

**Communication on the progress of**  
**FUIB**  
**for 2015**



Перший  
Український  
Міжнародний  
банк

Перший Український

**To the Executive Director  
of the United Nations Global Compact  
Mr. George Kell  
10017, New York  
USA**

Dear Mr. Kell,

In April 2013, First Ukrainian International Bank (FUIB) joined the United Nations Global Compact. Thereby our bank declared the commitment to 10 UN Global Compact principles in the field of human rights, labor relations, environmental protection and combating corruption and started to implement the principles of sustainable development into daily activities.

In 2014, the bank was forced to review its development strategy due to difficult political and economic situation in Ukraine. At the beginning of 2015, for the first time we presented for your attention a Report on the progress of FUIB for 2013-2014.

2015 has also become a turning point in the activities of the First Ukrainian. This year FUIB became the legal successor of all rights and obligations of the Bank "Renaissance Capital" (TM "Bank Renaissance Credit") in relation to its clients, partners and contractors. Legal and operational merger of two banks was completed before the end of the year. We have built a new bank's IT architecture, combined networks of branches throughout Ukraine, offered customers a complete line of products. The amalgamated universal bank meets the financial needs of customers from different segments of the Ukrainian market.

For almost 25 years, we conduct business responsibly and invest part of FUIB's profit not only in the development of financial institution, but also in social development of the territories of our operation. In 2015, our investments in the modernization amounted to about 79 million UAH, and social investments, namely in the increase of occupational safety and health of our employees and their development, improvement of the quality of bank products and services, development of business environment and local communities, amounted to more than 8.9 million UAH. You can read about our concrete actions in the Report.

Being aware of its responsibility to the society, when over a year more than 60 banks have left the Ukrainian financial market and hundreds of thousands of Ukrainians have lost confidence in the financial system, FUIB remained a reliable and a stable partner for more than 2 million individuals and more than 30 thousands companies, fulfilling its obligations to customers and the state to the full extent. Sustainable development of business and Ukrainian society still remains a priority for the First Ukrainian.

Serhey Chernenko,  
Chairman of the Management Board of PJSC FUIB



## About FUIB

First Ukrainian International Bank (FUIB) is a large and reliable private bank that has already been working in the Ukrainian financial markets for 25 years and strives to provide customers with high quality banking services, constantly improving service and individual approach. FUIB is among the ten largest banks of Ukraine by key financial indicators.

The merger of FUIB and "Renaissance Credit" took place in 2015. FUIB became an assignee of all rights and obligations of the "Renaissance Credit" bank in relation to its clients, partners and counterparties.

The main bank's shareholder is LLC "SCM Finance" (92.24% of the capital stock) part of the SCM Group, one of the leading Ukrainian industrial holding companies, which plays a key role in the economy of Ukraine and Eastern Europe. Citizen of Ukraine Mr. R. L. Akhmetov exercises actual control over the bank.

FUIB is a universal bank, the activities of which are focused on commercial, retail and investment banking operations. FUIB strives to become a first-choice bank both for individuals and for corporate clients: a financial advisor and assistant, who understands customers' needs and problems, foresees their expectations and needs, and offers effective solutions.

### **FUIB in numbers as at the end of 2015**

**Geographic coverage:** entire Ukraine

**Network:** 156 branches

**Staff:** 5,270 employees

**Clients:** approximately **30 thousand corporate** clients  
**2 million private** clients

**Investments:** approximately **79 million** UAH in bank  
development

**Taxes paid:** more than **623 million** UAH



## RESPONSIBILITY OF FUIB

First Ukrainian International Bank is a part of the SCM Group and works as a responsible business. FUIB's main corporate values reflect the following principles of doing business: honesty and decency, responsibility, efficiency and professionalism.

Through its activities, the First Ukrainian not only provides sustainable financial results, but also makes a contribution to the social and economic growth of Ukraine.

In 2013, our bank implemented a Policy of corporate social responsibility and became a member of the UN Global Compact. In 2014, First Ukrainian adopted a new version of the Code of Corporate Ethics, where bank's ethical principles and values are set out. This year, a Strategy for sustainable development of the bank was also developed, however in 2015 it did not replace the Policy of corporate social responsibility. This is associated with the process of merger of two financial institutions, identification of the modernized bank, with the revision of market positioning and formation of new bank values. By the end of 2016, when the process of forming the updated corporate culture of the bank is completed, FUIB will update and adopt the Strategy for sustainable development. But even now we can say with confidence that people (employees, customers, residents of the cities where the bank operates) have always been, are and will always be in the center of FUIB's Strategy for sustainable development.

Safe and comfortable working conditions were created for the employees at the bank, and there are programs for professional and career development. FUIB is constantly improving the quality of services for customers. The Bank is an active participant of the projects aimed at solving social problems of the Ukrainian society. By developing business and territories of our operation, we invest in the future of our country.

More than **8.9 million UAH** –  
FUIB's investment **in sustainable development**  
for 2015:

- Training and development of employees, improvement of their health and security in the workplaces;
- improvement of the quality of bank products and services, quality of life in the regions of FUIB's operation and development of business environment.



## FUIB'S STRATEGY OF SUSTAINABLE DEVELOPMENT

In 2014, FUIB developed a Strategy for sustainable development, the final version of which will be adopted in 2016 after the adoption of new positioning of the bank and its values. The Strategy for sustainable development will replace the Policy of corporate social responsibility, which has been in effect in FUIB since 2013.

FUIB's Strategy of sustainable development, which has been developed, corresponds to the unified principles and approaches to the activities in the field of sustainable development for all companies of the SCM Group, which are declared in the Principles of business ethics of the SCM "How we work" and in the Policy of sustainable development of the SCM Group. All companies in the SCM Group are obliged to adhere to these approaches in all aspects of activities: in strategic planning, in project implementation and at all levels of management.

### SCM GROUP SUSTAINABILITY POLICY

 <p><b>HEALTH AND SAFETY OF EMPLOYEES</b></p> <p>We do our best to protect the health and safety of our employees</p>	 <p><b>WELFARE AND DEVELOPMENT OF EMPLOYEES</b></p> <p>We are committed to making our businesses the most attractive employers in their industries and regions of operation</p>	 <p><b>LOCAL COMMUNITY DEVELOPMENT</b></p> <p>We create good living conditions in the regions where we operate and contribute to the sustainable development of Ukraine</p>	 <p><b>ENVIRONMENT AND ENERGY EFFICIENCY</b></p> <p>We are committed to making our companies energy efficient and to minimise their environmental impact</p>
 <p><b>STAKEHOLDER ENGAGEMENT</b></p> <p>We keep a constructive dialogue with our stakeholders to jointly address social, economic and environmental issues</p>	 <p><b>CORPORATE VOLUNTEERING</b></p> <p>We make a practical contribution to addressing social concerns of our society, we develop our corporate culture and create conditions for our employees to fully realise their potential</p>	 <p><b>QUALITY OF PRODUCTS AND SERVICES</b></p> <p>We produce quality goods and offer modern and convenient services that satisfy the expectations and needs of our customers</p>	 <p><b>BUSINESS ETHICS</b></p> <p>We aim to be the leading national company that meets the highest international standards of business ethics and global practices</p>



## IMPLEMENTATION OF TEN PRINCIPLES OF THE UN GLOBAL COMPACT IN THE STRATEGY AND ACTIVITIES OF FUIB

### PRINCIPLES OF HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2:** Businesses should not be involved in human rights abuses.

#### Policy

First Ukrainian International Bank supports and respects the protection of internationally proclaimed human rights and the rights enshrined in the Universal Declaration of Human Rights, adopted by the UN General Assembly.

Human rights and freedoms are respected and observed in FUIB without any discrimination, regardless of gender, race, nationality, language, age, place of residence, religion and political beliefs.

In 2014 our bank adopted a new version of the [Code of Corporate Ethics of FUIB](#). Based on this document we build relationships with each other, with our partners, competitors, customers and with the Ukrainian society as a whole. The Code also contains provisions regarding respect for identity and human rights observance.

FUIB's principles of corporate ethics
1. Honesty and conscientiousness in relationships within the bank
2. Honesty and conscientiousness in relationships with colleagues
3. Honesty and conscientiousness in relationships with the proprietors (shareholders) and investors
4. Decency in relationships with customers, business partners and other interested persons
5. Decency in relationships with competitors
6. Respect for identity and human rights observance
7. Transparency and openness
8. Rejection of bribery and combating corruption
9. Sustainable development and social responsibility
10. Legitimacy and supremacy of the law



Our principles and approaches to interaction with the society are also recorded in FUIB's Strategy of sustainable development. Bank refrains from the implementation of any solutions and projects that may directly or indirectly lead to violation of the current legislation of Ukraine, violate the principles of public morality and ethics. The Bank strives to ensure that local communities, in whose territory it carries out its activities and contributes to their social and economic development, regard it as a partner. FUIB is actively developing corporate volunteering.

### **Implementation**

FUIB's principles of corporate ethics are observed by all bank employees. In addition, we call upon our contractors, partners and customers to adhere to the principles we proposed.

Since March 2014, FUIB has joined the project "Trust" of the SCM Group, the purpose of which is to promote and strengthen the rules and standards of business ethics in the companies of the SCM Group. Trust line is a single direct feedback channel, through which every employee of the Group may report violations of the Code of Corporate Ethics of the SCM Group companies, including FUIB. In case of detecting corporate violations in our bank, employees contact the Compliance Control Division of bank's Legal Department or call the Trust line of the SCM Group.

In 2015, 53 appeals from employees were submitted to the Trust line. All submitted appeals were promptly reviewed and resolved.

**SCM Trust line:**

**0800-60-0777**

(all calls are free within Ukraine)

[trustline@scm.com.ua](mailto:trustline@scm.com.ua)

Compliance Control Division of FUIB's Legal Department carries out monitoring of the compliance with the principles of conscientiousness when providing services for customers, bank secrecy, protection of a database, compliance of the offered product with customer's order. Compliance Control Division also monitors the veracity, completeness, objectivity and timeliness of information provided by the bank in accordance with laws and regulations for public authorities, partners, clients and the public.

The Bank strives to provide the society with truthful and accurate information about their processes, products and services. FUIB, being one of the leaders in terms of information transparency among banks, constantly improves business transparency. The Bank timely discloses complete and reliable



information, including information about its financial position and economic indicators. Thus, shareholders and investors are able to make informed decisions and customers have the necessary information about their financial partner.

In 2015, the First Ukrainian International Bank was actively implementing projects aimed at the development of business environment. Under the support of FUIB, agricultural portal LatifundistMedia together with experts of the analytical agency TOP Lead issued a new infographic handbook “Agroexporter”, which contains the results of the study of the world market of agricultural raw materials. Today, agricultural market of Ukraine has a huge growth potential. The project “Agroexporter” offers Ukrainian farmers new ideas that will help develop business using the example of their counterparts in other agricultural countries. In addition, it familiarizes them with financial instruments that are used by agrarians abroad and explains, which of them can be used in Ukraine.

Throughout the entire year, our experts were traditionally providing the necessary advisory support for representatives of small and medium-sized businesses and budding entrepreneurs, were carrying out training in the regions of operation. For example, FUIB became a member of the International Conference on Business on the outsourcing of software development Outsource People 2015, which was held in Kyiv. The bank presented an IT package for IT business, which consists of a range of services focused on the particular needs of the IT sector. The Bank offers to take on the majority (up to 80%) of settlement functions, to reduce administrative and time expenses, for the IT experts not to be distracted from their primary activities.

In 2015, FUIB received a "Financial Oscar" from the newspaper BUSINESS in the nomination "Support for small and medium-sized businesses". According to the authors of the award, in the previous year, FUIB was the most noticeable in terms of lending to small and medium-sized businesses in Ukraine. Center for the provision of services for clients from small and medium-sized businesses was created in our bank; customer service managers work in the branches to provide services for these clients; a separate line of products and services was created for clients from micro-business segment. Over 2015, the number of clients from small and medium-sized business increased by almost 3.5 thousand; more than 5 thousand new clients started to work with FUIB.

The bank also continued to develop large corporate business: it was actively providing factoring, tranche financing; was widely using instruments that substitute traditional financing – guarantees, letters of credit, bills of exchange; it was carrying out restructuring for the existing loan products; was advising within the framework of business conferences, and was also providing clients with advice on all aspects of bank services. The number of large corporate businesses that receive services in FUIB increased by 292 clients; the increase makes 11%.

FUIB pays great attention to educational communications in social networks. The Bank is implementing the program "FUIB – your financial guide online", which includes aspects of financial management, familiarizes Ukrainians with banking products, financial instruments, etc.



In addition, we were increasing the financial literacy of the Ukrainians with the help of a weekly TV project “Narodniy Bankir”. On the morning show on the television and radio broadcasting company "Ukraine", the bank was telling in a simple and clear manner about financial services and products, was explaining, how to preserve and multiply your money in today's difficult situation. Regular audience of the program numbered 3.8 million viewers.

Quality service is one of the priorities of development for our bank. It includes promptness and accuracy of rendering services for customers, vocational counseling, transparency of service conditions, availability of loyalty programs, wide range of products and services. It is important for us to constantly hear customer's voice, to know how they feel about what we do. We collect customers' opinions in different ways – through external studies, program “Mystery Shopping”, internal specialized surveys, complaints and suggestions, which we receive through various channels: feedback on the website, social networks and appeals to a call-center. Information that was collected and analyzed helps us understand whether our standards are correct and whether they meet the needs of Ukrainian market and customers today.

Networks of the two banks, FUIB and "Renaissance Credit", were combined in 2015. Customer service standards were updated and complicated; they are uniform and in operation in the entire joint network. In addition, we launched the project “PUMB Pravda”. Bank honestly and openly declares quality for FUIB clients. The quality statement consists of 12 rules-truths, based on the implemented standards. Such an approach allows customers to understand, what they have the right to receive by contacting FUIB. At the same time, bank employees see and know, what they are obliged to provide for the client. Implementation of the program “PUMB Pravda” allowed us to improve provision of services in the bank.

In 2015, Individuals’ Deposit Guarantee Fund included FUIB in the list of agent banks for payment of monetary compensations to depositors of liquidated banks. During the year, First Ukrainian paid compensations in the amount of 2.25 billion UAH to depositors of insolvent banks.

Bank investments  
**in social projects**  
in 2015 amounted to  
**84 thousand UAH**

In 2015, the First Ukrainian International Bank was actively developing corporate volunteering. Our employees participated in environmental and social initiatives.



In April, our employees came to the environmental voluntary clean-up in 6 cities, participating in the all-Ukrainian promotion “Let's Make Ukraine Clean!”, which is held within the framework of the international social project “Let's Do It”. They made the life of their cities better with their own hands, and cleaned parks of garbage.

On June 1, on the International Children's Day, FUIB employees together with their families participated in a charitable "Chestnut Run", which was held in the central streets of Kyiv. All funds collected within the framework of the project were transferred to the Research and Practical Medical Center for Pediatric Cardiology and Cardiac Surgery of the Ukrainian Ministry of Health.

In October, FUIB's football team participated in the tournament "Cup of Hope", which was organized by a club “Football for All” and a charitable foundation for assistance for children with cancer "Crab". The main objective of the autumn tournament was to help purchase toys for a children's playroom, which is located in the Department of Pediatric Oncology of the National Cancer Institute.

Our bank has been supporting children from orphanages for six years. In May and December we carried out charitable promotions to collect essential supplies and cash donations for the children of specialized child care centers in different regions of Ukraine. In 2015, we provided aid for 13 orphanages. In December, employees collected a record number of gifts and financial aid for children for St. Nicholas Day.

In 2015, FUIB employees joined two new volunteer projects for the first time. They took part in the Donor Day. In November, the Kyiv City Blood Center admitted voluntary donors to donate blood for children with cancer. In addition, in April, FUIB became a participant of the promotion "100,000 books for village libraries", which was organized by Daryna Zholdak Foundation and supported by the SCM. The aim of the promotion was to collect high-quality children's books in cities for the libraries in villages.



## PRINCIPLES OF LABOR RELATIONS

**Principle 3:** Businesses should support the freedom of association and real recognition of the right to conclude collective agreements.

**Principle 4:** Businesses should stand for the elimination of all forms of forced and compulsory labor.

**Principle 5:** Businesses should stand for the complete eradication of child labor.

**Principle 6:** Businesses should stand for the elimination of discrimination in the field of employment and occupation.

### Policy

FUIB is one of the best employers in the banking market of Ukraine. In 2015 FUIB was in the top-3 of the rating "Best Employers in Ukraine" in the category "Banks and financial companies", compiled on the basis of on-line voting on the website Focus.ua.

At the end of 2015, 5,270 people were employed by the bank. FUIB employees include economists and financiers, workers and people of creative professions, people who work in offices, branches and sales outlets. Employees are our bank's main asset, the cornerstone of sustainable development of the financial institution.

In the field of labor relations FUIB adheres to the Constitution of Ukraine, current legislation of Ukraine and supports the provisions of International Labor Organization Declaration on fundamental Principles and Rights at Work, adopted in 1998.

FUIB adheres to the high standards in the provision of decent and safe working conditions for employees and development of their professional skills.

The First Ukrainian carries out its activities, observing the principles of conscientious working practices and respect for human rights:

- Observance and respect for the rights of employees.
- Observance of the current employment legislation of Ukraine.
- Provision of decent working conditions, competitive wages and social protection of employees.
- Development of the intellectual potential of employees.

It is recorded in the Code of Corporate Ethics of FUIB that absolutely all bank employees shall observe and respect human rights and freedoms without any discrimination, regardless of gender,



race, nationality, language, age, place of residence, religion and political beliefs. FUIB does not use child labor.

Occupational safety and health management system was formed and operates in the First Ukrainian in accordance with the legislation of Ukraine. Internal regulatory documents on occupational safety and health (provisions and instructions) were developed and approved; according to the order, persons responsible for the fulfillment of occupational safety and health requirements were assigned at the head office and at regional centers.

General management of the Occupational safety and health management system is carried out by the Deputy Chairman of the Board in charge of this kind of activities. For the organization of legal, organizational and technical, sanitary and hygienic, medical and preventive measures aimed at preventing accidents, occupational diseases and accidents in labor process, Occupational Safety and Health Sector was created in FUIB as a part of the Bank Activities Management Department.

In addition, the following was developed and implemented in the bank: Procedure for search and selection of personnel, Staff training policy and other procedures, which define approaches to search, motivation and training of employees.

### **Implementation**

FUIB respects the right of its employees to form labor unions and other associations representing their interests and cooperates with these associations in an open and honest manner.

A Collective agreement is in effect in the Bank, where provisions on working conditions and wages, social benefits and guarantees are formulated. The Collective agreement guarantees the protection of employees' rights and interests. All amendments to the Collective agreement are discussed by the Staff Council with employees and adopted at the staff meeting.

In 2015, FUIB traditionally invested in the improvement of the level of workplace safety, preservation of employees' life and health. The bank conducted laboratory studies of workplaces for the presence of harmful factors, conducted preliminary and periodic medical examinations of employees, who are engaged in work with harmful and dangerous working conditions, as well as examinations of persons under the age of 21 years. The bank financed a pre-trip medical examination of drivers of vehicles, purchase of medical products for structural units of the bank in order to prevent cold-related diseases, provision of first pre-hospital care. FUIB was providing first aid kits for vehicles and also provided some workers with necessary protective equipment and clothing; the bank was purchasing purified drinking water for employees.

The Bank invested in training at specialized training centers for employees responsible for compliance with the requirements of occupational safety and health, fire safety, civil protection, electrical safety, safe operation of gas and elevator equipment. FUIB purchased and installed



necessary primary fire extinguishing equipment for the automatic fire protection systems, was carrying out maintenance of life support systems according to the established standards, was improving the state of security, workplace hygiene and working environment.

In 2015, FUIB investments  
**in employees' occupational health and  
safety**  
amounted to **933 thousand UAH**

The merger of FUIB and "Renaissance Credit" took place in 2015; as a result of this, 1,050 employees were made redundant in accordance with the current legislation of Ukraine. Salaries of employees of the amalgamated bank were revised 3 times over a year: in March – within the framework of the transfer of employees from Donetsk to work in Kyiv; in May, the revision was carried out in connection with the high level of inflation in the country; in September, the salary revision took into account personal effectiveness and efficiency of every employee. Salary increase affected more than 80% of staff; at the same time, average increase was 19%.

Employees' development is one of the main directions of bank's strategy. In 2015, training of employees reached a qualitatively new level. A training portal was created, namely an interactive website that allows any employee to quickly and easily gain access to training resources necessary to carry out professional activities, to find out what opportunities for development are there in the bank.

Development of managers is traditionally one of the training priorities in FUIB. Development of management maturity and change management were the key modules in the "School of Management" in 2015. In addition, two new formats of the development of managers were implemented, that is, "Leaders Club" and Business Awareness. "Leaders Club" is a resource for new ideas and knowledge in the field of management and leadership, which provides an opportunity to communicate and exchange experience, give and receive feedback, jointly solve business tasks, to express yourself and gain recognition. Business Awareness is a series of master classes from the top managers of FUIB on topical issues, which can be attended by anyone.

"The Institute of Internal Training" continues to operate successfully in our bank. Graduates of the Institute develop and conduct trainings for all employees of the bank.



FUIB believes in the potential of Ukrainian youth. In 2015, a new trainee program was launched, which was attended by university graduates and young specialists, who are aimed for the development in the banking sector. The trainees passed the competitive selection and testing, a 2-week course of training; and according to the results of a 3-month internship, they will take up vacant positions in the department. This program was implemented in Kyiv, Odessa and Zaporizhia.

A new career website, which is one of the key channels of communication with our applicants, was also launched in 2015. It allows us to segment candidates by categories: beginners, professionals and managers; a separate sub-website was created for IT professionals. The website works as a CRM-System, with which you can process feedback, form candidate database and communicate with applicants.

In addition, FUIB is interested in the development and career growth of employees within the bank. For this purpose, a special webpage was launched on the internal portal, where everyone can see, which vacancies are there in the bank, and can send their response to the position of interest.

FUIB's investments  
**in employees' development and training**  
in 2015 amounted to  
**4.8 million UAH**



## ECOLOGICAL PRINCIPLES

**Principle 7:** Businesses should support the approach to environmental issues, which is based on the precautionary principle.

**Principle 8:** Businesses should undertake initiatives aimed at the increase of responsibility for the state of environment.

**Principle 9:** Businesses should promote the development and distribution of environmentally friendly technologies.

### Policy

Efficient use of natural resources and reduction of environmental impact are important conditions for successful business development and decent life. Therefore, we strive to make rational use of natural resources, such as electricity, water, paper, and minimize the environmental impact of our business.

FUIB complies with national legislation in the field of environmental protection.

The bank pays much attention to the development of ecological culture among bank employees, partners, customers and Ukrainian society as a whole.

### Implementation

When implementing innovative technologies into business processes and customer service, FUIB supports "green" standards and makes its contribution to the preservation of the environment.

Self-service online systems not only are convenient for customers and profitable for business, but they are also beneficial to the environment. As at the end of 2015, Internet banking "PUMB online» substituted the work of 43 regular bank branches with the average personnel of 7 employees each. This is a significant economy of natural resources and energy that would be required for the organization and operation of the branches.

Every day FUIB employees make efforts to preserve the environment:

- implement principles of a "Green Office": economize energy resources, spare paper, optimally use the equipment and procedures for electronic document management, collect waste paper.
- promote the formation of ecological culture by participating in various environmental initiatives.



## ANTI-CORRUPTION

**Principle 10.** Businesses should stand against all forms of corruption, including extortion and bribery.

### Policy

In 2014, our bank adopted a new version of the Code of Corporate Ethics of FUIB, where the best practices in the field of corporate culture and ethics are taken into account. The Code defines fundamental principles of doing business. One of the declared principles is "the rejection of bribery and combating corruption". All the principles, requirements and standards of the Code of Corporate Ethics are compulsory for all bank employees.

A transparent system of corporate management has been implemented in FUIB. In 2015, FUIB did not make findings of the facts of prosecution of employees in connection with corruption.

### Implementation

Following the recommendation of the UN Global Compact regarding the submission of reports about actions and initiatives that have been taken to combat corruption in accordance with the two levels of responsibility (basic reporting elements and desired reporting elements) FUIB has chosen to report by basic reporting elements (B1-B7).

#### Reporting Element B1: Public statements to fight corruption

Rejection of bribery and fight against corruption is one of the fundamental principles of doing business in FUIB, which is recorded in the Code of Corporate Ethics of the bank. FUIB opposes any attempts of bribery and corruption in order to get additional competitive advantages. The Bank rigorously observes the rules for the selection of suppliers without giving unreasoned preference to anyone of them.

#### Reporting Element B2: Commitment to be in compliance with relevant laws

One of the principles of the Code of Corporate Ethics of FUIB is the legitimacy and supremacy of law. FUIB carries out its professional activities on the basis of rigorous observance of the Constitution of Ukraine, current legislation of Ukraine, international legal standards, regulations of the National Bank of Ukraine and internal bank documents.

Compliance function is in effect in our bank, that is, independent activities within the framework of the internal control system, providing risk management of regulatory sanctions, financial losses, reputational losses resulting from the non-compliance with legislative regulations, provisions of internal documents, standards of fair competition, conflicts of interest, non-compliance with the requirements of corporate ethics.



### Reporting Element B3: Implementation of the commitment to anti-corruption

Regulatory document is in effect in FUIB, which is aimed at preventing conflicts of interest and violations related to the procurements from outside suppliers – a procedure was adopted for the selection of contractors, which provides transparency and openness of procurements. Conditions and results of tenders and competitions are published on the corporate portal. Tender Commission, which selects suppliers on the basis of tender documentation provided by tender participants, was created in FUIB.

Procedure for declaration of external activities of the personnel has been functioning in the bank since 2012. It is established there that employees shall necessarily inform the bank about their external activities (founders, owners, shareholders, top managers of other companies). This information is analyzed and it is determined whether or not conflict of interest exists between the employee, the bank, its customers and counterparties.

Procedure for delivery and receipt of gifts and invitations has been in effect in the bank since 2012.

Anti-monopoly Compliance Policy, the main purpose of which is to prevent the occurrence of violations in the field of competition law on the part of responsible divisions of the bank, and the Procedure for the provision of control over the use of protected information, which promotes preservation of sensitive data, were approved in the bank in 2014. Regulations of anti-monopoly processes and interactions in the SCM Group were developed in the bank in 2015.

### Reporting Element B4: Support by the organization's leadership for anti-corruption

FUIB's leadership shares ethical principles and management approaches recorded in corporate documents and participates in the improvement of internal regulations.

Ethics and Business Conduct Committee, which is comprised of the top managers of the bank, was created and operates in FUIB. Deputy Chairman of the Board in charge of work with bank's staff is the Chairman of the Committee. The main objective of the Committee is to ensure the implementation in FUIB of uniform standards and principles of the SCM Group in the field of corporate ethics and business conduct.

Scope of duties of the Committee includes:

- reaction to the appeals concerning violations and control over the compliance with the Code requirements;
- development of recommendations to improve bank's business ethics;
- organization of monitoring of the impact of business ethics standards on the corporate culture of FUIB.



An effective system of corporate management is in effect in FUIB. It is based on the balance of interests of all interested parties, relationships between the shareholders and third parties, openness of doing business and information transparency, equality and objectivity in decision making. General Meeting of Shareholders is the supreme management body in FUIB. Bank's Supervisory Board, which is elected by the General Meeting of Shareholders and accountable to it, protects the rights of FUIB's shareholders, controls and regulates the activities of bank's Management Board in accordance with the Charter and the current legislation of Ukraine.

Bank's Management Board is an executive body that is currently in charge of FUIB and implements the tasks set by the shareholders and the Supervisory Board. The Audit Commission shall audit financial and economic activities of the bank and monitor bank's compliance with laws and regulations and legitimacy of operations performed.

An Internal Audit Department is in effect in the bank. It is subordinate to bank's Supervisory Board and assists governing bodies in ensuring FUIB's effective operation. An external auditor (audit firm), who is not bound with FUIB and its shareholders by property interests, is annually engaged for the purpose of audit and confirmation of bank's financial statements.

In accordance with the recommendations of the Basel Committee on Banking Supervision, the Compliance Control Department was formed in the bank in 2011. It ensures the performance of the compliance function and reports to the Board and the Supervisory Board of the bank, whereby a high level of management involvement is ensured.

*Reporting Element B5: Provision of information and training employees in anti-corruption principles and standards of conduct*

In order to inform employees about the ethical principles and implemented instruments to fight corruption, FUIB uses a variety of communication instruments:

- Informing through internal publications, namely corporate magazine and intranet portal;
- Placement of documents for public access in the electronic document management system.

All bank employees undergo training "Compliance and compliance function in the PJSC "FUIB." This training course contains detailed information concerning current procedures in the field of compliance control, including those with regard to fighting corruption.

*Reporting Element B6: Internal processes providing the sequence of actions to fight corruption*

The following internal processes are implemented in FUIB to provide the compliance with corporate ethics and prevention of corruption:



- **Trust Line.** A single Trust Line has been working in FUIB and in all other companies of the SCM Group since 2013. It helps to react promptly and efficiently to violations of corporate ethics principles, abuses, machinations and corruption. Employees, suppliers and partners can call the SCM Trust Line and report violations they come across when working with the Group companies.
- **Compliance function.** Compliance Control Department, responsible for ensuring the performance of the compliance function, was created in the bank.
- **Financial and economic security.** A special division, which is involved, among other things, in detecting corruption and counteracting it, operates within the framework of bank's Security Department.
- **Operational risk management system.** Operational risk management system is in effect in the bank. Within the framework of this system, risk officers record information about the operational risk factors on a regular basis. This information is used, among other things, to identify corruption.

#### Reporting Element B7: Monitoring and improvement processes

FUIB pays much attention to the monitoring and improvement of anti-corruption processes and programs.

Compliance Control Department, as well as other divisions of the bank involved in the process of fighting the manifestations of corruption, regularly report to the Management Board and the Supervisory Board of the bank on the results of work.

Effectiveness of anti-corruption processes is monitored by analyzing the statistics of messages received by the Bank from various sources.

Bank employees involved in the anti-corruption process regularly improve their professional skills by participating in training events and specialist conferences.