



## 2022 Transparency Report AO "Business Solutions and Technologies"

# Contents

Legal structure and ownership	2
Governance structure	3
System of quality control	4
Quality assurance reviews	6
Public interest entities listed in the UK and audited by AO BST as a third-country auditor for the 11 months ended 30 April 2022	7
Independence	8
Ethics	9
Continuing education of auditors	10
Financial information	11
Partners' remuneration	12
Long association requirements of audit partners and professionals	13
Statement of the General Director on the effectiveness of the system of quality control functioning	14

# Legal structure and ownership

## AO "Business Solutions and Technologies": legal structure and ownership

Effective 24 May 2022, the Russian firm that had been part of the Deloitte global network continued to operate in Russia under a new brand: Business Solutions and Technologies (in Russian, "Деловые Решения и Технологии" or ДРТ).

AO "Business Solutions and Technologies" (AO BST) provides audit and related services on the territory of the Russian Federation, including through branches in St. Petersburg, Yekaterinburg, Novosibirsk, Vladivostok and Ufa.

AO BST was registered in accordance with the laws of the Russian Federation on 30 October 1992 by the Moscow Registration Chamber. The

sole shareholder of AO BST is OOO "BST Audit" (former Deloitte Audit LLC), registered in accordance with the laws of the Russian Federation on 27 November 2014 by the Interdistrict Tax Office of Federal Tax Service No. 46. Shareholders of OOO "BST Audit" are AO "Business Solutions and Technologies" (99.9%) and OOO "BST Consulting" (0.1%; former Deloitte Consulting LLC).

AO BST and OOO "BST Audit" are audit organizations and members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo", ORNZ: 12006020384 for AO BST and 12006033840 for OOO "BST Audit".

# Governance structure

The sole shareholder (the supreme governing body which determines the directions of the company's activities and resolves other issues in accordance with the legislation and the company's charter) of AO BST is OOO "BST Audit".

## Executive Committee

The Executive Committee provides general management of the activities of AO "Business Solutions and Technologies". Executive Committee of AO "Business Solutions and Technologies":

- Igor Tokarev, General Director, Chairman of the Executive Committee;
- Vladimir Biryukov;
- Sharif Galeev;
- Alexander Dorofeyev;
- Vladimir Kozyrev;
- Anastasia Lebedeva;
- Ekaterina Ponomarenko;
- Artem Samsonov;
- Andrey Shvetsov.

## General Director

Sole executive body of AO "Business Solutions and Technologies" is the General Director, who is responsible for the management of current activities of the Company.

Igor Tokarev is the General Director of AO "Business Solutions and Technologies".

# System of quality control

## System of quality control

AO BST believes an effective system of quality control is crucial for the consistent performance of high-quality audit engagements and continues to make investments in people, processes and technology underlying quality control processes.

The system of quality control includes the following elements:

- Management responsibility for the system of quality control;
- Ethics and independence requirements;
- Risk management, including acceptance of new clients and engagements;
- Human resources;
- Engagement performance;
- Quality monitoring.

## Management responsibility for the system of quality control

Policies and procedures effective in AO BST are aimed to support the internal culture based on quality as the priority. Management of AO BST is responsible for the system of quality control and has sufficient appropriate experience, competency and authority to perform this function.

## Ethics and independence requirements

All professionals are expected to act with integrity in accordance with high ethical standards. AO BST has appropriate policies and procedures to obtain reasonable assurance that AO BST, its management and employees comply with the relevant ethical requirements.

AO BST has policies and procedures designed to address compliance with applicable professional standards that relate to independence.

## Risk management, including acceptance of new clients and engagements

AO BST has an established a system of risk management which involves a dedicated risk management group and relevant risk management policies and procedures, including the process of acceptance of new clients and engagements. In accordance with the established policies and procedures the following steps should be performed for acceptance of new clients and engagements:

- background check for a client;
- assessment of client and engagement risks and risk mitigation plan;
- analysis of the conflicts of interest;
- anti-corruption and anti-money laundering analysis;
- approvals for the client and engagement acceptance depending on the risk level.

## Human resources

Our professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience. AO BST has established policies and procedures to ensure that AO BST has sufficient amount of partners and professional staff with relevant knowledge and experience and compliant with ethical requirements to perform audit

engagements. The resources applied by professionals in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our professionals in the centralized library. AO BST regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality.

## Engagement performance

The consistency in audits is brought by operational discipline, effective management of the business, and the development of a singular approach to doing audits.

Our approach to a high-quality audit involves an audit methodology supplemented by audit

tools used by our professionals to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. The audit approach of AO BST is underpinned by professional standards.

## Quality monitoring

A continued focus on audit quality is of a significant importance to AO BST. For monitoring engagement quality AO BST has the Audit Quality Monitoring and Measurement (AQMM) program in place. It is focused on driving continuous and consistent monitoring of completed and in-process engagements to timely identify quality issues and implement real time corrective actions to remediate them. Engagement reviews (internal practice review) are performed annually, engagements for review are selected on a risk-based approach and cover all major industries served by AO BST, moderation panels to drive consistency in findings and engagement ratings are mandatory.

Audit Quality Indicators (AQIs), used in conjunction with other metrics, further assist AO BST in developing and monitoring audit quality action plans and reporting on the progress in audit quality. AQIs are the part of the audit quality monitoring program. In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit Quality Milestones (AQMs) are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and the skills, knowledge, or experience of assigned resources.

# Quality assurance reviews

In addition to our own monitoring of audit quality, we are subject to external reviews by the regulators inside and outside Russia.

From 30 June to 27 July 2021, the Federal Treasury of Russia conducted an unscheduled onsite inspection covering the period from 21 January to 1 April 2020.

From 1 February to 14 March 2022, the Federal Treasury of Russia conducted a scheduled onsite inspection covering the period from 12 November 2019 to 31 January 2022.

From 25 October to 30 December 2021, Self-regulatory Organization of Auditors Association "Sodruzhestvo" ("SRO AAS") conducted two scheduled onsite inspections covering the period from 1 January 2018 to 31 December 2020.

In October 2019, the Public Company Accounting Oversight Board (PCAOB) conducted its inspection. The inspection report was issued in April 2021.

# Public interest entities listed in the UK and audited by AO BST as a third-country auditor for the 11 months ended 30 April 2022

Public interest entities listed in the UK and audited by AO BST as a third-country auditor for the 11 months ended 30 April 2022:

- Polyus PJSC;
- Sistema PJSC;
- Fix Price Group LTD.



# Independence

AO "Business Solutions and Technologies" has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Code of Ethics and Independence Rules effective in the Russian Federation and the IESBA Code of Ethics. The firm's leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of AO "Business Solutions and Technologies". Strategies and procedures to communicate the importance of independence to partners, other professionals, and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within the firm, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that AO BST implemented in the area of independence include the following:

- engagement acceptance and monitoring;
- monitoring long association of partners and professionals with audited entities;
- business relationship assessments and monitoring;
- an inspection and testing program, and annual and special purpose independence confirmations, to monitor individuals' compliance with independence requirements;
- consultation processes including the identification of individuals who are to be contacted for independence matters;
- procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions;
- independence-related learning and communications;
- internal reviews of independence compliance.

# Ethics

Our BST professionals are expected to act with integrity in accordance with high ethical standards as described in our Code of Ethics. It explains each individual's responsibilities to their clients, colleagues, and society.

In addition to the Code of Ethics, other foundational elements of our ethics program include policies, a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted and feedback is collected.

Ethics is led by the Chief Ethics Officer, who is an experienced partner with direct access to the CEO and governing body. The Chief Ethics Officer works to continually monitor risk and to reinforce compliance with the Code of Ethics. AO BST maintains policies and procedures that build on the Code of Ethics and are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related services provided by AO BST are in accordance with national ethical requirements of Russia. AO BST also complies with the requirements and guidance set out in the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When the national professional requirements are more restrictive, AO BST follows the applicable national requirements.

AO BST reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, AO BST requires all partners, other professionals, and support staff to confirm annually that they have read and comprehended the Code of Ethics and understand that it is their responsibility to comply with it.

# Continuing education of auditors

## Learning and development initiatives

AO BST is constantly making substantial investments in talent and learning strategies and transformed the technical audit curriculum to build the refreshed skillsets and proficiency required by level:

- At the core, AO BST has a mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, online and on-the-job activities.
- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).

- All client service professionals have clearly defined role expectations and capabilities that are required of practitioners at each level.

AO BST has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs which provide a blend of technical and soft skill learning development. The objective of the professional development program is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, AO "Business Solutions and Technologies" provides formal continuing professional development programs in relevant subject areas.

# Financial information

The breakdown of the turnover from public interest entities listed in the UK ("PIE") and audited by AO BST as a third-country auditor (USD) for the 11 months ended 30 April 2022:

Statutory audit (PIEs or PIE subsidiaries):  
5 375 160

Statutory audit (non-PIEs or non-PIE subsidiaries):  
3 728 553

Non-audit services (audited PIEs or PIE subsidiaries): 342 286

Non-audit services (audited non-PIEs or non-PIE subsidiaries): 3 375 982

Non-audit services (other entities: none audited non-PIEs or non-PIE subsidiaries and none audited PIEs or PIE subsidiaries): 17 698 214

Total: 64 077 179

# Partners' remuneration

AO BST (the "Company") uses a remuneration model that reflects contribution of each audit engagement partner to the achievement of the Company's overall strategic goals in accordance with their performance against the stated KPIs.

The quality of audits performed together with full compliance with the Company's standards and internal policies underlies the overall assessment of our engagement partners. On top of that, key performance indicators include

contribution to talent development, professional training, adherence to independence requirements, and financial performance. At the same time, the remuneration model does not link remuneration to the sale of non-audit services to audited entities.

Following a periodic comprehensive 360-degree assessment, the Management Board approves the amount of performance-based remuneration for audit engagement partners.

# Long association requirements of audit partners and professionals

AO BST policy covers rotation requirements on different types of engagements. For Public Interest Entities, the rotation period is 7 consecutive years with 5 years cooling-off period. For SEC restricted entities, the rotation period is 5 consecutive years with 5 years cooling-off period. For other entities, the rotation period is 7 consecutive years with 2 years cooling-off period.

# Statement of the General Director on the effectiveness of the system of quality control functioning



The system of quality control of AO BST is aimed to provide the reasonable assurance that audit engagements performed by the firm are in compliance with the relative requirements. Due to inherent limitations the system of quality control provides reasonable but not absolute assurance that all incompliances were identified or prevented.

The General Director confirms with the reasonable assurance that the following statements are fair in respect of the 11 months ended 30 April 2022:

1. AO BST confirms we are satisfied that our internal quality controls and systems are robust, operate effectively, and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews, and external regulatory reviews to enhance our system of quality control.
2. AO BST was in compliance with the applicable independence requirements; internal review of independence compliance has been conducted.
3. AO BST partners and professional staff with statutory auditor certificate were in compliance with the requirements of the obligatory continuing education of statutory auditors.

**Igor Tokarev**

General Director of AO "Business Solutions and Technologies"



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BUSINESS SOLUTIONS AND TECHNOLOGIES

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