

cutting through complexity

Code of Conduct

April 2015

KPMG IN RUSSIA AND THE CIS



Contents

01	Leadership message
02	KPMG – CIS Code of Conduct introduction
06	KPMG's Values
08	Commitments
10	Responsibilities
12	Where to get help
12	Compliance with the Code

Leadership message

A message from Oleg Goshchansky

In recent years, the requirements affecting audit and advisory firms – quality of work, qualification of employees, effectiveness of internal processes, security of information and internal controls by risk management – have increased dramatically. Auditors and advisors are socially important professions where ensuring quality and winning the trust of clients is top priority. In these difficult economic conditions, we understand that sanctions come and go and in the meantime, we focus on maintaining our expertise and keeping our business reputation strong.

KPMG's continued success and leading position (KPMG is the largest audit firm in Russia, based on RA Expert; Audit market share - Top-100 Russian Companies, based on Expert-400 Rating, 2015) is a great achievement of our people CIS-wide, who underpin the firm's reputation and make it stronger by an unwavering commitment to quality and integrity. This commitment is fundamental to meeting our responsibilities to the firm, our clients and our communities.

This Code of Conduct was established in 2005. Since then, it has evolved to meet the changing needs of the markets and communities we serve. It provides the framework for our organization as we navigate an increasingly complex, interconnected, and uncertain marketplace. The Code reflects how we live the attributes of our strategy - expert, global mindset, forward thinking, value adding and passionate - to deliver our knowledge and insights to our clients with clarity and perspective.

The Code of Conduct expressly lays out the expectations for the people of KPMG in the CIS to follow, embedding our set of shared values and principles, the KPMG Values, in the culture of our business and in our day-to-day work. It sets out the commitments we make every day, defines how we perform as individuals and as leaders, and encourages us to act as role models, promoting ethical behavior and ensuring that our own actions serve to reflect and reinforce our values.

In addition, the Code of Conduct takes account of our responsibility to consider the issues of the world at large and our role in being a positive agent of growth and sustainability. Our enhanced commitment to communities includes contributing to a better functioning market economy, acting as a responsible corporate citizen, and focusing on sustainability.

In our work, we always strive for the highest standards and our Code of Conduct is another form of its affirmation.

Oleg Goshchansky

Senior Partner, KPMG in Russia and the CIS



Introduction



Within KPMG, our core asset is our people; so for us all to perform at our best, to provide the service our clients expect and require of us, we promote an environment and culture which supports, challenges and develops our people. The Code of Conduct is a summary of this environment and culture, and the many factors which interweave to foster it across the CIS KPMG member firms.

This Code of Conduct is intended for use:

- By our leadership and senior management teams, to establish “tone from the top” by underpinning their responsibility for ethical decision-making, reinforcing their position as positive role-models and upholding universal compliance with KPMG Values
- By new and prospective employees as a guide to the firm they have or are considering joining
- By our clients, suppliers, external consultants, and contacts, as they seek to understand the nature of the organization with which they are dealing
- Most importantly, by all our people, to recognise what is expected of us and the responsibilities resting on each of them to make sure we all adhere to the KPMG Values, for the benefit of each other, CIS KPMG member firms, our clients and the wider communities in which we operate.

The KPMG CIS Code of Conduct (Code) is a publicly available document that may be accessed through the KPMG Web site and that identifies the Values that everyone at KPMG¹ lives by:

KPMG Values – The KPMG Values are at the center of all that we stand for. They are the guiding principles of ethical behavior which KPMG member firms adopt and require our people to adhere to.

KPMG Commitments – To enable KPMG to live up to these values, we make a number of important commitments to our people, to our network of member firms, to our member firms’ clients, and to our communities. These commitments are the same across all member firms and demonstrate a consistent emphasis on ethical behavior wherever KPMG does business.

Our people’s responsibilities – In order to meet these commitments, we expect our people to acknowledge that they all have important responsibilities in their day-to-day activities. This section of the Code concludes with an ethics checklist.

¹Throughout this Code, “KPMG CIS,” “KPMG in the CIS,” “we,” “KPMG,” “us” and “our” refer to KPMG in the CIS, member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

KPMG Values:

Leading by example
Working together
Respecting the individual
Seeking the facts
Communicating openly and honestly
Being committed to our communities
Above all, acting with integrity



KPMG Commitments



The Code will be kept under review in light of comments and suggestions, and where member firms have adapted the Code for their local requirements they undertake to maintain it and keep it up to date.

The above chart illustrates how the Code connects our Values with the detailed policies and procedures that member firms and our people follow.

Code of Conduct



KPMG's Values

KPMG's Values lie at the heart of the way we do things and define our culture and our commitment to the highest principles of personal and professional conduct.

We lead by example—at all levels acting in a way that exemplifies what we expect of each other and our member firms' clients.

We work together—bringing out the best in each other and creating strong and successful working relationships.

We respect the individual—respecting people for who they are and for their knowledge, skills, and experience as individuals and team members.

We seek the facts and provide insight—challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisers.

We are open and honest in our communication—sharing information, insight, and advice frequently and constructively and managing tough situations with courage and candor.

We are committed to our communities—acting as responsible corporate citizens and broadening our skills, experience, and perspectives through work in our communities.

Above all, we act with integrity—constantly striving to uphold the highest professional standards, provide sound advice, and rigorously maintain our independence.

The core value of integrity underlies all the principles of the Code.



Commitments

This section sets out the commitments that we make to our people, our network, our member firms' clients, and our communities.

Our people

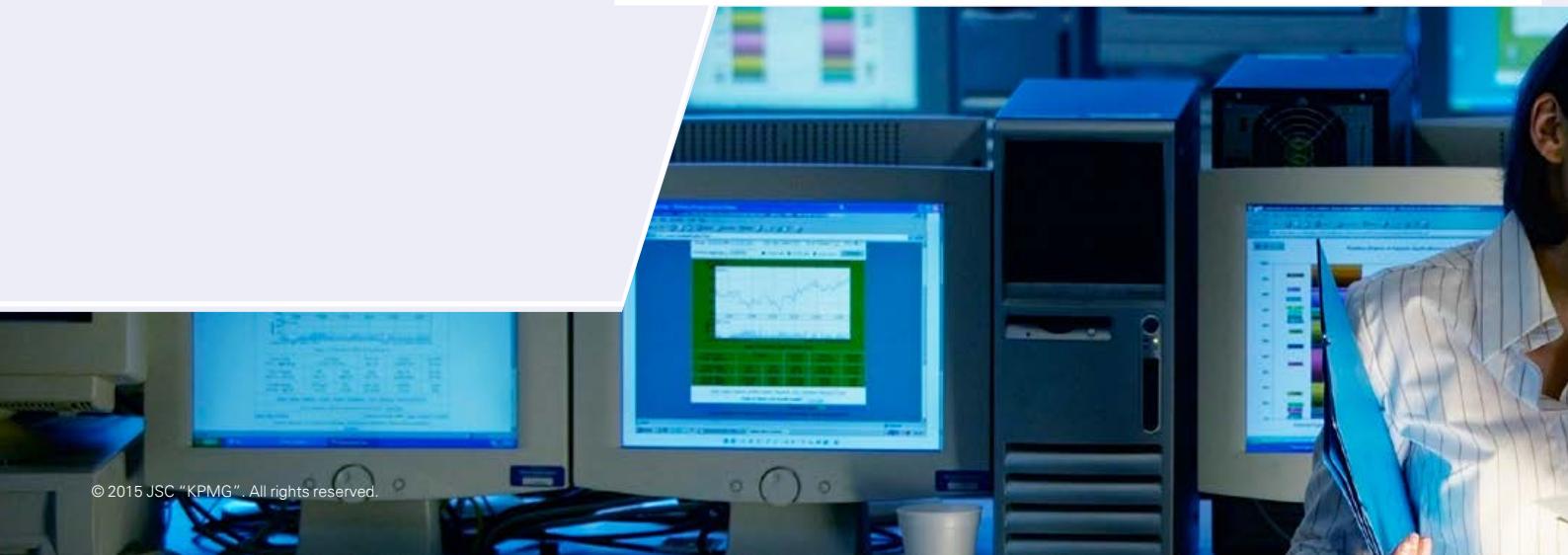
"Our people" are the employees, partners, subcontractors, consultants, and others with whom we work in the provision of, and support of, professional services.

- Help our people to be objective, ethical, and professional
- Encourage our people to raise ethical and professional issues without fear of retaliation
- Invest in our people's professional development so that they can reach their full potential
- Champion an inclusive and collaborative culture that is free from bullying, discrimination, and harassment, where everyone is treated with respect and dignity
- Respect our people's privacy and the confidentiality of their personal data
- Provide a safe and healthy work environment
- Provide appropriate work/life flexibility
- Maintain a just and fair approach to remuneration

Our Group

"Our Group" comprises KPMG in the CIS, member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"). KPMG has been working in Russia and the CIS for more than twenty years and now has 18 offices, employing together over 4,000 people.

- Accept the right clients and only accept engagements that we can perform consistent with our high-quality standards
- Work with clients, suppliers, and subcontractors that live up to KPMG's core ethical standards
- Drive quality by developing and applying appropriate KPMG methodologies and procedures
- Address challenging situations in the right way by applying professional ethics and consulting with experienced people within KPMG to reach the right conclusions
- Strive at all times to protect and enhance KPMG's brand and reputation
- Keep assets and resources safe and use them only for appropriate business purposes



Our clients

"Our clients" are the organizations and individuals to whom we, or any of the KPMG member firms within our group, provide professional services.

- Deliver a high-quality service to clients in line with our qualifications, experience, professional commitments, and engagement terms
- Act lawfully, ethically, and in the public interest
- Maintain independence and objectivity and avoid actual or perceived conflicts of interest
- Protect our clients' confidentiality and only use their information for proper business purposes
- Promote member firms' services honestly and compete fairly
- Prohibit bribery and corruption by our people, and do not tolerate illegal behaviour by our clients or suppliers or by public officials or behaviour which is generally regarded as unethical

Our communities

"Our communities" are the marketplaces, locations, authorities, and societies in or with which we operate and with which we engage.

- Enhance the role of the accounting profession and build trust in the global capital markets
- Contribute to a better-functioning market economy
- Follow the requirements of the Financial Reporting Council's Audit Firm Governance Code
- Act as a responsible corporate citizen—play an active role in global initiatives relating to climate change, sustainability, and international development
- Manage our environmental impacts
- Follow high standards of ethical conduct around the world including aspiring to the ten principles of the UN Global Compact
- Work with other businesses, governments, and charitable organizations to create stronger communities



Responsibilities

Individual responsibilities

Every KPMG person is individually responsible for ensuring these commitments are met. As a KPMG person, you are expected to:

- **Stay informed** – Participate in training, read communications, use KPMG resources, and consult when necessary to stay informed about laws, professional standards, and KPMG policies that apply to you in your work.
- **Stand firm** – No matter how strong the pressure to achieve targets or to act in an inappropriate way, you should never compromise KPMG's Values. Do not be afraid to express differences of opinion or deliver unwelcome messages.
- **Take ownership** – Incorporate the principles of the Code into your daily activities. You are responsible for safeguarding KPMG's integrity. It takes only one person to damage it.
- **Raise issues** – Your voice counts. Speak up if something does not seem right. Raise your concerns and offer suggestions for improvement.
- **Consult with others** – You are not expected to know everything and you should consult when in doubt or if you think you or someone else might have made a mistake.

Leadership responsibilities

Those with leadership roles have additional responsibilities. Whether you are a partner or the supervisor of a small team, you should:

- **Lead by example** – Show through your actions what it means to act with integrity and to act in accordance with the principles of the Code.
- **Support your team** – Ensure that those you lead know and understand the Code and have access to the resources they need to adhere to the KPMG Values.
- **Develop your team** – Set clear, measurable, and challenging goals that promote ethical behavior and the highest standards of client service.
- **Uphold exemplary standards** – As a leader, you should enforce KPMG's standards consistently and fairly, and promote compliance with the Code among those you lead.
- **Exercise your judgment** – Respond thoughtfully and carefully to those who raise questions and concerns in good faith.
- **Be accountable** – You should be prepared to be held personally accountable for any shortcomings in your own behavior as well as those of the people you lead.

Each KPMG partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility.

Ethics Checklist

Our ethical behavior—that is to say our personal recognition of what is appropriate, what is right, and what is for the wider benefit of us all—should guide our response to the situations that arise in the course of our work at KPMG. These behaviors must clearly be aligned with applicable laws, regulations, and standards and with KPMG policies. At the same time, they should reflect wider ethical considerations, including our Values and Commitments.

The Ethics Checklist set out below has been prepared to help you decide how you should respond—not only when you are faced with a difficult decision or situation, but also in going about your daily business.

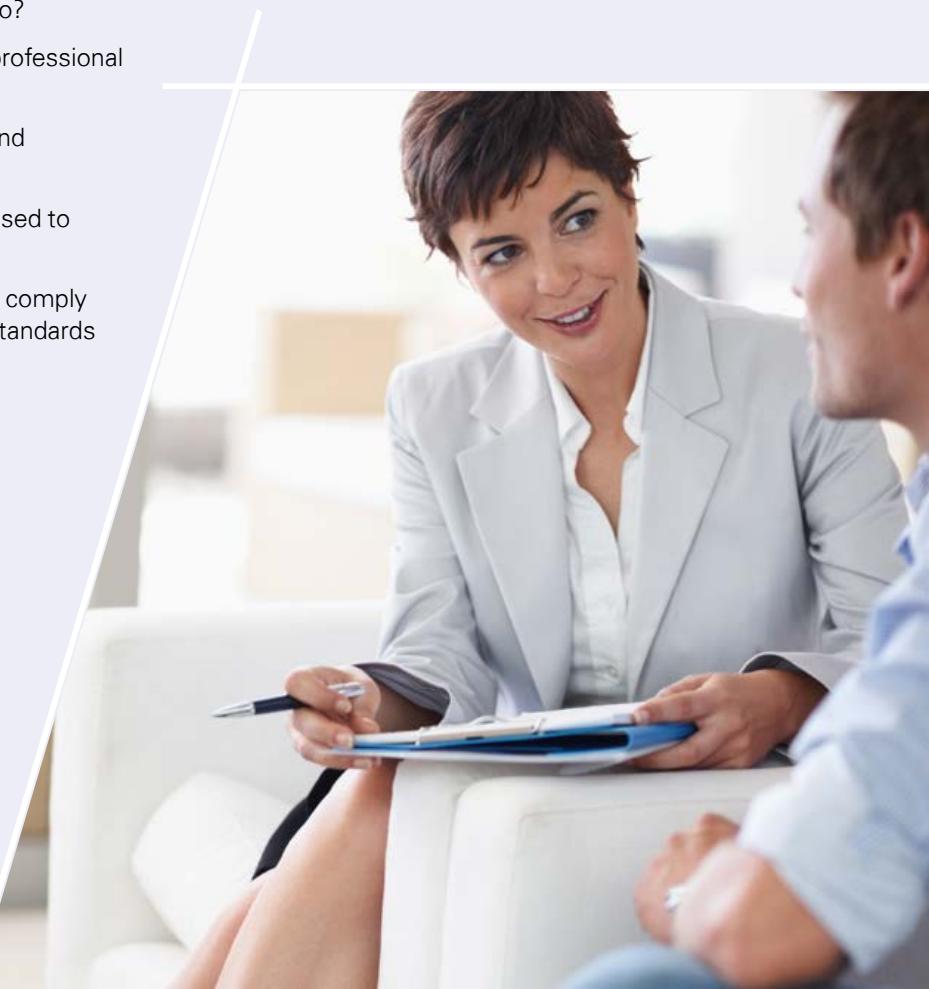
Always ask yourself:

- Is my behavior consistent with KPMG's Values and ethical or professional standards?
- Does my decision reflect the right thing to do?
- Is my decision being driven by responsible professional judgment?
- Does my action comply with KPMG policy and applicable law or regulation?
- Am I confident that I would not be embarrassed to explain my decision if it were made public?
- Do the actions taken by a colleague or client comply with applicable law, regulation, and ethical standards and (if a colleague) with KPMG policy?

If the answer to any of these questions is 'no,' or if you are not sure, then you need to get help. This includes situations where:

- You are uncertain about the interpretation of applicable policies, laws, regulations, or professional standards—many of these can be complex
- Differences of opinion make the course of action unclear
- Potential actions (or inaction) or decisions make you uncomfortable.

You are also required to report potential or suspected violations of KPMG policy or applicable laws, regulations, or professional standards. This includes situations when you know or suspect that colleagues, clients or parties associated with clients, or suppliers, subcontractors, or associated third parties are engaged—or may be about to engage—in illegal or unethical activity.



Where to get help

There are many avenues available to you to get help, and you should select the ones you think are most appropriate to the situation. Examples of where to go for help include:

- Your supervisor, line manager, or performance manager.
- Your engagement partner.
- Your function/country risk management leader.
- Human resources professionals.
- Internal legal counsel.

Where exceptionally an individual feels unable to raise concerns with any of the people listed above, KPMG in Russia and CIS also provides whistle-blowing hotlines. Cases referred to and within the scope of the hotlines are investigated under the supervision of an independent

ombudsman. In all cases reports are taken seriously. KPMG firms in Russia and CIS adhere to a non-retaliation policy such that no-one will be disadvantaged or penalized for making a report in good faith:

- Hotline at KPMG in Russia and the CIS – see link <http://www.kpmg.com/RU/en/Pages/Whistle-blowing-hotline.aspx> for more details.

Additionally, you may access regional or global sources for help or advice, or to report concerns, when necessary. These resources include:

- Regional Quality and Risk Management Partner;
- Global Quality & Risk Management, either through the automated query system or directly.

Compliance with the Code

Everyone at KPMG is required to comply with the Code of Conduct.

Noncompliance by KPMG people with their member firms' Code or with relevant supporting policies or procedures may have an impact on their performance evaluation and result in disciplinary action by their member firm.

KPMG member firms require their people to take ethical training covering the Code every two years.



The Code of Conduct reminds each of us how to behave in response to the challenges we face as professionals in the modern global business world.



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