

Report on the progress of
FUIB
in 2016



Працюємо
для Вас

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

Dear Mr. Kell,

In April 2013, the 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.

At the beginning of 2015, FUIB presented for your attention a Report on the progress of FUIB for 2013-2014 for the first time. In 2015, the Report was devoted to critical stage in the activities of the First Ukrainian. 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. The amalgamated universal bank meets the financial needs of customers from different segments of the Ukrainian market.

The year 2016 was successful for our bank. FUIB has fulfilled all the requirements for additional capitalization of the National Bank of Ukraine. The bank managed to be effective and made profit after the crisis of 2015, when most banks suffered losses, and when more than 60 financial institutions left the market. During the whole year 2016, FUIB actively cooperated with Deposit Guarantee Fund. The Bank has increased its loan portfolios, increased its client base and launched new promising projects. The new self-presentation of the bank "*We work for you*" reflects the essence of our business.

For over 25 years, FUIB conducts business responsibly and invests 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 2016, our investments in the modernization amounted to over 257 million hryvnia, 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, amounted to more than 11.9 million hryvnia. You can read about our concrete actions in the Report.

Being aware of its responsibility to Ukrainian society, FUIB remains a reliable and stable partner for more than 2 million clients, individuals and companies, fully fulfilling its obligations to customers and the state.

Serhiy Chernenko,
Chairman of the Board of PJSC FUIB



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ABOUT FUIB

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

The First Ukrainian is the 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, anticipating their expectations and needs, offering effective solutions.

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 entered the TOP-10 of the annual rating "*50 leading banks of Ukraine-2016*", compiled by "*Finansovyi Klub*". First Ukrainian entered the top-5 in the nomination "*The Best Product for Agrarians*" of the rating "*Financial Oscar. Autumn 2016*". According to the results of the rating of *Delo.ua*, the bank took the 5th place in the TOP-20 of best banks for small and medium-sized businesses. The Processing Center of FUIB received *Service Excellence* award in the nomination "For the High Standards in the Provision of Services for Customers and Affiliate Banks" from MasterCard Europe SA.

FUIB in numbers as at the end of 2016

Geographic coverage: entire Ukraine

Network: 158 branches

Staff: 5810 employees

Clients: over 38 thousand corporate clients
2 million private clients

Investments: more than 257 million UAH in bank development

Taxes paid: over 583 million UAH



RESPONSIBILITY OF FUIB

The First Ukrainian International Bank is a part of the SCM Group 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, 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.

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 following principles of doing business: client, ambitions, result, responsibility, changes, and cooperation.

In 2017, FUIB will continue to form the renewed corporate culture of the bank. The *Strategy for Sustainable Development of FUIB* will replace the *Policy of Corporate Social Responsibility*. At the center of the FUIB's sustainable development strategy are people: clients, employees, residents of the cities where the bank is present.

Safe and comfortable working conditions are created for the employees at the First Ukrainian, and there are work 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 increasing financial literacy of the population, we invest in the future of our country.

More than **11.9 million UAH** –
FUIB's investment **in sustainable development**
in 2016:

- 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 business environment;
- increase of financial literacy of the population.



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FUIB'S STRATEGY OF SUSTAINABLE DEVELOPMENT

The *FUIB's Strategy for sustainable development* will replace the *Policy of corporate social responsibility*, which has been in effect in the bank 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 required to adhere to these approaches in all aspects of their activities: in strategic planning, in project implementation, 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

The 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*. The 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

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 the bank or call the Trust line of the SCM Group. In 2016, 51 appeals 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



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Compliance Control Division of FUIB 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 2016, the First Ukrainian International Bank was actively implementing projects aimed at the development of business environment. Thus, in autumn, FUIB and agricultural portal *Latifundist Media* launched a joint project, which is telling about people who are proud of growing grain. Ukrainians learned about the fieldworkers who have achieved success with painstaking work within the framework of the project "**Praise for hands, which smell of bread**" on the website of Kurkul.com.

In addition, a joint project of FUIB and Digi Media called "**Ukrainian Dream**" which involved the corporate clients of the bank, representatives of small businesses, was implemented. In their interviews on the pages of Bigmir.net, Liga.net, Gloss.ua which are the largest information portals of Ukraine, the bank's clients shared their success stories, told about what helped their business stay afloat during the crisis, and also how the bank's solutions help Ukrainian business.

Throughout the entire year, our experts were traditionally providing the necessary advisory support for representatives of small and medium-sized business and first-time entrepreneurs were carrying out training in the regions of operation. Thus, the leading specialists of FUIB introduced financial tools necessary for business to the students of the GET business school. Also, for the students, the experts dispelled the most common myths about credit financing.

In September, within the framework of the *Business Wisdom Summit*, FUIB invited key clients and partners of the bank to a meeting with Thomas Thomison, the guru of implementing managerial innovations. Partner of the event was *Ekonomika Communication Hub*. Thomas Thomison introduced holocracy, the form of management which is built around the principle of self-organization, to the guests.

Also in 2016, FUIB participated in the Corporate Treasurers Forum called "*Forum of Treasurers for Entrepreneurs*". The Forum discussed issues of currency control and factoring. FUIB presented the advantages of factoring for the development of corporate business.



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The usage of credit resources from FUIB allows Ukrainian enterprises to develop their business. Thus, the Private Enterprise "Patar" from Rivne, specializing in the manufacturing of metal products, was able to modernize production and to enter the European market thanks to the use of credit funds from our bank. And the Scientific Industrial Enterprise "Ukrtruboizol" from Dnipro, which works in the business of insulation and renovation of pipes for the oil and gas industry, was able to obtain a new long-term contract and expand its business thanks to the support of the bank.

Now, the whole world is moving towards digital technologies, and the needs of our clients are changing accordingly. A single system of communication is preferable and convenient for the clients. It allows customers to do their labor of love, which is business, and the financial institution helps them with this by providing continuous communication and servicing in various channels, both offline and online. FUIB has created a cross-functional team for building a digital bank – **Digital FUIB**. Each client receives his own office created on the Digital FUIB platform, where he can obtain services by phone, Skype, in a chat, and on the website. He can get an online consultation on the issues of adequate business management, transactions with currency, accounting, solving all the business issues through one contact that is through a personal manager.

In 2016, the number of clients from small and medium-sized business who receive services in FUIB grew by more than 7.7 thousand, growth in small business amounted to +25%, in the medium-sized +16%. During the year, the number of large corporate businesses which receive services in FUIB increased by 311 clients; the increase was 10%.

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 Ukrainians with the help of the multimedia project "*The People's Banker*." This is a weekly telecast on the TV-channel "Ukraine". It is devoted to how to use the bank quickly, simply and with the maximum benefit for yourself and for your family. All the episodes of the TV project can be found [on the YouTube channel](#). Also, the rubric "*The People's Banker*" is published in the newspaper "*Segodnya*" and on the website *Segodnya.ua*. In branches of the bank, a magazine of the same name is presented for the clients. The permanent audience of the multimedia project "*The People's Banker*" has 4 million viewers, 350 thousand readers and 100 thousand users of social networks.

In 2016, the client orientation became part of the FUIB's culture. The client is the key value of the bank. All that we do, we do for him, and the slogan of the bank "We work for you" reflects the essence of the team's activities. Each employee does everything possible to make the cooperation between the client and the bank convenient, 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. Also for the comfort of clients who are entrepreneurs, the bank equips territorially remote cash desks in their premises. In addition, the bank started creating 24/7 zones in the branches, where 24-hour access to banking services is provided.

In 2016, the bank updated the Internet banking system "**PUMB Online**", and made it more convenient for the client. Advantages of the updated system: its adaptability for use on a smartphone and tablet; all active operations are on the home page; work with "home accounting" is



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offered; possibility to manage card limits for operations abroad, etc. Also, the bank introduced a number of new services for clients: transfers from card to card, the possibility of paying for 2,000 different services, incl. replenishment of mobile phone number and payment for utilities. At the end of the year, Internet banking of FUIB had 75 thousand active users.

Our bank constantly studies customer satisfaction with the help of various tools. We study the customer's opinion through external surveys, "Mystery Shopper" program, internal specialized surveys, complaints and suggestions that we receive through different channels: feedback on the website, in the social networks and calls to the 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.

In addition, in 2016, the team of the bank conducted in-depth interviews with the clients. We asked the clients about how they do their business, what difficulties they encounter, and what kind of assistance they would like to receive. We systematized their ups and downs. We are developing the necessary offer for them. We also consider client processes as a set of steps – a customer journey. Building the client's way, we understand better how to help the client.

Today, FUIB has achieved a rather high level of customer service quality. However, we want our customers not only to feel pleasure from the service in the bank, but also to recommend FUIB to others. For this reason, we have been measuring the Net Promoter Score (NPS) for several years already. And in 2016, the bank started the transition from the Net Promoter indicator to establishing the NPS system. The new system will allow us to identify the problem areas for the interaction of the largest number of customers with the bank and work on solving them.

In 2016, FUIB actively cooperated with Deposit Guarantee Fund. During the year, the First Ukrainian paid compensations in the amount of 1.7 billion hryvnia, having provided services 35,860 clients. 7,800 clients decided to continue cooperation with FUIB.

In 2016, the First Ukrainian International Bank was actively developing corporate volunteering. Our employees participated in environmental and social initiatives.



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**Bank investment
in social projects
in 2016 amounted to
over 179 thousand UAH**

In April and October, FUIB employees took part in ecological volunteer clean-ups, participating in a large-scale all-Ukrainian campaign of the SCM Group. They made the life of their cities better with their own hands, and cleaned parks of garbage.

On 29 May, on the eve of the International Children's Day, FUIB employees together with their families participated in the charitable "*Chestnut Run*", which was held in the central streets of Kyiv. FUIB's team was one of the numerous teams. 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 September, FUIB's football team participated in the 4th charitable futsal tournament "*Cup of Hope*", which was organized by the 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 a blood hemoglobin level analyzer for the Department of Pediatric Oncology of the National Cancer Institute.

Our bank has been supporting children from orphanages for seven years. In May and December, we carried out charitable promotions to collect essential supplies and cash donations for the children of 23 specialized child care centers in different regions of Ukraine. In 2016, we provided aid for 16 orphanages.

FUIB took part in the *Donor Day* for the second year in a row. In 2016, *Donor Day* was held at the Kyiv Blood Center. The collected blood was transferred to small patients of the children's department of the Kyiv City Clinical Oncology Center.

In 2016, FUIB employees joined the *Lots of Socks campaign* for the first time. On 21 March, the bank's employees expressed support for people with Down syndrome; they took part in a flash mob with colored socks and collected financial aid for the activities of the All-Ukrainian charitable organization "*Down Syndrome*". It finances the work of the Center for Early Development and the implementation of programs for the development of children with Down syndrome.



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. According to the results of the survey "*The Best Employer of 2016*", FUIB is one of the top 10 employers of the banking industry among the student sample.

At the end of 2016, 5,810 people were employed in the bank. FUIB employees include economists and financiers, people of intellectual and creative professions, people who work in offices, branches, 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,



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persons responsible for the fulfillment of occupational safety and health requirements were assigned at the head office and at regional centers.

Introductory, primary, repeated, off-schedule and ad hoc briefings on labor protection, fire and technogenic security are regularly conducted with the employees of the bank. Training and testing of knowledge is carried out by FUIB commissions. In 2016, the bank conducted practical training sessions on the evacuation of workers from the building in the event of emergencies, and training sessions on how to use fire extinguishers to extinguish fire.

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 are adopted at the staff meeting. In 2016, in connection with the change in the organizational structure of the bank, the amended *Collective Agreement* was adopted.

In 2016, 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 employees under the age of 21 years. The bank financed the identification of buildings to determine the potential danger of the facility, the conducting of examination of the compliance of new opening branches with fire safety rules, the pre-trip medical examination of drivers of vehicles, the technical inspection of vehicles before departure, the purchase of medicines for structural units of the bank for the needs of prevention of colds and providing of the first paramedical aid. 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, installed and maintained necessary primary fire extinguishing equipment, firewalls and firedoors, 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 2016, FUIB investments
in employees' occupational
health and safety
amounted to
about 1.3 million UAH.**

In 2016, the salaries of the employees of the bank were revised twice. In Spring, the salary increase affected 62,4% employees; in Autumn this number was 82% of staff; at the same time, average increase equaled 15%. The salary revisions were carried out taking due consideration of the personal effectiveness and efficiency of each employee, as well as the market level of salaries.

28 motivational programs are approved and operate at FUIB. The average number of participants in the motivation systems of the bank for the 12 months of 2016 amounted to 2,717 or 62% of the total number of personnel. During 2016, in order to increase the effectiveness of the motivation systems, changes were made to 22 of them. In addition, 6 new motivation systems for employees of various divisions were introduced during the year.

Also, there are 9 career development programs for different categories of personnel in the First Ukrainian. The average number of participants in career development systems was 48% of the total number of staff. 50% of the participants of the career development programs received a career promotion during the year, their salaries were revised. In total for the 12 months, 183 bank employees were transferred to managerial positions, which is 53% of the total number of appointments for managerial positions.



Employees' development is one of the main directions of bank's strategy. In 2016, the bank actively engaged in the adaptation of colleagues: the training of newcomers, allowing any employee to quickly and efficiently begin to perform their duties. The bank helps to reveal the potential of its employees. Evaluation and development centers were established at FUIB within the framework of the career map. As the result, employees receive feedbacks and develop according to a personal plan. The evaluation center is made for managerial positions.

Also, FUIB paid a lot of attention to the development of staff's innovative approach. In 2016, the **IT Drive** project was launched. Within its framework, employees of the Information Technology Department initiate and implement the ideas aimed at improvement of the internal processes and the experience of customers in using the products of the bank. Also, the focus of 2016 was at the development of client-oriented personnel.

Development of managers is traditionally one of the training priorities in FUIB. Change management and project management were the key modules in the "**School of Management**" in 2016. The bank continued to develop management maturity and the "Leaders Club". "**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, express oneself and gain recognition. Also, mentoring culture was introduced in the branches of the bank's network.

"**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 2016, the **B2B school** program aimed at developing specialists in small businesses was launched. This is a 3-month course for graduates of universities or young professionals, which includes trainings, master classes, webinars and practical classes, conducted under the guidance of an experienced mentor. As a result of the program, 6 trainees were employed in the positions of specialists working with legal entities. Also, *Grow with us*, an internship program on retail business, was implemented in Kyiv, Kharkiv and Odessa. In total during 2016, 62 students were admitted to the position of specialists in customer service and financial advisors part time.

Within the framework of the *Global Money Week*, international initiative aimed at increasing the level of financial education and financial integration among youth, FUIB met with students of the Institute of Banking Technologies and Business of the University of Banking.

In 2016, a new positioning of FUIB as an employer which creates environment for development and opportunities for employees of different directions and levels of positions was developed. [FUIB's Career Website](#) is a platform for communication with job seekers for various vacancies.



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Bank FUIB is notable for high stability in the market, constant growth of financial indicators, increase in the number of branches, and implementation of new projects. As an employer, FUIB takes care of its employees, regularly reviews salaries, and offers internal and external training. The bank holds a contest for the "Best Employee of the Year", the winners of which go every year on an exciting trip abroad.

**FUIB's investment
in employees' development and
training**

**in 2016 amounted to
5.6 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 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.

Not only are self-service online systems convenient for customers and profitable for business, but they are also beneficial to the environment. As at the end of 2016, Internet banking "PUMB online" substituted the work of 53 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:

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

In 2016, the bank replaced traditional illuminants with energy-saving ones. There were saved 19588.8 kWh of electricity during the year as the result of the use of new technologies in office buildings. For the year 2016, the bank transferred 15.9 tons of paper for recycling.



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 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 were updated in 2016.

In 2016, FUIB adopted the "*Anti-Corruption Program of PJSC FUIB*". 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.

Also in 2016, the "*Regulation on the implementation of control over compliance with the requirements of Ukrainian legislation and other mandatory requirements in PJSC FUIB*" which describes the mechanisms for monitoring compliance with the requirements of the law in the bank was updated.

A transparent system of corporate management has been implemented in FUIB. In 2016, 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.

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.

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. In 2016, internal requirements document regulating the work of the Tender Commission, procedures of procurement and selection of suppliers were updated. The Board of the Bank approved the Regulation "On the Third Parties Risk Management System".

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.

Furthermore, the 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. In 2016, the Board of the Bank approved the revised version of the "*Regulations on the Committee for Ethics and Business Conduct of PJSC FUIB*".

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.

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 (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.

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 the current procedures in the field of



compliance control, including with regard to fighting corruption. In 2016, the electronic compliance course was updated, and the materials of the anti-corruption program which was approved by the bank were added to 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 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 Division, 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. In 2016, were approved new versions of the following documents: *Policy of operational risk management and control in PJSC "FUIB", General policy of banking risks management and control in PJSC "FUIB", Policies of tolerance to operational risks of PJSC "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 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.