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**THE RESULTS OF THE 2015 SURVEY OF
INVESTORS PRIORITIES FOR
IMPLEMENTATION OF THE RUSSIAN
CORPORATE GOVERNANCE CODE**

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This Report presents the results of the 2015 Survey carried out by the OECD Russia Corporate Governance Roundtable to collect the views of investors' on the priority areas of the Russian Code of Corporate Governance, adopted in 2014. The aim of the study is to offer investors' feedback to facilitate the efforts of Russian issuers to implement the new Code.

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Introduction

1. The OECD Russia Corporate Governance Roundtable (the Roundtable) was launched in December 2011 by the OECD and the Moscow Exchange (MOEX)² building on longstanding co-operation between Russia and the OECD in corporate governance that dates well into the nineties. During 2013, the Roundtable supported the Russian corporate governance community in their efforts to update the 2002 Code of Corporate Conduct.

2. Throughout the revision process, which extended for over one year, the Roundtable facilitated dialogue between several stakeholder groups, experts and authorities that provided inputs to the work of the Expert Panel on Corporate Governance under the Federal Service for Financial Markets which drafted a new version. This helped shaping the current text, which was adopted by the Bank of Russia in 2014 under the new title of Code of Corporate Governance (the Code). The challenge now is to achieve a good implementation, reporting and monitoring of this Code.

3. As the Roundtable has discussed already,³ this remains an extremely difficult task. To provide guidance to Russian companies on where to start the implementation process, the OECD Russia Corporate Governance Roundtable carried out a survey in 2015 on investors' priorities for implementation. Every principle of the Code requires implementation over time and it may, indeed, take years to reach full coverage of all recommendations. However, the aim of this survey was to identify which provisions of the Code require the most urgent attention. This report presents the results of the survey and puts them in the context of similar survey conducted recently.

Overview of recent investor surveys on corporate governance in Russia

4. In the last few years, a number of surveys have been carried out to collect the perceptions and the priorities of institutional investors towards corporate governance developments and practices in Russia. The shared ambition has been, on the one hand, to better understand what are the key factors (challenges, strengths or improvements, either accomplished or pending) that motivate investment decisions in the Russian market and, on the other hand, to provide feedback to companies regarding the assessment by investors of their corporate governance practices.

5. In 2012, J.P. Morgan carried out a telephone survey of 40 companies⁴ investing in Russia from the US, UK, Canada and a number of countries in Europe. The main objective was to understand how

² In 2015, the OECD and MOEX reaffirmed their joint commitment to promote better corporate governance in Russia with the signing of a Memorandum of Agreement to conduct joint activities under the Roundtable through 2017. In addition, the Roundtable received a three-year grant under the Siemens Integrity Initiative to promote business integrity grounded in strong corporate governance frameworks.

³ See http://www.oecd.org/daf/ca/2013OECDRussiaCorporateGovernanceRoundtableCorporateGovernanceCode_s.pdf and <http://www.oecd.org/daf/ca/2013OECDRussiaCorporateGovernanceRoundtableEuropeanCodesEng.pdf>.

⁴ The survey is available at: https://www.jpmorgan.com/cm/BlobServer/Investor_Opinions_of_Russian_Companies.pdf?blobkey=id&blobwhere=1320583245366&blobheader=application/pdf&blobheadername1=Cache-Control&blobheadervalue1=private&blobcol=urldata&blobtable=MungoBlobs.

investors' dispositions towards Russian equities could be improved. The results of the Survey showed clearly that the improvement of the corporate governance would make Russian market significantly more attractive for the investors. For example, 40% of respondents considered that improvement of corporate governance is a key in competing for Emerging Markets' investors. Poor corporate governance was also considered the second major risk in investing in Russia. Moreover, Russian corporate governance received 1.8 average score (out of 5) which is quite a poor result. Investors mentioned a number of problems resolving which could significantly improve the corporate governance. Among them were, for example, insufficient access to senior management, poor English translations of companies' reports and earnings calls as well as the need to upgrade the websites and establish diverse board structures with genuinely independent members. Three out of four investors mentioned the need of improvements regarding equal treatment of minority shareholders and decreasing the government's role in determining corporate decisions.

6. In 2013, the OECD Russia Corporate Governance Roundtable conducted a survey of opinions of institutional investors to support the efforts of the Russian corporate governance community to update the 2002 Russian Code of Conduct and produce what is now the 2014 Russian Code of Corporate Governance. In that survey, the Roundtable asked what should be the key reforms that could be included in the update of the Code to improve the attractiveness of the Russian market. Thirty two investment institutions from eight countries accepted the invitation. They held collectively about US\$4.9 trillion assets under management ("AUM") representing equities, corporate debt and sovereign debt with actual or potential exposure to the Russian securities market.⁵ The results showed that investors were predominantly concerned about safeguarding the interests of minority shareholders and providing them with the effective means to exercise their rights, so as to ensure that 1) powerful controlling or block shareholders operate in accordance with good governance principles, 2) minority shareholders enjoy fair and equitable treatment, and 3) minority shareholders may obtain effective redress in such cases where their interests may be at risk. These recommendations were taken into consideration in the update of the Code.

7. In 2014, the survey⁶ by the National Corporate Governance Council and Deloitte CIS Centre for Corporate Governance concluded that investor's relationship, financial and operating information disclosure and participation of the board in setting the strategy of the company are considered to be the topical issues of corporate governance in Russia. The main weaknesses cited by the respondents were board effectiveness, management liabilities and expansion of the rights of investors and shareholders as well as their interests' protection. Three quarters of respondents considered that many Russian firms still have no clear balance between issuers' and investors' interests. Investors suggested that transparent dialogue with shareholders, increasing the number of independent directors and achieving a more balanced selection of board members could stabilize this equilibrium.

8. In 2014, Moscow Stock Exchange (MOEX) conducted a survey in preparation of a "premium listing segment" (the Novy Rynok project). The survey, including Russian and foreign market participants⁷ revealed a positive connection in the investors' perceptions between the improvements in corporate governance and the value of companies.

⁵ See <http://www.oecd.org/daf/ca/InternationalInvestorsCommentsPaperKarinaLitvacksEnglish.pdf>

⁶ Porshakov S, O. Shvyrkov and E. Chumakova (2014), "Contemporary Corporate Governance Practices: the Views of Investors and Issuers".

⁷ Derisheva O. and E. Pastukhova (2014), "*The role of the Moscow Exchange in setting corporate governance standards on the Russian capital market*".

9. A recent investors' survey conducted by the Horizon Investment Group⁸ concluded that, corporate governance plays an increasingly important role in Russia for investor relations. The survey included twenty two international investment companies and revealed that more than 70% of the respondents consider insufficient the amount of information that Russian companies provide to conduct the assessment of corporate governance. Importantly, although not surprisingly, the survey results showed that corporate governance is evaluated both before the purchase of a company's securities, and later during the monitoring of the asset. Particular attention was said to be paid to the activities of the board of directors, executive bodies and key management, and especially to its independence.

10. Overall, it is evident that the corporate governance framework has become an important subject to the investment institutions when they are making investment decisions. The topics of particular importance include independence of the board of directors, transparent dialogue with shareholders and respect of minority shareholders as well as high-quality English translations of the most important company documents.

Results of the 2015 Survey of investors' perceptions

11. Many of the issues mentioned in the previous chapter are addressed in the new Russian Corporate Governance Code, adopted by the Government of the Russian Federation in 2014. A letter of the Central Bank of Russia No 06-52/2825 required all listed joint-stock companies to disclose information on the Code compliance in their Annual Report or in a separate publicly available document.

12. In order to support the implementation of the Code, the Roundtable conducted a survey of investors trying to assess what are their priorities for implementation, understanding that it may take years for issuers to fully meet the requirements of the Code. This exercise also proved useful to disseminate the information about the adoption of the Code among investors. The online Survey was conducted during September 2015. This exercise is a follow-up to the similar survey conducted in 2013 when a large number of institutional investors shared their views by submitting written comments and letters of support with respect to the updating of the 2002 Code.

13. The 2015 Survey was sent to more than 160 different investors in early September 2015. Approximately one month was given to answer the questions. The main aim was to identify which provisions of the Code would render investments in Russia more attractive. This information can help companies to define priorities in the Code implementation actions, make this process more efficient and better respond to investors' top concerns.

14. The 2015 Survey was structured as follows:

- The first section included general questions about the company and the respondent, i.e. AUM managed by the company or the current role of the respondent in the organisation. Provided that the respondent's company is investing in Russia, supplementary questions were asked (such as, current level of investment in Russia or for how long has the company been investing in Russian equities).
- The remaining questions were separated to two other sections and devoted to the Code's main principles and recommendations.

⁸ Horizon Investment Group (2015), presentation "IRCG (Investor Relations - Corporate Governance) vs IR – new agenda".

- In the second section, the investors were invited to share their views on the seven main areas of corporate governance included in the seven different chapters of the Code. The respondents could attribute high, medium or low-priority to each area (i.e. equal treatment of shareholders or the functioning of the board).
- The third section offered additional questions only on those areas where investors had listed a high priority. Investors were invited to choose which principles in the each area should receive high priority for implementation.
- The fourth section offered additional questions only regarding those principles that investors had listed a high priority. Here, the survey presented the main recommendations offered by the Code to implement those high-priority principles, and invited respondents to assess how strong or weak those recommendations are as a means to implement them. Respondent could choose to rate specific recommendations as strong, neutral or weak.
- Finally, investors were also given the opportunity to suggest additional recommendations that could help issuers better implement high-priority Principles of the Code.

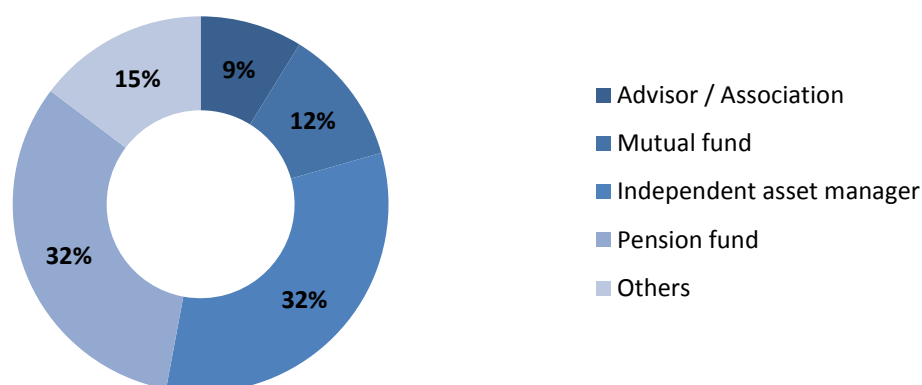
15. The next section presents the main results of the 2015 Survey. Firstly, the profile of the investors and their companies will be given. It is followed by the description of the investors' views on the seven corporate governance topics according to the level of importance that was attributed to them by the respondents.

General information about the respondent and the company

16. The 2015 Survey was addressed to more than 160 investment institutions from different countries all over the world. The response rate was only 20%, with 35 respondents. Five of them did not fully complete the Survey; nevertheless, the completeness of their answers permitted their inclusion to the results.

17. Most of the participating companies were pension funds and independent asset managers (11 each). Several mutual funds and associations also took part in the Survey (see Chart 1).

Chart 1: "What type of organisation do you work for?"



18. The total level of assets under management for all the companies was about \$4.3 trillion. There were several very important participants with AUM over \$500 billion. Investors with AUM between \$100

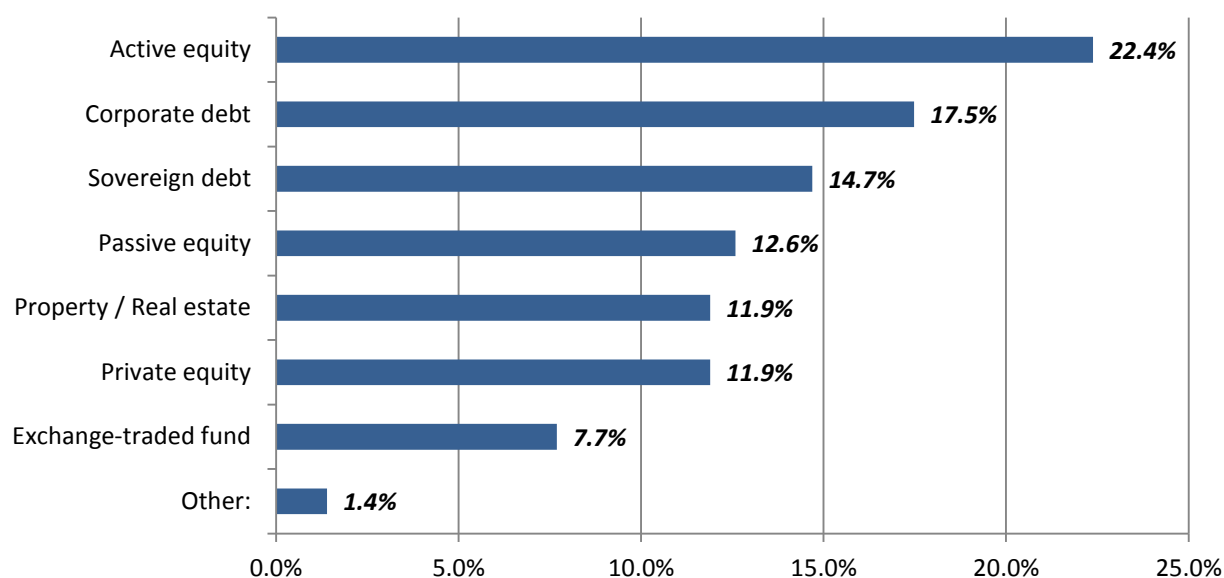
- 500 billion share amounted to 40% of the total. A remaining 40% was represented by investors with AUM up to \$50 billion.

19. Most of the institutional investment companies' main offices are based in the UK (14 out of 35), followed by Sweden, US and Canada. Others are headquartered in the Netherlands, Russia, Norway, Finland, Belgium and Albania.

20. The Survey also included a question on the investment approaches of the companies, among which *active equity strategy* was the most popular with 22%, followed by *corporate and sovereign debt* (see Chart 2). *Exchange-traded fund* (8%) was the least popular investment approach. Even if the

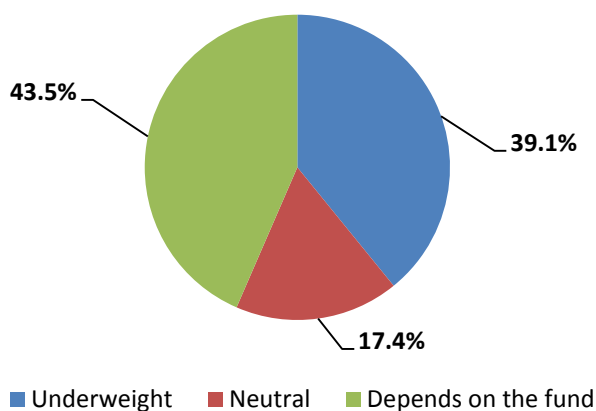
21. Almost all participating companies are investing in the emerging markets (97%), including Russia (88%). Only one is currently not investing in the Russian market (but was investing before).

Chart 2: “Please choose the asset classes and investment approaches that describe your portfolio(s)”



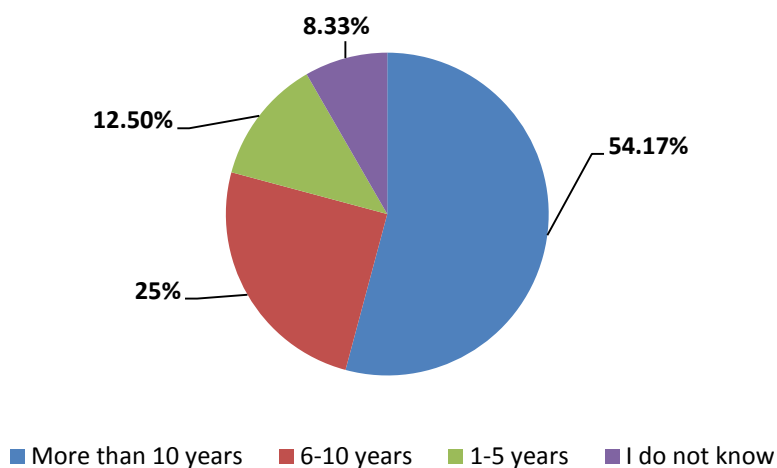
22. The current level of investment in Russian market by all the surveyed companies is not very high – more than 1/3 of companies invest less than \$100 million, however, approximately 18% (5 companies) are still placing more than \$1 billion. More than a half of the total companies' investments to Russia (59%) in average are allocated to equities. The current exposure of the respondent company on the Russian equities market in more than 40% of cases is defined as “underweighted” and in nine cases depends on the fund (see Chart 3). Only four respondents consider the exposure to be “neutral”.

Chart 3: “How would you assess the current exposure of your company to Russian equities?”



23. More than half of the companies have been investing in Russian equities for more than ten years and only 12% made a decision to invest in the last five years (see Chart 4).

Chart 4: “For how long has your company been investing in Russian equities?”



24. More than 65% of the individual respondents are governance specialists in their companies. Several fund managers and independent consultants also responded the Survey. Most of them are physically based in the UK, US and Sweden. The respondents in average do not have an extensive working experience with Russian equities, with only 16% among them being in charge of the Russian market for more than five years.

Questions on the main provision of the Code

25. In the second section of the Survey, the investors were invited to identify which areas presented in the Code carry more importance for them in terms of priority for implementation by Russian issuers. Attributing a high priority transferred the respondent to the next section of the Survey with additional questions on the principles included in the relevant chapter of the Code. Chart 5, below, presents the distribution of their answers.

Chart 5: “When considering investment in the Russian market, how would you prioritise the following factors?”

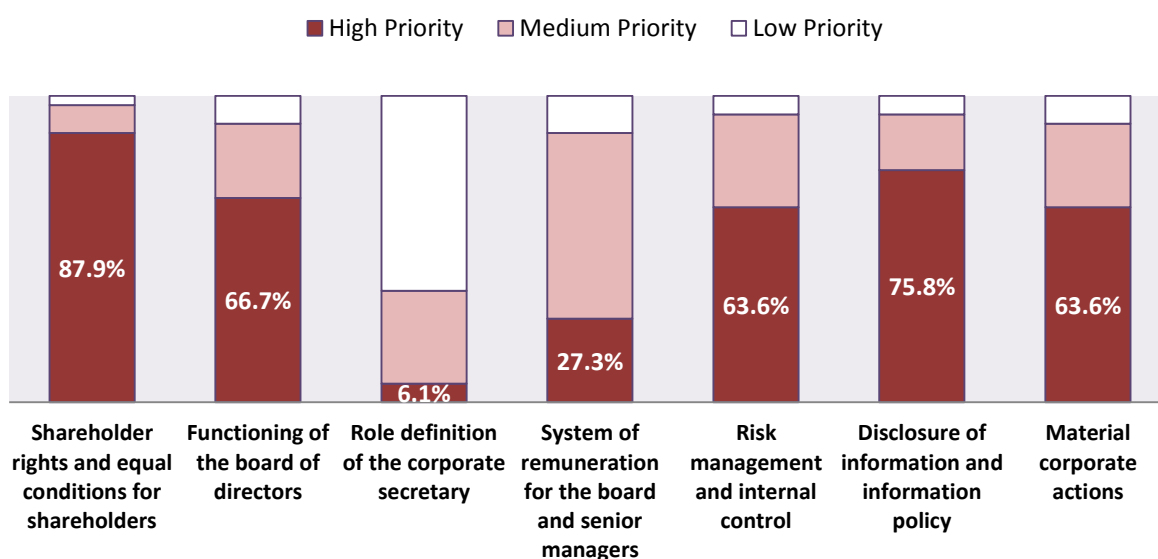
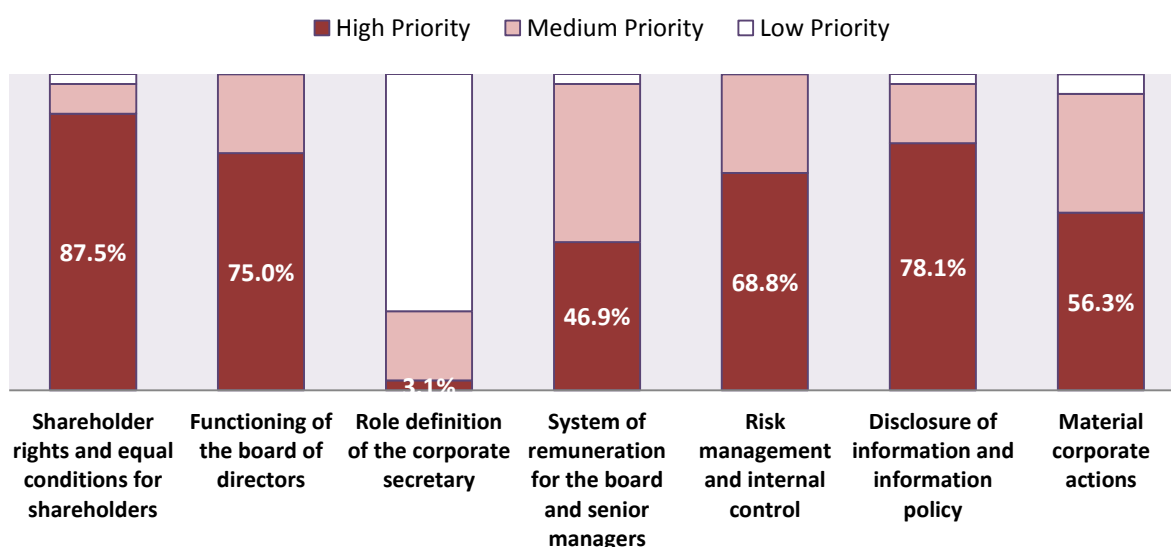


Chart 6: “When considering investment in any market (i.e. not specifically in Russia), how would you prioritise the following factors?”



26. The results show that the investors’ main priorities concern shareholder rights and equal conditions for shareholders (88%). Disclosure of information and information policy (76%) is considered as the second most important area. Functioning of the board of directors was the third priority area (67%), followed closely by risk management and internal control, as well as by material corporate actions, both of which achieved the same level of priority from the respondents (64%). The issue of corporate secretary was considered remarkably less important.

27. Indeed, it should not be concluded that areas of lower priority for investors should not be implemented. The Roundtable’s objective was to distinguish with the help of the survey those priority

areas which are worth of immediate attention, provided that all sections of the Code will be efficiently implemented over time.

28. Moreover, in order to distinguish which priorities apply specifically to the Russian market, the investors were also asked to evaluate same principles from a general point of view. In general the answers were quite similar, but some differences may be perceived (see Chart 6, above).

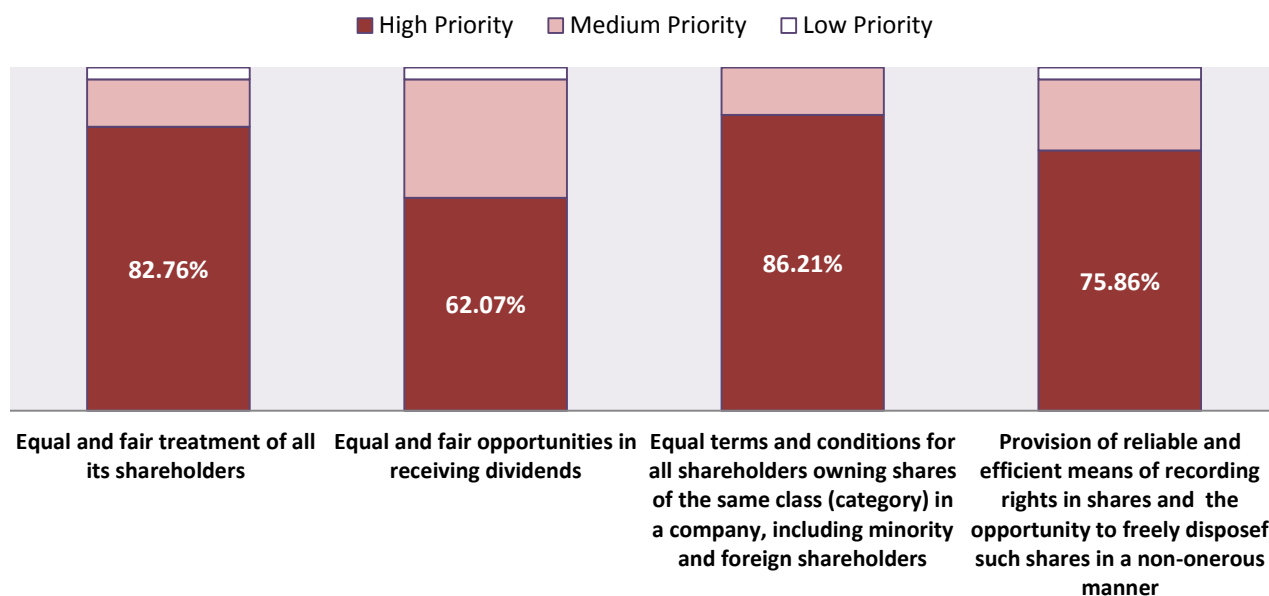
29. The system of remuneration for the board and senior managers was considered a high priority by fewer investors in the Russian market (27.2 %), whereas this factor was more frequently prioritised by the respondents when referred to any markets and not specifically investing in Russia (46.9%). When considering investment in general, functioning of the board of directors was also seen as a high priority slightly more often (75%) than in the case of the Russian market (66.7%). Material corporate actions were instead more frequently prioritised when referred to the Russian market; with 63.6% of respondents considering it a high priority (56.3% of respondents prioritised it in reference to investment to any market).

30. The investors' views regarding the importance of the principles will be discussed in this chapter. In addition, the investors' views on the usefulness of the practical recommendations regarding each principle will be outlined. The order of the core principles in this chapter corresponds to that of the Code.

Shareholder rights and equal conditions for shareholders

31. Each of the Code's principles regarding equal treatment of shareholder was considered of high importance by at least 60% of respondents (see Chart 7). The principle on the *equal terms and conditions for all shareholders owning the shares of the same category* was prioritised the most.

Chart 7: “You have assigned a high priority to ensuring shareholder rights and equality of conditions for shareholders. How would you prioritise the following principles?”⁹



⁹ 29 respondents.

32. All recommendations on shareholders rights and equal conditions were considered to be strong as a tool to implement the respective principles (70% of the respondents). Only the recommendation on *equal opportunities to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them* was prioritised less frequently (45%).

33. The following three recommendations were considered the most crucial

- Each shareholder should be able to freely exercise his/her right to vote in a straightforward and most convenient way (87%, 21 respondents).
- The company should not allow deterioration of dividend rights of its existing shareholders. (83%, 18 respondents).
- The company should create conditions which enable its governing bodies and controlling persons to treat each shareholder fairly and which, in particular, rule out the possibility of any abuse of minority shareholders by major shareholders (88%, 22 respondents).

34. The investors were given the possibility to provide suggestions to Russian issuers on how to better implement the corresponding principles. The following issues were mentioned:

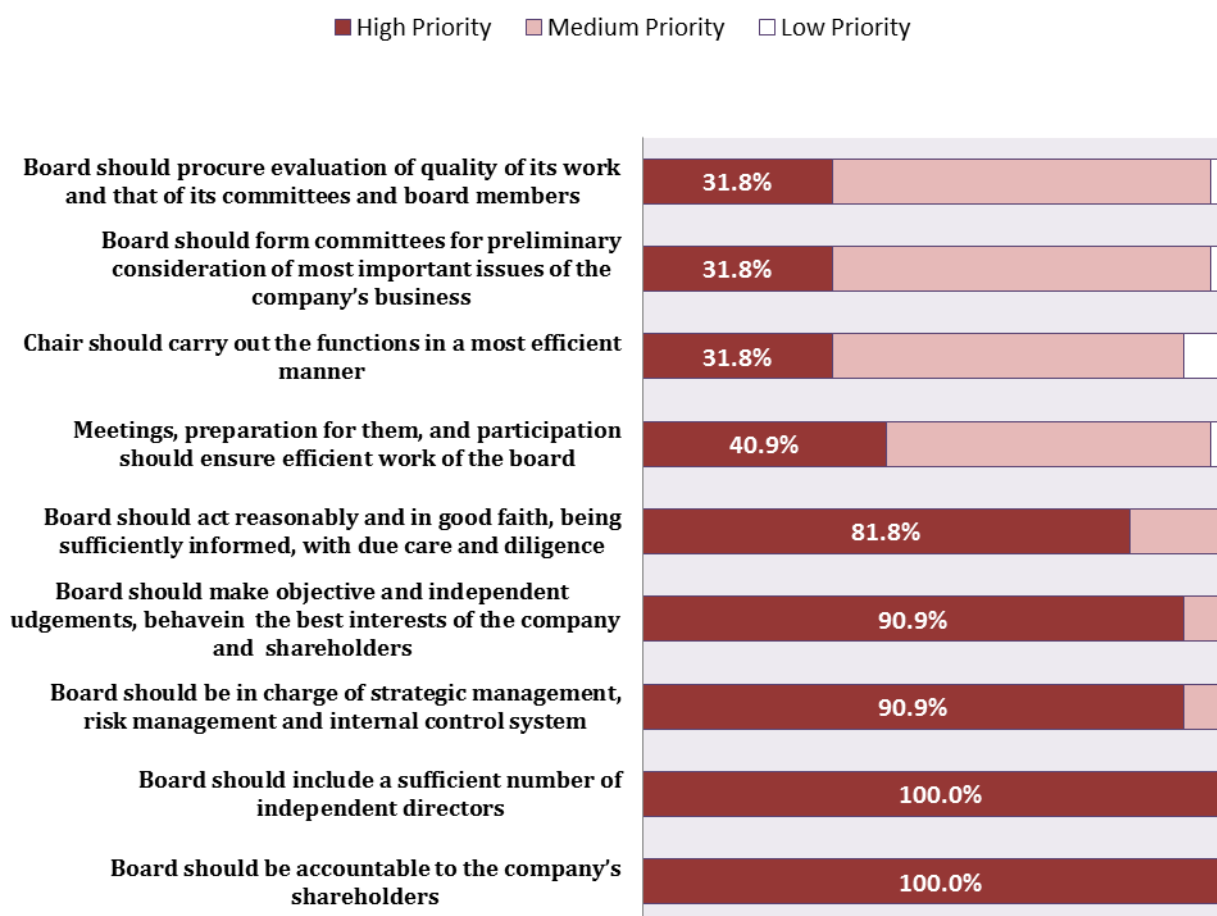
- Availability and timely disclosure of relevant and clearly presented information for the general meeting (ideally in both, Russian and English);
- Provision of electronic voting and virtual broadcasting;
- Importance of representation of minority shareholders' interests during the meetings.

35. Other issues brought up by the respondents included the use of dual class shares with different voting rights attached to them and voluntary disclosure of information on the businesses of family members of majority shareholders, which would improve transparency and enhance trust. The respondents highlighted the importance of a transparent and clear mechanism for determining dividends and their payment as well as connecting it with the company's business and economic policy. Regarding equal terms for shareholders owning the same class of shares, a problem of favouritism in transferring control from one group of investors to another, without full participation or restitution to other shareholders (either among foreign major shareholders or minority shareholders), was highlighted.

Functioning of the board of directors

36. Investors highlighted five principles in efficient functioning of the board of directors (the Code contains nine principles in total). All respondents prioritised sufficient *number of independent directors* in the board as well as the *requirement for the board's accountability to their shareholders*. The efficiency and professional competence of the board to be objective, independent in its judgements and comply with the best interests of the company was prioritised by 91% of respondents. The respondents also emphasised that the board of directors should be in charge of overseeing strategic management, risk management and the internal control system. More than 80% of the respondents considered important that the board of directors acts reasonably and in good faith, is sufficiently informed, with due care and diligence. Other guidelines in the Code were prioritised by less than half of the respondents (see Chart 8).

Chart 8: “You have assigned a high priority to having an effective board of directors. How would you prioritise the following implementation mechanisms?”¹⁰



37. According to the respondents, the following recommendations on the functioning of the board are the strongest in terms of their ability to implement these principles:

- The board of directors should be responsible for decisions on appointing and removing [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company (83%, 15 respondents).
- The chairman of the board of directors must be available to communicate with the company's shareholders (81%, 17 respondents).
- Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain sufficient information about respective candidates to get an idea of the candidates' personal and professional qualities. The composition of board of directors should be balanced, in particular, in terms

¹⁰ 22 respondents.

of qualifications, expertise, and business skills of its members. The board of directors should enjoy the confidence of the shareholders (85% each, 17 respondents).

- An independent director can be any person with required professional skills and expertise, and who is able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.
- Board members should take into consideration all available information when taking decisions (acting reasonably and in good faith). Decision-making should also take place in the absence of a conflict of interest, with an equal treatment of shareholders, and in consideration of normal business risk. Board members should have sufficient time to perform their duties (both 82% and 14 respondents).

38. Many investors pointed out that ideally at least 2/3 of the board members should be independent, instead of 1/3 as stipulated in the Code. Access to all information about the board's work in Russian and English was also mentioned. One respondent insisted on the importance that if the Chairperson of the board has executive functions the company should appoint an independent director with the responsibility of communicating with shareholders. Moreover, enhancing board accountability to shareholders by carrying out annual re-elections of the entire board and of the key committees' members was also mentioned.

39. Investors suggested improving the process for nominating candidates to the board. They mentioned that they wish the board would have a more prominent role in determining if the candidates meet the skills requirements that the board needs, including taking into consideration gender and diversity issues. They would like to see the board nominating candidates for the decision of shareholders. The importance of chairman evaluation, external evaluation of the board and the possibility to request any information from the company by the board members were also mentioned.

System of remuneration of the board and senior managers

40. Board of directors and senior management remuneration was given the least priority by the investors. However it does not mean that it was not important for the respondents as about one fourth of them assigned high priority to it and about two thirds assigned a medium priority. Compared to other issues as presented in the Survey, this topic was less of a priority.

41. 89% of respondents consider that *remuneration of executive bodies and key managers should be dependent on the company's performance results and their personal contributions to the achievement*. The same number of respondents outlined the importance of *harmonisation of directors' financial interests with shareholders long-term financial interests*.

42. More than two thirds of respondents consider that remuneration of the board members and key managers should be sufficient to attract, motivate, and retain persons with required skills. Remuneration of board members should be paid in accordance with a remuneration policy approved by the company.

43. The principles below were considered most important by the respondents:

- The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies,

and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons (6 respondents, 100%).

- A fixed annual fee is a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of board members & it is not recommended to provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances (87.5%, 7 respondents).
- Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof (8 respondents, 100%).

44. The supplementary recommendations concern personal investments by the board members in the company. For the avoidance of all misconduct, the company should have a clear insider trading policy that prohibits members to trade in the share while in possession of insider information. Trading should also be communicated externally. Moreover, board directors must not participate in the same incentives as management to preserve independence. Several investors underlined that the severance payments should not exceed the average fixed position of the annual remuneration (100% instead of 200%). Otherwise, it would still be an incentive to search for dismissal.

Risk management and internal control

45. The Code contains a principle on *internal audit* and internal control system which should be designed to provide reasonable confidence to achieve company's goals and on *risk management* which helps the company to achieve its goals. These two principles were considered extremely important by the respondents, with over 80% marking them as high priorities).

46. The following recommendations received the highest scores:

- The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company (100%, 18 respondents).
- It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors, while from the administrative standpoint, it should report directly to the company's one-person executive body (94%, 15 respondents).

47. In addition, the respondents proposed that internal auditor should not only report to the executive committee members, but also to the audit committee of the board of directors or the chairman of the audit committee, in order to make sure that important material information also reaches to the board of directors and to minimise the risk of conflict of interests at executive level.

Disclosure of information and information policy

48. According to the investors, the principle of *transparency of the company and its activities* was considered highly important by almost all respondents (see Chart 9). Disclosure of full updated and reliable

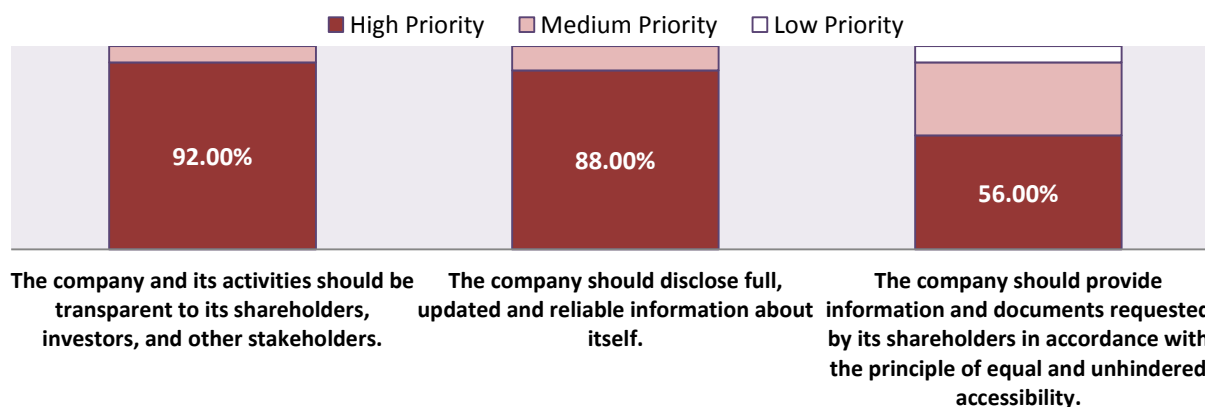
information to companies’ stakeholders is crucial to 88% of the respondents. Half of the respondents also mentioned the importance of equal and unhindered accessibility by the shareholders to information and documents.

49. The respondents considered the following three recommendations the most crucial:

- The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders (77%, 17 answers).
- The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data (91%, 19 answers).
- Exercising by the shareholders of their right to access the company’s documents and information should not be unreasonably burdensome (85%, 12 respondents).

50. The respondents also mentioned the importance of disclosure of information in English and in a timely manner to help investors to form an informed view. It was also highlighted the usefulness of making mandated disclosure notifications to market authorities and to regulators as soon as possible after a material disclosable event has taken place.

Chart 9: “You have assigned a high priority to disclosure of information and information policy. How would you prioritise the following principles?”¹¹



Material corporate actions

51. The principles on observance of the rights and interests of the shareholders and reception of full information about material corporate actions by stakeholders were of a high priority for the investors (91% and 76% of the respondents).

52. The following recommendations received the highest score by the investors:

¹¹ 25 respondents.

- When taking any material corporate actions which would affect rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the formal requirements of law but should also be guided by the principles of corporate governance set out in this Code (94%, 16 respondents).
- When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions (100%, 15 respondents).

Conclusions

53. The respondents to the Survey outlined shareholder rights and equal conditions for shareholders, disclosure of information and information policy, as well as functioning of the board of directors as the main priorities for implementation of the Russian Code of Corporate Governance. The above-mentioned results are in line with the results of other investors' surveys conducted in the recent years, in which the importance of shareholder rights was also highly emphasised together with the functioning of the board.

54. The Russian Code was adopted only in 2014 and the implementation process is at its first steps. Consequently, the Survey results provide Russian issuers with a timely and useful feedback from the investors, as they point out certain areas in the Code that can be considered as potential starting points for implementation.

55. The 2015 Survey response rate was low (35 respondents out of 160 recipients of the Survey, about 20%), with respondents consisting mainly of current holders of Russian securities, most of them following passive investment strategies. Only one respondent is a former investor in the Russian market who pulled out but still was willing to respond the questions. Many others choose not to do so. Some investors refused to take part in the Survey as they considered that the attractiveness of Russian markets is currently low and they are not interested in corporate governance developments. Regaining the interest of the investors that left the market and bringing back those following active investment strategies may take time.

56. In the meantime, and effective and well planned implementation of the recently adopted Code represents an opportunity to show how serious is the commitment of the Russian issuers with corporate governance. The Code is a key instrument in attracting future international and domestic investors. The results of the 2015 Survey are one input in this process. They have also offered the chance to disseminate information about the adoption of the new Code among investment institutions, which further contributes to achieving this objective.