

# Memorandum

Investor Protection Association and Ernst & Young announce the joint Programme

## Independent Director

### Introduction

In Russia corporate governance remains one of the key issues in the development of an efficient business environment.

Current corporate governance practices by managers and controlling shareholders do not meet international standards.

Recent corporate governance recommendations, made within the framework of the 4th OECD/World Bank Corporate Governance Roundtable and the program "Corporate Governance Improvement in Russia", developed by the FCSM of Russia, are aimed at enhancing the role of the Board of Directors in companies and promoting the highest standards of professionalism in Board practices. Independent Non-Executive Directors have an important role to perform on the Board and contribute to the proper governance of companies.

The Investor Protection Association and Ernst & Young are launching the Independent Director Programme to promote the role and contribution of independent non-executive directors.

Through its program of workshops, surveys, seminars, and publications, it aims to assist individual non-executive directors and those responsible for their appointment, to keep abreast of good practice.

**The Investor Protection Association (IPA)** is a leading Russian professional organization whose goal is to consolidate investors and shareholders to improve corporate governance in Russia. The Association includes leading Russian and international strategic investors and fund managers. IPA already has solid experience in providing assistance to the Russian business community in election of independent non-executive directors and promotion of good Board practices, as well as in conducting research programmes.

More information is available on the website: [www.corp-gov.org](http://www.corp-gov.org)

**Ernst & Young** is a leading global professional services firm ([www.ey.com/russia](http://www.ey.com/russia)) with extensive experience in assisting companies and directors in maintaining high corporate governance standards.

Ernst & Young runs a similar initiative in the UK aiming at promoting the role and contribution of independent non-executive directors in British companies. More information is available on the website:

[www.independentdirector.co.uk](http://www.independentdirector.co.uk)

### Independent Director Programme

A new joint programme between IPA and Ernst & Young aims at developing and supporting the role of the independent non-executive director on the Board.

#### Key objectives of the Programme:

**Develop and promote best practice for independent non-executive directors** - using the results of Russian surveys and Ernst & Young experience in other countries, to develop a guide for directors to ensure understanding of the role and contribution of independent non-executive directors.

**Develop a set of standards and practices for independent directors.**

**Create effective business communication for independent non-executive directors and those responsible for their appointment** - this will be followed up with a series of conferences, roundtable discussions and briefings providing opportunities for the independent directors both to hear from those with special expertise in this field and to take part in informed discussion with their peers.

**Develop information support** - the bulletin will form a significant component and regular feature of the Independent Director Programme. Each edition will address different issues of concern and importance to independent non-executive directors and will be based to some extent on subjects being addressed in Surveys and Independent Director events. Contributors will include experienced practitioners, academics, experts and presenters at Independent Director events.

**To support and maintain professional growth of independent non-executive directors** - training courses, workshops, joint initiatives and programs with international organizations.

**To raise public awareness** (government authorities, business and social communities) of corporate governance issues, and

highlight a positive role and contribution of independent directors in the cause of promoting corporate governance improvements.

The Independent Director Programme provides a unique service that focuses primarily on maximising the contribution of independent non-executive directors to the boards of all Russian organisations.

## Implementation

IPA and Ernst & Young will immediately begin the implementation of this joint programme, working along the following main directions:

- Implementation of the Survey Program covering Russian companies' managers and non-executive directors.
- Organization of conferences, round table discussions and briefings.

- Development of the Independent Directors Guide - the set of standards and practices.

- Information support for non-executive directors activity.
- Training and examinations.
- Independent Director Award programme.

Within one year a separate non-commercial organisation will be set up - **Independent Directors Association**. It is expected that Association will move towards a self-funding status via its members after its launch and as it grows and accepts more members.

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