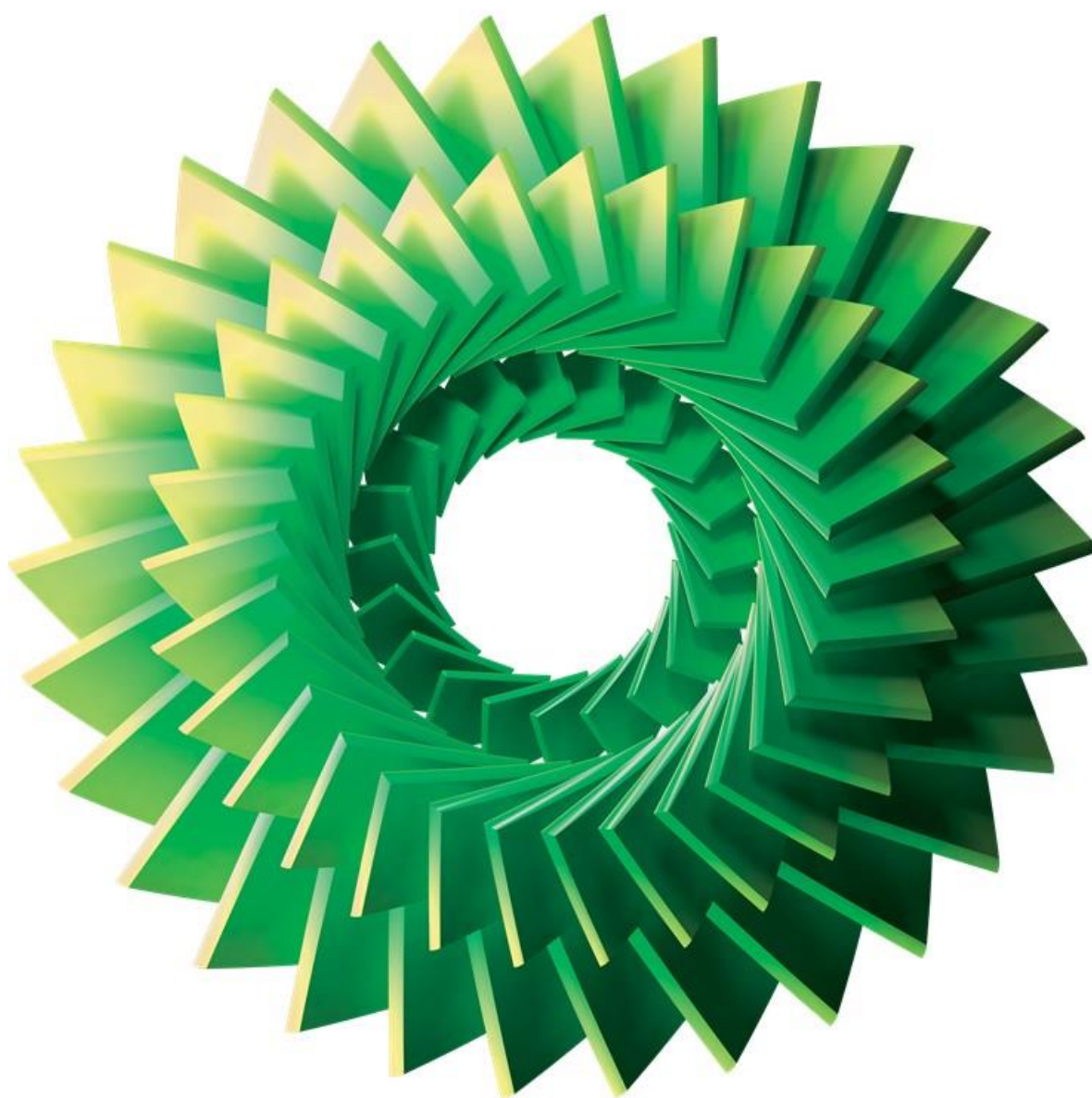


ДРТ

ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES



Transparency Report for the year ended
31 December 2022
AO "Business Solutions and Technologies"

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Legal structure and ownership

AO "Business Solutions and Technologies" (prior to May 2022 – AO Deloitte & Touche CIS) (the "Firm") provides audit and related services on the territory of the Russian Federation, including through branches in St. Petersburg, Yekaterinburg, Novosibirsk, Vladivostok and Ufa.

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

The sole shareholder the Firm is OOO "BST Audit" (prior to May 2022 – 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%; prior to May 2022 – Deloitte Consulting LLC).

The Firm is an audit organization and member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo", ORNZ: 12006020384.

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 the Firm is OOO "BST Audit".

Executive Committee

Executive Committee provides general management of activities of the Firm. Executive Committee consists of:

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

General Director

Sole executive body is the General Director, who is responsible for the management of current activities of the Firm and chairs the Executive Committee.

System of quality control

System of quality management

The Firm is committed to doing the high quality audits acting in the public interest. In December 2022, the Firm adopted International Standard on Quality Management (ISQM) 1, to ensure the Firm has systems and controls in place warranting the delivery of high-quality assurance reporting at a firmwide level.

The system of quality management includes the following elements:

- Risk assessment process;
- Governance and leadership;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Engagement performance;
- Resources;
- Information and communication; and
- Monitoring and remediation process.

Risk assessment process

The Firm performs risk assessment process to establish quality objectives, identify quality risks and implement responses to address quality risks. The process is performed at least on an

annual basis. It is also designed to capture new information about external environment and changes in the business operations to adapt accordingly.

Governance and leadership

The Firm has a strong culture of commitment to quality in serving the public interest. Leadership of the Firm establishes the environment that supports the system of quality management.

There are roles and functions that have direct accountability for creating, implementing, improving and monitoring activities related to audit quality control.

Relevant ethical requirements

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

Ethics is led by the Chief Ethics Officer, who works to continually monitor risk and to reinforce compliance with the Code of Ethics.

The ethical requirements for audit and related services provided by the Firm are in accordance with the national ethical requirements of Russia. The Firm 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, the Firms follows the applicable national requirements.

Ethics

Professionals employed by the Firm 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. For continuous improvement, regular program assessments and reviews are conducted and feedback is collected.

The Firm reinforces its commitment to ethics and integrity through communication tools, learning programs, and compliance processes. In addition, the Firm 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.

Independence

The Firm 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, Federal Audit Law 307-FZ 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 the Firm. 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 and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that the Firm 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 engagement 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.

Acceptance and continuance of client relationships and specific engagements

Acceptance and continuance of client relationships are based on relevant and reliable information about the nature and circumstances of the engagement and also take into account the ability of the Firm to perform an engagement in accordance with professional standards.

The acceptance process includes the following obligatory steps:

- 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.

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 the Firm is underpinned by professional standards.

The primary responsibility for managing and achieving quality on the engagements remains with the engagement partners who are expected

to be sufficiently and appropriately involved throughout the engagement and ensure that the nature, timing and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the nature and circumstances of the engagements.

An independent review process and consultation mechanism are in place managed by the professional practice directorate (PPD).

Engagement documentation is assembled and is appropriately maintained and retained to comply with applicable law, regulation, relevant ethical requirements and professional standards.

Resources

The Firm has policies and procedures in place to obtain and allocate human, technological and intellectual resources to enable the effective functioning of the system of quality management. The core objective in this area is ensuring that engagement teams have the right number of people with the right skills and experience. The evaluation system is designed to support and recognize quality through compensation, promotion and other incentives.

Our professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience. The Firm has established policies and procedures

to ensure that it 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. The Firm regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality. The process for continuing education of auditors is described in the corresponding section below.

Information and communication

The Firm established policies and procedures to identify, capture, process and maintain relevant and reliable information. The system of quality

management facilitates effective communications both internally and externally.

Monitoring and remediation process

A continued focus on audit quality is of significant importance to the Firm. To monitor engagement quality, the Firm has implemented a number of policies, programs, and specific procedures. Every year, an annual monitoring plan is developed, scheduling monitoring procedures for the respective financial year. This plan is reviewed and approved by the Firm's leadership. It is focused on continuously and consistently tracking all engagements, both current and completed, to timely identify quality issues and implement real-time corrective actions to remediate them.

The major monitoring activities carried out by the Firm are:

- engagement reviews (internal practice reviews) – are performed annually, engagements for review are selected using a risk-based approach and cover all major industries served by the Firm, the use of moderation panels to drive consistency in findings and engagement ratings is mandatory;
- Audit Quality Milestones (AQMs) – are intended to drive consistency of engagement teams in project management and ensure proper sequence and timing of audit

activities. AQMs include timely reviews of work performed and the resolution of matters identified;

- Quality Monitoring Program (QMP) – covers a selection of smaller, normal-risk engagements, for which an engagement quality control reviewer (EQCR) was not assigned, while the areas of monitoring are substantially the same as with the EQCR's reviews;
- thematic reviews – reviews of specific topics on selected engagements. The topics are renewed each year and usually represent areas of increased regulatory scrutiny and/or areas where multiple issues were identified during practice reviews or other monitoring activities.

Causal factor analysis (CFA) and engagement-level remediation (ELR) are critical to improving audit quality. Typically, both procedures are performed as soon as possible when the need for corrective action is identified.

The General Director regularly evaluates the efficiency of the system of quality management based on the annual SQM review.

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.

The Federal Treasury of Russia conducted a scheduled onsite inspection of the Firm during the period from 24 March 2023 to 23 May 2023. The inspection covered the period from 1 February 2022 to 23 March 2023.

From 11 May to 15 June 2022, Self-regulatory Organization of Auditors Association "Sodruzhestvo" ("SRO AAS") conducted an unscheduled onsite inspection.

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 the Firm as a third-country auditor for the year ended 31 December 2022

Public interest entities listed in the UK and audited by the Firm as a third-country auditor for the year ended 31 December 2022:

- PJSC Polyus;
- Sistema PJSFC;
- Fix Price Group PLC;
- Etalon Group PLC;
- HMS Hydraulic Machines & Systems Group Plc.

Continuing education of auditors

Learning and development initiatives

The Firm 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, the Firm 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.

The Firm 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, the Firm provides formal continuing professional development programs in relevant subject areas.

Partners' remuneration

The Firm uses a remuneration model that reflects contribution of each audit engagement partner to the achievement of the Firm's overall strategic goals in accordance with their performance against the stated KPIs.

The quality of audits performed together with full compliance with the Firm'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.

Long association requirements of audit partners and professionals

The Firm's policy covers rotation requirements on different types of engagements. For public interest entities, the rotation period is seven consecutive years with five years cooling-off period. For SEC restricted entities, the rotation period is five consecutive years with five years cooling-off period. For other entities, the

rotation period is seven consecutive years with two years cooling-off period.

The Firm implemented the Audit Risk Management System (ARMS), which automates and simplifies the monitoring process.

Financial information

The breakdown of the turnover from public interest entities listed in the UK ("PIE") and audited by the Firm as a third-country auditor for the year ended 31 December 2022 (RUB):

Statutory audit (PIEs or PIE subsidiaries): 481 856 452	Non-audit services (audited non-PIEs or non-PIE subsidiaries): 96 435 927
Statutory audit (non-PIEs or non-PIE subsidiaries): 2 707 050 960	Non-audit services (other entities: not audited non-PIEs or non-PIE subsidiaries and not audited PIEs or PIE subsidiaries): 2 453 754 643
Non-audit services (audited PIEs or PIE subsidiaries): 18 275 490	Total: 5 757 343 472

Change in year end date

In 2023, the Firm changed its year end date to 31 December to align the reporting dates under its various regulatory requirements.

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

The system of quality control of the Firm 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 year ended 31 December 2022:

1. The Firm 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. The Firm was in compliance with the applicable independence requirements; internal review of independence compliance has been conducted.
3. The Firm 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

AO "Business Solutions and Technologies"



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