

# EY Ukraine sustainability report 2013 - 2014



EY

## Building a better working world

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# A note from the Country Managing Partner



**Alexei Kredisov,**  
*EY Ukraine*  
*Managing Partner*

Today's business world is complex and fast-paced. Globalization, technological advances and demographic shifts have brought opportunity to many – empowering and connecting people and creating a vibrant and diverse world. But these trends also have created complexity. Local events can quickly take on global importance; innovation easily passes across borders; demographic shifts mean that, despite a growing global population, the availability of skilled workers is expected to decline in many countries, creating a rush for talent. These changes are forcing organizations – including EY – to adapt quickly or risk becoming obsolete.

For EY Ukraine, the pace of change has accelerated extremely in the past year. Our readiness to face challenges of a very volatile high-risk environment is based on nurturing highly motivated team of professionals and being innovative. Our major tasks are: developing new services for our clients, helping the community, optimizing our business processes, and attracting and retaining talent. We are prepared for a long-run game.

Social and economic value which our professional organization creates has to be sustainable. Every strategy, every initiative, every action has to be considered through the lens of sustainability. Across the member firms of the global EY organization, sustainability is embedded in the organization's purpose. Globally, EY member firms believe that, in a better working world, a number of positive things happen: trust increases; capital flows smoothly; investors make informed decisions; businesses grow sustainably; employment rises; consumers spend; and governments invest in their citizens. A better working world also develops talent in all its forms and encourages collaboration.

From core assurance, tax, transaction and advisory services, to our community investments that focus on supporting entrepreneurs, developing future leaders and helping those in need, this purpose underpins everything EY member firms do across the globe.

And EY Ukraine is not alone in the belief that purpose-driven strategy, leadership and innovation are at the heart of creating enduring, sustainable growth.

From the results of multiple international research studies, to the specific experiences of some of the world's largest companies, evidence is mounting that the reconnection of business strategy to delivering social and environmental progress is critical to long – term success.

Consider research conducted by the Havas Media Group, for example, spanning more than 700 brands in 23 countries around the world. It reveals that 70% of customers believe that companies and their brands should play a role in improving our quality of life and well-being. More importantly, those companies that are successful in doing so have been shown to outperform the stock market by 120%.

Beyond brand preference, the pursuit of sustainable, equitable growth also is a powerful lens through which to identify opportunities for innovation and cost reduction.

Old-world corporate social responsibility was about giving something back. It said, "We contribute to society because we are successful." New-world sustainability is about creating shared value. It says, "We are successful because we contribute to society."

EY Ukraine contributes to society through our purpose of building a better working world by delivering exceptional client service that improves public trust in financial markets; developing the highest-performing teams that are diverse and inclusive; and supporting communities through entrepreneurship, education and charity. This report will briefly describe our main achievements of the past two years (July 2012 – July 2014 period).



## About this report

EY Ukraine is pleased to present its 2013/2014 sustainability report. This report covers two fiscal years, from 1 July 2012 to 30 June 2014. The report follows EY Ukraine's previous report, published in 2013. EY Ukraine is committed to reporting biannually on our activities.

## Determining report content and materiality

EY Ukraine has developed this report in accordance with Global Reporting Initiative (GRI) G4 (Core) Sustainability Reporting Guidelines. Members from EY member firm Sustainability Services' team advised EY Ukraine on the content of its report, using an approach similar to what they use with external clients. EY Ukraine has used a systematic approach to understanding the issues that our report should cover, as well as the measurements we use to document our performance against these issues.

## Materiality

In developing the 2013 - 2014 sustainability report, EY Ukraine listened to our people, clients and members within our own service area, and to stakeholders from various EY member firms.

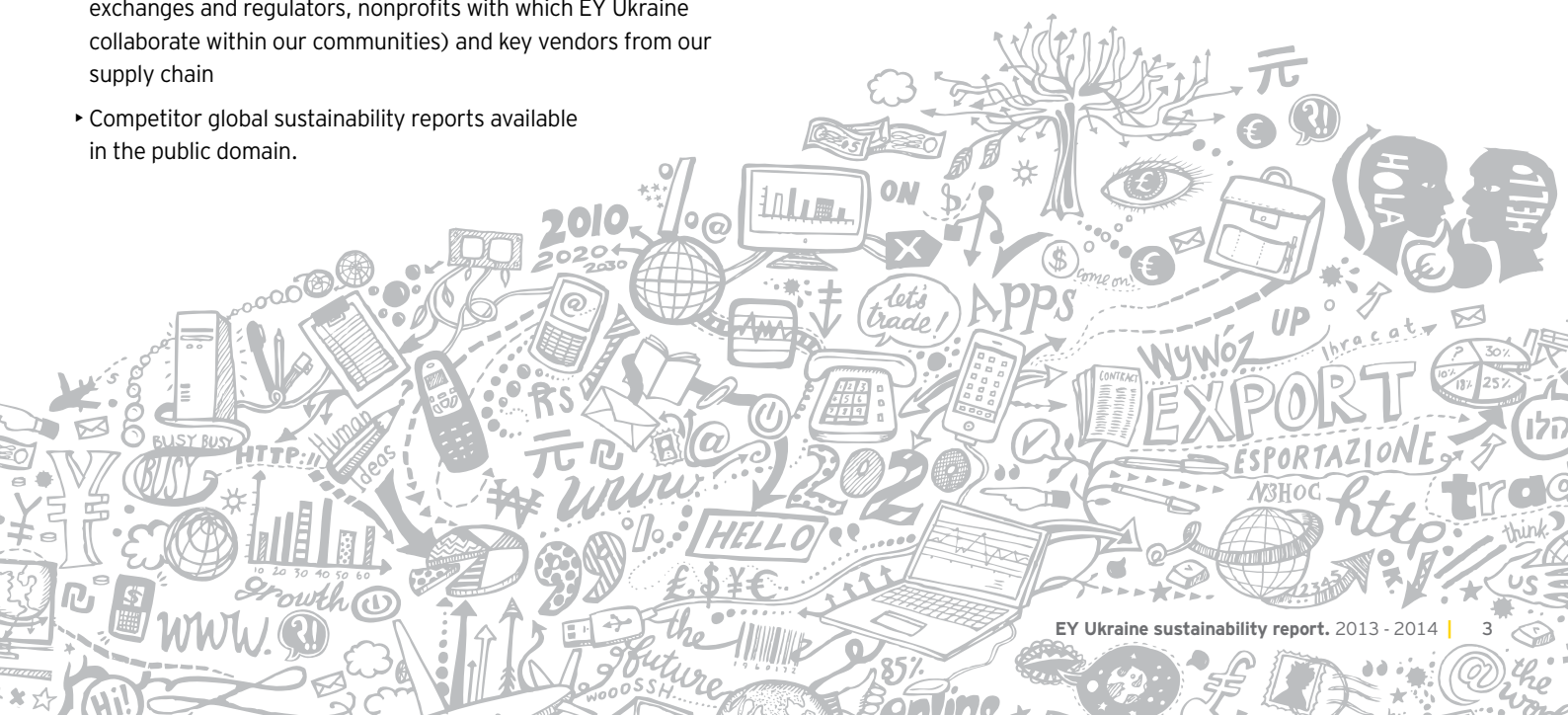
The cross-countries sustainability working group was created and engaged local stakeholders from various countries as a means to identify the performance indicators that stakeholders consider material and relevant globally.

To determine the materiality of the sustainability-related issues our stakeholders raised, EY Ukraine considered the following sources:

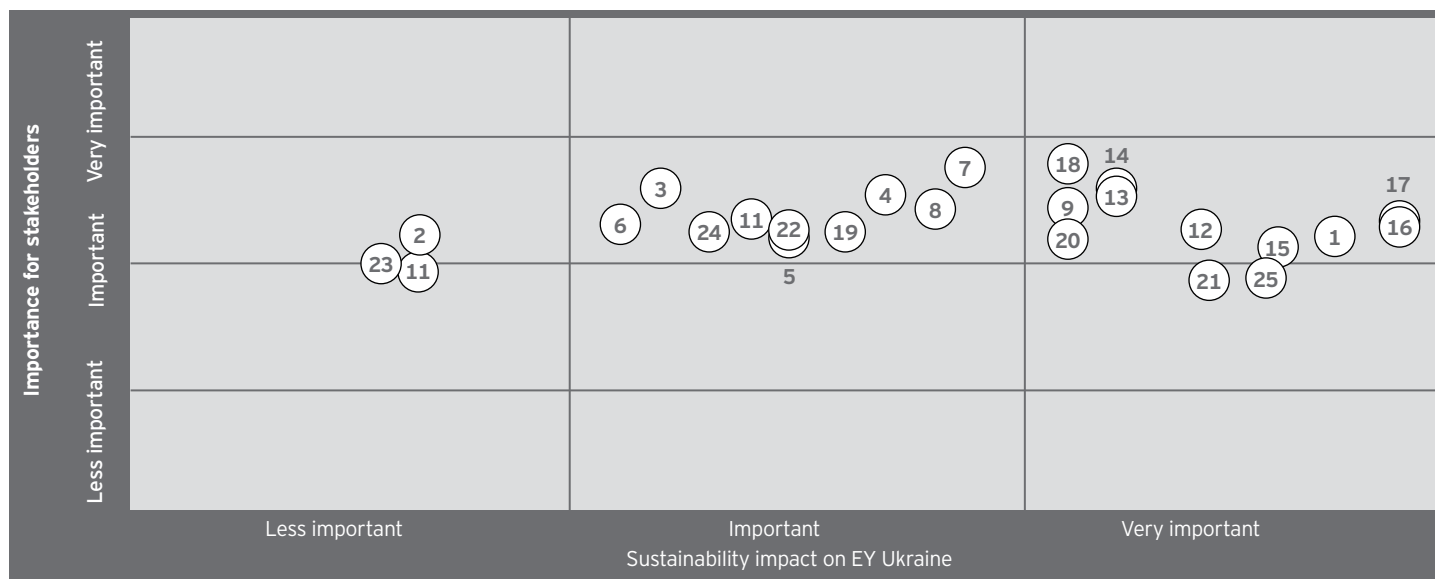
- ▶ EY's Vision 2020 purpose to build a better working world and the strategy to deliver on this vision
- ▶ Working group research, analysis and observations
- ▶ Stakeholder survey results that span current and target clients; EY Ukraine's people (from senior leaders to new recruits and alumni); and our communities (entrepreneurs, trade associations, stock exchanges and regulators, nonprofits with which EY Ukraine collaborate within our communities) and key vendors from our supply chain
- ▶ Competitor global sustainability reports available in the public domain.

Once the data was aggregated, we developed a materiality matrix that ranked the various sustainability issues against stakeholder interest and relevancy to our business impacts. Stakeholder survey results from all participating countries were weighted equally, even though the number of participants varied from country to country. Internal and external stakeholders were also given equal weight. Aspect ratings were determined using a system where 0.5 reflects a baseline level of importance as the aspect was identified in the initial selection of topics, 1 equals important and 2 equals very important. Based on the ratings EY Ukraine identified the top 25 aspects, aligned to Global Reporting Initiative (GRI) G4 (Core) Sustainability Reporting Guidelines that our participating country member firms could report on.

- ▶ **Very important.** There were 12 issues/aspects that stakeholders and the sustainability working group classified as very important. EY determined these issues to be most material to EY and the issues on which EY would produce a full Disclosure of Management Approach (DMA) as well as at least one indicator for each aspect.
- ▶ **Important.** EY classified these 10 issues/aspects as being important or elective in materiality. These may include some DMA but we may not report a full DMA or indicators.
- ▶ **Less important.** EY classified three issues/aspects as being less important. These were the issues that stakeholders and our sustainability working group deemed to be less material. We have elected not to report a DMA or indicators for these issues.



## Sustainability impact on EY



The materiality chart shows the selected G4 aspects according to both stakeholder importance and impact to EY.

	Topics	GRI G4 indicators	EY KPIs
1	<b>Generated economic value and market share, including donations and community investments</b>	<b>EC1</b>	<b>EY1</b>
2	Materials and waste (e.g., office materials)	EN1, 2, 23	
3	Energy usage and climate change	EN3-19	
4	Impact mitigation by professional services (e.g., Cleantech and sustainability-related services)	EN27	EY5
5	Business travel	EN30	
6	Human rights in the supply chain	HR1, 4	EY5
7	Human rights within the EY workforce	HR3, 4	
8	Employment statistics (age, gender, retention)	LA1	
9	<b>Employment compensation and benefits</b>	<b>LA2</b>	
10	Parental leave	LA3	
11	Notice periods for employment-related changes	LA4	
12	<b>Training, education and career development</b>	<b>LA9, 11</b>	
13	<b>Diversity and equal opportunity</b>	<b>LA12, 13</b>	
14	<b>Anti-corruption training at EY</b>	<b>S03-5</b>	
15	<b>Anti-corruption assessment, mitigation and reported incidents</b>	<b>S03-5</b>	
16	<b>Customer satisfaction</b>	<b>PR5</b>	
17	<b>Customer privacy</b>	<b>PR8</b>	
18	<b>EY non-compliance with laws and regulations regarding our services</b>	<b>PR9</b>	
19	Pro-bono and volunteering at work		EY2
20	<b>EY support of entrepreneurship</b>		<b>EY3</b>
21	<b>Sustainability in our EY services</b>		<b>EY4</b>
22	Responsible procurement practices	EN32-33, HR10, S09, LA14	EY5
23	Sustainability of major EY events		EY6
24	Sustainability training for EY employees		EY7
25	<b>Governance practices</b>		<b>EY8</b>

### EY-specific KPIs:

**EY1:** EY Market share

**EY2:** Pro-bono and volunteering, number of hours and persons involved

**EY3:** EY's commitment to supporting entrepreneurship in the local community

**EY4:** Inclusion of sustainability views in our services

**EY5:** Implementation of procurement policy

**EY6:** Implementation of EY's global guidance for greening our meetings

**EY7:** Sustainability-related subjects included in employee training

**EY8:** Governance practices

### Assurance

This sustainability report was reviewed internally by EY Ukraine's Sustainability Services team. This report did not receive assurance from an external auditor.

# Stakeholders and mechanisms of engagement



EY Ukraine’s approach to the FY14 sustainability report reflects the global EY ambition to strengthen globally, but empower member firms locally, to embolden stakeholder relationships everywhere and to become the most favored employer in the professional services industry. To achieve these ambitious goals, it is absolutely vital that EY Ukraine listens to stakeholders – clients, people and communities. We learn what is important to them, how they view us today and the path they expect us to follow. These insights have a direct impact on

EY Ukraine’s success. They enable us to identify material issues, including risks and opportunities; enhance our approach to risk; and improve our performance. As such, we need to understand their views, adapt our approach or direction to reflect our understanding, and communicate the impact of their input. The diagram above indicates how EY Ukraine engages with our stakeholders, as well as their interdependence and influence on our decision-making process.

# About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services EY member firms deliver globally help build trust and confidence in the capital markets and in economies the world over. EY member firms develop outstanding leaders who team to deliver on the promises EY makes to stakeholders. In so doing, EY plays a critical role in building a better working world for our clients, our people and communities. With a total headcount of 190,000 people (as at 30 June 2014), EY member firms operate in more than 150 countries around the world. To learn more about EY and the collective financial performance of its member firms, please read our Global review 2014 at [ey.com/globalreview](http://ey.com/globalreview).

## Purpose

When business works better, the world works better. This simple credo forms the basis of EY’s purpose of building a better working world – a purpose that reflects and respects the unique role EY plays as a professional services organization in the creation of social, economic and environmental value. This purpose underpins everything EY does – every service delivered, every interaction with clients and colleagues, every investment and support given to communities – should make the working world better than it was before.

EY’s purpose forms part of its Vision 2020 initiative, which sets the goal of delivering exceptional client service worldwide. EY firms are committed to bringing each client a great team – connected, responsive and insightful – and one that reflects a diverse mix of talented people who embrace this purpose, demonstrate commitment to inclusiveness and exhibit a desire to exceed expectations. EY maintains a strong commitment to its collective values, which guide its actions.

## Strategy

The EY strategy, as outlined in Vision 2020, calls for its member firms to use their collective global advantage, while empowering teams to be responsive to local needs. To achieve this, EY is improving how its member firms operate and deliver client services. This includes:

- ▶ Streamlining the EY operating model to further enhance the organization’s global scale while remaining responsive to local needs.
- ▶ Supporting the delivery of exceptional client service by its member firms worldwide to help their clients succeed, strengthen the connection between service quality and market growth, and enhance public trust in capital markets.
- ▶ Helping to develop the highest-performing teams using cross-border and cross-cultural strengths.
- ▶ Supporting communities through entrepreneurship, developing the future workforce and championing diversity and inclusiveness.

“I have the opportunity in this role to travel around and meet EY people from every corner of the world. And what I see consistently is our people working together in teams, sharing the same values, focused on delivering exceptional client service. More than that, they are proud of what they do and the role they play in building a better working world”.

*Mark Weinberger, Chairman & CEO, EYG*

## Performance

EY Ukraine’s revenues for FY13 were UAH 324 million and 302 million for FY14, compared with UAH 297 million in 2012.

From a service line perspective:

	FY12	FY13	FY14
Assurance	154	159	161
Tax	56	68	65
Advisory	36	42	40
Transaction Advisory Services	51	55	36



# Awards and recognition

EY's commitment to people and workplace has been recognized through various awards. In 2013, Universum named EY as the world's most attractive professional services organization – and second most attractive employers overall, as chosen by almost 94,000 business students from the world's top academic institutions in the largest 12 economies by GDP.

## Globally, EY member firms have been recognized by:

- ▶ Catalyst Award, for EY's dedication to the recruitment, development and advancement of women
- ▶ DiversityInc's Top 10 Companies for Diversity for seven consecutive years
- ▶ DiversityInc's Top 10 Companies for Executive Women
- ▶ FORTUNE's "100 Best Companies to Work For®" list for 16th consecutive year
- ▶ Great Place to Work Institute's Top 25 World's Best Multinational Workplaces
- ▶ Opportunity Now and Race for Opportunity Top 10 private sector organizations for both gender and Black and Minority Ethnic (BME) diversity and inclusion
- ▶ The National Association for Female Executives Top 10 Companies for 2014
- ▶ Working Mother's Best Companies for Multicultural Women
- ▶ Working Mother's Top 10 Companies for Working Mothers; 100 Best Companies for Working Mothers for 17 consecutive years

## EY Ukraine has been recognized for:

- ▶ Vladimir Kotenko and Jorge Intriago are ranked among Ukraine's leading experts in tax controversy and dispute resolution in 2014 by International Tax Review magazine.
- ▶ In 2014 EY Law practice in Ukraine was recognized among the Tier 2 Tax law firms in the Most successful law firms ranking compiled by the Kyiv Post newspaper.

- ▶ EY has been recognized among TOP 10 Ideal Employers in Ukraine according to a very prestigious global Universum ranking in 2014. EY is #1 among the professional services firms.
- ▶ In 2013 EY has been recognized among TOP10 socially responsible companies in Ukraine according to the Gvardiya magazine ranking. EY ranked #1 among professional services firms and #7 overall (in the list of 41 companies).
- ▶ In 2013 EY Ukraine's Tax & Law practice won two admired awards: "National Tax Firm of the Year" (for the second year in a row!) and the "Transfer Pricing Firm of the Year in Ukraine" at the prestigious ITR European Tax Awards.
- ▶ EY in Ukraine has been announced a winner in the "Charitable Ukraine" contest among big companies in 2013. Our long-term "Friendship" program, which was presented at the contest, involves a complex of activities to support deprived children.
- ▶ EY has been announced a winner in the "Corporate Volunteering 2013" contest in "Education" nomination for the "Step into the Future" program for students. Contest was organised by the Eastern Europe Fund, UN Global Compact in Ukraine, American Chamber of Commerce, European Business Association, and the Philanthropy Forum.
- ▶ EY won HR-brand Ukraine 2012 Award for its "Wellness" program. Forty-two projects from 33 companies were submitted for the expert jury's consideration. The contest, held by the HeadHunter group of companies, honors projects that engage and motivate employees and strengthen employer image.

# EY Ukraine FY13/14 highlights

**569** employees



**185**

new employees in FY14



**58%**

of EY employees participated in CR programs as volunteers in FY14



**46300**

hours were devoted to learning and development in FY13/14



**100%**

EY Ukraine employees have undergone anti-bribery training

**100%**

EY Ukraine employees have received annual review on performance

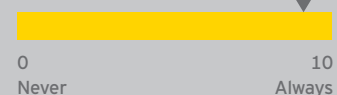
**28**

conferences and workshops conducted by EY for Ukraine business community



Clients' readiness to recommend EY services to friends and colleagues

**9,16**



# Marketplace



Businesses today continue to face an environment of uncertainty and ambiguity. Economies around the world are growing at different speeds. Technological innovation – cloud computing, data analytics, social media, mobile technologies – is accelerating. It is disrupting existing business models, creating new industries and challenging business leaders to think about how they can transform their own organizations to suit this digital era. Rising global demand for commodities and natural resources has led to energy security concerns and volatile pricing, but it is also driving innovation in green energy and cleantech.

## Exceptional client service

In a world that's more complex and dynamic than ever before, clients expect to be served by the right team of professionals, regardless of service line or geography. It is not enough to be technically excellent – EY member firms' clients want professional service providers who are connected to their business, responsive to their needs and insightful about their sector and the challenges they face.

To deliver on this, EY people are united around the concept of exceptional client service. Exceptional client service is about EY professionals being the most connected, responsive and insightful in the marketplace.

- ▶ Connected means bringing the right people in the right locations, to build trust and enrich client relationships.
- ▶ Responsive means the desire and commitment of every person in EY to be proactive, visible and timely.
- ▶ Insightful means using EY experiences and a point of view tailored to the client situation to advance their thinking.

Exceptional client service is a fundamental part of how EY member firms operate, both strategically and tactically.

To support exceptional client service, EY is:

- ▶ Embedding exceptional client service attributes into how member firms measure quality
- ▶ Revising training programs and performance evaluations to incorporate exceptional client service as a minimum baseline expectation for EY people
- ▶ Defining exceptional client services as one of the six critical metrics for managing its business

## Client composition

- ▶ **Large global businesses.** These companies need advisors that can match their expanding reach and meet their exacting standards. They seek EY's help to evaluate new business opportunities, expand into and out of emerging markets, comply with regulatory rules across numerous countries, coordinate a global workforce and interact with governments.
- ▶ **Middle-market companies.** The middle market comprises many mature, stable and profitable companies, often private and intending to remain so. These companies face many of the same issues as EY's largest clients – but without the in-house resources to tackle them. They need EY's support to execute transactions to drive growth and to expand into new markets around the world. All of the complex issues faced by companies in the middle market require high – value services that EY member firms provide.
- ▶ **Entrepreneurs.** EY recognizes that entrepreneurs are one of the greatest sources of sustainable economic growth. For more than 30 years, EY has been dedicated to helping entrepreneurs achieve their business dreams. EY's focus has helped it develop a deep understanding of how entrepreneurial businesses grow. Collectively, EY member firms are leaders in advising, guiding and recognizing outstanding entrepreneurial talent. From start-up ventures to established companies, EY helps clients become market leaders.

## Investing in EY services

As a part of EY, its member firms provide services across four service lines: Assurance, Tax, Advisory and Transaction Advisory Services. EY wants its clients to benefit from a highly integrated global structure. This means eliminating silos and bringing the best of what the EY organization has to offer to clients through borderless teaming across service lines, industries and geographies.

The strength of EY's global reach is balanced with deep local knowledge. The EY market segment model groups together local accounts, allowing EY people to set account investments and market priorities locally, while still maintaining global consistency in terms of metrics and enablement. The model allows account teams to offer more relevant, tailored services to clients, in particular those clients who may not be global in scope, such as middle-market clients.

## Assurance

Within EY Ukraine's Assurance practice, about 200 professionals deliver external audit services, as well as provide fraud detection and forensic services and advise on financial accounting matters.

EY Ukraine's audit professionals, in auditing companies' accounts, serve the public interest and play a vital role in the global capital markets. The Assurance practice also includes Financial Accounting Advisory Services (FAAS), Fraud Investigation & Dispute Services (FIDS) and Cleantech and Sustainability Services (CaSS).



**Alexander Svistich,**  
Partner, Assurance  
Services Leader  
in Ukraine

*"The business landscape in Ukraine is being reshaped by transformational events and that is being held against a background of legislative and regulatory change, the implementation of International Financial Reporting Standards and increased public scrutiny. This results in significant challenges for management, boards, audit committees and auditors. There exists a real need for companies and those charged with their governance and oversight, to revisit their focus on the risks of fraud, bribery and corruption. Investors want access to more accurate and relevant information about companies, transactions, markets and risks. Regulators are moving to exert more control. We help our clients understand and address today's most critical financial and reporting issues".*

## Tax

EY Ukraine's Tax practice has 130 professionals helping clients understand and manage their tax compliance and reporting obligations responsibly. We help them assess, improve and monitor their tax functions' processes, identify and manage tax implications across domestic and cross-border business activities and maintain effective relationships with tax authorities around the world. Our major offerings include: Corporate Tax, Global Compliance and Reporting, Human Capital, International Tax Services, and Legal.

We help clients to remit a growing variety of indirect taxes. We advise them on how tax affects the efficiencies sought in global supply chains. We can also help clients attract the best talent in a highly competitive marketplace for human capital by advising them on their compensation and benefits plans, and providing additional services to their workforce.



**Vladimir Kotenko,**  
Partner, Tax & Law  
Leader in Ukraine

*"The past two years, despite the political and economic turbulence, has seen further active growth of our practice, both in terms of people and revenues. Our practice is the market leader in terms of client work, advice to government bodies and business associations on major tax issues, aspects of doing business in Ukraine and strategies for tax policy and tax reform. We are proud to have served our clients in highly complex engagements, some of them without precedent in Ukraine. Our firm has built a solid reputation of a think tank, and our thought leadership helps decision makers and other stakeholders stay informed about crucial tax developments in the Ukrainian market and project tax matters into the future".*

## Advisory

EY Ukraine's Advisory practice works with some of the country's and the world's largest and most complex corporations, as well as with government organizations, on their most pressing management and operational challenges.

Our 84 Advisory professionals enable us to quickly deploy the right people to the right projects.



**Kostiantyn Neviadomsky,**  
Partner, Advisory  
Services Leader  
in Ukraine

*"Ukrainian businesses face different challenges (from geopolitical events to regulatory reforms and operational risks) and their impact is swift and far-reaching. Organizations, regardless of sector, must balance a number of issues - the need, for example, to change operating model, manage risks, innovate and find new opportunities for performance improvement. With our approach - grounded in industry-specific experience and commitment to delivering measurable, sustainable results - we help our clients adapt and succeed even in an uncertain environment".*

## Transaction Advisory Services (TAS)

EY Ukraine's 50 TAS professionals support a wide range of corporate, private capital and government clients to help them make stronger, more informed decisions about how they manage their capital agenda – specifically around how they raise, invest, preserve and optimize capital in a rapidly changing world.

Whether it is buying, selling or restructuring, we have a relentless focus on our clients' strategic needs across all aspects of the economic cycle.



**Bogdan Yarmolenko,**  
Partner, Transaction Advisory  
Services Leader in Ukraine

*"Nowadays organizations need to make fast and well-informed decisions about how to strategically manage capital and transactions in a changing world. We are here to support companies in navigating business in turbulent times".*

For more information on the investments EY is making in its service lines, please read EY's Global review 2014 at [www.ey.com/globalreview](http://www.ey.com/globalreview).

## Applying an industry focus

EY Ukraine has access to 16 dedicated EY global sector centers around the world, which serve as networks for sharing industry-focused knowledge. EY's commitment of time and resources means that its member firms can anticipate market trends, identify implications and develop clear points of view on relevant industry issues.

- ▶ Automotive
- ▶ Consumer Products
- ▶ Cleantech
- ▶ Financial Services (includes Wealth & Asset Management, Banking & Capital Markets, and Insurance)
- ▶ Government & Public Sector
- ▶ Life Sciences (includes Biotechnology, Medical Technology and Pharmaceutical)
- ▶ Media and Entertainment
- ▶ Mining & Metals
- ▶ Oil & Gas
- ▶ Power & Utilities
- ▶ Private Equity
- ▶ Real Estate, Hospitality & Construction
- ▶ Technology
- ▶ Telecommunications

## Launch of EY's Indirect Tax practice in Ukraine

In September 2013 EY enhanced the Ukrainian Customs & International Trade practice, with several experienced practitioners who joined the existing team of customs advisors. This change made our Customs & International Trade practice the largest and strongest practice amongst Big 4 and legal firms in Ukraine. Since December 2014 the Customs & International Trade evolved into a larger Indirect Tax practice that in addition to customs matters deals with VAT and excise tax.

"Customs and VAT matters are often interrelated. Importance of indirect taxes constantly grows. Proper management of indirect taxes is vital to doing business in Ukraine. Therefore, EY Ukraine offers the widest range of services in this area – from professional advice on any customs and tax issues to lobbying legislative changes. Our team members have been actively participating in business associations being effective voice for the business community. We advised the Ukrainian government and the parliament during the drafting of the current Customs Code. We see a lot of opportunities for further development of the Indirect Tax practice," says Igor Dankov, Senior Manager, Head of EY Ukraine's Indirect Tax practice.

## Promoting sustainability as a global leader in professional services

EY Ukraine believes the biggest contribution we can make to reducing the negative effects of climate change is to support our clients and the market in moving toward an energy-efficient and, consequently, a low-carbon economy. Through the EY Global Cleantech Center and our Cleantech and Sustainability Services (CaSS) practice, we can help our clients operate more sustainably. At the same time, we are measuring and managing our own carbon footprint.

EY Ukraine's Cleantech and CaSS professionals help enterprises and organizations address the environmental, social and economic impacts of their operations. They help clients reach their sustainability goals and transition to a less energy-intensive (and lower – carbon) economy by providing a range of skills and services.



**Victor Kovalenko,**  
Senior manager, CaSS Leader  
in Kazakhstan, Ukraine and Belarus.

*"The current difficult circumstances which Ukraine faces at the moment lead all of us to make any efforts to reduce energy usage. We make our contribution to this task helping our clients to improve energy efficiency".*

## CaSS

EY Ukraine's CaSS practice helps organizations to develop a sustainability strategy and improve performance. We offer leading practices to help clients address the most important sustainability factors, including managing risk in a resource-constrained economy. We also help clients identify areas of energy-intensity and reduce their energy consumption.

## Cleantech

The EY Global Cleantech Center comprises professionals, drawn from across the world, in assurance, tax, transaction and advisory services who understand the business dynamics of cleantech and help clients innovate in technology, business models, financing mechanisms, cross-sector partnerships and corporate adoption. EY professionals also advise clients on meeting energy-use targets, helping them to reduce carbon emissions and enhance their corporate reputation.

## Recognition for our sustainability efforts

EY is proud to have been recognized externally for its sustainability services. In 2013, Verdantix, the independent analyst firm focused on energy, environment and sustainability issues for business named EY as the leading global brand for sustainability services.

## Engaging in the sustainability debate

As a leading provider of sustainability services, EY firms continue to contribute to the sustainability debate globally and share knowledge with clients and the broader business community. It is through these debates that EY can positively influence change, working closely with key regulatory bodies and industry standard setters.

At a global level, EY is among a select group of organizations supporting the International Integrated Reporting Council (IIRC) through its participation on the Board, the Council, working groups and secondments (with an EY person serving as deputy to the CEO). EY led the development of the Value Creation – Background Paper for the IIRC and has built on this relationship by holding joint EY/IIRC roundtables in France and Brazil.

EY also contributes to technical sustainability working groups aimed at standardizing definitions and approaches, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). In addition, EY was a major sponsor of the Global Reporting Initiative Global Conference.

For details or to download a copy of thought leadership relating to sustainability, visit the Climate Change and Sustainability Services website at <http://www.ey.com/UA/en/Services/Assurance/Climate-Change-and-Sustainability-Services>.



As a global organization, EY believes that it plays a vital role in promoting investor confidence in financial reporting and the world's capital markets. EY recognizes the importance of this role and take seriously its member firms' commitment to provide high-quality professional services. EY also understands that, apart from its people, its reputation is its most important asset. EY's shared approach, globally consistent policies and practices, independence processes and Code of Conduct strengthen EY Ukraine's ability to set the bar for service quality.

EY Ukraine's senior leaders are responsible for setting the right tone at the top and demonstrating through their actions our commitment to building a better working world. We also communicate to our people that quality and professional responsibility start with them. Our shared values, which inspire our people and guide them to do the right thing, and our commitment to quality are embedded in who we are and in everything we do.

As part of the global EY organization, EY Ukraine's approach to business ethics and integrity is embedded in a culture of consultation, our training programs and our internal communications. Senior management regularly reinforces the importance of performing quality work and complying with professional standards and our policies, leading by example and through various communications. Also, our quality review programs assess the quality of professional service as a key metric in evaluating and rewarding all professionals.

EY Ukraine's culture strongly supports collaboration and places special emphasis on the importance of consultation in dealing with complex or subjective accounting, auditing, reporting, regulatory and independence matters.

The EY Global Code of Conduct provides a clear set of standards that guide our actions and our business conduct.

By monitoring compliance with the Global Code of Conduct as prescribed by EY, and through frequent communications, EY Ukraine strives to create an environment that encourages all personnel to act responsibly, including reporting misconduct without fear of retaliation.

The EY/Ethics Hotline provides our people, clients and others outside of the organization with a means to confidentially report activity that may involve unethical or improper behavior and that may be in violation of professional standards or otherwise inconsistent with the Global Code of Conduct. The hotline is operated by an external organization that provides confidential and, if desired, anonymous hotline reporting services for companies worldwide.

When a report comes into the EY/Ethics Hotline, either by phone or internet, it receives immediate attention. Depending on the content of the report, appropriate individuals from Risk Management, Human Resources, Legal or other functions are involved to address the report. All matters are handled by experienced individuals, with oversight from the global Risk Management function. For those matters that are reported outside of the EY/Ethics Hotline, the same procedures are followed.

During reporting period, no queries or complaints were made through EY/Ethics Hotline in respect of EY Ukraine operations.

Member firms comply with applicable laws and regulations, and the EY values underpin their commitment to doing the right thing. This important commitment is supported by a number of policies and procedures, including:

- ▶ **Anti-bribery.** The EY global Anti-bribery Policy provides EY people with direction around certain unethical and illegal activities. It emphasizes the obligation of its people to comply with anti-bribery laws and provides greater definition of what constitutes bribery. It also identifies reporting responsibilities when bribery is discovered. In FY14, EY also launched an “Anti-Bribery & You” web-based training program that is mandatory for all EY personnel. The 45-minute course helps our people recognize, prevent and resist bribery.
- ▶ **Insider trading.** The EY global Insider Trading Policy reaffirms the obligation of EY people not to trade in securities with insider information, provides detail on what constitutes insider information and identifies with whom people should consult if they have questions regarding their responsibilities.
- ▶ **Data privacy.** The EY global Personal Data Privacy Policy sets out the principles to be applied to the use and protection of personal data, including that relating to current, past and prospective personnel, clients, suppliers and business associates. This policy is consistent with applicable laws and regulations concerning data protection and privacy when processing personal data. It provides a foundation for maintaining the privacy of all personal data used by member firms.
- ▶ **Document retention.** EY member firms apply their retention policies to all engagements and personnel. Documents must be preserved whenever any person becomes aware of any actual or reasonably anticipated claim, litigation, investigation, subpoena or other government proceeding involving a client that may relate to a member firm's work.

**Code of conduct is organized into five categories to guide behavior across all areas of activity:**

1. Working with one another
2. Working with clients and others
3. Acting with professional integrity
4. Maintaining our objectivity and independence
5. Respecting intellectual capital



At EY Ukraine 100% of client serving employees have undergone anti-bribery training in FY13 and 100% of all employees (including client serving and core business services) have listened to "Anti-Bribery & You" web-based training program in FY14.

During reporting period, no monetary fines or penalties for non-compliance with laws or regulations were imposed upon EY Ukraine with respect to the services we provide to our clients.

### Client acceptance and service delivery

Providing the right services to the right clients is an essential foundation of EY Ukraine's risk management processes.

The EY global client acceptance and continuance policy, which all EY member firms must follow, outlines principles to determine whether to accept a new client or a new engagement or to continue a relationship with an existing client. These principles are fundamental to maintaining quality and independence, managing risk and meeting regulatory requirements.

#### The objectives of acceptance and continuance policy are to:

- ▶ Establish a rigorous process for evaluating risk and making decisions to accept or continue clients or engagements
- ▶ Meet applicable independence requirements
- ▶ Identify and deal appropriately with any conflicts of interest
- ▶ Identify and decline clients that pose excessive risk
- ▶ Require consultation with designated professionals to identify additional risk-management procedures for specific high-risk factors
- ▶ Comply with legal, regulatory and professional requirements

In addition, the global EY Conflicts of Interest Policy defines global standards for categories of conflicts of interest and a process for identifying potential conflicts of interest. It also includes provisions for managing conflicts of interest as quickly and efficiently as possible through the use of appropriate safeguards. Such safeguards range from obtaining the relevant client's consent to act for two or more clients to member firms declining an engagement in order to avoid an identified conflict.

The EY Global Tool for Acceptance and Continuance (GTAC) is an intranet-based system for efficiently coordinating client and engagement acceptance and continuance activities in line with global, service line and member firm policies. GTAC takes users step by step through the acceptance and continuance requirements and connects to the resources and information needed to assess business opportunities and associated risks.

The client acceptance process requires careful consideration of the risk characteristics of a prospective client and several due diligence procedures. Before EY Ukraine takes on a new engagement or client, it determines if it can commit sufficient resources to deliver quality service, especially in highly technical areas, and if the services the client wants are appropriate for the member firm to provide.

***The approval process is rigorous; no new audit engagement may be accepted without the approval of the firm's Professional Practice Director.***

In our annual client continuance process, EY Ukraine reviews service delivery and our ability to continue to provide quality service, confirming that our clients share EY Ukraine's commitment to quality and transparency in financial reporting. The partner in charge of each audit, together with our Assurance leadership, annually reviews the relationship with the audit client to determine whether continuance is appropriate.

Both client acceptance and client continuance decisions depend on, among other things, the absence of any perception that a company's management pressures the audit engagement team to accept inappropriate accounting and reporting or uses financial pressures to undermine audit quality. Considerations and conclusions on the integrity of management are essential to acceptance and continuance decisions.

For more information regarding EY client acceptance and continuance policies, as well as EY's audit quality review process, please refer to the **Transparency Report 2014: EY Global**.

### Data privacy

EY knows that the trust our clients place in us is vital. We view data privacy and information security as fundamental components of doing business. We are committed to protecting information assets, personal data and client information. We believe that a solid data privacy and information security program is an essential component of a leading professional services organization.

The EY Global Code of Conduct stipulates that all member firm personnel must respect and protect the personal and confidential information received from or relating to their member firms, EY, clients or third parties.

The EY Global Data Privacy Policy addresses the issues raised by modern data management tools and systems. EY Ukraine applies a common set of personal data management principles applicable to all EY member firms, providing a framework for processing personal data in compliance with local privacy laws and professional standards, as well as internal policies.

**The following are the principles of the EY Global Data Privacy Policy:**

- ▶ We protect personal data using appropriate physical, technical and organizational security measures.
- ▶ We process, store and disclose personal data only for legitimate business purposes. We make sure our contracts with third-party processors contain terms that confirm data is managed according to the same standards we implement across the enterprise.
- ▶ We give additional attention and care to sensitive personal data, making sure we respect local laws and customs.
- ▶ We've established appropriate measures to help ensure personal data remains accurate, complete, current, adequate and reliable.
- ▶ Where applicable, we provide notice to individuals with whom EY member firms engage, advising them of the purpose for which we are processing their personal information.

Globally, EY has adopted binding corporate rules (BCR), in addition to the existing global personal data privacy program, to legitimize international data transfers among our member firms in compliance with European data protection law. The BCR policy is available on EY's global website as a public statement of its commitment to good data management practices.

As part of our BCR implementation and demonstration of EY's commitment to protect personal data, EY has developed a global data privacy and information security training course which is being rolled out across member firms worldwide.

For more information regarding EY's commitment to protect personal data, please refer to Protecting your data:

**EY's approach to data privacy and information security.**

Internally, EY Ukraine understands the importance of data privacy and information security awareness among our practitioners. Raising awareness of threats to data privacy and information security is an ongoing and dynamic process for us. It is an issue that EY Ukraine takes very seriously, and it is reflected not only in specialized formal training for personnel in each of our service lines, but in numerous other activities to raise awareness in the entire global EY population.

During reporting period, in EY Ukraine there were two cases of data breaches when excerpts of customer-related data were exposed to public through training/advertising materials. In both cases no customer name was disclosed, no outcomes for the customer occurred. The blundered EY employees were punished. These cases are further negotiated to all employees during regular training sessions. Additional measures to prevent data breaches were introduced, among others:

- ▶ forced encryption of all laptops and flash drives;
- ▶ further limitations of access to terminals and other customer information in internal databases;
- ▶ selective limitation in using social networks.

100% client serving personnel participated in the annual training courses, data privacy protection being a topic of the whole course or one of the modules. Below is incomplete list of yearly mandatory training sessions:

Annual courses	Mandatory for
Anti-Bribery course	all CS staff
Audit Advanced Program	newly-promoted audit seniors
Audit Quality Executive Event	audit managers and above
Fraud Awareness workshop	audit seniors
New Managers Program	newly-promoted managers
New Senior Managers Program	newly-promoted senior managers
Regulatory and Risk Update Workshop	assurance seniors through partners
Risk Management Briefing	assurance seniors through partners
New Senior Program	newly-promoted seniors

Additionally, 85 % of client serving personnel have undergone on-line "EY Security" course in FY14.

**Supply chain and procurement**

As a professional services organization, EY purchases goods and services that enable its people to perform their work and deliver quality services to clients.

The EY Global Procurement Policy applies to all EY member firms. In addition to requiring compliance with independence rules and the rules of doing business in a responsible way, the Global Procurement Policy also requires that all member firms, including EY Ukraine, to evaluate the impact of procurement decisions and encourage suppliers to support our sustainability initiatives.

Vendors	
all vendors FY13-14	416
non-residents	14%
residents	86%
Totally paid to vendors, million UAH	214
Vendors who signed EY code of conduct	18

The EY Global Procurement Policy provides a separate Supplier Code of Conduct and includes:

- ▶ **Environmental risk management.** EY member firms expect suppliers to have an effective environmental policy that: mitigates environmental risks; sets objectives for minimizing the use of energy, water and raw materials and using renewable resources (where possible); reduces waste and maximizes recycling efforts; measures and monitors performance; and considers the environmental credentials of vendors within their own supply chains.
- ▶ **Compliance with human rights.** We expect suppliers and their contractors to respect the rights of their employees and to comply with all relevant legislation, regulations and directives in the country in which they operate. This includes wages, benefits and working conditions. Any exploitation of child labor or any other vulnerable groups is completely unacceptable.

- **Diversity and inclusiveness.** Our sourcing decisions, contracts and management of supplier relationships reflect and promote the principles of EY's Diversity and Inclusiveness (D&I) policy (incorporating equal opportunities). We expect our suppliers to have actionable policies that protect against victimization, harassment or discrimination against any employee or party to the contract due to their gender, marital or civil partnership status, race, ethnic or national origin, disability, religion, sexual orientation, age or part-time status. Suppliers are required to meet the requirements of any applicable discrimination legislation.
- **Occupational health and safety.** Suppliers must abide by all local laws, directives and regulations relating to health and safety in the workplace or in any other location other than the workplace where production or work is undertaken.
- **Ethics.** We expect our suppliers to act with the highest standards of integrity in all of our business dealings. We strictly prohibit any and all forms of corruption, extortion, bribery and embezzlement are strictly prohibited and may/will take immediate action to terminate the contract and seek legal recourse.
- **Monitoring.** EY member firms expect suppliers to actively audit and monitor their day-to-day management process for compliance with this Code of Conduct.

EY Ukraine currently does not have the mechanisms in place to capture data relating to the number or percentage of suppliers that were screened using criteria for impacts on society. However, it is something Procurement team is committed to exploring and hopes to implement in the future.

### Assessing service quality

As part of a global EY initiative, EY Ukraine runs a program for clients of all service lines called Assessment of Service Quality, which seeks input on how EY Ukraine consistently delivers quality service. It also helps us build strong, mutually respectful relationships at all levels and across all the sectors of our clients' businesses. It enables us to monitor the quality of service and to act on feedback received.

The program seeks quantitative and qualitative information through:

- Face-to-face interviews with key people in the business, including audit committee chairs and board members where relevant, conducted by senior partners who are independent of any service delivery to that client.
- Questionnaires that are used to gather objective feedback about specific engagements or the overall client relationship.

### Clients' satisfaction indicators

**How likely are you to recommend EY to a friend or colleague?**  
(Scale 0 – Never to 10 – Always, or NA for Not Applicable)

FY 2013	FY 2014
9,3	9,16

In FY 2013 two respondents did not answer (n/a option)

In FY 2014 one respondent did not answer (n/a option)

**Is your relationship with EY better / the same/ worse compared to a year ago?**

### 2013 FY

Better	The same	Worse
12	18	0

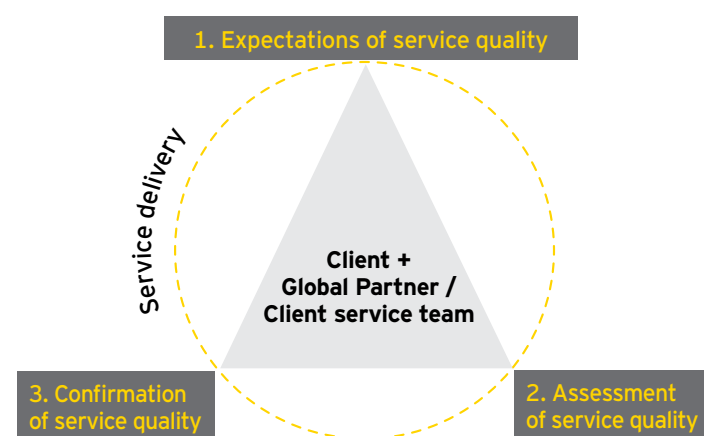
In FY 2013 two respondents did not answer (n/a option)

### 2014 FY

Better	The same	Worse
18	8	0

### Results of ASQ online survey

	FY 2013	FY 2014
Answers received	32	26



### Contributing to the public discourse

By engaging with stakeholders, including governments, policymakers, regulators and standard setters, EY Ukraine and member firms around the world play a part in building a better working world and promoting transparency and trust. EY thereby encourages improvements in corporate governance, financial reporting and other matters that affect the world's capital markets.

### Memberships and associations

EY Ukraine holds memberships with the following associations and institutions:

- Public Company Accounting Oversight Board
- Foreign Investors Advisory Council in Ukraine
- European Business Association (EBA) in Ukraine
- American Chamber of Commerce (ACC)
- British-Ukrainian Chamber of Commerce
- UN Global Compact (GC) in Ukraine
- Association of Chartered Certified Accountants (ACCA)
- Ukrainian Society of Investment Professionals (CFA Society)
- International Fiscal Association
- Ukrainian Union of Industrialists and Entrepreneurs
- U.S. - Ukraine Business Council
- Ukraine Real Estate Club
- CSR Development Center in Ukraine

## External initiatives EY endorses

As a global organization, EY engages with a number of groups and initiatives at global, regional and local levels, including:

- ▶ **Audit Committee Leadership Network.** EY is an active member of the Audit Committee Leadership Network in Europe and North America. This brings together audit committee chairs from the boards of more than 300 large public companies. The Network provides a key forum for business leaders to discuss critical market, regulatory and governance developments.
- ▶ **International Corporate Governance Network (ICGN).** EY is an active member of the ICGN. Member firms participate in a number of investor groups in different countries.
- ▶ **Financial Stability Board, the International Forum of Independent Audit Regulators and the Basel Committee on Banking Supervision.** We engage with these stakeholders and others to promote transparency and trust around the world.
- ▶ **Global Auditor Investor Dialogue.** This global dialogue is an informal network of leading global institutional investors and major global auditing networks to exchange views on current financial reporting and auditing issues; EY is proud to be part of this dialogue.
- ▶ **International Integrated Reporting Council (IIRC).** EY is among a select group of organizations supporting IIRC by participating on the Board, the Council, working groups and secondments (with an EY partner serving as deputy to the CEO).
- ▶ **Transparency International.** EY participates and contributes tens of thousands of dollars to Transparency International's Global Corporations for Transparency International initiatives.
- ▶ **United Nations Global Compact (UNGC).** EY is a proud member of the UNGC. At a global level, EY annually communicates its progress on upholding the UNGC's 10 principles.
- ▶ **United Nations Women's Empowerment Principles (WEP).** EY is a signatory of UN WEP.
- ▶ **World Economic Forum Partnering Against Corruption Initiative (PACI).** EY is a signatory to PACI, the leading anti-corruption initiative in the world. EY's Global Chairman and CEO is a member of the PACI Board.
- ▶ **World Economic Forum (WEF).** EY has been a Strategic Partner of the WEF for 15 years. Its involvement in the WEF enables EY to help shape future economic development and share its insights with the world's most influential business leaders, politicians, academics and the global media.

## Building a better working world for business community

During the reporting period EY Ukraine conducted 28 conferences and workshops on current business issues for clients and the wider public:

- ▶ innovations in the Tax and Customs Codes;
- ▶ transition to IFRS;
- ▶ personnel management;
- ▶ counteracting fraud;
- ▶ transfer pricing;
- ▶ customs regulation;
- ▶ tax regimes of other countries;
- ▶ investment opportunities.

We supported the following strategic events and conferences, which are important to the Ukraine investment and business climate:

- ▶ Ukrainian Banking Forum, CFO Summit, Energy Forum, Agribusiness in Ukraine (Adam Smith Conferences)
- ▶ Ukrainian Investment Forum (CFA Ukraine)
- ▶ Kyiv Employer Branding & Engagement Forum
- ▶ Odessa FDI Forum 2013
- ▶ Retail Forum, CFO Forum, Banking M&A (Forbes, Ukrainian Media Holding)
- ▶ International Investment and Innovation Forum in Lviv
- ▶ Ukrainian Grain Congress 2013
- ▶ All-Ukrainian CSR cases contest 2013, 2014

EY pays particular attention to investments in social development. We strive to create a business environment in which our organization and society as a whole will flourish for a long time. EY employees help in this area by offering knowledge and experience, taking into account the local characteristics and culture of each country. By joining efforts with commercial, government and non-governmental organizations, we create conditions favorable for the development of business, society and protection of the environment.



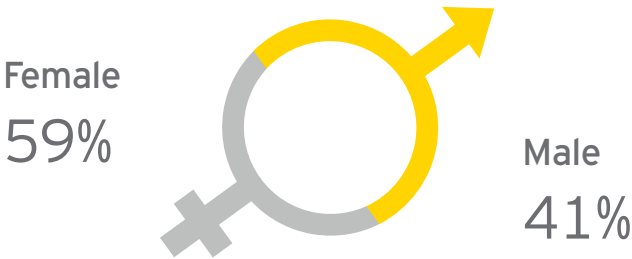
# People



EY Ukraine works hard to attract people who are curious and entrepreneurial, who thrive in international teams and who have a global mindset. We want the time people spend at EY Ukraine to be more valuable than time spent with any other employer.

If and when people choose to leave EY Ukraine, we don't see this as an end to the relationship, just the next stage. Whether they go on to work with a client or a competitor, start their own business or retire, they will be a welcomed lifelong member of EY Ukraine's alumni network.

Overall gender breakdown



Headcount by cities



Headcount by age	Under 30	30-50	Over 50
Partners	0%	100%	0%
Executive Director	0%	0%	100%
Senior Managers	7%	93%	0%
Managers	22%	76%	2%
Seniors	63%	37%	0%
Staff	96%	4%	0%
Interns	100%	0%	0%
CBS (practice support)	36%	59%	5%
Contractors	73%	24%	3%
Outsourced Personnel	53%	32%	16%
Total	60%	38%	2%

Employees covered by bargaining agreements 100%

Employees who had formal performance review FY13-14 100%

	FY 2012	FY 2013	FY 2014
Employee engagement index	75%	79%	83%

EY values

Our values define who we are and remain the bedrock of our culture. They are the fundamental beliefs of our global organization. They guide our actions and behavior. They influence the way we work with each other – and the way we serve our clients and engage with our communities. Instilling them in everything we do is one of the most important sources of our organizational strength.

We are:

- ▶ People who demonstrate integrity, respect and teaming
- ▶ People with energy, enthusiasm and the courage to lead
- ▶ People who build relationships based on doing the right thing

Creating the highest-performing teams

EY Ukraine is proud of EY's culture of teaming. We know from experience and research that our best-performing teams are made up of highly engaged individuals from a diverse range of backgrounds. These teams excel by being adaptable and flexible without losing focus and by welcoming diverse views. They consistently use best-in-class approaches, tools and methodologies; undertake learning, experience and coaching; and are always focused on delivering the best results, rather than on where, when or how the work gets done.

To support these teams, we are committed to continually provide our people with training that develops their skills, challenging client opportunities, a diverse workplace, flexibility and choice, and a framework to guide their career development.

Developing and supporting our people through world-class learning

Helping EY Ukraine's people to learn, develop and lead is fundamental to creating value for our people and our clients. At a global level, EY has a unique global career development framework called EYU, which focuses on learning, experiences and coaching.

Tailored training

EY Ukraine provides our people with access to high-quality formal learning through a structured organization-wide curriculum. It is accessible in a variety of formats, including:

- ▶ Face-to-face: through case studies, lectures and simulations
- ▶ On-the-job training
- ▶ Virtual: through web-based, videos and webcasts

We launched World Class, a learning program that enables EY people to receive the same baseline level of high-quality learning across the globe. One global team is now responsible for developing a learning curriculum that is relevant across the entire organization, as well as specific programs for each of the service lines. The program blends classroom, mobile, electronic and social learning.

EY's web-based global learning management system enables EY people to flexibly organize their learning. They can use it to search for content, to identify where gaps in their learning might exist and to develop a "learning map" to meet future needs.

Formal learning plays a crucial role in development. EY Ukraine delivers rich, focused curriculum for our people, recognizing the different roles they play and the variety of experiences and learning they need throughout their development. And we continue to increase our focus on coaching and experiences alongside formal learning.

Through EY Ukraine's formal learning programs, training activities and other informal learning opportunities, we expose our people to a broad range of sustainability issues. From the EY Global Code of Conduct, and anti-bribery and insider-trading policies, to unconscious bias, sexual harassment and cross-cultural skills training, we make sustainability a fundamental component of our people's careers and their growth, within and beyond EY.

***In FY13/14, client-serving professionals in EY Ukraine have spent more than 46 000 hours for the formal learning. This averages out to approximately 57 hours of learning per year for each professional.***



**Marina Zakharina,**  
Head of HR, EY Ukraine

*"Through EYU, we aim to create an environment that inspires our people to develop their skills required to serve EY clients, grow EY business and meet EY quality expectations. EYU is a competitive advantage*

*of our company in the market, which is perceived as a real benefit by our people and candidates".*

### Monitoring and strengthening performance

EYU links to EY's global Performance Management and Development Process (PMDP). PMDP helps EY people monitor and direct their performance and align their efforts to the global organization's strategic priorities. One of the most important element of PMDP is the conversations EY people have with their counselors as they build their careers.

EY Ukraine also has tools to capture and manage continuous feedback as well as midyear and annual reviews. We encourage all of our people to request real-time feedback. It not only encourages continual improvement, but also informs mid-year and annual performance reviews that all of our employees receive.

***In FY13-14, 100% of our EY Ukraine people received a formal performance review.***

*"I've been working at EY for three years. I attended a lot of training sessions during that time aimed at developing both my technical and soft skills. I attended the EY global milestone events in Amsterdam and Moscow. EY is covering my ACCA tuition and exams. In my sincere opinion, EY is the best company if you desire fast professional development and a unique experience".*

***Vasyl Lysko,***  
***Senior, TAS***

### Coaching

In addition to technical content, EY Ukraine people develop through coaching. We encourage as many coaching conversations as possible throughout the year, and our coaching curriculum enables people to develop their coaching skills as they progress.

### Developing leaders

Developing leaders is fundamental to EY Ukraine's future success. EY Ukraine is committed to develop our people and nurture lifelong relationships: creating outstanding leaders who bring their vision and skills to EY and who may then go on to other roles in industry, government and academia, joining the EY alumni network of more than a million EY brand ambassadors.

### Organising milestone events

Those who are newly promoted to senior, manager, senior manager or executive director ranks are invited to milestone events. These face-to-face events follow a global format and combine a mixture of learning and celebration. Members of the leadership team, right up to the EY Global Chairman and CEO, play an active role at these events. For example, more than 2,600 new EY senior managers participated in milestone events in their Areas in FY14.

### Implementing strong leadership programs

EY delivers tailored programs to develop our leaders, including:

- ▶ **Global NextGen** is a two-year program that gives potential member firm partners the opportunity to respond to a series of challenges that will develop their leadership and entrepreneurial skills. It prepares them for their role as partners in a motivating and structured way and provides transparency around the partner promotion process.
- ▶ **Global Exchange Program** provides high-performing seniors and managers the opportunity to go on 18 – to 24-month international assignments before returning to share their learning with colleagues.
- ▶ **New Horizons** gives high-performing seniors the chance to undertake a three-month period of employment in another country.

*In FY13-14, three senior managers from EY Ukraine took part in the Global NextGen Program. Six employees were participants of the New Horizons program in Germany, the Netherlands, UK, Poland, Italy and Dubai. One employee took part in the Global Exchange Program in UK and more than 20 people transferred to new practices in different countries (US, UK, Germany, Poland, Cyprus, Russia, Kazakhstan, Dubai, Italy) under return or permanent transfer programs.*

## Celebrating and supporting diverse talent

### Diversity and inclusiveness (D&I)

EY Ukraine works hard to build a culture that celebrates and encourages diversity and inclusiveness, and our senior leaders set a positive tone from the top.

***When making decisions pertaining to hiring, promotion, performance evaluation and compensation, we do not discriminate people based on gender, nationality, religion or other factors. Performance of professional activities, professional competencies and extra efforts to build a better working world are the only factors that count.***

### Defining D&I

Diversity has to include the right mix of people within our workforce, including differences in gender, ethnicity, national cultures and subcultures within countries, sexual orientation, disability and generation, among others.

Inclusiveness is the way EY member firms make that mix work. Put simply, it is about creating an environment where each person feels valued, is part of the community and is able to perform at their best.

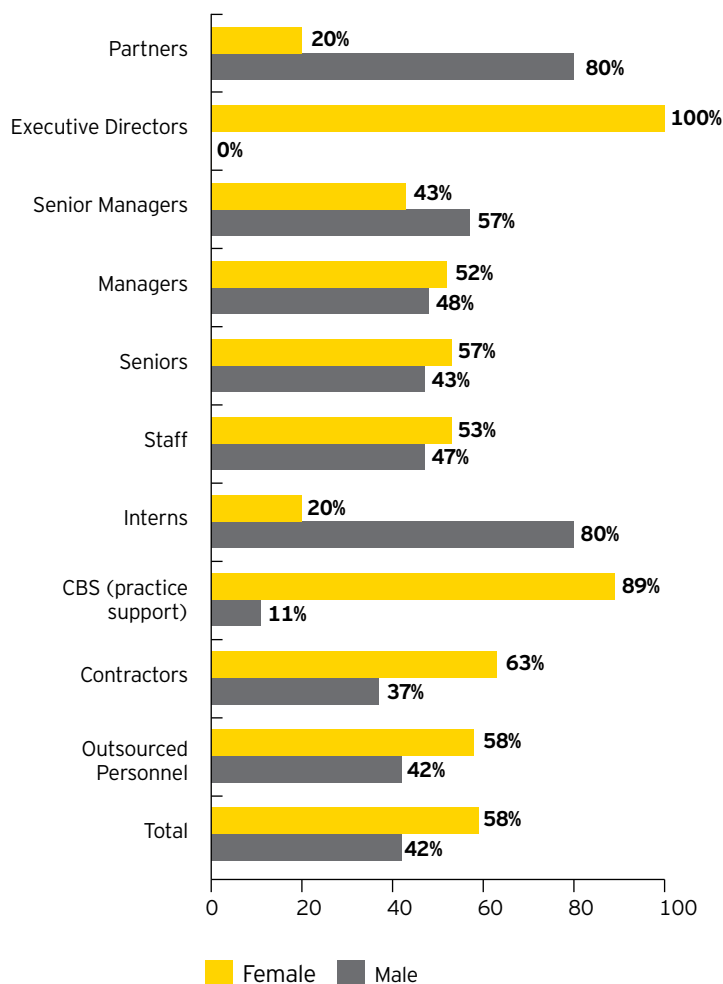
### Inclusive leadership

EY member firm leaders take overall responsibility for D&I within the country practice. They are accountable for driving this through the business – through hiring, succession planning and promotion – and in leading by example. EY has produced a toolkit to help member firm leaders communicate the importance of leading inclusively to our people, which shows how to turn the diversity of the global EY organization into competitive advantage and how working inclusively will help them build vital leadership skills. In addition, the Leadership Matters Program develops the inclusive leadership capabilities of most senior executives. The program explores the impact of unconscious bias, develops inclusive behaviors and inspires our current and future leaders to practice inclusive leadership.

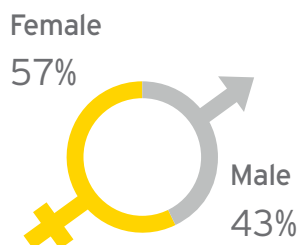
**Beth Brooke-Marciniak,**  
EY Global Vice Chair, Public Policy

*"Inclusive leaders try to understand what the world looks like to someone else, and they integrate that diverse perspective into their decision-making".*

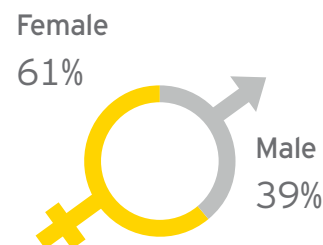
### HC by grade



### New employees by gender



### Employee turnover by gender



The workforce has never been more diverse. To build upon our positive momentum, EY is undertaking:

### Training

Globally, EY offers enhanced cultural intelligence training that works across cultural borders on a day-to-day basis. This training explains the importance, and advantages, of greater D&I. Everyone brings social stereotypes and cultural experiences into how they make decisions, but it is possible to improve decision-making by recognizing the possible unconscious biases that might be at play. To help EY people do this, EY has developed an unconscious-bias toolkit and related training, which more than 11,400 EY people globally have completed to date, 36 people in EY Ukraine..



In April 2013 **Viktoriya Shmuratko**, Senior Manager in Advisory Services at EY Ukraine, participated in the EY Women's Leadership Program (EMEIA Women's Leadership Program), which took place in London. The main topic was women's careers at the company: career stages, the difficulties faced by women

ambitious to move up the career ladder, and myths and stereotypes about the ability of women to occupy leadership positions.

*"I discovered how many similarities in thoughts and behavior there are between women of various cultures. The presentations and discussions within the program let us reflect on our ambitions, take a new look at our abilities (as there isn't always enough time to do in everyday life) and move forward".*

### Active support of internal networks

EY has networks that help encourage and support different groups of member firm employees. These include women's networks, LGBT networks, EY parents' networks, disability working groups, faith networks, as well as networks that support caregivers and people affected by illness.

At EY Ukraine, we support local EY networks for mothers and mobility program participants.

### Providing tools

EY provides its member firms with tools that support D&I at work. These include GlobeSmart®, which provides business-related cultural information on more than 65 countries, helping people in their day-to-day interactions with colleagues, clients and others from other countries.

### Enabling mobility and cross-border opportunities

Many EY Ukraine people undertake international assignments or transfers in order to fill a business need and to develop their careers.

### Identifying incidents of discrimination

As an organization that celebrates and encourages diversity and inclusiveness, EY is a firm supporter of non-discrimination and would take immediate action to resolve any incidents that arose.

**To our knowledge, in FY14, EY Ukraine did not experience any reportable incidents of discrimination, nor did we have to take any action in response to an incident of discrimination.**

### Tracking progress

Setting targets and tracking progress helps keep EY's focus on increasing D&I. Reflecting this, the leaders of each geographical area look at the D&I metrics and actively evaluate leadership and partner pipelines and promotion processes for member firms around the world. More broadly, EY measures how people feel about the work culture through a biennial EY Global People Survey.

In the most recent survey, 80% of respondents in Ukraine felt that EY created an inclusive environment where people with diverse backgrounds and experiences can succeed.

### Headcount by employment type

	FY 2013		FY 2014	
	Female	Male	Female	Male
Permanent employees	264	198	284	207
Out of them				
Fixed term contract	4	2	3	2
Part-timers	20	17	32	14
Civil law agreements	37	19	40	19
Outsourcers	7	7	11	8

### Average turnover

FY 2012	FY 2013	FY 2014
15%	24%	13%

### Parental leave FY13-14

Employees taken parental leave (all female)	34
Employees returned from parental leave	22
Employees staying with EY 1 year after return from parental leave	18

## Programs for women

At a global level, EY has also developed programs and networks to help high-performing women achieve their goals.

- **Career Watch program.** Senior leaders act as advocates for high-potential women and minorities of either gender. They work to ensure participants receive mentoring and are given challenging client assignments and opportunities to network with other senior leaders.
- **Creating internal networks.** Networking is one of the best ways women can overcome barriers to success. The EY women's networks exist to share best practices, successes and ideas; create opportunities to connect with sponsors and role models; and bring a sense of community to participants.

- **Navigator program.** Despite the strong representation of women joining EY member firms at graduate entry level, the profession still struggles to retain women at manager level and above. To address this, EY developed the Navigator program, which creates opportunities for female managers to develop their networks and have dialogue around the issues they face in advancing their careers.



# Alumni club EY Ukraine



EY has always prided itself on the quality of its 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 activities in Ukraine in 2007 and since then has held annual events for former EY employees to meet with their friends at EY.

The 7th Annual EY/Andersen Alumni Party took place on November 1, 2013. Around 200 former professionals from EY/Andersen came to meet old friends. At the Meat & Wine party guests took delight in networking in warm and welcoming atmosphere. Those who love and appreciate meat and wine joined an exclusive steak master-class by the Chef and a wine tasting.

## Providing competitive compensation and benefits

EY Ukraine wants our people to receive compensation that is highly competitive with prevailing employment market circumstances and business conditions. We work hard to drive business results so that we can provide competitive remuneration packages to our people.

Compensation packages for all full-time employees in Ukraine include:

- ▶ free medical insurance for each employee and one immediate family member;
- ▶ life and accident insurance, and insurance when travelling abroad;
- ▶ annual vacation – 25 working days;
- ▶ 100% compensation for five days of sick leave during the year regardless of length of service and amount of salary;
- ▶ 2 additional paid days of leave on the occasion of a wedding;
- ▶ 3 additional paid days of paternity leave for new fathers upon childbirth;
- ▶ an additional paid vacation day for 0 days of absence due to illness during the year;
- ▶ additional paid vacation days for those who spend more than 50 days a year on business trips.

Of course, we acknowledge that reward isn't just about money; it's about colleagues, the career opportunities, the learning experiences, the culture and the working environment.

In order to reward outstanding business related achievements of its employees, EY Ukraine has various recognition programs. Extraordinary results might be awarded with the gift certificates, EY branding gifts and other souvenirs.

### Employee of the Year

The main objective of this award is to acknowledge EY Ukraine employees' personal commitment to achieve the company's goals through individual excellence. The winners are announced and awarded special prizes during the celebration of the new fiscal year.

#### FY13 winners:

*Pavlo Kuchma, Iuliia Boietska* – Assurance;  
*Iryna Kovalenko* – Tax & Law;  
*Oleksandr Krachilo* – Advisory;  
*Anna Kasilova* – TAS;  
*Anastasiya Sklyar* – CBS, HR.

#### FY14 winners:

*Viktoriia Boiarchuk* – Assurance;  
*Oleksandr Ursulenko* – Tax & Law;  
*Borys Trofimov* – Advisory;  
*Bogdan Polyulyah* – TAS;  
*Tetiana Vasylichenko* – CBS, Administration.



### Professional Certification Champion

This annual award has been established to recognize those outstanding employees who achieved the highest results in the following certification programs: ACCA, CPA, CIA, CIMA and CFA.

#### Certification Champions in EY Ukraine:

FY13 – *Oleg Melnikov*  
FY14 – *Olena Ivanko*



### Best Tutor

The main objective of this award is to recognize commitment of EY Ukraine employees to company's values by sharing their knowledge and experience with others.

#### The Best Tutors FY13-14:

- ▶ *Anna Kurylenko*
- ▶ *Vladyslav Ostapenko*
- ▶ *Sergey Lisitskiy*
- ▶ *Tetyana Mykolenko*
- ▶ *Yuliya Zakharova*
- ▶ *Ivan Mustanian*
- ▶ *Artiom Kozlovski.*



## Service Anniversary

EY is proud of the hard work and dedication of its employees. Acknowledging employees' milestones in their career (5th, 10th, 15th, etc. anniversary with EY) is just one of the many ways the company has of saying "thank you" to the employees.

## Thank you day

There is a pre-New Year tradition in EY Ukraine to arrange a "Thank You Day" when everybody has a great opportunity to write words of appraisal and New Year's wishes to the colleagues for their contribution and assistance via the special "Thank You" brand stickers.

## Creating a flexible workplace

High-performance teaming relies on creating the right environment for EY Ukraine people – one that encourages collaboration and is flexible enough to meet the demands of the modern workforce, allowing people to work seamlessly across borders and manage their time effectively.

Flexibility is an increasingly important issue for EY Ukraine people and potential recruits – specifically the ability to combine a career with other aspects of their lives such as family commitments, volunteering in the community or with sports, for example.

Providing EY people with flexible work practices requires us to support them with the right technology – and the Messaging and Collaboration program is doing just that. By accessing new and exciting technological capabilities, our people can connect with each other more easily than ever before. For example, videoconferencing will be possible from individuals' laptops or mobile devices with just a few clicks of a button, and cloud technology will support enhanced and instant access to global information, networks and knowledge. This means EY people will have increasing flexibility around where and how they work and a greater ability to adapt their working patterns to meet their client and personal commitments.

EY Ukraine is developing a trust-based, work-anywhere environment: introducing new IT and communications technologies, redesigning and repurposing our offices, and supporting the health and well-being of our people. These activities fall under the EY Workplace of the Future initiative and help us improve the way we team, connect and perform across teams and borders.

These changes will help EY Ukraine to continue to deliver the quality service that our clients deserve and support a culture of flexibility and empowerment that helps to attract and retain great people.

## Supporting health and well-being

Health and well-being programs are not just about keeping fit – they are designed and implemented to cover broader issues relating to work-life balance. EY Ukraine offers assistance programs that provide counseling and lifestyle support

## Response to the military actions in Eastern Ukraine

Due to escalation of the situation in Donetsk region in spring 2014, all employees of Donetsk office were offered to permanently relocate to Kyiv together with their immediate family members. The company assisted with the relocation and 4 months rent expenses. Thereafter, all Donetsk employees were employed in the Kyiv office or became participants of mobility programs and moved to other EY offices around the globe.

## Wellness

The Wellness program for the company's employees and their children was developed and launched in EY Ukraine since 2011. The key areas of the Wellness program are:

- ▶ organization and support of sports events for the employees (such as summer bike ride, football, tennis, squash, paintball and ping-pong tournaments, marathons);
- ▶ events intended to maintain the employees' health and promote a healthy lifestyle (Day of Health, massage in the office, etc.);
- ▶ events intended for active rest and informal communication between the employees (intellectual games club, public speaking club, decoration master-classes and hand-made charity fairs, photo contests and quests, painting master-class);
- ▶ sports and entertaining events for the employees' children (kids sport festival "We are the Champions", different excursions and quests, New Year and Easter parties, etc).

## Day of Health

Days of Health are organized in EY Kyiv office annually since 2012. Different medical specialists are invited to the office in order to provide employees with medical advice and perform different kinds of tests. Employees had the opportunity to visit a therapist, ophthalmologist, breast physician, vertebrologist and other specialists, as well as to have blood test, electrocardiogram, fluorography, ultrasound of the mammary gland and abdominal cavities, etc. Days of Health are part of the comprehensive Wellness program which has proven to be an extremely effective project.

## Supporting working families

EY allocates a lot of effort to create an environment where every employee feels comfortable and inspired. We are glad to see how our initiatives for EY parents help our people to combine their careers with personal commitments. In reporting period women made 57% of EY personnel and according to the 2014 Global People Survey, 77% of our women said they have the flexibility they need to achieve their personal and professional goals.

We have the following benefits for EY working mothers/parents:

- ▶ Flexible time options:
  - work from home (for Senior2/CBS Senior Specialist and above)
  - parents hour - one hour a day/five hours a week
  - part-time work
- ▶ Learning opportunities while on maternity leave (certifications, EY training)
- ▶ Additional payment for the first 12 weeks of maternity leave
- ▶ Additional paid leave in case of child sickness (5 days)
- ▶ Presents for newborn children
- ▶ Medical insurance for kids
- ▶ Agreement with a kindergarten near the office
- ▶ Events for parents and kids



In December 2012, EY has won the gold award in the "HR Brand Award" contest, conducted by the HeadHunter group of companies for its Wellness Program for employees.



# Communities



EY Ukraine is committed to fostering sustainable growth in areas where we can have the greatest impact. EY Ukraine believes the most significant impact we can have on society is by supporting economic stability and growth, which addresses some of the major issues that the world is facing.

## Supporting our communities

### Community investment, UAH\*

	FY 2013	FY 2014
CR development in Ukraine	160 000	86 238
Entrepreneurship and leadership development in Ukraine	104 268	243 720
Environment initiatives	4 550	5 358
Corporate volunteering	6 700	11 268
Education programs for students	396 980	185 185
Charity programs for orphans	98 926	91 102
Charity support to diseased children	169 104	167 030
Charity other	22 705	246 333
<b>Totally</b>	<b>963 232</b>	<b>1 036 234</b>

\*data cover major community related programs

### Community investment, EY people number

	FY 2013	FY 2014
Environment initiatives	39	29
Education programs for students	82	119
Education programs for orphans	31	60
Charity programs for orphans	80	82
Charity support to diseased children	95	83
Charity other	72	60
<b>Totally volunteers as % to total number of employees</b>	<b>57%</b>	<b>58%</b>

### Community investment, EY people time, hours

	FY 2013	FY 2014
Environment initiatives	190	170
Education programs for students	224	403
Education programs for orphans	180	246
Charity programs for orphans	637	448
Charity support to diseased children	83	74
Charity other	356	375
<b>Totally volunteer hours</b>	<b>1670</b>	<b>1716</b>

### Community investment, EY people time, UAH

	FY 2013	FY 2014
Environment initiatives	19 555	27 800
Education programs for students	603 280	1 132 480
Education programs for orphans	18 892	22 436
Charity programs for orphans	82 276	68 946
Charity support to diseased children	11 862	10 828
Charity other	52 929	56 051
<b>Totally</b>	<b>788 794</b>	<b>1 318 541</b>

### Community impact, number of beneficiaries

	FY 2013	FY 2014
Education programs for students	3500	4365
Education programs for orphans	180	220
Charity programs for orphans	160	160
Charity support to diseased children, targeted help	24	17
<b>Totally</b>	<b>3864</b>	<b>4762</b>

At the heart of EY's purpose of building a better working world is the belief in enlightened self-interest: that EY is successful because our EY member firms collectively contribute to society and shared value. Over the past 15 years, EY has been a strategic collaborator of the World Economic Forum (WEF), working to shape future economic development and share its insights with the world's most influential business leaders, politicians and academics. EY is also proud to be a signatory to the United Nations Global Compact and has pledged to uphold its 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. Each year EY reports on its progress to that end (Our vision, values and impact: UN Global Compact 2013).

In addition to EY's broad efforts to make a significant impact to social and economic progress, EY's member firms concentrate on areas that are most relevant to key stakeholders, services, and skills and competencies. By leveraging the deep subject matter knowledge of EY's member firms' talent, we can make the greatest difference. For example:

- EY focuses on entrepreneurs because they drive innovation and economic growth, and create jobs. As a global organization, EY has long recognized the potential of entrepreneurs, who continue to drive growth in many markets. Over the past three decades, EY member firms have been working with entrepreneurs, adapting and modifying their experiences, industry capabilities and resources to work for entrepreneurial, fast-growth companies.

- ▶ EY focuses on the future workforce, from employees to young entrepreneurs, because EY member firms know that the next generation is critical to global progress. This ranges from the many thousands of traineeships we offer every year, the work experience opportunities or the support in developing work readiness skills, through to the contribution to the debate and wider solutions development EY member firms can make.
- ▶ EY focuses on diversity and inclusiveness because it's essential to a better, more resilient, working world. In particular, EY supports the role of women in business because of the economic and social contribution they can make. EY is also a signatory to the United Nations Women's Empowerment Principles, a set of principles for business that offer guidance on how to empower women in the workplace, marketplace and community. This enables EY member firms to put their skills to good use in addressing global challenges, such as youth employment.

## Supporting entrepreneurship

EY Ukraine supports entrepreneurs in Ukraine. Entrepreneurs drive innovation, imagine new business models, develop new products and services, and create jobs and wealth for their communities, which results in broader economic growth and other social benefits in the marketplace. It is for this reason that EY Ukraine wants to help entrepreneurs – big or small – achieve their potential. During financial years 2013 and 2014 we have supported number of programs to develop entrepreneurs, among them: Global Management Challenge contest, Innovation Breakthrough, Entreprenologic Club and conference, CISCO Summer Camp and StartUp Ukraine center.

### Developing entrepreneurial and leadership skills of the youth

At EY, we're committed to helping find and support aspiring leaders of tomorrow. People who have already demonstrated they've got the strengths required to reach the very top. It's why we create an environment for this to happen. EY people act as mentors and judges in different competitions, business case contests and games like GMC

Junior, T.I.M.E.S (ESTIEM), CIMA Case Champ, IASA Case Champ, CFA Institute Research Challenge. These events help students develop their hard and soft skills. EYers encourage the youth to learn more, improve their performance and translate their career hopes into reality. EY Ukraine has strategic partnership with youth organizations like AIESEC, Enactus, and Student's League. Its members pay attention to developing leadership, entrepreneurship, presentation and communication skills.

## Supporting the workforce of the future

EY Ukraine supports the workforce of the future. Our efforts focus on ensuring that all young people have the opportunity to be included in the working world. Our people volunteer their time to coach, mentor or teach students and underserved youth, helping young people stay on track and raise their aspirations. Our goal is to share experience, knowledge and give the opportunity to young people achieve their potential. The company focuses on the educational projects that navigate students in professional orientation and develop their entrepreneurial and leadership skills.

### Scholar - support to deprived youth

For seven years already, EY has been a partner to the Friends of Children Foundation's Scholar project. The company provides financial support to the Foundation, employees become sponsors (and in some cases mentors) for students who graduated from orphanages. EY CR committee helps develop and evaluate the Foundation's programs, and EY volunteers take part in training sessions for the students. EY Saturday school of English for scholars has been a going concern at EY office for three years already.

During the 2013-2014 academic year the company has supported 20 students, fifteen of whom received personal support from EY people. During the year the company held a series of training sessions for the program fellows, covering effective presentation, resume writing, business etiquette.

## Enactus

Enactus is a global community of students, academics and business leaders that uses the power of entrepreneurship to transform lives and build a more sustainable world. Through Enactus, university students deliver community outreach projects to help people in need, while at the same time gaining leadership skills. They are guided by academic advisors and people from EY and other businesses. EY has been a platinum sponsor for several years, playing a key part in Enactus' annual national competitions where young students showcase the life-changing projects they have completed.

EY in Ukraine has been a strategic partner to Enactus since 2009 as part of its involvement in fostering education and entrepreneurship among young people. In 2014 EY staffers

served as advisors at Enactus projects showcase event, trainers for selected teams, judges during the national final competition and coordinators for one of the leagues. EY Ukraine Managing Partner Alexei Kredisov, who has co-chaired the Enactus Advisory Business Council since 2010, judged team projects in the final round of the competition. Competition finalists received special prizes from EY, such as certificates for classes at the Academy of Business. Petro Yavorsky, captain of the Enactus Ukrainian Engineering and Pedagogical Academy team, was invited to work in the audit department.

EY Ukraine Managing Partner, Alexei Kredisov, has received a special honor for his long years of support for the organization.

## Step into future – professional orientation for students

**EY University** is series of workshops for students organized at EY. The main goal is to provide students with an opportunity to discuss with the company's employees key career trends and possible ways for career growth, specifics of our services and business. Depending on their preferences and qualifications students select one of the following modules: Audit, Taxes, Transaction Support, IT Risks & Assurance, Advisory, or CSR. During 2013-2014 financial years more than 350 students took part in the EY University and 25 of them joined EY as a result. 80 EY people conducted more than 60 workshops.

**Young generation of financial executives** is a special course of workshops for M.A. students of Vadym Getman Kyiv National Economic University. Five lectures and the case-study cover different aspects of audit, taxes, transactions and give an opportunity to gain practical knowledge of and monitor important changes in legislation and business life. During two years more than 100 students attended the course and 37 of them joined the EY audit department later.

**Coffee with a Partner** initiative assumes meetings where students can talk with company executives about secrets of the successful career at EY in an informal atmosphere. During 2013-2014 financial year students had a chance to communicate with Alexander Svistich, Bogdan Yarmolenko, and Oleg Svetleuschiy, the EY Ukraine Assurance partners. More than 120 students took part in the meetings and many of them acknowledged that they would use the successful career hints in their life.

**Advisory Case Challenge.** Different contests have the aim to give students an opportunity to achieve their potential, practice their knowledge and skills, and demonstrate their best. About 100 students participated in the Advisory Case Challenge organized by EY Ukraine. Students solved the case and presented it to the jury – EY Advisory team. Six young ladies and gentlemen, who demonstrated good knowledge, strong analytical and communication skills, became junior consultants at EY.

**Young Tax Professional of the Year**, a global EY contest, was conducted in Ukraine in 2012 for the first time. In 2013 it became the biggest tax contest in our country. Interesting cases on international taxation brought together many students in economic and law fields. The best ones received valuable prizes – a trip to the international final abroad, internships in tax department, iPads, etc.

EY Ukraine organizes **Profession Days** where our people from different service lines share some useful hints about the professions and present their successful career stories. EY also takes part in university counterparts' projects for youth like ProfFest (KROK University), Marafon Big 4 (KNEU), HR School and Marketing School (Kyiv National Taras Shevchenko University).

## Contributing to community

Last year we have conducted a survey among the employees to learn what is their perception of CSR and what it means to them and what it brings to the company. For your information, some excerpts.

*EY community engagement programs include education, entrepreneurship, environmental sustainability, charity initiatives. What benefits do you feel it offers to the company to have corporate responsibility programs:*

Support to the reputation of a leader	91%
More brand visibility	90%
Higher attractiveness of a brand for potential employees	82%
Pride to be part of positive changes in the community	80%
More trust towards the company thanks to social reporting	78%
Networking, new contacts and influence areas	76%
Competitive advantage	70%
Higher loyalty of the personnel	69%
Cost effectiveness through better resource management	39%
No benefits, waste of resources	6%

*Corporate volunteering is about involving partners and employees into community development initiatives - work with NGOs, entrepreneurs, students and kids, philanthropic and environmental initiatives. Please, point out those benefits that you (would) find as a participant of EY community development programs:*

Volunteering is a way for me to contribute to community and make it better	74%
Volunteering is a way to enrich my life experiences	72%
Volunteering helps me expand the circle of friends within and beyond the company	61%
Volunteering is a way to promote my company's brand within the community	60%
Volunteering helps me acquire/train skills (e.g. negotiation, presentation, creativity, people management skills etc)	56%
Volunteering is a way to dilute the routine	51%
Volunteering is a way to get recognition within the company	33%



# Demonstrating environmental stewardship

## Changing our behavior

EY Ukraine seeks to reduce our environmental footprint by engaging with and educating our people. The ECO-week informational campaign was held for the first time at EY office in October 2013. Every day of the selected week was dedicated to a different topic: green policy publication with an audio address from the Managing Partner on Monday, green ideas contest on Tuesday, smart travel tips on Wednesday, energy consumption data and saving tips on Thursday, distribution of trays for paper wastes and advertising options for recycling on Friday. Green Ideas contest generated over 60 proposals from employees on how to use resources smarter, the authors of the brightest ideas received presents. Many ideas from the contest were further developed and implemented in the office, among them:

- ▶ Practicability of light sensors was calculated and those were installed;
- ▶ the regular detergent was replaced with one that contains less of the substances harmful to health and the environment;
- ▶ additional boxes for paper waste collection were installed.

## Educating kids

EY Ukraine is a partner to the Green Rush project, conducted by the youth organization AIESEC at Kyiv and Donetsk schools. The project aims to raise environmental awareness among young people. More than 900 pupils participated in environmental interactive modules during the 2012-2013 school year.

EY employees did the following as part of the program:

- ▶ helped prepare program materials;
- ▶ monitored lessons in schools and provided recommendations on how to improve the program;
- ▶ served on the jury during the Student Debate Tournament on environmental issues;
- ▶ trained interns-students from different countries in presentation skills;
- ▶ planted trees along with students in Donetsk.

Green Rush participants were surveyed regarding their impressions of the program: 94% reported that they gained new knowledge of environmental issues, 84% would recommend participating in the program to their friends and 76% intend to change their habits to reduce their negative environmental impact after participating in the program.

For schoolchildren in Kyiv who participate in Green Rush EY Ukraine conducted Environment Poster Contest. The topic of the competition was the proper handling of waste paper. The authors of most compelling jobs were invited to meet representatives of the EY CR committee and received memorable gifts from the company.

## Making Ukraine clean

For several years in a row, the EY Ukraine employees participate in the traditional spring event, all-Ukrainian clean-up event "Let's

## Feedback from pupils

"I came to understand the real threat to the planet that human activities pose. In my family I'm trying to reduce the use of things that we can manage without".

"I'm thinking about how to teach my family to sort garbage and I've started to put into practice the tips on recycling old things and continuing to use them".

"Make Ukraine Clean!" In spring 2014 we made a piece of Ukraine cleaner! One cold March morning, the EY volunteers gathered to clean the park near the Camel creek at the Obolon district. Not only EY's employees were included in our team but also their families, former colleagues and students. CR Committee's Green Group arranged for cleaning, as well as further entertainment and treatment of the eco-event participants.

## Efficiency efforts

EY continues to increase the energy efficiency of our offices, and although travel is critical to our business, we are investing in travel alternatives, like telepresence videoconferencing and enhanced desktop and mobile options.

Additionally, by globalizing many core business functions, such as IT, real estate and travel procurement, EY is enabling offices in all countries to follow more consistent operational practices that will help reduce our environmental impacts. As well, EY member firms are increasingly able to share insights and progress around the world through a newly created global sustainable operations network and environmental scorecard.

These global initiatives help EY Ukraine to improve the environmental sustainability of our operations by leveraging leading practices.

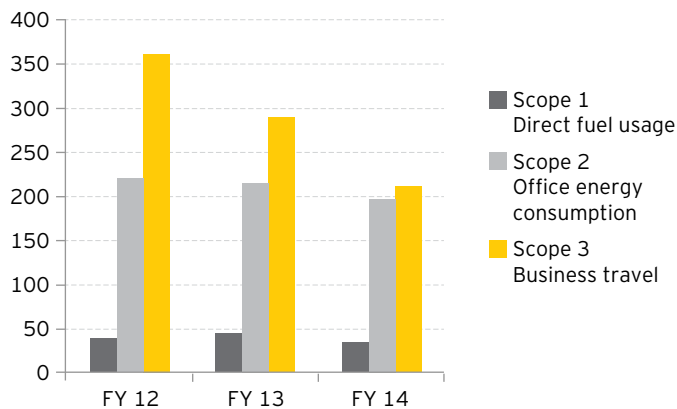


## Measuring our impact

At EY Ukraine, we are constantly challenging ourselves to work in a more environmentally sustainable manner and to find new ways to reduce our energy consumption, carbon footprint and waste stream. We have started monitoring our carbon footprint since 2012 using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard of the World Resources Institute- /- World Business Council for Sustainable Development's. We know that nearly all of our carbon output comes from two sources: office energy consumption and business travel. We now have a baseline against which we can compare our performance year-on-year.

### Energy monthly consumption, Kwh

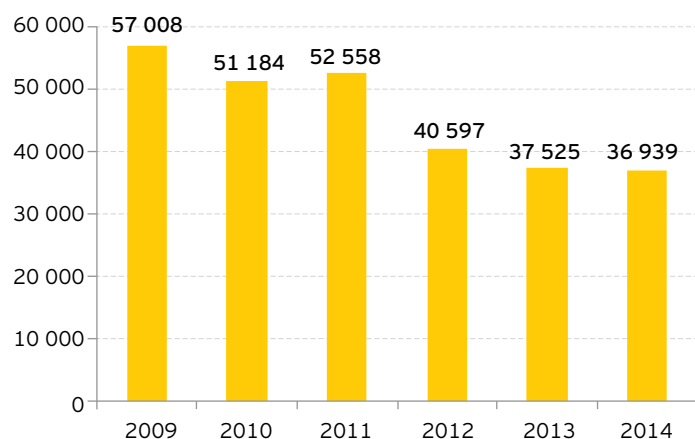
Greenhouse gas emissions, metric tonnes	FY 2012	FY 2013	FY 2014
Scope 1 Direct fuel usage	39	46	35
Scope 2 Office energy consumption	221	201	197
Scope 3 Business travel	363	290	213



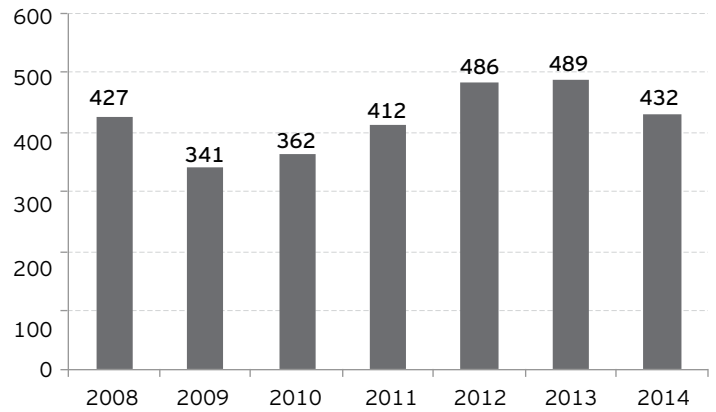
In the past two years we have reviewed our travel policy, acquired additional equipment for videoconferencing, promoted smart travel and resource use among employees.

All together, this resulted in a significant decrease of CO2 emissions of EY Ukraine during FY12-FY14 period - 29% of total emissions - despite the increase of personnel number. The biggest decrease was for air travel.

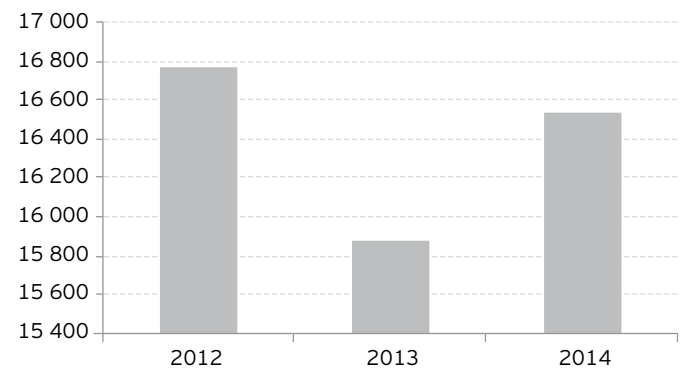
### Energy monthly consumption, Kwh



### Paper consumption, packs



### Paper recycling, kg



# How EY is organised



# EY global organization structure

EY's central entity, EYG, coordinates the member firms and promotes cooperation among them. EYG does not provide services, but its objectives include promoting the provision of exceptional, high-quality client service by its member firms worldwide. Each member firm is a legally distinct entity. The member firms' obligations and responsibilities are governed by the regulations of EYG and various other agreements.

In July 2013, EY streamlined its operating model by creating the Executive and the Regions. The Executive includes the Global Executive (GE), its committees and teams, and the leadership of the four geographic Areas. This streamlined structure allows EY to further enhance its global scale and the delivery of consistent exceptional client service worldwide, with the Executive responsible for one global approach to strategy, quality, risk management, business planning, investments and priorities. At the same time, this operating model allows for greater stakeholder focus in the 29 Regions, permitting member firms to build stronger relationships with clients and others in each country and be more responsive to local needs.

The structure and principal bodies of the global organization during the year ended 30 June 2014 are described below. They reflect the principles that EY, as a global organization, has one shared strategy.

## Global Advisory Council

The Global Advisory Council (GAC) is the main advisory body of EYG. It comprises a number of member firm partner-level professionals (referred to as partners) drawn from across the four Areas and includes independent non-executive representatives (INEs). The INEs are nominated by a dedicated committee from outside of EY and bring the global organization, and the GAC, the significant benefit of their varied perspectives and views. The partners, who otherwise do not hold senior management roles, are elected by their peers for a three – year term, with provisions for one successive re-appointment.

The GAC advises EYG on policies, strategies and the public interest aspects of their decision-making. The approval of the GAC is required for a number of significant matters that could affect EY.

## Global Executive

The Global Executive (GE) brings together EY's leadership functions, services and geographies. It is chaired by the Chairman and Chief Executive Officer of EYG; the Global Managing Partners of Client Service and Business Enablement; the Area Managing Partners; the global functional leaders for Talent, Risk Management and Finance and Corporate Development; and the leaders of the global service lines – Assurance, Advisory, Tax and Transaction Advisory Services, as well as the global leader for Public Policy. The GE also includes the Chair of the Global Accounts

Committee and the Chair of the Emerging Markets Committee, as well as a representative from the emerging markets practices.

The GE and the GAC approve nominations for the Chairman, Chief Executive Officer and the Chief Operating Officer of EYG and ratify appointments of the Global Managing Partners. The GE also ratifies appointments of Global Vice Chairs. The GAC ratifies the appointments of any Global Vice Chair who serves as a member of the GE. Furthermore, the GE approves appointments of Area Managing Partners. Such appointments are subject to ratification by the GAC.

The GE's responsibilities include the promotion of global objectives and the development, approval and, where relevant, implementation of:

- ▶ Global strategies and plans
- ▶ Common standards, methodologies and policies to be promoted within member firms
- ▶ People initiatives, including criteria and processes for admission, evaluation, development, reward and retirement of partners
- ▶ Quality improvement and protection programs
- ▶ Proposals regarding regulatory matters and public policy
- ▶ Policies and guidance relating to member firms' service of international clients, business development, markets and branding
- ▶ EY's business plans, development funds and investment priorities
- ▶ EYG's annual financial reports and budgets
- ▶ GAC recommendations
- ▶ Any other proposal that supports the global objectives

It also has the power to mediate and adjudicate disputes between member firms.

## GE Committees

Chaired by members of the GE and bringing together representatives from the four Areas, the GE Committees are responsible for making recommendations to the GE. There are committees for Global Markets and Investments, Talent, Risk Management, Assurance, Advisory, Tax and Transaction Advisory Services.

## Global Practice Group

This group brings together the members of the GE, GE Committees and Regional leaders. The Global Practice Group seeks to promote common understanding across member firms of EY's strategic objectives and consistency of execution across the organization.

EYG member firms

Under the regulations of EYG, member firms commit themselves to pursue EY’s objectives, such as the provision of high-quality service, worldwide. To that end, the member firms undertake to implement the global strategies and plans and to maintain the minimum scope of service capability. They are required to comply with common standards, methodologies and policies, including those regarding audit methodology, quality and risk management, independence, knowledge sharing, human resources and technology.

Above all, EYG member firms commit themselves to conducting their professional practices in accordance with applicable professional and ethical standards, and all applicable requirements

of law. This commitment to integrity and doing the right thing is underpinned by EY’s Global Code of Conduct and EY’s values.

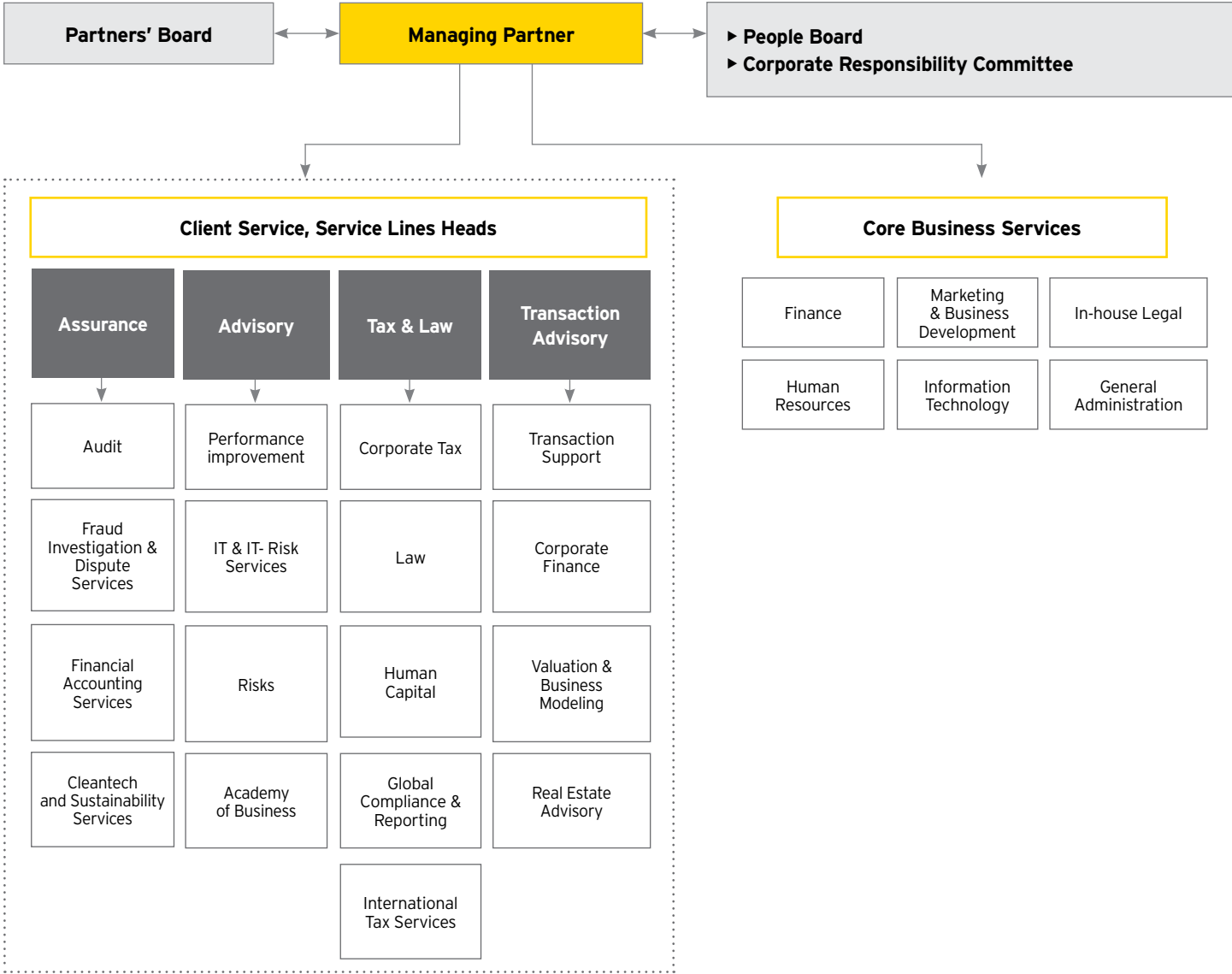
Besides adopting the regulations of EYG, member firms enter into several other agreements covering aspects of their membership in the EY organization such as the right and obligation to use the EY name and the sharing of knowledge.

Member firms are subject to reviews that evaluate their adherence to EYG requirements and policies governing issues such as independence, quality and risk management, audit methodology and human resources. As necessary, special focus reviews are performed to address situations or concerns as they arise. Member firms unable to meet the quality commitments and other EYG membership requirements are subject to separation from the EY organization.

EY Ukraine organizational structure

EY Ukraine is part of the EMEIA Area, which comprises EYG member firms in 99 countries in Europe, Middle East, India and Africa. Within the EMEIA Area, there are 12 Regions. EY Ukraine is part of the CIS Region. EY (EMEIA) Limited (EMEIA Limited), an English company limited by guarantee, is the principal governance

entity for the EYG member firms in the EMEIA Area. EMEIA Limited facilitates the coordination of these firms and cooperation between them, but it does not control them. EMEIA Limited is a member firm of EYG and has no financial operations and does not provide any professional services.



# GRI INDEX. Required general standard disclosures

General Standard Disclosures	GRI code	Description	Reference/Direct answer	Omissions	External assurance
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization	Letter from EY Ukraine managing partner, page 1		not assured
Organizational Profile	G4-3	Name of the organization	Cover page		not assured
	G4-4	Primary brands, products, and services	About EY, page 6		not assured
	G4-5	Location of the organization's headquarters	At a glance, EY Ukraine, page 2		not assured
	G4-6	Number of countries where the organization operates	About EY, page 6; At a glance, EY Ukraine, page 2		not assured
	G4-7	Nature of ownership and legal form	About EY, page 2		not assured
	G4-8	Markets served	Applying an industry focus, page 11		not assured
	G4-9	Scale of the organization	About EY, page 6; At a glance, EY Ukraine, page 2		not assured
	G4-10	Number of employees	About EY, page 6		not assured
	G4-11	Percentage of total employees covered by collective bargaining agreements	People, page 19		not assured
	G4-12	Organization's supply chain	Supply chain and procurement, page 15		not assured
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	no significant changes during reporting period; all employees from Donetsk office were relocated to Kyiv or other cities during summer-fall 2014		not assured
	G4-14	Precautionary approach	Demonstrating environmental stewardship, page 30		not assured
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	Demonstrating environmental stewardship, page 30		not assured
	G4-16	Memberships of associations	Contributing to the public discourse, page 16		not assured
Identified Material Aspects and Boundaries	G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	All data in the report refer to "Ernst and Young" LLC and "Ernts and Young Audit Services" legal entities		not assured
	G4-18	Process for defining the report content and boundaries	«Determining report content and materiality, page 3»		not assured
	G4-19	Material aspects identified in the process for defining report content	Determining report content and materiality, pages 3-5		not assured
	G4-20	Aspect boundary within the organization	Determining report content and materiality, pages 3-5		not assured
	G4-21	Aspect boundary outside the organization	Determining report content and materiality, pages 3-5		not assured
	G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Reporting cycle has changed from annual to biannual; most data in the report are calculated for 2 years, if not stated otherwise		not assured
	G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	no significant changes		not assured
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	Stakeholders and mechanisms of engagement, page 5		not assured
	G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholders and mechanisms of engagement, page 5		not assured
	G4-26	Organization's approach to stakeholder engagement	Organization's approach to stakeholder engagement		not assured
	G4-27	Key topics and concerns that have been raised through stakeholder engagement	Determining report content and materiality, page 4		not assured
Report Profile	G4-28	Reporting period	About this report, page 3		not assured
	G4-29	Date of most recent previous report	About this report, page 3		not assured
	G4-30	Reporting cycle	About this report, page 3		not assured
	G4-31	Contact point for questions regarding the report or its contents	Page 37		not assured
	G4-32	GRI Content Index	GRI Index, pages 35-37		not assured
	G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	About this report, page 4		not assured
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body	How EY is organised, pages 33, 34		not assured
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Code of Conduct, page 13; EY values, page 19		not assured

# Required specific standard disclosures (DMA and indicators)

Material topics	Management approach	Indicator	Reference/Direct answer	Omissions and, if applicable, reason for omission	External assurance
Economic performance	EY Ukraine's economic performance is of significant value to our stakeholders, and ourselves because it directly impacts the financial position of our stakeholders, in particular suppliers, government, community engagement, and our people and partners. We are guided by Vision 2020 plan that includes our purpose, ambition, strategy and positioning. There are annual financial and non-financial performance drivers/ KPIs and items that influence the economic contribution such as quality, a flexible switch between audit and advisory services, client relationships, and client satisfaction. A key driver with respect to our client centric market approach is our commitment to delivering exceptional client service. Our actual performance is monitored on a weekly and monthly basis against the plan, prior-year data and KPIs. If needed, corrective action is taken immediately. ASQ allows our stakeholders to tell us what was worked well and what needs to be improved.	EC1	Performance, page 6	Indicator is disclosed partially. Information is deemed as confidential.	not assured
Labour practices	Attracting and retaining talents is crucial for EY business. EY Ukraine allocates lot of resources to deal with people matters: Human Resources department, People Board, counsellors and counselling champions. Open and honest communication starts during the recruiting phase and continues in the form of ongoing feedback as well as annual performance reviews and goal setting. Each employee has a dedicated counselor whom they can also turn to if they wish to voice any concerns. The People Board serves to ensure that employee issues receive adequate attention at top management level. Professional and personal development and education is of significant value to EY Ukraine and our stakeholders, especially (potential) employees, because it directly adds to the quality and innovation levels of our service provision, satisfying the ambition levels of our people and enhancing their career perspectives. Based on the EY Global People Strategy, an EY Global Learning & Development (L&D) strategy has been developed. The average number of hours spent on L&D was 55 per Client Service staff in FY14. We are aware and proud that many employees use EY and its educational opportunities as a good start in their careers, we do not see the departure of as negative but rather as expanding our network. Occupational health, safety and comfort at work are being supported by number of programs, among them life and medical insurance, Health days in the office, sport events, programs for parents, flexible working arrangements.	LA1	At a glance, page 2; People, pages 19, 22		not assured
		LA2	Providing competitive compensation and benefits, page 23		not assured
		LA3	People, page 22		not assured
		LA9	People, page 20		not assured
		LA11	People, page 19		not assured
		LA12	People, pages 19, 21	no data for minorities; no minorities identified	not assured
		LA13	Celebrating and supporting diverse talent, page 21		not assured
Anti-corruption practices	Independence, integrity & ethics and anti-corruption are of significant value to EY and its stakeholders, because they show how EY is able to remain professionally objective and independent in delivering services to our clients and thus to (business) society as a whole. Each individual carries personal responsibility for preventing and reporting any corrupt behavior. The general counsel advises on risk management issues and is responsible for operational execution. The Anti-bribery Policy identifies our obligation to comply with anti-bribery laws, providing more detailed definition of what bribery is and identifying reporting responsibilities with respect to bribery of or by our people, as well as in the event of discovering bribery at our clients. Through a mandatory web based training that was launched in May 2014 all employees were updated on how to recognize, prevent and resist bribery.	SO3	Client acceptance and service delivery, pages 14		not assured
		SO4	Compliance with applicable legal requirements, pages 13, 14		not assured
		SO5	Compliance with applicable legal requirements, page 14		not assured
Customer satisfaction, customer data privacy	Protection of client information is of significant value to ourselves and our stakeholders, mainly clients, because the nature of our services allows us to obtain insight into business sensitive information, which is also stored in our files. This may include information about strategic organizational aspects providing competitive advantage to our clients. Our professionals are bound to confidentiality on the basis of professional regulations, as well as by law. Guidance about how to deal with confidentiality is provided in several internal and external sources: professional regulations, applicable law, EY's Global Code of Conduct and EY's Global Insider Trading Policy, while the Global Personal Data Privacy Policy and our Document Retention Policy deal with the use, protection, and preservation of data, respectively. EY has established a Binding Corporate Rules (BCR) Program to comply with European data protection law, specifically regarding transfers of personal data between EY member firms. When confidentiality topics arise, EY's in-house legal department is involved and takes appropriate action if necessary.	PR5	Assessing service quality, page 16		not assured
		PR8	Data privacy, page 14, 15		not assured
		PR9	Compliance with applicable legal requirements, page 14		not assured

# EY specific KPIs - material

EY Specific KPI	Reference/Direct answer
EY3: EY support of entrepreneurship	Supporting entrepreneurship, page 28
EY4: sustainability in our EY services	Demonstrating environmental stewardship, pages 30-31
EY8: Governance practices	How EY is organised, page 32

## United Nations Global Compact. The 10 principles

The 10 principles	Our Commitment	Referneces in the report if any
<b>Human Rights</b>		
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and	We comit ourselves to support and respect internationally proclaimed human rights. We extend our commitment to our suppliers through our Supplier Code of Conduct. There are no indications that our supply chain contains major risks in the area of human rights.	p. 15, 27
<b>Principle 2:</b> make sure that they are not complicit in human rights abuses.	There were no incidents of violations of human rights in the reporting period within EY Ukraine and its supply chain.	
<b>Labour</b>		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	We comit ourselves to uphold freedom of association and recognition of the right to collective bargaining. 100% of EY Ukraine employees signed collective bargaining agreement and are provided options to voice out any idea or complaint in an open or anonymous way.	p.19
<b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;	The Company does not use forced or compulsory labor.	
<b>Principle 5:</b> the effective abolition of child labour; and	The Company does not use child labor.	
<b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	There were no incidents of discrimination in respect of employment and occupation.	p.21
<b>Environment</b>		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;	We comit ourselves to support a precautionary approach to environmental challenges.	p. 30
<b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and	We undertake initiatives to promote greater environmental responsibility.	p. 30
<b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.	We do encourage development of environmentally friendly technologies.	p. 30
<b>Anti-Corruption</b>		
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-corruption is of significant value within EY. 100% of EY Ukraine employees have undergone anti-corruption training(s) in the reporting period.	p. 13, 14

## Contacts

Your questions and feedback about this report can be addressed to

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#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY works together with companies across the CIS and assists them in realizing their business goals. 4,800 professionals work at 21 CIS offices (in Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Kazan, Krasnodar, Rostov-on-Don, Togliatti, Vladivostok, Yuzhno-Sakhalinsk, Almaty, Astana, Atyrau, Bishkek, Baku, Kyiv, Donetsk, Tashkent, Tbilisi, Yerevan, and Minsk).

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