



2015 Annual Integrated Report

BDO UKRAINE

International auditors and consultants

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► WELCOME

DEAR READERS AND FRIENDS OF BDO,

Another eventful year has passed for BDO and our country. Keeping a steady hand and trusting our strategic compass in times of economic and political turbulence is not always easy but necessary if greener pastures are to be reached.

One of the results of our people exchanging ideas, sharing experiences and working together to become more innovative and client-oriented is what you are reading now – our first annual integrated report. Integrated Reporting is making big waves across the world with its innovative and, in parts, revolutionary approach to deeply connecting financial and non-financial information as well as associated risks. Furthermore Integrated Reporting is moving the conversation with stakeholders towards how companies create broader value not only today but also how this can be sustained in the medium and long-term.

At BDO we embrace innovation and subsequently decided to learn more about Integrated Reporting especially with a view to how it can benefit our clients, the BDO International Network we are proud members of and not least our own reporting approach. As a result of our focus we are now Ukraine's leading provider of Integrated Reporting services for organisations in the public and private sector as well as providing solutions for over 100 companies in over 25 countries.

Integrated Reporting is a natural progression of our networked way of working and acting both within our company and with our key stakeholders. We view 2015 as the beginning of a journey towards demonstrating our value creation whether financial, social, environmental and indeed as a trusted corporate citizen. We know that we can improve many things including putting in place proper processes and measurement tools to, among other things, minimise our environmental impact and will continue to learn from best practices to improve our performance.

Our country and industry are facing huge challenges. The ongoing political situation in Ukraine is having a direct impact on the short and medium-term investment climate. Our clients want ever more cost effective yet innovative and trusted solutions across our business lines. Public concern about lack of corporate transparency, increasing corruption

and reform inertia is growing thus putting increased scrutiny on our industry to be acting with great integrity, openness and professionalism. Ukraine also faces numerous environmental and social roadblocks including realising a secure, affordable and lower carbon economy in addition to creating sustainable jobs for the next generation of professionals. Faced with this plethora of storm fronts what positive role can BDO play?

We can not continue driving the "car" looking in the rear-view mirror hoping for the best. BDO looks forward to clearly identify and meet the challenges ahead with innovative approaches which add value to our clients and take our stakeholders with us so we can be trusted to do what we do best: sharing and growing value - together.

Finally, I would like to express my great appreciation to all our people for the fantastic work they have done. This year, again, we have been able to overcome many important challenges and establish BDO as a professional, trusted and innovative partner.

We hope you enjoy reading the 2015 BDO annual integrated report.



ALLA SAVCHENKO

President of BDO Ukraine

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A handwritten signature in blue ink, appearing to be 'A -' or similar, on a light-colored background.

▶ ABOUT THIS REPORT

▶ Reporting period:

01.10.2014-30.09.2015 (corresponds with our corporate reporting year).
We intend to publish future integrated reports following this annual cycle.

▶ Reporting boundaries:

BDO's Kyiv and Dnipro offices accounting for 99% of our financial, social and environmental impacts in Ukraine based on revenue/office, employee location and office size.

▶ Reporting frameworks used to guide our reporting:

- IIRC's <IR> Framework
(<http://integratedreporting.org/resource/international-ir-framework>)
- GRI G4 "in accordance" "core option"
(<https://www.globalreporting.org/standards/g4>)
- AA1000 Stakeholder Engagement Standard (SES)
(<http://www.accountability.org/standards/aa1000ses.html>)

▶ Our view on independent verification:

2015 is our baseline year and all collected data and insights will be used to benchmark and hopefully improve future performance. We strongly believe in independent verification of all data as international best practice and aim verify our data in future reports once we believe our data quality and systems have reached sufficient robustness. We will keep our stakeholders informed about our progress and will continue to seek their views as valued partners for improving our financial, social and environmental performance.

▶ Our team

The report you are reading is the result of the efforts of our <IR> team and colleagues across the organisation providing data, encouragement and ideas. The core team included our responsible Partner, Henning Dräger; our Head of CSR, Anastasia Borenkova and our Associate Lyubov Shkurenko and Yulia Solodovnik. It is worth noting that Henning not only has 18 years' experience advising companies on sustainability and CSR approaches in over 25 countries but is also currently seconded to the International Integrated Reporting Council (IIRC) leading the Business Network of international reporters. Henning used this extensive IIRC experience advising companies on Integrated Reporting to lead our reporting efforts and suggest relevant approaches for our report. Our co-lead Anastasiya is an SA8000 qualified social auditor with significant stakeholder engagement experience enabling us to measure and evolve our social and stakeholder engagement performance.

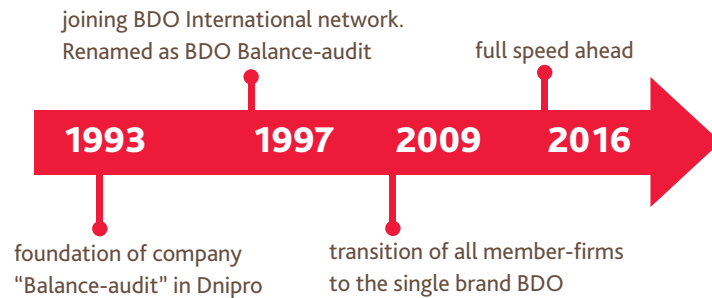
We welcome your feedback - see contacts on the backpage.



▶ ABOUT BDO UKRAINE

▶ Our history

BDO in Ukraine dates back to 1993, when the auditing and consulting firm "Balance-Audit" was established in Dnipro. In 1997 the company joined international BDO Network and was named "BDO Balance-Audit", which supported the compliance with the highest international standards of BDO. Beginning from 2009, in line with global strategy, we are called BDO in Ukraine.



▶ Our structure and locations

BDO in Ukraine is represented by two companies: BDO LLC and BDO Consulting. Both companies exceptionally serve many clients from various industries having best expertise in public sector, agriculture, energy and natural resources, industrial production, transport, financial sector, and others. About 137 colleagues work in offices located in Kyiv, Dnipro, Lviv and Odessa. Our specialists have international certificates ACCA, and great practical IFRS experience.



▶ Our services

We are the fifth largest leading audit and consulting company that providing a wide range of services including audit, tax and legal consulting, financial advisory, capital transactions, restructurings, management consulting, system integration, sustainability. We are international company with a deep understanding of the Ukrainian market.

BDO MEMBER FIRMS IN UKRAINE

BDO LLC

- Audit
- IFRS implementation
- Internal audit
- Agreed-upon examination procedures
- Assistance to CFOs
- Specialised reviews and researches
- Tax consulting
- Accounting outsourcing
- International structuring
- Legal Audit/Due Diligence
- IT-audit

BDO Consulting

- Corporate finance
- Sector services
- Risk management
- Business restructuring
- Business consulting
- Sustainability services
- System integration
- Professional development programs
- Marketing research
- Recruiting of the role specific specialists
- Legal consulting
- Valuation

▶ ABOUT BDO UKRAINE

▶ Our client successes

We are proud to provide solutions across our service lines to over 400 clients covering diverse industries including: agriculture, public sector, production, transport, financial, energy and processing and others.

▶ Our culture and values

Our corporate culture and values are the centre of everything we do. Our culture puts our clients' success at the centre of everything we plan, discuss, test and do. Our culture in turn is supported by our core values:

People First. BDO strives to maintain an inclusive, diverse and democratic working environment where teamwork, relationships, sharing of ideas and support matter.

Exceptionality. We aim to deliver our industry's highest standards of service delivery and integrity at all stages of client and stakeholder engagement. We believe that relationships are based not only on technical excellence and analytical insights, but very much 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 colleagues alike.

▶ Our ambition is:

To be the leader for exceptional client service

1. To establish and manage a strong, global brand and a credible reputation by investing in our people through increased training hours, attending seminars and workshops to translate knowledge into solutions our clients trust.
2. To deliver exceptional client service through our global and local presence providing scale, depth and breadth in the organisational and industry specific solutions delivery within Ukraine and across our borders.
3. To establish a credible presence in all service lines that matter from strategic industries such as agriculture, energy and mining to burgeoning sectors including IT, renewable energy and outsourcing.
4. To continually invest in new services, tools, systems and methodologies meeting the ever changing needs of our clients including development of tailored Integrated Reporting strategies that bring together our client's financial and non-financial performance indicators.
5. To attract, retain and develop talented people to serve the needs of our clients, develop industry leading professional skills and capabilities and positively contribute to our open, democratic and inclusive corporate culture.

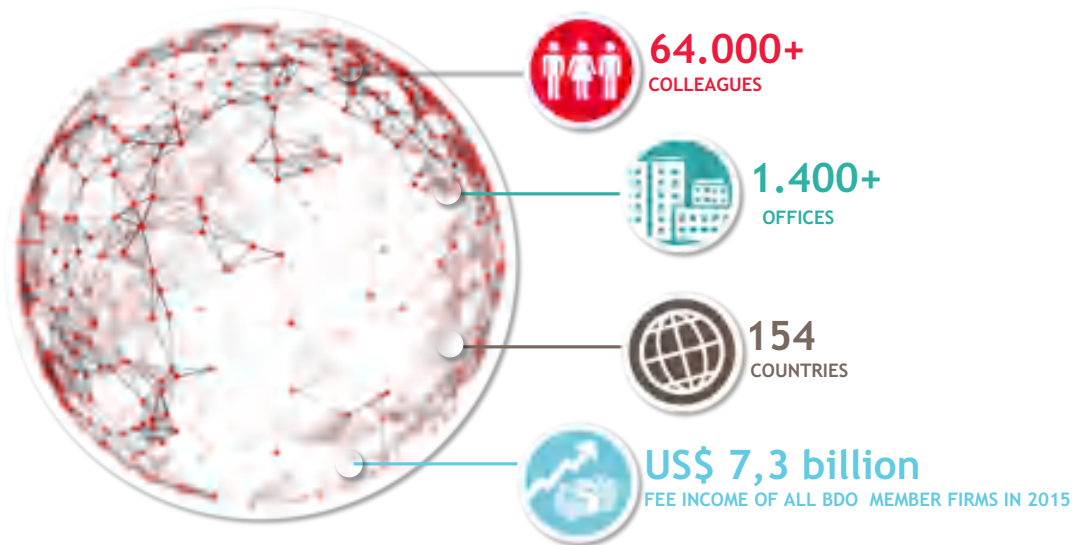


▶ THINKING GLOBAL; ACTING LOCAL

Our ability to provide high quality client services and build a reputation as trusted responsible company does not stop at our border. We continue to learn from and share insights with our fellow member organisations in the International BDO Network.

We are stronger together in the belief that whatever the challenges and opportunities our stakeholders face are they will turn to us for advice. People who know, know BDO.

▶ Our international footprint



▶ Our Ukrainian footprint



▶ 2015 HIGHLIGHTS

FINANCIAL / CLIENT

- ▶ Revenue **UAH 50.7 mln.**
- ▶ We provided services to more than **400 clients** from various industries.

We have developed Ukraine's first online IFRS platform in partnership with LIGA ZAKON to enable our clients to translate financial reporting updates into practical insights for their businesses.

ENVIRONMENTAL

- ▶ We participated in the annual "Let's Do it Ukraine" environment day beautifying parks and public spaces across Kyiv and Dnipro.
- ▶ We laid the foundation for implementing Environmental Management Systems (EMS) in our Kyiv and Dnipro offices based on the ISO 14001 standard.
- ▶ We switched to 100% recycled and FSC certified office paper in our Kyiv and Dnipro offices.

SOCIAL

- ▶ Average **130 training** hours per employee*.
- ▶ We provided **20 internships** across our services lines .
- ▶ Despite the ongoing economic and political situation in Ukraine we maintained number of people working with us.

* Breakdown: 128 hours for colleagues across our service lines; 2 hours for our administrative colleagues"

AWARDS / RECOGNITION



Our BDO network was announced the winner of the prestigious Network of the Year award at the International Accounting Bulletin (IAB) Awards. BDO received the Network of the Year award for demonstrating execution of profitable growth strategies in the past 12 months, and excelling in other areas including consistent delivery of high quality professional services.



BDO was chosen to chair The European Business Association's CSR Committee in recognition of our expertise and thought leadership providing its over 900 members with practical, market leading insights on CSR, sustainability and Integrated Reporting approaches.



The BDO Global Outsourcing team was awarded the International Payroll Award at the 2015 Payroll World Awards. With stiff competition from the larger networks and major payroll specialists across many categories, the BDO Global Outsourcing team is particularly proud to have won the most prestigious international award.

BDO HOLDS STATUS OF PLATINUM ACCA APPROVED EMPLOYER





The highest Platinum status of ACCA Approved Employer confirms conformity of BDO's financial service personnel training and development system with the best international practices, and also asserts that company provides maximum support to its employees in the course of obtaining ACCA qualification.

► OUR STAKEHOLDERS

Our business model creates value for a number of stakeholders. However we are well aware that without the active contribution by and partnership with key stakeholders we would not be able to sustain our success. In 2015, BDO conducted an internal stakeholder identification analysis in order to identify key stakeholder groups to the organisation. Based on our analysis we identified the following stakeholder groups as key partners shaping our business activities and reputation:

Our engagement was guided by the AA1000 Stakeholder Engagement Standard principles of inclusivity (who are our key stakeholders and how to we involve them?), materiality (what issues are important to our stakeholders and to us?) and responsiveness (how do we ensure that our stakeholders are heard and stay engaged?). Our stakeholder dialogue is evolving and we aim to improve our engagement practices and communication platforms through the coming years. The frequency of BDO's stakeholder dialogue and engagement differs by approach and stakeholder group.

PRIORITISED STAKEHOLDER GROUPS

Stakeholder group	Description	Engagement activities
CLIENTS 	During 2014-2015 we served more than 400 clients across different sectors including agriculture, public sector, industrial production, transport, financial sector, energy and natural resources.	Existing <ul style="list-style-type: none"> ▶ Delivering exceptional client service and value adding solutions. ▶ Ongoing conversation about quality of our services. ▶ Listening to their ideas, concerns, suggestions and provide appropriate solutions. ▶ Regular management meetings. Potential <ul style="list-style-type: none"> ▶ Demonstrating leading solutions and value adding activities. ▶ Following market trends and developments to respond with appropriate, innovative solutions.
COLLEAGUES 	At the end of 2015 we employed 137 colleagues of whom 61% were women across our four offices.	<ul style="list-style-type: none"> ▶ Performance reviews. ▶ Employee satisfaction survey. ▶ BDO intranet updates. ▶ Quarterly updates on key developments including lunchtime presentations.

LEGISLATORS/ REGULATORS



We provide services to clients across a wide range of industries and are diligent to adhere to the specific regulations and norms we face. Our key regulator is the Audit Chamber of Ukraine.

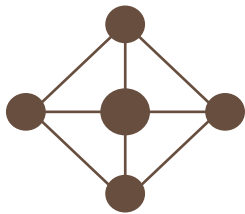
We strive to keep an open dialogue with our regulators and policy makers.

Key regulators/legislators:

- Audit Chamber of Ukraine.
- National Bank of Ukraine.
- Cabinet of Ministers of Ukraine.
- National Securities and Stock Market Commission.
- Ministry of Infrastructure of Ukraine.
- Ministry of Finance.
- Ministry of Economic Development and Trade of Ukraine.
- Ministry of Agrarian Policy and Food of Ukraine.
- World Bank.
- European Bank for Reconstruction and Development (EBRD).
- United States Agency for International Development (USAID).
- Swedish International Development Cooperation Agency (SIDA).

- ▶ Regular meetings with key policy makers .
- ▶ Feedback on policy proposals and initiatives affecting BDO's operations and service quality.
- ▶ Attending relevant events and interacting with policy makers such as active participation in the National CSR Strategy Business working group.

KEY SOCIETAL



- BDO International Network.
- European Business Association.
- Ukrainian Chamber of Commerce.
- British-Ukrainian Chamber of Commerce.
- Forum of Firms.
- CSR project partners.
- Audit and industry bodies.

- ▶ Dialogue and updates on various activities.
- ▶ Chair of the EBA CSR Committee (Kyiv).
- ▶ Chair of the EBA Tax Committee (Dnipro).
- ▶ Head of the EBA Coordination Board (Dnipro).
- ▶ Pro bono audits e.g. audit of the competition within the Forum "Best Social Projects of Ukraine 2015".

In addition to study other companies' stakeholder engagement practices and be guided by the AA1000 SES we decided to follow the Integrated Reporting Framework's principles, which state that: *"An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests"*

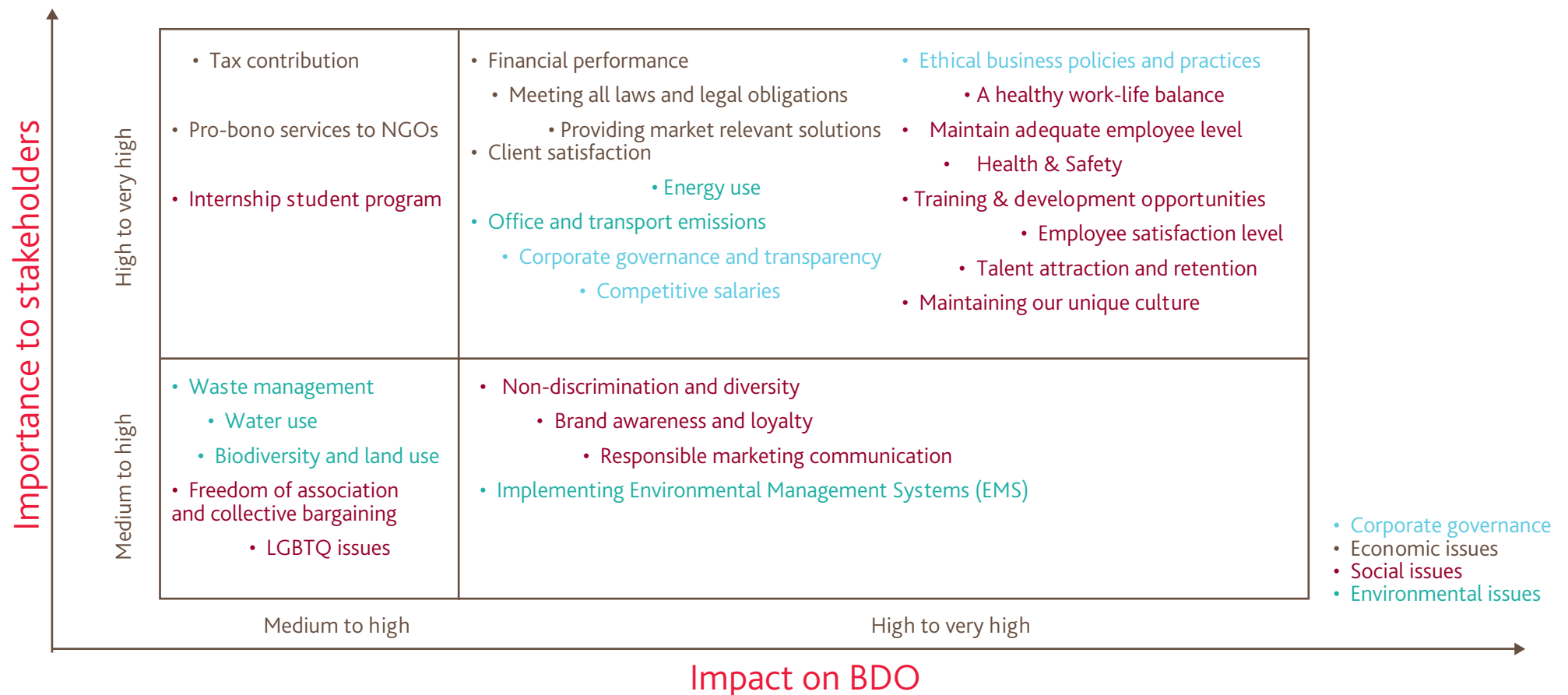
Following the identification of our key stakeholders we reached out to learn more about what material issues they consider BDO should focus on and developed a stakeholder matrix matching the identified material issues with our strategic priorities.

▶ OUR MATERIAL ISSUES

Our materiality analysis gives insight to which issues significantly impact our operations (actual and potential) and which ones to track without further reporting. The most recent analysis is based on our 2015 stakeholder survey, which stakeholder survey in 2015, which included internal and external respondents from prioritised stakeholder groups. We conducted an internal online survey among our colleagues and clients as well as receiving input from other stakeholders at events including students, NGOs and respective industry associations. Following the survey results, our management team made its own assessment of which issue to select for reporting. Material

issues are those ranking high on both importance and impact (refer to the upper right square in the materiality matrix).

Issues ranking high on either importance or impact are also considered to be important for reporting purposes. In preparation for the next Integrated Report we will conduct a new materiality assessment to define report content based on any changes to material issues identified by our stakeholders and management team.



► HOW WE CREATE VALUE

Our client activities, stakeholder relationships and other societal contributions all create tangible and intangible value. Contrary to the popular saying that a cynic “knows the price of everything and the value of nothing” we do not attempt to monetise all our impacts such as sharing best corporate sustainability practices in a public forum. Instead we collect evidence to demonstrate any positive influence, even inspiration, from organisations and other participants as well as incorporate any learnings for future improvement. We formulated a 4-stage process to visualise our value creation efforts:

Identifying, measuring (where possible) and reporting our value creation starts with our purpose and by deeply listening to the expectations our key stakeholders have. Incorporating our stakeholder's views, we craft a robust strategy that provides the necessary pillars and strategic enablers to chart a hopefully successful course for our company. We action our strategic aims through our unique we go to work transforming our strategy including the capital inputs necessary to create e.g. value adding client services through our business model and activities. Finally, we deliver value as a result of our activities, which impact our stakeholders and indeed leave footprints e.g. environmental impacts, which we review, and address going forward.

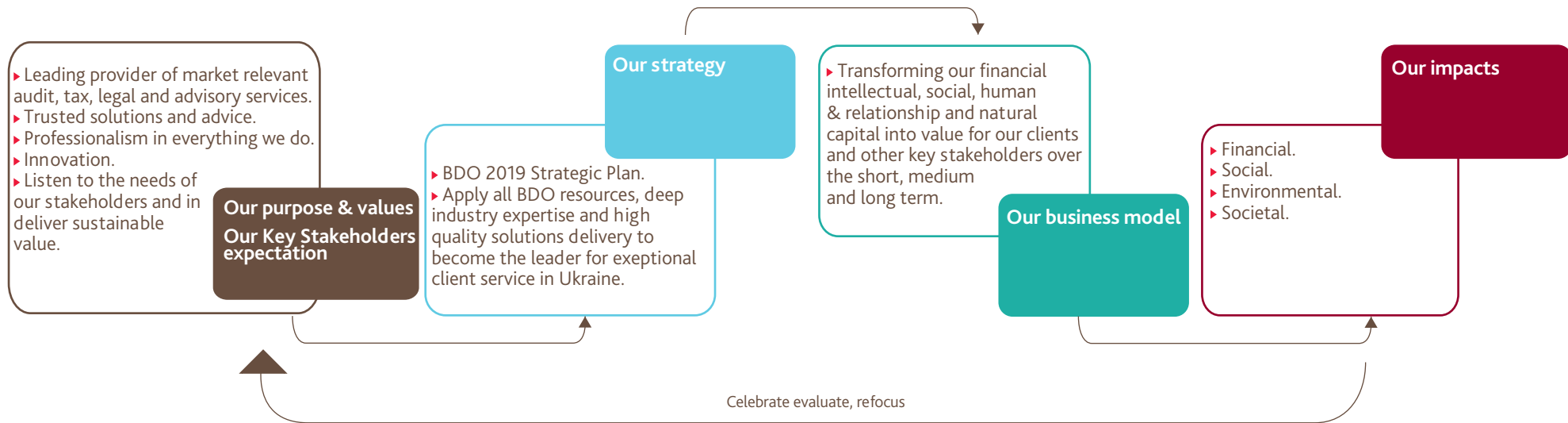


Illustration: Our value creation process

► OUR STRATEGY

Our 2019 strategic plan is the driver behind our value creation approach answering the fundamental questions what BDO wants to achieve e.g. revenue growth and client diversification, what our strategic priorities are e.g. focus industries and development of market relevant capabilities and how we realise our ambitions e.g. investment and development of expertise. The plan is predicated on the BDO International Network strategy and adopted to the Ukrainian market accordingly providing the necessary focus on achieving the annual goals.

Moving ever closer to our vision of delivering exceptional client service across all our services our strategy focuses on four strategic enablers for our people to guide everyday interactions with our clients as well as providing BDO with a framework for investing for future growth and success.

We believe that executing well on the four areas will us to create value across our operations and for our key stakeholders. Our continued financial success relies very much on the value we are realising from these strategic enablers such as retaining high quality professionals and continuously demonstrating to our clients that we can be entrusted delivering solutions based on sensitive information provided.



EXCEPTIONAL CLIENT SERVICE

1. Lead in exceptional client service
2. Retain and grow existing clients and attract new clients
3. Create a strong, global BDO brand

EXCELLENT QUALITY

1. Deliver high quality consistently
2. Leverage industry competence and knowledge

ENGAGED PEOPLE

1. Attract talent
2. Engage ourselves and others
3. Build leadership

EFFICIENT INFRASTRUCTURE

1. Create an effective network
2. Provide effective and efficient practice management support

Illustration: Our Strategic Enablers

► OUR BUSINESS MODEL

Our business model transforms the strategic framework into tangible plans and processes for creating value for our key stakeholders namely our clients, people and key societal stakeholders. We have adopted the IIRC Framework's impactful approach to describe our business model. Using <IR> to describe the transformation of key capitals necessary to create value for our stakeholders and sustain our growth we think it captures the essence of what BDO does to deliver financial, social, environmental and societal impact.

Through the input of our capitals e.g. employee expertise we are able to create services and deliver solutions, which add value to our clients through e.g. performing professional, cost effective audits which in turn impacts the BDO brand perception and ability to forge sustainable existing and successful new client relationships.

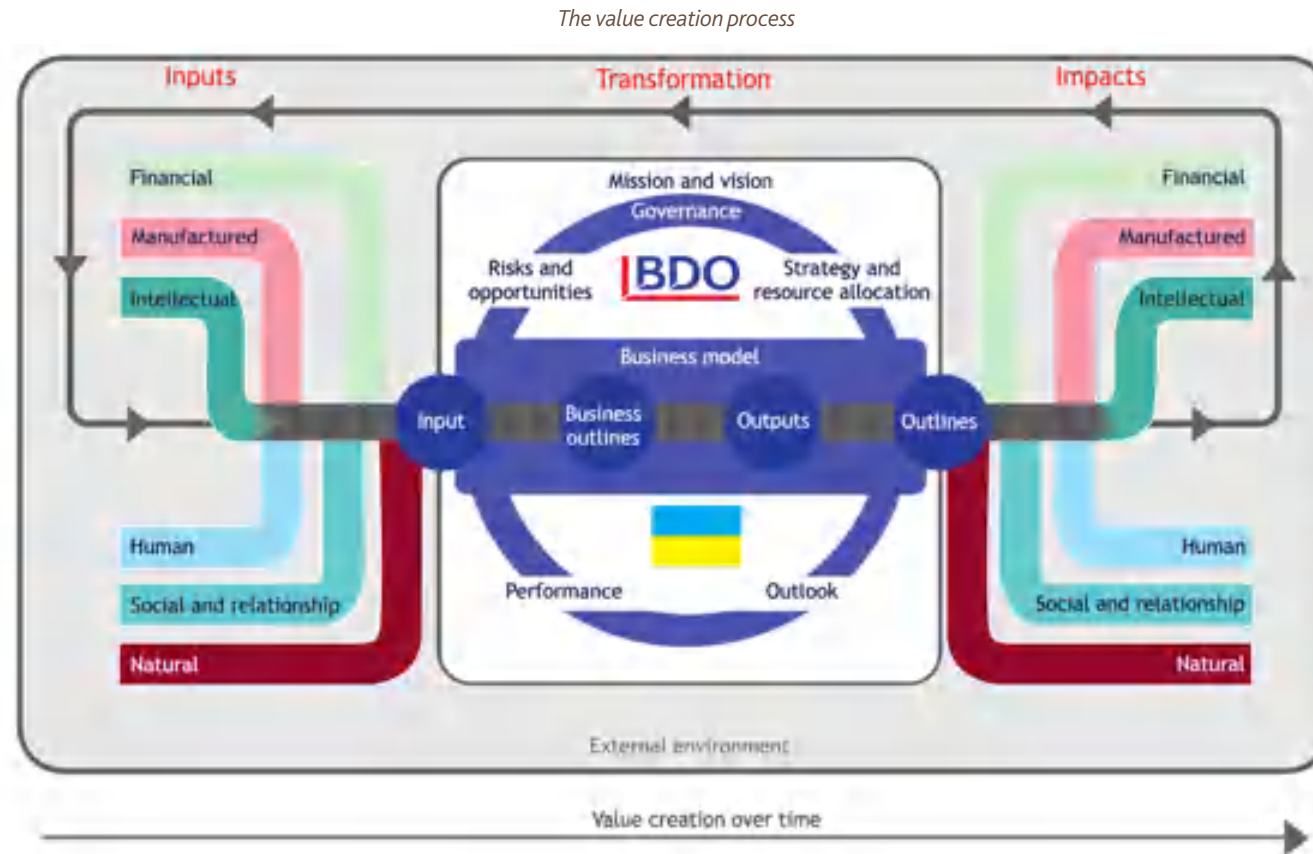


Illustration 4: The BDO Business Model

► OUR IMPACTS

Generating growing and repeat revenue from our clients is a key consideration as it enables us to invest in our colleagues skills and working environment, new technology and services to respond to ever changing market needs as well realise our sustainability

and societal obligations a responsible corporate citizen. Our material impacts following the Integrated Reporting Framework's capitals based approach are as follows:

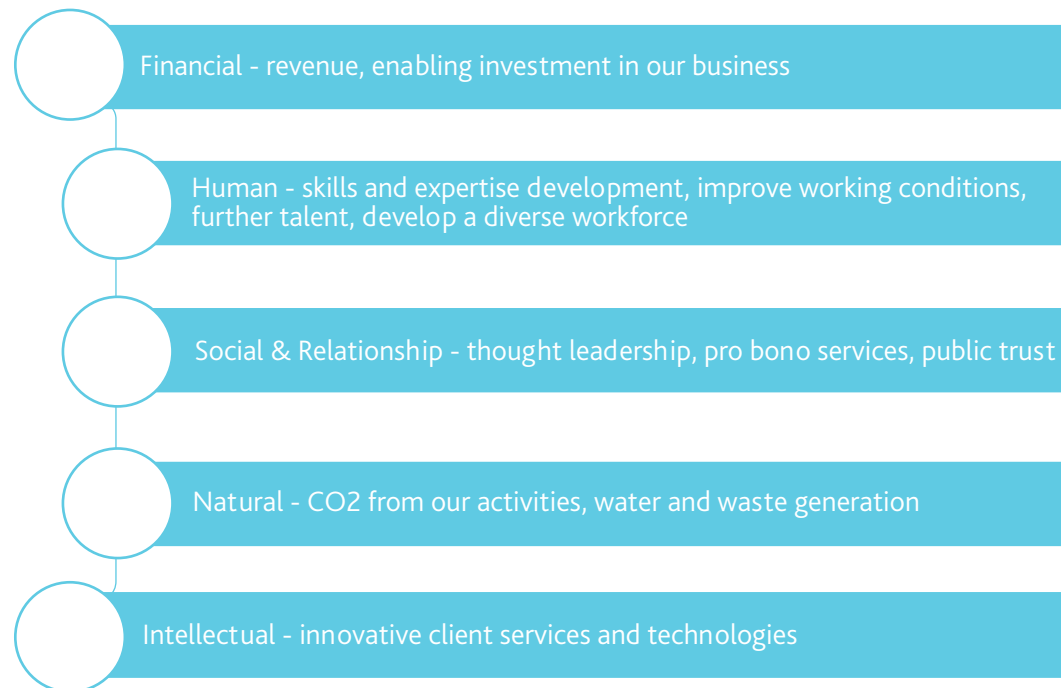


Illustration: BDO's material impacts

▶ OUR VALUE CREATION HIGHLIGHTS



FINANCIAL

- ▶ Revenue generation of UAH 50,7 mln allowing us to invest in our future success e.g. SAP software and creating new value adding service lines.
- ▶ UAH 9,3 mln taxes paid in 2015 (+9,6 percent compared to 2014).



HUMAN

- ▶ Invest in talent development, improve working environment including salary levels, continue to build a well qualified diverse workforce.
- ▶ Encouraging volunteer activities in our communities.
- ▶ Create a healthy work/life balance for our colleagues.
- ▶ Increased market relevant training across all our service lines.
- ▶ Increased investment in Business English classes.



SOCIAL & RELATIONSHIP

- ▶ Open and honest relationships with our regulators and government agencies.
- ▶ Investing in social and environmental projects and tracking their impact.
- ▶ Be a trusted and open partner for our stakeholders.
- ▶ Providing pro bono services for a number of NGOs including audits, presentations and trainings.



NATURAL

- ▶ Manage and reduce our material environmental impacts CO2 emissions from our offices and travel, water and waste.



INTELLECTUAL

- ▶ Developing and delivering innovative solutions through propriety technology for our clients.
- ▶ Providing thought leadership on innovative subjects e.g. Integrated Reporting, BSO and sustainability.



► OUR FUTURE EXPECTATIONS

Fact is that there are significant economic, political and cultural challenges in Ukraine impacting our performance today and are very likely to do so over the short to medium-term. Deceleration of client investment due to an uncertain regulatory environment, impacts from the Crimea annexation and Eastern unrest as well as the international perception of Ukraine as a less than transparent market for investments are all factors which continue to shape BDO's strategic response and priorities. We will continue to invest in areas which are critical to sustaining and growing our business and look for innovative ways to turn our national challenges into opportunities by working hard to find new, relevant clients solutions and building greater trust with key stakeholders. Based on the current situation we decided to focus our investment and efforts on three distinct areas which are likely to support our strategic aims and demonstrate our commitment to being a responsible company:

- Our Colleagues
- Our key stakeholder relationships
- Our environmental footprint

Our Colleagues

BDO's success is built on strong values and the talented people who carry them. We believe in providing our colleagues a working environment that sets a high standard for individual leaderships and responsiveness as well as providing opportunities for professional development across our service lines and provides opportunities for each individual to develop professionally across our service lines. BDO is dedicated to working with efforts that can help to improve the conditions for our people. This implies continuous focus on professional, ethical business practices as well as increasing training and education opportunities. BDO will also continue to work on attracting engaged and highly competent professionals, assuring a safe and healthy workplace, providing for diversity and equal opportunity at all levels in our organisation, as well as having a focus on training and development. We also enable our people to provide community services such as pro bono audits, taking part in volunteering events such as the annual "Let's do It Ukraine" environmental day, share their knowledge with interns as well as sharing their knowledge, passion and values when interacting with BDO stakeholders.

Our priority external stakeholder relationships

The quality of our interactions with key external stakeholders foremost our clients is central to ensure trust, cooperation and sustained partnerships enabling us in turn to meet our strategic objectives. Open, honest and frequent communication with our stakeholders will enable us respond to any changes in expectations which could affect our corporate strategy and more importantly our deeply held role as trusted corporate citizen. BDO's Business Code of practice and stakeholder mapping exercise has defined three external stakeholder groups to focus on and each group was consulted for the materiality mapping process. This stakeholder-driven approach takes inspiration from the IIRC Framework and GRI G4 guidance for materiality and we will continue to refine our interaction with each stakeholder group so we better understand their needs and are able to respond in timely, relevant fashion using an appropriate platform whether meetings, social media, surveys or focus groups.

Our environmental footprint

We continue to take our responsibility to actively work to map and reduce the negative environmental impact of the business very seriously. We have identified areas such as climate change (including energy use), water use, materials use and recycling key issues we have direct control over and are in the process of putting in place measurement and reporting systems attached to specific key performance indicators (KPIs) covering the short, medium and longer term (see below targets). To help minimise the environmental impact and to secure that the precautionary approach is applied, BDO has the ambition to implement environmental management systems (EMS) across all Ukrainian offices starting with our main impact offices in Kyiv and Dnipro.



▶ OUR 2016 TARGETS

▶ COLLEAGUES

- ▶ Apply the SA8000 management standard to track our health & safety performance, educate our people to follow best practice and aim to keep incidents to zero across all our offices.
- ▶ Conduct a people satisfaction survey to track our progress on priority issues including work-life balance, development opportunities, remuneration levels and working culture.
- ▶ Offer discounted Kyiv and Dnipro metrocards for all our people to minimize our environmental impact.
- ▶ Investigate a suitable private health insurance package for all our people.
- ▶ Continue to demonstrate thought and service leadership in sustainability, CSR and Integrated Reporting through the EBA CSR Committee and other relevant public platforms.

▶ EXTERNAL RELATIONSHIPS

- ▶ Continue to refine our stakeholder engagement process and outcome using the AA1000 SES framework as a guiding framework. This includes evaluating existing relationships and adding new stakeholders where relevant.
- ▶ Involving all prioritized external stakeholders in the development of the 2016 annual integrated report through focus groups and other formal and informal feedback mechanisms enabling us to reflect our performance in an open, honest manner.
- ▶ Using our chairing role of the European Business Association's CSR Committee to learn more from members and share our stakeholder engagement approach to further improve our stakeholder interaction practices.

▶ ENVIRONMENTAL IMPACT

- ▶ Decrease our direct energy use in our Kyiv office by 5% and Dnipro offices by 10% based on the 2015 baseline (see appendix 1).
- ▶ Decrease our water use in our Kyiv office by 5 % and Dnipro office by 10% based on a 2015 baseline (see appendix 1).
- ▶ Deliver 4 green office awareness raising events for our colleagues (2 in Kyiv, 2 in Dnipro) to support our efforts to minimise our environmental footprints.
- ▶ 100% separation and where possible recycling of our office waste (paper, food, electronic and other general waste).
- ▶ Advance implementation of an environmental management system based on the ISO 14001 criteria following a “plan, do, check, act” cycle.

In line with the IIRC Framework's recommendations for “demonstrating short, medium and long-term value” all medium term targets are aligned with our 2019 Strategic Plan which we consider long-term targets to go beyond 2019.



▶ OUR 2019 TARGETS

COLLEAGUES

- ▶ By latest 2019 have a full, independent social audit of our activities and policies against the SA8000 Framework to ensure our performance is verified as leading Ukrainian practice within our industry.
- ▶ Be recognised as “one of the best employers to work for” in Ukraine.
- ▶ Track and meet our strategic enablers relevant to our people and report back results annually.
- ▶ Keep Health & Safety incidents as close to zero as possible supported by educating our people and use the SA8000 system to track our performance.

EXTERNAL RELATIONSHIPS

- ▶ Continue to refine our stakeholder engagement process and outcome using the AA1000 SES framework or other available best practice methodology as guiding framework.
- ▶ Share data on annual interactions and, where relevant, content of discussions with our prioritised external stakeholders.

ENVIRONMENTAL IMPACT

- ▶ By latest 2019 have a full, independent environmental audit of our activities and policies against the ISO 14001 Framework or other relevant guideline to ensure our performance is verified as leading Ukrainian practice within our industry.
- ▶ Based on our 2016 environmental footprint data we aim to set further reduction targets for each year for our key impact areas energy use, water consumption, waste (electronic, plastic and paper) and use of recycled and environmentally friendly materials.
- ▶ All 4 BDO offices will be covered by the Environmental Management System (EMS).
- ▶ Create relevant indicators such as CO2 per employee and per UAH '000 turnover to illustrate our progress.
- ▶ Develop BDO supplier code of conduct for procurement of green office products.

INDEPENDENT VERIFICATION

- ▶ By latest 2019 have a full, independent audit of our annual integrated report.

OUR LONGER-TERM TARGETS

- ▶ Build on our position as leading provider of <IR> services in Ukraine by developing a strong portfolio of clients across a wide spectrum of industries as well as public sector organisations and NGOs.



► OUR 2015 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

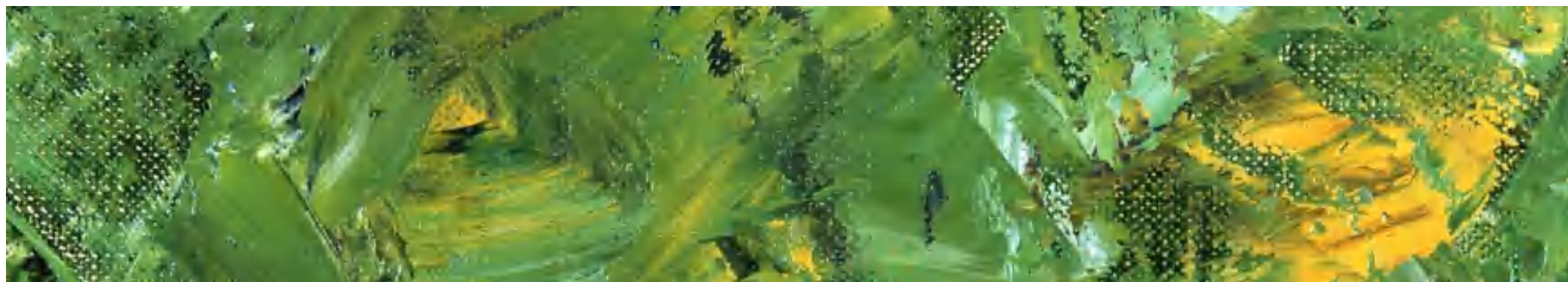
Measuring what matters – our social, environmental and economic performance benchmarked against the GRI-G4 in accordance “core option”. The ESG data below are based on a materiality mapping following an extensive consultation with the BDO’s internal and external stakeholders in 2015 (page 9).

ECONOMIC VALUE

Aspect	GRI indicator	2015 performance
Revenue generated from our services	G4-EC	50,7 mln UAH
BDO activities with indirect economic impact	G4-EC8	<p>The main indirect contribution is our people sharing their expertise and insights in audit, sustainability, tax and other key services across public platforms such as events, workshops and meetings. Sharing BDO thought leadership on matters of ethical business practice, proper financial accountability, sustainable business practice and anti-corruption with societal stakeholders contributes to better understanding of business strategies, policy frameworks and adopting best practice behaviour.</p> <p>An example is our partnership with the European Business Association (EBA) where we are proud chairs of the CSR Committee. We share with EBA members latest insights on how to develop effective, connected and practical approaches to better CSR strategies and plans. This includes linking new behaviours such as energy saving, waste minimisation and consider renewable energy generation to cost savings across their business operations.</p> <p>We will continue to share our market leading expertise with EBA members and other interested stakeholders to contribute to their financial, social and environmental success without being an a commercial relationship.</p> <p>Finally we aim to track our indirect economic performance impact through dedicated case studies in future integrated reports.</p>

Aspect	GRI indicator	2015 performance
New employee hires and turnover by age group, gender and region	G4-LA1	<p>26 people were hired during the reporting period</p> <p>Gender: 12 men and 14 women</p> <p>Age: up to 24 years - 3 25-34 years - 11 35-44 years - 11 above 45 – 1</p> <p>Region: Kyiv-20 Dnipro-6</p> <p>17 people resigned by own wish during the reporting period The turnover rate is 14%</p> <p>Gender: 9 males, 8 females</p> <p>Age: up to 24 years - 1 25-34 years - 10 35-44 years - 15 above 45 – 1</p> <p>Region: Kyiv-10 Dnipro-7</p>
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	G4-LA2	Full-time employees get access to external ACCA education, secondment opportunities, health insurance, and bus/tram/metro monthly pass.

Aspect	GRI indicator	2015 performance
Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	G4-LA6	No cases reported
Average hours of training per year per employee by gender, and by employee category	G4-LA2	<p>Gender: 130 hours of training for 62 women and 40 men from service lines departments, and 2 hours of training per 21 women and 14 men of administrative and managerial staff.</p> <p>Employee category: 130 hours of training inside the company were divided among the employee categories as following: 128 hours of training were provided for the people from service lines departments, and 2 hours of training were provided for administrative and managerial staff.</p> <p>*administrative and managerial staff – people who do not provide services in the company e.g. marketing and HR departments, office managers etc.</p>
Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	G4-LA10	We highly encourage continuous learning for personal and professional development of our people. We have created the learning environment where our people can share their knowledge, get new information and discuss it, and give their feedback. We organize many internal trainings and presentations as well as encourage attendance of the external trainings, seminars and presentations organized by our partners e.g. EBA, Business Education Alliance, Audit Chamber of Ukraine etc.
Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	G4-LA11	100% people receive regular performance and career development review



Aspect	GRI indicator	2015 performance
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	G4-LA12	<p>Composition of the supervisory board:</p> <p>Gender: the supervisory board consists out of 90% of women and 10% of men.</p> <p>Age group: 100% members of the supervisory board are over 50 years old.</p> <p>Composition of the staff, including supervisory board:</p> <p>Gender: 83 women and 54 men.</p> <p>Age group: up to 24 years - 14 25-34 years - 82 35-44 years - 30 above 45 – 11</p> <p>Minority group: 1 representative.</p> <p>Other indicators of diversity where relevant: 3 disabled people.</p>
Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	GA-LA13	100% people receive regular performance and career development review



RESOURCE USE

Aspect	GRI indicator	2015 performance
Recycled content of key input materials (paper and related materials)	G4-EN2	100% of our office paper used for proposals, audits, presentations and other service delivery has FSC CoC, The Nordic Ecolabel and the EU Ecolabel certification. 100% of our BDO branded plastic bags for delivery of client documents are based on the Oxo-biodegradable plastic technology and will, unless reused, safely biodegrade in landfill within 2-3 years.
Direct energy use ^A	G4-EN3	Kyiv office: 149 GJ Dnipro office: 495 GJ TOTAL energy use: 644 GJ
Water consumption ^B	G4-EN8	Kyiv office: 281 M3 Dnipro office: 882 M3 TOTAL water use: 1163 M3
CO ₂ emissions indirect energy in Kg CO ₂ -equivalent - scope 1 and 2 ^C	G4-EN15 G4-EN16	Kyiv office: 18607 KgCO ₂ -eq Dnipro office: 61813 KgCO ₂ -eq Total emissions: 178,711 Kg CO ₂ -eq
CO ₂ emissions indirect energy in Kg CO ₂ -equivalent - scope 1 and 2 ^C	G4-EN15 G4-EN16	Kyiv office: 18607 KgCO ₂ -eq Dnipro office: 61813 KgCO ₂ -eq Total emissions: 178,711 Kg CO ₂ -eq
Employee transport (in Km) • Kyiv & Dnipro offices combined Calculations based on receipts for public transport travel, reimbursements for car journeys, taxi receipts and estimated travel by foot/bike. We aim to calculate CO ₂ impact of people travel in 2016.	G4-EN30	Car use (taxis, corporate car, individual cars): • 320,276 km Metro/other public transport use: • 1,757,000 km Walking/cycling: • 75,300 km

Comments:

A – Our direct energy use is over 3 times higher in Dnipro than the Kyiv office despite having similar employee levels. This is due to old, inefficient infrastructure, which will be addressed through renovation in 2016.

B – Our water consumption in the Dnipro is currently using over 3 times the volume compared to the Kyiv office despite having similar employee levels. This is due to old, inefficient infrastructure, which will be addressed through renovation in 2016.

C – Billed or metered measurements of electricity usage in our Kyiv and Dnipro offices (scope 1 and 2) were converted to emissions of CO₂-eq using the WRI/WBCSD GHG Protocol Initiative guidance. All heating, cooling and power needs are covered by electricity with no other devices such as stationary boilers, gas or oil powered backup generators existing. We are in the process of measuring our transport emissions (scope 3) including employee journeys to and from our offices and business trips and aim to present our performance in future reports.

RESOURCE USE

Aspect	GRI indicator	2015 performance
Percentage of operations with implemented local community engagement, impact assessments, and development programs	G4-SO1	Stakeholder engagement process and integration of views in this report and future reports + thought leadership sharing + volunteering + pro bono e.g. audit of EBA or Best Social Projects of Ukraine
Operations with significant actual and potential negative impacts on local communities	G4-SO2	No negative impacts on local communities caused by our operations
Anti-corruption communication and training on anti-corruption policies and procedures	G4-SO4	100% coverage We have an internal staff manual on anti-corruption policies and procedures each new member of the company must be familiarized with.
Confirmed incidents of corruption and actions taken	G4-SO5	No cases reported

GRI G4 - STANDARD SPECIFIC DISCLOSURES

Strategy and analysis

- ▶ G4-1
 - President statement
 - Business model and value creation section
 - Future outlook section

Organisational profile

- ▶ G4-3- G4-16
 - About us section
 - How we create value section
 - Our stakeholders and material issues section note on G4-14
- BDO is in the process of formulating a suitable precautionary principle approach which is likely to be addressed in the risk section of future integrated reports

Identified material aspects and boundaries

- ▶ G4-17- G4-23
 - About us section
 - About this report section
 - Our stakeholders and material issues section
 - Our corporate website: <http://www.bdo.ua/en-gb/about/about-bdo-in-ukraine-1>

Stakeholder engagement

- ▶ G4-24 – G4-27
 - Our stakeholders and material issues section

Report profile

- ▶ G4-28 - G4-33
 - About this report section
 - Contact us section

Governance

- ▶ G4-34 Corporate website: <http://www.bdo.ua/en-gb/about/about-bdo-in-ukraine-1>

Ethics and integrity

- ▶ G4-56
 - About us section



CONTACT

A promising future built on a strategy for sustainable success.
We welcome your opinion.
All comments should be sent to our Sustainability & CSR team.



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