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# *ZAO PricewaterhouseCoopers Audit Profile*

17 March 2015





# PwC network profile

## PwC's global network of firms

“PwC” is the brand under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide services. Together, these firms form the PwC network, which includes over **195,000** employees in **157** countries. Each firm in the network is a separate legal entity and does not act as an agent of PwCIL or any other member firm.

The PwC network was created out of the 1998 merger of two leading international professional services firms: Price Waterhouse and Coopers & Lybrand. Both firms had a distinguished history going back more than **160** years.

## Global leadership

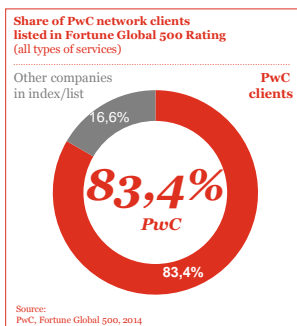
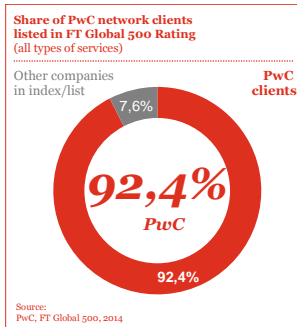
The PwC network is one of largest professional services network of firms in the world. Total revenues in fiscal year 2014 were USD **34** billion.

Our clients for all lines of service include **417** of the companies within the Fortune Global 500 (2014), as well as **462** companies within the Financial Times Global 500 (2014).

Although company size and market share are not the sole criteria for determining leadership status, these benchmarks accurately reflect our success in working with clients and our extensive experience, both of which will serve as the basis for building our relationship with you.

## Why do clients value PwC?

- In-depth professional expertise and extensive technical knowledge as auditors and consultants.
- Strategic and tactical advice, proven through practical application.
- Ability to tap into the experience and knowledge of an extensive global network.
- Professional independence and integrity.



## **PwC Russia**

**PwC Russia** ([www.pwc.ru](http://www.pwc.ru)) provides industry-focused assurance, tax, legal and advisory services to various industries. Over 2,000 professionals working in PwC Russia offices in Moscow, St Petersburg, Krasnodar, Voronezh, Rostov-on-Don, Ekaterinburg, Novosibirsk, Kazan, Yuzhno-Sakhalinsk and Vladikavkaz share their thinking, experience and solutions to develop fresh perspectives and practical advice for our clients.

PricewaterhouseCoopers first began working in Russia in 1913, and re-established its presence in 1989.

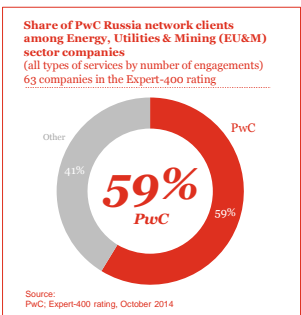
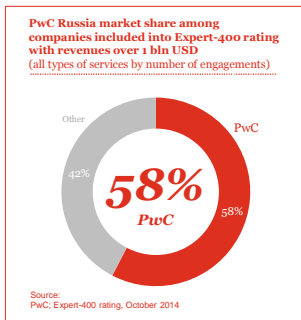
Over the past 2 decades, PwC has grown to become one of the largest professional services providers in Russia.

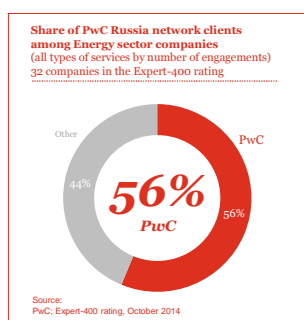
According to an independent research study conducted among Russia's largest companies and organizations, for the last seven years PwC continues to be the leading brand among the Big 4 firms. The study was conducted anonymously by an independent research organisation according to ESOMAR standards.

As of the beginning of February 2015, PwC Russia employed **2,761** people, **2,619** of whom were Russian citizens.

They include:

- more than **1 360** accountants and auditors;
- more than **460** tax and legal consultants; and
- more than **390** consultants in the areas of investment, corporate finance and business advisory services.





## ***Our clients in Russia***

Our client base comprises over **2,000** companies, including **202** companies from the Expert-400 rating, accounting for **78%** of total Expert-400 revenues.

Here are some key data points from the October 2014 Expert-400 rating of Russia's largest companies by revenue according to 2013 results:

- **51%** - are PwC Russia clients;
- **78%** of the revenues of Expert-400 companies are generated by clients of PwC Russia;
- **23%** - is PwC Russia's share of the audit market by number of clients; and
- **26%** - is PwC Russia's share of the audit market among companies with revenues over USD 1 billion.

Among our audit and consulting clients are:

- **10** of the **10** largest financial companies and banks;
- **9** of the **10** largest oil and gas companies;
- **6** of the **10** largest power industry companies;
- **8** of the top **10** retail companies;
- **8** of the **10** largest metallurgical companies;
- **4** of the **6** largest telecommunication companies;
- **6** of the **8** largest mining companies.

We are proud of the trust we have earned from shareholders and the top management of the largest Russian public and private companies.

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## ***Membership in professional organisations***

Over the course of our **25** years in Russia, we have always played an active role in professional organisations. Membership in such organisations allows us to contribute to the long-term development of the audit and accounting professions in Russia, as well as to find solutions to difficult issues facing our profession and our clients.

PwC Russia is a member of various professional organisations and business associations, including:

- The Audit Chamber of Russia;
- The Russian Union of Industrialists and Entrepreneurs (RSPP);
- Independent Directors Association (IDA);
- The Russian Managers Association;
- The American Chamber of Commerce (AmCham);
- The Association of European Business (AEB);
- The Russo-British Chamber of Commerce (RBCC);
- The Russian-German Chamber of Commerce;
- The Canada Eurasia Russia Business Association (CERBA);
- The U.S.-Russia Business Council (USRBC);
- The Japanese Business Club (JBC);
- Russian Venture Capital Association (RVCA);
- Finnish-Russian Chamber of Commerce (FRCC);
- The Association of Russian Banks (ARB), and others.

## ***Profile of ZAO PricewaterhouseCoopers Audit***

Our audit firm was registered in Russia on 28 February 1992.

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit) is part of the global network of PricewaterhouseCoopers International Limited member firms, each of which is a separate and independent legal entity.

Professional qualifications of ZAO PwC Audit employees:

- more than **150** employees hold Russian statutory audit licenses;
- more than **210** are ACCA qualified (UK); and
- more than **25** are CPA qualified (US).

### ***Membership in Russian auditors' SRO***

We confirm that ZAO PwC Audit is a member of the Audit Chamber of Russia (ACR), according to a resolution of the ACR Board of 22 April 2004. In December 2009, ZAO PwC Audit re-registered with the ACR after it became an auditors' SRO. As a result, the ACR included ZAO PwC Audit in the register of auditors and audit organisations on 21 December 2009 under key registration No. 10201003683 (Certificate No. 870).

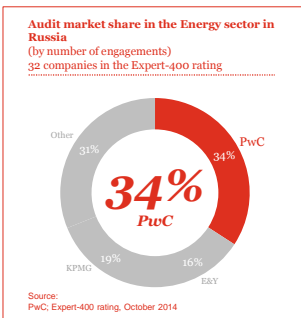
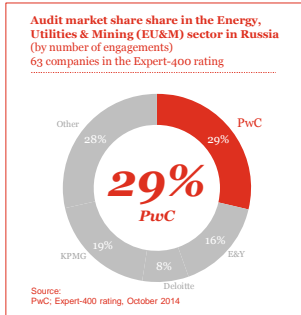
Since joining the ACR, ZAO PwC Audit has not been the subject of any regulatory or disciplinary actions or warnings.

### ***Professional liability insurance***

On 6 June 2007, ZAO PwC Audit received professional liability insurance policy No. 49/2007 15156-02. The insurance policy is subject to annual renewal and currently is valid through 30 June 2015. The overall insured amount is no less than USD 15 million.

### ***ISO 9001:2008 quality management system***

Although auditing activity is not subject to mandatory certification under Russian Federation law, ZAO PwC Audit has been certified in accordance with the GOST ISO 9001-2011 (ISO 9001:2008) quality management system (Certificate No. SDS.RTS.RF.02830 issued 25 December 2014 by OOO RosTechStandard). The certificate is valid from 25 December 2014 to 25 December 2017.



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### ***Accreditation with international oversight bodies***

ZAO PwC Audit is accredited with the Public Company Accounting Oversight Board (PCAOB). The Board is a non-profit organisation established under the Sarbanes-Oxley Act (US law since 2002). The Board oversees the audit activity of public companies in order to protect the interests of investors and companies. The Board's Chairman and members are appointed by the U.S. Securities and Exchange Commission.

ZAO PwC Audit is registered as a third-country audit entity with the relevant professional oversight bodies of the UK and Luxembourg, in accordance with the Decision of the European Commission of 29 July 2008 on the transitional period provisions to implement the requirements of Article 46 (2) of Directive 2006 / 43 / EC of 17 May 2006.

Securities issuers registered on European stock exchanges must regularly submit to the relevant bourse audit opinions signed by auditors who are duly registered in the relevant countries. Otherwise, a stock exchange is entitled to impose sanctions on a non-compliant issuer, including delisting its securities. ZAO PwC Audit's registration with the appropriate UK and Luxembourg regulatory bodies provides our clients with London- and Luxembourg-listed securities a guarantee of compliance with all relevant stock exchange rules on auditors' registration.

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# ***Our commitment to quality***

***Audit quality has always been our top priority and remains a bedrock principle of our work.***

## ***Standards compliance***

PwC provides audit and other audit-related services in full compliance with Russian legislation on audit activity, including the Federal Rules (Standards) on Audit Activity, the Russian Auditors' Code of Ethics, and other regulations governing audit activity.

In auditing IFRS financial statements, we fully comply with International Standards on Auditing and the Code of Ethics of the International Federation of Accountants.

PwC strictly adheres to all Russian and international quality control standards, including International Standard on Quality Control (ISQC) No. 1 (Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements) and Federal Rule (Standard) No. 34 (Quality Control for Audit Firms). The global PwC network of firms began complying with such quality control requirements long before ISQC No. 1 was introduced in 2005.

A key element of our audit quality control system is the everyday, routine nature of our mandatory quality standards compliance procedures.

## ***Quality control***

PwC consistently follows a range of internal policies and procedures that help ensure compliance with high quality standards. These rules govern:

- Leadership responsibility for compliance with in-house quality standards;
- The PwC network's ethical principles;
- Compliance with independence and confidentiality principles;
- Thorough client/project acceptance procedures;
- Recruitment, professional training and certification;
- A common, risk assessment-based audit methodology that is used by PwC network firms worldwide;
- Accounting Consulting Services Department within PwC Russia;
- Quality reviews conducted by an independent partner (director); and
- Regular reviews of the quality and efficiency of internal controls by independent employees of the PwC network of firms.



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### *Involvement of an independent director (partner)*

**One of our standard procedures is to bring in an independent director (partner), who is not directly involved in the specific engagement, to conduct an audit quality review.**

The task of an independent quality review director (partner) is to ensure, before the audit opinion is signed, that all material assumptions and conclusions made by the audit team, as well as all components of the financial statements and all key risks, have been properly examined in accordance with International Standards on Auditing and the Federal Rules (Standards) on Audit Activity.

The independent quality review partner also examines the quality of all expert estimates regarding specific client transactions.

### *Methodological control*

Member firms of the PwC network have departments that develop and regularly update audit methodology and compliance with quality standards for all types of assignments.

PwC Russia's Accounting Consulting Services Department provides professional advisory support to audit teams in resolving complex IFRS and RAR (Russian Accounting Rules) issues, monitors audit opinions issued, and carries out independent reviews of financial statements/RAR statutory financial statements on a sample basis.

### *Independent quality control*

To ensure the compliance of our audits with international professional standards, we conduct internal independent reviews of audit quality on an annual basis. Experienced professionals (partners, directors, senior managers) are brought in from other PwC network member firms to conduct such independent reviews, which include sample testing of audit engagements, efficiency of risk management and compliance with internal PwC policies as applied to the relevant engagements.

## ***External oversight***

Under the external oversight regime, PwC network member firms, including ZAO PricewaterhouseCoopers Audit, submit annual reports on their operations to the Russian Finance Ministry and the Audit Chamber of Russia, a non-profit partnership.

In addition, ZAO PricewaterhouseCoopers Audit has undergone the following reviews:

- quality review by the Russian Finance Ministry's Auditing Activity Department (2002);
- quality control reviews by professional associations accredited with the Russian Finance Ministry, the Institute of Professional Accountants and Auditors of Russia, a non-profit partnership, and the Audit Chamber of Russia (2007-2008);
- review of compliance with licensing requirements and auditing activity conditions by the Russian Finance Ministry's Department of State Financial Control Regulation, Audit Activity, Accounting and Reporting (2008);

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- quality review of audit activity and compliance with professional ethics requirements by the Audit Chamber of Russia, a self-regulatory organisation and non-profit partnership (2011);
  - quality review of audit services provided during 2009 – 2013, conducted by the Federal Service for Financial and Budget Supervision in 2013; and
  - quality review of audit activity and compliance with professional ethics requirements by the Audit Chamber of Russia, a self-regulatory organisation and non-profit partnership (2014).

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PwC refers to ZAO PricewaterhouseCoopers Audit, or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate legal entity.

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