

Report on the progress of
FIRST UKRAINIAN
INTERNATIONAL BANK
JOINT STOCK COMPANY
in 2020



Працюємо
для Вас

**To the Executive Director
of the United Nations Global Compact
Ms. Sanda Ojiambo
10017, New York
USA**

Dear Ms. Ojiambo,

By joining the United Nations Global Compact in April 2013, FIRST UKRAINIAN INTERNATIONAL BANK JOINT STOCK COMPANY (FUIB) declared its 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 its daily activities.

FUIB has been publishing the Progress Report for all interested parties since 2015. 2020 was a year of challenges for the bank, as well as for all Ukrainian and global business. However, despite the coronavirus crisis, the FUIB team met all key business indicators, demonstrated growth in all areas of business and its efficiency, in attracting new clients and introducing innovations. FUIB paid great attention to improving the experience of interacting with the Bank's clients and employees. The bank actively introduced new opportunities for remote client service. It remained a systemically important Ukrainian bank, one of the most reliable banks in Ukraine. Also, at the end of the year, the First Ukrainian remained one of the most profitable Ukrainian banks. Overcoming all difficulties, the bank has also succeeded in implementing socially significant projects. It took on additional obligations to support clients, partners, employees, and the medical system of Ukraine.

For over 30 years, FUIB has been doing business responsibly, investing in the harmonious development of a financial institution as the realization of business opportunities, obtaining high financial results and strengthening the social significance of the organization. In 2020, our investments in the modernization amounted to UAH 404 million, and social investments – namely in the increase of labor safety of our employees and their development, improvement of the quality of bank products and services, development of business environment and increase of financial literacy of Ukrainians, supporting hospitals and doctors – amounted to more than UAH 93 million. In the Progress Report, you will find out our specific actions.

FUIB is a reliable partner for clients, individuals and companies. The bank proved during the crisis year that under any circumstances it fully fulfills its obligations to partners, clients, employees and the state. In addition, it is always ready to support its stakeholders. FUIB maintains the balance of sustainable development of business, team and society.

Serhiy Chernenko,
Chairman of the Board of FUIB JSC



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About FUIB

First Ukrainian International Bank is a large and reliable private bank which has already been working in the Ukrainian financial markets for 30 years, and provides clients with quality banking services and constantly improves service. FUIB is among the ten largest banks of Ukraine by key financial indicators. FUIB is a universal bank, the activities of which are focused on commercial, retail and investment banking operations. FUIB strives to become the first choice bank, both for individuals and for corporate clients: a financial adviser and an assistant who understands the needs and objectives of clients, anticipates their expectations, and offers effective solutions. The dominant controlling stake in FUIB JSC is in the property of the investment company SCM Holdings Limited Company. SCM Holdings Limited is 100% owned by the sole shareholder R. L. Akhmetov.

In 2020, FUIB traditionally entered the top 10 rating of the 50 Leading Banks of Ukraine according to the Financial Club news agency. FUIB's Chairman of the Board entered the top three strongest bankers in the Best Top Manager nomination. And FUIB's Deputy Chairman of the Board for retail business has been recognized as the best retail banker for the second year in a row. FUIB was recognized as the Best Antivirus Bank in the rating of the Business magazine for the best integrated solutions to support small and medium-sized businesses in quarantine conditions. The bank also entered the TOP-3 of the Support for SMEs – Leader in Investment Lending nomination. In addition, FUIB took leading positions in a number of nominations of the Financial Oscar rating, the honorable first place for achievements in lending and servicing small and medium-sized businesses was taken by the bank in the Support for SMEs nomination. The bank entered the TOP-5 in the Agrarian Bank nomination. FUIB received the Sustainable Leadership – Superior Products and Services award from Mastercard Ukraine for perfect card products and services/strong card products and exemplary service for affiliate banks. In addition, the CSR Development Center, in partnership with the Professional Association of Corporate Governance, with the support of CIPE and the Ministry of Economic Development, Trade and Agriculture of Ukraine, presented the Transparency Index of Ukrainian Companies' Websites - 2019. FUIB became one of the Index leaders.

FUIB in numbers as at the end of 2020

Geographic coverage: entire Ukraine

Network: 224 branches

Staff: 8,500 employees

Clients: over 74,600 corporate clients

over 1.6 million private clients

Investments in modernization: more than UAH 404 million

Taxes paid: almost UAH 1.8 billion.

Social investments: over UAH 93 million.



RESPONSIBILITY OF FUIB

First Ukrainian International Bank is a part of the SCM business and works as a responsible business. 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, the bank implemented a Policy of corporate social responsibility and became a member of the UN Global Compact. In 2020, First Ukrainian International Bank adopted a new version of the Code of Corporate Ethics, where bank's ethical principles and values and new regulatory requirements of the National Bank are set out.

In 2016, the bank changed its self-presentation in the market and chose new values for its team. The main corporate values of FUIB reflect the principles of doing business and interaction in the bank's team: clients, ambition, results, responsibility, change, cooperation.

In February 2018, the Strategy for Sustainable Development of FUIB replaced the Policy of Corporate Social Responsibility. In the center of the FUIB's Sustainable Development Strategy are people: clients, employees, partners, residents of the cities where the bank is present. FUIB chose the following as key areas of activity for itself:

- employees' training and development;
- improvement of the bank's quality and services,
- development of the business environment and local communities.

In 2020, due to the Covid-19 pandemic, support for the medical system of Ukraine has also become an important area of social activity of the bank.

FUIB chose to achieve the following Sustainable Development Goals: Sustainable Economic Growth (No. 8), Quality Education (No. 4), Good Health and Well-being (No. 3), Gender Equality (No. 5), Creating Sustainable Infrastructure, Promoting Innovation (No. 9), Promoting an Open Society, Ensuring Access to Justice for all (No. 16), Partnership for Sustainable Development (No. 17).

Safe and comfortable working conditions were created for the employees at the First Ukrainian, and there are programs for professional and career development. FUIB is constantly improving the quality of services for clients. The Bank is an active participant of the projects aimed at solving social problems of the Ukrainian society. By developing business environment and partnership, overcoming corruption and increasing financial literacy of the population, we invest in the future of our country.

**More than UAH 93 million–
FUIB's investment in sustainable development in 2020:**

- training and development of employees, improvement of their health and security in the workplaces;
- improvement of the quality of bank products and services,
- development of the business environment and local communities;
- increase of financial literacy of the population;
- helping doctors and hospitals fight COVID-19.



Працюємо
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FUIB'S STRATEGY OF SUSTAINABLE DEVELOPMENT

Since 2018, FUIB's strategy for sustainable development has replaced the Policy of corporate social responsibility, which has been in effect in the bank since 2013. The key priorities of the Strategy are the well-being and development of employees, the quality of products and services, the development of local communities and the business environment, financial literacy of the population, as well as corporate volunteering.

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 SCM, which are declared in the How We Work principles of business ethics and in the Policy of sustainable development of SCM business.

All companies of SCM adhere to these approaches in all aspects of their activities: in strategic planning, in the implementation of projects, and at all levels of management.

SCM GROUP SUSTAINABILITY POLICY

| | | | |
|--|--|---|---|
|  <p>HEALTH AND SAFETY OF EMPLOYEES</p> <p>We do our best to protect the health and safety of our employees</p> |  <p>WELFARE AND DEVELOPMENT OF EMPLOYEES</p> <p>We are committed to making our businesses the most attractive employers in their industries and regions of operation</p> |  <p>LOCAL COMMUNITY DEVELOPMENT</p> <p>We create good living conditions in the regions where we operate and contribute to the sustainable development of Ukraine</p> |  <p>ENVIRONMENT AND ENERGY EFFICIENCY</p> <p>We are committed to making our companies energy efficient and to minimise their environmental impact</p> |
|  <p>STAKEHOLDER ENGAGEMENT</p> <p>We keep a constructive dialogue with our stakeholders to jointly address social, economic and environmental issues</p> |  <p>CORPORATE VOLUNTEERING</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>QUALITY OF PRODUCTS AND SERVICES</p> <p>We produce quality goods and offer modern and convenient services that satisfy the expectations and needs of our customers</p> |  <p>BUSINESS ETHICS</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 2020, the Code of Corporate Ethics of FUIB was updated in accordance with the requirements of the National Bank of Ukraine. 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 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
11. Maintaining a culture of risk management

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, and 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

Corporate ethics



All bank's employees adhere to FUIB's principles of corporate ethics. 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", the purpose of which is to promote and strengthen the rules and standards of business ethics in SCM companies. Trust line is a single direct feedback channel, through which every employee may report violations of the Code of Corporate Ethics of SCM companies, including FUIB.

In case of detecting violations of corporate ethics in our bank, employees contact the Compliance Control Division of the bank or call the Trust line. In 2020, 17 appeals were submitted to the Trust line, which makes it 0.2 appeals per 100 employees of the Bank as of 01.01.2021. All submitted appeals were promptly reviewed and resolved.

SCM Trust line:

0800-60-0777

(all calls are free within Ukraine)

trustline@scm.com.ua

Compliance Control Division of FUIB carries out monitoring of the compliance with the principles of conscientiousness when providing services for clients, bank secrecy, compliance of the products and services offered by the bank with client's expectations. Moreover, Compliance Control Division ensures control over the reliability, completeness, objectivity and timeliness of the information provided by the bank in accordance with laws and regulations for public authorities, partners, clients and the public.

The Bank provides clients and the public with truthful and accurate information about its processes, products and services. FUIB constantly improves business transparency. The bank timely discloses complete and reliable information, including information about its financial position and economic indicators. This allows the shareholders and the investors to make informed decisions and the clients to have the necessary information about their financial partner.

FUIB pays great attention on verifying the business reputation of suppliers, and identifying those who can have a negative impact on society. Reputation checks are conducted by the Department of Security through open public registries and the YouControl system. At detection of companies that violate the requirements of the law, the bank avoids doing business with them. In 2020, 1,911 participants in the procurement procedures were checked, the results of which revealed negative information about 619 participants. More than 61% of them violated the law.

Development of business environment



In 2020, First Ukrainian International Bank actively implemented projects aimed at developing the business environment and supporting businesses during the coronavirus crisis.

Educational projects for business

Bank is not only about money, but also about a reliable leverage and support for business. But not all entrepreneurs, even among those who have long and successfully mastered foreign markets, understand what and how to do so that the bank is an effective partner, and its services brought only benefits for the business. Failure to master simple knowledge means losses. LIGA.net edition together with FUIB compiled a “black list” of the main financial mistakes of Ukrainian small and medium-sized businesses and explained which banking instruments can be useful for entrepreneurs. More than 21,000 readers-entrepreneurs got acquainted with the [4 Financial Mistakes of Business](#)” project.

When the present hides many variables, there is no time for mistakes. That is why FUIB, together with Agravery Agriportal, created the [Business down to Molecules](#) project. Using real examples of small but ambitious Ukrainian agricultural producers, they told all the details of the “added value” business, with the participation of the best experts from various industries, they helped to solve almost the most painful issues of the project's characters and found out whether there is a future for Ukrainian products on the world market. We analyzed 3 farms working in different directions in detail and “down to molecules” and provided advice in the field of marketing, finance and work with retail chains. The project has gathered over 15,000 readers.

Business support in a pandemic

From the first days of the COVID-19 epidemic, the First Ukrainian closely followed the course of events and analyzed the condition of its clients, realizing that many might need support. FUIB is one of the first banks to respond to the quarantine situation and made a number of decisions aimed at supporting clients in the small and medium-sized business segment.

First of all, the bank provided its clients with the opportunity to receive **loan repayment holidays** (to postpone payments in the body of the loan and partially in interest during the quarantine period for the next 3-6 months). FUIB treated force majeure with understanding, even took into account possible delays in settlements between counterparties, and therefore **canceled penalties for late payments on the loan.**

FUIB did not stop **lending to small businesses** through the coronavirus crisis, but on the contrary, during the quarantine period, reduced lending rates, developed partner financing programs for agricultural clients, as well as a product aimed at financing short-term business needs in working capital - the **Lehkyi overdraft**, increasing the period of continuous use of the limit up to 90 days.

The bank was sympathetic to the force majeure circumstances and **canceled the fees for making external and internal payments** in national currency, **canceled the commission for POS terminals** for clients who had no turnovers.

The bank also decided to support business clients who are served under tariff packages, and changed the conditions for applying loyalty: **it added balances of all current and card accounts in national currency to the loyalty calculation**. FUIB supported individual entrepreneur clients who transfer their income within the bank to their individual accounts, and **increased the monthly limit for transfers without commission to UAH 100,000**.

In order to limit client contacts during the period of increasing incidence of COVID-19, the Bank introduced **electronic signing of contracts via EDS (electronic digital signature) and online verification of businesses and collateral**. In 2020, FUIB launched the **process of remote account opening with video verification**.

The First Ukrainian took an active part in the **Available Loans 5-7-9%** state program, which made it possible to get a loan at a reduced interest rate (for example, 3% for working capital) and temporarily refinance current loans at 0%. Anti-crisis measures helped enterprises to cope faster with the effects of quarantine, as well as to save jobs. Now **FUIB is one of the Top-2 leaders in lending under the Affordable Loans 5-7-9% program**; the total amount of loans issued under it exceeded UAH 2 billion.

During the coronavirus crisis, FUIB also paid attention to **supporting medium-sized Ukrainian businesses**. Simplified procedures, improved conditions and accelerated service processes, optimized controls (reduced 30% of controls in account opening and re-identification processes), strengthened expert business support by providing free consultations. The bank promptly responded to market trends towards a decrease in interest rates for financing, **did not stop financing existing clients and continued to attract new ones of medium-sized businesses**, satisfying all requests.

The bank offered **individual terms of debt restructuring** on loans for the most vulnerable clients to the lockdown (tourism, services, production/trade in certain groups of goods spheres). All FUIB's existing clients of medium-sized businesses, who meet the terms of the Affordable Loans 5-7-9% program, took part in it.

By the end of 2020, the number of **clients of small, medium and large corporate businesses** served by FUIB exceeded 74,600. The increase in small business compared to the previous year amounted to 16,600 clients or +21%. The increase in medium and large business and state-owned enterprises was 230 clients or +6.7%.

FUIB was recognized as the Best Anti-Virus Bank in the rating by the Business magazine. The bank received an honorable first place for the best integrated solutions to support small and medium-sized businesses in quarantine conditions: loan repayment holidays, loan restructuring programs, beneficial financing, cancellation of penalties, etc.

Educational projects for the youth



In 2020, FUIB remained a **strategic partner of the Kyiv School of Economics (KSE)** which is one of the best schools in Central and Eastern Europe. FUIB supported the **Talents from the Regions educational program**, which provides scholarships to study at the two-year Master's program in economic analysis at KSE for students from the regions, and also covers the costs of their stay in Kyiv.

Moreover, for the fifth year in the row, FUIB supported the “My Career in Ukraine” project of the Development of Corporate Social Responsibility center and Career Hub. Its goal is to show the young generation the possible career development path and to inspire them to make deliberate choice of the future profession. Over 1,000 essays from different regions of Ukraine were submitted to the competition. Tenth-graders could share their views on professional future. My Future in Ukraine national lesson was held for them: 187 schools from 24 regions and over 5,000 students participated in it. The project combined the following: 6 regional meetings with 300 authors of the best works; online meetings about the professions of the future called Your Grandmother Never Dreamed Of; blogging webinar. In the final of the National Career Planning Conference, 60 winners presented their team videos. Tenth-graders spent the day online with top managers of companies, government officials and successful Ukrainians. The project was supported by 20 FUIB volunteers, experts from various professional fields.

Helping hospitals fight COVID-19



In the spring of 2020, FUIB, together with the Rinat Akhmetov Foundation, provided **support to 156 hospitals in Eastern and Western Ukraine**. The bank donated 2 artificial lung ventilators, 2 invasive patient monitors, more than 47,000 protective suits, more than 4,400 sets of personal protection for doctors, 1,200 sanitizers and 650 pulse oximeters to medical institutions.

Also, the bank, together with ASKA-Life IC, has **developed the StopCoronavirus program for protection of medical workers**. FUIB provided insurance to 1,500 doctors in 9 supporting hospitals using own funds.

In addition, the bank supported the initiative of the Association of Young Donors of Ukraine to develop the **DonorUA AID online platform**. This platform brings together businesses, volunteers, charities, vendors and hospitals in the fight against coronavirus.

In the winter of 2020, FUIB and the Rinat Akhmetov Foundation donated **1 lung ventilator** to the new intensive care unit of Kyiv hospital No. 4, as well as **140 concentrators in 27 hospitals in 17 regions**. A team of 50 volunteers – colleagues in security, maintenance of the bank, communications, marketing, regional centers of the bank and branches – worked on the anti-crisis project.

The case of FUIB on supporting the medical system of Ukraine in the coronavirus crisis was included in the Top 25 best CSR programs in the rating of the Vlast Deneg [Power of Money] magazine.

Partnership development



Partnership with Ukrposhta

In April 2020, Ukrposhta signed a **financial lease agreement with FUIB for the purchase of 500 Fiat Doblo Maxi vehicles** to create mobile branches. In September, the final batch of 100 cars was handed over. **The mobile offices project** is an opportunity to provide Ukrainians in the most remote villages with all the necessary services, such as ordering medicines, buying small household appliances or paying utility bills.



Partnership with the Kyiv Security Forum

The Kyiv forum was dedicated to the most acute problems of peace and security facing Ukraine, Eastern Europe and the Euro-Atlantic space. The format of the forum included meetings and direct online connections between Kyiv and Vilnius, Copenhagen, Brussels, Washington as well as other capitals. The event was attended by leading politicians, diplomats and public figures from Ukraine, Europe and the United States. The forum was organized according to the developed COVID protocol. **FUIB provided insurance for the forum participants under the StopCoronavirus program** from the bank and ASKA-LIFE insurance company.

Partnership with FDA

At the final event of Young SDG Innovators of the UN Global Compact, FUIB bank presented Ukraine with **a project for the development of social entrepreneurship**. Its idea is that small balances on clients' accounts when they are closed will be transferred to the Social Entrepreneurship Development Foundation. 2-3 social enterprises will be able to open in a year. About 20 people with disabilities will be employed. Today in Ukraine, there are 3 million people with disabilities, 80% of which are of working age, and the unemployment rate is 73%. Additionally, the bank provides 1 million for the competition of cases – business plans of social entrepreneurs. And this is also the opening of 2-3 social enterprises per year and employment of people with disabilities. A constant component – after a while, each enterprise must return the funds provided to the Foundation for opening several more social enterprises. The project partner is the Future Development Agency charitable foundation. The project developed by FUIB is recognized by international experts in innovation and entrepreneurship as the most promising in terms of its scalability. The project will be implemented in 2021 in partnership with the FDA and the UN Global Compact in Ukraine.

Financial literacy



Since the level of financial literacy of the population in Ukraine is still low among the countries of the Organization for Economic Cooperation and Development, FUIB pays attention to educational communications in social networks, mass media, and corporate publications. Thus, the **FUIB – your financial guide online** program in the social networks includes training in the finance management, banking products, as well as financial instruments.

In branches of the bank, The [People's Banker](#) financial literacy magazine is presented for the clients. Additionally, the materials of the magazine are posted on the bank's website and in social networks. The People's Banker teaches how to use the bank quickly, simply and with the maximum benefit for a person and for their family. The magazine has more than 51,000 readers. The materials are viewed by 10,000 readers on corporate portal, and by almost 197,000 in social networks.

In Ukraine, in recent years there has been an increase in cases of external fraud with payment cards, especially fraud with the use of psychological techniques - social engineering. The situation has especially worsened in connection with the pandemic. Therefore, the bank initiated the creation of [Deceive a Fraudster special project on the Obozrevatel.com website](#). The goal of the project is to protect and teach Ukrainians how not to get hooked by fraudsters, to familiarize them with common fraudulent schemes during the quarantine period. The project on Obozrevatel.com had more than 718,000 views and 613,000-coverage on the Facebook page.

In addition, the bank became a partner of the [#ShakhraiGoodbey](#) project of the National Bank of Ukraine, the purpose of which is to educate clients on the rules of safe use of banking products and services and online platforms; and to make them familiar with popular fraudulent schemes. More than 668,000 users of social networks and more than 158,000 clients of salary project companies got acquainted with educational materials.

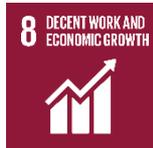
For the fourth year in a row, FUIB participated in the **Day of Savings in Ukraine**, initiated by the NABU. In October-November 2020, traditional offline meetings were not held at enterprises, schools and universities due to quarantine; however, online training was organized in Zoom. A total of 20 FUIB volunteers held 27 online meetings with 545 Ukrainians. The purpose of the events is to raise awareness of Ukrainians from different age and social groups about the activities of banks, the use of banking products and services, financial management, and the safe use of modern service channels.

“FUIB Bank” gaming station works for children in Kidlandia city of professions in Kyiv's RC Blockbuster. Here one can work as a bank manager, cashier and cash-in-transit courier. Children learn why a bank is needed, what are its main advantages and products in a simple form, with the help of cartoon characters. Each child can open an account with the bank, earn local currency and accumulate funds – open a deposit. FUIB in Kidlandia is exciting and informative. These are investments in financial literacy and vocational guidance for children.

In 2020, in the branches, FUIB continued to install **children's corners** where children can relax and draw while parents are being served. Children's corners appeared in 120 branches.

Client-centered business model

Improving and simplifying cooperation with the bank



The client is the key value of FUIB. Each employee does everything possible to make the cooperation between the client and the bank easy and simple. For the convenience of clients, **self-service zones** with tablets and payment terminals where customers can carry out banking operations by themselves have been created in all branches of the FUIB network and there were **224 of them** at the end of the year. Bank cash desks have the possibility to withdraw cash using contactless PayPass and PayWave technologies. **Free Wi-Fi** is provided in all branches. Additionally, for the comfort of clients who are entrepreneurs, the bank equips territorially remote cash desks and B@W points on their premises. In addition, the bank creates in the branches **24/7 zones with round-the-clock access to banking services**: at the end of the year, these zones were organized in 115 branches. Also, in 89 branches, clients are met by a **meeter and greeter** who advises, helps to navigate in the branch, teaches how to use self-service terminals (SST) and Internet banking.

In 2020, the bank expanded its presence, including small towns, in different regions of Ukraine, by opening **21 new branches**. 24,530 retail and 379 corporate clients are served there.

In 2020, the bank installed at retail outlets of 2,100 new corporate clients using the Trade Acquiring service, **2,600 POS-terminals**, which is 51% more than a year earlier.

Following the NBU's requirement to facilitate **access to the branches for population groups with impaired mobility**, the bank installed ramps/lifts/employee call buttons in 71 branches. The



branches are also equipped with braille plates, comfortable handrails and handles. By July 1, 2024, all FUIB branches will be equipped to serve people with disabilities.

The bank provides the possibility of obtaining consumer loans in small cities, helping to improve the welfare of the population. In 2020, at **750 points of express sales** of the bank, it was possible to get financial advice, as well as to obtain loans issued for goods, cash loans and credit cards. In **new 5 mini-branches**, the client, in addition to receiving loans, can issue a debit card, make a deposit, withdraw funds from an ATM or replenish their card using a SST, as well as perform any operation in PUMB Online.

Also in 2020, in **more than 2,200 partner stores**, including online stores, in 274 settlements of Ukraine, FUIB provided **an opportunity to obtain a consumer loan**. Bank employees not only offered to obtain bank products, but also taught remote financial management. FUIB together with retailer partners made clients' purchases more accessible thanks to interesting joint promotions, as well as the possibility of obtaining installments when paying for goods with a credit card.

At the end of 2020, FUIB served **more than 1.6 million active private clients**. Over the year, the clients' base increased by 12.5%. The most popular product of the bank was the VSEMOZHU credit card. By the end of 2020, more than 350,000 clients have registered for it. According to The Best Banking Products of the Second Quarter of 2020 Prostobank Awards rating by Prostobank Consulting, the VSEMOZHU credit card received gold in its nomination. The jury marked the card for convenient and favorable conditions.

The number of **users of digital channels** (Internet and mobile banking, Viber-bot) has increased significantly. The remote self-service channel was actively used by 881,860 clients. Over the year, the number of active users has grown by 1.5 times. 90% of online banking users use a mobile application. The transactional activity of clients for the year increased from 5.6 to 8.4 transactions per month.

In **the PUMB Online mobile application**, the basic functions are implemented which allow clients to manage their finances independently from anywhere in the world 24/7 without contacting the call center or a branch. For 2020, a lot of new functionality was added to the mobile application: currency exchange at a favorable rate, history of payment for services and transactions, the ability to view the card number and CVV code, etc.

The PUMB Online mobile application and FUIB Internet banking were included in the top 10 in Ukraine in the rating of 50 Leading Ukrainian banks according to the Financial Club news agency. Internet banking ranked 5th and mobile banking ranked 6th.

Banking in Telegram and Viber messengers allows the client to complete the credit product service cycle on their own. Also through banking in instant messengers it is possible to find out the current exchange rate and replenish the mobile phone account, as well as make out an electronic car insurance policy. This year, the “My offers” block was added with special offers and promotions of the bank.

To support retail clients during the pandemic, the bank has **implemented loan repayment holidays**. In 2020, clients formalized more than 50,000 restructurings in the amount of UAH 807 million, of which 96% are loan repayment holidays formalized in the period from April to August for cash loans and loans for the purchase of goods. Since August, if necessary, clients could arrange loan repayment holidays themselves for their credit cards. The opportunity was used by 1,700 clients.

During 2020, 32,145 **pensioners chose FUIB to service their pension accounts**, and acquired the Sotsialnyi package and VseKARTA for social payments. The issue and servicing of the social card is free. Pensioners can withdraw money from the card for free at any ATM throughout Ukraine. The bank has created special loan programs for pensioners. In addition, the bank provides 6% per annum on the balance of over UAH 1 thousand.

FUIB cooperates with more than **17,000 salary project companies**, serving more than 541,000 of their employees. For salary clients, we offer free issuance and maintenance of salary cards, issuance of cards by a bank employee at the enterprise, training in financial literacy, etc.

Partnership with Private Deposit Guarantee Fund

In 2020, FUIB continued to **actively cooperate with the Private Deposit Guarantee Fund**. In 2020, FUIB paid compensation to 189 clients of insolvent banks for the total amount of UAH 28.9 million from the funds received from Private Deposit Guarantee Fund. 56 of them decided to continue their cooperation with FUIB and became its clients.

In 2020, FUIB paid more than UAH 149.8 million contributions to Private Deposit Guarantee Fund.

Data security

More than 10 years ago, FUIB implemented the **Information Security Management System** based on the ISO 27001/27002 standard. To **counteract the leakage of confidential information**, FUIB has a role model of access based on the principle of minimum required privileges. This allows each bank employee to be provided with access to only the necessary information. FUIB has also been using Data Loss Prevention (DLP) systems for many years to control information leakage across the organization's perimeter.

The year 2020 was a major challenge for the bank. In the context of the global quarantine, the activity of hackers has increased. Closed borders did not prevent attempts to attack the bank's online services by sending phishing emails. The bank **blocked monthly hundreds of automated attacks** on the bank's IT infrastructure. For 2020, all **incidents were resolved without losses** for the bank and the clients. Also, new controls have been implemented to detect attempts of attacks on bank systems, and the security of the network infrastructure has been increased.

During the pandemic, FUIB successfully implemented **the ability to work remotely for some of its employees**, while **not creating new risks to the security of confidential information and the security of systems**. Also, the bank introduced **remote access to the video surveillance system**.

In 2020, FUIB **introduced a new anti-fraud cross-channel monitoring system and transaction control**, which made it possible to reduce the monthly losses of FUIB clients from fraudulent transactions by 77%. In 2020, **UAH 126 million of clients' funds were saved**, the number of affected clients was reduced by 5 times, 97% of attacks were stopped without damage to the client.

In order to **counteract fraud with bank cards**, a special **line of direct communication with security specialists** operates in FUIB call center. FUIB's Security Department provides prompt support and effective assistance to clients: it blocks a card or an account, informs other banks about a fraud attempt, etc.

FUIB security experts are actively involved in **anti-fraud and anti-cybercrime measures**, which are held by the Ukrainian Interbank Association of Members of EMA Payment Systems. This is a partnership for the sake of secure cashless payments in Ukraine.



Risk management

FUIB has an effective risk management system that meets the requirements of the National Bank of Ukraine. The bank **manages not only the risks inherent in banking, but also social and environmental risks** by adhering to the three lines of defense. The first line of defense is the business and support units of the bank. Risk management and compliance divisions are on the second line. On the third line, the Internal Audit Department assesses the effectiveness of security risk management systems, of the first and second defense levels, and the effectiveness of the internal control system.

3 lines of defense provide:

- **Identification of risks.** The Bank's structural units that carry out banking operations and provide their support, involved in the process of identification, assessment and monitoring of risks, comply with the requirements of internal regulatory documents on risk management, and also take into account the level of risk when making transactions.
 - **Risk management.** Risk management and the Compliance Control Department develop risk management mechanisms, methodology, assess and monitor the level of risks, prepare risk reports, carry out an aggregated risk assessment, assess the ratio of risk to the established risk appetite.
 - **Internal audit.** It conducts an independent assessment of the effectiveness of the risk management system, corporate management and internal control system, identifies violations and makes proposals for improving the risk management system.

Financial institution's activities in the context of COVID-19

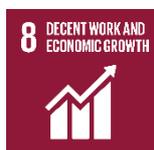
During the pandemic, the bank transferred online all possible service processes in order not to put clients at risk. The validity periods of cards were extended so that clients did not need to visit bank branches.

FUIB has implemented measures to counter the spread of disease in the bank's premises, to protect employees and clients from disease. The bank bought non-contact thermometers, personal protective equipment (respirators, protective masks, gloves and goggles), disinfectants, sanitizers, disinfecting lamps and recirculators. All premises of the bank are equipped with special bins for collection of personal protective equipment for disposal.

In the offices, distribution lines are marked on the floor to maintain a distance between clients of at least 1.5 m. No more than one client per 10 sq. m is allowed to be serviced in the operating room area. At the entrance to the bank premises, there are places for sanitizing hands with an antiseptic.

Temperature screening of employees is carried out every day, in the premises we have regular wet cleaning with the use of disinfectants and ventilation. Mask requirements have been introduced in the bank.

Client experience



FUIB **studies customer satisfaction** through various tools: external studies, Secret Buyer program, internal specialized surveys, complaints and suggestions. Thus, the bank has the most complete information on the feedbacks and behavior of clients when interacting with the bank.

In the difficult year 2020, the Bank paid particular attention to **work with complaints and suggestions from clients**. During the year, it developed and partially implemented a new process for considering citizens' appeals. FUIB built the single center of customer requests with maximum automation of processes, quick solution of clients' problems, and prompt receipt of feedback by the client.

For the tenth year in a row, FUIB has been implementing the **Secret Buyer program**, which helps to assess the quality of service at the points of contact with clients. In 2020, a number of atypical assessments were conducted to identify the behavior of employees in difficult situations, the results of which revealed areas of development of the bank and its team. Particular attention was paid to service processes and the role of employees in them. The bank provided active information support to clients during the pandemic.

In 2020, FUIB intensified **customer experience research and assessment**. In connection with the pandemic, in-depth interviewing and testing were conducted online using Zoom, so they were able to take into account the opinions and experiences of clients even from the smallest settlements in the most remote corners of Ukraine. The carried out tests and evaluation, as well as the study of the client's pains, help to significantly facilitate and simplify the client's **customer journey** at various stages of interaction with banking products and services, finding those processes and procedures that need to be changed and improved. Thus, the bank quickly found its bearings and, due to quarantine, extended the validity of the cards, and also entered into an agreement with Oschadbank to expand the network of points where it is convenient for the client to withdraw funds. In addition, the bank has accelerated the transfer of many service processes online so that clients do not have to go to a branch. FUIB managed to develop the most favorable conditions for loan products, which were very important to clients due to lockdown.

In 2020, FUIB **continued to work systematically to integrate a person-centered approach** into projects that significantly affect the overall client experience. The bank uses design thinking to design solutions for the bank's strategically important initiatives. In particular, during the year, the focus was on finding solutions to improve the experience of visiting bank branches, taking into account the client's opinion. FUIB **strives to use the best world practices of service design** for the development of a person-centered approach in the organization, and for the implementation of specific solutions. Thus, in 2020, the bank, in cooperation with Koos, a large European service design agency, developed a concept for a new service for retail clients.

During 2020, design thinking tools were integrated into the work of cross-functional teams to develop online banking functionality for individuals and for corporate clients. Prototypes of new functions were tested with users before development. This allowed us to identify possible inconveniences for the client as quickly as possible and to fix them even before the development began. The testing was carried out in **our own client laboratory**, which now works **online** because of the pandemic. In 2020, the bank quickly and conveniently conducted more than 20 such tests with users. The bank also applies design thinking **to improve the employee experience**. For example, an HR chat bot was designed using this toolkit.

Bank's investment
**in improvement the of the client
experience**
in 2020 amounted to
UAH 10.3 million.



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 a responsible employer. During 2020, FUIB **provided new jobs to 1,976 Ukrainians**. At the end of 2020, **8,500 people were employed** by the bank. FUIB employees include economists and financiers, people of intellectual and 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, according to 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 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.

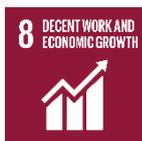
General management of the occupational safety and health management system is carried out by the Deputy Chairman of the Board in charge of this kind of activities. For the organization of legal,

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

Equal rights and opportunities



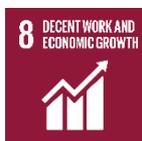
A **Collective agreement** is in effect in the Bank, where provisions on working conditions and wages, social benefits and guarantees are formulated. The collective agreement guarantees the protection of employees' rights and interests. All employees have equal rights and opportunities regardless of gender, race, age, place of residence, religion and political beliefs. All amendments to the collective agreement are discussed by the Staff Council with employees and are adopted at the staff meeting.

At the end of 2020, 6,464 women and 2,036 men worked in the bank. FUIB employs 747 (72%) female managers, and 295 (28%) male managers. The Board of the Bank consists of 10 people, 3 of them are women (30%). The number of women in the top management of the bank increased by 10% over the year.

Our bank employs 326 people with disability, 907 employees are on maternity leaves. There are 4,696 young people under 35 in the Bank, 3,016 people over 35 work in FUIB, 788 colleagues are over 50 years old.

The bank has an **employee insurance program**, according to which 4,230 employees were insured under the voluntary medical insurance program in 2020 (49%, increase almost twice a year), 414 colleagues were provided with accident insurance.

Labor protection



In 2020, FUIB has traditionally invested in **creating safe, healthy and comfortable working conditions**. The labor protection service **in the context of the COVID-19 pandemic has introduced new approaches** to work, since most of the employees have been transferred to remote work, and new requirements have emerged for observing sanitary and epidemic measures during quarantine. The bank provided employees with personal protective equipment.

In order to train employees to act in case of emergencies in the buildings of bank branches, tests of automatic system alarm systems, warning systems, evacuation routes were carried out, as well as training of employees on evacuation in the event of a fire. Also, briefings and knowledge testing of responsible employees for the performance of work with increased hazard, fire safety, and labor protection were carried out.

Traditionally, maintenance of fire extinguishers, internal fire hydrants, elevators, gas and electrical equipment, equipment for escape routes, tests of stairs etc. has been carried out. The safe departure

of vehicles was carried out in accordance with regulatory requirements; drivers and cash-in-transit drivers underwent a pre-trip medical examination.

For employees, filtered drinking water is purchased, and filters for water purification are installed in the dining rooms. Medical supplies are purchased and distributed for all structural subdivisions of the bank for prevention of colds and for provision of first medical aid, the transport of the bank is equipped with first aid kits.

In 2020, no industrial accidents were registered. 81 injuries which were not connected with work have been investigated and processed.

Employees of the labor protection sector permanently work and interact with state regulatory authorities in the field of labor protection, fire safety, ecology and the social insurance fund.

In 2020, FUIB's investments
**in employees' occupational
health
and safety**
amounted to
more than **UAH 25.5 million**

Developing and training staff



2020 was the year of transformation of all educational programs of FUIB, and of the transition of training to the online format. We mastered various platforms and programs for online education, and adapted trainings into the format of webinars and video conferences. The training departments provided employees with diverse support for adaptation and effective establishment of remote work - they created resources on the portal and in the bank's social network, filled them with auxiliary information and tools for working in new conditions.

More than **600 FUIB employees** took part in **360 external seminars, trainings and conferences**. The bank's staff and internal trainers conducted **688 internal trainings**, which were attended by **5,030 employees**.

About 500 heads of various divisions of the bank improved their managerial competencies at the trainings of the **School of Management Development Program for executives**. Executives deepened their knowledge in basic management functions, effective change and project management, motivation of themselves and their subordinates, and feedback provision. Additionally, executives of various levels attended the conference with the involvement of prominent Ukrainian and international speakers.

In 2020, FUIB paid special attention to the **process of adaptation of new employees**. **8 webinars** on adaptation were developed and conducted, in which more than **450 executives** took part and auxiliary materials were prepared - programs, instructions and diaries of adaptation.

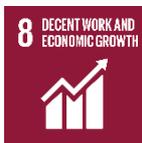
In 2019, the **Knowledge Sharing Program**, in which internal experts share their knowledge, was continued. At the master classes, colleagues shared their experience in financial awareness, creating chat bots, the role of CRM/CVM in the development of the organization, building an effective team, managing their own energy and time.

As part of the **Happy Office** project, employees practiced their knowledge of English in the **Speaking club**. Information dedicated to everyday life was published on the bank's social network and on the portal, which helped colleagues to have fun during the quarantine: video tours into countries and museums around the world, interesting links and tips on how to spend free time. **Marathons of good mood** were held, in which employees posted videos and photos of how they had fun during the quarantine. Also, **webinars** were held and helpful tips were published on **self-recovery methods and dealing with stress during the lockdown period**.

7,500 colleagues - which is 100% of the working staff - have passed distance training. This is the highest result over the previous periods thanks to the transition to online mode. Investments of FUIB in development and training of employees in 2020 amounted to **UAH 12.3 million**.

FUIB's investment
in employees' development
and training
in 2020 amounted to
UAH 12.3 million.

Motivating and supporting staff



In 2020, the **salaries** of the 2 867 employees of the bank **were revised**. The salary revision was carried out within the framework of career development maps, at transferring to another division, and due to increase in the minimum wage.

In 2020, FUIB used **over 50 motivation systems** (an increase of 10 programs per year), which foresee payment of operational bonuses to employees of various verticals based on the results of work.

There are **career development programs** for different categories of personnel in the First Ukrainian. In 2020, 1,124 people were promoted.

FUIB employees are provided with **all types of leave in accordance with the current labor legislation**. For the period of any leave, the employee's position and salary are retained.

FUIB as employer creates environment for evolving and opportunities for employees of different directions and levels of positions. [FUIB's Career Website](#) is a platform for communication with job seekers for various vacancies. FUIB entered the 50 Best Employers of Ukraine-2020 rating according to Forbes Ukraine magazine, taking 13th place in the list.

The bank holds an annual contest for the **“Best Employee of the Year”**, the winners of which go on an exciting trip abroad. Due to the pandemic, the trip did not take place this year, whereas in 2019, colleagues visited Lisbon. **Client is My Inspiration** project has also been implemented for employees. The team-building **FUIB Football Tournament** was also postponed to the post-quarantine period.

In 2020, a new **Step beyond the Horizon project** was launched, which allows each FUIB employee to freely and comfortably try themselves in new roles in other divisions of the bank. 202 employees tried this opportunity.

FUIB is pleased to provide an opportunity for development for young people without work experience. The bank offers paid training and permanent employment. **389 young professionals without work experience** joined the FUIB team during 2020.

For the first time, the **HR chat bot** was launched in the bank, colleagues received 37,000 consultations in six months. In addition, the **employees have been offered legal support of the bank's experts** in resolving their own issues.

FUIB employees receive prompt information about all the news and innovations in the bank through the **channels convenient for them - the portal, Workplace or Telegram**. Interesting text and video content is created.

FUIB examines the experience of employees at the bank. ENPS indicator - staff loyalty level - **increased by 1%** compared to 2019. The result of staff loyalty from the previous year was retained, which was difficult in a crisis year. This was possible thanks to the informational, financial and emotional support of the employees.

As support for the team in difficult times, in December, all FUIB employees received additional salary for the holidays. In addition, the bank invested more than UAH 11.7 million to pay **material aid to employees** - for diagnostics, inpatient/outpatient treatment for COVID-19; additional payment to the average salary for employees who were idle due to the closure of points of sale during the lockdown; other types of assistance, such as serious illness, death of loved ones, etc. 1,854 colleagues received financial aid.

FUIB's investment
**in material support of employees
during a pandemic
in 2020 amounted to
more than UAH 11.7 million**

Corporate volunteering

In 2020, due to the COVID-19 pandemic, First Ukrainian International Bank was forced to suspend volunteer projects that required the gathering of employees into groups – environmental clean-ups, donor day, etc.

The bank focused on online corporate projects. Thus, in 2020, the **Running Club** was created in the bank. Its goal is not only the physical development of employees, the formation of a culture of a healthy lifestyle, but also helping children who are facing a serious illness. All training sessions of the FUIB team members are recorded in the Strava application, summed up and paid for. Employees train in all parts of Ukraine. The bank pays money for one workout – a run for 3 km. The amount gradually accumulates. Even the pandemic did not interfere with the existence of the

club – at the end of the year, our 145 runners had done 4,600 workouts. This is more than 42,000 kilometers of improved health and 100,000 hryvnias collected for the purchase of medicines for children with cancer. FUIB transferred these funds to the Tabletochki Foundation for the support of children with cancer.

On the occasion of **St. Nicholas Day**, the bank's employees were able to visit the magic **Gifts for Health Shop of the Tabletochki Foundation** and purchased the most important gifts for ill children: medicines, consumables, psychologist's consultations, etc. 164 volunteers raised more than UAH 22,500 in a few days. This is aid for the purchase of medicines for children with cancer in 19 cancer departments across Ukraine, which are helped by Tabletochki Foundation.

In 2020, FUIB began **cooperation with Pro Bono Club Ukraine**. 7 volunteers held 13 consultation meetings for 52 participants who are representatives of public organizations. They talked about cybersecurity, service design, PR, financial literacy, etc.

On December 1, on the **All-Ukrainian Day of Good Deeds**, our colleagues raised funds for the purchase of personal protective equipment for doctors working with Covid patients. More than 1500 members of the FUIB team took part in the #ShchedryiVivtorok [#GenerousTuesday] event. We collected over UAH 152,000 for 8 hospitals, purchased 235 liters of antiseptic, 1,234 respirators, 500 face shields and 500 pairs of gloves, 37 pulse oximeters, 16 tonometers and 14 electronic thermometers.

By the way, this was the second wave of assistance to doctors and hospitals. In the spring, the bank's team held “**Support Medical Workers - Save Lives**” **charity event**. In just a week, 3000 volunteers from FUIB raised more than UAH 560,000, for which they purchased more than 800 respirators, 1,200 protective overalls and 100 goggles. All these were sent to 11 reference hospitals in different cities.

The Board of the bank supports volunteer initiatives of employees by financing organizational measures for their implementation: providing premises, transporting employees, purchasing auxiliary materials, etc.

Bank's investment
**in support of
volunteer projects**
in 2020 amounted to
over UAH 346,000



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. We strive to use electricity, water, paper rationally and to 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, and clients.

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.

The self-service systems in the bank are not only convenient for customers and profitable for business, but they are also beneficial to the environment. FUIB provides clients with the possibility to be served remotely in Internet and mobile banking, in messengers and in self-service terminals. This is a significant economy of natural resources and energy that would be required for the operation organization of the branches. Online banking was actively used by more than 881,800 FUIB's clients. The amount increased by 1.5 times over the year.

Every day FUIB employees make efforts to preserve the environment:

- apply **principles of the “Green Office”**: save energy resources, paper, optimally use the equipment and procedures for electronic document management, collect waste paper;
- participate in **environmental initiatives**.

In 2020, FUIB continued its work on **energy preservation**. The following was carried out in the main office: replacement of traditional illuminants with energy-saving ones (LED); insulation of premises and sealing of windows, doors and roof; heat regulation equipment was installed in the existing heating appliances. LED panels use 2.5 times less electricity, do not contain harmful substances and have a long service life of up to 30,000 hours. When new branches were opened, ventilation equipment with recuperation was installed, which returns up to 70% of the heat from the exhaust air, which saves energy. The total electricity consumption in comparison with the previous year decreased by 414,134 kWh.

For the year 2020, the bank **transferred 148 tons of paper for recycling**. FUIB **handed over** 0.4 tons of hazardous waste and over 1.6 tons of plastic bank cards for utilization.

In 2020, the **collection of used batteries has begun** at the head office of the bank. A total of 10 kg were collected. The transfer of batteries for recycling will be carried out in 2021.

The bank invested UAH 450,000 in the removal of household waste and disposal of hazardous waste.

Bank's investments
in environmental protection
in 2020 amounted to
UAH 450,000



ANTI-CORRUPTION

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

Policy

In 2020, our bank updated the **Code of Corporate Ethics of FUIB**, where the best practices in the field of corporate culture and ethics as well as regulatory requirements of the National Bank of Ukraine are taken into account. The Code defines the 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.

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, and updated in 2017.

In 2016, FUIB adopted the **Anti-Corruption Program of FUIB JSC** and in 2019, it improved it. The Anti-Corruption Program establishes a set of rules, standards and procedures for identifying, counteracting and preventing corruption and is applied in all areas of the bank's activities.

In 2020, 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**. The bank 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.

The Anti-Corruption Program of FUIB was developed in accordance with the Constitution of Ukraine, the Law of Ukraine “On Counteracting Corruption” and other anti-corruption legislation. In accordance with order No. 171 of 22.04.2016, the Deputy Chairman of the Bank's Board, to whom the Security Department is subordinate, was appointed Commissioner for the implementation of the anti-corruption program. He develops, maintains the bank's anti-corruption program up to date and reports annually to the Management Board and the Supervisory Board on the results of its implementation.

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.

In 2020, the bank implemented a set of measures aimed at monitoring compliance with the requirements, managing risks, and countering the legalization of criminally obtained funds, funds for the financing of terrorism and the proliferation of weapons of mass destruction. Thus, the bank was finalizing software systems, improving the mechanisms for identifying and preventing violations of legal requirements, both by employees and other stakeholders of the bank. In the field of ensuring consumer protection requirements, a mechanism for assessing clients and employee satisfaction operates in the bank - NPS\NPS, which provides, among other things, a proactive response to negative factors in the bank's activities.

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 for the selection of contractors, which provides transparency and openness of procurements**, was adopted and kept updated. Conditions and results of tenders and competitions are published on the corporate website. Tender Commission, which selects suppliers on the basis of tender documentation provided by tender participants, was created in FUIB. Internal requirements document regulating the work of the Tender Commission, the procurement procedures and the selection of suppliers are being updated constantly. The Bank's Management Board approved the Regulation “On the Third Party Risk Management System”, which functions within the framework of the overall operational risk management system.

During the year, the Commissioner for the implementation of the Anti-Corruption Program, at the request of the Audit Committee of the Supervisory Board in 2020, considered the existence of corruption risks in contracts with third parties. Based on the results of the review of the bank's management, conclusions and recommendations were provided to improve the anti-corruption system. There were also 3 official investigations with signs of corruption. 2 employees were dismissed, in whose actions facts of abuse of office were revealed, which, however, did not contain signs of a criminal offense.

Procedure for Declaration of External Activities of the Personnel functioning in the bank since 2012 was updated in 2020. 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.



Additionally, in 2020 was updated the **Procedure for Giving and Receiving Gifts and Invitations** which has been operating in the bank since 2012, and which is aimed at preventing and resolving situations of conflict of interest, including preventing corruption and bribery.

In 2020, within all the applications to the Trust Line, no appeals containing information about potential corruption actions of bank employees were recorded.

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. Chair of the Committee is the Director of Human Resources. In 2020, the version of the Regulations on the Committee for Ethics and Business Conduct of FUIB JSC was revised. The main objective of the Committee is to ensure the implementation in FUIB of uniform standards and principles of the SCM businesses 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.

The Supervisory Board and the Board support policy that rejects bribery and corruption and call on all staff to act in the interests of the bank, its owners (shareholders), clients and society, as well as to safeguard the trusted resources, prevent abuse of rights and powers. The suspected bribery and corruption investigation is conducted regardless of the level of risk involved, the position/office of the employee or the level of relationship with FUIB.

In accordance with the recommendations of the Basel Committee on Banking Supervision, the Compliance Control Department (Compliance Control Division since 2016) 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.

During 2020, FUIB implemented changes to the internal control systems, risk management systems (including compliance risks) in accordance with the current legal requirements.

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 tools**:

- informing through internal publications: intranet portal, Workplace and Telegram-channel;



- placing documents for public access in the electronic document management system.

All bank employees regularly undergo **Compliance and Compliance Function in the FUIB JSC training**. This training course contains detailed information concerning the current procedures in the field of compliance control, including with regard to fighting corruption. In 2020, the electronic compliance course was updated, and over 97% of the banks personnel took it.

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 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 Trust Line and report violations they come across when working with the SCM companies.
- **Compliance function.** The compliance function in the bank is provided by the Compliance Control Division, which is headed by the Head of the Division (CCO)
- **Financial and economic security.** A special division, which is involved, among other things, in detecting corruption and counteracting it, operates within the bank's Security Department. Deputy Chairman of the Bank's Board, who is the curator of the Security Department, was appointed the Commissioner for the implementation of the Anti-Corruption Program in the Bank.
- **Operational risk management system.** The bank has implemented a Risk Management Policy and an Operational Risk Management System operates in the bank. In it, risk officers (employees assigned by the Order in each FUIB subdivision or branch) on an ongoing basis provide the fixation of information about the facts of operational and compliance risk realization, including revealed facts of corruption, fraud in all its manifestations, deliberate actions by staff or third parties. According to the information obtained, the Security Department is investigating and developing measures to prevent the recurrence of similar facts in the future.

FUIB has implemented a **zero fraud tolerance policy**.

The Supervisory Board and the Board support a zero tolerance policy against fraud and call on all staff to act in the interests of the bank, its owners (shareholders), clients and society, as well as to safeguard the trusted resources, prevent abuse of rights and powers. The fraud/suspected fraud investigation is conducted regardless of the level of risk involved, the position/office of the employee or the contractor's relationship with FUIB.

Reporting Element B7: Monitoring and improvement processes

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

Compliance Control Division, as well as the Commissioner for the implementation of the Anti-Corruption Program 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.



Працюємо
для Вас

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