

# BDO UKRAINE 2017 INTEGRATED REVIEW

UNFOLDING STRENGTHS - SHARING SUCCESS



# ABOUT OUR INTEGRATED REVIEW

## RESPONSIBILITY FOR THE 2017 INTEGRATED REVIEW

As Management of BDO Ukraine, we acknowledge our responsibility for ensuring the integrity of our 2017 Integrated Review.

Reflecting on our operating context, strategy, business processes and value creation activities, we believe this integrated review addresses all matters that have, or could have, a material effect on our ability to create value. We have applied our Space between collective and minds to the preparation and presentation of information in this integrated review, which has been guided by the International <IR> Framework.



**Alla Savchenko**  
President  
BDO Ukraine LLC

## REPORTING PERIOD

1 January to 31 December 2017

## REPORTING SCOPE

Our offices in Dnipro and Kyiv combined contribute over 99 percent of total social value creation e.g. employment and training; environmental impacts e.g. waste, emissions, water use and; economic footprint e.g. revenue generation and investment in new services. We highly value colleagues in our Lviv office but due to data access challenges have decided to exclude their contribution until we can resolve the underlying issues.

Our Integrated Review is influenced by the following reporting frameworks and approaches:

- ▶ International Integrated Reporting Framework
- ▶ GRI Standards
- ▶ AA1000 Stakeholder Engagement Standard (2015)
- ▶ UN Global Compact and Sustainable Development Goals
- ▶ B Corporation

## OUR PERFORMANCE DATA:

<https://www.bdo.ua/uk-ua/about-2/about-bdo-in-ukraine/bdo-annual-statements>



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# DEAR READERS AND FRIENDS OF BDO

2017 was very important Year for BDO, the Ukrainian accounting and audit industry and me personally. We saw another year of robust business growth delivering client and priority stakeholder value against the backdrop of ongoing political and market turbulences in Ukraine. Here my highlights for the year 2017:



## JANUARY

In response to ever changing market conditions and client requirements we launched the SAP Business One Academy. The academy is a cutting edge educational program for lecturers and students from leading Ukrainian universities in the country aimed at preparing a professional baseline and skillset for future consultants to implement a new for Ukraine Enterprise Resource Planning System (ERP) based on the SAP Business One platform. It is clear that the market sees an urgent business need to reorient local enterprises to alternative technological solutions that will allow companies to optimise business processes and compete successfully in both local and international markets. The SAP Business One Academy is a timely initiative that will enable us to prepare our customers for new challenges ahead. In conjunction with building the SAP Business One Academy we strengthened our partnership with SAP and were very pleased when our colleagues in consulting received the SAP Business One strategic initiative award for offering innovative solutions in business automation.

## FEBRUARY

We acquired VS Capital which further enhances BDO's capabilities by combining industry expertise and an expanding client base for comprehensive implementation of consulting and investment services in corporate finance, investment banking, M&A, fundraising and strategic advisory services.

## SEPTEMBER

A big big milestone – we celebrated 20 years participation in the BDO international network of auditing and consulting firms; the world's 5th latest network by revenue. To commemorate the jubilee, we held atmospheric events for those who share our joy over this remarkable event. Among those events there was a festive conference for the existing customers, BDO Ukraine alumni, BDO International executive team members and a number of festive activities for all BDO employees in Kyiv and Dnipro.

## NOVEMBER

We actively shaped the consolidation of the accounting and auditor profession in Ukraine ensuring that 500 accountants and 5000 auditors across our industry deliver market relevant and higher quality level of services and advisory.

## DECEMBER

We saw the end of a very successful collaboration with the International Integrated Reporting Council (IIRC) with our Partner for Integrated Reporting and Sustainability, Henning Dräger, returning to our firm from a 4 year secondment managing the IIRC's global Business Network. Henning advised over 200 blue chip companies on how to adopt integrated thinking and reporting in their strategic plans and we are happy to build on Henning's knowledge to drive this innovative approach to corporate disclosure for the benefit of our existing and potential clients.

On a personal note I am very proud to be reelected as Head of Coordination Board of the European Business Association (EBA) in the Dnipro region not only because it is my home region but because the EBA is setting the progressive agenda for doing business in Ukraine by attracting foreign investment and sharing best European practices which will benefit all of Ukraine in years to come.

More than ever I believe that BDO is very well placed to serve our clients and priority stakeholders in an increasingly responsible and sustainable manner. Spending much time visiting our offices and meeting employees across the business, I continue to be impressed by the quality, talent and passion of our people. I would like to take this opportunity to thank all of them for their continued contribution to our success. Likewise our I want to thank our clients for choosing BDO solutions adding resilience and value to their operations and activities.

Operating responsibly is essential to the sustainability of our business, and consistent with our commitment to good governance practice. The management team believes a strong corporate culture is central to long-term business success and the management of business risk. We have placed an emphasis on our distinct culture and ensuring that this is shared throughout the organisation and understood by all our employees. High standards of

corporate governance are fundamental to the way we operate and central to the effective oversight of the business.

Accomplishing this and other goals will require significant collaboration, with BDO playing a leadership role in partnership with key stakeholders. We're up for the challenge – and along the way, we pledge to be transparent about the progress we're making. That's the kind of company we are, and that's why I want to lead this business. I've personally been leading BDO over 20 years – and now more than ever, we need to do more with less. The world needs sustainable business models, and it's up to companies like ours to show what is possible, promote change and frame possibilities of doing business in a lower carbon, circular Ukrainian economy.

As this review shows, we're raising expectations every day: becoming a better, more innovate and relevant solutions provider while helping to building a better world. We are striving to be an industry leader in delivering exceptional client service while always acting responsibly, transparent and fully committed to our partners and stakeholders both in Ukraine and internationally.

Thank you for your trust and enjoy reading our integrated review.



**Your Alla Savchenko**

President  
BDO Ukraine LLC

# WHAT DRIVES US



## OUR VALUES AND BEHAVIOURS



### People First

BDO strives to maintain an inclusive working environment where teamwork and relationships matter.

### Exceptionality

We deliver the industry's highest standards of service – and integrity, too. We believe that client relationships are based not only on technical excellence and analytic insight, but on respect, trust, and transparency.

### Empowerment Through Knowledge

Exceptional client service requires exceptional depth of knowledge. It also means sharing that knowledge with our clients and with each other.

### Accountability

BDO professionals take personal responsibility for their work. No matter what, we deliver on promises and obligations to our clients and co-workers alike.

### Collaboration

We win by having the best people, working well together and investing in strong relationships across functions and offices. It's about valuing each other's expertise and learning from each other.

### Win-Win thinking

We strive to stay ahead of our competition and achieve more for our clients and each other, always. It's about being focused on the market and always asking ourselves "What difference does it make to the client and how can we create a win-win situation". It's about passion for what we do, being curious, and a drive to compete by consistently providing a better service.

### Agility

We continually adapt at pace and with purpose, and thrive amid change. It's about changing direction quickly for competitive advantage and if we fail, we fail fast and learn from it. It's being curious about the outside world and believe in our ability to keep moving forward.

### Low ego

We take our work seriously but not ourselves. It's about listening to others, sharing success collectively and taking pride in what we do. It's about treating each other with respect, humility and fairness.

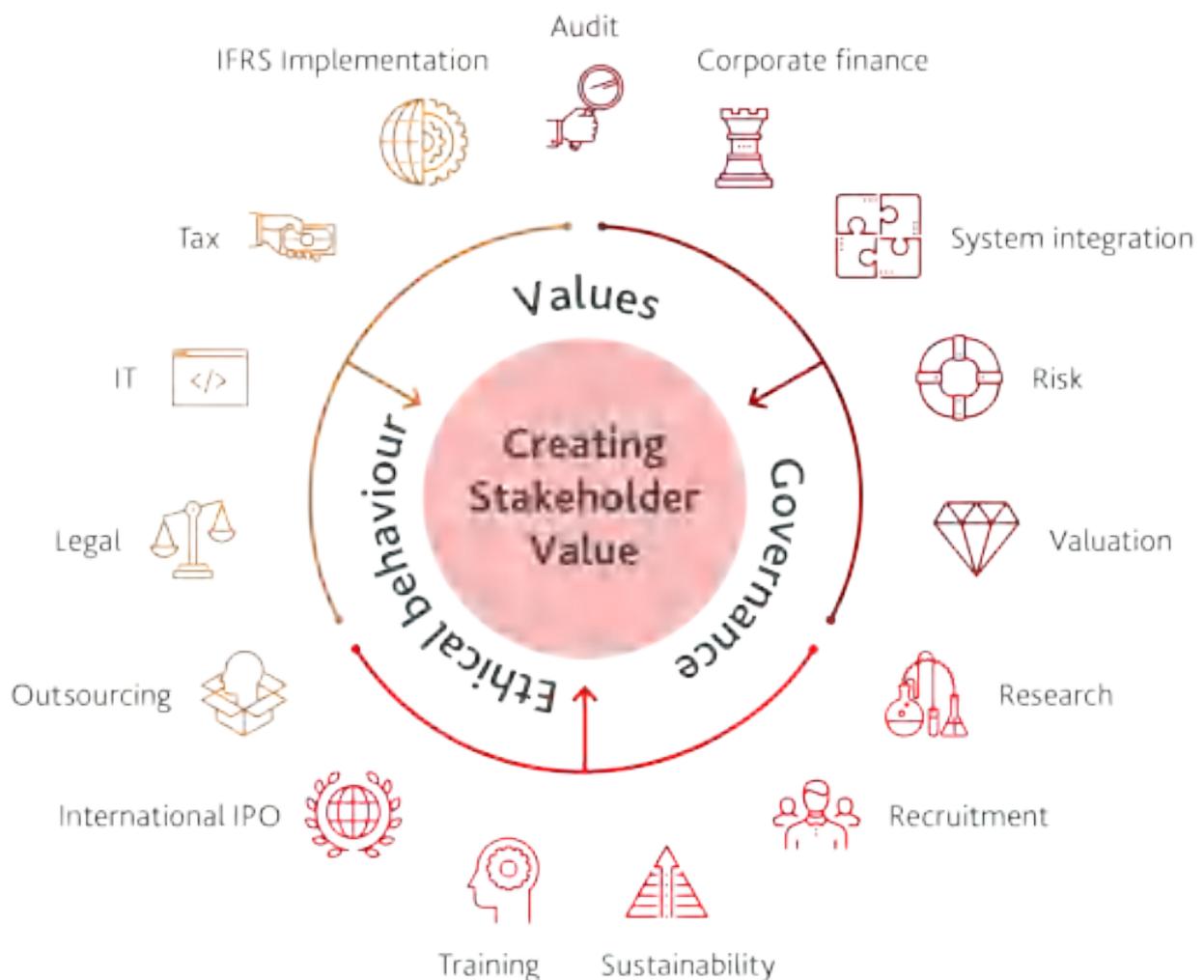
## WHO WE ARE

20 years ago we joined the BDO Global network, so we feel it is time to celebrate. Being part of one of the world's leading audit and consulting networks feels us with pride and obligation to deliver exceptional client services for many years to come.

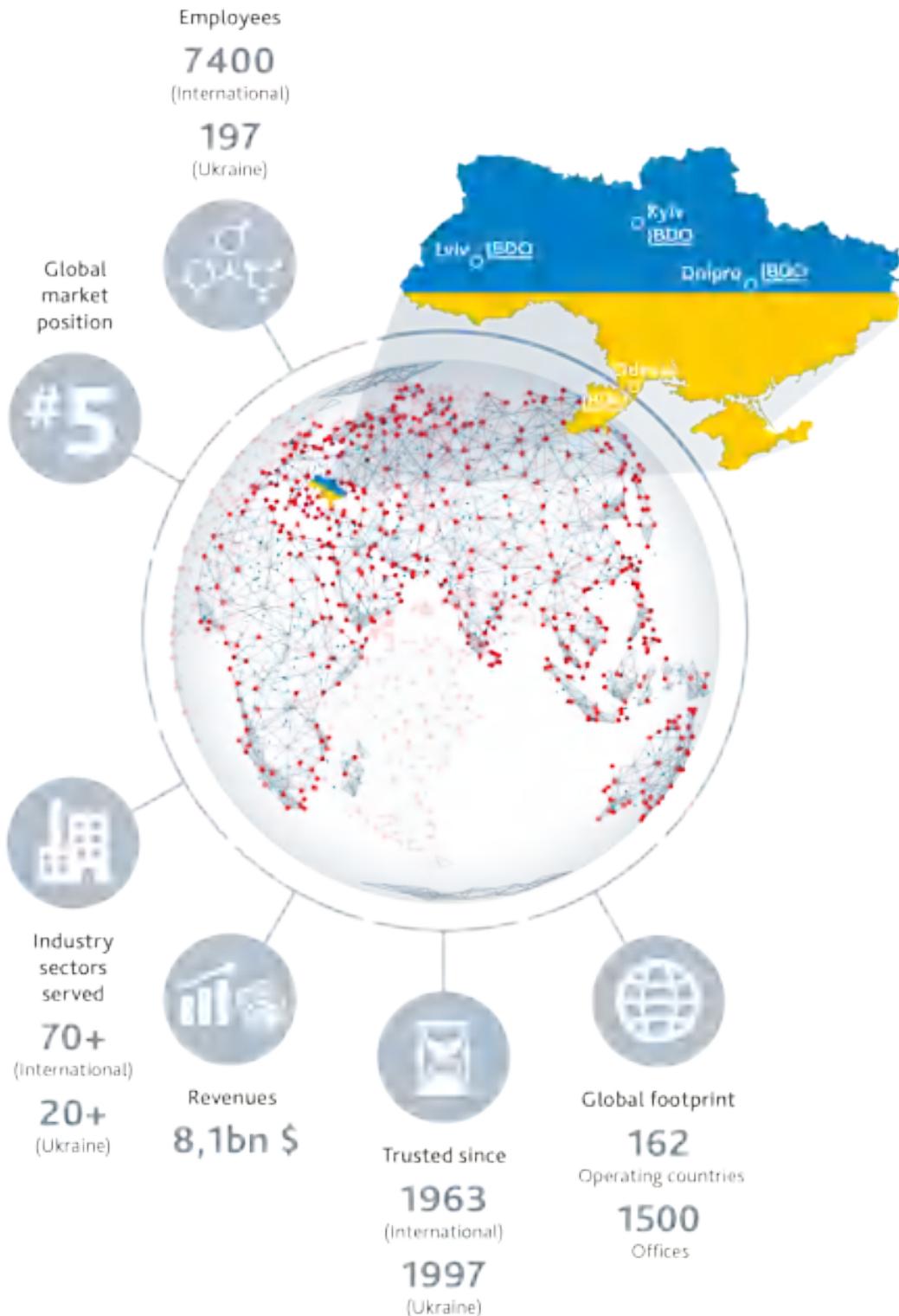
BDO Ukraine is organised in 3 entities:

- ▶ BDO LLC
- ▶ BDO Consulting
- ▶ BDO Corporate Finance

## “OUR WORLD OF CLIENT SOLUTIONS”



# INTERNATIONAL BY NATURE - UKRAINIAN IN ACTION



# CONNECTING OUR BUSINESS WITH THE SDGs

## THE BDO WAY OF DOING BUSINESS!

Our objectives and contribution to UN SDGs #12, #16 and #17:

- ▶ We aim to future proof all client solutions and stakeholder relationships through open, honest dialogue and dynamic communication whether face to face, online and other communication
- ▶ Our business practices and behaviours go beyond a "compliance" mindset – we aim to secure public trust and stakeholder recognition by setting an example in fair, self critical, ever improving and consistent communication and conduct
- ▶ Incorporating sustainability and corporate responsibility thinking in relevant client solutions and stakeholder interactions ensures we are always connected to relevant national and global developments

## WHY ARE WE IN BUSINESS?

Our objectives and contribution to UN SDGs #8, #9 #11 and #17:

- ▶ Financial growth and market share increase enabling investment in our employees, tax payments and capabilities # 8 Good jobs & economic growth
- ▶ Creating innovative, sustainable and market relevant client solutions
- ▶ Contribute positively to the resilience of our clients, industry and communities we touch
- ▶ Build mutually beneficial and sustainable partnerships



## HOW DO WE STAY IN BUSINESS?

Our objectives and contribution to UN SDGs #4, #5 and #9:

- ▶ We are a recognised equal opportunity employer and take great pride in a inclusive work culture and promoting respectful behaviours
- ▶ Our employees are the cornerstone for delivering client and stakeholder value so we invest actively in their professional development and encourage ongoing learning across our services
- ▶ Gathering, analysing and acting on market and stakeholder relevant intelligence to be transformed into innovative client solutions, better partnerships and promoting responsible business practices is key to our continues success

# OUR VALUE CREATION BUSINESS MODEL

## OUR COMPETITIVE ADVANTAGE (INPUTS)

## OUR PROCESS



 **INTELLECTUAL**

Access to service specific technology and tools to deliver client solutions

 **HUMAN**

Diverse and talented people with market relevant skills and experience

 **SOCIAL & RELATIONSHIP**

Positive engagement and collaboration with our clients, suppliers, regulators, communities and other stakeholders

 **NATURAL**

Access to natural resources including water, energy and office materials to operate effectively



## CREATING VALUE

For us

For others



### INTELLECTUAL

Development of unique products, services and skills supporting future growth and diversification

New value adding client solutions, contribution to industry knowledge, understanding and thought leadership



### HUMAN

People satisfaction, competitive remuneration, talent attraction and retention, training and career development opportunity, stimulating, learning working environment

Enhanced capabilities and service delivery benefitting our partners



### SOCIAL & RELATIONSHIP

Better understanding of our dependencies and networks of partners and stakeholders leading to better responsiveness

Trust, positive, open and dynamic relationships with partners and stakeholders



### NATURAL

Greater people awareness leading to greater responsibility for our environmental impacts and better resource management

Minimizing our natural capital footprint, sharing our knowledge of better resource management, raising awareness of business relevant issues including climate change and waste management

# OUR CLIENTS

## Over 300 engagements in 2017!

We work with private and public organisations across many industries and provide market leading solutions for our clients in agriculture, transport, energy and TMT (Tech, Media and Telecoms).

For more information about our value adding client services and industry split see below:

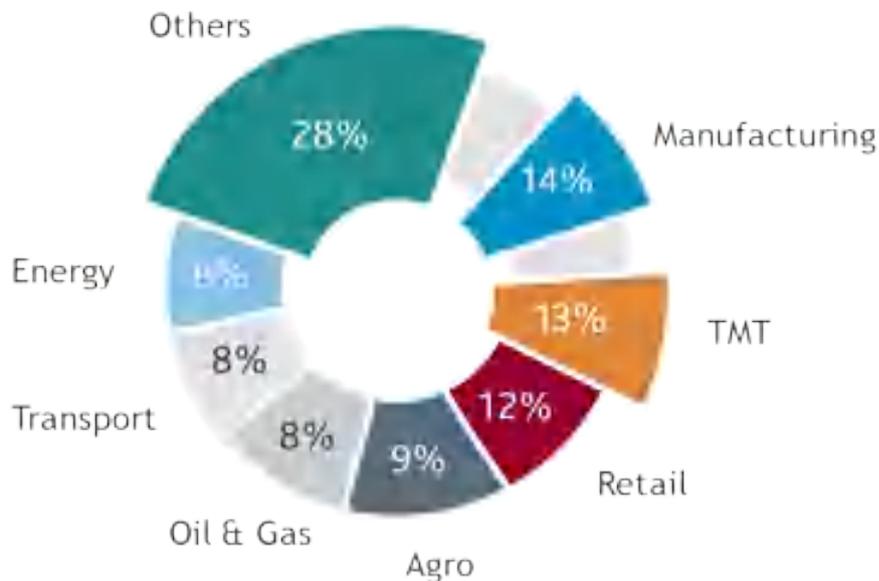
- ▶ Delivering Exceptional Client Service requires consistency, innovation and truly understanding the needs of our clients. One solutions area where we invested early is the use of market relevant technology. "BDO Advantage" and the "Counting made Simple" app are two exciting programmes responding to the needs of our clients.

BDO Advantage is our global data analytics initiative and provides a combination of increased audit quality, enhanced client insight and greater efficiency of service - all crucial on our journey to becoming digital first.

The Counting made Simple app is simplifying and bringing greater efficiency to our clients' inventory count process. This provides a more streamlined approach at the count itself, allowing our teams to document their work in a compatible format with our APT audit tool in real time. This means less disruption for our clients, and a more efficient experience for our teams, eliminating the need for paper and hard copy notes.

- ▶ Our clients can expect more BDO investment in technology based solutions including cybersecurity.
- ▶ We recently obtained a CompTIA Security+ certification for our IT department allowing us to establish a secure data and storage environment.
- ▶ Quality of management was confirmed by certificates ISO 9001:2015 «Quality management system».

Our QMS helps us coordinate and direct policies, processes, objectives and activities to meet growing client expectations and regulatory requirements.



# OUR PEOPLE

People First. BDO strives to maintain an inclusive working environment where teamwork and relationships matter.

We are proud of our employees' passion, commitment and ability to deliver value for our clients and other stakeholders.

We encourage and support our employees to adopt a positive attitude to lifelong learning and professional development - in 2017 we had the great pleasure to welcome 58 new colleagues to join the BDO family.

We are stronger together!  
#BDOUkraineStrong

Employee gender split	♂ 87 ♀ 110
Training hours	4078
Average age of employees	36
New employees	58
Reported accidents	0
Employee recognition score (%)	92
Gender split in the organisation's governance bodies (%)	♂ 67 ♀ 33
Female and male remuneration gap (%)	0

«BDO is a home away from home – collegiate, inclusive, fun and inspiring every day.»

**Henning Dräger**, IR & Sustainability Partner

«BDO means a lot to me as it provides plenty of new knowledge, collaboration opportunities and friendly culture across all seasons.»

**Rusalina Dobrovan**, Corporate Responsibility Manager

«Friendliness, corporate atmosphere and openness of management are the words that I associate BDO with.»

**Aleksandr Kononuchenko**, IT Auditor

«Each project is interesting and unique. Our collective is really friendly and helpful. Thank you BDO for such an experience.»

**Tetiana Chaikovska**, Auditor

«I really appreciate work-life balance, that we have. It gives an opportunity to enjoy the work and not to forget about family and friends.»

**Evgenia Golub**, HR assistant

# OUR ENVIRONMENTAL IMPACTS

BDO Ukraine has been working with leading environmental NGO “No Waste Ukraine” to learn about practical recycling and waste management solutions for our offices as well as raising employee awareness.

As a result we are proud of our 2017 progress but know this is only the beginning of our efforts.

Our Kyiv office awareness and behavior change campaigns resulted in the recycling of:

Waste paper - 1.8 tons

Glass - 200 kg

Plastic -150 kg

## OUR GREEN OFFICE PRINCIPLES:

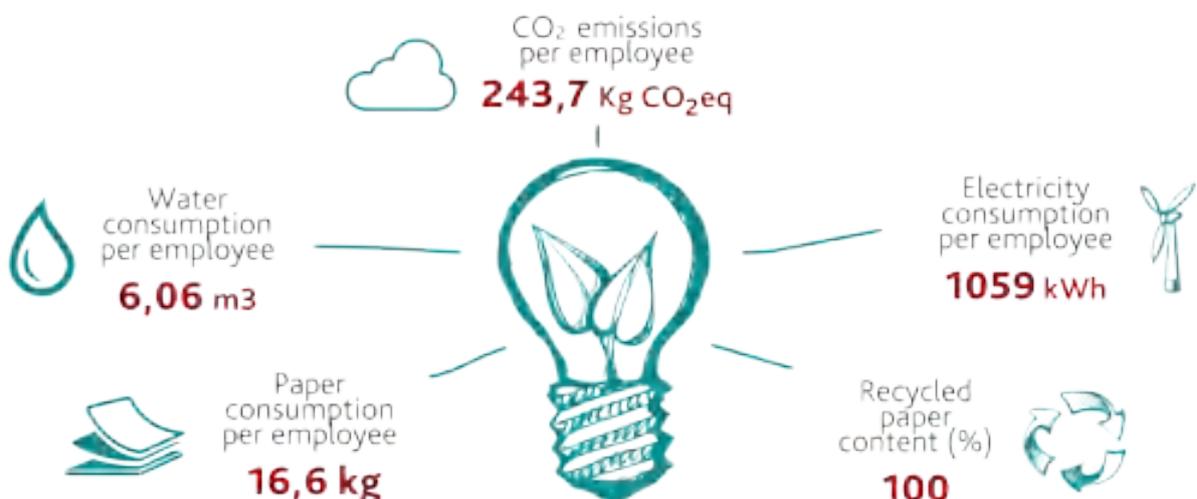
- ▶ The 3 Rs: reduce, recycle and reuse of all relevant materials including plastics, paper, IT equipment and furniture
- ▶ Collection of waste paper
- ▶ Reduction of single use plastic items
- ▶ Clearly labelled recycling stations across our offices

## ENERGY SAVINGS:

- ▶ Automatically switch monitors to sleep mode after 10-15 minutes
- ▶ Shutdown of all office equipment, including computers and laptops, for night and weekend
- ▶ Energy efficiency ratings are taken into account when purchasing office equipment
- ▶ Widespread use of LED lights and energy-saving lamps in the office
- ▶ Turning off all office lights and aircon/heating units at the end of every working day

## LIMITED RESOURCES AWARENESS:

- ▶ Purchase of environmentally friendly, certified office supplies
- ▶ Moving towards an increasingly paperless office through e.g. the use of electronic contract signature solutions
- ▶ Use of environmentally friendly chemicals across our offices including no use of chlorine compounds and phosphates and VOCs



# OUR COMMUNITY ENGAGEMENT

## NEXT GENERATION PROJECT

We are proud to work with the Children's Fund of Ukraine which provides hope and shelter to orphaned children throughout Ukraine. Our Dnipro employees had the opportunity to visit a local orphanage and provide generous donations of clothes, books, toys and other needed products. Our colleagues took all children to the local circus resulting in much fun and positive conversations.

## BUSINESS COMMUNITY PROJECT

BDO's Integrated Reporting and Sustainability Partner, Henning Dräger, chaired the European Business Association's (EBA) CSR Committee for the third year running. Henning provided the EBA's 900+ members with the opportunity to learn and discuss practical and market relevant approaches to Sustainability, CSR and Integrated Reporting through training, technical master classes and presentations from Ukrainian and international experts and companies. In 2017 we delivered 18 sessions for businesses in Kyiv in partnership with the EBA.

## BDO ENGLISH CLUB

Every week our Dnipro and Kyiv offices offer all employees to participate in formal business English training as well as informal speaking opportunities to support our international communication capabilities and support the colleagues' personal learning ambitions. Topics discussed include effectiveness strategies at work, business and cross cultural communication approaches and using emotional intelligence at work.

## ENVIRONMENTAL AWARENESS

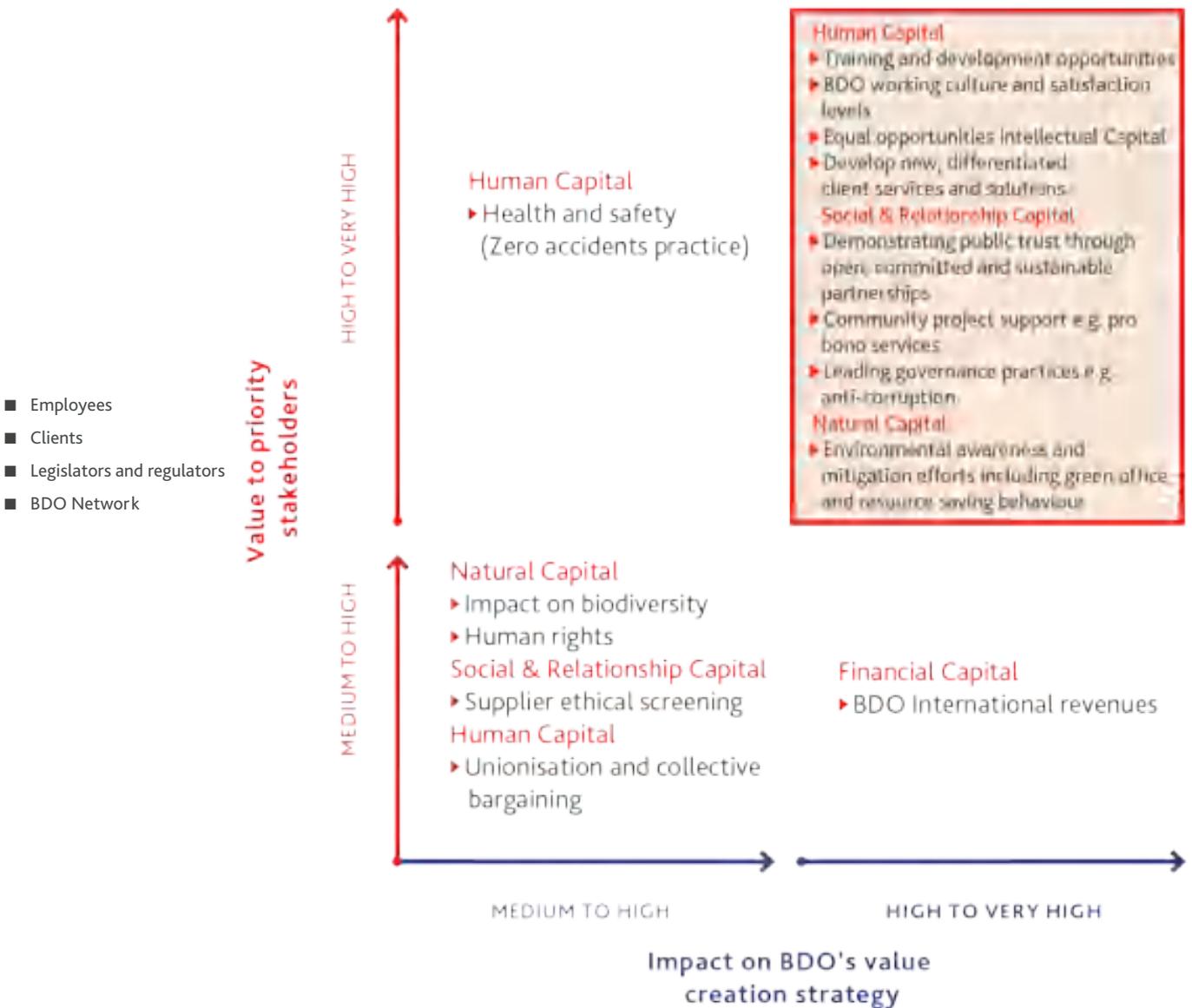
Our BDO offices in Kyiv and Dnipro joined WWF's "Earth Hour" switching off all non-essential lights and electricity for an hour to raise internal awareness about energy use and climate change. Although symbolic in nature we strongly believe in playing our part tackling one of the greatest global challenges by demonstrating solidarity for our planetary home.

## COMMUNITY AUDIT

In 2017 we conducted one community audit of a well-known NGO. We continue to believe that delivering professional services in our community will have a positive impact.



# PRIORITY STAKEHOLDERS AND MATERIAL ISSUES



The frequency of BDO's stakeholder dialogue and engagement differs by type and stakeholder group but our tried and tested materiality process remains the same following 3 steps:

### 1. IDENTIFY FOCUS AREAS

We conducted a thorough benchmarking study, comparing our sustainability program and progress against peers in our industry. Based on these insights and analysis, we established a list of key focus areas or "material issues."

### 2. ENGAGE STAKEHOLDERS

In 2017 we conducted an internal stakeholder identification analysis in order to identify key stakeholder groups to our organisation. Based on an analysis of which stakeholder groups strongly influence BDO, and whether the stakeholder group is strongly influenced by BDO, we identified 4 stakeholders as priority (see y-axis in the matrix).

### 3. BUILDING A MATERIALITY MATRIX

Combining the results of the benchmarking insights and priority stakeholder feedback, we created the above materiality matrix that shows the environmental, social and governance issues that are a focus of our business and our priority stakeholders. We then use these insights to inform our integrated strategy, more effectively use our resources and align our reporting process with what matters most.

Material issues are those ranking high for both priority stakeholders and BDO's value (see upper right square in the matrix). These issues are the ones that BDO prioritises in this Integrated Review and they will be reviewed annually in consultation with our priority stakeholders using surveys, interviews, social media engagement and others forms of communication. Inspired by the IR Framework we used its capitals terminology to frame issue or "stores or value" identified in our stakeholder dialogues.



# OUR FUTURE COMMITMENTS

## NATURAL CAPITAL

- ▶ Reduce our environmental impact and maximise stakeholder awareness as we grow
- ▶ Reduce greenhouse gases by 40% by 2030
- ▶ Reduce water use by 15% by 2020
- ▶ Independent certification of our office Environmental Management System by 2022
- ▶ Deliver four sustainability awareness events for BDO employees and partners in 2018

## HUMAN CAPITAL

- ▶ Enable all employees to reach their unique potential and be a happy part of BDO
- ▶ Increase number of employee training hours by 5% in 2018
- ▶ Increase employee retention by 3% year-over-year
- ▶ Provide all employees with subsidised monthly public transport card in 2018
- ▶ Provide all employees with different options of subsidised annual healthcare plans in 2018

## SOCIAL & RELATIONSHIP CAPITAL

- ▶ Provide all employees with the opportunity to participate in 1 paid community volunteering day in 2018
- ▶ Concentrate our community investments in projects aligned with BDO expertise and passion
- ▶ Accept pro-bono speaking engagements, presentations and share community relevant insights in 2018 by delivering a minimum of 100 continuous professional and community development hours including chairing the EBA CSR Committee

## FINANCIAL CAPITAL

- ▶ Delivering a market relevant, robust business model and client strategy
- ▶ Increase market share by 30% by 2020
- ▶ Invest in innovative and market relevant services including cyber security and business automation solutions. Key focus sector for 2018 include: agriculture, energy and Technology, Media and Telecoms (TMT).

## INTELLECTUAL CAPITAL

- ▶ Deliver innovative and business relevant program for Tax and Accounting



# VALUE CREATORS @ WORK



# WE WELCOME YOUR FEEDBACK



**Henning Dräger**, BDO Global Partner for Integrated Reporting and Sustainability has over 20 years experience advising blue chip, family owned, SMEs and public sector organisations across 26 countries and 25 industries how to engage with, develop in partnership and successfully implement suitable Integrated Reporting, Sustainability and Corporate Responsibility solutions. Henning remains Ukraine's #1 Integrated Reporting and Sustainability expert and much thought after public speaker and advisor. Henning is on a mission to wake up organisations of all sizes and across all sectors to the value integrated, sustainability thinking and critically decision making brings. His approach in a sentence: "Organisations cannot choose between growth and Sustainability – they must have both; fully integrated."



**Rusalina Dobrovan**, our newly appointed Corporate Responsibility Manager, has earned a Finance Master's from Kyiv National Economic University while also working for BDO. Rusalina also supports BDO's Quality & Risk Management department, but her main focus and passion is to make BDO a more responsible and responsive company with Corporate Social Responsibility as the backbone for delivering exceptional client services. Rusalina's motto: "Accepting our struggles and being willing to advance behaviours that improve our world - whether that world is family, city, business or planet gives meaning to my life."

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