ANTI-CORRUPTION PROGRAM OF JSC ALFA-BANK

Version 3.0
1. GENERAL PROVISIONS

ALFA-BANK JOINT- STOCK COMPANY (hereinafter referred to as the “Bank”) is a legal entity that provides banking services. Maintaining an excellent business reputation is a key to achieving goals and fulfilling mission of the Bank.

The Bank adheres to “zero tolerance” policy on corruption and expects all Employees to behave in accordance with the highest professional and ethical standards. This Anti-Corruption Program (hereinafter referred to as the “Program”) sets out the minimum unified global standards to which Employees of the Bank must adhere.

Failure to comply with the current legislation governing the relevant sphere may have serious consequences in the form of a deterioration of the financial situation and damage the reputation of the Bank.

In developing this Program, the following regulations have been taken into account:
- the Law of Ukraine “On Preventing Corruption”;
- the Law of Ukraine “On banks and banking”;
- Resolution No. 64 of the NBU management Board as of June 11, 2018 “On the Approval of the Regulations on the Organization of Risk Management System in Banks and Bank Groups of Ukraine”;
- Code of Conduct of ALFA-BANK PJSC;
- Recommendations of the international organization Transparency International and other regulatory documents of international and national governmental and non-governmental organizations.

2. SCOPE OF APPLICATION

The Program is binding on all Employees of the Bank. The Bank shall make its best efforts to ensure that its Related Parties and Employees comply with the provisions of this Program.

3. PURPOSE OF THE PROGRAM

The purpose of this Program is to make recommendations on key anti-corruption requirements to minimize the risk of corruption.

4. TERMS AND DEFINITIONS

close persons - persons who live together, have a joint household and mutual rights and obligations with a person referred to in the first part of Article 3 of this Law (except for the persons whose mutual rights and obligations with a person are not of family nature), including persons who live together but are not married and, whatever the conditions specified, husband, wife, father, mother, father-in-law, mother-in-law, son, daughter, stepson, stepdaughter, blood brother, blood sister, grandfather, grandmother, great grandfather, great grandmother, grandson, granddaughter, great-grandson, great grand-daughter, son-in-law, daughter-in-law, mother-in-law, father-in-law or adoptive parent or adopted child, guardian or trustee, persons who are subjected to guardianship or custody of the said person;
kickback means a bribe in the form of a commission paid to a recipient of a bribe quid pro quo for the services provided (for example, the seller or supplier returns a part of the purchase price to the representative of the customer (often expressed as a percentage of the contract price), usually without the knowledge of the customer, as a gesture of thanks for this person for the conclusion of a contract with this seller or contractor);

state body - a state authority, including a collegiate state body, another subject of public law, irrespective of the status of a legal person, which, in accordance with the law, is entitled to exercise managerial functions on behalf of the State, whose jurisdiction extends to the whole territory of Ukraine or to the separate administrative unit;

corruption offense - an action containing corruption signs, which is committed by a person specified in part one of Article 3 of this Law, for which criminal, disciplinary and/or civil liability is established under the Law;

corruption - use by a person specified in part one of Article 3 of this Law of his/her powers or the related opportunities conferred to him/her for the purpose of receipt of illegal benefit or acceptance of such benefit or adoption of the promise/offer of such benefit for himself/herself or other persons or respectively the promise/offer or provision of illegal benefit to a person specified in part one of Article 3 of this Law or upon his/her request to other physical persons or legal entities with the purpose to incline such person/entity to illegal use of powers or related opportunities conferred to them;

illegal benefit - money or other property, benefits, privileges, services, intangible assets, any other benefits of intangible or non-cash nature which are promised, offered, provided or received without legal grounds;

corruption of a public officer means, directly or through a third party, an offer, a proposal, a promise or giving any Bribe to the Public Officer or another person at the request of the Public Officer or with authorization or implicit consent of the Public Officer with a view to influencing the Public Officer in the use of his/her authority or for the purpose of obtaining assistance in carrying out activities or maintaining them at the current level, or with the aim of obtaining a non-competitive advantage when carrying out activities;

associated person - any natural or legal person with whom the Employee acting on behalf of the Bank establishes business relationships in the performance of his/her duties, including existing and potential customers, counterparties, central and local authorities, as well as their representatives, politicians and political parties;

gift - money or other property, benefits, privileges, services, intangible assets which are provided/received free of charge or at the price below the minimum market price;

potential conflict of interest – holding of private interest by a person in the field in which he/she carries out the official or representative powers that can affect objectivity or impartiality of decisions or commission or non-commission;

the offense connected with corruption - action which does not contain corruption signs, but violates the requirements established by this Law, prohibitions and restrictions, committed by a person specified in part one of Article 3 of this Law, for which criminal, administrative, disciplinary and/or civil liability is established under the Law;
entertainment - means organizing or participating as a guest at entertainment events (for example, visiting restaurants, drinking tastings, sport or musical events, etc.);

public officer means any person who:

• holds any elective offices as well as offices which provide for the appointment, in the legislative, executive or judicial authorities in any country;

• performs the functions of a power entity acting on behalf of or in the interest of a particular country or territory, located outside that country or territory, or on behalf of any public body or a state enterprise of a given country or territory; or

• is an official or representative of an interstate organization.

The term “public officer” includes officials working in the executive and legislative authorities and local government bodies, government and state-run enterprises and institutions, as well as public investment funds.

An interstate organization is an organization whose members belong to one of the following entities:

• country or territory;

• the government of country or territory;

• other interstate organizations;

• a combination of the above.

private interest - any valuable or non-property interest of a person, including interest caused by personal, family, friendly or other out-of-office relations with physical persons or legal entities, including those which arise in connection with membership or activities in public, political, religious or other organizations;

real conflict of interest - a conflict between the private interest of a person and his/her official or representative powers, which affects the objectivity or impartiality of decisions or the commission or non-commission of acts during the performance of the said powers;

Compliance Department – Compliance Control Section of the Bank, a structural division of the Group Company, responsible for control of adherence to compliance norms;

employee means physical persons who work at all organizational levels and at all positions in the Bank's structure, including, but not limited to, members of the Management Board, heads of structural divisions and others Employees;

facilitating payments - constitute a bribe made with the intention of simplifying and implementing the usual or necessary procedures falling within the competence of state authorities or guaranteeing the appropriate level of their implementation;

family members - married persons and their children, including adults, parents, persons who are subjected to guardianship or custody, other persons who live together, have a joint household and
mutual rights and obligations (except for the persons whose mutual rights and obligations are not related to the family), including persons who live together but are not married;

bribe - refers to an illegal financial reward or a reward expressed in another form that is not necessarily associated with the receipt or transfer of cash.

Giving a bribe to another person means:

* a proposal, promise or giving, directly or through a third party, a Bribe to another person to induce him/her to improperly perform the Relevant Function or Action (bribery-corruption) or a reward for such person for inappropriate performance of such Relevant Function or Action (bribery-sweetener); or

* a proposal, promise or giving, directly or through a third party, a Bribe to another person, if it is known that the mere fact of accepting such a reward will constitute an improper performance of the Relevant Function or Action.

Accepting the Bribe means:

* a request for the Bribe, consent to receive or accept it, directly or through a third party, which, therefore, implies an improper performance of the Relevant Function or Action; or

* a request for the Bribe, consent to receive or accept it, directly or through a third party, if the mere fact of the request, consent to receive or accept constitutes an improper performance of Relevant Function or Action; or

* a request for the Bribe, consent to receive or accept it, directly or through a third party, as a reward for the improper performance of the Relevant Function or Action; or

* if in anticipation of or as a consequence of a request for the Bribe, consent to receive or accept it, directly or through a third party, the Relevant Function or Action is performed improperly.

the Relevant Function or Action means any function of a public nature, such as an action related to conducting commercial activity, an action performed in fulfilling official duties by a person, or an action performed by or on behalf of a collegiate body;

close political/governmental contacts - refer to membership in any political party registered in the prescribed manner or in a representative/legislative or executive state authority, as well as the fact of working for a state-owned company/enterprise.

5. PROHIBITED PRACTICES

The Bank and its Employees are strictly prohibited to:

* give Bribes to other persons in any form, including Facilitating Payments and Kickbacks;

* receive Bribes;

* give Gifts and Bribes to Public Officers in any form, including Facilitating Payments and Kickbacks;
• threaten other Employees who have refused to give the Bribe or who have reported violations under this Program; and

• participate in any activity that could lead to a violation of this Program.

6. RESTRICTED ACTIVITIES

6.1. Gifts and Entertainment

The relevant occasions, Gifts and Entertainment, or any other Entertainment Expenses aimed at enhancing the Bank's image, assisting in the promotion of its services and developing business relationships, are a traditional and important part of commercial activities, and their prohibition is not the goal of this Program.

In general, Employees may accept and offer Gifts, organize Entertainment events or incur additional Entertainment Expenses subject to the following conditions:

• motivation for the Gift or Entertainment does not constitute expectation or hope that the Bank will receive a non-competitive advantage, or a reward for a non-competitive advantage already acquired;

• the Gifts will not create the preconditions (or assumed commitments) for the creation of exceptional conditions for the third party, such as a special business facilitation or an improvement of commercial conditions;

• the Gifts shall be given openly and with the consent of the Bank, and disclosure of information on such Gift will not compromise the Bank or a third party;

• the Gifts the cost of which exceeds the equivalent of $150 shall be entered into the Gift Registry (Appendix 1);

• the Gifts shall not be offered to Public Officers, politicians or political parties;

• there will be no violation of the legislation in force;

• the Gifts shall be offered on behalf of the Bank and not on behalf of a certain Employee;

• the Gifts shall not include cash or its equivalent (for example, gift certificates or vouchers);

• the Gifts shall be relevant to the certain case, have the appropriate appearance and value and be delivered on time; and

• the Gifts shall meet all other requirements established by the Bank.

To ensure openness and transparency, the Gifts received by the Employees, should their cost exceed the equivalent of $150, shall be entered into the Gift Registry in the manner prescribed by the relevant internal documents of the Bank.

The procedure for determining and incurring entertainment expenses by the Bank employees shall be established by relevant internal documents of the Bank.

6.2. Close political/governmental contacts
Any Employee who has close political/governmental contacts shall provide information about them. Upon receipt of such information, the Bank shall identify potential or actual conflicts of interest in order to identify situations that could (actually or potentially) compromise ethical provisions and violate this Program, or violate the Bank’s Code of Conduct.

7. RIGHTS AND OBLIGATIONS OF THE AUTHORIZED PERSON

7.1. For the purpose of implementing this Program, the Bank shall appoint a responsible person whose legal status is determined by the Law of Ukraine “On Preventing Corruption” and by this Program.

A person who by virtue of his/her professional and moral qualities, as well as professional level can perform the duties defined by the Program may be appointed as an authorized person.

The Authorized Person in the performance of his/her duties is an independent person and is required to avoid any potential and actual conflicts of interest.

The Authorized Person for the anti-corruption program is an officer of the Bank appointed by the Order of the Chairman of the Management Board of the Bank or by the Resolution of the Supervisory Board.

7.2. The Authorized Person is obliged to:

1. take all measures necessary for the efficient implementation of the Program,
2. control and monitor compliance with the objectives of the Program in the activities of the Bank,
3. initiate an investigation based on the revealed corruption offences or suspected violations,
4. provide reports on corruption risks according to the procedure determined by the relevant internal documents of the Bank,
5. manage corruption risks (identification, analysis and evaluation of corruption risks, development of an action plan for risk management, coordination and monitoring of the implementation of an action plan),
6. coordinate the training of employees and managers on anti-corruption issues,
7. conduct individual consultations with Employees on application of anti-corruption standards and procedures,
8. initiate measures aimed at legal and other protection of persons who conscientiously report on possible corruption offences or offenses connected with corruption.

7.3. The Authorized Person is entitled to:

1. receive information from Employees and partners about violations of the requirements of the current anti-corruption legislation,
2. conduct on their own initiative a control over the possible facts of corruption offenses,
3. receive written explanations from Employees on circumstances that may indicate a violation of the requirements of the current legislation and the Program.

8. BASIC ANTI-CORRUPTION MEASURES AND PROCEDURES

8.1. The chief executives of the Bank are directly involved in promoting the internal corporate culture of non-acceptance of corruption in whatever forms and manifestations, and also declare an uncompromising attitude towards all forms and manifestations of corruption at all levels (“the tone from the top”).

The Bank's management shall conduct regular corruption risk evaluations and take appropriate anti-corruption measures. Independent experts can be involved in the identification and elimination of corruption risks in the Bank's activities, in particular for conducting audits.

8.2. Executives and other persons of the Bank being in labour relations with the Bank are obliged:

1) not to commit and not to participate in the commission of corruption offenses related to the activities of the Bank;

2) to refrain from any behavior that may be considered as a willingness to commit a corruption offense related to the activities of the Bank;

3) to immediately inform the Authorized Person or the Chairman of the Management Board of the Bank of the cases of incitement to commit a corruption offense related to the Bank's activities, as well as of the cases of corruption offenses or offenses connected with corruption committed by other Employees of the Bank or other persons related to the Bank;

4) to immediately inform the Authorized Person or the Chairman of the Management Board of the Bank of the occurrence of an actual or potential conflicts of interest.

8.3. To achieve the objectives of the Program, the Bank shall implement and maintain at an effective level the following procedures and measures:

1) corruption risk management,

2) reporting on suspicion of violation of the Program,

3) informing and training employees on issues of corporate ethics and actions against corruption,

4) investigation of violations and use of remedies,

5) the audit of partners

6) verification of contracts for corrupt elements and introduction of anti-corruption clauses in the contracts.

8.4. The main stages of the risk management process include:

1) identification, analysis and evaluation of corruption risks, development of the corruption risk management action plan. The frequency of the corruption risk evaluation within the Bank is once a year, no later than the first quarter following the reporting year. The result of this stage consists in adopting the corruption risk map.
2) approval and adoption of the risk map and the corruption risk management action plan by the Chairman of the Management Board of the Bank.

3) coordination and control over the implementation of the corruption risk management action plan are carried out by the Authorized Person. The results of this stage consist in implementing corrective and preventive actions (for example, introduction of changes into the systems (accounting, information, security systems); review of regulations and standard forms of the documents; introduction of changes into the current processes, development and implementation of new processes and procedures; training of Employees of the Bank, performance of audits).

8.5. Risk evaluation.

The Authorized Person evaluates the corruption risks of the Bank on the basis of the following indicators:

- from the perspective of the Corruption Perceptions Index of the international organization Transparency International (http://www.transparency.org/research/cpi/overview);
- activities in areas with high risk of corruption;
- interaction with government organizations (including executive and legislative authorities, local government bodies, government and state-run enterprises and institutions);
- use of agents and intermediaries in its activities.

8.5. Activities carried out by the Legal Department under this Program include:

- monitoring of legislation and judicial practices regarding anti-corruption legislation in Ukraine and providing information on the amendments made to the Authorized Person and the Chairman of the Management Board of the Bank,

- development of anti-corruption clauses.

8.6. Providing charitable assistance.

The Bank does not provide charitable, sponsorship or financial assistance to directly or indirectly influence the decisions of government agents, public organizations or other entities/persons who affect the maintenance, expansion or optimization of activities of the Bank, or if such assistance can be objectively perceived as an attempt to make such influence. Information on the Bank's expenditures for the provision of charitable or sponsorship assistance shall be publicly available. The procedure for providing sponsorship or charitable assistance shall be established by the relevant internal documents.

8.7. Political engagement, interaction with government agents.

The Employees of the Bank have the right to participate personally in the political life of society during their free time.

When interacting with government agents, public organizations, politicians or other persons, the Bank shall adhere to the requirements of the applicable regulations.
The Bank shall refrain from paying the costs of any government agents or public organizations, as well as their close relatives, including their receipt at the expense of the Bank of material or other benefit, for direct or indirect purpose of obtaining any commercial benefits and/or competitive advantages.

When applying for a job at the Bank, an Employee is required to inform of positions he/she filled in public or municipal services during the last two years.

9. PROCEDURE FOR REPORTING ON CORRUPTION OFFENCES, INCITEMENT OR SUSPICION, CONFIDENTIALITY RESTRICTIONS AND PROTECTION

9.1. The Bank shall organize safe, confidential and accessible activities to inform Employees of the facts/incitement/suspicions of corruption offenses.

It is strongly recommended that all Employees who assume that the Bank or its Employees have violated the provisions of this Program, in any form, report these incidents to the Authorized Person. If the Employees are not sure that a particular action constitutes a corrupt practice, it is necessary to address the issue to the Authorized Person or to the hotline by sending an e-mail message to a separate We_care/KIB e-mail box (We_care@alfabank.kiev.ua). The information is received on a 24 hours basis while maintaining the confidentiality of the person who made the request.

9.2. Employees shall immediately report on their suspicions or detected facts to the Authorized Person in the following cases:

• if they are offered a Bribe/Kickback by the third parties, or if they assume that this could be the case in the future;
• if they are required to give a Bribe/Kickback or if they assume that this may be the case in the future;
• if they consider themselves to be victims of another form of illegal activity classified as corruption;
• if they are incited to other corrupt practices;
• if they become aware of any intentions or facts that may indicate the use or the intention of using of the Bank or its Employees in activities that comprise or may comprise elements of corruption.

Employees shall have the right to report problems directly, without fear of disciplinary punishment, and the Bank shall ensure the appropriate level of investigation of incidents and respect confidentiality of the investigation.

No discrimination is allowed in case of Employees' refusal to participate in corrupt operations or when they have conscientiously report on their suspicions of existing or potential corruption offenses that have occurred or may occur in the future. Discrimination may include dismissal, disciplinary sanctions, threats or other biased attitude associated with reporting on such suspicions.

If the Employees believe they have been subjected to such biased attitude, they shall immediately inform the Authorized Person thereon.
9.3. The Employees may use one of the following methods to voice their concerns or report on the incidents of corruption. For this purpose, they may orally or in writing:

- report on or obtain an explanation of the situation from their immediate supervisors or senior executives,
- use the hotline by sending an e-mail message to a separate We_care/KIB e-mail box (We_care@alfabank.kiev.ua),
- contact the Authorized Person or the Compliance Department directly,
- if Employees or partners deem it necessary to send the information anonymously, they may do so by sending an e-mail message to a separate We_care/KIB hotline e-mail box (We_care@alfabank.kiev.ua) from an anonymous address;

We_care/KIB hotline is the main channel to receive complaints or information about possible offenses (We_care@alfabank.kiev.ua).

The procedure for consideration of reports and complains filed to the hotline e-mail box shall be governed by the relevant internal documents of the Bank.

10. TRAINING AND PROFESSIONAL DEVELOPMENT

10.1 Employees are required to understand the requirements of anti-corruption legislation and the Bank’s Code of Conduct that may be applied to their work, and to report any suspicion of violations of the Program.

Training Employees on anti-corruption issues shall be ensured by:

- publications on the Bank's internal portal;
- inclusion of the relevant information into the induction sessions for new employees;
- webinars, seminars, conferences, online training;
- distribution of news to the Bank Employees by e-mail;
- signing by the Bank Employees of the commitment to become familiar with the current version of the Program and to comply with its requirements.

10.2. The professional development of Employees shall be ensured as a part of the Bank's annual training plan on improving corporate culture and shall be aimed at the development of basic knowledge of anti-corruption legislation and the legal culture of the Employees. The Bank contributes to improving the level of anti-corruption culture by systematically informing and training Employees in order to raise their awareness of the issues related to the Bank’s Anti-Corruption Program as well as educate them on methods and techniques of application of the Anti-Corruption Program.

10.3. Compliance by Employees with the principles and requirements of this Program shall be taken into account when building the human resource base for promotion to higher positions, as well as when applying disciplinary measures.
11. INDIVIDUAL COUNSELLING

The Bank shall advise Employees on anti-corruption standards and procedures as well as encourage them to seek advice on complex matters and to report on potential violations of the Code of Conduct, conflicts of interest or corruption.

If the Employees are in doubt or concerned that their actions violate the provisions of this Program, they can raise the question via the hotline or with the help of the Authorized Person.

12. THE AUDIT OF PARTNERS

The Bank develops the necessary procedures and takes appropriate measures to prevent corruption and bribery, in particular conducts due diligence to identify corruption risks when establishing relationships with the third parties.

The Bank applies the Know Your Partner verification procedures following a risk-based customer approach, inter alia, to identify and minimize the risk of corruption. In low-risk situations, the Bank may decide that such verifications are not necessary.

In high-risk situations, the Bank may decide to conduct a thorough audit, requiring additional documents and information, to carry out additional verifications and so on. An audit may include direct questioning, indirect verifications or general study of partners.

Employees are required to do their utmost to ensure that all contracts with related parties contain a description of the services to be provided.

The Bank seeks to deal with business partners that have a good reputation, carry out legitimate business activities, are trusted partners, the interaction with whom do not bear any legal, financial and reputational risks.

When entering into contracts, the Bank informs third parties of the fundamental principles of these regulations and makes efforts to ensure that the third parties share and respect the principles of this Program. In certain cases, the Bank insists on the inclusion of anti-corruption clause in the contracts with the third parties.

13. CONTROL OVER COMPLIANCE WITH THE PROGRAM

The procedure for providing information envisaged by this Program (in particular, but not limited to, information on gifts) by the Employees of the structural divisions concerned, processing and storage of such information, as well as the mechanisms for interaction between structural divisions for the implementation and monitoring of implementation of this Program is determined by the relevant internal documents of the Bank.

The operational control over compliance with the Program shall be carried out on a regular basis and entrusted to the structural divisions concerned. The list of mandatory controls shall be
developed based on the results of the risk evaluation and constitute a part of anti-corruption measures. The Authorized Person shall provide the responsible persons with information on the controls approved for the next period.

During the year, the implementation officer shall organize the development and implementation of new controls (process/procedure development, their automation, the collection of written commitments, etc.) and support the operation of the current controls. The current controls are subject to one-time or periodic inspections for proper implementation, adequacy and effectiveness of controls.

When verifying controls, the inspection officers shall verify the availability, correct operation and adequacy of the controls, familiarize themselves with the relevant regulatory documents and protocols, ensure that there are no violations, and upon identifying violations determine their causes and consequences, assess the sufficiency and effectiveness of the controls and, if necessary, initiate their improvement or replacement by other controls. Inspections shall be organized or performed by the Authorized Person according to the approved schedule. The Authorized Person shall monitor and record the status of tasks related to the implementation of new controls and the results of current controls, and reflect them in the relevant reports to be submitted to the Chairman of the Management Board.

14. INTRODUCTION OF CHANGES TO THE PROGRAM

14.1. In case the inefficient provisions of this Anti-Corruption Program or related anti-corruption measures of the Bank are identified, or if the requirements of the current anti-corruption legislation of Ukraine are modified, the Authorized Person shall organize the development and implementation of an action plan to revise and modify this Anti-Corruption Program and/or anti-corruption measures.

14.2. The Anti-Corruption Program and the amendments thereto shall be approved by the decision of the Supervisory Board of the Bank. After its approval, the text of the Anti-Corruption Program shall be published on the Internet site of the Bank and shall be available for all Employees, customers and counterparties.

14.3. The Anti-Corruption Program and the amendments thereto shall form an integral part of the internal labor regulations of the Bank.