



PRAVEX BANK

Bank of INTESA  SANPAOLO



PRAVEX BANK ESG REPORT 2023

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Letter from CEO

The approach of PRAVEX BANK to sustainable development is closely related to its goal of contributing to the construction of a bright and prosperous future of Ukraine. Our approach to development is not just a strategy, it is our inner goal, our contribution to creating long-term value and strengthening the sustainability of society.

Despite the full-scale invasion and challenging circumstances we have overcome difficulties and continuously improve financial services for our clients every day.

The PRAVEX BANK team is dedicated to its goal and continues to work to seek new solutions. We believe that only through continuous development and innovation we can reach new heights and meet the needs of our clients at the highest level of service.



Reliable and comprehensive risk management is the cornerstone of PRAVEX BANK's activities, addressing not only financial but also non-financial risks, such as financial crime threats and climate change.

As a full-service Bank, we take pride in working with companies that are leading the country towards sustainable development. The innovative banking solutions are our contribution to their success. This is important not only for our daily operations but also for how we work for our clients, helping them ensure the sustainability of their businesses.

As an ethical and responsible Bank, we prioritize the safety of people, champion diversity and inclusion, considering them key factors in our business.

We aspire to be a Bank that contributes to a more environmentally (E) friendly, socially responsible (S), and better governed (G) corporate economy.

I am pleased that in 2023 we made significant progress in all these areas. To overcome the challenges also deriving from the contingent situation and contribute to the transformation of the economy, we have set specific goals in the field of sustainable development to make a substantial contribution to the sustainability and prosperity of Ukraine.

We express our profound gratitude to all our stakeholders: our clients, employees and to our shareholder, for their important role in this success.

Gianluca Corrias,
Chairman of the Management Board of PRAVEX BANK



1. PRAVEX BANK and Intesa Sanpaolo Group

PRAVEX BANK is a financial organization offering a full range of banking services throughout Ukraine. With a well-developed network covering every corner of the country, combined with a successful and enduring history, PRAVEX BANK has become one of Ukraine's most well-known banking brands.

Since 2008 PRAVEX BANK is now a part of the Intesa Sanpaolo banking group, which is one of the leading banking groups in the Eurozone. The Bank continuously enhances its operations, elevating the standards of banking services to better serve its clients and partners. The Bank's commitment to reliability, stability, a well-thought-out development strategy, and high customer service standards positions it confidently for the future and the realization of its development plans.

The Bank adheres to a growth strategy focused on creating enduring foundations in economic, financial, social, public, and environmental aspects, grounded in the trust of all partners and aligned with its own values.

The overarching goal is to achieve optimal profitability and establish robust foundations across all facets of its activities, emphasizing trust with partners and adherence to core values. Key development areas include improving network efficiency and optimizing the management of personnel and administrative costs.

PRAVEX BANK strides confidently into the future, ensuring competitiveness and maintaining high standards of service for its clients and partners.



2. Sustainable development

PRAVEX BANK AS PART OF THE UN GLOBAL COMPACT



In May 2023, PRAVEX BANK joined the UN Global Compact. The Bank committed to adhering to the thirteen goals of the UN Global Compact across four key areas: human rights, labor relations, environment, and anti-corruption.

Engaged in integrating ESG criteria into its operations, PRAVEX BANK strives to embed the UN Global Compact and its principles within the Bank's strategy, culture, and daily activities. Additionally, the Bank actively participates in collaborative projects aimed at advancing the UN Sustainable Development Goals.

PRAVEX BANK is actively implementing a long-term development strategy based on the UN Sustainable Development Goals and aligned with ESG principles. The Bank's sustainability endeavors focus on minimizing environmental impact, prudently managing resources, prioritizing employee well-being, upholding ethical business practices, complying with anti-corruption standards, and fostering open dialogues with society and employees.

As a participant in the UN Global Compact, PRAVEX BANK aligns its activities with the Sustainable Development Goals, with thirteen of them seamlessly integrated into the Bank's ESG strategy.



STABLE OPERATION IN CONDITIONS OF FULL-SCALE INVASION



During the full scale invasion, the Ukrainian banking system has demonstrated resilience, ensuring uninterrupted operations. Banks, including PRAVEX BANK, have maintained sufficient capital reserves and are able to provide loan services. Notably, they have successfully withstood a surge in cyberattacks since February 2022. To safeguard databases, banks were authorized to transfer them to cloud storage in Europe, the United States, and Canada. Despite the challenges, depositors’ trust in banks has remained intact.



Even amid the backdrop of war and persistent rocket attacks, both business and population payments have been executed seamlessly. In this contest, PRAVEX BANK has identified branches that operate even in prolonged instances of electricity and communication outages.

In 2023, PRAVEX BANK joined the POWER BANKING program, aiming to enhance clients’ access to banking services. This move underscores the bank’s commitment to being part of the national initiative to ensure the uninterrupted provision of banking services, supporting Ukrainian residents in accessing financial services without hindrance.

ENSURING OPERATIONS OF THE REGIONAL NETWORK



Ensuring operations of the Bank’s regional network was carried out in the following directions:

Supporting employees and ensuring safety:

- Prioritizing the safety of employees is a fundamental consideration in management decisions.
- Implementation of organized measures to ensure the safety of the Bank’s employees during air raids.
- Addressing logistic challenges, including the transportation of network employees to their workplaces.

Organization of the branch network:

- Establishment of a crisis committee composed of representatives from the Management Board and key department heads to expedite problem-solving and response efforts.
- Implementation of instant communication channels through messengers for swift situation analysis and decision-making.
- Continuous monitoring of the security situation in each city/region on a daily and hourly basis, influencing decisions regarding the opening of branches and the provision of customer service.
- Formation of main and reserve teams of branch employees to ensure uninterrupted customer service.
- Timely replenishment of branch cash desks with cash and optimization of cash desk limits.
- Assurance of safety for branches, employees, and preservation of valuables.
- Procurement of generators and portable energy storage units to ensure a consistent power supply to the premises and branches, coupled with a steady supply of necessary consumables (including fuel and lubricants).
- Installation of autonomous security alarm systems in select branches to guarantee constant security.

AWARDS FOR SUSTAINABILITY PROJECTS

17 PARTNERSHIPS
FOR THE GOALS



Partnership for Sustainable Development Competition

PRAVEX BANK achieved recognition as a finalist in the Society category of the Partnership for Sustainable Development-2023 competition and was honored by the UN Global Compact in Ukraine for its Corporate Donor Day social project. This initiative, conducted in collaboration with the Kyiv City Blood Center, involves employees, clients, and partners of the Bank donating blood to support individuals in urgent need of blood transfusions. The Corporate Donor Day project's impact and commitment to sustainable development earned PRAVEX BANK acknowledgment as a finalist in the prestigious competition.

Since 2018, the UN Global Compact Network in Ukraine has been organizing the Partnership for Sustainable Development contest to highlight exemplary sustainable development practices in both business and the public sector. The initiative aims to promote the Sustainable Development Goals and facilitate collaborations among businesses, associations, governments, civil society, and academic institutions.



The best corporate media of Ukraine 2023

According to the results of the Best Corporate Media of Ukraine 2023 competition, Corporate Volunteering project of PRAVEX BANK secured the second-place position in the Corporate Projects category. The judging panel specifically commended the project for its comprehensive implementation of the Bank's social initiatives, systematic approach, creativity, and professionalism.

This accolade stands as a testament to the collective efforts of the entire team at PRAVEX BANK. The recognition reinforces the Bank's commitment to utilizing corporate projects as a means to foster team spirit, facilitate the exchange of ideas, and generate innovative solutions that contribute to business development and enhance customer service.



3. Environment

EVALUATION OF ENVIRONMENTAL RISKS



A crucial aspect of the Bank's decision-making process regarding investments and credit is the assessment of environmental risks. PRAVEX BANK acknowledges that economic activities should be profitable while ensuring they do not harm the environment.

Guided by this principle, the Bank adheres to the following:

1. **Avoidance of Harmful Projects:** PRAVEX BANK refrains from financing projects that may violate fundamental human rights, impede development, or have adverse effects on public health and the environment.
2. **Support for Peaceful Coexistence:** The Bank actively supports peaceful coexistence by abstaining from providing financial support for activities that could pose a threat to it.
3. **Preference for Socially and Environmentally Significant Projects:** PRAVEX BANK favors projects with high environmental importance, reflecting a commitment to initiatives that contribute positively to society and the environment.

Furthermore, the Bank actively upholds ESG principles, emphasizing the preservation of ecological balance and advocating for a conscientious approach to natural resources and climate. The Bank has implemented an effective environmental management system based on the principles of a green economy. These practices contribute significantly to sustainable development across all facets of the banking operations at PRAVEX BANK.

Intesa Sanpaolo has chosen to pursue the «Net Zero» goal by 2050 - for its own emissions, for loans and investments portfolios and asset management - by joining: the Net-Zero Banking Alliance (NZBA), through Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland, to the Net Zero Asset Managers Initiative (NZAMI) and through Intesa Sanpaolo Vita to the Net Zero Asset Owner Alliance (NZAOA) and the Net-Zero Insurance Alliance (NZIA).

In the 2022-2025 Business Plan, the commitment was confirmed through the publication of the carbon neutrality target for own emissions already in 2030 with 100% of energy purchased from renewable sources at Group level, targets aligned with net zero by 2030 in the following sectors (Oil&Gas, Power Generation, Automotive, Coal mining) and by protecting and regenerating natural capital.

Intesa Sanpaolo has always been committed to promoting environmental sustainability by integrating this objective into its strategy with an important commitment to support the green transition which aims at supporting businesses and the circular economy as well as reducing its emissions.

PRAVEX BANK is involved in the Own Emissions Plan.

TOLOKA KHMELNYTSKYI STYLE



Preservation of ecosystems aligns with the principles of the UN Global Compact, which PRAVEX BANK adheres to in the field of environmental protection.

The Bank believes that the preservation of biological diversity is possible not only in the objects of the nature reserve fund but also in urbanized areas. The employees of Khmelnytska RD branch of PRAVEX BANK share this belief and conducted an environmental campaign – a toloka on the banks of the Kudrianka river.

The participants of the toloka emphasized that cleaning the riverbank is not only crucial from an ecological standpoint but also serves to strengthen team spirit and foster unity among employees.



This initiative exemplifies the powerful impact that each individual can have in contributing to environmental preservation. It underscores the significance of collective efforts in achieving common goals for nature conservation.

Recognizing the positive impact of any business project on people, communities, and territories, PRAVEX BANK underscores the importance of such initiatives as integral components of modern business success, earning support from both clients and citizens.



4. Social

PRAVEX BANK INTERNAL CODE OF CONDUCT



The labor relations between employees and the Bank are governed by the prevailing labor legislation of Ukraine.

As of the end of 2023, the Bank employed 651 people benefiting from social insurance and social guarantees in accordance with Ukrainian legislation.

The Bank reserves the right to engage both Ukrainian and foreign experts, adhering to the current legislation of Ukraine.

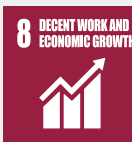
As part of the Intesa Sanpaolo Group, the Bank, along with the Group, has established principles in the Code of Ethics, serving as a Charter of Relations between the Bank and all partners.

The Code of Ethics delineates the values acknowledged and embraced by the Intesa Sanpaolo Group, outlining conduct principles in partner relations and setting standards for Bank representatives. Rooted in the corporate culture and history of the Intesa Sanpaolo Group, these declared values act as a lens for a better understanding of diverse situations and determining future developmental goals.

The Bank operationalizes these principles through the Internal Code of Conduct of PRAVEX BANK. This internal code defines ethical standards for internal relations, interactions with clients, and the approach to tasks to achieve a common goal.

Rigorous adherence to the Internal Code fosters organizational and ideological unity within the team, essential for development. This set of principles forms the cornerstone of the Bank's business conduct, striving to deliver best in class banking and financial services to its clients.

EMPLOYEES – THE MAIN VALUE AND COMPETITIVE ADVANTAGE OF THE BANK



The Bank considers its employees as its most valuable resource and actively seeks out leading specialists in the Ukrainian market. The Bank is committed to providing all employees with equal opportunities in areas such as evaluation, motivation, career growth, participation in new initiatives, and engagement in new projects. This approach aims to achieve strategically defined goals, address planned tasks, and attend to the social and personal needs of employees.

During the hiring process, the Bank meticulously examines the documents submitted by candidates, assessing their professional level, work experience, professional competence, and business reputation.



The final decision to fill a vacant position is made after conducting a thorough and unbiased examination of documents from multiple applicants. This process involves a comparative assessment based on knowledge, skills, professionalism, and experience relevant to the specific role for which recruitment is being conducted.

In the case of hiring managers or transferring employees to management positions, the Bank draws on its extensive experience in the Ukrainian market and incorporates insights from advanced European HR practices within the Group. All decisions are made strictly in accordance with the prevailing legislation of Ukraine and according to ISP Group's procedures.

CONTINUOUS TRAINING AND DEVELOPMENT



The Bank prioritizes the continuous improvement of its employees' general and professional skills through various development opportunities, including training sessions, seminars, and professional development events. This commitment extends not only within the Bank but also within the broader Intesa Sanpaolo Group.

During 2023, 19 educational programs on ESG were conducted. As of December 31, 2023, 605 bank employees participated in the training.

There is a strong emphasis on the development of intellectual capital, with the Bank actively investing in training, development, and motivation of its personnel. Recognizing the pivotal role of individuals, the management of intellectual capital not only fosters favorable conditions for successful strategy implementation but also positively influences the professional and career growth of employees.

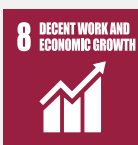
In the contemporary business environment, the Bank as part of the Intesa Sanpaolo Group actively pursues the comprehensive development of their personnel. This involves organizing internal corporate trainings, online conferences, and seminars. The Bank's personnel policy is grounded in principles, models, and methods aimed at creating, supporting, and developing highly qualified and productive personnel capable of swiftly responding to market challenges and collectively executing the Bank's strategic plans.

Internal communication is deemed a crucial element in establishing effective relationships between employees and management. The primary objectives of internal communications include addressing strategic tasks, reinforcing employee engagement and loyalty, and establishing unified standards of behavior in accordance with the Code of Ethics.

Internal communication efforts contribute to a deeper understanding of the Bank's corporate culture, goals, and values among employees. They foster unity among different departments, creating a sense of community and an efficient team. An important outcome of internal communications is the inspiration to support motivation, encourage mutual assistance, and navigate modern psychological stress.

The Bank places special emphasis on respecting the individuality and dignity of each employee, considering this as a fundamental principle for creating a working atmosphere filled with mutual trust, honesty, and the valuable contributions of each team member.

THE TEAM OF FINANCIAL LITERACY AMBASSADORS OF THE NATIONAL BANK OF UKRAINE (NBU)



PRAVEX BANK stands as a responsible and trustworthy financial institution, aligning its values with those of society. The bank actively contributes to the future of Ukraine by supporting youth initiatives and enhancing the financial literacy of the population. Recognizing that financial literacy serves as a cultural tool, PRAVEX BANK aims to educate individuals on not just earning money but also on effective interaction with it.



In celebration of Bank Employee's Day and on the eve of Children's Protection Day, PRAVEX BANK, in collaboration with the National Bank of Ukraine, organized a series of activities for school and preschool children.

The objective of the banker-ambassadors was to foster a financially aware generation capable of managing their finances effectively and making informed financial decisions.

Six employees of PRAVEX BANK served as ambassadors, conducting more than ten financial literacy lessons in educational institutions across Ukraine.

This initiative reflects the bank's commitment to creating a foundation for sustainable development and an improved quality of life by continually enhancing skills and sharing knowledge.

PSYCHOLOGICAL SUPPORT OF EMPLOYEES



Since the onset of the full-scale invasion, every resident of Ukraine has undergone unprecedented emotions and states. In response, PRAVEX BANK is actively assisting its employees in restoring psychological stability through the implementation of various projects and programs.

One such initiative is the professional psychological support service for employees Care Connect, launched on June 1, 2023. This service is provided by the European consulting company Stimulus with the support of Intesa Sanpaolo Group.

Stimulus specializes in mental health and wellbeing in the workplace. The service is free, anonymous, and confidential, available 24/7 through a toll-free number. A team of psychologists and psychotherapists offers specific assistance in addressing various personal and professional problems that employees may encounter in their daily lives, causing anxiety or affecting their overall wellbeing.



Originally launched in Italy for all Group employees in March 2020, this service has since been implemented worldwide in 36 countries where the Intesa Sanpaolo Group operates through subsidiary banks, branches, and representative offices. The service provides support to approximately 23,000 Group employees.

To further aid employees in understanding and reevaluating themselves, their goals, actions, feelings, and psychological challenges, the Bank conducts movie sessions with a psychologist. During these sessions, employees watch feature films and engage in group discussions. This creative and engaging process of self-discovery helps improve understanding of oneself and others while teaching valuable life management skills.

CORPORATE DONOR DAY



PRAVEX BANK, in collaboration with the Kyiv City Blood Center, spearheads the Corporate Donor Day social project. This significant initiative brings together the Bank's employees, clients, and partners, fostering a collective effort to aid those urgently requiring blood transfusions.



Nearly 100 participants, comprising both seasoned donors and those contributing for the first time, joined this impactful project. Donating blood not only serves as a commendable act but also sets a crucial example that can potentially save the health and lives of others. PRAVEX BANK's involvement in such initiatives holds paramount importance, aligning with the UN Sustainable Development Goals and adhering to ESG (Environmental, Social, and Governance) principles embedded in the bank's development strategy.





5. Governance

CORPORATE GOVERNANCE SYSTEM



PRAVEX BANK is committed to continuous improvement, ensuring transparent and honest collaboration with clients, shareholders, employees, and the public. The bank has instituted an effective corporate governance system founded on principles of sustainability and openness.

The corporate governance system at PRAVEX BANK revolves around maintaining a balance of interests among all stakeholders, fostering transparent relationships between shareholders and third parties, promoting openness in business practices, and ensuring information transparency. Equality and objectivity are core tenets in decision-making processes. Both the Supervisory Board and the Management Board of the Bank actively endorse a policy of zero tolerance for bribery and corruption. They encourage all personnel to act in the best interests of the Bank, its owner (shareholder), clients, and society at large. Additionally, they emphasize the importance of preserving entrusted resources and preventing any abuse of rights and powers within the organization.

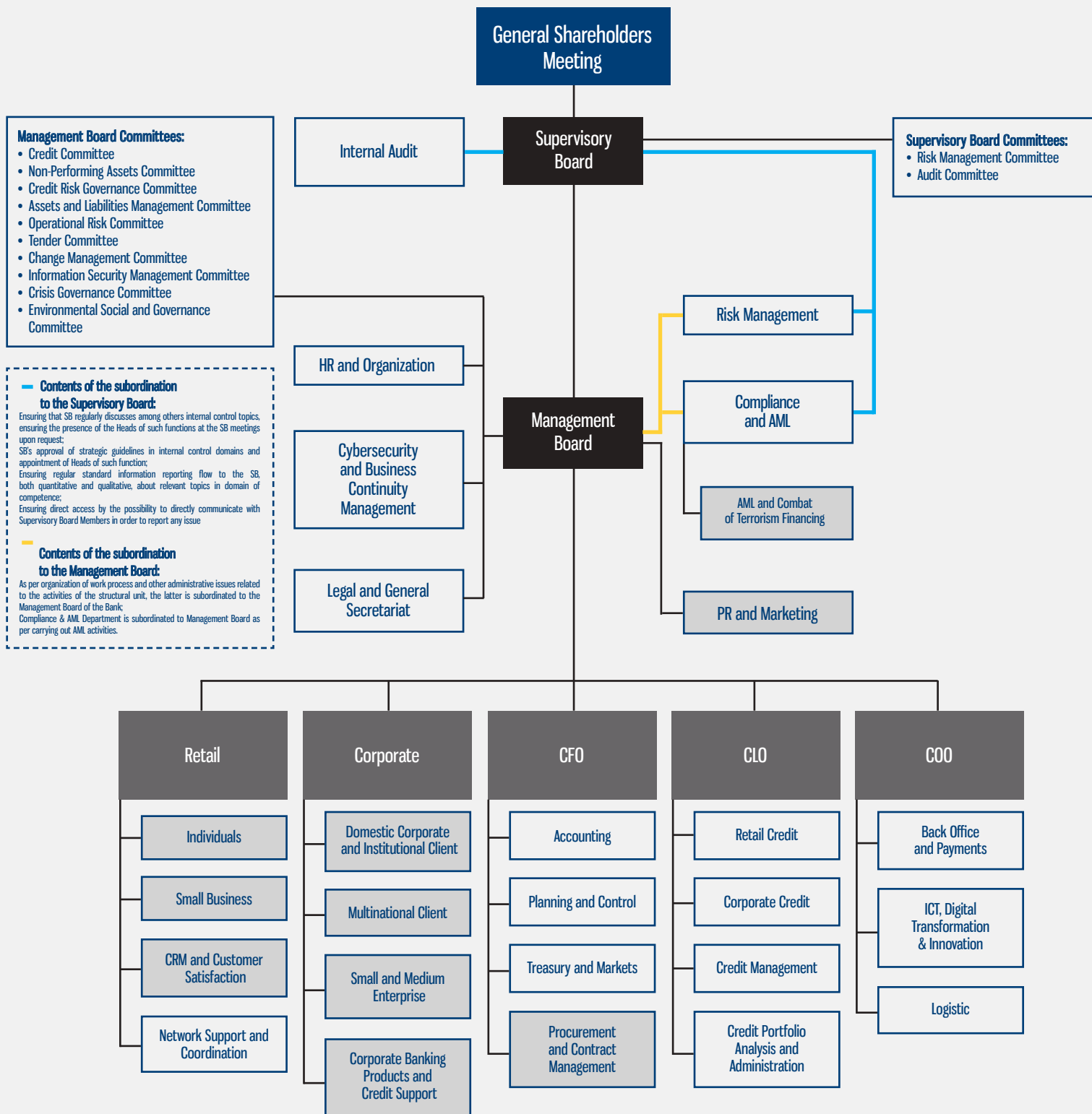
The ESG Committee was established in July 2023. Its main objective is to coordinate and regulate issues related to environmental, social, and governance aspects of PRAVEX BANK's activities.

The ESG Committee serves as a body responsible for ensuring proper implementation of the bank's environmental, social, and governance strategy across all areas of its operations. Its activities are based on the systematic analysis and consideration of sustainable development standards. Accordingly, the Committee identifies priority areas to achieve environmental efficiency, social responsibility, and efficient management.

Supported by the ESG Working Group, the Committee takes strategic decisions on initiatives and projects aimed at achieving the company's goals in these key aspects. Its efficiency is determined by both reactive measures and proactive actions aimed at ensuring sustainable development and keeping the company's reputation in line with modern challenges and corporate responsibility standards.

The ESG Committee consists of permanent members, as well as invited ones. It is led by the Manager responsible for environmental, social, and governance issues.

ORGANIZATIONAL CHART OF “PRAVEX BANK” JSC



POLICY ON PREVENTING AND COUNTERING CORRUPTION



A significant event, occurred back in 2021 was the signing of the United Nations Global Compact Memorandum on joint anti-corruption actions in Ukraine by PRAVEX BANK. Ethical and honest business conduct is an unwavering stance of PRAVEX BANK. Together with other signatories, the Bank declared its intentions to work on preventing and overcoming corruption in Ukraine.

PRAVEX BANK upholds a zero-tolerance stance towards corruption, underscoring the importance of building an internal framework to counteract corruption violations. The bank conducts regular assessments of corruption risks in its interactions with counterparties, maintains records of business gifts and hospitality, and monitors potential conflicts of interest.

As part of the Group, the Bank is steadfast in its commitment to combat corruption in all forms, defining it as the offering or acceptance of money or other benefits to influence the recipient and induce or encourage the performance or omission of a function or activity. To support this commitment, the Bank has developed and approved the «Policy on Prevention and Counteraction of Corruption,» endorsed by the Supervisory Board's decision dated 02.03.2023.

This Policy aims to reaffirm the Bank's, its management's, and employees' commitment to high ethical standards and the principles of openness and honest business conduct. It seeks to enhance corporate culture, align with the best international standards of corporate governance, and maintain a commendable business reputation.

Key goals and objectives of the Policy include:

- Creating conditions within the Bank for efficient counteraction of corruption.
- Defining and implementing mandatory procedures to prevent corruption.
- Ensuring compliance of the Bank's activities with Ukrainian and international anti-corruption legislation and ethical standards.
- Regulating the Bank's standards in anti-corruption activities.
- Instilling a shared understanding among the Bank's management, employees, and partners regarding zero tolerance for corruption.
- Protecting shareholder and clients from financial and reputational losses.
- Minimizing the risk of the Bank and its representatives being involved in corrupt activities.
- Promoting transparency in the financial and economic activities of the Bank.
- Implementing advanced standards of corporate governance.

COMPLIANCE FUNCTION



The compliance function at PRAVEX BANK plays a crucial role in ensuring adherence to consumer rights, implementing internal rules and procedures, and providing training to employees to ensure compliance with ethical business conduct principles. In 2023, six training sessions were conducted to enhance the culture of compliance among the Bank's employees. Understanding and applying business ethics principles at various organizational levels constitute essential aspects of daily operations.

PRAVEX BANK, known for its zero-tolerance approach to corruption, actively establishes an internal system to counter corruption violations. Regular practices at the Bank include the assessment of corruption risks, tracking business gifts and hospitality, and monitoring potential conflicts of interest.

The EASY Compliance initiative, implemented in 2023, underscores the significance of fostering a culture of compliance across all divisions of the Bank. This project involved systematic meetings with employees, fostering open discussions on compliance issues in a friendly and comprehensible manner.

