

Press-release

Investor Protection Association and Ernst & Young
announce the joint programme

Independent Director

On October 2, The Investor Protection Association (IPA) and Ernst & Young announce the launch of the joint Independent Director Programme in Russia.

The Independent Director Programme is intended to promote wide understanding of the role and contribution of independent non-executive directors through a programme of targeted events, publications and electronic media. Independent directors are becoming a recognised and important tool in Russia at the level of the Boards of Directors' and gradually becoming incorporated into Russian business practice.

The Independent Director Programme initiative provides a unique service that focuses primarily on maximising the contribution of independent non-executive directors to the boards of all organisations. Ernst & Young and the IPA recognise that there is still a considerable amount of work to be done to ensure that companies of all types and sizes recognise the benefits of appointing non-executive independent directors.

The Independent Director Programme will initiate a programme of workshops, surveys,

seminars, and publications aiming to assist individual non-executive independent directors, and those responsible for their appointment, to keep abreast of good practice. In the UK Ernst & Young's commitment to helping both established and start-up companies to address issues of corporate governance has led to its involvement in The Independent Director - a joint initiative with the UK Institute of Directors aimed at developing and supporting the role of Independent Non-Executive Directors.

The issues surrounding the increased role of Boards of Directors in companies and the maintenance of high professional standards are of more and more concern for both the business community and State authorities. Institutes of independent directors have been established and proven in international countries and have become one of the key elements in building good corporate governance.

Alexander Ikonnikov, Director of the IPA who forms the Executive Body of the Programme with Mark Jarvis from Ernst & Young, stated:

"Effective Independent Non-Executive Directors can optimise

board performance, making Russian companies attractive not only to its current shareholders but also to future investors. They should actively contribute to the success of an enterprise by:

- *Bringing knowledge and experience to the board, whether in the context of the business itself or on matters such as international markets, technology, shareholder relations or public affairs.*
- *Applying a broad, objective view of the company and its markets to the development and evaluation of business strategy.*
- *Enhancing investors confidence by maintaining independence and objectivity, and ensuring the adoption of corporate governance best practice.*

We are sure that the joint IPA and Ernst & Young Programme will make its contribution to better corporate governance in Russia."

Stephen Moosbrugger, the Managing Partner of Ernst & Young in the CIS, stated:

"We are delighted to have forged a partnership with the IPA on this exciting programme.

We have seen many initiatives recently on the subject of Corporate Governance led by the excellent Corporate Governance Code issued by the Federal Securities Commission which we support wholeheartedly. The launch of today's Independent Director Programme is a supporting initiative to such work and is a programme we can add immense value to given our work in the UK with the Institute of Directors. Using our resources globally we have a dedicated team of advisors who:

- Prepare specifications for particular appointments, taking into account the knowledge, skills and experience required as well as the operation, structure and balance of the client's board and its committees.*
- Devise and agree an appropriate search strategy for sourcing people with appropriate skills.*
- Introduce a shortlist of interested and suitable candidates, after a structured contact and assessment programme.*
- Advise on contractual terms and remuneration for the appointment."*

Mark Jarvis, Partner and Managing Director - Corporate Finance of Ernst & Young, who forms the Executive Body of the Independent Directors Programme in Russia with Alexander Ikonnikov of the IPA, added:

"The best non-executive independent directors have a

breadth of view that complements the necessary focus of executive directors involved in the day-to-day running of the business. They are experienced, prepared to challenge the accepted wisdom, and today, Ernst & Young and the IPA launch this programme to develop these ideals in Russia."

Ernst & Young

Ernst & Young is a professional services firm that helps companies identify and capitalize on business opportunities. We are committed to helping our clients succeed. Our 77,000 people in more than 130 countries worldwide provide services in audit, tax, corporate finance, transactions, online security, enterprise risk management, the valuation of intangibles, and other critical business performance issues. Ernst & Young's aim is to provide high-value, consistent and seamless services on a global basis, whether the client is in the entrepreneurial, middle market, large national or multinational sector.

In Russia Ernst & Young employs 300 people and has offices in

Moscow and St. Petersburg. An additional 150 professionals are based in the CIS in offices in Baku, Almaty and Kiev.

Investor Protection Association

The Investor Protection Association is a leading Russian professional organisation whose goal is to consolidate investors and shareholders to strengthen corporate governance in Russia and promote best practices. Association members include domestic and international investors with sizeable investments and considerable work experience on the Russian market.

IPA has long been involved in promotion of independent directors to Boards of Russian issuers in an effort, aimed at improving company efficiency, accountability and transparency. In 2000, 17 independent non-executive directors were appointed to BoDs of 25 Russian enterprises. In 2001, IPA elected directors to BoDs of 38 issuers, including leading oil, energy and telecommunication companies.

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