

TRANSPARENCY REPORT

2021



passion • teamwork • clarity • quality • integrity

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INTRODUCTION

We are pleased to present our Transparency Report for the year ended December 31, 2021, prepared in accordance with art. 37 of Law of Ukraine *On Audit of Financial Statements and Audit Activity* №2258 of December 21, 2017 (hereinafter referred to as Law № 2258).

This Report is designed to give information on the ownership, legal structure and governance of the firm and the measures we take to maintain independence and high-quality standards in our audit and other services, as well as other information required by the above Law.

PKF UKRAINE LLC - BACKGROUND INFORMATION

PKF UKRAINE LLC (hereinafter referred to as the Firm or the Company) provides audit services for more than 15 years, being a leading audit firm, having professional, technical and intellectual resources that comply with International Standards on Auditing and auditors with extensive experience in provision of high-quality services. The Firm was established to engage in audit activity in the area of independent financial control to protect the interests of the users of financial information. PKF UKRAINE LLC provides the whole range of audit services that customers require to take optimal economic decisions.



Audit and review of financial statements



Assurance regarding financial information and information systems



Agreed-upon procedures regarding financial information.



Tax consulting



Accounting and preparation of financial statements



Legal support of customers

PKF UKRAINE LLC is registered in the Register of Auditors and Audit Firms, published at website of Audit Public Oversight Body <https://register.apob.org.ua/uk/search>, № 3886.

PKF UKRAINE LLC complies with criteria, set by the Law № 2258, for statutory audit of financial statements or consolidated financial statements of business entities including PIEs.

The Firm operates from its office located at floor 4, 52 Bogdana Khmel'nitskogo str., Kyiv 01054, Ukraine.

1. Organization, legal structure, ownership structure

PKF UKRAINE Limited Liability Company is a legal entity under Ukrainian law, created by aggregation of inputs of the participants and operating in accordance with current law of Ukraine and Statute of the Firm.

The following natural persons are the owners of the Firm:

- Iryna O. Kashtanova
- Sviatoslav V. Biloblovsky
- Tatiana S. Pashyna
- Natalia. I. Gaievska.

PKF UKRAINE LLC has a subsidiary – European Consulting and Appraisal Centre LLC, offering services on property related consulting, appraisal being its major line of business.

2. PKF International Network

2.1. *PKF International network, legal basis and structure of the network*

PKF UKRAINE LLC is a member of legally independent firms PKF International (PKFI). PKF network includes member firms in locations around the world providing assurance, audit accounting, taxation and legal services. PKF International is a member of The Forum of Firms, an organization that promotes consistent and high-quality standards of financial reporting and auditing practice worldwide.

PKFI operates a network of legally independent firms and does not assume or accept any responsibility for the acts or inactions of its member firms, any individual member or correspondent firm of PKFI.

PKF UKRAINE LLC does not accept any responsibility or liability for actions or inactions on the part of any other individual member firm or firms within PKFI.

Legal basis

The Network is formed by PKFI and its member firms (the “Member Firms” or “Members”) and is governed by an Agreement between PKFI and the individual Members (the “Agreement”). The Agreement allows the Participants to use the PKF name, as defined in specific circumstances and under specific conditions, for specific purposes and in a specific territory, for which the Participants pay a membership fee to PKFI.

PKF International Limited is a private company (‘the Company’) registered in England (registered number 03816253). The Company’s Articles of Association require a Board of

Directors who conduct the business of the Company and network. The Board has a strategic and coordinating role but has no executive authority over or involvement in the operations of individual Member Firms.

Each Member Firm is a legally independent entity owned by its owners who manage it in specific territory. The Company has no financial or management interest in any Member Firm. None of the directors of the Company has a financial or management interest in any Member Firm other than his or her own.

Contractual relations are only formed between a client and the Member Firm engaged by the client; no other Member Firm has responsibility for the services provided and cannot be held liable.

Key elements of membership

The key membership requirements applicable to PKF Network members are contained in the Agreement that each member firm enters into with PKF International Limited and the International Professional Standards Manual (IPSM), which obliges all member firms to comply with these requirements.

Member firms are required to implement a system of internal monitoring and evaluation of quality control for all practices at the firm level. For assurance engagements and related services, the quality control system must comply with ISQM 1. The overall objective of these requirements is to ensure that each member firm's quality control system provides reasonable assurance that the firm and its personnel comply with the requirements of professional standards and applicable legal and regulatory requirements and that the reports provided by the member firm meet the engagement terms.

Member firms are required to submit an annual Compliance Report to the PKFI, as well as a Firm Report containing revenue statistics and other information.

At the core of PKFI's approach to independence management is the Transnational Organizations Database (TREND), which is part of the network's proprietary platform for global coordination and communication. A secure, central repository of member firms' transnational client data accessible to all PKF firms, the database helps identify potential cross-border conflicts involving PKFI firms. The list of transnational organizations (including transnational audits) is constantly updated, and its accuracy is confirmed annually.

Central element of PKF network, its bodies and their communication

PKF International Limited is the central element of the network. Its Board of Directors consists of members of the International Board. Chief executive officer (CEO) is elected by the International Board. The CEO is accountable to the Chair of the International Board and International Board.

The International Board consists of representatives nominated by all regions. The Regional Chair and other representative of the Regional Board, if delegated, are members of the International Board. International Board and Regional Boards meet or conduct teleconferences, if necessary, several times per year.

The PKFI holds an annual Global Meeting for all member firms and annual International Audit and Tax Meetings. Regional meetings are held in each region to address issues of regional interest.

Structure

Member firms are organized into five geographical regions. Each region has its own Board and elects or appoints a representative(s) to the Company's Board of Directors.

PKFI has two international committees responsible for professional standards and standards of practice - the International Committee on Professional Standards (including assurance) and the International Tax Committee. Each region is represented on these committees, which report regularly to the International Board and the President. The International Committee on Professional Standards meets twice a year and has periodic teleconferences; the Taxation Committee meets at least once a year and has periodic teleconferences. There are a number of additional practice committees at the regional and international levels.

Ensuring quality

PKFI operates a global monitoring program (GMP) covering member firms. The main objectives are to ensure that the standards to be applied to the provision of certain types of professional services by member firms are established and communicated to members, that these standards meet recognized professional practice requirements at least for cross-border assignments and work with referred clients, and that monitoring of member firms' compliance with the expected standards is effective.

Membership in The Forum of Firms

PKF International is a member of The Forum of Firms (the "Forum"), which was officially established in 2002 as an association of international networks of accounting firms performing transnational audits. The Forum's goal is to promote consistent implementation of high-quality financial reporting standards and audit practices worldwide. The Forum engages its members more closely with the activities of the International Federation of Accountants (IFAC) in auditing and other assurance-related areas. Forum members are required to demonstrate their commitment to, adherence to, and promotion of the consistent application of high-quality auditing practices worldwide. The Forum currently has 32 members. For more information, please visit <https://www.ifac.org/who-we-are/committees/transnational-auditors-committee-forum-firms>.

2.2. Member firms and the countries of their registration

The PKF International (PKFI) network consists of member firms and correspondent firms operating in more than 500 locations in 144 countries across five regions, providing audit and review, other assurance, accounting, management and tax services.

PKFI distinguishes between member firms and correspondent firms. Correspondent firms are not part of the network within the meaning of the International Code of Ethics for Professional Accountants (including International Independence Standards) (hereinafter referred to as the Code of Ethics), they do not have the rights, privileges and obligations of member firms and are subject to the GMP only as part of the assessment of correspondent firms as part of their acceptance for full membership. The list of member and correspondent firms, including their names and countries of operation, is available on the website www.pkf.com. The list of member firms that perform statutory audits in the EU countries is provided in [Annex 1](#).

2.3. Net income generated by the network by statutory audits of financial statements.

PKFI member firms and correspondent firms generated total revenues of USD 1.621 billion and employed 20,500 people (year-end June 31, 2021).

The total revenue from the statutory audit of the annual and consolidated financial statements of PKFI member firms in the European region (excluding correspondent firms), as reported in the firms' compliance reports for the year ended June 31, 2021, amounted to USD 88.2 million.

3. Management structure of the Firm

Highest body of PKF UKRAINE LLC, authorized to decide on any issues of its activity is General Meeting of participants of the Firm. The executive body of the Firm is the Director, who manages the day-to-day operations of the Firm.

Directors of business lines and engagement team leaders take part in the current management of the Firm. The Firm stimulates a culture of cooperation to ensure that it works as an integral team and uses the best abilities of the Firm to meet the expectations of clients and the Firm.

4. Internal quality control system and its efficiency

PKF UKRAINE has established a quality control system consisting of 6 elements in accordance with the International Standard on Quality Control 1 (ISQC 1), which addresses the Firm's responsibility for its quality control system for audits and reviews of financial statements and other assurance engagements and related services.

The quality control elements set forth in ISQC 1 apply to all audit services provided by the Firm. The Firm applies them as follows:

Responsibility for quality

Responsibility for the effective operation of the quality control system lies with the Deputy Director of the Firm - Director of Quality Control Nataliia Gaievskaya, who reports to the Director of the Firm.

Other managers of the Firm perform functions that assist with this responsibility, in particular:

- Irina Kashtanova, Director of the Firm, is responsible for quality issues related to human resources,
- Audit Directors Tatyana Pashyna and Svyatoslav Biloblovsky are responsible for developing policies and implementing procedures for the quality control element "Engagement Performance".

All policies and internal standards of the Firm are available to all its employees.

The responsibility for implementing the Firm's professional standards lies with the business line directors and the leaders of the engagement teams.

The person responsible for dealing with money laundering and financial monitoring issues, as well as for handling complaints, is the Director of the Firm.

Respective ethical requirements

The requirements for compliance with the Code of Ethics are set out in the Firm's internal standards. All employees of the Firm are familiarized with the requirements of the Code of Ethics. Annual staff evaluations also include an assessment of compliance with these requirements.

Acceptance and continuance of client relationships and specific engagements

The firm has implemented detailed procedures for accepting and continuing relationships with clients on specific assignments. A detailed client questionnaire is completed prior to accepting each engagement. This requires the identification of the potential client, an assessment of our independence and lack of conflicts of interest, an assessment of the Firm's resources to perform the engagement and an assessment of the risks that the potential client may pose to the Firm.

Upon acceptance of a new client or a specific assignment from an existing client, the Firm sets forth in the agreement with the client, among other things, an understanding of the nature of our assignment, the client's responsibility for the subject matter of our assignment, the client's provision of all necessary information and requirements to the Firm, as well as the standard terms of services.

Besides, partners and staff participating in audit engagements, including statutory audits of public interest entities (PIEs), fill in a separate form prior to the start of the work when accepting a client or continuing cooperation to ensure compliance with the requirements of the Code of Ethics (including independence requirements).

Human resources

PKF UKRAINE has implemented policies and procedures to ensure that all our employees have the necessary technical skills and demonstrate our values and commitment to providing services in compliance with high professional and ethical standards, including objectivity, integrity and independence.

The Firm has implemented high standards of recruitment and development of staff; this is particularly true in the selection and interviewing of candidates and the qualification requirements for them. The Firm's principals participate in all interviews. Preference is given to candidates who have references or characteristics, and membership in professional organizations is verified.

All staff undergoes regular evaluations, which include a review of performance, development prospects and training needs.

Performance of engagements

The Firm's procedures for the engagement are set out in detailed manuals provided by PKFI and developed by the Firm.

Procedures during the engagement are documented in accordance with International Standards on Auditing. The quality control review of each engagement is conducted by designated persons who are not involved in the procedures in the engagement and the decisions made on the reporting documents.

The work of all auditors, specialists and assistants is reviewed by engagement team leaders and partners, with clear requirements for consultation with other partners and the use of external experts, as appropriate.

Monitoring

The quality monitoring of audit and assurance engagements and other audit services provided by the Firm is performed by specially appointed highly qualified employees of the Firm under the supervision of the Director of Quality Control. The audit engagements are inspected, and the inspection reports are submitted to the Director of Quality Control and the Director of the Firm. In addition, the Director of Quality Control also performs an annual review of the Firm's assurance practice as a whole.

The quality reviews of the services provided by the Firm are performed to ensure that the Firm complies with the requirements of ISQC 1.

Statement of efficiency

Based on the results of the monitoring, we are confident that our quality control system is working effectively and ensures that we comply with professional standards and provide quality services to our clients.

5. The latest external evaluation of quality management system of the Firm

PKF UKRAINE is an audit firm authorized to perform statutory audits of financial statements of business entities, including public interest entities. This imposes additional requirements for external audits of the quality control system. According to the Law No. 2258, the mandatory quality control of audit services in relation to the Firm is carried out by the Quality Assurance Inspectorate of the Public Oversight Body for Audit Activities (hereinafter - the Inspectorate) once every three years. The last external audit of the quality control system was launched by the Inspectorate in December 2021.

As a member of the PKF network, the Firm undergoes regular inspections by PKF International. The last such inspection was completed in January 2020.

The results of external and internal audits are used to improve the Firm's procedures and are taken into account in internal training programs. If necessary, the Director of Quality Control issues warning notices on quality control issues, indicating all the issues necessary for consideration by partners and staff.

6. Statutory audits of PIEs in 2021

In accordance with the Law No. 2258, which came into force on October 1, 2018, PKF UKRAINE has the right to conduct statutory audits, including of companies of public interest.

The list of public interest entities that received statutory audit services in 2021 is provided in [Annex 2](#) to the report.

7. Provision of independence, internal review of compliance with independence requirements

8. The Firm's internal standards, which also include independence requirements, establish:

- Adherence to the International Code of Ethics for Accountants (including International Independence Standards) is above commercial benefits.
- Prior to accepting any new engagement from existing or new clients, partners and staff should identify circumstances that may lead to a conflict of interest at the Firm and in the PKF network.
- The review of potential conflicts of interest within the PKF network should include a review of the PKFI database of multinationals to determine whether any of the network firms has a relationship with the new or existing client.
- The partners and managers are required to consider independence at all times and, when discussing an audit engagement, confirm the Firm's independence in accordance with the independence standards prior to each audit.
- All employees of the Firm are required to provide annual confirmation of their independence, absence of conflicts of interest and prohibited investments.
- The Quality Control Director performs an annual review of these confirmations to verify compliance with the independence requirements.
- Gifts and hospitality may only be offered or accepted if an objective, reasonable and knowledgeable third party would consider or perceive their value to be clearly insignificant and of little or no value.
- The Quality Control Director must be consulted on all matters of independence and professional ethics. The decision of the Director of Quality Control on each issue is final.
- Cases of non-compliance with the Firm's procedures should be immediately reported to the Quality Control Director and the Director of the Firm.

Besides, the partners and staff participating in audit engagements, including statutory ISA audits, complete and update, if necessary, the engagement-specific independence statement. This statement is signed by all members of the engagement team prior to the start of the engagement. During the engagement, threats to independence are continuously monitored and, if any, safeguards are implemented.

The independence review is performed by the controller for each assignment. In the course of inspecting engagements during the monitoring of the quality control system, the following issues are considered separately.

9. Continuing education of auditors

The Firm complies with the legislative requirements for continuous professional training of auditors. The Director of the Firm is responsible for providing full support for the development of specialists, and the support is provided by the Director of Quality Control.

The Firm provides:

- A technical library, including online resources, available via the Internet.
- Manuals setting out the Firm's procedures for all audit and assurance engagements and other services provided by the Firm.
- Subscription to electronic news and updates of periodicals on standards and practices of audit, accounting, finance.
- Regular external training of partners and staff at seminars to improve professional knowledge, taking into account the current state of accounting, auditing and taxation.

- Internal seminars tailored to the specific roles of staff at each stage of their career.
- Special internal and external seminars to meet specific needs.

External improvement of the auditors' professional knowledge in 2021 was carried out through participation in online seminars, teleconferences and trainings, short-term educational events of professional organizations and regulators. In addition, the partners carry out speaker and teaching activities.

10. Key partner remuneration

Key partners of the Firm receive a fixed salary.

11. Rotation of key audit partners and auditors engaged in statutory audits

The Firm's policies on rotation of key audit partners and auditors are stated in internal standards. All partners and auditors, engaged in statutory audits, must comply with the above policies of the Firm, based on requirements of Law № 2258 and ethical principles applicable to the Firm.

A statutory audit engagement partner must terminate his/her participation in the engagement later than 7 years after appointment while for the Firm engagement must be terminated not later than 10 years after appointment, except for the banks. The Firm may perform statutory audits of financial statements of the banks for not more than 7 years after appointment.

12. Income from services

Description	UAH'000
Statutory audit of Public Interest Entities and companies of groups, where PIE is a parent company	8 161,8
Statutory audit of other audit clients	3 283,3
Non-audit services to Public Interest Entities	4 194,2
Non-audit services to non-audit clients	2 416,9

13. Related parties

PKF UKRAINE LLC has a related party – European Consulting and Appraisal Centre LLC, and its subsidiary - European Consulting and Appraisal Centre.


I. Kashtanova
Director, PKF UKRAINE LLC
June 22, 2022



Annex 1. PKF International member firms providing services on statutory audits of financial and consolidated financial statements in the European Union

Registered name	Country	City
PKF Corti & Partner GmbH Wirtschaftsprüfer und Steuerberater	Austria	Graz
PKF Österreicher & Partner GmbH & Co KG Wirtschaftsprüfung und Steuerberatung	Austria	Vienna
PKF Centurion Wirtschaftsprüfungsgesellschaft mbH	Austria	Vienna
PKF Revisionstreuhand Wirtschaftsprüfungsgesellschaft m.b.H.	Austria	Salzburg
PKF Bulgaria Ltd.	Bulgaria	Sofia
PKF ABAS Ltd	Cyprus	Nicosia
PKF Savvides & Co Ltd	Cyprus	Limassol
APOGEO Group, SE	Czech Republic	Prague
PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab	Denmark	Copenhagen
PKF Estonia OÜ	Estonia	Tallinn
Rantalainen Audit	Finland	Helsinki
Cabinet GROSS-HUGEL	France	Strasbourg
Cogeparc S.A.	France	Lyon
PKF Audit Conseil	France	Marseille
William SARL	France	Rouen
PKF - Fi.Solutions SAS	France	Paris
PKF Fasselt Schlage Partnerschaft mbB	Germany	Berlin
PKF Industrie- und Verkehrstreuhand GmbH Wirtschaftsprüfungsgesellschaft	Germany	Munich
PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG	Germany	Wuerzburg
PKF Riedel Appel Hornig GmbH	Germany	Heidelberg
PKF Sozietät Dr. Fischer	Germany	Nuremberg
PKF Vogt & Partner Wirtschaftsprüfer Steuerberater	Germany	Herford
PKF WMS Bruns-Coppenrath & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberater Rechtsanwälte	Germany	Osnabrueck
PKF WULF GROUP	Germany	Stuttgart
PKF Euroauditing S.A.	Greece	Athens
PKF Audit Kft	Hungary	Budapest
PKF O'Connor, Leddy & Holmes Limited	Ireland	Dublin
PKF-FPM Partnership	Ireland	Balbriggan
PKF Italia S.p.A.	Italy	Milan

PKF Latvia SIA	Latvia	Marupe
L'Alliance Révision S.à r.l.	Luxembourg	Luxembourg
PKF Audit & Conseil S.à.r.l.	Luxembourg	Luxembourg
PKF Malta Limited	Malta	Birkirkara
PKF Wallast	Netherlands	Delft
PKF ReVisjon AS	Norway	Oslo
PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.	Poland	Warsaw
PKF II Portugal Lda	Portugal	Lisbon
PKF Econometrica S. R. L.	Romania	Timisoara
PKF Finconta S. R. L.	Romania	Bucharest
PKF Slovensko S.R.O	Slovakia	Prievidza
PKF - Audiec SAP	Spain	Barcelona
PKF Attest Servicios Profesionales, S.L.	Spain	Madrid
PKF Revidentia AB	Sweden	Stockholm

**Annex 2. Public Interest Entities to which PKF UKRAINE LLC provided services on
statutory audits in 2021**

Registered Name
AbinBev Efes Ukraine PrJSC
Accordbank CB PJSC
Asvio Bank JSC
Asvio Bank banking group
Portal Bank JSC
Bank 3/4 JSC
Bank 3/4 banking group
Credit Dnepr Bank JSC
Credit Dnepr Bank banking Group
Commercial Industrial Bank JSC
Best Leasing LLC
VIDI-Insurance IC DLC
Vinnitsia Bread Products Plant No. 2 LLC
Zoria Podillia AC LLC
Kyivpastrans ME
Clearing House JSB
Kniazha Vienna Insurance Group UIC PrJSC
Kniazha Life Vienna Insurance Group IC PrJSC
Credit Europa Bank JSC
Mariupol Tram and Trolleybus Department ME
METABANK JSC
International Investment Bank JSC
IS Naftagazstrah DLC
OTP Pension OPF
Podillia AC PrJSC
Tecom-Zhittia IC PrJSC
Tekom IC PrJSC
UPSK Insurance Company PrJSC