













Corporate Responsibility Report 2011

Ernst & Young Ukraine

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Opening address of the Managing Partner in Ukraine



Alexei Kredisov,
Managing Partner

Dear Readers,

I'm pleased to present Ernst & Young's third Corporate Responsibility Report in Ukraine, covering the period from July 2010 to June 2011. It highlights the Company's financial performance and achievements in the field of corporate responsibility in four major areas: Workplace, Marketplace, Community and Environment.

In preparing the Report, we followed the GRI (Global Reporting Initiative) G3 sustainability guideline. Our performance has been analyzed over time in view of the external environment factors that affect Ernst & Young's operation and in view of the feedback to our previous reports.

Over the years during which we have been reporting, you can observe qualitative changes that are the result of the Company's systematic approach to corporate responsibility. Many of our social projects have transformed, becoming deeper and wider, and we have introduced new initiatives, specifically in the areas of HR management, environmental impact reduction, volunteering and charity.

Ernst & Young has been operating in Ukraine for over 20 years. Our day-to-day activity confirms the Company's commitment to the basic principles of business ethics that are outlined in the UN Global Compact and cover human rights, working conditions, attitudes toward the environment and fighting corruption. Our strategy focuses on fostering long-term and sustainable values for the Company and community. In addition, we constantly monitor events in CSR and tailor our activities accordingly.

At a time when the economic situation is changing rapidly and the crisis of confidence is becoming more acute, we are absolutely convinced of the need to unite efforts to improve the quality of life in our country. Ernst & Young is thus comprehensively facilitating the exchange of best experience for the sake of rooting principles of responsible behavior in the community.

We will continue to develop corporate responsibility projects and report on our achievements on an annual basis. The feedback that we hope to receive from each reader of this report will be a driving force in our decision making, so we look forward to have your opinion.

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services.

Ernst & Young today is an international organization with offices in 700 cities in 140 countries. Our FY 2011 revenues were USD 22.9 billion. Our 152,000 people are united by our shared values and an unwavering commitment to quality.

We make a difference by helping our people, our clients and our wider communities achieve potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services for clients.

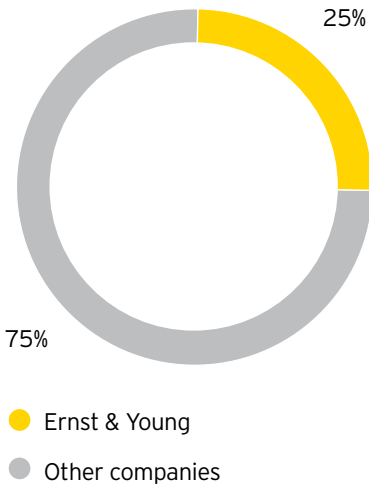
Our global industry centers draw upon teams of professionals from across the global organization with deep technical and industry experience. They help clients by anticipating trends, identifying their implications and developing points of view on relevant industry issues.

Our networking events around the world – seminars, conferences, roundtables – provide clients with regular forums to discuss current and emerging issues relating to the business environment.

We invest in leading-edge thought leadership to interpret business trends, which delivers valuable insights to our clients.

We engage with regulatory authorities in all our markets, to contribute to the development of an effective and balanced regulatory framework. Our ongoing communication with governmental bodies around the world enables us to help clients to respond quickly and effectively to new regulations and interpretations, promptly addressing any issues that come to light.

In 2011, for the fourteenth consecutive year, Ernst & Young has been recognized as a Most Admired Knowledge Enterprise (MAKE).



Our considerable resources to serve global businesses are clearly recognized by the market, and in the last several years we audit 25% of the companies listed on the Standard & Poor's Global 1200 (publicly disclosed auditors as of November 2010).

Ernst & Young in Ukraine

Ernst & Young was among the first international professional services firms to establish its practice in Ukraine in 1991. Ernst & Young provides high quality services to a number of world famous multinational corporations and influential Ukrainian

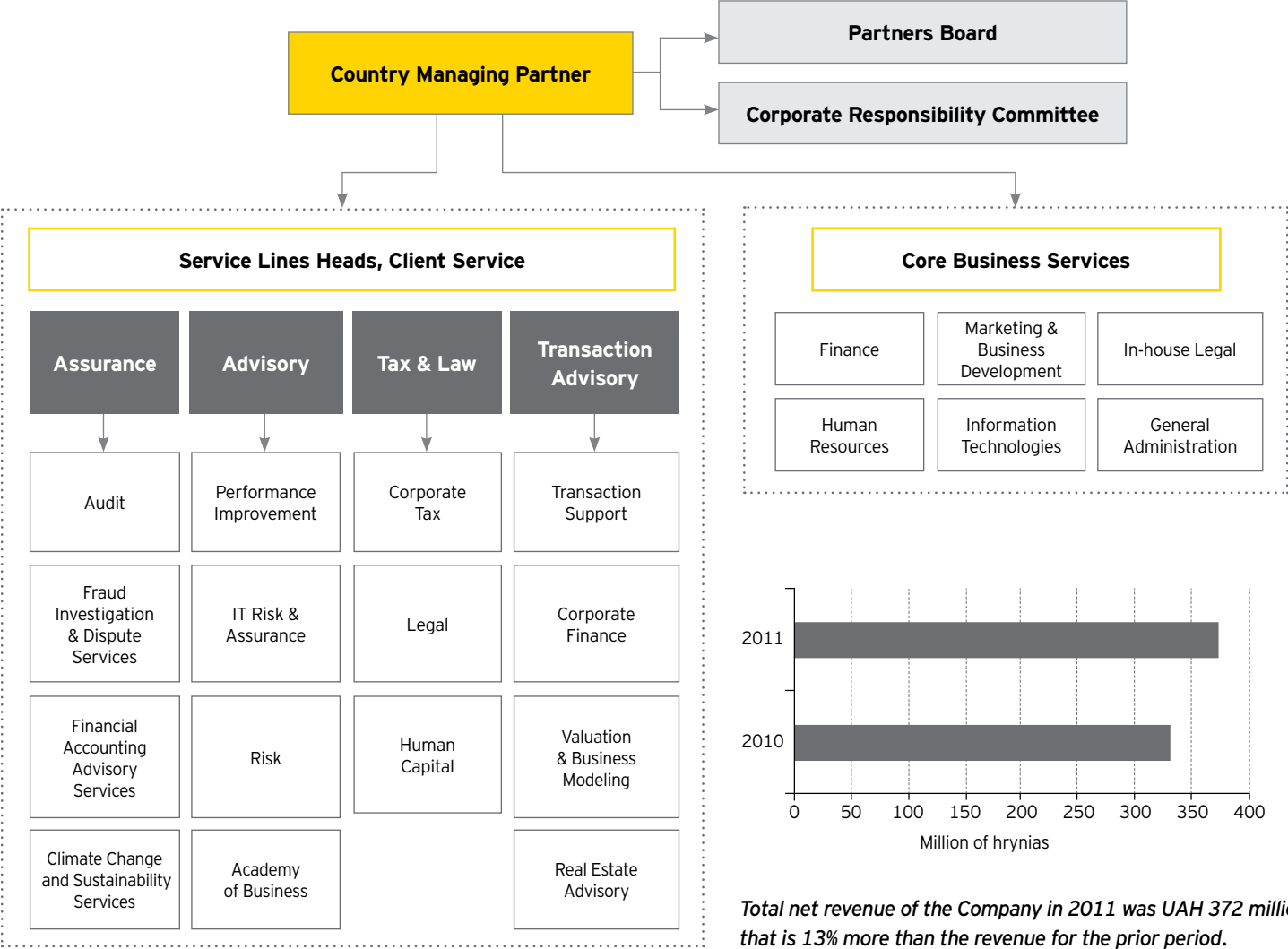
enterprises. In September 2006, we were the first among the Big Four to open an office in Donetsk. In the period covered by this Report, Ernst & Young in Ukraine employed 488 professionals, 34 of them in Donetsk. Ernst & Young in Ukraine provides services in the area of Assurance, Advisory, Transaction support and Tax & Legal

advisory. Ernst & Young is a private limited liability company. The main executive officer in Ernst & Young Ukraine is the Country Managing Partner, alias the Chair of Partners Board. Partners Board is a group of partners working in Ukrainian offices, including Service Line Heads.

Some 2011 achievements that we're proud of

- ▶ Asked "Would you recommend Ernst & Young to others?" 94.7% of our clients responded "Yes."
- ▶ We sponsored and supported more than 15 conferences and business events and conducted 10 roundtables and seminars for clients and the general public.
- ▶ Company employees took part in 14 events dedicated to popularizing corporate responsibility practices.
- ▶ 77% of employee mothers believe that the Program for working mothers support launched in the company provides a better work-life balance.
- ▶ 15 training sessions and 15 individual sessions took place aimed at developing coaching skills and holding meaningful conversations with counselees.
- ▶ Client servicing employees participated in more than 90 training courses, devoting about 11,000 training hours to their professional development.
- ▶ 12.5 tons of paper were given over for recycling – that's 84% of the paper purchased during the year.
- ▶ Plastic utensil purchases for office kitchens have been cut back by 90%.
- ▶ 7,000 students and schoolchildren took part in 14 educational programs developed or supported by the Company.
- ▶ 9 students-orphans got financial support from the Company.
- ▶ 27 children with cancer got regular or one-off financial support from Company employees.
- ▶ 35% of employees took part in corporate volunteering program.

Ernst & Young Ukraine organisational structure



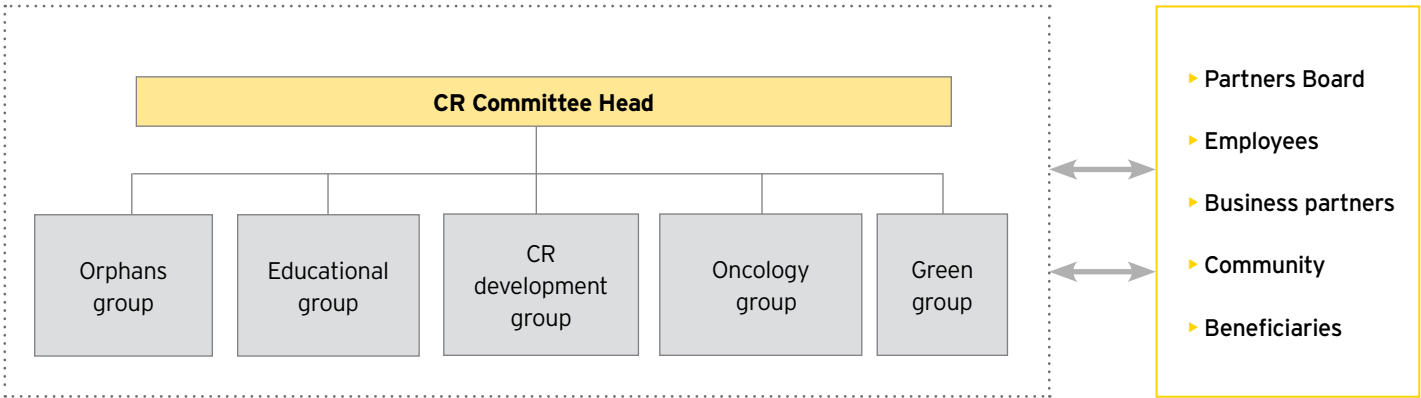
Our commitment to corporate responsibility

We continue to embed the principles of responsible business within the Company and promote them beyond. We share our best knowledge and skills with the community helping our stakeholders to realise their

potential fully. Corporate volunteering remains the trigger to our major corporate responsibility programs and we are proud to witness increased number of employees involved.

The targets and areas of activity for Corporate Responsibility Committee in 2011 remained unchanged while the number of projects increased.

Corporate responsibility governance



“Among the achievements of Corporate Responsibility Committee in 2011 I would mention more awareness and support of social initiatives on the part of the employees, strengthening of partnerships with public and expert organizations, reinforcement of Ernst & Young leadership in CSR area in Ukraine, as well as acknowledgment of our achievements on the part of the colleagues from other offices of Ernst & Young”.

Natalia Telenkova,
Head of Corporate Responsibility Committee

Committee 2011	Service Line within Ernst & Young	Area of major involvement within CR committee
Natalia Telenkova	Core Business Services	Head of the committee, coordination of work, all groups
Alexei Kredisov	Managing Partner	Coordination of work, CR development group
Victor Kovalenko	Climate Change and Sustainability Services	CR development group
Natalia Krivtsova	Core Business Services, HR	Educational group
Ielizaveta Maksymets	Core Business Services, HR	Educational group
Olga Danchenkova	Core Business Services, Marketing	CR communications
Yulia Byba	Core Business Services, In-house Legal	Green group, Orphans group
Kateryna Gorbunova	IT Risks Advisory Services	Orphans group, Educational projects for orphans
Mykola Yerin	Assurance	Corporate volunteerism projects
Kateryna Kayda	Core Business Services, HR, Donetsk	Orphans group, Oncology group
Natalia Vyshnevetskaya	Core Business Services, Donetsk	CR development group

Workplace

This section of the Report highlights statistical information on Ernst & Young's personnel in Ukraine for the 2011 financial year.

Ernst & Young's personnel in Ukraine by employment terms

Type of agreement / contract	Number of employees*	
Permanent agreements	443	91%
Fixed term agreements **	4	0%
Outsourced personnel	9	2%
Contractors ***	32	7%

* data as at 30 June 2011

** Collective agreement specifying the expiry date

*** Employees under contract are persons who provide services but who are not entitled to paid vacation, sick leave or medical and life insurance.

99% Ernst & Young employees work full-time.

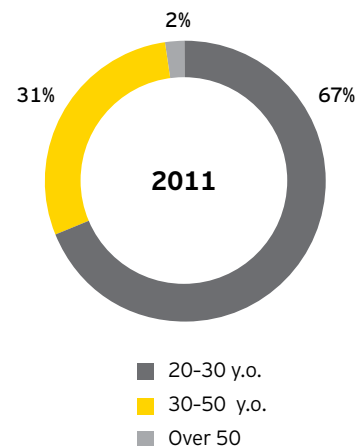
Employee turnover at Ernst & Young in Ukraine

Gender	%	Age	%	Region	%
Male	28%	age 20-29	25%	Kyiv	29%
Female	19%	age 30-49	16%	Donetsk	22%
		age over 50	1%		

Average employee turnover increased from 14% in 2010 to 23% in 2011, which we associate with the labor market revival in the post-crisis period. Employee turnover is calculated as the ratio of employees who left the Company during the year to the total headcount as at the reporting year's end.

The share of the Company's employees who are middle-aged (30-50 years old) is gradually increasing and now constitutes 31% versus 29% in 2010. Most of our employees (67%) are younger than 30 years old given our recruitment of recent graduates and students as compared with experienced professionals. Young people traditionally dominate in audit services, where frequent business trips are a major work condition.

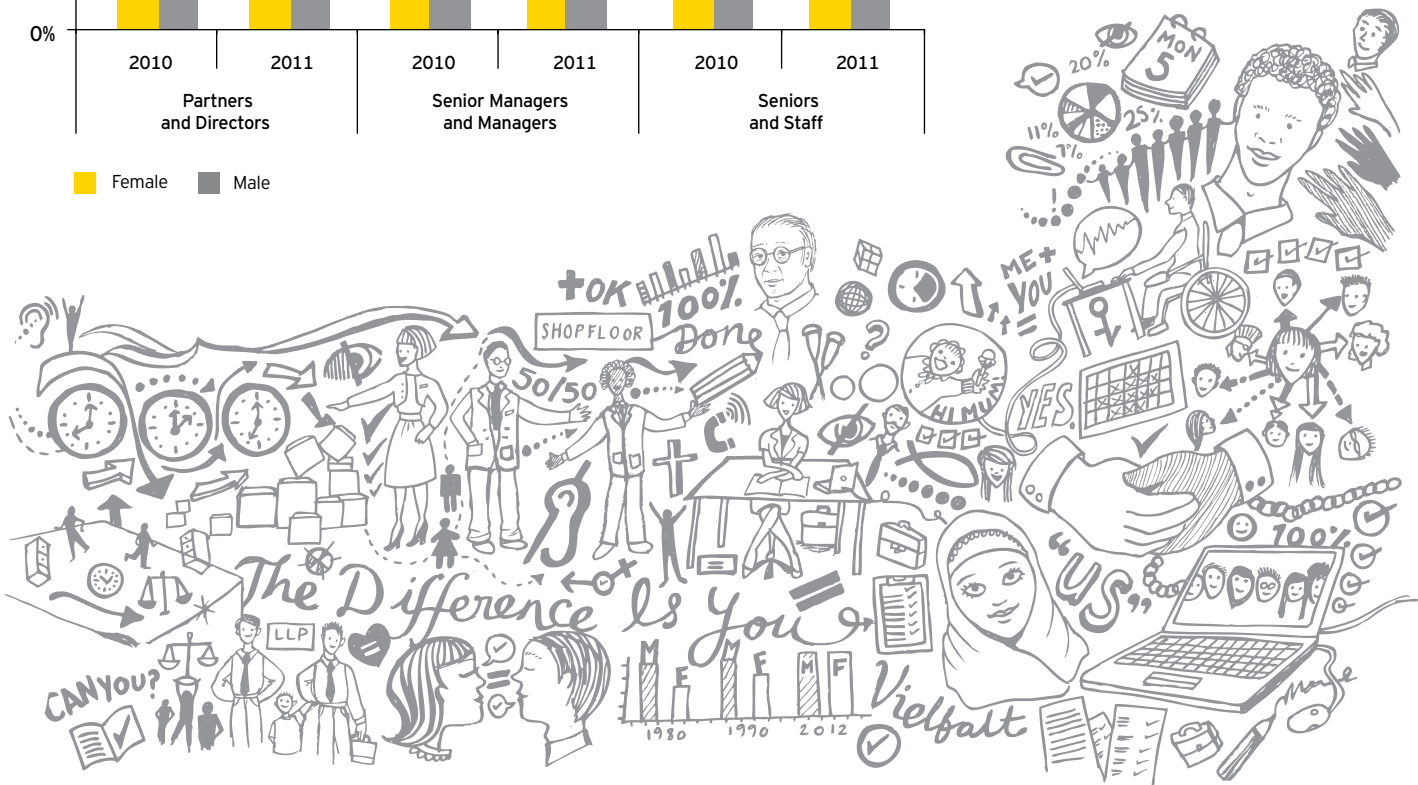
Ernst & Young's people in Ukraine by age



Ernst & Young's people in Ukraine by gender, 2010 and 2011 financial years



62% of our employees are women. Our corporate culture and working conditions provide career opportunities for both men and women. When considering compensation or promotion issues, there is no gender differentiation. Female employees mainly work as staff and take middle management positions, while men dominate in top management positions.



Our corporate culture

Our corporate culture is based on mutual respect, openness, initiative and teamwork principles. In joint work, we create prospects for colleague and client development and make contributions to the community in which we live and work.

Talented and energetic employees are the best guarantee of our Company's attractiveness as an employer in the labor market. Our employees help us fulfill our obligations to our clients. We do our best to attract high-class professionals, arouse their interest and facilitate an environment in which they can demonstrate their skills.

We help employees in their professional and personal development, offering training programs and a counseling system for the whole period a person works at the Company. Our employees perform interesting work that requires whole-hearted engagement, continuous development and self-improvement and that enables them to grow professionally and set new goals.

As a global organization, we support employees who wish to work in various fields and areas of activity in different cities

and countries of the world in which our Company is represented. In our worldwide practice, we strive to align employees' professional goals with client needs.

Diversity strategy. Diversity strategy implementation, which provides for awareness and tolerance on the part of all employees for differences in thinking, mentality, culture, management style, leadership approach, age, experience and gender, is one of the Company's major priorities.

Ernst & Young's corporate culture is based on maintaining a balanced, interrelated team, which contributes to the implementing of the diversity strategy and to eliciting the potential of all Company employees. It helps in maintaining a high quality of services provision on the part of our employees and creates competitive advantages so that we can hold leading positions in the market.

Employer's brand. Ernst & Young pays considerable attention to the development of the Company's brand as an employer, to attract and retain the best professionals and increase employee engagement. In 2011, the following measures were taken in this area:

- ▶ strategic partnership with the leading higher education establishments and youth organizations; implementation of educational projects aimed at developing the leadership qualities of today's youth and at building bridges between academic education and real business practices; active use of the most popular social networks as modern tools of communication with youth and promotion of the Company's projects and initiatives;
- ▶ promotion of professional and career development programs for the Company's personnel that provide for a comprehensive combination of coaching, work experience and professional training; improving quality of counseling system; promotion of global mobility programs allowing our employees to gain work experience not only in Ukrainian offices, but also abroad;
- ▶ ensuring equal and comfortable working conditions for employees; introduction of a number of new solutions for maintaining work-life balance, so that Ernst & Young's employees are inspired by their work at the Company;
- ▶ further improvement of our communications strategy; implementation of new ways to communicate with personnel.

Regular surveys represent an internal communication tool that allows estimating the level of employee satisfaction and engagement and that helps in developing an action plan so that we can improve certain aspects of our work.

Global People Survey

Every two years Ernst & Young holds a thorough survey based on 74 indicators. Survey results for 2011 were compared with those for 2009, which allowed us to evaluate the effectiveness of the measures introduced on the basis of the results of the previous survey.

The following statements got the most positive responses:

- ▶ 87% of our employees believe that they are trusted to make the decisions required to do their job effectively;
- ▶ 86% are proud to work for Ernst & Young;
- ▶ 88% of employees say that a working environment that is inclusive and values diversity is important to their choice of a place to work.

52% of personnel in Ukraine participated in the survey. The questions were grouped into 10 categories:

Category	postive answers %, 2011	positive answers %, 2009
Living our values	78%	79%
Divesity and inclusiveness	77%	78%
Corporate responsibility	77%	73%
Team work	77%	76%
Quality in everything we do	76%	74%
Startegy and leadership	73%	76%
Engagement index	71%	74%
Managers effectivenss	70%	73%
Employees development	65%	68%
Recognition and reward	65%	66%

The percentage of positive responses for the company doing a good job communicating its involvement in programs that support environment has grown: 82% versus 70% in 2009. The percentage of employees who understand the measures used to evaluate their performance also increased: 68% versus 62% in 2009.

Fewer positive responses were received to questions on the possibility to build the skills people need to be successful in future roles: 67% versus 74% in 2009. The scores for

“meaningful conversations regarding their career development at EY” and “possible career options within EY” remain the lowest (48% and 49% respectively).

The survey results served as a basis for assessing the efficiency of work with employees and setting priorities for coming years. The most attention will go to employee development, mentoring and coaching, as well as to alleviating stress associated with an irregular working schedule.

Best Employer survey by Hewitt

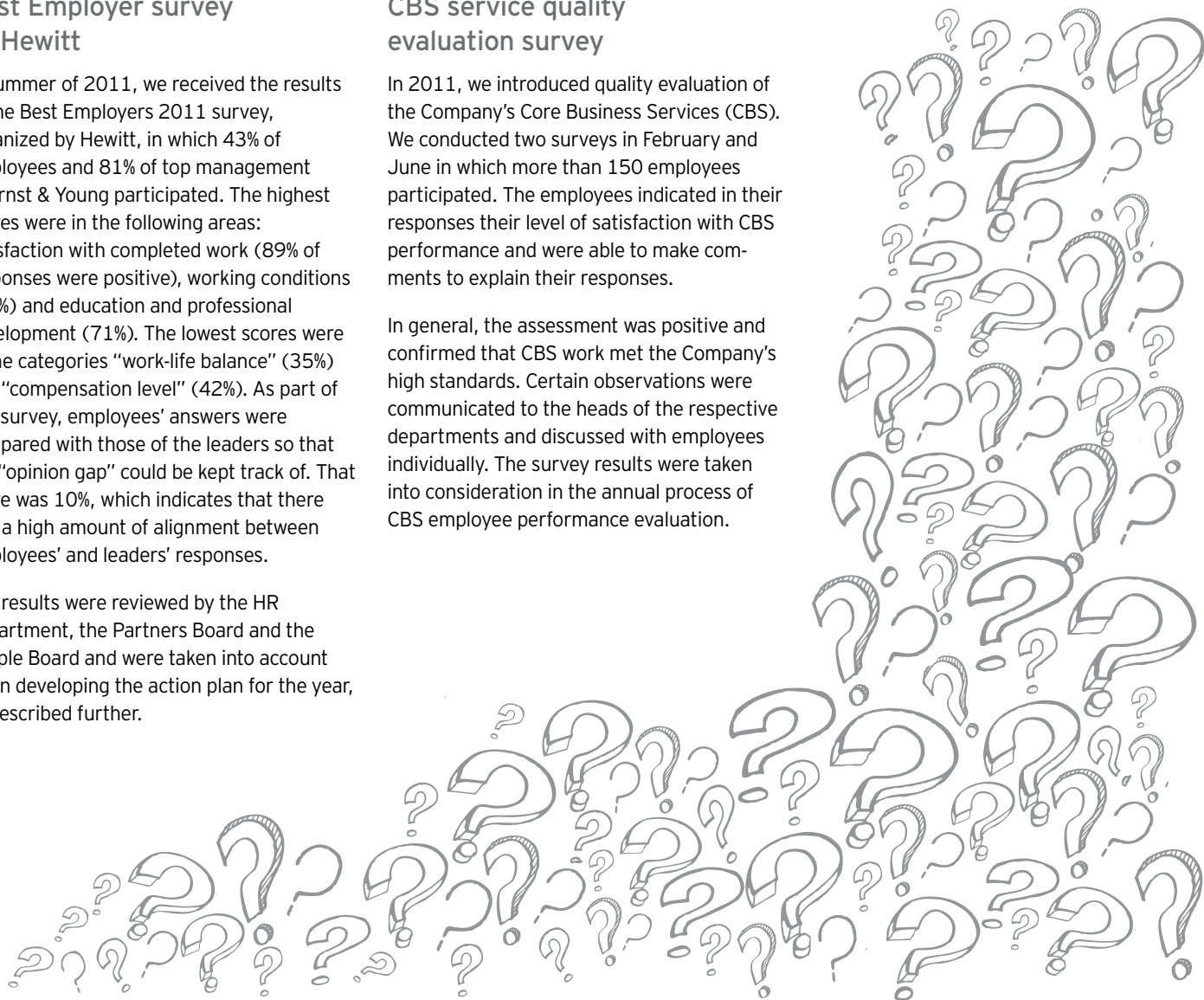
In summer of 2011, we received the results of the Best Employers 2011 survey, organized by Hewitt, in which 43% of employees and 81% of top management at Ernst & Young participated. The highest scores were in the following areas: satisfaction with completed work (89% of responses were positive), working conditions (72%) and education and professional development (71%). The lowest scores were in the categories "work-life balance" (35%) and "compensation level" (42%). As part of this survey, employees' answers were compared with those of the leaders so that the "opinion gap" could be kept track of. That score was 10%, which indicates that there was a high amount of alignment between employees' and leaders' responses.

The results were reviewed by the HR Department, the Partners Board and the People Board and were taken into account when developing the action plan for the year, as described further.

CBS service quality evaluation survey

In 2011, we introduced quality evaluation of the Company's Core Business Services (CBS). We conducted two surveys in February and June in which more than 150 employees participated. The employees indicated in their responses their level of satisfaction with CBS performance and were able to make comments to explain their responses.

In general, the assessment was positive and confirmed that CBS work met the Company's high standards. Certain observations were communicated to the heads of the respective departments and discussed with employees individually. The survey results were taken into consideration in the annual process of CBS employee performance evaluation.



People Board

The People Board was established in 2010 for the purpose of developing and improving HR strategy, discussing current people issues and providing suggestions for solving them.

The People Board consists of partners and senior managers from different departments of the Company and works closely with the HR Department and with Managing Partner and Service Line leaders.

People Board 2011

Olesya Melnyk,
Assurance

Rostyslav Grygorenko,
Transaction Support

Olga Gorbanovskaya,
Human Capital

Anzhela Nikolayenko,
Advisory Services

Marina Zakharina,
Human Resources

In 2011, the People Board implemented the following initiatives: approval and implementation of strategy developments for the Company's brand as an employer; conducting employee surveys to get feedback on various aspects of Company's life and improvement in working conditions; communicating the survey results to employees and developing a respective action plan; measures to improve quality of counseling system; a working mothers support program and other initiatives to maintain an effective work-life balance of employees; communication of salary survey results for all employees of the Company; new bonus plan implementation.

People Advisory Council (PAC)

The People Advisory Council is an internal "trade union" consisting of representatives of all Company departments and levels. In 2011, three meetings took place, during which office comfort, improving internal procedures and policies, organizing additional training programs and new solutions for technical issues were discussed. The PAC allows each employee to make suggestions for improving workplace well-being and often becomes a driver of important decisions.

Examples of the PAC decisions in 2011:

- ▶ a correspondence exchange channel between Kyiv and Donetsk offices was established;
- ▶ employee awareness of staff mobility programs was improved;
- ▶ the procedure for informing employees about travel expense reimbursement was changed;
- ▶ a clear schedule for the insurance company doctor's visit to the office was established and medical expense reimbursement mechanism was agreed;
- ▶ employees are to be offered modems so that they can connect to the Internet while on business trips;
- ▶ employee suggestions to improve office ecology were implemented: the amount of plastic utensils was reduced and additional options for saving paper were proposed.

Staff Day

The tradition of annual staff meetings with the Company's management at Ukraine and the CIS level was established in November 2010. Presentations by 10 representatives from each business unit acquainted employees with the Company's market strategy, priorities for the coming year and HR initiatives.



The meeting also provided for direct communication between employees and top management. During the SMS session, Ernst & Young employees put questions to the management in the following areas: Ukrainian practice development perspectives, counseling, career opportunities, mobility programs, medical insurance services, etc. Employees got straightforward answers to urgent questions and the management got ideas for improvements in various areas. The meeting format fosters effective dialogue in our team, so the Staff Day will take place annually.

Employee of the Year award

In recognition of our employees' achievements, the Employee of the Year award was introduced in early 2011. The following employee qualities were assessed: goal orientation, attitude to work (being positive in difficult circumstances), solving unusually complex issues, doing good job in counseling/training other employees of the Company, etc. All employees can participate in the competition, from junior specialists to partners.

The winners were announced and awarded special prizes on the Company Day, the celebration of the new fiscal year, in July 2011. They were:

- ▶ **Oleksandr Bilyi, Ganna Vorotyntseva, Iryna Baranenko** – Assurance;
- ▶ **Igor Chufarov, Bogdan Malnev** – Tax & Law;
- ▶ **Stanislav Kartavykh, Olga Zhovtuha, Vladyslav Ostapenko** – Transaction Advisory;
- ▶ **Oleksandra Chernykova** – Advisory;
- ▶ **Olga Kosenko** – In-house Legal.



Learning and development

The Company's approach to employees training is to elicit their potential through the Ernst & Young and You (EYU) professional and career development framework. The framework combines **learning**, **experience** and **coaching** and allows for each employee to manage his or her own career.

EYU framework components

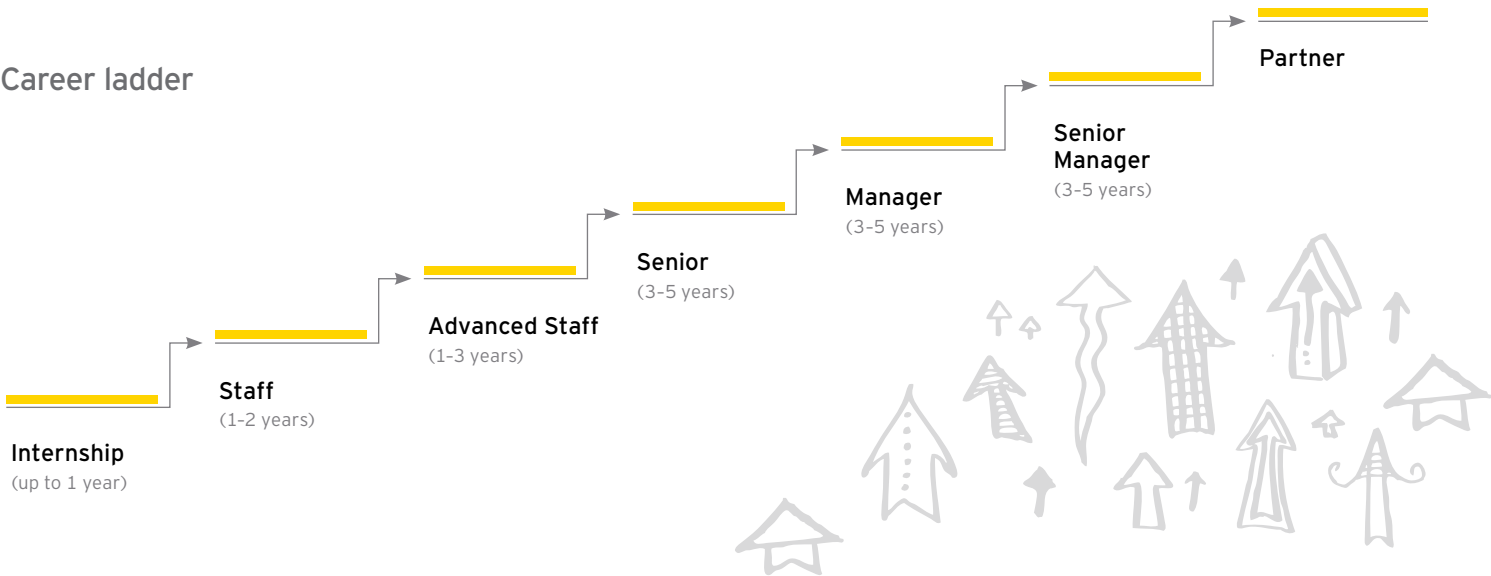
Learning - all employees have access to high quality education via a special structured training plan that addresses the specifics of a particular department and the

Company as a whole. The training plan ensures the provision to each employee of the knowledge and skills necessary to achieving the excellence in the profession. More details are provided in the "Professional education and certification" section of this Report.

Experience - our employees get the most useful experience during the process of work. Acquiring practical skills is an integral part of our employee professional development system. Within each Service Line, professionals select tasks so as to provide high quality services to clients and ensure that each employee has the ideal conditions to grow professionally, improve leadership skills and master relationship skills.

Coaching – this is a format characterized by effective team communication during performance of everyday tasks. The Ernst & Young and You approach considers this communication format to be an integral part of Ernst & Young's culture; developing employee-counselors' coaching skills is a part of the training program.

Career ladder



Counseling

Counselors play a significant role in employee development. Counseling is a purposeful dialogue between a counselor and a counselee that has formal and informal parts and is intended to help the counselee to realize his/her potential within the Company. 100% of Ernst & Young employees in Ukraine, from junior specialists to partners, are assigned counselors from their first day of work at the Company. Counselors are employees who are two or three career stairs above their counsees.

Within the Performance Management and Development Process (PMDP), at the beginning of the year each counselor helps his/her counselee to define goals and develop a personal and professional development plan, and then regularly assesses his/her achievements and adjusts actions, if necessary. At the end of each year the so-called round tables are held at which all

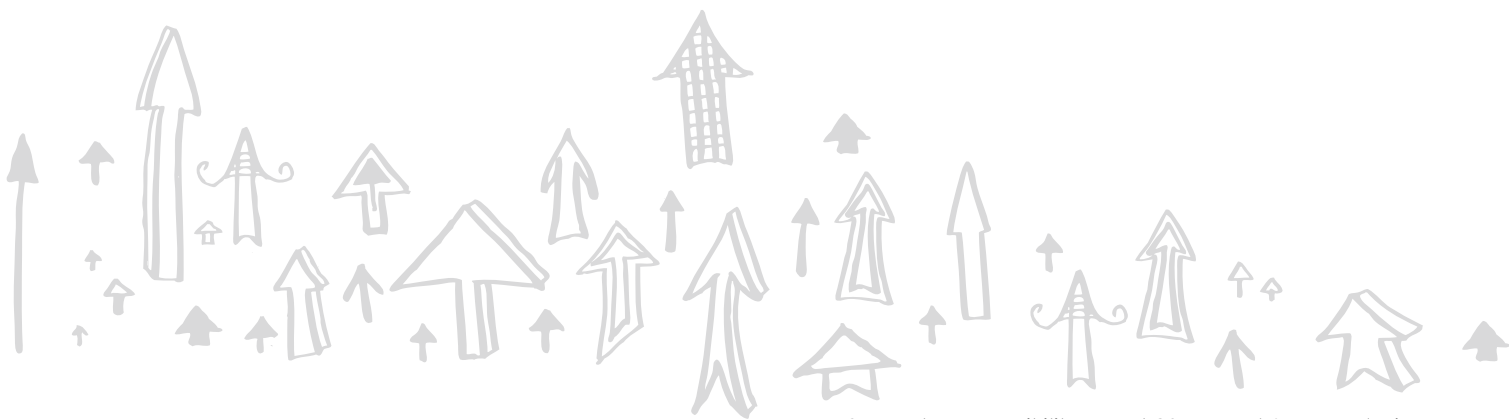
counselors and heads of departments collegially discuss performance assessment and make recommendations for the career progress of each employee. To ensure that counseling work efficiently, the Company pays significant attention to training the counselors themselves. In 2011, 15 training sessions and 15 individual sessions took place, aimed at developing coaching skills and building meaningful conversations with counsees about their professional and career growth opportunities.

Mentoring

In addition to a counselor, each employee has a mentor from among the partners, providing for additional personal and professional support at Ernst & Young in Ukraine. Mentoring includes provision of guidance and advice about career. Through mentoring, partners can share experience and skills with their mentorees to help them fully achieve their goals.

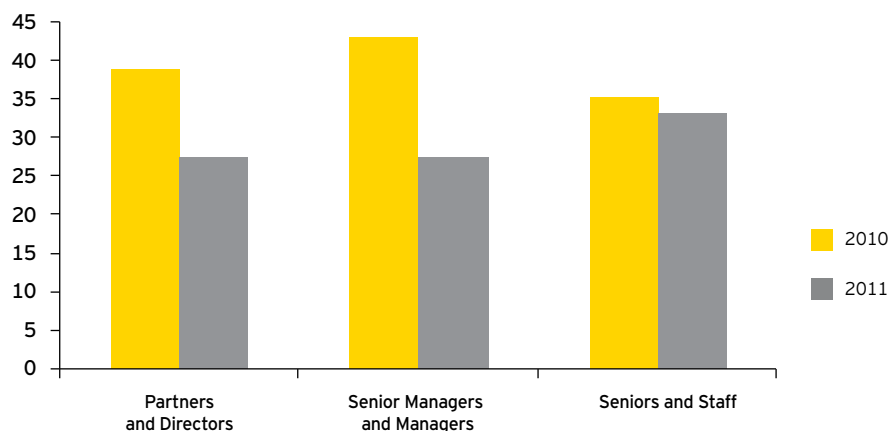
Mobility programs

Mobility programs are programs involving short-term or long-term transfer to work in other Company offices. This format allows employees to gain professional experience in a new environment and to acquire skills pertaining to cope with interesting and unusual tasks. Moreover, the experience broadens the mind, develops communication skills, familiarizes participants with new cultures and mentalities and develops tolerance and a sense of the diversity principle. To join the mobility program, employees must meet certain criteria: they must have sufficient work experience at the Company in their native country, high performance assessments for previous years, sufficient language skills, etc.



Professional education and certification

Time devoted to training at Ernst & Young in Ukraine, 2010 and 2011 financial years



Professional certification at Ernst & Young in Ukraine, 2011 financial year

Certification Programs 2011	Ernst & Young employees, certificate holders	Ernst & Young employees, students of a certification program
ACCA	42	190
CPA	7	
Ukrainian National Auditor and NBU certificates	17	6
CIMA, CFA	3	1
PMP	1	1
CISA, CISSP, CISM	9	
CIA	2	1
Valuation certificates	16	9

The success of Ernst & Young and the success of our clients depend on our employees, so we pay special attention to their professional development.

Each employee has the opportunity to participate in special training events during the whole period of his or her work at the Company: from the first “Welcome to Ernst & Young” training session to training programs for new partners.

The Company provides financial support to employees in their professional education and certification programs.

In 2011, our client servicing employees participated in more than 90 training courses, devoting about 11,000 training hours to their professional development.

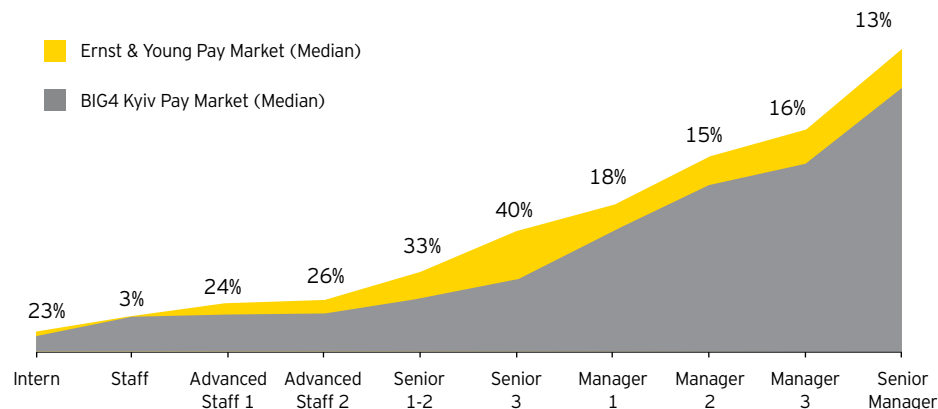
Because of the revival of business activity and the increase in the number of projects, the amount of time devoted to training and certification decreased, averaging 86 hours for client servicing employees (as compared with 114 hours in 2010).

Compensation and benefits

The Company's priority is to ensure competitiveness of the compensation level on the labor market as well as link between employees performance and payment. Every year we participate in a salary market survey (in 2010 - 2011 the survey was conducted by Hay Group) and communicate its major results to our employees.

In 2011, we increased the variable component of employee compensation through the introduction of new bonus plans. The plans were developed for virtually all categories of employees in both the key service lines and CBS. The bonus plans, which are completely transparent and clear, were announced at the beginning of the year, so everyone could predict his/her bonus provided that certain performance indicators are achieved. At the end of the 2011 fiscal year employees received letters with detailed calculations of their bonus and words of gratitude from the management. According to employee feedback, they highly appreciated that the bonuses could be predicted in advance.

Remuneration comparison by grade, December 2010



Company employee compensation packages above statutory norms include:

- ▶ free medical insurance for each employee and one immediate family member;
- ▶ life and accident insurance;
- ▶ annual vacation – 25 working days;
- ▶ additional payment for the first 12 weeks of maternity leave;

- ▶ 100% compensation for five days of sick leave during the year regardless of the length of service and amount of salary;
- ▶ paid two days wedding leave for a groom/bride;
- ▶ paid three working days of paternity leave for new fathers upon child birth.

Working mothers support program

Ernst & Young's corporate culture provides for equal career opportunities for both men and women. More than a half of our staff in Ukraine are women, most of them combining career and motherhood. For female employees with children, the balance between family and work is particularly vital.

Upon the results of the survey conducted at the end of the 2010 financial year, the comprehensive "Working mothers support program" was developed. It currently includes the following components:

- ▶ mother's hour: the possibility for a woman with children under 14 to use one hour a day (five hours per week) at her own discretion; since the program started in October 2010, the Company's employees have used more than 1,200 hours;
- ▶ flexible working hours for employee-mothers;
- ▶ additional payment for the first 12 weeks of maternity leave; the gross income of a female employee (payments from the Social Insurance Fund and additional payments from the Company) is not less than 80% of basic salary;

- ▶ 100% compensation for five days of leave a year due to the illness of a child, regardless of length of service and salary (in addition to the days that are compensated for all employees);
- ▶ extension of medical insurance program options for children of employees, specifically, increase in the number of clinics that provide services under the insurance program, extension of the list of services provided by clinics, etc.;
- ▶ gifts from the Company to employees when their children are born;
- ▶ agreement with the Pechersk District Department for Education on admitting children of our employees to one of the kindergartens located next to the office;
- ▶ organization of sports and entertainment events for children of employees.

There is a certain percentage of mothers who do not always have the chance to use certain benefits the Company offers due to their workload. However, June 2011 survey showed that 77% of employee-mothers believed that the Program provides a better work-life balance. Most mothers specified that they appreciate the introduction of the Program, as it shows Company management's concern with their problems.



"The Company has given me the chance to work according to a flexible schedule and remotely, which gives me unlimited opportunities: I'm continuing

to realize myself professionally and to build a career while caring for my child. I experience the joy of motherhood, because I'm with my child during the first months of her life, and at the same time I'm studying for and taking my exams for my professional certification. Working in this way, I can ensure a 'family base' and be near my husband, who has been seconded to work in another city. In addition, this arrangement allows me to remain financially independent and maintain myself as a self-confident woman. I sincerely appreciate the Company's efforts in helping me work this way".

Anna Krylova,
Audit Manager

Corporate entertainment

We want our people to have balanced, well-rounded lives and a number of measures to improve the work-life balance have been introduced. Five working weeks of vacation are typically split up by employees so that they have two or three full vacations per year. Project and vacation schedules are maintained in every department and carefully monitored: employees who are not engaged in ongoing projects and training are encouraged to take a rest. Almost all employees, then, have the opportunity to fully use up their vacation days during the course of a financial year. The Company takes measures to help solve certain of the life issues of its employees, including provision of quality medical care, corporate discounts for fitness facilities and the opportunity to place children in a kindergarten near the office. The corporate entertainment and sports events described in the next section of the Report are aimed at improving the emotional and physical health of employees.

One of the informal rules of the Company is “An employee who works hard deserves a good rest.” And the chance to prove that comes around quite often. All employees celebrate the new year twice a year: in December (the calendar year) and in July (the financial year). Company management tries to make these celebrations unforgettable, varied programs that are full of surprises. The winter party shone with all the colors of the 1960s, guests wearing “retro” suits and music in the “bit” style inspiring even those who had previously restricted themselves to the festive meal and sophisticated small talk to take to the dance floor.



The summer program included video shoots, boating, bowling, drums, creative master-classes and a lot more fun.



During the year, outing events took place in each department, combining training and entertainment.



Theater parties also took place. In May, Ernst & Young management attended the Koleso Theater new performance "Push-up 1-3." Spectators got an unforgettable impressions from this surprising stage play about the quirks of office life.

Special respect and support for the Company sportsmen.



We continue the tradition of participating in the football and basketball tournaments organized by the European Business Association and the American Chamber of Commerce. In 2011, we started a new tradition of corporate tournaments: during the summer corporate event, the first basketball competition between the employees of the Kyiv and Donetsk offices took place, which resulted in a win for the Donetsk office. But the Kyiv office got a chance at revenge: in a few months a football match was organized in Kyiv, one that the host team won.



Entertainment initiatives for employees' children



In 2011, the Company continued its tradition of celebrating the New Year and Christmas for its employees' children. Two holiday programs were prepared that included quizzes, creative workshops, contests and, of course, presents. One great opportunity for experiencing the joy of Christmas was the participation of children in the drawing contest, which attracted not only young artists, but also adult employees who acted as judges.

On the eve of the Easter holidays children of employees attended master-classes on making decorations at the office. The children's success made their parents happy and the adults got to talk about more than work matters.



“We are the champions” - are team competitions for the children of employees of various Kyiv companies. Participants caught the team spirit and tested their sporting abilities. The competitions are accompanied by gymnastics, karate, acrobatics and other performances. The competitions, which take place once a month, are a true holiday for children, who get medals, prizes, time with friends and an opportunity to compete. The Ernst & Young kids' team did not miss a single event since January 2011, when this event began.

Workplace – goals for 2012

Given the previous year's results, the Company has determined the following areas of work for 2012 financial year:

- ▶ promoting professional and career development program “Ernst & Young and You” which provides for a comprehensive combination of learning, work experience and coaching;
- ▶ increasing confidence in counseling by fostering greater understanding on the part of counselors of the importance of their role;
- ▶ strengthening the role of coaching as one of the most important staff development tools;
- ▶ promoting global mobility programs that allow our employees to gain work experience not only in Ukrainian offices, but also abroad;
- ▶ implementing programs aimed at strengthening the physical and emotional health of our employees and enabling them to maintain an effective work-life balance;
- ▶ ensuring competitive compensation and incentive bonus programs;
- ▶ further improving the Company's internal and external communication strategy.

Marketplace

Our clients

We perform a wide range of professional services for our clients and we are particularly proud that we provide assurance and advisory services for many of the leading local and international companies. Among them are Ukrzaliznytsja (Ukrainian Railways), Interpipe, Starlight Media, Industrial Union of Donbass, State Export-Import Bank of Ukraine, Ferrexpo-Poltava Mining, Roshen and Arcelor Mittal.

Our commitment to quality and risk management

We continually invest in methodologies, training and technology to promote the delivery of seamless, consistent, high-quality client service worldwide. Our cross-border management structure allows us to align our people and activities better to meet clients' demands for a consistent quality of service worldwide while respecting the legal and regulatory requirements in each country.

In July 2011 the CRM (Client Relationship Management) global system was officially launched at all the offices of the Company. The system facilitates centralization and coordination of client-related work and project team cooperation.

Our unwavering commitment to quality and risk management is supported by a variety of policies, procedures and tools, including a global ethics hotline, a client acceptance and continuance policy, annual surveys among clients, global independent teams for quality review, a hierarchy of responsible partners, annual training on independence policy and anti-bribery and insider trading policies for 100% of client-facing personnel. This means our clients can be confident of high-quality work.

Our networking events around the world – seminars, conferences, roundtables – provide clients with regular forums to discuss current and emerging issues relating to the business environment.

We engage with regulatory authorities in all our markets, to contribute to the development of an effective and balanced regulatory framework.

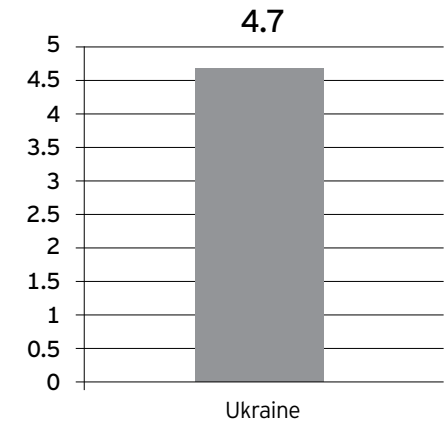
Our ongoing communication with governmental bodies around the world enables us to help clients to respond quickly and effectively to new regulations and interpretations, promptly addressing any issues that come to light.

We measure our clients' satisfaction through our **Assessment of Service Quality** (ASQ) and seek to continuously improve our service delivery based on the feedback we receive. Survey requests are sent to clients with certain criteria (top revenue generators) on an annual basis at the end of the financial year. If any negative feedback is received it is further followed up on by an appointed independent partner. The results for FY 11 are as follows:

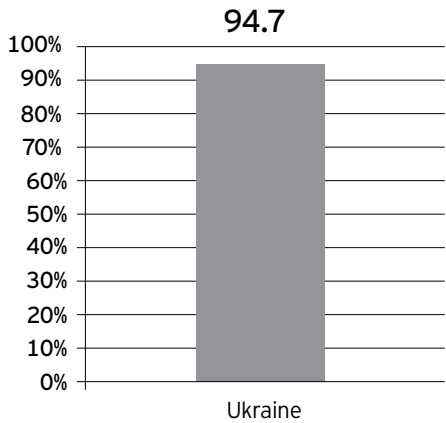
- ▶ 32 questionnaires sent;
- ▶ 18 questionnaires received;
- ▶ 1 face-to-face interview conducted.

ASQ 2011 results

Average satisfaction rate (max. - 5)



Would you recommend Ernst & Young to others – Yes



Global Brand Survey Results 2011

A survey was conducted by an independent outside agency at the request of Ernst and Young in 54 countries and 4400 interviews were conducted among senior executives, with 190 companies in Russia, Kazakhstan and Ukraine surveyed. Ernst & Young sponsored the survey, but this information was not disclosed to respondents before the interview. We perform such surveys every two years, as it gives us an objective understanding of the competitive environment and helps us to identify areas of relative weakness or opportunity for service delivery.

Key findings for Ukraine for 2011:

- ▶ Ernst & Young is the brand leader in Ukraine among Big4 professional services firms.
- ▶ Ernst & Young has a clear lead in favorability and reputation for audit.
- ▶ Ernst & Young leads for key brand attributes: highest quality service, people with diverse perspectives, industry understanding, globally integrated services.

Strengthening our legal practice

Ernst & Young has also strengthened its legal practice by forming a separate legal services function; previously this function

operated as part of the Tax & Legal department. This has helped us capitalize on our legal offerings, bringing benefits to our clients, further boosting our Tax and Legal Services and strengthening Ernst & Young’s market leadership position as a leading multidisciplinary professional services provider in Ukraine.



“We are committed to developing a multidisciplinary consulting practice to provide comprehensive and seamlessly integrated legal and tax advice and support for clients, as it is clear that many real life practical issues require analysis from these two perspectives. We have a fully-fledged legal practice with a stand-alone legal offering, one that, however, can create even more benefits and synergies for our clients when combined with the expertise of our tax colleagues from the tax practice. Our more than 20 years in Ukraine have proven the advantages of such a ‘one-stop shop’ approach”.

Albert Sych,
Senior Manager, Law Practice Leader
in Ukraine

Awards for Ernst & Young Ukraine

Ernst & Young has been named the **Best Audit, Tax, and Consulting Services Firm for the year 2010**, according to the Best of Kyiv survey, which is carried out by the English-language newspaper Kyiv Post. The idea of the project is to honor the best businesses, entertainment establishments and services. Ernst & Young has won this award for the third year in a row. 41% of votes were in favor of Ernst & Young this year. Overall, the Kyiv Post settled on 21 award categories for businesses and organizations. Our congratulations to **Jorge Intriago**, Tax Partner, who was among the finalists in two categories: Business Person of the Year and Spirit of Kyiv.

Ernst & Young Ukraine has been recognized at an **Equal Opportunities** competition jointly organized by the EU-funded project "Women and children's rights in Ukraine," the Ministry for Family, Youth and Sports and the Ministry of Social Policy. We were ranked **first** among companies employing 101 to 1000 employees that provide for gender equality at work. Furthermore, we were recognized as the **best family friendly company**. Equal career opportunities, the absence of gender differentiation in pay or professional education, compliance with labor legislation, the number of women in leading positions, the attitude to female employees with children and other issues were taken into account when making the decision.

Ernst & Young was recognized among the top 10 leading businesses in Ukraine according to the **Transparency Index**. The research was conducted by the Center for CSR Development in Ukraine and the major criteria for assessment were:

- if the company issues a social report;
- level of transparency, i.e. readiness to disclose internal information;
- the quality of the corporate website and its user-friendliness.

Ernst & Young has been recognized as that company among Big4 that has the highest awareness rating among students and graduates in Ukraine according to **the Student Employer 2010 Research** project conducted in October-November 2010. The research was carried out by rabota.ua and involved more than 4000 university students and graduates from Kyiv, Donetsk, Lviv, Dnipropetrovsk, Kharkiv and Odesa. The participants were asked to make their choice of an employer from a list of 52 companies.



Public events and intellectual leadership

To continue supporting and developing the business community, Ernst & Young actively organizes workshops on various business issues. In financial year 2011 we sponsored and supported more than 15 conferences and business events and conducted 10 roundtables and seminars for clients and general public. The aim was to discuss current and emerging business issues and share views and knowledge in those areas. The themes covered during this period were Tax Code adoption, people management, banking sector issues, technology security, real estate and others. This year we targeted supporting strategic events that are of importance to the Ukraine investment and business climate:

- ▶ Adam Smith Ukrainian Investment Summit;
- ▶ Adam Smith Agribusiness Forum;
- ▶ Energy Policy of Ukraine: Unconventional Gas Focus (Ministry of Energy and Fuel of Ukraine);
- ▶ Raiffeisen Private Wealth Forum, and others.

We also see our strategic role in supporting and developing innovation in business. Ernst & Young served as a strategic partner to the **Innovative Breakthrough Project** <http://www.ukrinnovation.com> (for the second year in a row), allowing innovative start-ups in Ukraine to develop and share their state-of-the-art technologies with the public. Throughout the project (September – December, 2010) there took place five all-Ukrainian roundtables in Kyiv, Lviv, Dnipropetrovsk, Kharkiv and Kherson with the participation of investors, government representatives, leading experts in venture investment, analysts and others. In the semi-final the 79 authors of the best projects participated in a three-day training course “Fundamentals of high-tech businesses.” Finally, 19 remarkable projects, which were highly appreciated by experts, appeared at the top of the heap. In the final stage finalists from all over Ukraine pitched their projects to potential investors during the road-show.

«Our economic future is connected with our intellectual potential. The mission of this project is to identify this potential and bring it to bear on the country's economic performance”.

Alexei Kredisov,
Managing Partner

We are committed to serving not only our clients, but also the community in which we operate. This is underlined by our involvement in the Domestic and Foreign Investors Advisory Council under the auspices of the President of Ukraine. **Karl Johansson**, Ernst & Young CIS Managing Partner, is a participant in the body. The aim of the Council is to define the main directions of state policy, to improve the investment climate in Ukraine, to attract and use efficiently domestic and foreign investment for the economic development of Ukraine and accelerate Ukraine's integration into the European and world economies. The body functions in the form of working groups that develop improvements with an annual plenary session taking place as the top reporting on progress event. The first plenary meeting of the Council took place on 23 June 2011, and the next one is planned for 7 June 2012.

Ernst & Young experts are actively involved in various business debates of the European Business Association (EBA). **Alexei Kredisov**, Country Managing Partner, is Vice-President of the EBA, **Jorge Intriaigo**, TAX Partner, and **Tom Cradock-Watson**, Assurance Partner, are Advisors to the EBA Board, **Marina Zakharina**, Head of HR, is a member of the EBA HR Committee Board, and **Vladimir Kotenko**, Partner, Head of Tax & Law, is the chair of the EBA Tax Committee.

This year Ernst & Young has joined the **Reform Club** of Ukraine, which aims at promoting the reform spirit and proposing best regulatory and governance practices to the state bodies of Ukraine. This public organization unites Ukrainian business leaders interested in improving the investment climate and business environment and implementing the necessary economic and social reforms. The Club's main tool is the ongoing constructive dialogue between business and government. The Reform Club acts as a partner and opponent to the state in developing strategies for economic and social development and in the creation of regulatory and institutional framework reforms (tax, customs and pension reform, etc).

The new Tax Code debates are influencing the work of each and every business in Ukraine. Vladimir Kotenko, a member of the Advisory Council at the Ministry of Finance, has played an important role in facilitating dialog between business and government on improvements to the new tax system. Ernst & Young has taken lead in proposing amendments to the Tax Code aimed at improvement of the tax system.



"We have reviewed the tax systems in eight jurisdictions with different socio-economic indicators. These included developing economies

as well as jurisdictions with efficient and time-tested tax systems. The scope of our survey covered various aspects of tax legislation, including taxation of small and medium enterprises, anti-avoidance rules and procedure for obtaining VAT refund as well as numerous other topics that were widely discussed in Ukraine. The survey helped us to identify world trends in the tax area and point out priorities for reforming the Ukrainian tax system in a way that will contribute to the social and economic development of the country".

Vladimir Kotenko,
Partner, Head of Tax & Law

On the move to IFRS

As the convergence of accounting and auditing standards around the world continues, having access to key accounting and auditing guidance is critical for companies. With the recently adopted Law on Transition to IFRS, the topic has become even more vital. To assist with the challenges of converting to IFRS, Ernst & Young provides publications of interest, useful tools and IFRS resources, as well as up-to-date information on IFRS on the web portal www.ey.com/ua/en/ifrs.

Developing corporate responsibility in Ukraine

We continue to promote corporate responsibility as a model philosophy for business. Companies that pay reasonable attention to environmental and social issues achieve a number of advantages and are helping Ukraine to become a better country to live in.

- ▶ In 2011 we continued our work in the Advisory Council under the Regulatory Policy and Entrepreneurship Committee of the Verkhovna Rada. The National Concept for the Development of Social Responsibility in Businesses of Ukraine was developed and proposed for public discussion.

- ▶ Ernst & Young supported a project of the Ukrainian Association for Management Development and Business Education for the academicians of Ukraine – future instructors of the new corporate social responsibility course.
- ▶ Ernst & Young presented its corporate responsibility practices during the first CSR Marketplace in Ukraine, organized by the CSR Development Center.
- ▶ Ernst & Young has sponsored a nationwide competition of CSR Business Cases for three years in a row. The competition has become a unique yearly event that applauds best practices in social responsibility presented by Ukrainian companies. The publication that is issued after each competition represents an excellent selection of practices that can be used by companies as best practices and adopted by academicians for teaching students.
- ▶ **Victor Kovalenko**, Climate Change and Sustainability Services Manager, spoke at the Vth international conference “Social responsibility: on the way to sustainable development” organized by Expert Ukraine magazine, on the topic “Effective presentation of information in non-financial reporting”.



- ▶ Victor Kovalenko gave a presentation on "Business response to climate change: is there an area for Cleantech?" during the ECOSMART forum in April 2011.
- ▶ During the discussion "Do investors need CSR?" which was conducted by the Center for CSR Development in May 2011, Victor Kovalenko delivered a speech devoted to sustainable investment funds and other instruments for attracting capital to socially responsible companies.
- ▶ In July 2011, Victor Kovalenko and **Natalia Telenkova**, Head of Corporate Responsibility Committee of Ernst & Young, made a presentation on "Corporate responsibility for Ernst & Young" for business representatives in Donetsk at the "CSR and the Company's Strategy" meeting, organized by the European Business Association. The spokespersons answered questions raised by the attendees about initiatives for employees, volunteer programs and the objectives and specifics of preparing non-financial report.
- ▶ Natalia Telenkova spoke during the "Corporate volunteering as a component of corporate development strategy" session at the "Corporate Volunteering: 3D" conference, discussing volunteer programs implemented within the Company; she answered questions about fostering initiatives and incentives that stimulate volunteering.
- ▶ Ernst & Young supported the conference "Corporate Social Responsibility of Business: Best Practices, Initiatives, Development," which took place in October 2011 at the Kyiv National Economic University, under the auspices of the Association of Independent Directors of Ukraine. Victor Kovalenko was a co-moderator for the section "CSR Practices, Instruments and Initiatives within Companies" and made a presentation on "CSR as an Instrument for Attracting Investment."
- ▶ In March, the CSR Ukraine Community, Lviv Business School and Ernst & Young conducted a training session on non-financial reporting. Victor Kovalenko was one of the trainers. Also, in June 2011, he made a presentation on implementing the GRI International Standard for non-financial reporting preparation at the "Non-financial reporting: how to tell a story" seminar held by the Center for CSR Development.
- ▶ At the joint meeting of the PR and CSR Committees of the European Business Association in Kyiv in May 2011, Ernst & Young made a presentation on the benefits of non-financial reporting preparation.



- ▶ During a B2B meeting organized by the UN Global Compact under the title "Non-financial Reporting and its Audit: All the Rage or a Business Necessity?" (15 September, Kyiv Mohyla Business School), Victor Kovalenko and Polina Shaganenko (CSR Manager of the Metinvest) discussed the example of Metinvest in the context of the advantages and difficulties of preparing a social report and shared Ukraine's quite unique experience when it comes to auditing such reports.

Ernst & Young Entrepreneur of the Year program – www.eoy-ua.com

Ernst & Young Entrepreneur of the Year® (EOY) is the world's most prestigious business award for entrepreneurs. As the first and only truly global award of its kind, EOY honors those who are building and leading successful, growing and dynamic businesses, recognizing them through national and global awards programs. The participants in

the contest are middle and large businesses and the winners in each participating country are announced by a national jury consisting of independent experts who are well-known members of the business community.

In 2011 EOY celebrated its 25th anniversary. Over the years, the Entrepreneur of the Year program has expanded to more than 140 cities in more than 50 countries, with awards presented annually to over 900 of the world's most successful and innovative entrepreneurs. Ukraine joined the program in 2006 and since then has seen four outstanding Ukrainian entrepreneurs honored.

At the beginning of June 2011, more than 50 national finalists of the Ernst & Young Entrepreneur of the Year competition from 140 cities gathered in Monaco for the 11th annual World Entrepreneur of the Year Award. Sergiy Grygorovych was among them, representing Ukraine and competing with the world's best entrepreneurs. Olivia Lum of Hyflux (Singapore) was named Ernst & Young World Entrepreneur of the Year 2011 and was the first woman to win the award.

The program is held in Ukraine on a bi-annual basis and is planned for launch in autumn 2012.

Winners of EOY in Ukraine:

- ▶ Mikhail Levchenko,
Millenium Capital (2006)
- ▶ Nikolay Lagun,
Delta Bank (2007)
- ▶ Boris Lozhkin,
United Media Holding (2008)
- ▶ Sergiy Grygorovych,
GSC Game World (2010).



Ernst & Young Alumni Club



At Ernst & Young we're committed to building lifelong relationships with our people and have always prided ourselves on the quality of our professionals - around the world and here in Ukraine. We consider our alumni to be very important to our continued success. Many of them become clients or simply remain friends of the firm. We value the knowledge and strength they brought to the firm as employees and we appreciate the loyalty they continue to show as alumni.

The Alumni Club launched its activities in Ukraine in 2007 and since then holds annual events where former Ernst & Young employees can meet with their friends. Now the Club boasts more than 300 members.



Oleg Svetleuschyi, Partner, President of Ernst & Young Alumni Club, says: *"There is some invisible bond that connects all Ernst & Young people. Experience at Ernst & Young helps establish and develop a hard-working and success-oriented attitude. To help people benefit more from their past experience we've launched the Alumni Club".*

Marketplace – Targets for 2012:

- ▶ concentrate on strategic partnerships with market development initiatives, i.e. Adam Smith events, Global Management Challenge, Innovative Breakthrough Project;
- ▶ active participation in the legislation development initiatives including transition to IFRS, Tax Code;
- ▶ more engagement and presence in social media networks;
- ▶ invest in further CR development in Ukraine through participation in expert organizations, significant programs and events.

Environment

Ernst & Young is constantly concerned about the environmental aspects of its activities.

With the advice and guidance of our Climate Change and Sustainability Services (CCaSS) we help our clients to be environmentally sustainable.

Our eco-management is aimed at minimizing resource consumption during the Company's operation.

One of the activities of the Corporate Responsibility Committee, the "Green Group," is to monitor the environmental performance of the Company, initiate positive changes wherever possible, foster educational activities aimed at the Company's employees and support external environmental programs intended to enhance environmental awareness and practical actions to improve the ecological condition of the country.

Green Group initiatives

Plant a Tree - Invest in the Future

On 16 October, a team from Ernst & Young, joined by family members, took part in the environmental campaign "Plant a Tree - Invest in the Future" organized by the Global Compact in Ukraine. The event was

dedicated to planting trees and shrubs in Dorogozhychi Park, in Kyiv. Together, Kyiv business representatives, students and community members planted about 250 trees (linden, acacia, sea buckthorn, fruit trees) and 500 shrubs.



EcoCup ecological film festival

EcoCup is Ukraine's first international ecological film festival with a number of fun eco-events that took place from 24 May through 5 June 2011 all around Ukraine. EcoCup's goal is to discuss ecological problems in interesting ways, whether via documentaries or fictional films.

Ernst & Young was a sponsor and a partner to the festival, as a part of which ecology-oriented films were shown in Kharkiv, Donetsk, Sevastopol, Odesa, Uzhgorod and Kyiv. In each city there were eco-project presentations, master classes, eco-goods fairs and other specific events.

Almost 1,500 individuals visited the festival's events all over the country. The festival stimulated dialogue about environmental protection in society, acquainting spectators with current ecological problems and possible ways of solving them.

Let's make Ukraine clean

On 16 April 2011, the all-Ukrainian campaign on garbage collection in the parks of Ukraine under the logo "Let's make Ukraine clean!" took place. As a whole, the initiative involved over 20,000 caring people in all

the regions of Ukraine. According to the project website, the volunteers collected 710,02 cubic meters of PET bottles, 637,56 cubic meters of glass and 3,308,06 cubic meters of other garbage.

The volunteers from Ernst & Young (Kyiv) took part in the cleaning campaign at the recreation area of Hydropark in Kyiv. Garbage collection took about three hours, and then the project participants had a picnic.



"The effect of such initiatives isn't so much in the kilos of garbage collected but in creating a new vision for environmental cleanliness and feeling engaged. It's extremely important for kids to participate in such events. A kid who cleans the street at least once will rethink his or her behavior, and in many cases won't allow himself or herself to neglect the environment in the future".

Natalia Telenkova,
Head of CR Committee

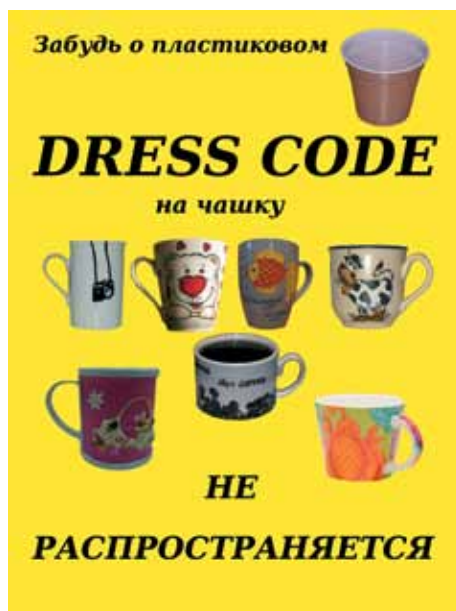
Green Rush

For the second year in a row, Ernst & Young has supported the Green Rush eco-project, initiated by AIESEC, the international youth organization. The project's mission is to develop young people's ecological awareness so that they practice responsible behavior.

In 2011, the project covered more than 450 students and 600 pupils of Kyiv educational establishments. Foreign students-ecologists arranged animation classes and shared international experience on how to cope with environmental pollution and how to treat waste with Ukrainian youth.

Within the framework of Green Rush an eco-fair took place at which visitors exchanged waste paper and waste cloth for eco-bags. «Eco-Business - Myth or Reality?» conference was organised with the participation of entrepreneurs, representatives of socially responsible companies, NGOs, environmental organizations and students. The conference was intended to acquaint the public with the practices and ideas behind building an ecological and socially responsible business in Ukraine.

Yuliya Byba, Head of the Green Group, described the Ernst & Young initiatives: «green policies» to govern the procurement of products for the Company's needs and measures for energy and resource conserva-



tion. For its contribution to the development of social and environmental awareness among the young people, Ernst & Young was awarded a commemorative diploma.

Ernst & Young makes every effort to decrease its impact on the environment and encourage eco-friendly behavior in the office. That's why the Company announced a competition for the best eco-poster among Green Rush project participants. The main task was to stimulate office employees to avoid using plastic utensils. The most convincing works were placed in the Ernst & Young offices.

"Earning money, a lot of businesses do not mind the environmental aspects. They also forget about the need to contribute at least a bit of time, effort and money to protecting this environment. Owing to such projects as the Green Rush and Ernst & Young's competition, there are chances remind society of how important it is to support ecology and personal health".

Olena Breyeva,
the winner of the eco-poster
competition among students

Earth Hour

For several years in a row, the CR Committee has been encouraging employees to participate in the "Earth Hour" global initiative, and more and more people have been doing so. Here are some comments from 2011 Earth Hour participants:

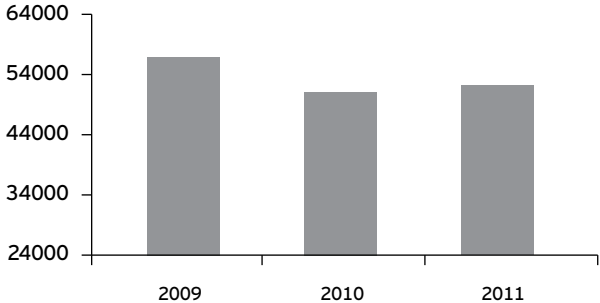
► *"This event is important primarily because it makes us think.... As we know, a long journey starts with a little step,"* says **Artem Bilous**, Assurance Staff.

- ▶ *"We spent an Earth Hour for live communication within the family by candlelight. It was a unique atmosphere to rest and to discuss the things that really matter. In our crazy world people usually have no time to talk like that,"* says **Andriy Lysyuk**, Senior, Advisory.
- ▶ *"Earth Hour is our excuse for doing wrong things to the Earth. It's a pity but it's true, and we can't stop doing all these destructive things. But we can at least try to change ourselves and our attitude towards the environment. At least once we can separate trash, plant a tree or turn off the light for an hour, and we'll see how easy it is,"* says **Kateryna Kayda**, Administrator, CBS.

Environment – tasks for 2012:

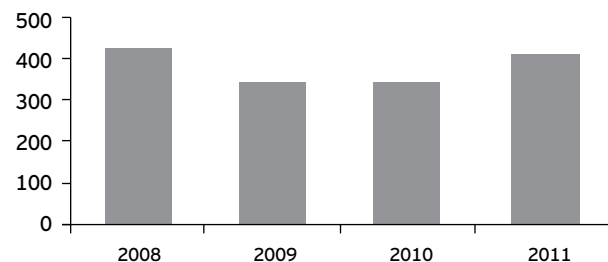
- ▶ include an in-office eco-behavior module in the training program for the newcomers;
- ▶ sign the Code of Conduct with the Company's counterparties;
- ▶ monitor innovations in the "green office" area and implementing the decisions in the Company's offices;
- ▶ organize regular events for employees to increase their awareness of possibilities for the efficient use of resources;
- ▶ further minimize the use of eco-unfriendly stuff;
- ▶ support eco-education projects in Ukraine.

Our principles, results and goals in procurement and consumption of materials

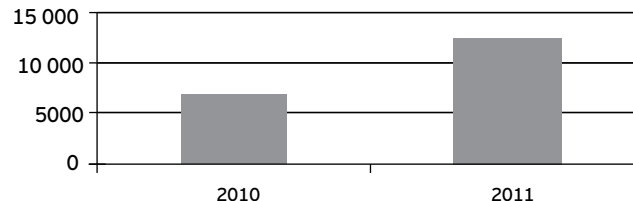
Item	Our approach and results, 2011 financial year									
Suppliers	We are guided by ecological criteria in selecting the suppliers with whom we work. In 2011, we developed the Code of Conduct which requires compliance with high legal, ethical, environmental and labor standards on the part of us and of our contractors. The Code will be available for contractors to sign starting in 2012.									
Office equipment	The procurement policy includes a list of eco-marked suppliers.									
Power	<p>In 2011 financial year power consumption increased by 3% as compared to the previous period. To decrease electricity consumption in the office we took the following measures:</p> <ul style="list-style-type: none">▶ All personal computers and office equipment go into power-saving mode after several minutes of not being used.▶ Computers purchased within the reporting period consume 25% less power than those purchased within the previous period due to LED backlit technology.▶ We use energy-saving lamps.▶ Special relay switches to automatically regulate lights are installed in some areas of the office. <p>Utilization options: All daylight lamps are delivered to a specialized company for further utilization.</p>	<p>Power consumption by Ernst & Young in Ukraine, 2009-2011 financial years, kWh per months.</p>  <table><thead><tr><th>Year</th><th>Power consumption (kWh per month)</th></tr></thead><tbody><tr><td>2009</td><td>55,000</td></tr><tr><td>2010</td><td>50,000</td></tr><tr><td>2011</td><td>51,000</td></tr></tbody></table>	Year	Power consumption (kWh per month)	2009	55,000	2010	50,000	2011	51,000
Year	Power consumption (kWh per month)									
2009	55,000									
2010	50,000									
2011	51,000									

Item	Our approach and results, 2011 financial year
<p>Paper</p>	<p>We use paper with eco-marking FSC (Forest Stewardship Council).</p> <p>The use of paper increased by 14% as compared with the previous period because of business recovery.</p> <p>To decrease paper use in the office we take the following measures:</p> <ul style="list-style-type: none"> ▶ An instruction is placed near each printer about the economical use of paper: two-sided printing, text verification before printing, use of the booklet layout; ▶ Electronic information exchange options are used instead of printouts, where appropriate. <p>Recycling options:</p> <p>All confidential paper waste is recycled by a contractor.</p> <p>Starting from 2011, additional containers for non-confidential paper waste, mainly newspapers and magazines, have been installed.</p> <p>12.5 tons of paper were delivered for recycling.</p>
<p>Business trips</p>	<p>The number of business trips has increased.</p> <p>At the same time, the Company continues to popularize modern means of communication, such a teleconferences and videoconferences, instead of trips.</p> <p>To this end:</p> <ul style="list-style-type: none"> ▶ in 2011, the Company purchased additional video communication hardware and software for its partners; ▶ all new personal computers have web cameras; ▶ videoconference equipment was installed in the Donetsk office.
<p>Canteen</p>	<p>In 2011, we reduced significantly the amount of our plastic utensils purchases, and starting from April 2011 cut back on plastic by 90%. We fully met demand by using glass and ceramic utensils, metal cutlery, wooden stir sticks for coffee instead of disposable plastic ones, etc.</p>

Paper use by Ernst & Young in Ukraine, 2008-2011 financial years, packs per month



Amount of paper delivered for recycling, 2010-2011 financial years, kg



Community

Educational projects

For the 20 years of its presence in Ukraine, Ernst & Young has been paying attention to education initiatives for students and young people. Within the last year, we implemented or supported a number of such projects.

Step into the Future. First year results

Step into the Future is a comprehensive career program for final-years (or fourth- and fifth- year) students initiated by Ernst & Young in October 2010. It includes:

- **Ernst & Young University** - workshops for students at the Company's office. The goal of the project is to give students a chance to talk directly to Ernst & Young employees of different levels about the key tendencies in the profession development and possible paths for career growth. Depending on preferences and qualifications, in 2010/2011 academic year students chose one of the following modules: Audit, Tax or IT Audit. Students from various Kyiv

universities, selected by a special contest, participated in the workshops.

During the year, 11 workshops were held, with 17 Company employees as speakers.

About 120 students participated in Ernst & Young University; of them, 9 successfully passed tests and gained employment with the Company.

We are grateful to the Company employees who served as Ernst & Young University teachers:

- *Oleksandr Berchiiy, Kateryna Rabtsun, Volodymyr Zabrodskiy, Ganna Kurylenko, Olga Makara, Oleksandr Dermanets, Ganna Vorotyntseva, Nataliia Deryzemlia and Svitlana Suponina* from Assurance;

Educational projects		2011
Kyiv	sponsoring fees, UAH	578 708
	Ernst & Young people value, UAH	550 000
	Ernst & Young people hours	112
	students involved	5000
Donetsk	sponsoring fees, UAH	11 600
	Ernst & Young people value, UAH	96 000
	Ernst & Young people hours	50
	students involved	2000
Ukraine	fees general, UAH	1,236 308
	students involved	7000

– *Tetyana Mykolenko, Iryna Kalyta, Galyna Khomenko, Oksana Lapii and Dina Bokanova* from Tax & Law;

– *Kateryna Gorbunova, Dmytro Lazuchenkov and Oksana Gontar* from ITRA.

- ▶ **Coffee with Partner** – meetings with Company executives where the secrets of a successful career and skills that are assessed during tests and interviews at Ernst & Young are discussed. In 2010/2011, students had informal conversations with three partners – Head of Transaction Advisory Services, Assurance Partner and Head of Human Capital.

We are grateful to *Aaron Johnson, Olesya Melnyk and Olga Gorbanovskaya* for their contribution to young people's development!

- ▶ **Open Door Days** – HR specialists talk about career opportunities for graduates and about Ernst & Young's structure and corporate culture. Attendees are given a presentation on how to take the first steps towards a successful career with Ernst & Young. The presentation is supported by individual examples and valuable advice from the Company's employees.

- ▶ **Lectures for Donetsk students** – lectures by the Company's experts at the leading Donetsk universities.

- ▶ **Essay Contest** – on occasion of the 20th anniversary of Ernst & Young in Ukraine, an Essay Contest was held for students. In their writings, the authors addressed the prospects for the audit and advisory services market in Ukraine and career opportunities at Ernst & Young, and gave recommendations to Ernst & Young on how to become the best employer for students. 9 winners got a chance to do an internship at the Company. Other finalists received special prizes from the Company and additional points for entrance tests.

Over 400 students from the following Kyiv and Donetsk universities participated in the Step into the Future project:

- ▶ Vadym Hetman Kyiv National Economic University
- ▶ Kyiv National University of Trade and Economics
- ▶ National University of "Kyiv-Mohyla Academy"
- ▶ National Technical University of Ukraine "Kyiv Polytechnic Institute"
- ▶ Taras Shevchenko National University of Kyiv
- ▶ Donetsk National University
- ▶ Donetsk National Technical University
- ▶ Donetsk National University of Economics and Trade after M. Tugan-Baranovsky
- ▶ Donetsk National University of Management
- ▶ Donetsk Institute of Artificial Intelligence

Ernst & Young is strengthening its strategic partnership with AIESEC in Ukraine

AIESEC is an international youth organization that unites active young people in more than 100 countries who grow professionally through joint projects and initiatives and try to change the world for the better. AIESEC has been functioning in Ukraine since 1994 and includes more than 800 students from 50 universities.

For the second year in a row, Ernst & Young is a strategic partner to AIESEC in Ukraine. **Alexei Kredisov**, Managing Partner, and **Marina Zakharina**, Head of HR, have joined the Advisory Council of AIESEC, which aims to help develop AIESEC's strategy and analyze AIESEC's achievements during the year.

In 2011, Ernst & Young specialists participated in such educational initiatives as the Talents Fair, the Career Forum, Leadership Development Seminars, HR-Evolution, Green Rush and World without Borders.

► **Talents Fair.** In March 2011, Ernst & Young participated in an annual career conference for 150 fourth- and fifth-year students who are about to look for jobs. During the workshops and presentations, Ernst & Young experts talked about Tax and IT Advisory consultant profession to the students from various Ukrainian universities.

► **Career Forum.** The project is one of the most popular and useful events for Donetsk students. It combines a vacancy fair, training sessions, workshops and meetings with well-known business representatives. Ernst & Young participates in the Forum twice a year. This year, Company employees held workshops on project management and interviewing.

► **HR-Evolution.** Under this project, Human Capital experts provide materials for the education of future HR specialists on the following topics: corporate culture, compensation and benefits, and employer brand building.

We are grateful to the Ernst & Young specialists who prepared and held education workshops as part of these initiatives:

- **Rostyslav Grygorenko**, Transaction Support;
- **Olga Gorbanovskaya, Tamila Teleganenko**, Human Capital;
- **Olga Anufrieva**, Tax & Law;
- **Oksana Gontar**, ITRA;
- **Natalia Vyshnevetska**, Administration.

Ernst & Young and the CFA Ukraine student competition

In 2010, Ernst & Young supported the first student competition in investment report preparation, in which participated student teams from seven universities from Kyiv, Lviv, Ternopil and Donetsk. The competition was organized by CFA Ukraine. In 2011, about 130 students participated in the competition, in which they had to study the Astarta-Kyiv agri-industrial holding. Ernst & Young experts served as the appraisers for the teams' reports and advised the students on the reports' composition. **Vadym Barakin**, Manager of the Valuation and Business Modeling Department, Ernst & Young, judged the finals.

The aggregate rating that the teams received for their writings and report presentations indicated that the best teams were from Taras Shevchenko National University of Kyiv, Vadym Hetman Kyiv National Economic University and Ivan Franko National University of Lviv, which took first, second and third places, respectively. The winner represented Ukraine at the regional competition, which took place on 3 March 2011 in Madrid, Spain.

Raising new entrepreneurs and leaders

Ernst & Young believes that entrepreneurship is an important driver for positive changes. By developing leadership among youth, we lay the foundation for the future success of the country. By involving youth in social initiatives, we increase the level of social responsibility of future entrepreneurs.

LDS (Leadership Development Seminar).

Ernst & Young supports LDS, a leadership and proficiency development seminar held by AIESEC. In 2011, this was a three-day workshop, in which 150 students from 15 Ukrainian cities and towns participated.

Leadership Day. Our Company joined the education program as part of Leadership Day, held this year in Donetsk. During the day we provided to AIESEC leaders useful information on coaching and counseling.

World without Borders. Ernst & Young supports the educational project World without Borders, initiated by AIESEC. The project aims at developing leadership among senior pupils from Kyiv schools. Studies take the form of training sessions, discussions, role playing games and master classes by foreign students. Participants

can also extend their practical language skills, because the studies are organized in English. The topics are rich and diverse: cultural tolerance, communication, eloquence, time management, goal setting and achievement, leadership, team work, finance management, global problems and ways of solving them. To help the pupils choose their future occupation, profession-oriented conferences are held for senior pupils with the participation of experts in various areas. In 2011, about 500 pupils from 12 Kyiv schools widened their perception of the world together with World without Borders.

Ernst & Young traditionally supports the strategic management championship for students

Since 2008, Ernst & Young has been supporting the Global Management Challenge (GMC Junior) in Ukraine. Currently, we are a strategic partner to this initiative, which is intended for third-, fourth- and fifth-year students of Ukrainian universities. Each team establishes an Executive Board of a large virtual manufacturer with a budget of 200 million EUR and analyzes its financial condition, production capacities and position in the market in order to implement

a corporate strategy for the company's successful development and maximum stock value increase. Severe competition and a struggle for consumers help the students feel what it's like to run a real business and get the managerial experience necessary for their future careers.

In autumn 2011, 2,000 students from 235 universities of Ukraine participated in the championship.

Out of 1,300 registered teams, the best was the team from the Taras Shevchenko National University of Kyiv.

Ernst & Young and Students in Free Enterprise (SIFE)

Students in Free Enterprise is an international organization that unites students, teachers and business representatives in 40 countries. Working as a team led by a coach, SIFE students use knowledge obtained at universities to teach others the principles of the market economy, entrepreneurship, financial expertise, environmental protection and business ethics.

SIFE Vinnytsia National Technical University team's projects:

As part of the project **Kvity Zhyttya (Flowers of Life)**, the students organized gathering and preparation of medical herbs by citizens and their further sale to a private enterprise. Unemployed citizens in the Vinnytsia, Khmelnytsky and Ivano-Frankivsk Regions and in the Crimea were engaged. The project helped country people achieve financial stability and consumers to improve their health, since more eco-friendly products were in the market.

The project **Chudo-Med (Miraculous Honey)** aimed at establishing a honeycraft association of local beekeepers on the basis of the cooperative society, entitling the beekeepers to use the society's equipment and the fields leased by the local enterprise. As a result of the project's implementation, people were engaged in their favorite occupations in a new profit-generating format, and consumers got a certified eco-friendly product.

The project **Ludyna (Human Being)** helped the handicapped to obtain precious knowledge of up-to-date knitting trends

and to use them in making new products to be sold through a women clothing store. The project let people practice their hobbies and earn a stable income.

As part of the **Malyatko (Baby)** project, innovative power-saving technologies were proposed and implemented. That allowed for saving a lot of money and opening a kindergarten in the village of Maidan, Vinnytsia Region, with the help of a limited amount of public finances. As a result of the project, 37 kids were able to attend a pre-school facility in their village and 10 people have got jobs.

Since 2010, Alexei Kredisov, Managing Partner of Ernst & Young, has been a co-chairman of the Business Advisory Council of SIFE Ukraine. Owing to the Business Advisory Council activities, SIFE Ukraine development strategy for 2010-2011 was reconsidered. The initiative involved more business representatives, key players in various Ukrainian industries, contributing to the program development. In April 2011, participants from various teams got an opportunity to attend a Successful Presentation master class held by Ernst & Young employees. 30 students

participated in the event. The valuable advice helped the Vinnytsia National Technical University team to win the national competition in June 2011 and thus the right to represent Ukraine in the SIFE Global Cup finals held in Kuala Lumpur, Malaysia. Before the departure, the team held a final rehearsal for Ernst & Young specialists, which helped the students to better prepare themselves for the world competition and to calm down. Although our team was not in the semi-finals, it took a 3rd place prize in its sub-group.

We are grateful to the Ernst & Young specialists who participated in preparing the SIFE teams for the final competition:

- Tom Cradock-Watson, Assurance;
- Natalia Telenkova, CR Committee;
- Rouslan Tchebanenko, Marianna Yakubenko, Yuriy Shibanov, Olga Shibanova and Dmytro Kistechko, Transaction Advisory Services;
- Ielyzaveta Maksymets, HR.

Development programs for children deprived of parental care

Children in orphanages are often noticed as suffering from low-motivation and evincing mediocre levels of academic achievements. Such kids miss their chances at decent educations and well-rounded lives.

The educational projects that Ernst & Young supports help kids reveal their abilities so that they succeed as adults.

Way to Success

Way to Success is a long-term project initiated by the Edinstvennaya charity foundation

in 2007. More than 400 kids from various Ukrainian orphanages have already participated in the project. The project involves outdoor programs, which, in addition to recreation, include intensive development modules prepared by professional teachers and business coaches. During the periods between the outdoor modules the foundation holds professional workshops for the oldest participants. In August 2010, Ernst & Young supported yet another stage of Way to Success, this time in a summer camp format. The camp's curriculum included psychological training aimed at overcoming communication barriers, computer literacy training, artistic molding activities, hair-dressing training and master classes in photography, journalism, cinematography and

make-up. This year, the program included over 100 boys and girls from orphanages in the Kyiv, Chernigiv and Cherkasy Regions. Ernst & Young prepared presents for the camp participants: leaders who showed their worth in the nominations defined by the Company received special prizes, so that they would remember their success.

Leadership Breakthrough

The Leadership Breakthrough program aims at developing teenagers' leadership culture and teamwork skills. The program is initiated by the Edinstvennaya charity foundation for those senior orphan pupils who have showed themselves during previous foundation programs or who were selected through testing.



The program was launched in January 2011. Its annual cycle consists of four stages, each with its own practical assignment and homework to do at the orphanage. The results after the first stage were astonishing: the inspiration teenagers got during the winter meeting helped each of them to successfully implement social, entertainment, educational and sports projects in their cities and towns, with the involvement of both peers and adults - teachers, businessmen and even celebrities. Among the achievements of the second stage were the fan clubs that teenagers established. These clubs - a French club, a breakdance club, a freestyle wrestling club and a journalism club - functioned for the duration of the module. The participants also issued their own newspaper, which covered the

events and achievements of this stage of the program. The participants' tutors, teachers and friends noticed the astonishingly positive changes in their behavior and world perception, as did the participants themselves. Ernst & Young supported the project right from its first steps by providing finance and preparing master classes on conflict and time management as well as budgeting fundamentals. 55 teenagers from various orphanages participated in the program, more than 1,000 children in orphanages were involved in the projects developed by teens-leaders.

Scholar

This program, which has been functioning since 1998, is implemented by the Pryvateli Ditey (Help the Children) charity fund, and is

intended for the social adaptation and financial support of students from vulnerable social groups. The program is primarily aimed at preparing orphan students to live independent lives. For the fourth year in a row, Ernst & Young sponsored several students in the program and participated in the scholars' regular meetings. In 2011, the Company supported 8 students in achieving higher or secondary professional education, with 1 student getting individual support from a Company employee.

We are grateful to the Company volunteers who prepared and held workshops for teenagers: **Svitlana Sologub, Kateryna Gorbunova and Mykola Yerin.**



Scholarship programs – incentives for the best

By awarding the best for their academic progress, we motivate others to succeed.

Incentive Scholarship Fund for KMA

Since 2008, the Ernst & Young's Incentive Scholarship Fund has been working at the National University of "Kyiv-Mohyla Academy" to present an annual award to the institution's best teachers and students, as well as to finance research and innovation projects. We contribute to the University's endowment, thus helping guarantee the realization of its statutory objectives, self-government and independence. Especially inspired teachers and students who post excellent results are awarded by Ernst & Young in the forms of monthly scholarships.

Scholars for 2010-2011 school year.

- ▶ **Larysa Ivanivna Krasnikova**, Ph.D. in Economics, Professor of the Finance Department, Faculty of Economic Science;
- ▶ **Kateryna Gryshchenko**, 3rd year student of the Law Faculty.

Ernst & Young makes the dreams come true

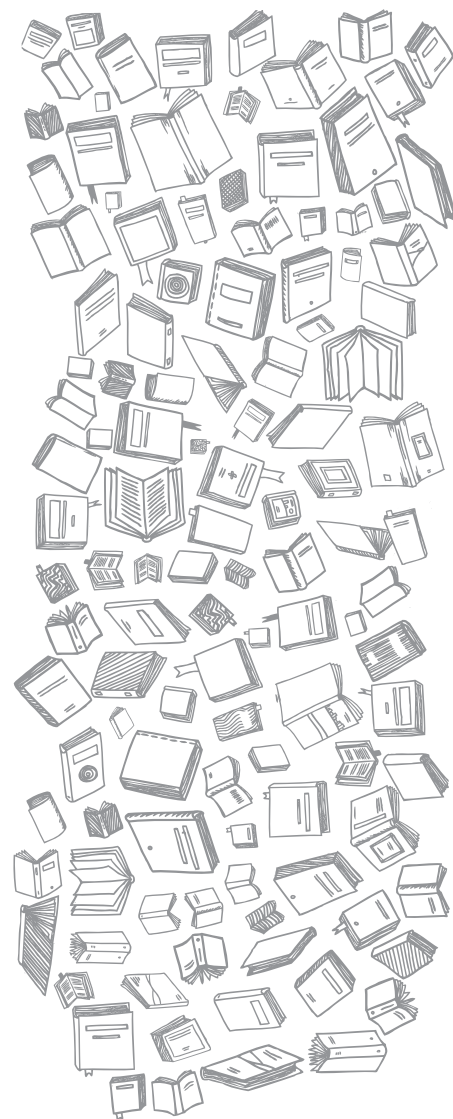
Orphans often have trouble succeeding in school. Their inspiration to make academic progress can be lacking, and excellent pupils are not always popular among their peers. In order to improve the situation, Ernst & Young has been implementing the Best Pupil program for three years now at three orphanages. The program aims at stimulating the kids' interest in their studies. The Best Pupil contest is announced at the beginning of the school year and aims at rating the most successful pupil based on the school year's results. The winners are traditionally given the chance of having one of their dreams come true, and thus choose the prize themselves: some dream of a new mobile phone, while others wish to spend a day at an entertainment center.

Winners of 2010-2011 school year:

Ivaniv: *Valeriya Tomashevskaya and Iryna Popova* received mobile phones;

Boyarka: *Viktoriya Zhuravska* received a bag and a make-up set; *Denys Petrychenko* received an external data storage device;

Snizhne: *Kseniya Bekher* received a doll, *Karyna Svirina* a camera and *Khrystyna Bekher* a mobile phone.



Education programs

Benefits for participants

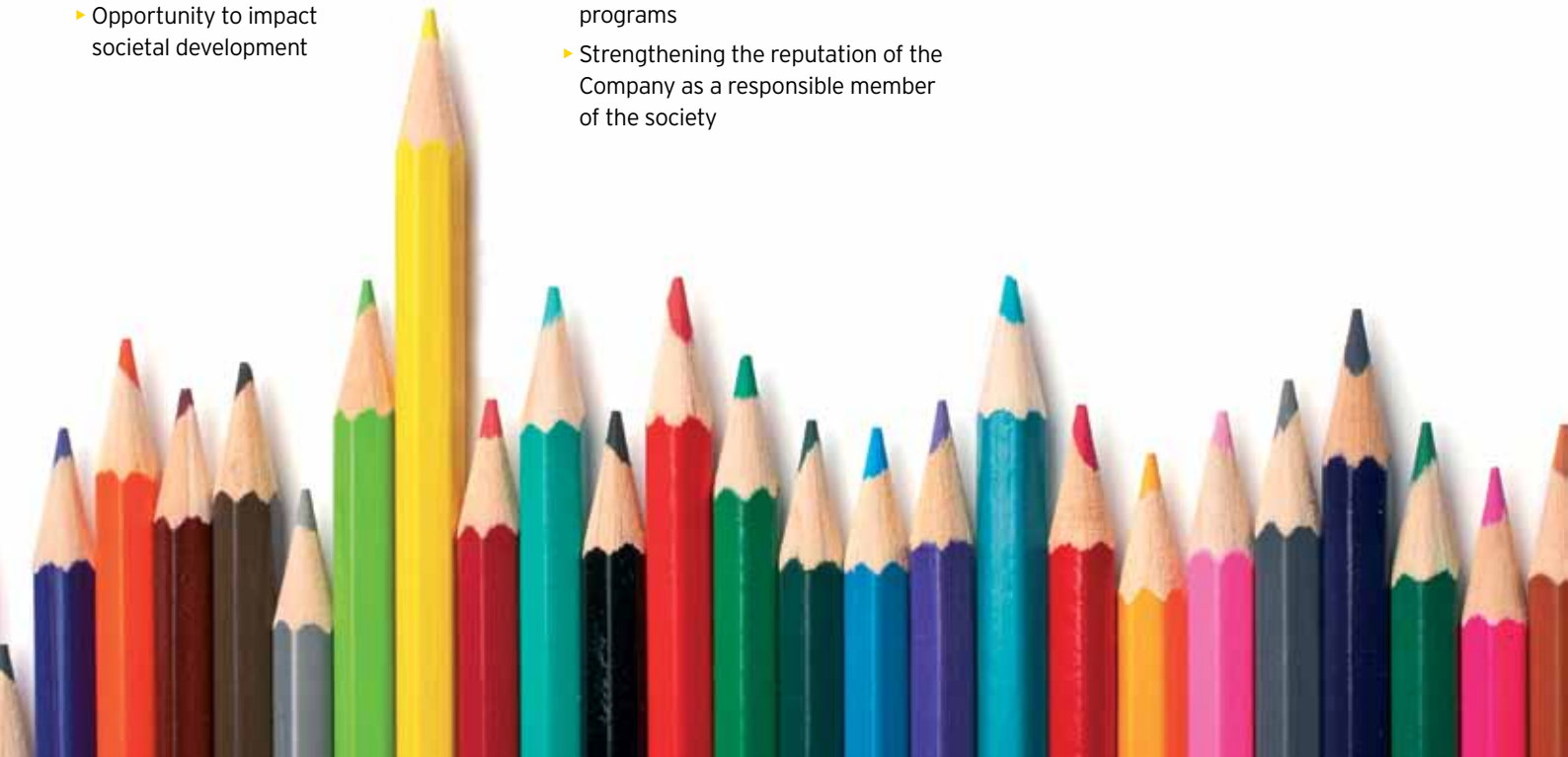
- ▶ Extending knowledge in selected subjects
- ▶ In-depth understanding of the Company's specialization; more opportunities for good decision-making in terms of employment
- ▶ Opportunity for practical experience and for obtaining first-hand information about the Company
- ▶ New skills development, social network expansion
- ▶ Opportunity to impact societal development

Benefits for the Company

- ▶ More efficient staff selection process
- ▶ Employer brand popularization
- ▶ Opportunity to impact the education and upbringing of potential employees or business partners
- ▶ Responsibility principles promotion among the youth
- ▶ Skills development and new professional self-fulfillment opportunities for employees via involvement in education programs
- ▶ Strengthening the reputation of the Company as a responsible member of the society

Benefits for society

- ▶ Valuable contribution to building up the educational system for modern youth
- ▶ Building up awareness of responsible society members among modern youth
- ▶ Helping society solve problems associated with orphans' upbringing and social adaptation



Charity

We are continuing our charity activities in the selected directions by supporting three orphanages and children suffering from oncological problems.

Orphanage in Ivaniv, Vinnytsia Region

This year, the kids from the orphanage met their friends from Ernst & Young three times. The team of volunteers brought them New Year presents. The popular Ukrainian singer Rosava also visited the orphanage with our team, singing and dancing with the kids in a ring and playing old folk games with them. The kids, in turn, showed their talents and



played a New Year performance for the guests. The spring visit corresponds with the school year's end. By tradition, the kids and their guests cooked kasha over a fire. Ernst & Young female volunteers and the orphanage girls shared women's secrets while preparing salads, and yet another guest, a master from the art club Artla, held a collage master class, where the kids made mosaics using colorful magazine pictures. The orphanage was presented with a spacious wooden "altanka" (garden house), which was situated in the yard, and in good weather the kids can hold their classes there or just get together with friends in the evenings. During the summer visit, the Ernst & Young volunteers were joined by a professional photographer from Infano Association, which resulted in the "Smile with Your Heart" photo exhibition and 20 amazing and heartfelt kids' portraits were displayed in the office. On the occasion of 1 September, the Company also prepared presents for the pupils - each orphan received a new pair of shoes. In addition, a pet's corner was created in the orphanage, becoming home to three amazing budgies.

Orphanage in Boyarka, Kyiv Region

The headliner of the Ernst & Young New Year performance at the Boyarka orphanage was Zynoviy, the winner of the "Ukraina Maye Talant" ("Ukraine Has Got Talent") TV-show. Disguised as Did Moroz, he entertained the kids with contests and quizzes. The party finished with a holiday

dinner, during which the kids talked with their guests and helped themselves to tea and sweets. The Boyarka kids also gave the Ernst & Young group a nice surprise, presenting Company employees with hand-made gifts. But the most important present for the guests will always be the achievements of the kids in their sports and arts competitions. Kids from this orphanage were selected to participate in the Leadership Breakthrough program, with four participants successfully passing through four modules of the program. At the end of the school year, the Boyarka orphans enjoyed two master classes, in origami and photography, and the orphanage was presented with a photography club equipped with two digital cameras, a PC, a photo printer and all the required accessories.

Orphanage in Snizhne, Donetsk Region

The Snizhne orphans made this year memorable with a diversity of programs and contests, which they organized in concert with the Ernst & Young team. Summer 2010:



Ernst & Young team came and played at pirates with the kids: to find the treasure, the kids had to be savvy. The party finished with a traditional shashlyk picnic and various contests. During the New Year celebration, Ernst & Young volunteers prepared master classes and contests, and themselves got a surprise on arrival: the kids had prepared a concert, regaling the guests with dancing and singing. Once again the Company volunteers understood that they had befriended some very gifted children. And here comes summer again... This time, a tissue painting master class was organized where each participant could produce a T-shirt up to his or her taste. On the occasion of 1 September, Knowledge Day, Ernst & Young team presented the kids with school stationery and organized a brain-ring game. The intellectual battle was a grand one, with the kids and adults struggling over every single point.

Helping children with cancer

An oncology center can resemble a war zone: there's a day-and-night struggling for life, medical resources need regular replenishment and donated blood is used to save lives. The Company is continuing its Salary Deduction Program, which allows for providing medication to a number of kids (27 last year) undergoing treatment in Kyiv and Donetsk. The aid is direct, going either to the kids' parents getting funneled through volunteers who work in almost all ukrainian hospitals. We buy medication, pay for diagnostics, help raise funds for surgeries and

sometimes buy "medications for the soul," such as toys, books, arts stuff and computers - all the things that help kids to get through their difficult months-long treatment. The Company has also initiated assistance to the Bone Marrow Transplant Department at the Okhmatdyt hospital - for more than a year we've been buying and delivering rapidly consumed materials like disposable syringes, gloves, infusion pumps, catheters and detergents as soon as we get a telephone request from the hospital. This might not be the sort of thing auditors always do, but we have no time to think about that - if they're to live, the kids need our immediate help today.

Corporate volunteering

People are our Company's most precious resource. Their time and knowledge are the things the Company can offer to society.

New skills, realization of social potential, life experience, spiritual growth and the respect of colleagues - these are the things the Company's volunteers receive by participating in the CSR projects:

- ▶ Market development initiatives
- ▶ Education projects
- ▶ Ecological initiatives
- ▶ Charity programs

During 2011, about 35% of employees received the Company's acknowledgment for their participation in various CSR initiatives. The most proactive people received additional vacation days to

partially compensate for the time they spent in volunteering.

Charity donations	2011
Orphanages and projects for orphans, UAH	66,739
Help to children with cancer and projects in healthcare, UAH	266,025
Charity, other, UAH	43,000
Totally charity donations, UAH	375,764

Society– Tasks for 2012

- ▶ focusing on the programs that proved their efficiency in the previous periods;
- ▶ maintaining relations with the existing partners, looking for new ones;
- ▶ increasing number of employees engaged in social projects;
- ▶ seeking new forms of the volunteers' participation in social projects;
- ▶ extending coverage of educational projects in terms of geography and number of participants;
- ▶ ensuring easier access to educational projects for students in the regions;
- ▶ improving communication tools;
- ▶ supporting new socially-oriented projects.

Report parameters

This is the third Corporate Responsibility Report prepared for the Ernst & Young practice in Ukraine.

It covers the activities of the two offices located in Kyiv and Donetsk during financial year 2011, i.e. the period from 1 July 2010 to 30 June 2011.

The prior report was issued in May 2011 and covered the period from 1 July 2009 to 30 June 2010.

The Lead Committee has been established to:

- ▶ define the format of the report and the report preparation schedule;
- ▶ agree on the approach to the scope of the report with regard to GRI criteria;
- ▶ evaluate the results of the feedback survey for the Report 2010;
- ▶ ensure the accuracy, completeness and reliability of the information collected.

Representatives of the Corporate Responsibility Committee, Human Resources, the Procurement Team and Marketing/PR have joined the Lead Committee.

The structure of the report corresponds to Ernst & Young's overall approach to corporate responsibility and presents information in four chapters: Workplace, Marketplace, Environment and Community. The Report describes the Company's performance in the economic, social and environmental areas whenever the effect may be considered as significant. It is prepared in accordance with the GRI (Global Reporting Initiative) G3 sustainability guideline.

The Report was reviewed by the Company's specialists in the area of non-financial reporting and sustainable development.

Our intention is to continue reporting on corporate responsibility on a yearly basis.

Contact information

Your feedback on the Report is important for us.

We look forward to receiving your comments and will be ready to answer your questions at the following address:

Natalia.Telenkova@ua.ey.com.

GRI G3 disclosures and performance indicators, UNGC principles table

GRI disclosures and indicators	Short description	Page, comments	UNGC principle
1.1	Statement on corporate responsibility strategy from the chief executive	3	I – X
2.1	Name of the organisation	4	
2.2	Primary brands, services	5	
2.3	Operational structure	6	
2.4	Location of organization's headquarters	4	
2.5	Number of countries where the organization operates	4	
2.6	Nature of ownership and legal form	5	
2.7	Markets served	5	
2.8	Scale of the reporting organization	6,7	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	There were no significant changes apart from partners number changed from 16 to 14	
2.10	Awards received in the reporting period	27	
3.1	Report period	3, 51	
3.2	Date of most recent previous report	51	
3.3	Reporting cycle	51	
3.4	Contact point for questions regarding the report or its contents	51	
3.5	Process for defining report content	51	
3.6	Boundary of the report	51	
3.7	Specific limitations on the scope or boundary of the report	No limitations	
3.8	Basis for reporting on other entities that can significantly affect comparability from period to period	No other entities	

GRI disclosures and indicators	Short description	Page, comments	UNGC principle
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	The approach to community investment data changed (p. 40, 50): expenses for educational projects for orphans in 2011 are included into "Educational projects" chapter, in 2010 they were disclosed as charitable expenses	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	No significant changes	
3.12	Table identifying the location of the standards disclosures	52 - 54	
4.1	Governance structure of the organization	6 - 8	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	5	
4.3	The number of members of the highest governance body that are independent and/or non-executive members	No independent or non-executive members of governance body	
4.4	Mechanism for shareholders and employees to provide recommendations or direction to the highest governance body	12 - 15	I, II, III
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	3, 7, 11, 25, 34, 40, 43, 45,	VI - X
4.13	Membership in associations and (inter)national advocacy organizations	29	
4.14	List of stakeholder groups engaged by the organisation	List is presented on page 10 of 2010 Report (www.ey.com/About-us/Corporate-Responsibility)	
4.15	Basis for identification and selection of stakeholders with whom to engage	Basis for identification of stakeholders is presented on page 10 of 2010 Report (www.ey.com/About-us/Corporate-Responsibility)	
EC1	Economic performance	6	
EC5	Relevant comparison of wages	19	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	40, 50	
EN1	Materials used	39	
EN 4	Energy used	38	
EN26	Initiatives to mitigate environmental impacts of services	34 - 39	VII, VIII, IX

GRI disclosures and indicators	Short description	Page, comments	UNGC principle
EN27	Percentage of materials collected for recycling	5, 38, 39	VII, VIII, IX
LA1	Total workforce by employment type, employment contract, and region	9	
LA2	Total number and rate of employee turnover by age group, gender and region	9	V
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	100% of employees receive annual performance review and suggestions about possible career development	I - VI
LA10	Average hours of training per year per employee by employee category	10	
LA12	Percentage of employees receiving regular performance and career development reviews	10	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	25	I, II, VI
LA14	Ratio of basic salary of men to women by employee category	28 - 30	VI
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	25, 26	X
SO5	Public policy positions and participation in public policy development and lobbying	28 - 30	

GRI application level



		C	C+	B	B+	A	A+
Mandatory	Self declared	√					
	Third party checked						
Optional	GRI checked						

List of abbreviations used in the Report

ACCA	Association of Chartered Certified Accountants	FSC	Forest Stewardship Council
ASQ	Assessment Service Quality	FY	Fiscal year
B2B	Business to Business	GMC	Global Management Challenge
CBS	Core Business Services	GRI	Global Reporting Initiative
CCaSS	Climate Change and Sustainability Services	HR	Human Resources
CFA	Chartered Financial Analyst	IFRS	International Financial Reporting Standards
CIA	Certified Internal Auditor	IT	Informational Technologies
CIMA	Chartered Institute of Management Accountants	KMA	Kyiv Mohyla Academy
CIS	Commonwealth of Independent States	LDS	Leadership Development Seminar
CISA	Certified Information Systems Auditor	LED	Light-emitting diode
CISM	Certified Information Security Manager	NGO	Non-governmental Organisation
CISSP	Certified Information Systems Security Professional	PAC	People Advisory Council
CPA	Certified Public Accountant	PC	Personal computer
CR	Corporate Responsibility	PET	Polyethylene terephthalate
CRM	Client Relationship Management	PMP	Project Management Professional
CSR	Corporate Social Responsibility	SIFE	Students in Free Enterprise
EBA	European Business Association	TAS	Transaction Advisory Support
EOY	Entrepreneur of the Year	UN	United Nations
EYU	Ernst & Young and You	UNGC	United Nations Global Compact

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young expands its services and resources in accordance with clients' needs throughout the CIS. 4000 professionals work at 18 offices in Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Kazan, Krasnodar, Togliatti, Yuzhno-Sakhalinsk, Almaty, Astana, Atyrau, Baku, Kyiv, Donetsk, Tashkent, Tbilisi, Yerevan, and Minsk.

Ernst & Young established its practice in Ukraine in 1991. Ernst & Young Ukraine now employs more than 500 professionals providing a full range of services to a number of multinational corporations and Ukrainian enterprises.

For more information, please visit www.ey.com/ua.

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