personal meetings with representatives of AEB member companies from the Energy Efficiency Committee gave the attendees the opportunity to get acquainted with their energy efficiency solutions and share their experience.



L–R: **Igor Burakov**, CEO, Investment Promotion Agency of the Rostov region; **Vasily Golubev**, Governor of the Rostov region; **Philippe Pegorier**, Chairman of the AEB Board; **Frank Schauff**, AEB CEO.

# Presentation of the Rostov region investment potential

On 19 November 2015, the Association of European Businesses held a meeting with Vasily Golubev, Governor of the Rostov region. The event was chaired by Philippe Pegorier, Chairman of the AEB Board, and Frank Schauff, AEB CEO.

The Governor spoke about the investment potential of the Rostov region and its cooperation with European companies.

Igor Burakov, CEO, Investment Promotion Agency of the Rostov region, made a presentation of the investment potential of the Rostov region.

### **Briefing by Igor Artemiev**

On 24 November 2015, the AEB hosted its annual briefing by Igor Artemiev, Head of the Federal Antimonopoly Service, titled "Federal Antimonopoly Service: New developments, plans and prospects". The Briefing was organised by the AEB Legal Committee. Like in previous years, Mr. Artemiev provided comprehensive answers to the questions put forward by member companies of the AEB from different industries.

Topics included issues such as public procurement and related restrictions on foreign manufacturers; parallel imports; compulsory licensing; price regulation in the pharma market; antimonopoly compliance; antimonopoly regulation in the insurance industry; waste management and localisation (including special investment contracts). Mr. Artemiev also touched upon the Code of Conduct for pharmaceutical producers which is being prepared by a special working group within the AEB Health & Pharmaceuticals Committee.

The Association of European Businesses greatly appreciates the fact that Mr. Artemiev always finds time in his busy schedule to hold the regular annual meetings with representatives of European companies in Russia.



Igor Artemiev, Head of the Federal Antimonopoly Service

## **AEB COMMITTEE UPDATES**

### Agribusiness Committee

On 5 October 2015, the AEB Agribusiness Committee, together with the AEB Crop Protection and Seeds Committees, held an open event "The role of European business in the development and modernisation of the Russian agricultural sector", which also included the participation of the mass media.

The focus of the event was to underline the essential contribution made by European companies in various spheres of the Russian agricultural industry – from machinery production and milk and seed enhancement to the transfer of technologies and knowhow. The event also involved the participation of the AEB's partner organisation, VDMA Agricultural Machinery, which sponsored the event together with CLAAS.



L–R: Marina Balabanova, Director Communications and Government Relations, Danone Russia; Michael Ritter, Financial Director, CLAAS, Krasnodar; Alexey Kuznetsov, Production Director, John Deere Rus; Anna Skorobogatova, The GGP Lead CIS, Syngenta, Communications and Information Support Working Group Lead, AEB CP and Seeds Committees; Dirk Seelig, Chairman of the AEB Agribusiness Committee, Sales Director, Deputy General Director, CLAAS Vostok.

### **Crop Protection Committee**



Tatiana Belousovich, GR Manager of the AEB Crop Protection and Seed Committees

On 8 September 2015, the annual International Conference Pesticides organised by CREON Energy (advisory firm in the chemical industry) was held in Hotel Balchug Kempinski in Moscow. Tatiana Belousovich, GR Manager of the AEB Crop Protection and Seed Committees, delivered a presentation on behalf of the committees. This presentation showed the initial results of the survey "Global innovative agro-technologies as a prerequisite for the sustainable development of Russian agriculture: evaluation by Russian farmers and agro-holdings" conducted by Agrostat (market research). The presentation stimulated a lively discussion on the development of the crop protection and seed industries in the conditions of import substitution.



Tatiana Belousovich presenting the results of the pilot project

The results of the pilot project "Collecting and recycling waste pesticide containers in the Voronezh region 2012–2015" were presented by Tatiana Belousovich, Government Relations Manager, Crop Protection & Seeds, AEB, at the First International Recycling Forum (Agricultural Plastics – Potential for Recycling) on 4–6 November in Wiesbaden (Germany).

The forum brought together 120 participants from 22 countries including the European Union, the USA, and Canada. The international experts expressed their full support and approval for the pilot project, organised by the AEB Crop Protection Committee together with the Russian Union of Crop Protection Chemicals Manufacturers. Although the pilot stage is completed, the pesticide producing companies intend to continue fulfilling their responsibilities for waste container management and to implement it in new locations.

### Finance & Investments Committee

On 15 October 2015, the AEB Finance & Investments Committee held the open event "How normal is the new normal?"

At the moment, it is hard to forecast the economic developments and investment climate in the future. This event served as a platform to take stock of the challenges facing companies operating in Russia and to look at how long and deep the crisis may be. The event gave the audience the opportunity to hear the thoughts of the speakers Tobias Luepke, EY, Tom Adshead, Macro-Advisory Ltd, and Arthur Iliev, Clifford Chance, and to discuss with them the prognosis for the Russian economy, government policy, import substitution, the investment climate, sanctions, the free floating rouble, etc. The event was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, EY. The welcome speech was made by Ruslan Kokarev, AEB COO.



L–R: Arthur Iliev, Partner, Clifford Chance; Tom Adshead, COO, Macro-Advisory Ltd; Tobias Luepke, Partner CIS Transaction M&A Law Leader; Head of German Business, EY; Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; Ruslan Kokarev, AEB COO.

### Finance & Investments Committee + Hotels & Tourism Working Group



L-R: **Paul Whelan**, General Manager Russia, MATCH Accommodation 2018; **Jaime Byrom**, Executive Chairman, MATCH Services AG; **Armin Eberhard**, Chairman of the AEB Hotels & Tourism Working Group, General Manager, Renaissance Moscow Monarch Centre Hotel; **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY.

On 10 November 2015, the AEB Finance & Investments Committee and the AEB Hotels & Tourism Working Group held the joint open event "Accommodation and Hospitality at the 2018 FIFA World Cup Russia™".

During the event the audience had the opportunity to get first-hand information on accommodation and hospitality at the 2018 FIFA World Cup Russia™. The event also served as a platform to share ideas and experiences. Jaime Byrom, MATCH Services AG, and Paul Whelan, MATCH Accommodation 2018, answered numerous questions regarding team and referees accommodation, tenders for hotels, transportation and catering, national and FIFA regulations, visa related procedures, ticket distribution and purchase, security and safety at games, etc.

The event was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, EY, and Armin Eberhard, Chairman of the AEB Hotels & Tourism Working Group, General Manager, Renaissance Moscow Monarch Centre Hotel. The welcome speech was made by Ruslan Kokarev, AEB COO.

### **HR** Committee



L—R: **Tatiana Baskina**, Deputy Director General, ANCOR Professional; **Marina Lebedeva**, Engagement and Resourcing Manager, JTI; **Albert Usmanov**, Evangelist, VKontakte; **Dennis Kaminsky**, Chairman of the AEB Recruitment Subcommittee, Partner, FutureToday.

On 8 September 2015, the Recruitment Subcommittee of the AEB HR Committee held its open event "HR in Social Networks".

Looking for job candidates with the skills your company needs can be a challenging responsibility for any HR professional. That's why HR managers, recruiters and hiring managers are now using social networks, which offer certain benefits that can make a big difference in the recruitment process. Social media can also help companies streamline employee engagement, keep an eye on the competition and perform a variety of other HR functions.

At the event, the speakers discussed the following topics: the users of social networks in Russia, tools applied by companies when using social networks for HR purposes, the difference in perception of professional social networks between the recruiter and the candidate, secrets of effective communication in social networks, how to interest the right professional, social networks as a competitive advantage for an employer, best practices of working in social networks. The event was moderated by Dennis Kaminsky, Chairman of the AEB Recruitment Subcommittee, Partner, FutureToday.

On 20 October 2015, the Assessment, Training and Development Sub-Committee of the AEB HR Committee held its open event "Talent Management: Survival Mode?". The participants exchanged views on the challenges related to current talent management and the changes required to the approaches taken by HR specialists in this respect. The event provided a platform for discussing the application of the personal data law and its impact on the use of talent management systems. The experience gained in the "employees teach employees" training programme to boost internal expertise was also covered by the speakers of the event.



L–R: **Alexey Borisov**, Training Manager, Corporate Training and Development, Alfa-Bank; Nadezhda Kuzminskaya, Commercial Director, Experium; **Vladimir Rora**, General Manager, Experium; **Artyom Malayan**, General Manager, Rentacloud; **Irina Zarina**, Chairperson of the AEB Assessment, Training and Development Subcommittee, Managing Director, CEB SHL TMS.



L–R: **Ekaterina Aleksandrova**, Senior HR Consulting Specialist, ManpowerGroup; **Renata Bondareva**, Senior Consultant, Human Capital Solutions; **Maria Romanova**, Senior Consultant, People Advisory Services, EY; **Olga Gracheva**, Chairperson of the AEB Compensation & Benefits Subcommittee, Senior Manager, People Advisory Services, EY; **Michael Germershausen**, Chairman of the AEB HR Committee, Managing Director, Antal Russia.

On 17 November, the AEB HR Committee held its annual business meeting "Overview of Salary Surveys in Russia", organised by the AEB Compensation & Benefits Subcommittee. This is the 19th con-

secutive year the event has been held and it followed a panel discussion format.

Russia's major salary survey providers updated the audience on current trends in Russia's labour market and salary surveys. The following topics were covered by the speakers: remuneration and headcount: actual changes and plans, key approaches on HR-strategy; staff efficiency: management through incentive plans, reduction of company expenses during the crisis, salary reviews during the year, traditional salary surveys from the point of attracting and retaining staff, general guidelines for conducting salary surveys during market turbulence and uncertainty, etc.

The event was moderated by Olga Gracheva, Chairperson of the AEB Compensation & Benefits Subcommittee, Senior Manager, People Advisory Services, EY.

### IT & Telecom Committee



L—R: **Mikhail Kozlov**, Director, Business Platform Project Office; **Olga Rumyantseva**, Rostelecom top manager, Vice President for Corporate & Government Segments; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, Chairman of the Working Group on Data Protection, General Director, Atos; **Frank Schauff**, AEB CEO; **Philippe Pegorier**, Chairman of the AEB Board, President & General Director, Alstom (Russia, Ukraine, Belarus).

On 27 August 2015, the AEB IT & Telecom Committee organised a B2B Meeting with Rostelecom. The moderators of the event were Edgars Puzo, Chairman of the AEB IT & Telecom Committee, Chairman of the Working Group on Data Protection, General Director, Atos, and Frank Schauff, AEB CEO. AEB members were given the unique opportunity to discuss their concerns and proposals about Personal Data Processing with Olga Rumyantseva, Rostelecom top manager, and Vice President for Corporate & Government Segments, and

her colleague Mikhail Kozlov, Director of the Business Platform Project Office. Rostelecom representatives also talked about changes to Federal Law FL-242 on Personal Data Processing, and how to comply with the new requirements after the law enters into force on 1 September 2015.

On 17 November, the AEB IT & Telecom Committee and its Working Group on Data Protection met Alexey Kazakov, Duma Deputy, Member of the Committee on Information Policy, Information Technology and Communications. Issues of common interest were discussed and agreement on cooperation was reached.

L–R: Andrey Sorokin, Detecon; Vadim Perevalov, Baker & McKenzie; Edgars Puzo, Chairman of the AEB IT & Telecoms Committee, Atos; Alexey Kazakov, Duma Deputy; Yulia Labutina, Atos.



### North-Western Regional Committee



**Timo Mikkonen,** Chairman of the AEB North-Western Regional Committee

On 8 October 2015, the AEB North-Western Regional Committee celebrated the AEB 20<sup>th</sup> anniversary at Hotel Corinthia in St. Petersburg. Frank Schauff, AEB CEO, opened the event. He noted that in spite of the difficult times European companies are still working in Russia. Moreover, the companies of the AEB North-Western Regional Committee are continuing to grow their

businesses in the Russian regions.

"I have to say that this has been made possible thanks to the fruitful cooperation and support from the regional and municipal authorities of the Leningrad region and St. Petersburg", said Frank Schauff. Philippe Pegorier, Chairman of the AEB Board, made a welcome speech. He mentioned that the presence of European companies in the Russian North-Western Federal District has substantially risen since 2010. "In September 2010, at the European and Russian Business Forum "Successful Together", the AEB signed a Memorandum of Understanding with the Northern Dimension Business Council. Since then we have been cooperating closely with our partners from the Northern Dimension region", said Philippe Pegorier.

Timo Mikkonen, Chairman of the AEB North-Western Regional Committee moderated the event.

The guests of honour, including Andrey Travnikov, Deputy Plenipotentiary of the RF President in the North-Western region, Luis Portero, Head of the Economic and Trade Section of the EU Delegation to the Russian Federation, and Igor Lonsky, First Deputy Chairman of the Committee for External Relations of St. Petersburg, congratulated the AEB on its 20th anniversary.

The event was followed by a reception.

The sponsors of the event were: Alinga Consulting Group (gold sponsor), YIT and NCC (silver sponsors). The official supplier was Baltika.



Participants of the event

On 12 November 2015, the HR & Migration Subcommittee of the AEB North-Western Regional Committee organised the open event "Anti-crisis solutions to support staff during high business turbulence" in St. Petersburg. The event was devoted to the experience gained by European companies in Russia optimising staff costs during the crisis. The legal viewpoint was provided regarding the new Federal Law "On Outsourcing" FL-116 that will come into force on January 2016. Well-known companies such as Heineken, British-American Tobacco, Coleman Services, Pepeliaev Group, Ahlers, and Beiten Burkhardt were invited to share their views and experience. The event took place at Corinthia Hotel St. Petersburg. The AEB expresses its deepest gratitude to Coleman Services, the gold sponsor of the event.

### Real Estate Committee

On 1 October 2015, the AEB Real Estate Committee held its newly launched conference "AEB Real Estate Day". It was opened by Teemu Helppolainen, Deputy Chairman of the AEB Board, Head of segment, Housing Russia, YIT Group and moderated by: the 1st session – Holger Mueller, Managing Director of the Real Estate Department, PwC; the 2nd session – Tomi Asanti, Head of the Representative office, Sponda Russia; the 3rd session – Antonio Linares, Managing Director, Roca companies in Russia and the CIS. Filippo Baldisserotto, Chairman of the AEB Real Estate Committee, General Director, Stupino 1 Industrial Park, welcomed all the participants and invited them to attend the conference next year. More than 200 delegates attended the event.

The AEB sincerely thanks for sponsoring the event:





Guests of the conference



L–R: Vyacheslav Kholopov, Partner, Director Logistics, Industrial & Land, Knight Frank Russia & CIS; Thomas Devonshire-Griffin, General Manager, JLL Russia and CIS; Holger Mueller, Managing Director of the Real Estate Department, PwC; Denis Sokolov, Partner, Head of Research Department, Cushman & Wakefield; Nikolay Kazansky, Managing Partner, Colliers International Russia.

### Safety, Health, Environment & Security Committee



Participants of the event

On 7 October 2015, the Health & Safety Subcommittee of the AEB Safety, Health, Environment & Security Committee held its regular round table "Best practices in the health and safety sphere in Russia". The event brought together professionals from different industries who shared their practical experiences and

offered a starting point for the discussion to find common solutions to current challenges. Kirill Katalevsky, EHS Director Russia & CIS, Saint-Gobain Construction Products Rus, spoke about his company's safety strategy: "60 seconds to think. Dynamic risk assessment". Alexander Litvinov, Operations Manager, Moscow region, SGS Vostok Limited, presented "In-vehicle monitoring system" and reported on the results of its implementation in SGS Vostok. Alexander Shvedov, Head of business development, Allianz, informed the participants about preventive care and its global trends and local solutions. The round table was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Sub-Committee, Corporate Counselling Services.



Participants of the event

On 18 November, the Health & Safety Subcommittee of the AEB Safety, Health, Environment & Security Committee held its final session of 2015 "Best Practices in the Health and Safety Sphere in Russia". The round table brought together professionals from various industries to share their practical experiences providing a starting point for discussions and finding

common solutions to existing challenges. Sergey Prutyanoy, Labour Safety Manager, Boehringer Ingelheim LLC, spoke about his company's safety programme "High Risk Drivers", Sergey Kosarev, Health & Safety Officer, Deutsche Bank Ltd., gave a presentation on "Production Control in the Office Space? Pros and Cons?", Ekaterina Osorina, LoB Finance Business Development Manager, SAP CIS, reported on the future of occupational medicine – internet of things to support employees health, Konstantin von Vietinghoff-Scheel, Chairman of the AEB Health & Safety Subcommittee, Corporate Counselling Services, concluded the event with a brief report "Measuring Psycho-social Risk Factors in the Workplace! Implications from recent EU-OSHA Directives" and summarised the progress of the Health & Safety Subcommittee during 2015.

### Southern Regional Committee

On 25 September 2015, the AEB Southern Regional Committee organised the conference "Attracting foreign investment to drive the economic development of the Krasnodar region and the city of Krasnodar: experience and prospects" in Krasnodar. The guests were welcomed by H.E. Vygaudas Ušackas, Ambassador, Head of EU Delegation to Russia, Frank Schauff, AEB CEO, Veniamin Kondratiev, Governor of the Krasnodar region, Vladimir Evlanov, Mayor of Krasnodar, Olga Bantsekina, First Deputy Chairperson of the AEB Board, Coleman Services UK. The conference speakers included the heads of companies from the AEB Southern Regional Committee - Gubsky brick factory, Danone, Claas, Monsanto, Nestle Kuban, Philip Morris Kuban. Members of the delegation from Karlsruhe (Germany) and Harbin (China), who visited Krasnodar to participate in the celebration of the City Day on September 26, also took part in the event. The conference brought together the heads of both foreign



L–R: Vladimir Evlanov, Mayor of Krasnodar; Oleg Zharko, Chairman of the AEB Southern Regional Committee.

and Russian businesses, representatives of regional business associations and representatives of state authorities, media, and universities.

### **Taxation Committee**



L–R: Kirill Roubalsky, Dentons; Anton Nikiforov, Pepeliaev Group; Ekaterina Lopatkina, EY; Sofia Taraeva, Tele2 Russia.

On 29 October 2015, the AEB Taxation Committee held a business breakfast meeting "Property taxation: problems and pos-

sible solutions". Dr. Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC, made a welcome speech. The event highlighted recent changes in the property taxation legislation and practical issues of its application. Kirill Roubalsky, Dentons, Ekaterina Lopatkina, EY, Anton Nikiforov, Pepeliaev Group, Sofia Taraeva, Tele2 Russia, Alexander Erasov, Goltsblat BLP, and Alexander Zheglov, Neko, shared their expertise and gave recommendations on cadastral value for property tax purposes, property tax exemption with respect to movable property, regional property tax exemptions and other important property taxation matters.

## MEMBER NEWS

### **ALD Automotive**



# ALD Automotive Russia conducts a Customer Event "Fall in Off-Road Style" on 22 October 2015

It has already become a tradition to meet with our Customers every autumn and we decided to continue this year as well. Our objective was to engage Customers into unforgettable test-drive experience of such vehicles as Jeep Wrangler, new Jeep Renegade, Jeep Cherokee, Jeep Grand Cherokee in true off-road conditions. For this purpose we've selected Jeep Territory — a unique test-drive location established by FCA RUS AO. (Fiat Chrysler Automobiles).

At the end of the event each Customer received a special offer (proposal) and gifts from our Partner – FCA Russia and personalised certificate of passing test drive on Jeep Territory. ALD Automotive Commercial team is always glad to meet Customers to have opportunity to thank them for choosing ALD as supplier of operational leasing.

### Alinga Consulting

In September, Alinga Consulting in association with Podolsky & Klein conducted a free webinar on "Compliance with the Law on Personal Data". What restrictions does the law impose on the existing procedures for companies working with personal data? Where and how can this data may be stored? Denis Vasiliev, partner of Podolsky and Klein, investigated these

questions and discussed with the webinar participants – HR managers, IT specialists and Heads of the Rep offices of the foreign companies accredited in Russia. The participants wanted to continue the discussion at the next webinar planned for October. The registration is already opened.

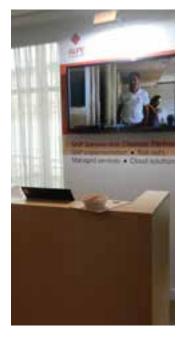
### **ALPE** consulting

### ALPE consulting became a Bronze partner for SAP Trade and Consumer Industries Forum, performed the demonstration of SAP Simple Finance solution, S/4 HANA, and also a new user interface SAP Fiori

SAP Trade and Consumer Industries Forum is an annual event organized by SAP CIS, one of the leaders on corporate aps market. This year around 500 participants and SAP partners visited the Forum. ALPE consulting presented its booth stand where the employees of the company met clients, introduced the services of the company and shared the successful project experience with the audience. ALPE workshop included a closed session for those companies which are considering S/4 HANA proposal. Our experts had performed the migration to HANA database, set up SAP Simple Finance solution and configured the range of Fiori functions in order to demonstrate

the new innovative system in operation. The main advantage of the system is the increase in productivity due to the higher data processing speed compared to previous solutions based on DBMS and also time for report preparation which allows SAP Business Warehouse refuse.

The representatives of manufacturing and commercial companies took part in the discussion and appreciated the advantages of S/4 HANA – the new generation corporate solution.



### ALPE consulting together with SAP CIS held a webinar for engineering enterprises

On 12 November 2015, ALPE consulting, one of the leading IT companies on SAP implementation market and SAP CIS, one of the largest enterprise software companies in the world, held a webinar for engineering enterprises. The interest to ERP systems has greatly increased recently. Many companies, including state-owned enterprises, realize that ERP is the basis for the successful business development. No efficient planning is possible any more without a system of this level.

Natalia Kudryashova, Director of ALPE consulting branch office in Yekaterinburg, presented demo version of SAP ERP system to the participants of the webinar and showed core business processes making emphasis on engineering enterprises.

During the webinar the following topics were covered:

- Production IT structure. The problem of the right choice;
- Solution architecture and its configuration;
- Implementation approaches. Methodology;
- Demonstration of business processes in the system for engineering enterprises:
- SAP ERP integration with CAD/CAM/PDM systems at the production preparation stage;
- Production planning;
- Production maintenance;
- Operational production management;
- Production capitalisation and shipping;
- · Costs accounting and cost assignment.

The webinar invited Production and Strategic development Directors, Specialists responsible for production planning and maintenance.



### **VEGAS LEX**

# VEGAS LEX's expertise has been for the first time recognized by the IFLR1000 2016 Financial and Corporate guide in the Banking category

VEGAS LEX was ranked in more categories in the 2016 edition of International Financial Law Review's IFLR1000, the only publication of its kind that focuses on the leading law firms for corporate finance worldwide.

The IFLR1000 2016 Financial and Corporate rankings\* were published on 9 October 2015. VEGAS EX retained its last year's positions and was recommended as a notable company in the following categories:

- Project finance;
- M&A;
- Restructuring and insolvency Tier 3.



\* The IFLR1000 2016 Financial and Corporate guide includes six ranking categories: Project finance, M&A, Restructuring and insolvency, Banking, Capital markets: Debt, Capital markets: Equity.

## APPOINTMENTS

### **ALD Automotive**



We are pleased to announce that since October 2015, Frederic HAMAIN has been appointed as General Manager of ALD Automotive Russia, a fully owned subsidiary of ALD International (Group Societe Generale), one leader in Fleet Management and Car Leasing.

After obtaining a post graduate diploma

in the university of Lille (France), Frederic has joined the Societe Generale Group and worked in different domains such as Capital Market, Commercial Banking, Specialized Banking Services and Audit. During more than 20 years, his carrier allowed him to develop an international experience in countries such as France, Russia, Poland, Ukraine and China.

### **VEGAS LEX**

## VEGAS LEX CONTINUES ADDING PARTNERS

On 8 October 2015, Head of Litigation practice Kirill Trukhanov was elected a new partner of VEGAS LEX.

"For more than six years Mr. Trukhanov has been a valuable asset in our team, and it has been a pleasure working



with him," Managing partner Alexander Sitnikov said. "We have successfully implemented projects that contributed to the development of Russian law enforcement – such as banking sector disputes, including the Supreme Commercial Court's case decisions on bank guaran-

tees, a major restructuring of the private pension fund that involved disputes on trust management of pension reserves, the recovery of corporate control over the assets of an oil company, and many others. He has earned the confidence of Russian and foreign clients by demonstrating professionalism and originality of thought in solving complex problems, and will continue to defend our clients' legal interests in his new status."

Kirill Trukhanov specialises in commercial disputes in courts across the Russian Federation and international arbitration cases; he is an expert in combating corporate fraud. His professional expertise has been recognised by leading international rating agencies, including The Legal 500 EMEA in 2014 and 2015 (Dispute Resolution), Chambers Europe 2014 and 2015 (Dispute Resolution), Chambers Global 2014 and 2015 (Dispute Resolution) and Best Lawyers 2014 and 2015 (Litigation).

## **NEW MEMBERS**



### **AB Services LLC**

AB Services LLC is a British and US-owned and managed consulting company established to provide exceptional, customer-focused Recruitment and HR Services. Established in Moscow 2011, the company is managed by experienced professionals with over 30 years of management experience in Russia. The company is founded on several principles which are of interest and value to our clients:

- we understand that clients have many choices when it comes to recruitment providers. Accordingly, we value their business and strive to provide service quality that is exceptional;
- our recruiting team are mature, experienced professionals who deliver outstanding results;
- our fees offer exceptional value for money and are successbased.

We offer the full range of recruitment services from finding unique specialists and middle management to Executive Search for C-level candidates. We specialise in the following sectors:

- Accounting and Financial Services;
- FMCG/Retail & Fashion;
- IT and E-commerce;
- Mining, Industrial and Heavy Equipment;
- · Logistics, Supply Chain Management;
- Management Consulting.

Our clients are Multinational and Russian companies for which we have provided recruitment and executive search services, successfully placing many mid and senior-level executives. AB Services has created a genuine customer service culture throughout our organization. You will experience the difference in attitude and results.

#### www.abservices.ru



### **ALP Group**

ALP Group has been operating in the IT services market since 1996. The company provides services in the field of accounting and management automation for enterprises and holdings with the application of "1C" products, and develops and provides servicing of IT and engineering infrastructure, corporate networks, and communication systems. Solutions being developed and serviced by ALP Group specialists are used in 14 countries, including Russia, CIS countries and the Baltic states, and the EU. The company headquarters are located in Moscow, with regional representative offices in Saint Petersburg, Yekaterinburg, and Samara. The company staff exceeds 300 persons, more than 250 of which are certified professionals. The company has partnership relations with leading global vendors such as "1C", IBM, Qlik, HP, Microsoft, Dell, and more. ALP Group is the first official partner of "1C" company in North America. ALP Group's quality management system is based on ISO 9000, PMBoK, ITIL, PSQS (PRO-FESSIONAL Standard Quality System - the methodology developed by "1C"). The company holds a certificate of conformity to the requirements of the ISO 9001:2008 international standard.

www.alp.ru



### **AVTOVAZ**

"AVTOVAZ" is the largest car producer in Russia. Its Togliatti plant is one of the 5 largest car plants in the world. It is the only one of the 46 plants of the Renault-Nissan Alliance, which produces full-cycle vehicles under 4 brands (LADA, Renault, Nissan and Datsun). In autumn 2015, AVTOVAZ starts production of LADA Vesta and LADA XRAY, which will provide a complete update of LADA brand.

www.lada.ru



### Banca Intesa

Banca Intesa is a Russian subsidiary bank of the Intesa Sanpaolo Group, one of the top banking groups in the euro zone and leader in Italy in all business areas. Banca Intesa is a full-service bank. Banca Intesa offers to SME high quality banking products and services: short-term and long-term loans, unsecured loans, loans on acquirable vehicles and commercial mortgages (business mortgage), leasing, letters of credit and guarantees, deposits, cash management services, trade acquiring, payroll programs, online-banking and etc. Along with SME financing, Banca Intesa offers a full range of lending and non-lending banking services to corporate customers. Rich international experience of Intesa Sanpaolo allows Banca Intesa to provide leading Russian and multinational companies with advisory and investment banking services, including service in the capital markets and organization of M&A deals. The Bank supports investment and commercial projects of Italian companies working in Russia as well as Russian firms working in the Italian market. Banking services for individuals include mortgage lending, saving accounts and deposits, cash management, international payment cards and online banking technologies. The Bank offers special programs for employees of the Bank's corporate customers. Regional branch network of the Bank covers 25 Russian regions from Kaliningrad to Vladivostok with more than 50 operational

www.bancaintesa.ru

offices.



### Emerson

Emerson based in St. Louis, Missouri (USA), is a global leader in bringing technology and engineering together to provide innovative solutions for customers in industrial, commercial, and consumer markets around the world. The company is comprised of five business segments: Process Management, Industrial Automation, Network Power, Climate Technologies, and Commercial & Residential Solutions. Sales in fiscal 2011 were \$24.2 billion.

### **Emerson Process Management**

Emerson Process Management, an Emerson business, is a leader in helping businesses automate their production, processing, and distribution in the chemical, oil and gas, refining, pulp and paper, power, water and wastewater treatment, mining and metals, food and beverage, life sciences, and other industries. The company combines superior products and technology with industry-specific engineering, consulting, project management, and maintenance services.

### **Metran IG**

Emerson became an investor and strategic partner of Chelyabinsk-based Metran in 2004 and fully acquired Metran in 2009. Metran designs and produces measurement instrumentation, asset optimization tools, metrological equipment and integrated system solutions. These innovative products are used in the Chelyabinsk region and across Russia and the CIS countries ensuring more effective use of energy resources, improving environmental and technological safety of operations, and helping companies reduce costs and produce high quality products.

### www.emersonprocess.ru



### GDP Quadrat

The company GDP Quadrat is an industrial real estate developer and a joint Russian – German venture with majority participation of MR Group. Industrial district "Stupino Quadrat" is the new large-scale project of industrial development, located in 73 km south of Moscow. The total area is 1200 ha, 200 ha of which are allocated for residential construc-

tion and social infrastructure. STUPINO QUADRAT - 4 industrial parks with cluster division of production types. The RF Government adopted the Decree No. 826 on the creation of the Special Economic Zone of Industrial Production Type "STUPINO QUADRAT". It is the only privately financed project, which received a status of a special economic zone. Our competitive policy is built on the quality-based service. According to the Residents' (of the SEZ) needs we provide not only the land plot with the required infrastructure, but also take care of the construction process, apply for the issue of building and connection permits, provide for human resources recruiting, procure for project financing, consult with legal and tax audit, provide valuable connections with local suppliers. We can also guide through the debris of state and municipal business support measures. Our approach -"Investor concentrates on the business. The rest is our job". www.gdpquadrat.com



### Kerry

Nutrition Systems and Functional Ingredients & Actives for the global food, beverage and pharmaceutical markets. Our unique, integrated approach to customer-specific innovation and product solutions is driven by our technology, market application, culinary and sensory expertise. By leveraging our cross-category experience, we help you grow your business. From beverages to desserts and everything in between, Kerry can help you develop products that are preferred by consumers in your region and around the world. Kerry Centers of Excellence offer customers the opportunity to work alongside food and beverage experts to quickly develop and test consumer-preferred products.

Kerry has the largest, most innovative portfolio of Taste &

We are a global manufacturer and supplier of premium flavors, ingredients and systems for your foodservice needs. With expertise in every aspect of new product development, production and commercialisation, we partner with you to deliver appetizing, relevant and profitable solutions for your business.



### LAMBERTI RUS LLC

LAMBERTI RUS LLC was founded in 2007 as a Russian subsidiary of LAMBERTI SPA – Italian chemical company producing Chemical Specialties for a broad range of industrial applications. Today LAMBERTI RUS is a dynamically and fast-growing company and is an important player in chemical specialties market of Russia and CIS countries. LAMBERTI RUS offers a great variety of products for the following areas: Oil & Gas, Ceramics, Construction, Paints & Coatings, Mining and Civil Engineering, Cosmetics, Agro, Textile. LAMBERTI RUS also provides technical support and delivery of goods to any destination in Russia and CIS upon request. LAMBERTI RUS as a reliable supplier has gained commitment from the customers due to excellent products quality, focus on customer needs, high level technical support, flexible and individual approach. Many key industrial manufacturers and service companies in different production fields successfully use LAMBERTI products.

www.lamberti.ru

## NomisGroup **W**

### Nomisgroup

Nomisgroup is a german Marketing specialist owned by Hans-Dieter Weingärtner with his more then 30 years on experience focused on outstanding individual solutions for different branches. Working with institutional and industrial clients, trade companies or HoReCa, agencies, fashion and lifestyle products, Nomisgroup is acting in four sections as Marketing strategies, Event Management, Promotion and Wine Management in Germany, Russia, and Kazakhstan. We love the challenge.

www.nomisgroup.de

### OLSON CONSULTING

Since 1995, Certified Attorneys at law as well as certified Auditors of Law and Audit firm OLSON CONSULTING have been successfully providing the whole range of legal and audit services in all areas that affect doing business in Russia, ranging from Trade and Corporate Law through Tax and Financial Law as well as Law on intellectual property and Criminal Law. In all above stated areas of law Attorneys at

law of OLSON CONSULTING represent its clients in all Russian state authorities, especially Tax and Customs authorities, Russian Police and Prosecution Offices, as well as in all Russian courts, including arbitration courts. OLSON CONSULTING also performs registration of Russian legal entities and representative offices of foreign legal entities. Accountants of OLSON CONSULTING render pay-roll services and draw up tax declarations for Russian legal entities and representative offices of foreign legal entities. They also draw up income tax declarations for foreign citizens being tax residents of the Russian Federation. Auditors of OLSON CONSULTING provide consulting services on Russians Tax law and Russian Accounting Rules as well as provide annual compulsory audits for Russian legal entities in accordance with Russian Accounting Rules and/or IFRS.



### Podravka

Podravka is an international food company, one of the leading companies in the South East, Central and Eastern Europe, CIS. Its continuous innovativeness enables it to create new, quality products that win the consumers trust around the world. The symbol of Podravka is a heart and it expresses care, heartiness and love - care for consumers and all interested in this company, determination in response to the challenges of the time, feelings and love for Podravka. Following its mission, Podravka offers innovative culinary experience and healthy living solutions for its consumers. Apart from creating numerous brands, and winning many awards and recognitions for the wide range of its business activities, loyalty of its consumers is something that is considered as Podravka's biggest success. Podravka's products are of high quality, they are practical, safe due to selected highquality raw materials, knowledge and modern technological processes. Using the advantages of global and local, they are adjusted to national cuisines, respecting the particularities of local taste. Vegeta, Podravka soups, Lino, Fant, Eva, Dolcela, Fini-Mini, Talianetta, Kviki, Studena and Studenac are some of the well-known brands of the food company. counting Rules and/or IFRS.

www.podravka.com



### Sartorial

Sartorial is a high-end shopping destination where luxury and fashion converge to satisfy the high demands of discerning Gentlemen who desire each and every item in their wardrobe to be unique and special.

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### Schouten Russia

Schouten Russia is a subsidiary of Schouten Global, leader in soft skills, team performance and leadership development and has over 35 years of experience in individual, team and organizational development. With our headquarters in Zaltbommel, the Netherlands Schouten Global operates in over 50 countries and has offices in China, Germany, Russia, Belgium and Poland. Our global network consists of more than 700 experienced trainers, coaches facilitators and consultants.

www.schoutenglobal.ru



### Sergey Frank International GmbH

As an internationally experienced team with a main office in Leipzig and further locations in Berlin, Vienna and Moscow, Sergey Frank International helps its clients develop and improve their international activities. They advise mainly medium-sized enterprises on issues related to International Sales and Distribution, Human Resources and Organisation. Sergey Frank International is active on all global growth markets with an emphasis on Russia as well as Eastern and

South Eastern Europe. All of the company's team members offer an extensive international competence and know how to balance between different worlds, mentalities, economic conditions and requirements. The company was founded in 2010 by Sergey Frank who looks back on more than 25 years of consulting practice as well as relevant industrial experiences in cross-country business. As a Partner of the renowned consulting firm Kienbaum, Sergey Frank also headed their offices in Moscow and London. Sergey Frank International offers consulting services in the following areas:

- Search for and evaluation of distributors and sales partners
- Development of market analysis and strategic sales consulting
- International recruitment of specialists and executives
- Consulting on remuneration issues
- Integration and retention of executives
- Management Appraisals
- Coachings and workshops

www.sergey-frank.com/ru/



### **Vossloh Group**

Vossloh Group is one of the leading companies in rail infrastructure and rail technology. With our longstanding rail expertise and well-established safe, cost-efficient and ecofriendly products, we are a reliable supplier. The rail fasteners developed by Vossloh ensure safe rail traffic in over 65 countries. Vossloh also commands a foremost international position in the market for advanced engineered rail turnouts and crossings. Vossloh is Europe's leading supplier of locomotives along with all-in services. Also available are state-of-the-art (sub)urban trains for a variety of operations. Vossloh develops and produces key electrical components (e.g. hybrid drives) and systems for LRVs and buses.

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