

## Forward by the Federal Service for Financial Markets

The development of financial markets in Russia is inseparably linked to corporate governance reforms. The quality of corporate governance is one of the key factors affecting the country's investment climate.

Political and macroeconomic stability in Russia have resulted in high rates of economic growth and have created a favorable environment for Russian businesses to shift their strategic focus from short-term to long-term development. Positive changes have also occurred in the legal and regulatory corporate governance framework. New regulations provide for better shareholder rights protection, establish new rules for conducting General Meetings of Shareholders, and significantly improve information disclosure regimes. The national corporate governance standards set forth in the Code of Corporate Conduct have established a comprehensive benchmark for analyzing corporate governance practices and formulating standards of corporate ethics.

Compliance with the provisions of the Code of Corporate Conduct will make companies more transparent and thus attractive to potential investors. Recent developments demonstrate that corporate governance improvements are beginning to be viewed by Russian companies as an important method to gain a competitive advantage. Compliance with corporate law and the provisions of the Code of Corporate Conduct is a necessary precondition for companies to participate in the capital markets and, as a result, reduce their cost of capital.

The Federal Service for the Financial Markets considers the translation of corporate governance principles into company practices as one of its most important tasks.

The Russia Corporate Governance Manual, developed by the International Finance Corporation and the U.S. Department of Commerce, allows Russian companies to better understand the economic value of good corporate governance, and recommends practical steps that companies may take to improve their corporate governance. I am confident that the publication of this Manual will help many Russian companies fulfill their goals and raise capital in financial markets.

O.V. Vjugin,  
Head of Federal Service for the Financial Markets



## Forward by the Ministry of Economic Development and Trade

The need to improve corporate governance is one of the key challenges faced by Russian business today. Better corporate governance, in addition to improved economic performance, allows companies to reduce their financial and operational risks, and significantly raises their attractiveness to investors.

That is why the government of the Russian Federation works systematically to improve the corporate governance framework for Russian companies. Over the period from 2001 to 2002 two fundamental corporate governance documents were published in Russia: the Code of Corporate Conduct and the White Paper on Corporate Governance. The Code of Corporate Conduct is a summary of the key principles of best corporate governance practices, setting a standard for Russian companies on how to develop their own system of corporate conduct and providing practical recommendations on how to implement these principles. The White Paper on Corporate Governance in Russia, published by the OECD together with the Russian Ministry of Economics, offers an overview of the existing state of corporate governance in the country and presents recommendations for policy makers and legislators, as well as best practices for the private sector. The publication of these documents came as a result of a comprehensive analysis of corporate governance standards and practices both in Russia and the developed economies of the West, and marked an important milestone of Russia's integration into the global economy

The Russia Corporate Governance Manual pays significant attention to the recommendations of both the Code of Corporate Conduct and the White Paper on Corporate Governance in Russia, and also provides comments on a number of the most important provisions of said documents.

At the same time the Manual takes into account not only the practices of Russian joint stock companies and the specifics of the national stock market, but also the experience of many other developed and emerging economies. The Manual further offers a vast number of practical examples based on corporate governance practices of many large and well-known international companies.

An international team of Russian and Western experts from the World Bank's International Financial Corporation prepared the Manual. Well known scholars, businessmen, specialists in finance, stock market and corporate law, including experts from the Ministry of Economic Development and Trade of the Russian Federation, participated in the preliminary discussion and reviews of the publication.

We believe that this Manual will help raise awareness of important corporate governance issues, assist our companies in strengthening their competitive position, and become a useful tool for implementing international standards of corporate governance in Russian companies.

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Ministry of Economic  
Development and Trade



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