

The Institute of Risk Management Moscow Regional Group

Minutes of the third meeting

Venue: Basic Element Company office, Moscow, Rochdelskaya str 30

Date: 18th of May 2009

Check in: 7.00 pm

Check out: 9.00 pm

Attendees:

1. Marina Basova (Basic Element Company)
2. Alexey Mitselsky (Basic Element Company)
3. Lyuba Nissenboim (Deloitte)
4. Andrey Mishanov
5. Irina Avdukhova (IBS)
6. Tatiana Bepalova
7. Darya Zubakhina (Comstar)
8. Yakov Yakubovich (MGTS)
9. Igor Mikhailov (MTS)
10. Dmitry Tkachenko (Rostelecom)

Absent:

1. Anatoly Tiuniaev

Agenda:

1. Discussion of Deloitte review of corporate governance systems in Russian companies.
2. Issues for future discussions

Item 1: «Discussion of Deloitte research of corporate governance systems in Russian companies»

Lyuba Nissenboim on behalf of Deloitte briefly outlined key conclusions of the research carried out in March-April 2009 among the largest telecommunication, energy, finance and retail Russian companies. It was noted that in regard to risk management most companies pointed out the growing role of risk management and its importance as well as importance of corporate governance as a whole.

The issues related to risk management implementation were further discussed. It was noted that right tone of the top and senior management buy-in were among the most crucial points at the early stage of risk management system development. However it was further noted that often senior management lacks clear understanding of the purpose of implementing risk management system.

The risk management models used by the attendees were also discussed. It was noted that despite of the fact the most companies use COSO ERM model its utility and correctness are still under discussion. It was further noted that some companies tend to simplify COSO ERM model especially in regard to risk assessment and to narrow the scope of business processes where risks are identified.

The distinctions and resemblance between risk management, internal audit and internal control functions were discussed. It was noted that due to close interrelation of these functions and subjective perception of their essence some companies cannot draw clear line between them.

It was further noted that the key functions of risk manager in modern Russian company are communicative one, i.e. assistance in resolving issues of cross-functional nature as well as possibility to raise “difficult” issues and operational risks from the bottom of the company to senior management level.

Item 2: « Issues for future discussions»

It was noted that as most of the attendees work for large multilevel holding companies the issue of effective and efficient risk management infrastructure and reporting system in such companies is vital for effective and efficient managing risks at each level.

It was resolved to discuss the issue of setting risk management system in multilevel holding companies and to invite risk managers who possess corresponding experience in large Russian companies to the next Group meeting.

There being no further business, the meeting was terminated.

The Chairman of IRM Moscow Regional Group

Marina Basova