

Report on the progress of
FUIB
in 2017



Працюємо
для Вас

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

Dear Ms. Kingo,

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

At the beginning of 2015, for the first time, FUIB presented for your attention a Report on the progress of FUIB for 2013-2014. In 2015, the Report was devoted to the turning point in the activities of First Ukrainian International Bank, when FUIB became the legal successor of all rights and obligations of the Renaissance Capital Bank. 2016 was a success year for our bank – the bank managed to become effective and made profit after the crisis of 2015, when most banks suffered losses, and when more than 60 financial institutions left the market. 2017 is the year of full-fledged business activity of the universal bank FUIB, the year of introduction of the latest technologies in all business areas.

For over 25 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 2017, our investments in the modernization amounted to over 425 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 23 million hryvnia. You can read about our concrete actions in the Report.

FUIB remains a reliable and stable partner for clients, individuals and companies, fully fulfilling obligations to them and to the state. Balance between business and employee development, involvement in social life of the society is important to the bank.

Serhiy Chernenko,
Chairman of the Board of PJSC FUIB



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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 more than 25 years, striving to provide clients with high quality banking services and constantly improving services. FUIB is among the ten largest banks of Ukraine by key financial indicators.

First Ukrainian 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, 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. .

In 2017, FUIB entered the TOP-10 of the annual rating "50 leading banks of Ukraine", compiled by "Finansovyi Klub". In the *Financial Oscar* rating, according to the periodical *Business*, First Ukrainian International Bank belongs to the TOP-2 in the nomination "Agrarian Bank". According to the Transparency International Ukraine survey, FUIB is the leader in the transparency among financial sector companies. First Ukrainian International Bank entered the top 10 of the most reliable banks in the country according to the rating by Dragon Capital and the *New Time* magazine. FUIB's Processing Center received the award *Bank 2017: Leadership in affiliate business*, which confirms that the bank is the leader in the sponsorship market for the banks participating in the IPS MasterCard WorldWide.

FUIB in numbers as at the end of 2017

Geographic coverage: entire Ukraine

Network: 164 branches

Staff: 7 251 employees

Clients: over 49 thousand corporate clients
1.2 million private clients

Investments: more than 425 million UAH in bank
development

Taxes paid: 561.6 million UAH



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RESPONSIBILITY OF FUIB

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 2017, 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 principles of doing business and interaction within the bank's team in 2017: clients, ambition, results, responsibility, change, and 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, and residents of the cities where the bank is present.

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 increasing financial literacy of the population, we invest in the future of our country.

More than **23 million UAH** –
FUIB's investment **in sustainable development**
in 2017:

- 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;
- development of corporate volunteering.



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FUIB'S STRATEGY OF SUSTAINABLE DEVELOPMENT

Since 2018, the 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, 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 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 the implementation of projects, and at all levels of management.

SCM GROUP SUSTAINABILITY POLICY





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 2017, 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



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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 2017, 48 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

The 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 can make informed decisions and customers have the necessary information about their financial partner.



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In 2017, First Ukrainian International Bank was actively implementing projects aimed at the development of business environment. Thus, FUIB and agricultural portal *Latifundist Media* continued a joint project, telling about people who are proud of growing grain. Ukrainians learned from stories and videos about the life of agrarians, how they come to agriculture and the boundless love for their craft within the framework of the 2nd season of the project "**Praise for the hands which smell of bread**" on the website Kurkul.com. This time the participants of the project were not only the clients of the bank, but also other brilliant representatives of the agrarian industry from different regions of Ukraine. The project was viewed by 75,000 Ukrainian agrarians and farmers.

In addition, the bank has implemented a content project in support of small business – "**Growing business together with FUIB**". The project supposed the release of a number of useful articles about Ukrainian business representatives, analytical materials, translated articles from foreign sources, and a guide book on professional literature. [Project for small business](#) was viewed by more than 50,000 people.

Throughout the entire year, our experts were providing the necessary advisory support for representatives of small and medium-sized businesses, and budding entrepreneurs, carrying out training in the regions of operation. The usage of loan resources from FUIB allows Ukrainian enterprises to develop their business. They carry out modernization of production and enter the European market, get new long-term contacts and expand their business. In 2017, the bank increased the speed of the decision making on financing the business, the time reduced to 5-7 days.

For small business customers, remote service is more preferable and more convenient. For them, FUIB developed the digital bank – **Digital FUIB**. In 2017, 487 customers joined Digital FUIB. Each client has their own office created on the Digital FUIB platform, where they can receive services by phone, Skype, in a chat, and on the website. They receive timely consultation on matters of competent business operations, operations with currency, on accounting, legal and financial issues. The clients can solve all questions of their business in one "window" – over a personal manager.

In 2017, the number of clients from small and medium-sized business receiving services from FUIB grew by more than 6277 clients, growth in small business amounted to +16.3%, in the medium-sized +10.4%. During the year, the number of large corporate businesses that receive services at FUIB increased by 111 clients; the increase was 3.3%. The number of state-owned companies serviced by FUIB has increased by 15 companies, the increase is +13%.

As the level of financial literacy of the population in Ukraine is still low, FUIB pays attention to educational communications in social networks, on television and in the press. Thus, the program "**FUIB – your financial guide online**" in the social networks includes training in the finance management, banking products, as well as financial instruments.

The multimedia project **The People's Banker** teaches how to use the bank quickly, simply and with the maximum benefit for a person and for their 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 with 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.



The client is the key value of FUIB. 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. All branches are equipped with PTCS self-service payment terminals, free Wi-Fi is provided everywhere. Also for the comfort of clients who are entrepreneurs, the bank equips territorially remote cash desks and B@W points in 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 33 offices in 17 cities. Also, the bank introduced the position of Meeter and Greeter in 44 branches: they meet clients, teach them how to use PTCS and Internet banking, they advise, help to orient in the department and refer them to the corresponding employee.

In 2017, the bank updated the Internet banking system "**PUMB Online 2.0**", and made it more convenient for the client. New opportunities were added for clients: transfer from an account to a card and from a card to an account, repayment of loans with a card, resetting passwords and unlocking user's account on their own, sending details for payment in SMS, reminders of upcoming events (ending of a deposit, blocked card, etc.) were added. At the end of the year, Internet-banking of FUIB had 172 thousand active users.

The bank 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. Information which was collected and analyzed helps to understand whether bank's standards are correct and whether they meet the needs of Ukrainian market and customers today.

In 2017, the bank began to collect monthly more than 30,000 loyalty ratings at different points of contact and at different stages of our clients' lives. To fully analyze the reasons for the ratings and develop the necessary actions to improve the client experience, the bank conducts more than a thousand in-depth interviews with its clients. Systematizing their ups and downs, we determine what is really important to clients, what first of all needs to pay attention to.

Considering client processes as a set of steps for a customer journey, we build an ideal path of the client as a user of banking services. This approach gives us the understanding of how to create a quality product that will be simple and understandable for our clients in the channels that are most convenient for them.

Today, the bank continues to measure the Net Promoter Score (NPS) for retail and corporate customers. Every day, "agents of happiness" communicate with dozens of clients, look for solutions that will allow becoming better not only us, but also other financial institutions.

Here are few examples of what was done in 2017 to improve customer experience:

- A cloud digital signature was created for corporate clients.
- In the offices where customers are dissatisfied with the queues, Meeters and Greeters have been introduced, cashiers and PTCS self-service payment terminals have been added.
- Patches for templates, tips, training materials were added in "PUMB Online 2.0" for retail customers.
- Monthly upgrades of functionality and development of new options is carried out at the PayHub payment platform.
- An automatic repayment for consumer loans through IVR and the call-center has been created.



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In 2017, FUIB continued to actively cooperate with Deposit Guarantee Fund. During the year, First Ukrainian Bank paid compensations in the amount of 1.5 billion hryvnia, having provided services 39,850 clients. In 2017, 5,600 clients decided to continue cooperation with FUIB.

In 2017, 18,960 pensioners chose FUIB's services, and acquired the Social package. When establishing an account in the bank, pensioners do not need to go to the Pension Fund of Ukraine as employees of the bank independently submit an application for transfer of the pension to FUIB. Pensioners can withdraw money from the card for free at any ATM throughout Ukraine. The bank has created special loan programs for pensioners.

In 2017, FUIB acted as a partner of the Kyiv School of Economics (KSE), providing KSE with financial assistance worth 272,304 UAH. KSE specializes in training world-class economists. The school is one of the few institutions in Ukraine, where the teachers have Ph.D. from reputable western universities. The assistance for the Kyiv School of Economics is primarily an investment in the future generation of economists and financiers whose education will meet world standards, which means that this is an investment in the future of Ukraine.

In September 2017, FUIB transferred the building of Parkhomivskyi Art Museum to the museum workers of the Kharkiv region. The building was bought by the bank from auction during the liquidation procedure of its former owner. Parkhomivskyi Art Museum, named after P. F. Luniov, is a valuable asset of Ukrainian culture; here, it is possible to get acquainted with the originals of the works of the most famous masters of graphics, sculpture and painting – Picasso, Malevich, Vereshchagin, Shishkin, Levitan, Kandinsky, Yizhakevych, Kasiyan and others. Among other things, the Bank helped the museum in the village of Parkhomivka in the Kharkiv region to create a [virtual tour](#). Thanks to online excursion, you can walk through all the halls of the museum and admire the unique collection of original works of world-famous authors.

In 2017, on the website Yakaboo.ua, FUIB started sales of the book guide "Ukraine for You: The Best Routes According to Insiders", created by the bank and the periodical *L'Officiel*. All the proceeds will go to buy a printer which prints books for blind people. To buy a modern printer, 16 thousand euro were collected. In 2018, the printer will be delivered to Braille Studio/ print studio printing in Braille-type.

In 2017, FUIB actively participated in projects devoted to professional orientation of schoolchildren. Thus, the bank took part in the implementation of the educational project of the Center for Development of CSR - Your Future in the Banking Sector. Within the framework of the project, a detailed map of professions in the banking sector was developed, a web-portal for free access to information by youth and teachers throughout the country was created, as well as special materials for organizing classes on the topic of career development at schools and universities was prepared. In 2017, pilot lessons were also held in schools. In 2018, the project will be presented to teachers and to the general public.

Moreover, FUIB supported the project of the center Development of Corporate Social Responsibility and Career Hub *My Career* in Ukraine. 400 tenth-graders from various regions of Ukraine took part in the competition *My Future Profession: Planning and Development* by writing an essay on their future specialty. As the prize, the winners of the contest, the authors of the 50 best essays, spent a day with top managers of state and commercial organizations and companies, among which was the FUIB's Chairman of the board Serhiy Chernenko. At a meeting with schoolchildren,



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Serhiy Chernenko told about his first job and welcomed one of the winners of the competition as his guest. The future journalist saw the work of a banker from inside: she participated in the shooting of the television project "People's Banker", went to an excursion to the branch and to the head office, and also took part in the bank's meeting on lending.

For the first time this year, FUIB took part in the Day of Savings in Ukraine, initiated by NABU. From 26 October to 31 October, Open House Days took place in FUIB branches in 5 cities: Kyiv, Zaporizhzhia, Lviv, Mariupol and Odesa. Pensioners, schoolchildren, teachers, clients and not clients of the bank visited the bank. The bank's staff held lectures on financial literacy, as well as excursions around the bank. Adult guests learned about the products and services of the bank, the rules of safe use of them, what to look at when choosing a bank, product or service, how they can independently manage the finances in remote channels. The children get acquainted with the work of the Bank's employees, visited the depository, saw the cash transit vehicles and cases, and learned about the bank's professions and career opportunities.

In 2017, the First Ukrainian International Bank was actively developing corporate volunteering. Our employees participated in environmental and social initiatives.

**Bank investment
in social projects
in 2017 amounted to
over 837 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 28 May, on the eve of the International Children's Day, FUIB employees together with their families participated in the 25th 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 autumn, FUIB's football team participated in the 5th 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". Funds for the participation in the tournament were used to purchase necessary equipment in the department of pediatric oncology of the National Cancer Institute.

Our bank has been supporting children from orphanages for eight years. In May and December the employees 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 2017, FUIB provided aid for 15 orphanages.



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FUIB took part in the Donor Day for the third consecutive year. In 2017, FUIB's Donor Day was held in blood centers in 6 cities. The collected blood was transferred to small patients suffering from oncological diseases.

The second year in the row, FUIB's team participates in the Lots of Socks campaign. 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 a responsible employer. During 2017, FUIB provided new jobs to 1,587 Ukrainians. At the end of 2017, 7,251 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, persons responsible for the fulfillment of occupational safety and health requirements were assigned at the head office and at regional centers.



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

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

Implementation

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

A Collective agreement is in effect in the Bank, where provisions on working conditions and wages, social benefits and guarantees are formulated. The collective agreement guarantees the protection of employees' rights and interests. All employees have equal rights and opportunities regardless of gender, race, age, place of residence, religion and political beliefs. The bank employs 5,403 women and 1,848 men. FUIB employs 481 female managers, and 351 male managers. In the top management of the bank, work 20% of women. Our bank employs 159 people with special needs, 880 women are on maternity leaves. And although the majority of employees of the bank are young people under 35, there are 2,887 people aged over 35 at FUIB, and 541 colleagues are over 50 years old.

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 2017, FUIB has traditionally invested in creating safe, healthy and comfortable working conditions. For employees, filtrated 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. This year, laboratory studies of workplaces in the head office buildings were conducted for the presence of harmful and dangerous factors.

On a regular basis, 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 are conducted. Drivers of vehicles regularly undergo pre-trip medical examination, and the vehicles undergo technical inspection before departure.

Introductory, primary and refresher briefings on labor protection and fire safety are conducted with every employee. Training is being conducted for bank officers responsible for the organization of occupational safety measures, safe performance of work, fire safety, and the familiarization of all new employees of the bank with an electronic course on occupational safety and health.

To oversee compliance with the requirements of labor protection, fire safety, organization of necessary processes, the bank's labor protection sector carries out regular inspections of the structural units of the head office, regional centers and branches. As a result, the identified discrepancies are eliminated; the bank becomes even safer and more comfortable for employees and clients.



Buildings and offices are equipped with ventilation, air conditioning, lighting and heating systems, fire-fighting water supply systems, evacuation routes and exits, fire-fighting automatics systems for detection, extinguishing and alerting personnel in the event of emergencies are installed, fire extinguishers are provided; technical servicing and maintenance of operational and safe state of the equipment is carried out.

Unused office equipment, used fluorescent lamps, furniture, waste paper, tires, household waste, plastic, scrap metal are transferred to specialized enterprises for utilization in accordance with the registered declaration. The Bank provides annual statistical reports on occupational safety and environmental issues.

For the event of an industrial disaster, for the protection of employees, gas masks are purchased and stored in storage facilities. Personal protective equipment, workwear are purchased, and the necessary verification of the means of protection is carried out for the bank's employees who need them.

In 2017, 3 employees were injured as a result of work-connected accidents; the investigations were carried out in accordance with the established Procedure. Since the beginning of 2017, 105 accidents which were not connected with work have been investigated and processed.

Employees of the labor protection sector work continuously and cooperate with state control bodies in the field of labor protection, fire safety and ecology, and with the social insurance fund in order to protect the interests of the bank, determine the legal grounds for claims to the bank, and to develop materials for protection and objections.

In 2017, FUIB investments
**in employees' occupational health
and safety**
amounted to
about **4.3 million UAH.**

In 2017, 82% of the bank's personnel had an average 29% increase of wages. The salary revision was carried out taking due consideration of the personal effectiveness and efficiency of each employee, as well as the market level of salaries.

In FUIB, 34 motivational programs (monthly, quarterly and semiannual) are approved and implemented. The average number of participants in the motivation system of the bank for the 12 months of 2017 amounted to 3,380 persons or 59% of the average number of personnel; 52% of the personnel received a bonus.

Also, there are 10 career development programs for different categories of personnel in the First Ukrainian. In 2017, 931 employees received promotion.



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Development of the personnel is one of the main directions of bank's strategy. The Bank trains employees remotely, at trainings, seminars, master classes and workshops. Raising the level of knowledge and skills, colleagues can implement more complex projects and tasks, thereby strengthening their competencies and developing the bank.

For the adherents of the latest technology, the bank implements the **IT Drive** project. 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. Managers of the bank are trained in the "**School of Management**", mastering the basic skills from being the manager to managing changes and projects. In 2017, the School consisted of 5 main modules and inter-module activities. Those employees who have something to share with others can undergo trainings in the "**The Institute of Internal Training**" to elaborate trainings and conduct them for their colleagues.

Leaders of the bank have united in the "**Leaders Club**", where they draw new ideas and knowledge, communicate and exchange experience, jointly solve business problems, manifest themselves and receive recognition. 34th "Breakfast of the leader" - useful food for an inquisitive mind - came out already. Leaders of the bank communicate not only online, but also meet face to face. Thus, in February 2017, a 2-day conference "We FUIB Possibilities" was held. Managers of the branches determined which tools would help them to be more successful and effective. The applied recommendations developed by them were included in the "Guide of a successful manager".

In the framework of promoting the Bank's values, in September, an integrative event "**We FUIB Values**" for the employees of the network was held. Branch managers of the network and best sellers have come together to live and feel the bank's values. By completing various tasks, employees became real superheroes, understood the values and what is behind them.

"**Driving business together**" is a platform for the development of management culture, for solving strategic tasks in the bank. It allows different business areas and hierarchies to come together in order to solve business problems and offer support to each other. This gives an understanding that we all work for one goal and we can achieve more together.

The **Happy Office** project is designed to show that the bank is more than just a job. This is a place where you can have fun and be happy. In 2017, 730 bank employees from Kyiv, Odesa, Kharkiv and Mariupol went on 11 exciting excursions. During 12 master classes, 225 colleagues created their own author's works. Within the framework of the Cultural Project, 400 lovers of beauty have heard 10 lectures on the art of Renaissance revival and the art of impressionists. Also, 2 rounds of intellectual entertaining game **MAD HEAD SHOW** were held in the bank.

In 2017, the **FUIB superheroes** played a big team game to better understand the bank's values, since following the values makes stronger each employee and the bank in general. 8 teams with more than 600 superheroes in each, traveled through the Universe of FUIB, committed feats and helped the client.

Investments of FUIB in development and training of employees in 2017 amounted to 9.7 million UAH. 5,299 employees were trained in 426 different trainings and training programs.



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FUIB's investment
**in employees' development
and training**
in 2017 amounted to
9.7 million UAH.

FUIB believes in the potential of Ukrainian youth. The **B2B school** program aimed at developing specialists in small businesses was launched in 2016, and successfully continued in 2017. 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. 27 trainees participated in the program in Kyiv, Zaporizhzhia, Odessa, Mykolayiv and Kherson. After participating in the program, 9 graduates were employed as specialists working with legal entities.

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 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.



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 in the bank convenient for customers and profitable for business, but they are also beneficial to the environment. As at the end of 2017, Internet banking "PUMB online 2.0" 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": save energy resources, paper, optimally use the equipment and procedures for electronic document management, collect waste paper;
- participate in environmental initiatives.

In 2017, the bank continued to replace traditional illuminants with energy-saving ones and electricity was used economically. As a result of the application of new energy-saving technologies in office premises, electricity consumption was reduced by 126942 kWh, water consumption was reduced by 49 m³, compared to the previous year. For the year 2017, the bank transferred almost 47 tons of paper for recycling. In addition, FUIB handed over for recycling to other organizations all hazardous and non-hazardous waste of the bank for the year.



ANTI-CORRUPTION

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

Policy

In 2017, 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, which were approved in the bank in 2014, were updated in 2016 they were.

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.

The Compliance Control Division elaborated and implemented "*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.

A transparent corporate management system has been implemented in FUIB. In 2017, FUIB did not register any 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.

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, and non-compliance with the requirements of corporate ethics.

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

A 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. Internal requirements document regulating the work of the Tender Commission, the procurement procedures and the selection of suppliers are being updated constantly. The Board of the Bank approved the Regulation "*On the Third Parties Risk Management System*".

"*Procedure for declaration of external activities of the personnel*" functioning in the bank since 2012 was updated in 2017. 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 the conflict of interest exists between the employee, the bank, its customers and counterparties.

Furthermore, the "*Procedure for delivery and receipt of gifts and invitations*" that has been in effect in the bank since 2012, was updated in 2017.

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, which were approved in the bank in 2014, were updated in 2016. Regulations of anti-monopoly processes and interactions in the SCM Group have been acting in the bank since 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. Chair of the Committee is the Director of Human Resources. In 2017, the version of the "*Regulations on the Committee for Ethics and Business Conduct of PJSC FUIB*" was revised. 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 which provides current management over 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 approved by the bank were added to it. In 2017, over 90% of the bank's personnel passed the course.



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.