



**BDO'S REPORT ON
CORPORATE SOCIAL
RESPONSIBILITY,
2010**

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► MANAGING PARTNER OF BDO UKRAINE'S OPENING SPEECH

Throughout the whole 2009 all of us faced considerable economic overthrow, and as a Managing Partner of BDO LLC I am pleased to say that at these trying times our company which is a member of the international BDO network not only survived, but also managed to go forward. For example, despite the crisis, the total revenue of BDO International has increased by 1.7% Euro, we increased the personnel and welcomed new countries that joined our network. Also in 2009 all BDO International member-firms adopted one common name BDO, which allowed us to be even more connected and recognizable in the economic market. So now we are in 115 countries worldwide with over 1138 offices, with the total amount of partners and staff amounts to 46035, and as of today we occupy the fifth place among international auditing and consulting firms in the world.

And even greater pleasure it is for me to point out that in the time of crisis not only did our company continue to develop, but also introduced new strategies in terms of developing the main principles of Corporate social responsibility, fulfillment of which implies for us, first of all, responsibility to the society and observance and protection of our employees' rights. We have confirmed the implementation of these principles in practice. For example, throughout the year the rules of proper conduct in terms of human rights and labour relations, as well as environment protection, were introduced into the company's strategy, social projects were elaborated in partnership with non-governmental organizations and corresponding corporate principles concerning anti-corruption. Also in 2009 BDO LLC got a victory in the Ukrainian national contest of Business Cases in the category of "Human Rights",

and in 2010 the company was placed nineteenth among all socially responsible companies in Ukraine in the rating of socially responsible companies of Ukraine, prepared by the "Gvardiya" magazine.

Therefore, as a Managing Partner, I consider observance of the principles of the UN Global Compact one of the principal tasks of BDO's activity and in the framework of our future co-operation I plan to continue the implementation of programmes and projects aimed at promoting the development of Corporate social responsibility in our company.



Sergey .A. Balchenko

► PRESIDENT OF BDO UKRAINE'S OPENING SPEECH

It is my great pleasure to present to you the first Progress Report of BDO LLC in Ukraine in support of the 10 Principles of the UN Global Compact.

In June 2008 BDO Ukraine joined the UN Global Compact, world's biggest corporate responsibility programme.

We were among the first BDO's member-firms (5th largest international corporate network providing audit and consultancy services) that signed this agreement.

This social report performs an important informative function - it publicly attests BDO's practice of social policy. We, in our turn, with real pleasure demonstrate our experience not only in our professional audit activity but also in solving social problems of community. This report allows analyzing our CSR activity and its further improvement.

We hope that from year to year the circle of CSR supporters will increase.



Alla I. Savchenko

▶ BDO STRATEGY

COMPANY'S PHILOSOPHY

We believe that we are one.

We believe that national differences are our strength.

We believe that closeness to clients is a key to success.

We believe that our professional honesty/integrity is an absolute truth.

We value each employee and create conditions for his talent to blossom.

Leadership. We accept and raise leaders that have entrepreneurial spirit and are able to lead the way.

We adhere to and share the UN Global Compact principles.

MISSION STATEMENT

Our mission statement is "To become an acknowledged leader in partnership relations with clients and with each other for achieving mutual success".

ACKNOWLEDGED LEADER

Is a leading company at the market of auditing and consulting services in Ukraine in terms of sales volume, profitability, brand awareness (based on the results of ratings and independent market research)

PARTNERSHIP RELATIONS

Are relations based on the principles of equality which include mutual interests and bring mutual benefits.

CLIENTS -

Are fast-growing companies in different industries that value our services and abide the law and ethical principles.

WITH EACH OTHER -

All our employees, including partners, managers, specialists and service staff that work in various offices of BDO International network.

MUTUAL SUCCESS

is achieving set goals as well as our and our clients' satisfaction from achieved results

Our Vision is to become client's spontaneous choice. The ground for our vision is the quality of relations and partnership

Our core values are the principles that we adhere to now and will adhere to in future. They define the base of our company and provide guidance in our everyday activity and in making decisions. Our company distinguishes itself from others and with its growing we wish to preserve and strengthen the strengths of our culture and things that drive us to succeed, that make our company a unique and pleasurable place to work. Living in accordance with our core values will help achieve that.

- This means much more than simple adhering to professional standards: it is a case of openness and sound judgment. It is a case of reliability and directness.

- We treat each other with as equals. Each of us possesses strong responsibility before our colleagues and the firm, and each of us has a right to professional flexibility and freedom. We value and encourage each individual's strengths. We can be ourselves.
- We treat each other with respect and honour, share our experience and advise together which is our company's strong tradition. We do everything possible to help each other. We stand by each other and our culture does not admit the practice of accusing one's colleagues.
- Our relationship with a client is more than mere business relations: we aim to understand people as well as the business and build long-term relations based on mutual respect and trust. We care about our clients' success and high quality of the services rendered. We adjust our professional approach and hold a priority for our clients to enjoy working with us. We offer only high quality services we are confident in: always fulfill contract commitments and fairly calculate the cost of the services rendered.

► THE BOUNDLESS WORLD OF BDO AND OUR UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY IN THE MAIN AREAS

BDO LLC www.bdo.com.ua has been successfully operating in the Ukrainian market of audit and consulting services for over 17 years. Audit company "Balance-Audit" was founded in 1993. It started operating under the BDO umbrella in 1997. The name was changed into "BDO Balance-Audit". In September 2003 consulting company "BDO Balance-Consulting" was registered. In February 2009 the worldwide BDO network was joined by the legal company BDO Legal Ukraine. In March 2009 valuation company BDO Valuation joined the worldwide BDO network.

Since August 2009 reorganization and re-branding of the international network has started. The company name has been changed to BDO worldwide. Each BDO member-firm is an independent legal entity in the respective country. The network is coordinated by the Brussels Worldwide Services BVBA headquartered in Brussels where the international executive office is located. BDO is one of the world's largest transnational audit and consulting firms whose goal is to promote the development of clients' business, offering state-of-the-art services in audit, accountancy, taxation, finance management and IT. BDO is a network that renders audit and consulting services to regional and international clients alike.

Currently two BDO offices (in Dnipropetrovsk and Kyiv) employ about 150 Ukrainian specialists. The average age for Partners is 41 years old, for employees – 30 years. In 2005 "BDO Balance-Audit" received the prize "Ukrainian Financial Olympus" in the category "International quality level of the national audit". In November 2007 "BDO Balance-Audit" received the prize "Ukrainian National Olympus" in the category "Leading Ukrainian audit company" for rendering audit services at the world quality level. In 2008 "BDO Balance-Audit" audit company was among the first companies within BDO International network to join an international social incentive – the UN Global Compact and became the first Ukrainian company to confirm participation in the "GO GREEN" national campaign.

There has appeared the need in a more systemic definition and setting strategic goals of BDO

concerning Corporate social responsibility. Among the approaches and the definitions of "Corporate social responsibility" BDO singles out the following: Corporate social responsibility is, first of all, the philosophy of a company's development which allows a harmonious integration of the successful business with basic human concepts; secondly, CSR is a tool of a company's competitiveness. Thirdly, CSR can be considered as part of business management tool and business responsibility. In our opinion, this is the most capacious and systemic approach. What involves such responsibility and to whom it may arise? Who is responsible and to whom?

- Firstly, CSR is the responsibility to clients of the company in rendering top-quality services.
- Secondly, it is responsibility to the State, i.e. repayment of taxes and participation in regional development and support.
- Thirdly, it is the responsibility to the society: participation in various sponsorship and charity programmes, associations and communities.
- Fourthly, it is the ecological responsibility and environmental protection as well as promoting "green" responsibility in the society.
- Fifthly, it is the responsibility to the personnel – offering a competitive salary, decent working conditions and labour protection, social security protection and personnel development; promoting the establishment of partnership, healthy environment in the team; increasing an individual's role and mutual responsibility between an employer and employee.

CSR is the necessity of the times, without appreciating it business cannot achieve its economic goals and be competitive. Advantages and new opportunities within the framework of BDO strategy, namely with CSR

- strengthening company's leading position in terms of developing the general principles of social equality for the purpose of creating a stable economy;

- improving methods of corporate governance and management systems through reputation and brands, work efficiency improvement;
- managing financial and non-financial risks by means of implementing of an active business position concerning the most topical social problems;
- increasing the number of opportunities to bring in qualified and professional personnel and retain them by means of material and non-material stimuli that affect performance quality;
- shaping a positive opinion of financial institutions on company's reserves and potential;
- expanding capacity and opportunities for attracting new clients;
- creating steady partner relations with government bodies, regional and local authorities, local community, trade unions, institutes, media;
- demonstrating examples of superior civil and social responsibility to the State, society, clients and staff;
- application of high quality standards while preparing social report

This report comprises 4 chapters that reflect the main lines of observing BDO Corporate social responsibility principles:

Responsibility to the staff as an employer. «BDO Best employer of choice». Human Resource management system and working conditions.

Responsible management of the business and rendering high-quality services to clients.

Environmental responsibility.

State, society and BD

In this report we are going to demonstrate in which way we follow the principles of the corporate social responsibility and will illustrate this through examples of our activity.

► RESPONSIBILITY TO THE STAFF AS AN EMPLOYER. "BDO BEST EMPLOYER OF CHOICE". HR SYSTEM AND WORKING CONDITIONS

For BDO this implies:

- * Implementation of the policy aimed at providing equal opportunities at job placement and employment of any individuals irrespective of their race, religion, colour, gender, nationality, spiritual beliefs and physical handicaps; no applicant or employee should not be discriminated or gain benefits with respect to these regards these factors; this policy is applied at selection of the staff (aspects of human rights observance are introduced into the formal job interview procedure while employment and initial briefing), horizontal and vertical rotation, dismissal; also these principles concern payments of salaries, compensations, bonuses etc.
- * Observance of the principles of equality between women and men at the workplace.
- * Non-use of children's and forced labour and support of initiatives directed against its usage.
- * Conduct of responsible policy in terms of preserving jobs and compliance with labour legislation; admitting the fact that attitude towards colleagues has a direct impact on the consequences of our activities in the communities where we work.
- * Using clients monitoring system and rendering services in management enhancement that help to avoid discrimination, using children's and forced labour at enterprises and organizations.
- * Introduction of the principles of non-discrimination and non-violation of human rights and labour legislation into contracts with partners and employees.
- * Rules of conduct for employees with clients, partners, colleagues, that conform to the observance of human rights and non-discrimination based on nationality, state of health, gender etc.
- * Ensuring safe and decent labour conditions.
- * Implementation of the policy that concerns development and advanced training of the staff.
- * Representation of BDO as "Best Employer of Choice".



«BDO BEST EMPLOYER OF CHOICE» HOW TO BE THE BEST CHOICE FOR EMPLOYEES AMID THE CRISIS?

At present, when circumstances in many countries are not particularly favourable for employees, and there are considerable lay-offs in numerous companies, our company still adheres to the concept of "Employer of Choice" which has had a considerable influence on the high demand of employees and growth in business.

Even now, under not the most favourable economic conditions, it is necessary to remain the best place of employment and invest into one's own staff, more than ever, as nowadays this demonstrates our aspiration to motivate qualified workers. Besides, we realize that in case of redundancy those employees who retain their jobs are under even greater pressure, which may result in the loss of valued workforce.

That is why support in developing talents and our principles in preserving values make us the Best Employer of Choice among worker

DEVELOPING AND ADVANCED PROFESSIONAL TRAINING OF THE PERSONNEL

We live in the rapidly changing society. These days in order to be considered a good specialist it is not enough merely to be a professional in one's line of work, it is also necessary to have good communication skills, have knowledge of business know-hows and principles of financial analysis, be able to carry on negotiations and organize teamwork in order to be able to meet increasing demands of the dynamic market.

BDO in every way supports its employees in their striving for development and improvement of their professional skills.

In our work we abide by the key principles which are BDO's national and international obligations:

- Independence
- Objectivity
- Professional competence and conduct
- Honesty
- Confidentiality

The aim of our audit is to obtain enough evidence of providing us with high yet not absolute guarantee that financial reporting is void of factual discrepancies and therefore the information submitted for analysis allows us to form an opinion concerning consistency of financial report and its compliance with the defined structure of financial statements.

In order to ensure accomplishing goals in rendering services of top quality BDO tries to enable employees' training and development.

We support development programmes that include:

- Approaches to audit in accordance with BDO requirements;
- BDO ethics and independence policy;
- Generally accepted accounting.

Professional training of our employees is carried out along such directions:

- Technical skills (accounting and audit, taxation, valuation etc.)
- Professional development programmes (ACCA, DiplFR, CAP / CIPA etc.);
- Business development and commercial skills (project management, time management etc.)

According to company policy, every employee has an opportunity to study without stopping his professional activity. Employees who study and receive education have the advantage of those who does not in terms of getting additional opportunities for career growth. Personnel training and development programme is mapped out on basing on employees' individual development plans which as the result of "Personnel Review" procedure. On an annual basis the

plan of internal and external training is drawn up, budget on personnel training and development is set and compensation policy is reviewed. All BDO employees undergo compulsory training of at least 40 hour per year.

The firm owns a library containing literature and materials which can be used by employees for self-study. We encourage employees to use these resources. We also encourage employees to organize interest groups for studying particular subjects, such as studying IFRS or IT Audit.

TRAINING AT BDO INTERNATIONAL

BDO International organizes a variety of courses and conferences on different subjects. Being a member-firm, we actively encourage our employees in participating in such courses and conferences because we believe that it fosters strengthening international network and the development of our professional skills.

CORPORATE BUSINESS ENGLISH

BDO employees have an opportunity of professional studying on the programme of English Town (a well-known international organization providing training in English). The goal of the course is to improve non-native speaking employees' knowledge of English. Studying is delivered through distance learning (online) and requires employees' self-preparation and considerable effort. In addition, the office runs a corporate programme of studying English which allows employees to improve their knowledge of English on the job.

OTHER COURSES

We consider our employees' requests to attend courses run by external organizations provided these courses may be helpful in their work and are delivered at a high level. We ourselves regularly offer employees to attend a training programme or a course. For certain courses (such as expensive courses abroad) provision is made for signing a contract between the firm and an employee, under which an employee must work for the firm for a year after accomplishing the course.

SECONDMENT

BDO also runs a secondment programme (international best practice exchange apprenticeship)

International secondment is an important means of exchanging resources, knowledge, skills, experience, which fosters mutual understanding between member-firms; this programme is an essential element of development of all BDO member-firms and their employees.

BDO International promotes global co-operation and strives to expand secondment opportunities as much as possible. So, employees' secondment to other member-firms as well as providing opportunities to receive seconded employees from other member-firms are encouraged in every way.

Goals and results

Secondments:

- offer participants an opportunity to develop their professional and personal qualities in the international environment.
- Allow member-firms to engage foreign specialists in case of temporary lack of own resources.
- Allow employees of member-firms to share knowledge and skills.
- Promote contacts and distribution of information on international clients.
- Constantly improve and upgrade the quality of services rendered in different member-firms which helps implement best practices.

SAFETY AND HEALTH MANAGEMENT

BDO management ensures functioning of safety management system in the house, namely: creates respective services and appoints executives who handle specific issues of labour protection, approves their job descriptions, rights and responsibility for assigned duties and controls their carrying out; with the participation of the Parties of the Collective agreement develops and implements integrated measures for reaching established standards and increasing the existing level of labour protection; ensures carrying out of necessary preventive

measures according to the changing conditions; implements progressive technics, achievements of science and technology, means of production mechanization and automation, ergonomic requirements, positive experience in labour protection etc.; ensures proper maintenance of buildings and constructions, production equipment and machinery, monitoring their technical condition; ensures elimination of causes for accidents, professional illnesses and carrying out of preventive measures defined by committees according to the results of investigation of these causes; arranges audit of labour protection, laboratory study of working conditions, valuation of

the technical condition of production equipment and machinery, assessment of workplaces with respect to labour protection regulations duly and punctually, as defined by the legislation, and according to their results takes measures to eliminate dangerous and detrimental to health production factors; develops and approves guidelines, instructions and other regulations on labour protections effective within the company (further – company regulations) which set the rules of work and conduct on the production premises, construction sites, workplaces, in accordance with labour protection regulations, provides employees with labour protection regulations and company regulations on labour protection free of charge; controls employee's carrying out technological processes, rules of handling machines, mechanisms, equipment and other production means, utilising group and individual protection, carrying out works in accordance with labour protection requirements; promotes safe working methods and co-operation with staff in the sphere of labour protection; takes prompt actions to help casualties, if necessary, engages professional emergency units if accidents occur in house. BDO has an emergency fund that helps employees in case of accidents.

CORPORATE CODE OF CONDUCT

Corporate Code of Conduct is a complex of norms and rules we are guided by in business. In addition, BDO has got Internal regulations.

«EMPLOYEE HANDBOOK»

«Employee Handbook» is BDO's internal information resource which provides answers to most questions arising in the work process, ranging from Corporate contacts to common approaches to audit and consulting methodology. This resource contains description of existing procedures and corporate management policy. The Handbook was prepared to inform employees about all walks of life and benefits of BDO pertaining to each employee. Our employees are BDO's main asset and capital and we build our work based on the principles of openness, objectivity, completeness and information transparency. And, undoubtedly, we look upon our CSR activity as one of BDO's greatest achievements.

CORPORATE CULTURE AT BDO

The main goals of Corporate culture are:

Sustaining the stable level of profitability, safety, independence and a clear course for development of the company.

- Provision of the comfortable working environment and reward system for attracting the best personnel, their professional development and creating a strong and stable team.

- Building strong relationships within a team as a guarantee of strengthening firm's transparent professional reputation and high-quality services.
- Cultural development

The main goals of cultural development are:

- To develop corporate culture so that the firm was known not only for the high-quality services rendered, but was also an interesting and pleasant place to work and to succeed.
- Bring home our main goals and principles to all employees, ensure their realization and support.
- Implement and develop the principle of mutual responsibility, support and exchange of experience among colleagues to create an integral team.
- To ensure the high standard of employees' well-being as a guarantee of positive attitude to life, health and passion for work.
- Enhance our reputation/ brand;
- We want to do important

REMUNERATION AND REWARD SYSTEM

In its strategy BDO pays particular attention to employees' satisfaction with remuneration and reward system. The company management follows these principles when working with staff:

- Compliance of remuneration and motivation goals to company goals
- Registration of motivation factors, expectations, needs of the personnel
- Detection and elimination of demotivating factors
- Intelligibility and clarity of reward system
- Fair remuneration system
- Reward for individual and team results
- Timely payment of compensation
- A complex system which includes material and non-material rewards
- Monitoring the salary market, competitiveness of salaries
- Engaging the staff for implementation of changes
- Provision of social guarantees

OUR FORMER CO-WORKERS

We do not forget about our former employees either – BDO has got Alumni club – the club of former employees for whom we issue a monthly Alumni digest which helps them to learn about all news and events in BDO's life.

► RESPONSIBLE CONDUCT OF BUSINESS AND RENDERING HIGH-QUALITY SERVICES TO CLIENTS

For BDO this means:

- * Developing responsible conduct of the company in anti-corruption activities.

BDO does not allow corruption among company employees and supports initiatives aimed at anti-corruption in all its forms, including extortion and bribery.

- * Following ethical standards of behavior with clients and each other.
 - Company's strategy in the sphere of CSR is formed and implemented by Human Resources Department and is considered to be an integrate part of business processes;
 - Company management demonstrates loyalty to the CSR principles when making decisions and allocating resources;
 - Corporate responsibility matters are considered when making decisions on all management levels;
 - Reliable systems of strategic and operative management as well as accountability are introduced, which allows to track achievements in corporate responsibility and ensure proper risk control in corporate responsibilities;
 - Gathering data for the Corporate social report will at the same time be company's accountability procedure in accomplishing CSR tasks;
 - Information exchange in CSR activities is carried out basing on principles of openness, objectivity, completeness, information transparency, reflects success attained and assignments for future;
 - Following ethical rules of business relations is one of the main criteria for assessment of professionalism both an employee and a firm as a whole.

We are very careful about ethical conduct of business, honour the rules of fair competition and successfully compete in the Ukrainian market.

BDO IS THE FIFTH LARGEST NETWORK PROVIDING SERVICES IN AUDIT AND CONSULTING TO LOCAL AND GLOBAL CLIENTS ALIKE.

- BDO International network was founded in 1963 by uniting efforts of audit and consulting firms from Great Britain, Germany, the Netherlands, The USA and Canada.
- Combined total revenue of all BDO member-firms in 2009 amounted to US\$ 5.026 bln. / € 3.710 bln.
- The number of partners and employees: 46 035
- The number of offices: 1 138
- Countries: 115

BDO in Ukraine is going through the period of intensive development and expansion of business: BDO network in Ukraine was joined by valuation company BDO Valuation and legal company BDO Legal Ukraine.

Through uniting effort and experience BDO in Ukraine has an opportunity to offer new extended range of services to its clients.

All our services – auditing services, taxation and legal services, valuation and consultancy services are aimed at raising standards of transparency, independence and reliability. BDO actively supports the need to

improve regulatory system and implementation of the best practices of corporate governance in the market.

The President of BDO international audit company BDO Mrs. Alla Savchenko has created and for six years has headed Federation of Professional Accountants and Auditors of Ukraine. She was also the first President of International Regional Federation of Professional Accountants and Auditors "Eurasia". Mrs. Savchenko worked pro bono in the Audit Chamber of Ukraine of the first calling. For significant personal contribution into reforming national economy and development of business by Decree of President of Ukraine L. Kuchma #895 Alla Savchenko was awarded honorary title "Honoured Economist of Ukraine".



Working pro bono in the Audit Chamber of Ukraine of the first calling, the Managing Partner of BDO international audit company Mr. Serhiy Balchenko has greatly contributed the development of national audit by elaborating national audit regulations based on international audit standards and the Code of auditors' professional ethics. National audit regulations made it possible for Ukrainian auditors to understand international grounds of auditing practice and further fully apply international audit standards in Ukraine.



BDO realizes the programme of supporting business through rendering services to clients, public events as well as protection of public interests through social initiatives. All these measures are to strengthen BDO's leading position in the market.

For 17 years in the Ukrainian market the international audit company BDO maintains a high level of responsibility in relations with clients and employees.

Effective communication between companies within BDO network as well as regular programmes for professional development of employees, run both at national and international scales, foster regular increasing of employees' competency level and creating new opportunities for the development of the firm.



Constant loyalty to high quality and risk management standards allows our clients to be confident in high-quality work and unquestionably best results.

The whole BDO network also actively participates in the domain of CSR.

RESPECT TO INTELLECTUAL PROPERTY, DATA CONFIDENTIALITY AND SAFETY

BDO preserves confidentiality and ensures protection of information received from clients, third persons or information relating to them, as well as personal information on employees according to national legislation and professional standards.

Information and information systems of BDO are its valuable assets, and their confidentiality, wholeness and availability are critical for our activity. The aim of information technology is to protect these assets from various threats and effective decreasing of business risks.

Information security is ensured through implementation of

corresponding means of control, including policies, processes, procedures, software and technical support.

BDO global policy on information technology sets safety rules, roles and responsibilities in the sphere of data and information systems protection. Means of safety control are introduced, checked and improved on a regular basis.

Due to constant efforts in enhancing protection of information, including clients' information, no losses of information or instances of disclosure of confidential information were not detected.

Name of protection instrument	Period	Results for 2009
Audit of security means	Monthly review of global security standards compliance	Carried out

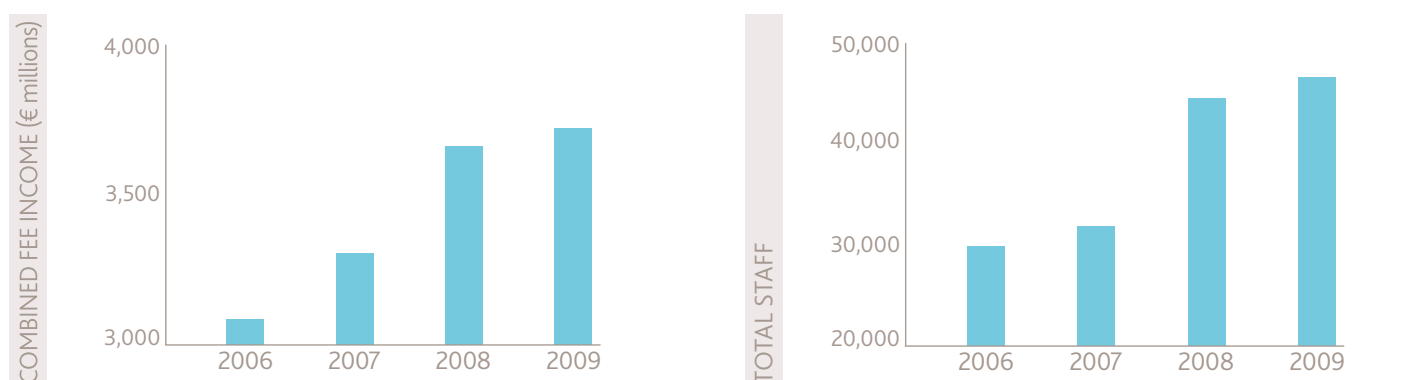
Our revenues

Year ended 30 September	2009	2008	2007	2006
Combined fee income	€3,710 million \$5,026 million	€3,649 million \$5,145 million	€3,298 million \$4,704 million	€3,083 million \$3,911 million
Number of countries	110	110	110	107
Number of offices	1,138*	1,095*	626	621

Our people

Year ended 30 September	2009	2008	2007	2006
Partners	4,098	3,424	2,520	2,348
Professional staff	34,156	33,436	23,728	22,355
Administrative staff	7,781	7,142	5,328	5,011
Total staff	46,035*	44,002*	31,576	29,714

* The figures for offices and people include the personnel and offices of BDO's exclusive Alliance firms in 2009 and 2008. These were not included in prior years.



► ECOLOGICAL RESPONSIBILITY

For BDO this means:

- * Motivation for realization of environment-friendly practices; fighting global climate change, ecological awareness; economical use of electricity and water by employees, using local water suppliers, using energy-saving gadgets, using ecological materials at work; prohibition of smoking and drinking alcohol at workplace.
- * Informing the team and clients about eco-friendly practices/ programmes.
- * Realization of «Go Green» programme (for instance, in 2008 BDO was the first in Ukraine to confirm its participation in the national campaign GO GRREN), realization of "Green office principles».

FOLLOWING "GREEN OFFICE" PRINCIPLES IN BDO: THE IMPACT OF OFFICE ON THE ENVIRONMENT REUTILISATION AND RECYCLING

1. Our office collects waste paper and/ or cardboard.
2. Our office practices reuse of one-side printed paper
3. Our office refills and reuses cartridges for printers/ photocopiers.
4. Employees in our office utilise reusable dishes (except on special occasions).

ELECTRICITY SAVING

5. In our office employees are in the habit of turning of monitors when they leave their workplace for more than 20 min.
6. In our office computer monitors are set to go into hibernation in 10-15 min. (NB: screensavers are not environment friendly as they consume as much energy as in the working state).

7. In our office employees turn off computers and all other inactive office equipment overnight (printers, photocopiers).
8. Our office considers the class of energy efficiency when buying office equipment.
9. In our office employees turn off the lights when they leave the room for over an hour.
10. Our office uses energy-saving lights.
11. Our office has installed equipment for automatic light regulation.

RESOURCES PRESERVATION

12. Our office considers if there is an eco-friendly logo when buying office paper.
13. In our office printers/ copying machines have the function of duplex printing.
14. In our office employees use the function of duplex printing.
15. Our office has electronic document flow (without printed versions).
16. Our office has toilet bowls with economical flush (two flush options – for full/ half-full bowl).

CARBON PRINT

17. In our office the company encourages employees to group up and get to the office in one vehicle.
18. In our office the company encourages employees to use public transport.
19. In our office the company employs teleconferences instead of working meetings.

► STATE, SOCIETY AND SOCIAL PROJECTS OF BDO

For BDO this means:

- * Work on improving management processes relating to CSR (CSR strategy has been formulated, issues of realization of CSR programmes were included in the annual company performance assessment system (SWOT-analysis), client questionnaires on accomplishing the project);
- * Developing social projects with partners, non-governmental organizations and other stakeholders

Joining the UN Global Compact resulted in: working on the development of social partnership – during 2008 – 2010 a number of social projects were realized together with non-governmental organizations and other stakeholders.

Volunteer initiative to fight human trafficking.

In the framework of the general initiative and trilateral cooperation of BDO with International Organisation of Migration (IOM), as well as Promin' organization, on March 12-13 2009 the Dnipropetrovsk office of BDO hosted a two-day training on building social partnership in preventing human trafficking. In the framework of this training a strategic programme has been defined on realization of the project "BDO Volunteer Initiative to fight human trafficking", target audience has been identified (students of vocational and technical schools and pupils of orphanages in Dnipropetrovsk region)*. CRS line Manager is Yuliya Tarakanova.

March 29 – April 16, 2009 - BDO employees – Marketing Consultant Olga Yershova and Staff Manager Hanna Kovalchuk held 11 information seminars as part of presentations-discussions. Seminars attracted the total audience of over 900 people.

Objective: provide students with information on human trafficking, familiarize with rules of legal employment, education and stay abroad, shaping up the model of safe conduct in the social medium, giving society a deeper insight on companies-employers in Ukraine and, as a result, bringing down the accident rates of such inhumane phenomenon as human trafficking. During these seminars the pupils of orphanages and students of vocational schools have received presentation materials, have watched the videofilms "Point of destination - life" and "Dangerous play", took part in discussions, asked volunteer speakers questions, shared their impressions.

Having received many positive reviews and comments as well as seeing huge interest from participants, BDO employees decided not to stop here and under the same initiative on October 1 – 23, 2009 Administrator Olga Puhach and Staff Manager Hanna Kovalchuk held 10 additional information seminars* as part of presentations-discussions with total audience attending over 255 people.

Opinions on the seminar:

"Videoseminar organized by employees of BDO went beyond watching videos. For introduction they had a friendly talk on slavery and its various forms. Judging on questions asked by students they provided some feedback, and this topic raised interest in many teenagers. At least, many of them learned about the rules of safe stay and employment abroad and about preventive measures in dire situations connected with recruiting or shady offers from strangers and ever-present yet not always reliable advertising in the media" (K.I. Bushina, Deputy Director of technical school #6)

"The seminar was very interesting, topical, informative"(I.A. Dyachenko,

Deputy Director of College of electrification)

"Seminar dealt with burning issues linked with contemporary complicated situation in the world and particularly in Ukraine. Students had an opportunity to receive exhaustive information on typical cases of recruiting and trafficking of minors who are looking for means to survive and are swindled by criminals who traffic humans" (T. I. Rodyk, Head of Department of Dnipropetrovsk technical school of electric welding and electronics)

"Students from three groups majoring in "Social work" listened to the lecture and watched the film, which equipped them with knowledge essential for their practical and volunteer activity. We are grateful to representatives of BDO for their work for the benefit of our students" (.A. Ishchenko, methodologist of Industrial college)

"Administration, faculty, employees and pupils of the orphanage wish to thank for organizing a seminar on the topical issue that is of particular need to our children" (V.V. Bekhterev, Director of Orphanage #1)

"In the seminar children learned about possible contemporary problems – human trafficking, slavery and other sorts of human abuse... This information allows to orientate in various media advertisements, warns against rash actions" (V.V. Lehka, Deputy Director of orphanage-boarding school)

"We believe that nowadays it is indeed a topical problem. Many people don't suspect that in our time one can lose freedom and become a slave with no documents and right to life. That is why it is important to tell people and to present facts illustrating such information. The seminar was very interesting and useful; Company's representatives of the company did a great job" (Viktoriya Hryhorivna, Bet Khana teaching school)

"The topic of the seminar is really pressing for our reality, enjoyed listeners' interest and attention, we want to express our gratitude for organizing the seminar" (Serhiy Ivanovych, Machine-building college)

"The topic of the seminar is very interesting and useful. The information is given in the convenient manner, comprehensive for different categories of people. The problem of human trafficking is very burning. Knowledge will be useful in any case. Thank you so much" (Svitlana Yakivna, Educational resource centre)

"In 2008 it was 200 anniversary of the transatlantic slave trade elimination in America. Despite this holiday slavery still exists even today. The problem of human trafficking calls for consolidated effort of state and local authorities as well as business structures. The practice shows, psychologists, methodologists, social workers hold preventive activities in educational institutions, yet they were pleasantly surprised by BDO's initiative in fighting social problems" (Hanna Kovalchuk, Staff Manager)

"The problem of human trafficking is very topical nowadays. I believe that videoseminars that we organized were very useful and cognitive. It was my first time participating in such volunteering event and, certainly, it was very nerve-racking to speak to an unfamiliar audience: I was intimidated by the boys' age (mostly 14-17), their reaction, ability to listen. I was glad to see that these young people cared about this problem. They showed keen interest while watching videofilms and commenting on them, participated in discussions" (Olga Puhach, Administrator)



Yu.Yu. Tarakanova, HR Partner and CSR Line Manager is commenting:

"One of the main lines of strategic planning as part of the CSR for BDO is, among other things, development of social projects and building constant partnership relations with governmental structures, regional and local authorities, unions, media, other stakeholders. The main goal of our company is to raise population awareness level and realization of the human trafficking problem and, as a result, to decrease the number of people who become victims to such crime through demonstration of the best examples of companies-employers in Ukraine who act as a guarantor of social sectors and, basically, are responsible for the well-being of a person and their family. We strive to show an example of high CSR to the state and society"



- Dnipropetrovsk technical school of electric welding and electronics after Ye.O. Paton;
- Dnipropetrovsk production-training centre #2;
- Dnipropetrovsk municipal orphanage #1;
- Dnipropetrovsk industrial college;
- Dnipropetrovsk wiring technical school;
- Municipal institution «Dnipropetrovsk orphanage-boarding school» of Dnipropetrovsk regional council;
- Dnipropetrovsk production-training centre #2;
- College of electrification at Dnipropetrovsk state agricultural university;
- Dnipropetrovsk shelter for children «Parostok»;
- Dnipropetrovsk orphanage #2 «Berehynya»;
- Dnipropetrovsk vocational school #6;
- Dnipropetrovsk production-training centre #2;
- Bet Khana teaching college;
- Orphanage for children of Samarsky rayon;
- Lyceum #100;
- Machine-building college;
- Educational resource centre.










As a part of this programme students of vocational schools also receive several gratuitous places for studying on the programme of education center "Balance".

OTHER SOCIAL PROJECTS OF BDO

SOCIAL PARTNERSHIP

PARTICIPATION OF BDO IN CSR PROGRAMS

	<p>Since 2007, BDO Balance-Audit is official partner of the Field Hockey Federation of Ukraine.</p>	<p>On February 12, 2007, AF BDO Balance-Audit became an official partner of the Field Hockey Federation of Ukraine. Since September 2008, the Company became a partner of the Federation. While supporting this kind of sport at the international level, the Company helps children's sports schools in the arranging of competitions on field hockey, is assisting to develop the web-site of Federation, is implementing PR-support, provides free advice on accounting, taxation, a non-profit activities and legal issues.</p>
	<p>Since July 2008, AF BDO Balance-Audit participates in a national campaign, Go Green.</p>	<p>Go Green is a national campaign on climate change, to improve the responsibility of business for the environment. BDO Company is one of the first native companies which joined this corporate social initiative and regularly carries out various actions within the program framework.</p>
	<p>In June 2008, AF BDO Balance-Audit joined the social initiative - the UN Global Compact.</p>	<p>The UN Global Compact is a voluntary initiative which calls on companies to unity, general support and activities in different spheres of influence with a single purpose - to form jointly a core value in the observance of human rights, labor standards, environment protection and fight against corruption. By its decision of joining to the Global Compact BDO, as one of the leading businesses in the financial sector in Ukraine, is seeking to demonstrate an example of high civil and social responsibility, as well as exchange experiences and knowledge with other companies and organizations that follow similar principles.</p>
<p>ОХМАТДИТ</p>	<p>Since 2006, AF BDO Balance-Audit is the official auditor of the Fund 'Against Child's Leukemia'.</p>	<p>International Philanthropic Fund 'Against Child's Leukemia' is working actively at Ukrainian Children's Specialized Hospital 'OHMATDET' since 2004. AF BDO Balance-Audit is the official auditor of the Fund since 2006. As a part of the charitable project BDO Balance-Audit Company provides free auditing services to the Fund.</p>
	<p>Since January 2008, BDO is a full member of a Forum of Firms.</p>	<p>Forum of Firms was founded in 2002 and is an association of international networks. The aim of the Forum is to maintain high standards of financial reporting and auditing worldwide. BDO is a full member of the Forum of Firms since January 2008.</p>
	<p>Since 2007, AF BDO Balance-Audit is a member of the Polish-Ukrainian Chamber of Commerce.</p>	<p>Since April 2007, the AF BDO Balance-Audit became a member of the Polish-Ukrainian Chamber of Commerce. The Company participates in the events held by PUIG (Polsko - Ukraińska Izba Gospodarcza), provides consulting and organizational services.</p>
	<p>Since 2007, AF BDO Balance-Audit actively helps Dnepropetrovsk regional children's charity Fund 'Road to Life'.</p>	<p>Since September 2007, AF BDO Balance-Audit actively helps the Fund to deal with organizational and administrative matters relating to the registration, development of corporate identity, printing of different forms, creation of the web-site, etc.</p>
	<p>Since 2005, AF BDO Balance-Audit provides material support for City Children's Home No. 1 for children-orphans and Baby-Home No. 1 for infants.</p>	<p>Since 2005, AF BDO Balance-Audit provides material support for City Children's Home No. 1 for children-orphans (16, Topolinaya st., housing estate Topol -2, Dnepropetrovsk, Tel. 765-35-85, 765 - 48-14, 765-42-45), and Baby-Home No. 1 (34, 20 Years of Victory St., housing estate Pridneprovsky, Dnepropetrovsk. Tel. 728-32-08, 728-23-23).</p>

	<p>Since September 2008, BDO Balance-Audit is a partner of the International Organization for Migration (IOM).</p>	<p>Since September 2008, BDO Balance-Audit Company, together with the IOM is working to raise awareness of the risk group - a vocational school students and graduates of children's homes - about the problems of human trafficking, about the rules of legal employment abroad and the dangers of illegal migration and illegal employment. In a joint initiative BDO plans free enroll of vocational school graduates and victims of human trafficking to the accounting courses, as well as to pay for probations and employment of the successful graduates of the courses.</p>
	<p>Since February 22, 2010 BDO LLC is a member of European Business Association.</p>	<p>Established in 1999, the European Business Association has been operating as a forum to discuss and find solutions to problems affecting business in Ukraine. Currently the EBA, premier organisation for foreign business in Ukraine, brings together over 750 European, Ukrainian and multinational companies.</p> <p>European Business Association has six regional offices operating in Dnipropetrovsk, Donetsk, Kharkiv, Lviv, Odesa, Zhytomyr.</p>
	<p>Since March 2010 BDO LLC is a member of American Chamber of Commerce in Ukraine.</p>	<p>The American Chamber of Commerce in Ukraine is among the most active and effective non-government, non-profit business organizations operating in Ukraine. The Chamber is an apolitical organization and does not endorse or align with any single political party or personality but instead strives to work across party lines for the benefit of the internationally oriented business community and ultimately the Ukrainian economy. One of the Chamber's principal activities is to represent the foreign investment community as well as to facilitate the entrance of potential new investors into this market. The Chamber advocates on behalf of the Membership not only to the Ukrainian government, but also to all other governments, which are economic partners of Ukraine, on matters of trade, commerce, and economic reform.</p> <p>Chamber Member companies bring international expertise and business knowledge to Ukraine are among the largest taxpayers in Ukraine and strive to be good corporate citizens.</p>

In April 2009 BDO placed 6th among international companies in the rating of socially responsible companies of Ukraine prepared by all-Ukrainian rating magazine "Gvardia" ("Halytski Kontrakty" publishing house), in 2010 BDO placed 19th in the general rating and 6th in the service industry sector of the rating.

Also in 2009 BDO was involved in the following initiatives:

participation in creating the first Ukrainian manual on development and implementation of corporate charity programmes "Business charity: useful for you – effective for others".

Participation in the project "Equality for women and men in the professional world" (Employers' Federation of Ukraine)

Participation in the National festival of social advertising

Participation in the Ukrainian National contest "Philanthropist of 2009"

Participation in the all-Ukrainian contest of Business-cases in Corporate social responsibility (1st place in the category "Human Rights")

KYIV POST presented in the category "Best Audit, Tax and Consulting Services" of the project BEST OF KYIV (5th place in the category "Best Audit, Tax and Consulting Services")

In 2009 BDO Balance-Audit and the shop "Business Books" were partners of the Ukrainian office of Association of Chartered Certified

Accountants (ACCA) in organizing a competition among students for the best essay on topics: "The future of accounting" and "Ways to overcome the global economic crisis". The winners will get an opportunity to register as ACCA-qualified students free of charge, undertake an internship in the leading financial and audit companies, including BDO Balance-Audit, and take part in ACCA's technical seminar. Students who took the 2nd place will receive prizes from the shop "Business Books". In 2010 – 2013 BDO is going to carry out a Scholarship project for Ukrainian college students. All winners of the programme will get an opportunity to do an internship with BDO Ukraine, receive cash prizes, diplomas with honours and gifts from the book partner of the competition – "Business Books" shop.

BDO supports "The Hour of the Earth" initiative and encourages its employees and their families to join the initiative. We had a launch of the book "Corporate social responsibility", support and develop new projects on the rights of the disabled, implement a common project together with the Dnipropetrovsk employment centre;

We take part in various meetings, round tables, trainings, working groups (the UN's Global Compact):

working group on business and human rights; working group on the environmental protection; working group on labour relations; working group on developing CSR in Ukraine; a number of working groups of the American Chamber of Commerce and EBA etc.

▶ REPORT INFORMATION

This is the first CSR report prepared by BDO Ukraine (in future we plan to report on the progress of our CSR activities annually). This report provides information from June 23, 2008 – June 23, 2010. The report was prepared according to the main requirements to progress reports of the UN's Global Compact.



10 PRINCIPLES OF THE GLOBAL COMPACT

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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