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**Proposal For Cooperation**

**Between Board Solutions and 10EQS in Russia and the CIS Regions**

**May 2015**

**Strictly Confidential**

**Contents**

1. Executive Summary…………………………………………… 3

2. About Board Solutions……………………………………… 4

3. Scope……………………………………………………………….. 5

4. Market Overview………………………………………………. 6

5. Why Board Solutions………………………………………… 6

6. Proposal…………………………………………………………… 7

7. Service Fees and Expenses………………………………… 8

8. Team………………………………………………………………... 9

9. Our Credentials………………………………………………… 10

**Executive Summary**

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|  | Dear Eberhard:  Thank you for considering Board Solutions in connection with our proposed cooperation. We are delighted to submit for your consideration this proposal and to have this opportunity to further develop our relationship with you.  We strongly believe there is a great opportunity to scale your services and products in Russia and the CIS regions, provided that there is an appropriate infrastructure in place. From our perspective, there is no better time than now to set up such infrastructure, since Russian companies have limited access to top-notch analytics and technological expertise due to the current political turmoil. |

Board Solutions has the relevant knowledge and extensive business network necessary to ensure that the work you commission us to do fits with your business objectives. We have the required commitment, resources and track record to assist you in these objectives.

In Russia, our strategy is quite unique for a corporate governance advisory and professional services firm of our size and stature. We are focused on meeting our clients’ requirements and dedicated to achieving their objectives. Our long-standing strategy is to maintain broad and deep expertise in a variety of sectors.

Our ideal long-term vision is to establish top-level business cooperation with your firm, which will offer superior industry analytical services that will help Russian and CIS customers to answer their needs in specialized situations. Our aim is to explore alternative, mutually beneficial scenarios and increase cooperation between our firms.

Please do not hesitate to contact me if you have any questions or require any additional information. We would be happy to provide you with any further details you might require about our firm and experience.

Sincerely,



Alexander Ikonnikov

Managing Partner

**About Board Solutions**

Board Solutions specializes in providing turnkey solutions that include offering board advisory, sourcing independent directors, and providing top-level executive recruitment. We help client companies to assess and attract recognized leaders with outstanding local and international track records who will create competitive advantage and sustainable value for businesses and shareholders.

Board Solutions’ international expertise is based on our key specialists’ experience and insight gained through their tenure with multinational companies and through their privileged partnerships with Directors and institutions in the UK, USA and Russia.

Board Solutions is one of the leading advisory firms in Russia and the CIS in board advisory services. In addition to their board advisory role, many of our team specialists have practical, in-depth experience in advising firms in various industries. We counsel them with strategic planning, overall strategy, and performance audits. We help companies formulate the optimal direction for their enterprises, monitor and improve performance, attract and evaluate key executives, and undertake necessary steps to create value for shareholders. We help our clients make informed decisions—and we are responsible for those decisions. Our team of board practitioners is comprised of highly experienced strategic management advisors, and we collaborate with companies to develop strategies at every stage and focus on executions that deliver results. We ensure our clients have unrivaled access to the best existing and potential director talent, and we regularly assist boards in increasing the diversity of their composition.

# PROVEN TRACK RECORD

We are pleased to enclose below our best examples and relevant experience in Russia and the CIS regions. Our integrated specialists have significant experience in working with Russian state-owned, privately-held and publicly-traded companies.

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| --- | --- | --- |
| **№** | **Client name** | **Description** |
| **1** | **JSC Gazprom** | Conducted research on Board Compensation |
| **2** | **Moscow Exchange plc** | Developed and integrated best practice corporate governance standards. Spent 9 years at BOD as NEDs/Head of Compensation and Nomination committee. Helped the firm and its subsidiaries to improve the diversity of its board composition, obtain directors, and implement succession planning. |
| **3** | **Russian venture company** | Assisted in developing corporate governance standards and served as a member of the corporate governance committee. [Azat, was Board Solutions a member of the committee? Or did it find a committee member for the client? --WW] |
| **4** | **AFK Sistema and its subsidiaries** | Assisted the BOD in its international search for INEDs for MTS, Detsky Mir, Medsi. |
| **5** | **UCM and its subsidiaries** | Conducted the Board Evaluation for MegaFone. |
| **6** | **Sovereign Wealth Fund «Samruk-Kazyna»** | Conducted the Board Evaluation for the fund’s investments, including 9 subsidiary companies, including (but not limited to) Kazmunaigas. KazTransOil and Kazenergo. |
| **7** | **JSC Norilsk Nickel** | Developed and integrated best practice corporate governance standards, including the Board Evaluation. We also recruited an independent board member. |
| **8** | **Alrosa** | Conducted the Board Evaluation. |
| **9** | **Rushydro** | Assisted the management with Proxy Solicitation for the purpose of reaching a quorum during the 2012 and 2013 Annual General Shareholders meetings. |
| **10** | **Tatneft** | Assisted the executive team in proxy solicitation for the purpose of reaching a quorum during the 2012 Annual General Shareholders meetings. |

# Scope

Board Solutions would like to propose to act as an independent contractor to promote and sell 10EQS’ products and services to clients in Russia and the CIS regions.

In consideration of all services to be rendered by Board Solutions for the benefit of 10EQS, it shall pay to Board Solutions a commission of 20% of income charged and collected by Board Solutions for promoting and selling 10EQS’ services in Russia and the CIS regions. We currently have more than 60 initiatives regarding corporate projects and board development and over 100 ongoing searches for CEOs and leading executives.

**Market Overview**

We strongly believe there is a great opportunity to scale your services and products in Russia and the CIS regions. From our perspective, there is no better time than now to set up such infrastructure, since Russian companies have limited access to top-notch analytics and technological expertise due to the present political situation.

Demand for advisory services and analytics in Russia is still relatively strong, despite the current market turmoil. From our perspective, establishing joint businesses in Russia could now be a case of being at "the right place at the right time," due to the lack of strong market competition and the demand from Russian blue-chip and mid-size companies for advisory services and analytics.

**Why Board Solutions**

Board Solutions was established in 2005, and since then, it has reinforced its position as a leading advisor in Russia and the CIS regions. Over the past few years, Board Solutions has become one of the leading advisory firms in Russia. We are pleased to enclose below our core value propositions.

* **EXPERIENCE** – Board Solutions understands the crucial importance of having the most experienced analysts working on Russian and CIS clients’ needs.
* **RELATIONSHIPS** – Board Solutions has established a strong network involving C-suite level board members and controlling shareholders of Russian blue chip and mid-size companies, as well as government institutions.
* A**DMINISTRATIVE ROLE -** Board Solutions can provide 10EQS with its Russian vehicle to serve Russian and CIS incorporated companies. ***Note:*** In the past year, the Russian government passed a new law requiring state-owned companies to hire Russian companies.Board Solutions has a great level of experience in participating in Russian tenders, and our staff includes an in-house lawyer to swiftly prepare all required documents in order to win tender offers at large and mid-size Russian state-owned companies.
* **CONTEXT** – Board Solutions provides a local relationship with large and mid-size Russian companies, and we offer market insights from our proprietary tools. In Russia, Board Solutions is a market leader for corporate governance and board-related services.

**Proposal**

We are interested in developing a partnership with 10EQS by promoting and selling its products to clients in Russia and the CIS regions. Below is a list of our initial ideas that we are looking include, but are not limited to:

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| --- | --- | --- | --- |
| **№** | **Services** | **Description** | **Action Plan** |
| **1** | **Marketing materials** | We would like to use 10EQS’ marketing materials related to its products, including (but not limited to) its website, product brochures and other forms of advertising. Also, we would like to host, based on IOD’s/IDA (the Russian Independent Directors Association) platform, marketing events and to introduce 10EQS’ local representative or Relationship Management officer for Board Solutions to our clients. | * Host a conference and/or a few   seminars/breakfasts for Russian and CIS clients.   * Address conferences regarding the importance of corporate governance. * Initiate joint PR campaigns in Russia. * Propose articles to appear *Forbes* & *Harvard Business Review*   • Develop marketing and  PR campaigns.  • Develop case studies in  Russian.  • Translate marketing  brochures into Russian.  • Establish a Russian  Website. |
| **2** | **СRM** | We have years of experience in implementing CRM that will allow us to deliver insights and target our customers. We could establish and integrate CRM systems for additional fees to be discussed separately outside this proposal. | * Build and integrate   CRM platform. |
| **3.** | **Administrative** | We will be pleased to serve as a Russian vehicle to participate in RFPs of state-owned entities in order to comply with local regulations. | * Sign a Reseller Agreement between Board Solutions Russia and 10EQS. Note: additional modest fees will be discussed regarding this proposal. |
| **4** | **Execution** | We will be happy to assist 10EQS with the execution of projects in Russia and the CIS regions. You can rely on our analysts’ resources to find the candidates in your database for Russian and CIS projects. We have a team of executive search analysts who can help you find the right candidates for projects locally and integrate them with your business model.  **Note:** Separate fees are subject to the above measures and can be discussed separately. | * TDB. |
| **5** | **Personal commitment** | We would like Mr. Eberhard to visit Moscow as the keynote speaker during large marketing events and important meetings. | * TBD |
| **6** | **Education** | To successfully promote 10EQS products in Russia and the CIS regions, it is essential for our analysts to stay on top of market trends and learn about your products and services in a greater detail. Therefore, we would like to send one of our associates to spend a few days in your office to meet and learn about your products. | * TBD |
| **7** | **Exclusivity** | As a mandatory measure, Board Solutions shall have exclusive rights to sell and promote 10EQS products for new companies in Russian and the CIS regions, and we will require a surcharge for this service. As a guiding principle, we will promote high standards of business professionalism and ethics. | * Please note that all terms will be properly reflected in the Reseller Agreement. |

**Next Course of Action:**

**Preparing marketing materials:** We are pleased to include a preliminary next course of action and a list of high probability clients with whom we can confer and discuss your products and services. Since a strong marketing strategy is the backbone of our sales strategy, it will support our prospecting efforts. Before reaching out to a prospective client with a pitch or proposal, we would like to have all marketing brochures and a website prepared and translated into Russia. Our philosophy is to measure several times and cut only once.

**Note:** Please see below a list of potential clients that we plan to meet in the course of the summer and fall:

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| **Company** | **Key Contacts** | |  | **Company** | **Key contacts** |
| **I State owned companies** | | |  | **III. Institutional Funds** | |
| **II. State owned funds** | | |  | Baring Vostok – (MD/Co-founder) | MD/Co-founder |
| Russian Venture Fund (RVF) | | CEO and BOD |  | Russia Partners (CEO) | CEO |
| Industrial development fund | | CEO |  | UFG | Managing Director |
| Skolkovo Innovation Center | | CEO |  | Aton Capital partners | CEO |
| Rosnano | | Chairman of BOD and COO |  | Trinfico / RZD Private Equity | COO |
| Vnesheconombank (VEB) | | Deputy CEO |  | VTB Capital | Managing directors |
| Rosatom overseas | | Senior executives |  | Sberbank Capital | COO |
|  | |  |  | Troika venture capital | CEO |
| **IV. Large Conglomerates** | | |  | **V. Mid-size companies** | |
| Renova | | CEO |  | Consumer Sector – the identities of specific companies to be discussed separately | CEOs, BODs |
| UCM | | CEO |  | Technology sector | CFOs and BODs |
| Sistema Fund | | Senior executives |  | Real estate | CEOs and BODs |

**Duration of Contract**

In the first year, we will review the results of our mutual collaboration, make necessary changes to the terms of the contract, and agree upon the terms for the next four years.

**Service Fees and Expenses**

**Service Fees *-*** Board Solutions shall pay the fees for each service (“Service Fees”) to 10EQS. It shall calculate Service Fees by subtracting 20% from Board Solutions’ current list prices, as provided by 10EQS from time to time (“List Prices”). All new clients generated in the Russian/CIC regions by the joint effort between 10EQS and Board Solutions will be required to contribute a 20% fee to Board Solutions based on the agreed list of prices.

**Resale Prices -** While 10EQS recommends that Board Solutions sell services to clients at the Service Fee prices, Board Solutions shall set its own prices charged to clients for the services that Board Solutions resells and shall manage and be responsible for all relationships and communications with customers, including, but not limited to, billing matters, managing customer requests, and support issues. At the end of each project, Board Solutions shall provide 10EQS with a full breakdown of fees charged by clients. If Board Solutions charges an additional fee on top of the underlying price list, Board Solutions will split the incremental fee on a basis of 50/50 with 10EQS.

**Expenses -** Board Solutions and 10EQS on a basis of 50/50 shall be responsible for all expenses associated with its performance of its obligations including, but not limited to, travel, promotional or other expenses incurred with the solicitation of customers and the operation of the Board Solutions’ business. We estimate that costs for developing the Russian website and translating marketing materials into Russian to range from $10,000 to $12,000. We propose to split the marketing-related expense on a basis of 50/50.

**Transparency**

10EQS, or its authorized representative, shall be entitled to inspect Board Solutions’ records to verify its compliance with an Agreement. On a regular basis, BS and 10EQSagree to meet and exchange information regarding a list of clients, marketing strategies, and potential prospects. In Russian and CIS markets, we will meet the representatives of 10EQS’s team.

We recognize that the consistent delivery of a high-quality service is a prerequisite for our clients, and as such, we have assembled an experienced, tailored team to work with you. Our aim is always to provide you with advice that is at the appropriate level for your needs.

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|  | **Alexander Ikonnikov:**  Managing Partner of Board Solutions  Alexander Ikonnikov, the founder of Board Solutions, will be the leader and main contract person for the 10EQSeffort in Russia, and the project will be supervised by him. He is a leading Russian expert in corporate governance with extensive board experience in telecommunication, industrial and consumer companies, investment funds and post-trading financial organizations. He is the founder and Chairman of the Supervisory Board of the Russian Independent Directors Association. He is a certified IoD Chartered Director by IoD UK. The Yale School of Management recognizes Alexander Ikonnikov as a “2010 Rising Star of Corporate Governance” for his outstanding work and contribution in the field of corporate governance. |
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**Conclusion**

We are open to 10EQS’ feedbacks concerning possible improvements and emendations to the terms of the agreement.

**Our Credentials**

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