

# ANNUAL REPORT 2019

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### List of Acronyms

**USAID** — United States Agency for International Development  
**SIDA** — Swedish International Development Cooperation Agency  
**ACN** — Anti-Corruption Network of OECD  
**UNIC/The Network** — the Ukrainian Network of Integrity and Compliance  
**SE** — State Enterprise  
**EBRD** — European Bank for Reconstruction and Development  
**SME** — Small and medium-sized enterprises  
**NPC “Ukrenergo”** — National Power Company “Ukrenergo”  
**NACP** — National Agency on Corruption Prevention  
**ACN, OECD** — Anti-Corruption Network for Eastern Europe and Central Asia  
**OECD** — Organization for Economic Cooperation and Development  
**PE** — Private Enterprise  
**UNDP** — United Nations Development Program  
**CEP** — USAID Competitive Economy Program  
**BOC** — Business Ombudsman Council  
**ABMS** — Anti-bribery management system  
**ES** — Enterprise standard  
**TRACE** — TRACE International, Inc. and TRACE Inc.

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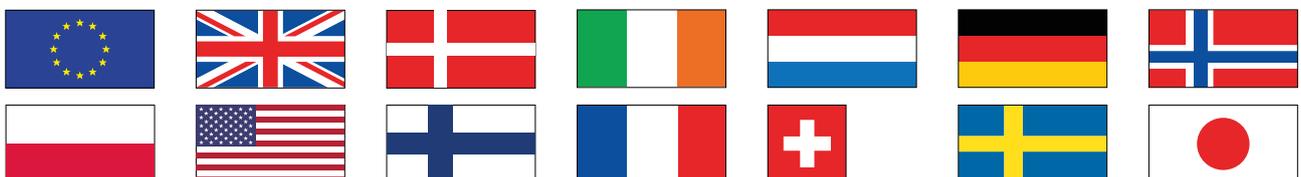
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Our donors:

The UNIC is funded through the EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account



# Foreword

*Dear Friends, Colleagues, and Partners,  
We are pleased to present the UNIC Annual Report for 2019.  
The report showcases our most notable accomplishments, actions, initiatives, and performance indicators. We thank you for your support for the UNIC activities in 2019 and look forward to further fruitful cooperation.*

*Sincerely,*  
Gaiane Karakashian, Head of the UNIC Secretariat

2019 has become an important progress step for the UNIC. This year, the Network focused its efforts on spreading the culture of intolerance for corruption, combating unfair competition, and promoting market transparency in Ukraine's business environment. The membership of the Network is balanced by companies of various sizes, representing 14 different economic sectors, including: IT, retail, pharmaceuticals, consulting, design, construction, agriculture, telecommunications, FMCG, and finance. For them, the UNIC continued in 2019 to develop an array of educational and practical products, including policy templates, pre-certification coaching package with individual recommendations, and so on.

The Network keeps paying special attention to the procedure of independent integrity and compliance Certification of UNIC Members. In 2019, a number of our members received pre-certification consultations with a package of individual recommendations (road maps) on how to bring their compliance systems up to a new level. Currently, most companies are working to implement these road maps, which will allow them to strengthen and improve their compliance system in the future and eventually successfully pass the Certification.

While promoting the certification among its Members, the UNIC works hard to remain in compliance with the latest anti-corruption requirements. In early 2019, after a six-month verification procedure, the UNIC completed the TRACE certification and obtained a prestigious international certificate. It opens access for the UNIC to the network of international experts, information, methodologies, and tools which Network Members can use to assess and manage risks associated with doing business responsibly and countering corruption.

All these achievements would be impossible without the serious participation of UNIC Members. Also, it is hard to overestimate the assistance and participation of our permanent partners - such influential international organizations as the EBRD, OECD, and Business Ombudsman Council.

Tetyana Korotka, Deputy Business Ombudsman of Ukraine: "Observing the establishment of the UNIC as a community of progressive business people and directly participating in the preparation of strategic decisions for the organization, I cannot but notice that the Network has turned into a mature structure that has a significant impact on the dissemination and establishment of the principles of integrity and transparency in doing business and zero tolerance for corruption all across Ukraine. The UNIC has managed to make compliance a subject of discussion at the level of government and local business. The Network's initiatives and its awareness raising efforts have put these crucial processes into motion".

The UNIC expects 2020 to become a year of transformation for both Ukraine and most of the world. It has already shown that not only economic well-being, but also the safety of citizens directly depends on the transparency and responsibility of business and the corruption factor in the country. It was the responsible and ethical business that was first to join the fight against the consequences of the COVID-19 epidemic, providing substantial assistance to both the government and society. Audit and revision of values in society becomes a real trend, and it is predicted that the requirement of corporate social responsibility policies adopted, ethical business, and zero tolerance for corruption will become a standard determining the further development of Ukraine. The UNIC together with its Members and Partners intends to remain at the forefront of these critical processes.

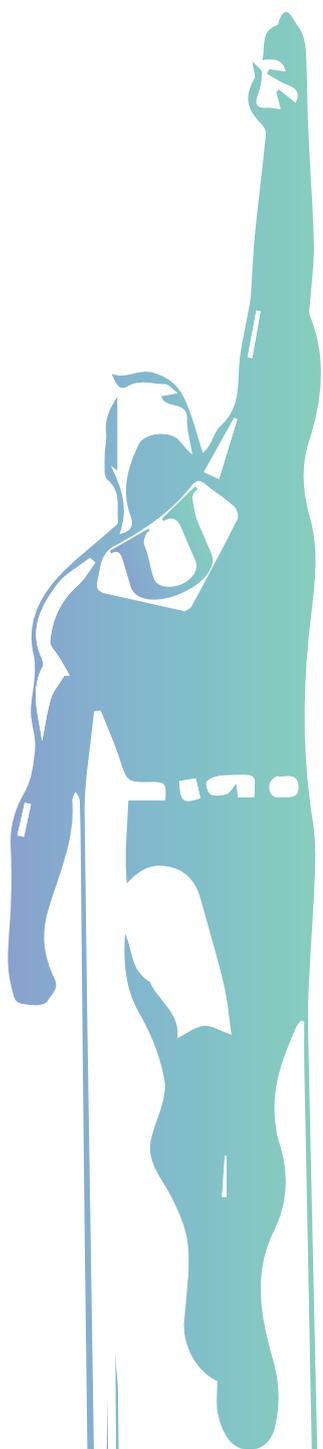
# UNIC Governing Bodies

## UNIC Mission

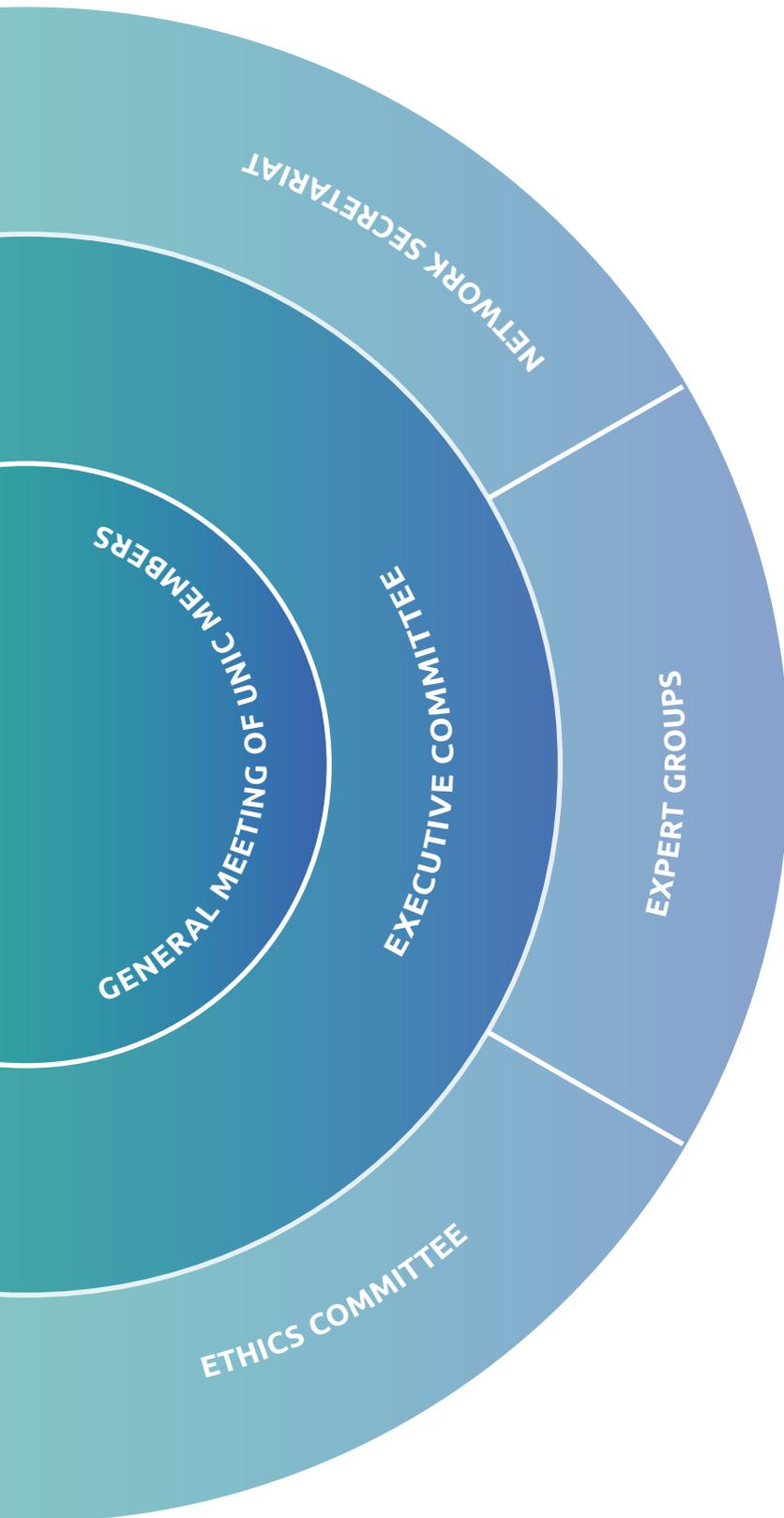
The UNIC is a reference center and a platform for the implementation, promotion, and dissemination of the standards of business integrity and corporate compliance

## UNIC Vision

A corruption-free business environment in Ukraine, sharing and practicing the culture of integrity and compliance



The UNIC has a transparent structure of governance enshrined in the Memorandum of Partnership and consisting of the following main bodies:



### General Meeting of UNIC Members

the highest body of the Network that adopts strategic decisions on its activities and development.

### Executive Committee

a collegial body consisting of 9 persons elected by the General Meeting of UNIC Members. The Executive Committee performs strategic functions, including through the implementation of the Network Strategy, approves or rejects applications for Network membership.

### Ethics Committee

a voluntary, non-remunerated body consisting of 7 members appointed by the Executive Committee, three of whom are representatives of the expert community. The Ethics Committee is responsible for generating proposals for the Executive Committee regarding the adoption, interpretation, and modification of the relevant integrity standards of the Members and for considering issues of breaching the Memorandum on Partnership by Network Members.

### Expert Groups

voluntary, non-remunerated advisory bodies. An expert group may also include external representatives of other associations, non-governmental organizations, trade unions, and other stakeholders, including government officials.

Every expert group and its members are approved by the Executive Committee or on a recommendation of Network or Executive Committee Members, or at the request of the Executive Committee made following a public offer of vacancies by the Secretariat.

### Network Secretariat

consists of the chairman and other staff members responsible for administrative and technical support for the Network. Members of the Secretariat are appointed and dismissed by the Executive Committee.

# UNIC Executive Committee



**Ivan Sakal**

Chairman of the Committee,  
Financial Director  
at ORGANIC SYSTEMS FE

“From the outset of UNIC operation, the Executive Committee has been the main governing body coordinating the Network’s operations and representing it before the public. The duties of the Committee make up a rather long list of functions, with the core ones being approval of UNIC policy templates; appointment of expert group and Ethics Committee members; management and structuring of the Secretariat; acceptance and rejection of companies’ applications for UNIC membership; partnership decisions; agreements with third parties; and implementation of the Network’s strategy. In addition to the Committee’s extensive operational work, the main task of its members is to unite all Network Members to respond effectively to challenges the UNIC faces and to make the approach of doing business with integrity and compliance dominant in Ukraine”



**Olivia Allison**

Partner at KPMG Ukraine LLC



**Oleksandr Gromyko**

Founder of  
KTD GROUP COMPANY LLC



**Victoria Fokina**

Head of Legal  
and Compliance  
at SKF Ukraine



**Daniel Bilak**

Director of the Ukraine  
Investment Promotion Office  
(The duties of this Executive Committee member  
have been terminated)



**Olga Savran**

ACN Manager at OECD



**Algirdas Semeta**

Business Ombudsman in Ukraine  
(The duties of this Executive Committee member  
have been terminated)



**Lana Sinichkina**

Partner at Arzinger law firm



**Vadym Shershun**

Financial Director  
of Sandoz Ukraine LLC  
(The duties of this Executive Committee member  
have been terminated)

# UNIC Ethics Committee

“The Ethics Committee plays an important role in developing, promoting, and preserving the culture of transparent and ethical business with Network Members. This is implemented through both screening potential candidates for Network membership and annual ethics monitoring of each UNIC Member Company.

The Committee is responsible for verifying the compliance of UNIC Members with the principles of the Memorandum they have signed. To that end, clear ethical standards have been developed and control of proper compliance with them established. One of the Committee’s lines of work is supporting Members who encounter unethical conduct. In such cases, the Committee provides advice and develops recommendations on how to strengthen the company’s business ethics. The mission of the Committee is to make sure that each Network Member can act as a role model of transparent approach to business and perceive compliance as an important investment in the company/s sustainable development”



**Maryna Romas**  
Head of the Committee,  
Head of Ethics and Business Integrity  
at Sanofi Ukraine LLC



**Andrii Borovyk**  
Executive Director  
of Transparency International  
Ukraine



**Borys Danevych**  
Co-founder and Partner  
of Danevych.Law



**Maryna Voshchylko**  
Member of the Supervisory  
Board at Globus Bank OJSC



**Pavlo Verkhniatsky**  
Managing Partner at COSA



**Juraj Strasser**  
Director Policy & Ethics  
at EBRD



**Dr. George Logush**

# UNIC Expert Groups

UNIC expert groups bring together leading specialists from various business lines and areas and non-governmental organizations, specifically: managing executives, lawyers, financiers, communications specialists, business development managers, managers of international anti-corruption projects, and, of course, compliance specialists. Each expert group member has a sound

practical experience, including in implementing compliance systems, and, using its expertise and professional advice, provides support to the Network in promoting business integrity practices.

The Network appreciates the efforts of expert groups delivering it important and relevant products for each UNIC Member—the Network's constituent documents,

specific policies and procedures, including templates ready for implementation. Expert group members also take part in the preparation and implementation of the UNIC strategy, preparation of recommendations and advice for members of the Network's committees regarding performance of tasks and attainment of objectives.

## General Expert Group



**Yurii Peroganych**  
General Manager, Ukrainian Association of Information Technology



**Leonid Gilevych**  
Lawyer at Ilyashev & Partners Law Firm



**Borys Danevych**  
Co-founder and Partner of Danevych.Law



**Olga Gonchar**  
Managing Partner ADVANQ Law Firm



**Mariya Cherniavska**  
Legal and Compliance Manager, Carlsberg Ukraine



**Oleg Lagodiyenko**  
CEO & Co-Founder, Ethicontrol



**Antonina Prudko**  
Team lead of the UNIC Project "Making Clean Business a Norm"



**Olena Suchyk**  
Head of Legal/Labor Relations/ Compliance Officer at METRO Cash and Carry Ukraine Ltd.



**Olena Liebenstein**  
Director, Forensic, KPMG Ukraine



**Aleksander Rozhnov**  
Head of Legal Department, Klesiv quarry of nonmetallics "TECHNOBUD"



**Olena Dubovska**  
Compliance Officer, Kernel



**Igor Svitlyk**  
Associate at Dentons Law Firm



**Yevgeniya Ocheretko**  
Associate at Arzinger Law Firm



**Iaroslava Sakhno**  
Head of Compliance at European Business Association



**Tetiana Kheruvimova**  
Investigator of Business Ombudsman Council



**Vladyslava Romanova**  
Ethics, Risk & Compliance Manager

### Pharmaceutical Expert Group

The Pharmaceutical Expert Group is currently at the outset of its mission developing within the framework of the Network’s activities. This expert group includes representatives of Network Member Companies operating in the pharmaceutical sector, including law firms.

The purpose of its creation was the need to develop uniform standards of ethics applicable specifically to companies operating in pharmaceutical industry.

The prepared standard is expected to be proposed to public authorities for formalization: in the future, the standard is to become mandatory for all companies operating in the sector. In addition, the expert group’s priorities include the discussion and implementation of possible development scenarios for the Network, as well as the UNIC’s expansion due to the growing membership of companies operating in the pharmaceutical industry.

### PR Expert Group

The Public Relations Expert Group consists of relevant specialists from Network Member Companies. The activities of the group are aimed at coordinating joint actions of Network Members and the Secretariat in the public domain, as well as increasing the reputational benefits of UNIC membership.

**Yuliia Vrublevska**  
Project Coordinator

**Daria Bilinska**  
Administrative assistant



**Gayana Karakashian**  
Head of Secretariat

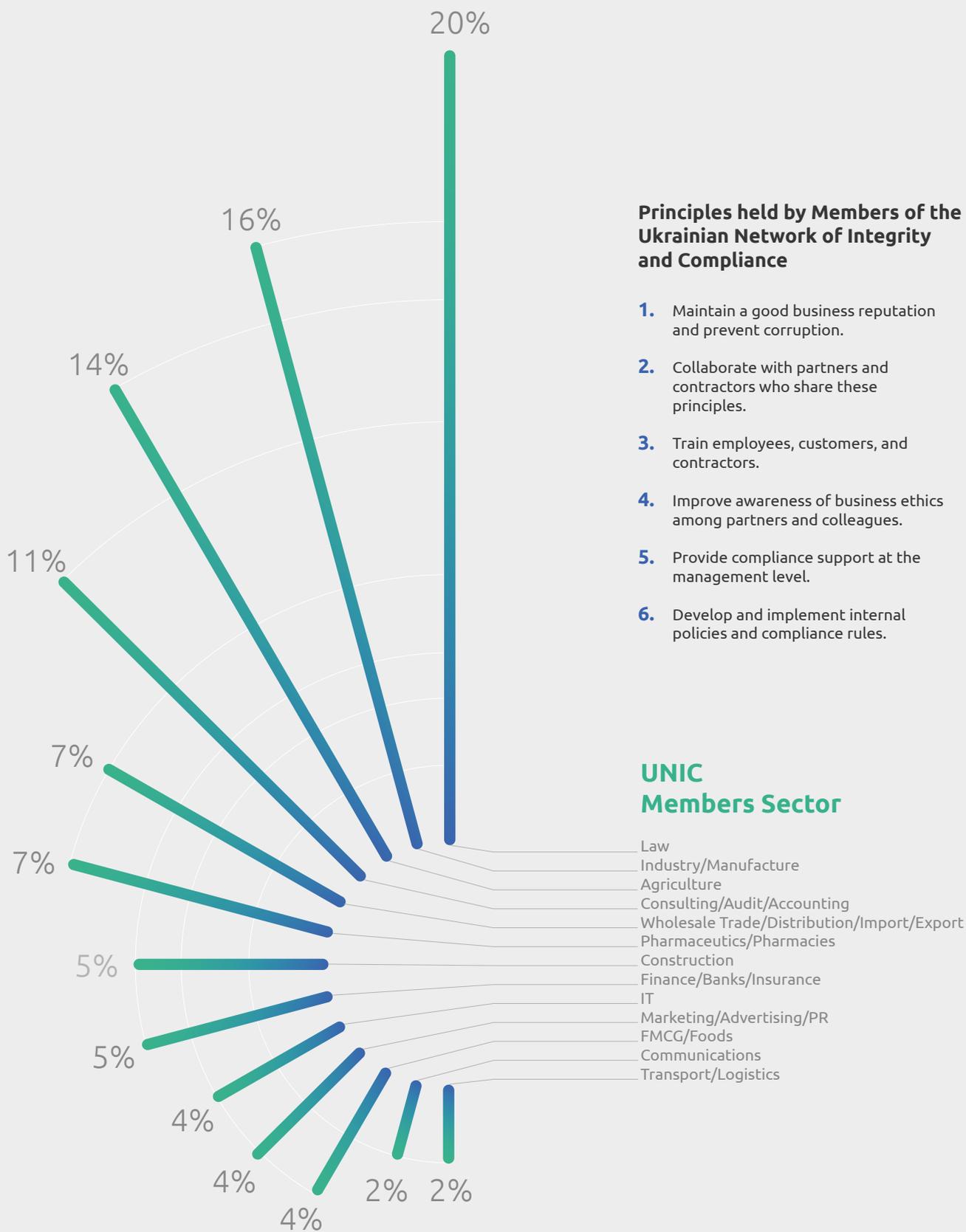
**Sergii Martyniuk**  
Marketing and Communications Specialist

Composition of the Secretariat  
as of May 2020

# UNIC Member Portrait

**56** Members

**6** state-owned partner companies



## Principles held by Members of the Ukrainian Network of Integrity and Compliance

1. Maintain a good business reputation and prevent corruption.
2. Collaborate with partners and contractors who share these principles.
3. Train employees, customers, and contractors.
4. Improve awareness of business ethics among partners and colleagues.
5. Provide compliance support at the management level.
6. Develop and implement internal policies and compliance rules.

## UNIC Members Sector

- Law
- Industry/Manufacture
- Agriculture
- Consulting/Audit/Accounting
- Wholesale Trade/Distribution/Import/Export
- Pharmaceuticals/Pharmacies
- Construction
- Finance/Banks/Insurance
- IT
- Marketing/Advertising/PR
- FMCG/Foods
- Communications
- Transport/Logistics

### Members



### Partners



# Overview of UNIC Accomplishments for 2019

**As in the previous years, the UNIC Tasks and Objectives can be used as a reference basis for measuring the Network's performance in 2019**

## UNIC Community Establishment

- In an effort to expand the range of companies following the principles of integrity and compliance, the Network Secretariat continued the positive practice of organizing information and educational events involving Network Members as speakers and audience, including in Ukraine's regions.
- The UNIC was presented at various business events organized by other initiatives, including internationally.
- Network Members secured the UNIC support in their efforts to improve the level of integrity and compliance, in particular through the receipt of individualized advice and recommendations on these issues.

## Building Cooperation with Third Parties

- The Network initiated partnerships with state-owned companies to create effective tools for proper organization of their business processes and cleansing them from corruption schemes.
- The project "Making Clean Business a Norm" was launched, and within its framework, an alternative report was prepared on the implementation of international recommendations; the code of conduct of Network Secretariat employees and the UNIC procurement procedure were regulated and information collected on the needs and expectations of Network Members for the following strategic document of the UNIC. Also, due to this project, it became possible to expand the geography of regional seminars of the Network.

## Raising Awareness

- The UNIC continued the activities to develop key policy templates and prepare collections of best compliance practices for Network Members (business integrity digests).
- An annual public opinion poll was conducted.

## Stability of the Organization

- Two new UNIC expert groups were created: pharmaceutical and PR.
- The work of all Network bodies was organized.
- Applications were filed for additional funding to implement the Network's plans.

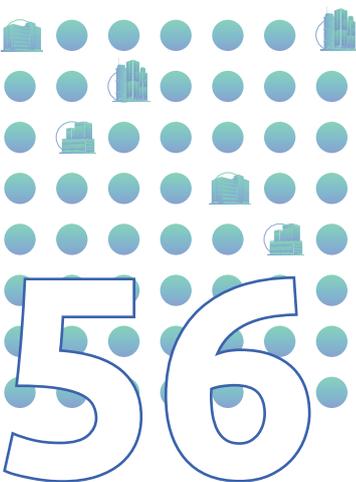
# UNIC Objectives and Accomplishments

To attain the objectives set for the Network in 2019, a detailed operating plan was developed. The plan provided a number of clear quantitative performance indicators. The important indicators under the Grant Agreement with the European Bank for Reconstruction and Development are as follows:



To achieve these indicators, the Secretariat conducted systemic work in several areas:

- increasing the recognition of the UNIC brand among Ukrainian businesses;
- organizing educational events dedicated to business integrity, building compliance systems in a company;
- promoting a culture of business integrity and the benefits for regional businesses from implementing compliance systems;
- establishing a dialogue with the government to improve the business environment and level the playing field.



**Members**  
the UNIC had by the end of 2019

## Number of UNIC Members

The factors that affected the result:

- At the beginning of its operation, the Network was not broadly known in business circles, so the number of potential Members willing to join the UNIC was rather modest;
- The Network and its bodies approach responsibly to the assessment of applicants and not always make a positive decision on their applications;
- It takes time and effort to explain the benefits of doing business with integrity.

8

UNIC Member Companies passed the pre-certification evaluation and received individual recommendations

## Passage of pre-certification evaluation

In an effort to support and encourage Network Members to pass the Certification, the Secretariat developed and offered a special product — pre-certification evaluation of a company's compliance systems (coaching package).

Any Network Member can order the pre-certification evaluation regardless of whether this Member intends to take the Certification or not. Thanks to donor support, this service is available for free for Network Members.

From the beginning of the Network's operation and until January 1, 2020, 8 UNIC Member Companies passed the pre-certification evaluation and received individual recommendations. A significant number of member companies of the Network did not pass the pre-

certification evaluation, understanding that they were not quite ready to meet all the high criteria for successful completion of the UNIC Certification.

The Ukrainian Network of Integrity and Compliance adopted a proactive stance on this issue. To raise the awareness of Network Members, the Secretariat held an additional event, where it once again explained in detail the purpose of the evaluation and its benefits for businesses, and gave advice on the best process organization within the company. Representatives of the companies that had already undergone this procedure shared their positive experiences. The event received favorable feedback from the business community. As a result, one Network Member expressed the desire to take the evaluation.

## Certification of UNIC Members

In order to bring the best world anti-corruption practices to Ukraine, the UNIC worked throughout 2017-2018 to develop a Certification methodology. This work engaged Network experts, international experts with relevant experience, and Network Members.

The results of this effort were the Certification methodology as such and the Questionnaire; in addition, expert companies were selected as capable of conducting the Certification. The Certification methodology was approved by the Network Executive Committee on March 3, 2018, and thorough work was carried out to present the methodology to Network Members at relevant events and conferences.

The developed methodology is based on the well-known and globally recognized standard ISO 37001:2016 "Anti-corruption Management Systems". Unfortunately, as of January 31, 2019, none of UNIC Members had

demonstrated readiness to pass the certification. Over the three years of the global standard ISO 37001:2016 in existence, only three companies in Ukraine have passed the Certification under it. In most Ukrainian companies, the compliance system is not ready for such Certification, therefore the UNIC is actively promoting the idea of doing business with integrity in Ukraine (see the descriptions of the UNIC's steps in this direction on the appropriate pages of this report).

The first experience of providing recommendations under pre-certification evaluation shows that a company needs 6 to 12 months to implement all recommendations and prepare for the successful certification, which explains the slow process and the lack of actual results. The UNIC Secretariat plans to have the first companies ready to pass the UNIC Certification by late 2020 or early 2021.

At the end of

2020

first companies will come up as potentially ready to pass the UNIC Certification

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Through a  
transparent business,  
the future looks more  
secure

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### UNIC's efforts to strengthen the compliance component in the business of Network Member Companies



## Preparation of Network Members for the Certification

Following the successful launch of the Certification procedure in 2018, which included the development and approval of appropriate regulations, information and outreach events, the Network focused in the reporting period on the implementation of preparatory events for UNIC Participants intending to pass the Certification.

Specifically, with assistance from engaged companies, the Network provided in 2019 support to the following seven UNIC Member Companies to improve their compliance: Granex-Cherkassy, Agro Region Ukraine, Kievguma, Plastics Ukraine, NEW POST, Metro Cash & Carry Ukraine, SKF Ukraine. These companies have passed the pre-certification evaluation of compliance and integrity and received packages of individual recommendations.

The results of the pre-certification evaluation of Members showed that companies mostly needed additional time and resources to implement the recommendations to be ready for the further full-fledged UNIC Certification.

To better showcase this product and its benefits and persuade Network Members to take it, the event "Insiders to Insiders: How to Pass Compliance Check with No Budget". The speakers at the event were both representatives of the companies that had received individual recommendations regarding their level of compliance and consultants who provided appropriate advice on behalf of the Network:

- **Olena Dundova,**  
Nova Poshta
- **Victoria Fokina,**  
SKF Ukraine
- **Svitlana Serkova,**  
Granex-Cherkassy
- **Dmytro Tarasuk,**  
Agro Region Ukraine
- **Lana Sinichkina,**  
Arzinger
- **Pavlo Verkhniatsky,**  
COSA

## UNIIC-organized events

### February 5, 2019

The activities of the UNIC and the Business Ombudsman Council were presented at the closed meeting "Business Integrity" held at the Embassy of the Kingdom of the Netherlands in Ukraine.

### February 12

Press conference devoted to the UNIC research "Corruption Risks in the Government Work: Business Point of View", held with the support of UNDP in Ukraine and the Kingdom of Denmark. The press conference saw the participation of: Ganna Gerasymchuk, Head of the UNIC Secretariat, Lana Sinichkina, Member of the Executive Committee of the Network, Partner of the law firm Arzinger, and Oleksandr Kalitenko, Policy Analysis Expert at Transparency International Ukraine.

February

### March 9

Jointly with MBA Kids International and Ethicontrol, a Network Member Company, the UNIC held a joint business ethics event for students of the MBA Kids school and children of Network Members.

### March 25

Ganna Gerasymchuk, Head of the UNIC Secretariat, presented the UNIC and the Network Member Certification Procedure at the event "Anti-Corruption and Compliance in Ukraine" organized by ADVANTAGE AUSTRIA Ukraine with the support of the UNIC, the Business Ombudsman Council, the Austria International Chamber of Commerce, and the company Advice Group. The speakers at the event included: Ambassador Extraordinary and Plenipotentiary of Austria to Ukraine Ms. Hermine Poppeller, Maximilian Burger-Scheidlin, Austria ICC, Olga Belikova, Advice Group; Yaroslav Hrehirchak, BOC, Ganna Gerasymchuk, UNIC, and Olena Rybak, iC consulente Ukraine, a UNIC Member.

March

### March 9-20

The Network Secretariat took part in the OECD-organized Round Table on Anti-Corruption and Business Integrity and in the OECD ACN Plenary Meeting in Paris. Tetyana Korotka, Deputy Business Ombudsman, briefed on both the current activities of the Council and its long-term initiatives aimed at improving Ukraine's business environment. Tetiana Kheruvimova, BOC investigator, member of the UNIC Expert Group, presented the Network to the panel. The subject of discussion was the innovative initiatives and best practices adopted by business organizations and companies to prevent and detect corruption. The alternative progress report on Ukraine's implementation of the business integrity recommendations of the ACN/OECD within the framework of the 4th round of the Istanbul Action Plan was presented at the ACN Plenary Meeting.

### April 11

Specially for UNIC Members, Trace International, Inc. conducted a webinar titled "Reducing Your Company's Risks, Compliance, and Third Party Due Diligence Best Practices".

### April 18

The second Annual General Meeting of UNIC Members was held. The event brought together more than 100 members, including representatives of the business community, government bodies and international organizations.

April

### April 12

The 10th Anniversary Forum "Corruption and Corporate Fraud" was held organized by FaService. From among the representatives of Member Companies, Maria Chernyavska, Compliance Manager at Carlsberg Ukraine, a Network Member, took the floor as a speaker at the forum.

### April 16

Representatives of the Secretariat, Network Member Companies and partners took part in the Forum "Compliance 2019. How to Be Ready for Change?" organized by the Ukrainian Business Forum. The speakers included Olena Isaieva, Risk Management Director at KPMG Ukraine, Glib Bakalov, Chief Compliance Officer at NPC "Ukrenergo", Olena Suchyk, Compliance Officer at METRO Cash and Carry.

### May 16

MBA Kids International together with the UNIC made an excursion for school students to the new terminal of Agro Region, a Network Member.

### May 20-24

Supported by the Business Ombudsman Council, the Organization for Economic Co-operation and Development, and the European Bank for Reconstruction and Development, the UNIC held an annual Business Integrity Week in Kyiv and Lviv.

May

### May 24

The Network took part in the forum "Integrity in What We Do" devoted to compliance and organized by Ferrexpo in Horishni Plavni (Poltava region). The event speakers: Ganna Gerasymchuk, UNIC, Glib Bakalov, NPC "Ukrenergo", Yuliia Odarchenko, Siemens Ukraine, Oleksii Spivak, Business Ombudsman Council, Pavlo Verkhniatsky, COSA, Denys Lementar, Kyivstar.

The events were attended by UNIC representatives or members

June

**June 4-5**

Gaiane Karakashian, Head of the UNIC Secretariat, took an opportunity to present the UNIC in a panel discussion "Anti-Corruption Policies through Engaging the Private Sector" at the Conference on Corruption and Anti-Corruption Policies organized by the European Bank for Reconstruction and Development (EBRD) and the Kyiv School of Economics. The other speakers at the panel discussion included Tetiana Kheruvimova, Investigator of the Business Ombudsman Council and a member of the Network Expert Group; members of the Executive Committee of the Network: Ivan Sakal, Financial Director at Organic Systems and Algirdas Semeta, Business Ombudsman in Ukraine; session moderator Juraj Strasser, Director, Policy & Ethics at EBRD and a UNIC Ethics Committee member.

**June 10**

Educational seminar "Compliance Life Hacks: How to Manage Reputational Risks in Business?" organized by the Business Ombudsmen Council in Ukraine and the American Chamber of Commerce in Ukraine. The speakers at the event included Gaiane Karakashian, Head of the UNIC Secretariat, Tetiana Kheruvimova, BOC Investigator, and Oleg Lagodiyenko, CEO & Co-founder, Ethicontrol, a Network Member Company.

September

**September 12-13**

A training session was held at the Rivne NPP under the title "Practical Tools for Strengthening the Integrity Principles in the Activities of Private and State-owned Enterprises" organized within the partnership between NNEGC "Energoatom" and the UNIC. Apart from Head of the UNIC Secretariat Gaiane Karakashian, the event participants included Oleg Mykhaliuk, Investigator of the Business Ombudsman Council, and Marta Osytniazhska, National Power Company (NPC) "Ukrenergo".

**September 18**

The 4th International Compliance Forum took place organized by the newspaper "Legal Practice" with the UNIC's support. The general and expert partners of the Forum were the Network Member Companies Arzinger and KPMG respectively.

**24 вересня**

The Ukrainian Business Forum 2019 took place. Gaiane Karakashian, Head of the UNIC Secretariat, moderated the discussion "Effective Corporate Compliance". The session speaker was Marta Osytniazhska, a representative of the Network partner NPC "Ukrenergo".

October

**On October 1, 3, 21, and 28**

the UNIC held regional seminars under the title "Compliance in Labor Relations: Practical Tools for Eliminating Corruption Risks" jointly with the partners: Ilyashev & Partners Law Firm, a Network Member, the European Business Association (Kharkiv, Dnipro), Mariupol Association of Entrepreneurs (Mariupol), and Granex-Cherkassy (Cherkassy).

**October 23**

An event was organized under the title "Insiders to Insiders: How to Pass Compliance Check with No Budget". The organizers were: the UNIC together with the Network Member Arzinger Law Firm.

**October 16**

The Network Member Ethicontrol organized a hands-on conference titled "Smart Ethics, Security & Compliance" and dedicated to the World Ethics Day. The focus of the event was all that helps become more effective in compliance and ethics: tools, solutions, approaches, systems, or even negative experiences of others.

**October 30-31**

A seminar on performance evaluation of anti-corruption activities, organized by ACN/OECD, was held in Paris, France. The UNIC was invited to take part in the seminar and provide its expertise in developing performance indicators of business integrity. The Network was represented by Antonina Prudko, Team Lead of the UNIC Project "Making Clean Business a Norm" funded by the Kingdom of the Netherlands.

November

**November 11 and 13**

The UNIC held regional events on "Compliance in Labor Relations: Practical Tools for Eliminating Corruption Risks" jointly with the partners: ASTAR Sustainable Development Agency (Khmelnyskyi) and SKF Ukraine (Lutsk).

**November 19-20**

The CIPE Partner Meeting Support for Ethical Business Practices in Europe and Eurasia took place. Antonina Prudko, Team Lead of the UNIC Project "Making Clean Business a Norm" presented the Network as an example of best practice in creating collective action in Ukraine and participated in the discussion of the Draft Manual on Compliance and Integrity (CIPE).

**November 20**

The Compliance Dilemma Forum 2019 took place, which was Ukraine's first compliance forum based exclusively on practical cases. The organizers, apart from the Network, were KPMG in Ukraine, a UNIC Member, and Sayenko Kharenko.

December

**December 3**

The UNIC held a regional event "Compliance in Labor Relations: Practical Tools for Eliminating Corruption Risks" together with its partner Organic Systems FE (Mykolayiv).

**December 5**

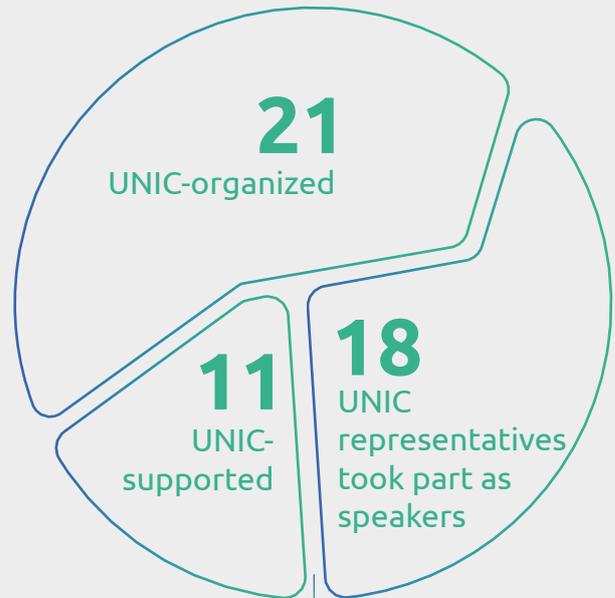
2nd Compliance Conference of Naftogaz Group. The speakers at the event were representatives of UNIC Member Companies Pavlo Verkhniatsky, COSA, and Iryna Nikolaievska, Kinstellar.

**December 16**

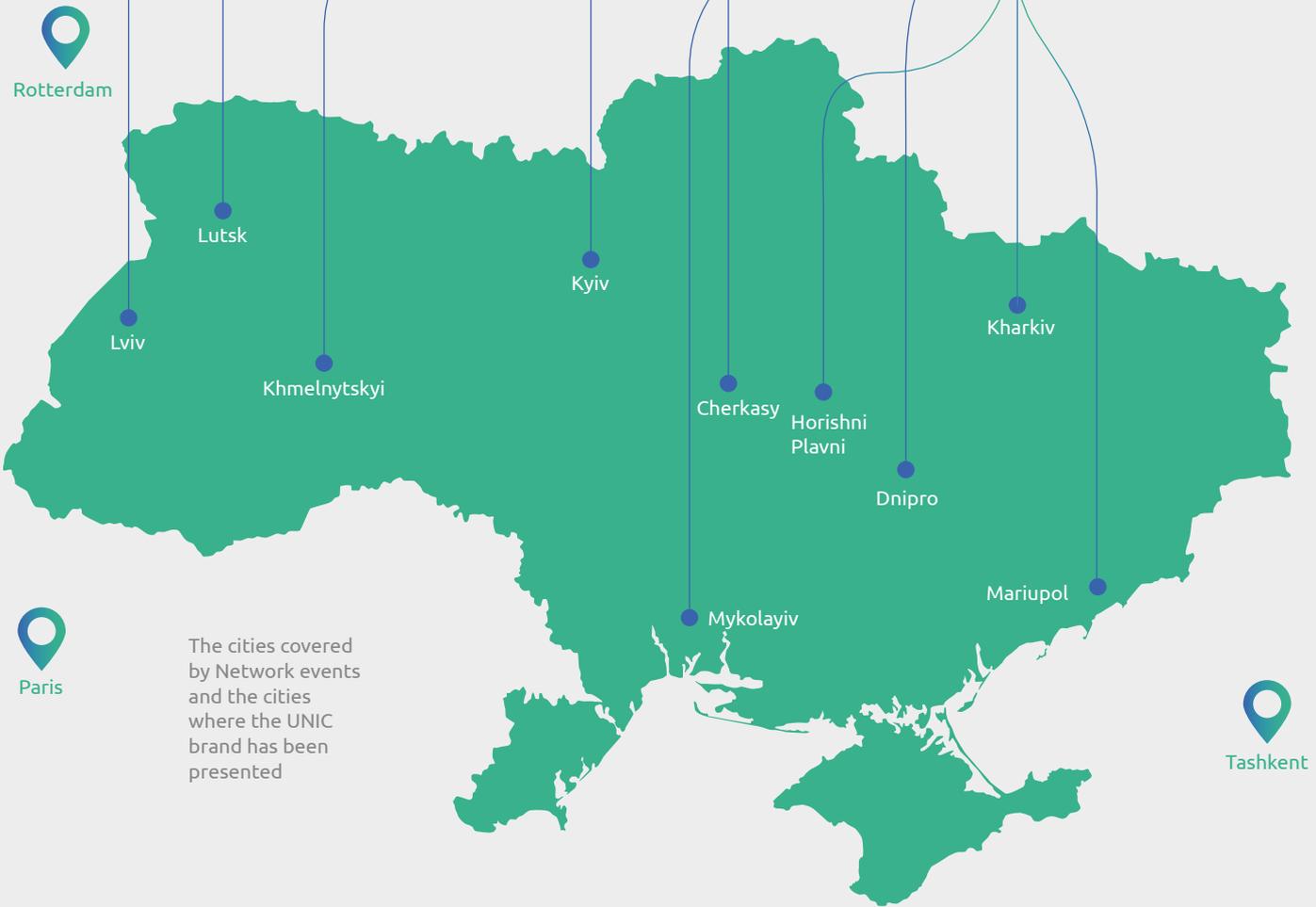
The Network project coordinator, Yuliia Vrublevska presented the UNIC activities at the international conference "Business Integrity, International Standards, Regional Challenges and Development Path," which took place in Tashkent, Uzbekistan. The event was organized by the OSCE Project Coordinator in Uzbekistan with the financial support of the German Government.

### Network’s Information and Educational Events

One of the main tools to promote the principles of business integrity and to bring the best compliance practices to the notice of a wide range of business community representatives, including Network Member Companies, is to organize events on relevant subjects and participate in such events organized by third parties.



The Ukrainian Network of Integrity and Compliance joined 50 events in 2019



The cities covered by Network events and the cities where the UNIC brand has been presented

## General Meeting of UNIC Members

On April 18, 2019, the second Annual General Meeting of UNIC Members took place. The subject matter of the General Meeting was "Global Perspectives of Compliance in Ukraine." The event brought together more than 100 Members including representatives of business, government, international technical assistance projects and leading business associations.

The following issues were discussed at the event:

- The role of business in implementing effective anti-corruption reforms in Ukraine.
- Maintaining a continuous discussion on compliance benefits for businesses.
- Global compliance trends that influence the formation of compliance practices in Ukraine.

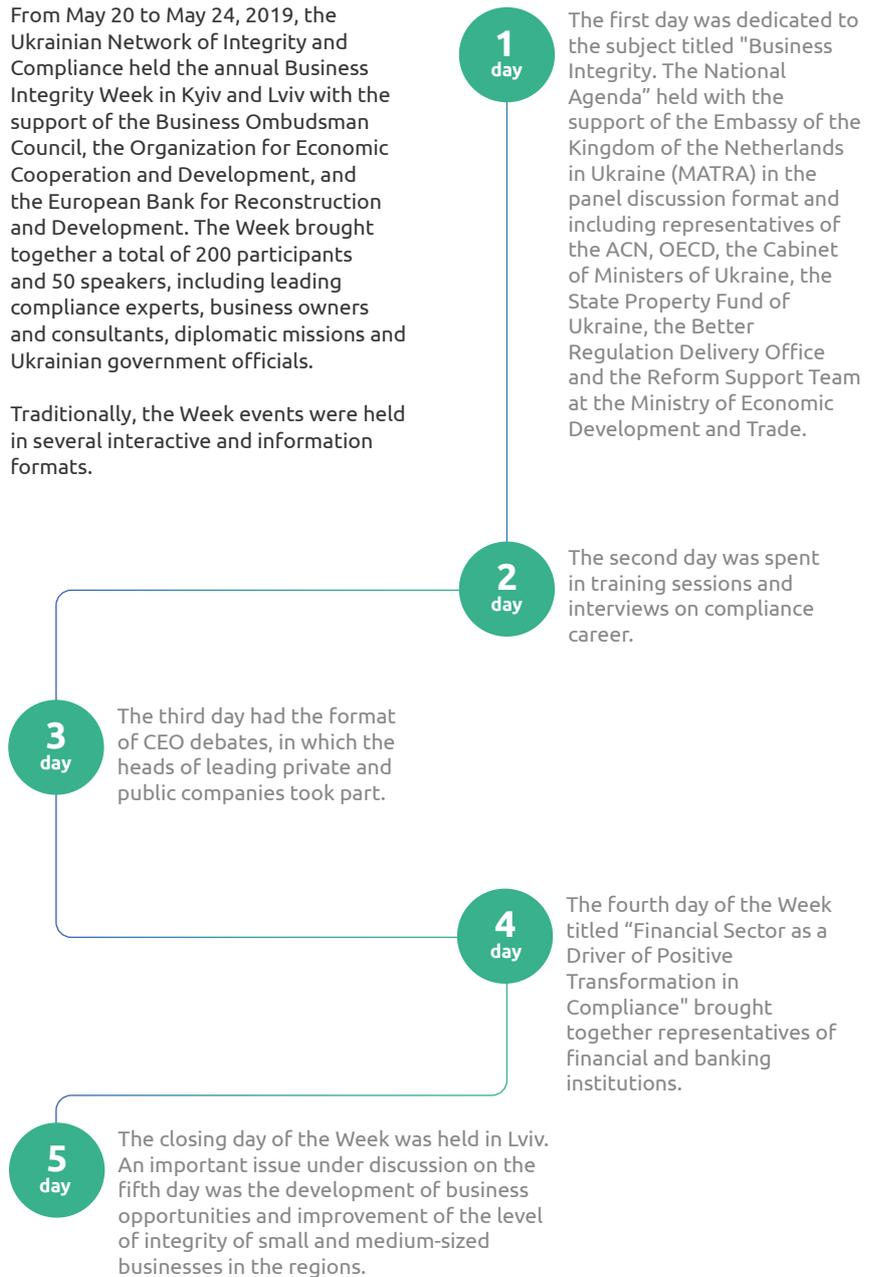
The General Meeting approved the Network's report for 2018, the tasks and budget for 2019-2020, and elected a Network Executive Committee member.

Additionally, at the second Annual Meeting, the UNIC asked the Members about the changes in compliance and business ethics that had occurred over the past 5 years in Ukraine, as well as the role of the UNIC in improving the investment climate for businesses. The following persons shared their views: Olga Savran, an Executive Committee member and ACN Manager at OECD; Victoria Fokina, Head of Legal and Compliance, SKF Ukraine; Head of the Ethics Committee Maryna Romas, Head of Ethics and Business Integrity at Sanofi Ukraine; and Olena Limakova, Head of Legal Department / Compliance Officer at Sandoz Ukraine.

## Business Integrity Week

From May 20 to May 24, 2019, the Ukrainian Network of Integrity and Compliance held the annual Business Integrity Week in Kyiv and Lviv with the support of the Business Ombudsman Council, the Organization for Economic Cooperation and Development, and the European Bank for Reconstruction and Development. The Week brought together a total of 200 participants and 50 speakers, including leading compliance experts, business owners and consultants, diplomatic missions and Ukrainian government officials.

Traditionally, the Week events were held in several interactive and information formats.



## Regional Seminars 2019

In 2019 the Ukrainian Network of Integrity and Compliance continued supporting the desire of regional business communities across Ukraine to implement the principles of integrity and the best global compliance practices, conducted educational events in the regions of Ukraine. In October-December of the reporting year, the UNIC held a series of events on compliance in labor relations. The events covered 7 cities

of Ukraine: Kharkiv, Dnipro, Cherkasy, Khmelnytskyi, Lutsk, Mariupol, and Mykolayiv.

More than 300 Members received up-to-date knowledge about the specifics of inspections conducted by the State Labor Service of Ukraine, the experience of Ukrainian and international companies, and measures proposed by the UNIC to eliminate risks in labor relations.

The events in Dnipro and Kharkiv were held in partnership with the European Business Association and Ilyashev & Partners Law Firm. In other cities, the organizational partners of the Network were UNIC Members SKF Ukraine, Granex-Cherkassy, and Organic Systems, as well as the Chamber of Commerce and Industry of Ukraine, ASTAR Sustainable Development Agency, and the Mariupol Association of Entrepreneurs.

## Policy Templates for UNIC Members

Improving the level of compliance of Network Members is perhaps the most important and most expected result of UNIC activities. That is why in 2019 the Network Secretariat with the involvement of external experts continued the preparation of document templates that could serve as a basis for the formation or development of an appropriate system of business processes for almost every UNIC Member.

In the reporting period, the Executive Committee issued decisions approving eight corporate policy templates developed by external experts with the support of the Network Expert Group and placing them in the Network Library for UNIC Member to use.

### **Agents and Intermediaries Policy and Contractors, Subcontractors and Suppliers Policy**

In order to help Member Companies to properly regulate their interactions with third parties, such as agents, advisors, and other intermediaries, contractors, subcontractors, and suppliers, the Network has developed templates of relevant policies.

Such policies must be adopted to implement a third-party auditing procedure and to prevent third party breaches of the Policy or obligations set under the agreement with a Network Member Company. The Third-Party Statement and the Third-Party Approval Form, which are annexes to these Policies, are intended to help Member Companies develop their own data collection and assessment approval tools.

### **Policy on Management of Interactions with State and/or Local Public Officials**

The purpose of this Policy is to establish a procedure to ensure that the staff has the proper understanding of the transparent rules of responsible and professional conduct with public officials and that the employees comply in all circumstances with all applicable policies, rules, and procedures in their interactions with public officials.

### **Policy of Prohibition of Payments Intended to Simplify Formalities (and Commit Prohibited Actions)**

The purpose of this Policy is to regulate the issues of prevention of payments by company employees to simplify formalities, as well as certain prohibited actions, including conspiracy, corruption, fraud, coercion, obstruction, and theft of property.

### **Policy of Prohibition of any Direct or Indirect Contributions to Political Parties and/or Political Candidates**

The purpose of this Policy is to establish a procedure for the staff to comply with the company regulations prohibiting any direct or indirect contributions to political parties and/or political candidates, as well as with the company policies in this area where such contributions are permitted.

### **Charitable Assistance and Sponsorship Policy**

This Policy describes the corruption and reputational risks associated with charitable assistance and sponsorship and how these risks can be controlled. The Policy can be used by any company of any size or area of operation and, together with the due diligence procedure, can be adapted to the needs of the company's core business.

### **Internal Investigation Policy**

The purpose of this Policy is to help Network Member Companies establish procedures for the fair, effective, and systemic investigation into all wrongdoing suspicions and all wrongdoings committed by company employees, as well as for the proper handling of whistleblower reports.

### **Conflict of Interest Policy**

The purpose of this Policy is to establish a procedure aimed at ensuring that the employees of Member Companies comply with relevant laws and regulations, as well as the company's rules and procedures in identifying and dealing with actual and potential conflicts of interest.





"COMPETITIVE ECONOMY OF UKRAINE"

# UNIC Cooperation with Stakeholders

## UNIC Cooperation with the USAID Competitive Economy Program Ukraine

The USAID Competitive Economy Program Ukraine and the Ukrainian Network of Integrity and Compliance have launched a dialogue on the implementation of the joint initiative "Business Ethics for Small and Medium-sized Businesses in Ukraine". The initiative envisages the development of a "Code of Business Ethics" and a number of free training classes on implementing business ethics in domestic small and medium-sized businesses (SME). The initiative aims to improve the culture of labor relations and implement best international business practices.

As part of the initiative, free training classes are planned to be provided in online and offline formats. Each training participant will receive a ready-to-implement Code of Ethics developed by the best experts and based on the experience of leading global companies. Thanks to the information received at such training sessions, a specialist will be able to easily adapt this document to the specifics and values of his/her organization.



**Tetyana Korotka,**  
Deputy Business Ombudsman

"Ukrainian SME employ more than 40% of the country's employed population. Most small and medium-sized enterprises have already created the preconditions for the solid implementation of business ethics standards. That is why they set high standards both for the government and regulatory authorities and for their own business and themselves as taxpayers. Small entrepreneurs oriented to sustainable development of their business have a good understanding of the cost of corruption for the state as a result of their failure to implement ethics standards in their business."



**Lubomyr Chorniy,**  
Business Enabling Environment Team Leader of the USAID Competitive Economy Program Ukraine

"Codes of Business Ethics is one of the world's most widespread tools for improving transparency in business. This tool is especially popular among companies intending to go international and seeking opportunities to enter new markets. Often the presence of such a code and implementation of the appropriate standards is a necessary prerequisite for a company's access to various tenders, its admittance to international networks, and integration into global "added-value chains." Ukrainian business, which aspires to be an active participant in international trade, should take a closer look at this tool, get acquainted with its advantages and opportunities".

For reference: The USAID Competitive Economy Program Ukraine (CEP) promotes Ukraine's strong, diversified, and open economy through improving the business environment for small and medium-sized enterprises (SME), strengthening the competitiveness of key economic sectors, and enabling Ukraine to make use of the advantages from the free trade agreements. The purpose of the CEP is to encourage the creation of business startups and operation of small and medium-sized enterprises (SME), increase competition on Ukraine's domestic market and support the competitiveness of Ukrainian enterprises on international markets.



## Kingdom of the Netherlands

### MATRA Project supported by the Kingdom of Netherlands “Making Clean Business a Norm”

The project “Making Clean Business a Norm” was launched in late December 2018 and is to run until August 2020. It aims to promote integrity practices and improve the business climate in Ukraine.

The uniqueness of this project lies in its flexible approach allowing it to respond to challenges successfully and adapt the measures to the actual needs of Network Members.

In 2019, the project operated in two main areas, specifically, promotion of a culture of integrity among local businesses and strengthening of the UNIC’s potential, as well as ways to involve businesses in the effort to develop and adopt anti-corruption policies.

### Activities of the Project Team

#### Promoting a Culture of Integrity among Local Businesses and Strengthening the UNIC’s Potential

##### Development of internal policies and procedures for the UNIC Secretariat and other bodies of the Network:

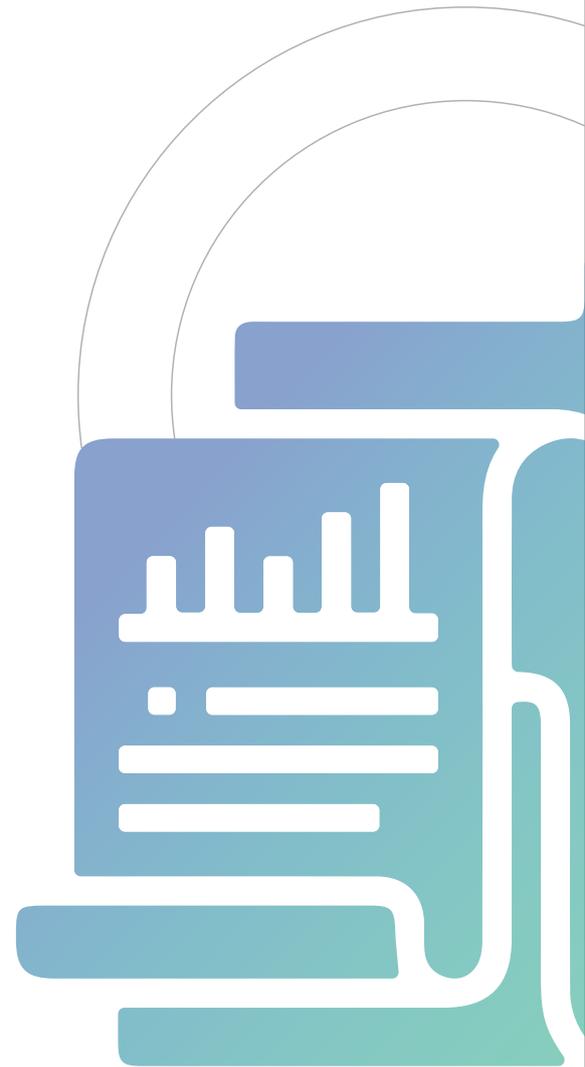
- identified the key organizational needs and challenges of the Network
- developed the Code of Integrity and Ethics
- developed the Procurement Policy
- developed the questionnaire for a comprehensive survey of Network Members; the survey results were taken as a basis in developing a new Network Strategy
- selected external experts on strategic planning and held 2 strategic sessions and an array of working meetings, where the participants analyzed the achievements and products of the Network, considered new potential target audiences and possible challenges and risks, and established key strategic directions and possible activities under the new Network Strategy
- drafted first version of the new Network Strategy.

##### Conducting individual pre-certification coaching packages for Network Members to further the integrity and ensure successful completion of the UNIC Certification.

Funded the pre-certification evaluation of compliance systems for 6 UNIC Member Companies (a total of 8 Member Companies have passed the evaluation).

Held a series of hands-on seminars for representatives of regional small and medium-sized businesses, at which the participants learned about the benefits of elimination of corrupt or dishonest practices, how to build compliance systems, and about the impact and benefits of implementing the Code of Integrity and Ethics.

Refer to the relevant sections to learn more about the Network’s actions.



## Building an Effective Dialogue between Business and the Government and Involving Businesses in the Development of a National Anti-corruption Policy.

### Promotion of the UNIC and its activities in the region and beyond.

In the reporting period, the Project team assisted the Secretariat in preparing and presenting an alternative progress report on Ukraine's implementation of the business integrity recommendations of the Anti-Corruption Network for Eastern Europe and Central Asia, OECD (ACN/OECD) within the framework of the 4th round of the Istanbul Action Plan. Relevant information from the Alternative Report prepared within the framework of the MATRA Project was used in the general Progress Report for Ukraine.

In particular, UNIC representatives were invited to present their initiative and best practices at a roundtable held within the annual Business Integrity Forum in Paris (March 2019), and join the expert discussion of the new methodology and indicators within the Istanbul Action Plan (October 2019).

The ACN/OECD has been supporting the UNIC since the emergence of the very idea of the Network. Today, a representative of the ACN/OECD Secretariat is a member of the Executive Committee. Within the framework of the MATRA project, ACN/OECD experts have been continually engaged in the work on the Network's strategic and analytical documents. They took part in the Business Integrity Week and other Network events as speakers.

### UNIC Interaction with Government Authorities



Despite the joint efforts of the UNIC and other NGOs, the previous membership of the National Agency on Corruption Prevention showed a purely formal approach to the strategy development work and eventually halted the process altogether. To date, the Network Secretariat has resumed the dialogue with the new leadership of the NAPC and is ready to join the discussion on the new version of the National Anti-Corruption Strategy.

### Risk analysis to ensure a quality factual basis for developing proposals for the anti-corruption policy and actions.

The UNIC Secretariat launched a survey among enterprises and organizations regarding the spread of corruption in Ukraine. Its purpose was to determine how corruption hinders the process of doing and developing business in Ukraine. The results of the research will be used to prepare the final report within the "Corruption in Business" project.

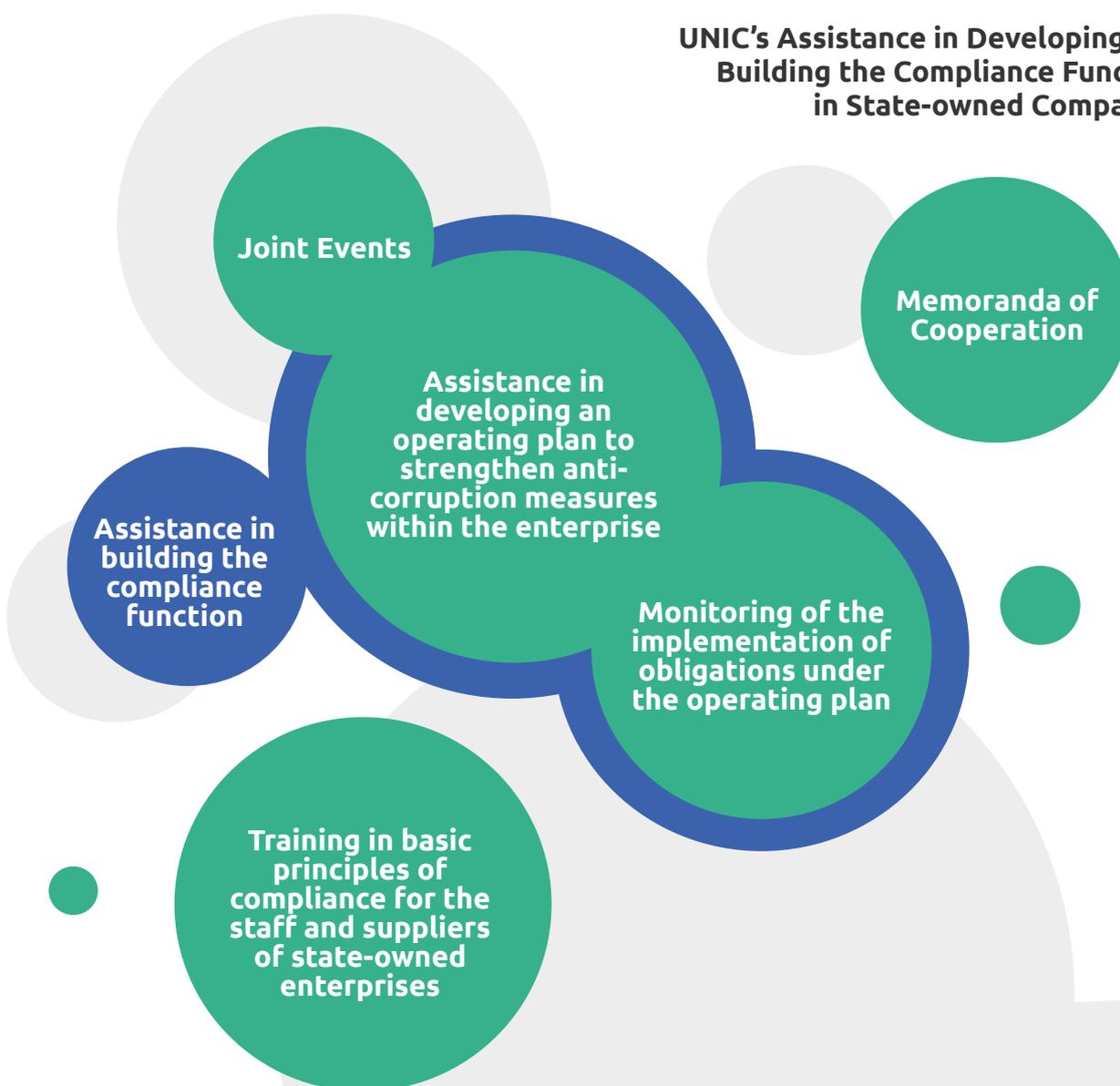
## Cooperation with Other Partners

### State-owned companies

In 2019, the Network began systemic work to establish partnerships with key state-owned companies in the process of corporate governance reform. The purpose of these relations was to promote the idea of ethical and responsible business among representatives of the public sector of economy, increase their transparency, improve the situation with business ethics and effectiveness of anti-corruption efforts.

During the reporting period, the Network signed Memoranda of Partnership with six state-owned companies, including NPC "Ukrenergo", NNEGC "Energoatom", the State Scientific and Technical Center for Nuclear and Radiation Safety, Trunk Gas Pipelines of Ukraine, Naftogaz of Ukraine, and Ukrainian Railways.

### UNIC's Assistance in Developing and Building the Compliance Function in State-owned Companies



## Results of the Relevant Plans and Changes Implementation in Companies Due to Cooperation with the Network\*

### NPC "UKRENERGO"

1. A compliance risk assessment methodology developed and a list of compliance risks compiled
2. Established clear KPIs for the compliance staff
3. Developed a Code of Ethics, stating the company's mission and values
4. Launched a "trust line" with the involvement of an external provider. The line operates successfully, helping detect violations and recover damages
5. Roundtable meetings held with NPC "Ukrenergo" employees on issues of trust line implementation and operation
6. Prepared a program of actions
7. To prevent potential conflicts of interest in the performance of the four functions: dispatching, transfer, settlement administrator, and commercial accounting administrator
8. Approved a methodology for engaging compliance leaders. A process launched for determining compliance leaders within the NPC "Ukrenergo" staff who support and promote business ethics and honesty
9. Developed 2 interactive online courses and completed regarding conflicts of interest and the anti-corruption program

70-  
75%

employees of NPC "UKRENERGO", including the operating staff without Internet access, successfully completed the courses

### NNEGC "Energoatom"

1. A draft updated Anti-Corruption Program for NNEGC "Energoatom" SE prepared and discussed with the Company's staff, trade union, and the public
2. Approved a Plan of Action for implementing the recommendations given upon the results of external assessment of corruption risks in the activities of NNEGC "Energoatom"
3. A procedure adopted establishing the obligation for Company officials to fill out annually an Information Sheet on the presence/absence of a conflict of interest
4. A draft production document of the Company prepared, titled "Regulations of Anti-Corruption Verification of NNEGC "Energoatom" Business Partners"
5. The following events have been held: On **September 12-13** at the Rivne NPP, a production meeting was held on the subject "Practical Tools for Strengthening the Principles of Integrity in the Activities of Private and State-owned Enterprises" with the participation of representatives of the Company's stand-alone units and business partners  
On **December 9-10** at the Zaporizhzhia NPP - a conference was held on the subject "Preventing and Countering Corruption in Ukraine: How to Change the System and Achieve Results" devoted to the International Anti-Corruption Day
6. Launched implementation of the international standard ISO 37001:2016 (DSTU ISO 37001:2018) at the NNEGC "Energoatom". "Anti-corruption Management Systems. Requirements and Application Guidelines" - a seminar was held for senior and middle management of NNEGC "Energoatom" SE on the subject "Basic Requirements of the ISO 37001 Standard"

### State Scientific and Technical Center for Nuclear and Radiation Safety

1. Prepared a draft new version of the Anti-Corruption Program, taking into account the results of internal and external corruption risks assessments in the company's activities.
2. Made amendments to the "Guidelines for Integrated Management System" to detail the requirements and expectations of suppliers (stakeholders) as regards combating corruption
3. Prepared Draft amendments to ES 520-01 "Enterprise Standard. Documentation Management in an Integrated Management System" to include requirements to job descriptions of heads of organizational units and functional groups to control compliance with the requirements of the ABMS and anti-corruption legislation
4. Drafted Procedure for anti-corruption verification of business partners as well as Questionnaire/Checklist for contractor verification

\*Data of Trunk Gas Pipelines of Ukraine, Naftogaz of Ukraine, and Ukrainian Railways are not included because the Memoranda with them were signed only in December 2019.

# Raising Awareness

One of the key goals of the UNIC is to promote and disseminate standards of integrity and corporate compliance in Ukraine. To this end, the Network collects, analyzes, and disseminates information on best compliance practices in Ukraine and the world.

## Business Integrity Digest

The Business Integrity Digest is a collection of hands-on tips and recommendations on specific subject areas of compliance, developed by Network Members and published regularly every two months in a year.

In the reporting period, 14 experts were involved in the preparation of the Digests, who co-authored 6 Digests (in chronological order):



### Sanctions and Counter-Sanctions of Ukraine and the Russian Federation That Affect Trade

**Working group:**  
Olena Omelchenko, Partner, Head of International Trade Practice, Ilyashev & Partners Law Firm, Ivan Bozhko, Lawyer at Ilyashev & Partners Law Firm



### Compliance in the pharmaceutical sector

**Working group:**  
Borys Danevych, Partner of Danevych.Law, Attorney at Law, Anastasia Filipiuk, Lawyer at Danevych.Law, Lana Sinichkina, Partner, Head of Life Sciences & Healthcare at Arzinger, Tatiana Drok, Associate, Life Sciences & Healthcare at Arzinger



### Antitrust compliance

**Working group:**  
Lana Sinichkina, Partner, Head of Antitrust & Competition Practice at Arzinger, Anastasia Usova, Advisor, Head of Antitrust Practice at RedcliffePartners Law Firm, Natalia Kovaleva, Senior Associate of Antitrust Practice at RedcliffePartners Law Firm



**Conflict of interests: general overview**

**Working group:**  
Iryna Nikolayevska, Counsel and Head of the Corporate/M&A and Compliance, Risk & Sensitive Investigations practices at Kinstellar



**Interaction with third parties in the course of doing business in Ukraine: general overview**

**Working group:**  
Igor Svitlyk, Associate, Dentons Law Firm, Volodymyr Omelchenko, Assistant Lawyer at Dentons



**Compliance in agriculture**

**Working group:**  
Olena Dubovska, Compliance Officer, Kernel, Anatolii Udivanov, Head of Legal Service at Kernel, Olena Bogusheva, Lead Manager, Quality Management System, Kernel

## Public Opinion Poll on Business Integrity

Understanding of the actual situation regarding the level of corruption and corruption risks in the country, opportunities and benefits from clean business and other aspects of social responsibility is essential for the effective promotion of compliance ideas at the national level and in the business environment of Ukraine. In order to have truthful and up-to-date information on these issues, the UNIC together with its international partners has been for more than a year a regular customer of professional research conducted by the best specialized expert institutions of Ukraine.

In 2018, the UNIC Secretariat, with the support of the UN Development Program Ukraine, implemented the project "Strengthening the Principles of Integrity in Government-Business Interactions", within the framework of which a first public survey was held. The main purpose of the repeat survey, which had been conducted from December 2019, was to assess public awareness of business integrity and the positive changes that had occurred in corruption prevention in the private sector over the past 3 years:



**74.4%**

believe that a company must have an internal integrity policy



**66.6%**

rwilling to pay more for goods offered by honest companies



**55.3%**

care about the level of integrity of private companies when buying goods and services from them



To view the study in its entirety, please scan the QR code

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Honest companies have  
advantages on both  
domestic and foreign  
markets

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# Accomplishments of Network Bodies

Held

# 21

meetings  
(including ballot voting)

Considered and approved

# 7

applications for Network Membership from new Members

Approved

# 8

templates of the Policies intended to become the basis for the formation of proper business processes or their transformation

## Executive Committee

### Approved:

- the Executive Committee's work regulations;
- tasks and objectives of the Pharmaceutical Expert Group of the Network;
- code of business conduct and ethics and the Procurement Policy of the Network Secretariat;
- a strategic session facilitator;
- campaigns for annual public opinion polls and business research;
- policy templates for:
  - contractor, subcontractor, and supplier interactions;
  - agent and intermediary interactions;
  - rules of interaction with state and/or local public officials and officers;
  - prohibitions of payments to simplify formalities (and commit prohibited actions);
  - prohibition of any direct or indirect contributions to political parties and/or political candidates;
  - charitable assistance and sponsorship;
  - an internal investigation;
  - definition of the conflict of interest.

### Accepted:

- report on the assessment of corruption risks in the fight against the shadow economy (in the part related to the regulation of control over official employment and payment of legitimate labor remuneration) and measures to eliminate the identified risks, prepared under the project "Strengthening the Principles of Integrity in Government-Business Interactions";
- Memorandum of Cooperation with the State Labor Service of Ukraine;
- Memorandum of Partnership between the Ukrainian Network of Integrity and Compliance and the companies Ukrenergo, State Scientific and Technical Center for Nuclear and Radiation Safety, Energoatom, Naftogaz, Trunk Gas Pipelines of Ukraine, and Ukrainian Railways in their preparation for UNIC membership and action plans for the candidates.

**Added** new specialists from various branches into the expert group.

**Created** and endorsed the editorial team of the Business Integrity Digest and the membership of the pharmaceutical and PR expert groups.

**Appointed** a new Head of the Secretariat and a public relations specialist.

**Granted consent** to an agreement amounting to over EUR 2,000 (twice).

Held

4

meetings



## Ethics Committee

### Considered:

- and accepted most documents approved by the Executive Committee;
- reports on the results of external verification of companies with regard to which negative information had been found during the public domain information verification, in particular with regard to four active Network Members, five applicants for membership, and four applicants for partnership;
- applications allegedly point to possible violations by Network Members of the principles of the Memorandum or provisions of other documents.

## Expert Groups

**Prepared** tasks and objectives of the Pharmaceutical Expert Group of the Network.

**Discussed** and provided comments on Policy templates later approved by the Executive Committee.

**Discussed** issues of the pharmaceutical branch with the Head of the State Service of Ukraine on Medicines and Drugs Control.

Held

6

meetings for experts to discuss best practices



<b>Consultants:</b>						
1. Experts in individual pre-certification consulting	0.00	27 117.00	0.00	1 770.84	0.00	25 346.16
2. Training specialists	0.00	10 000.00	0.00	0.00	0.00	10 000.00
3. Document template specialists	0.00	15 894.00	0.00	3 307.20	0.00	12 586.80
4. Annual public opinion poll on business integrity	6 000.00	0.00	2 492.83	0.00	3 507.17	0.00
5. Annual research into corruption risks in the private sector	0.00	0.00	0.00	0.00	0.00	0.00
<b>Operational Costs:</b>						
1. Office equipment and maintenance expenses	3 000.00	4 000.00	2 425.37	2 914.43	574.63	1 085.57
2. Office rent and operation	21 000.00	0.00	21 000.00	0.00	0.00	0.00
3. Legal services	0.00	4 100.00	0.00	2 418.77	0.00	1 681.23
4. Administration-related services	0.00	17 200.00	0.00	8 116.82	0.00	9 083.18
5. Design and drafting of the annual report and other documents (as may be required)	4 000.00	0.00	4 000.00	0.00	0.00	0.00
6. Communication/PR expenses (brand promotion, printing, PR agency, etc.)	0.00	13 500.00	0.00	11 461.88	0.00	2 038.12
7. Translation services	1 000.00	0.00	111.45	0.00	888.55	0.00
8. Bank account service fee	600.00	800.00	598.84	800.00	1.16	0.00
9. Transportation costs	3 400.00	0.00	2 611.23	0.00	788.77	0.00
<b>IT expenses:</b>						
1. Development of an intranet for UNIC Members	0.00	8 713.74	0.00	5 928.89	0.00	2 784.85
2. Annual website support	2 000.00	0.00	0.00	0.00	2 000.00	0.00
3. Annual website hosting	1 000.00	0.00	230.34	0.00	769.66	0.00
4. IT, telecommunications hardware and software	2 000.00	0.00	2 000.00	0.00	0.00	0.00
<b>Annual meeting-related expenses:</b>						
1. Organization of the annual meeting in May 2019	20 000.00	0.00	19 657.97	0.00	342.03	0.00
<b>Expenses for the creation of the Business Integrity Academy</b>						
1. Expenses for the selection of 3 members of the Academy team	5 920.00	0.00	0.00	0.00	5 920.00	0.00
2. IT, telecommunications hardware and software	6 000.00	0.00	0.00	0.00	6 000.00	0.00
<b>Contingency:</b>						
1. Contingency	20 000.00	0.00	15 774.44	0.00	4 225.56	0.00
2. Project budgeting	2 000.00	0.00	1 546.66	0.00	453.34	0.00
<b>Total (EUR):</b>	<b>109 952.00</b>	<b>191 426.74</b>	<b>84 041.82</b>	<b>109 915.06</b>	<b>25 910.18</b>	<b>81 511.68</b>

## Project “Making Clean Business a Norm”

In 2019, the Network implemented the project “Making Clean Business a Norm”, whose donor was the Ministry of Foreign Affairs of the Kingdom of the Netherlands. The project was planned to be completed in the fall of 2019, but donors supported the proposal to extend it until September 2020.

Financial Statement for the MATRA program supported by the Kingdom of the Netherlands

Outlays	Plan (EUR)	Fact (EUR)	Difference
<b>1. Project staff professional compensations</b>			
1.6. Team Lead	47 035.71	40 024.67	7 011.04
1.7. Project Coordinator	17 662.79	13 173.90	4 488.89
1.8. Project Assistant	8 623.21	7 943.99	679.22
<b>2. Consultants:</b>			
2.1. Experts in individual pre-certification consultations*	8 744.72	4 321.10	4 423.62
2.5. Annual research into corruption risks in the private sector	9 797.48	4 273.35	5 524.13
<b>*New budget items (transferred from item 2.1)</b>			
Regional events	12 000.00	7 688.39	4 311.61
Presentation of the report "Corruption in Business" and Toolkit	5 000.00	0.00	5 000.00
Presentation of the package of pre-certification recommendations	1 000.18	35.09	965.09
Discussion of the Network strategy by the Government and OECD	1 000.00	0.00	1 000.00
Summary of information from Network Members to Toolkit	3 000.00	0.00	3 000.00
UNIC strategic planning	3 000.00	0.00	3 000.00
Strategic planning. Event logistics	1 000.00	687.90	312.10
Email support (Code of Conduct)	527.00	0.00	527.00
<b>3. Set-up and operational costs:</b>			
3.2. Office rent and operation	8 782.60	8 782.60	0.00
3.4. Administration-related services	5 079.42	4 414.69	664.73
3.5. Design and drafting of the annual report and other documents (as may be required)	1 646.00	1 511.63	134.37
3.6. Communication/PR expenses (brand promotion, printing, PR agency, etc.)	13 061.00	6 508.92	6 552.08
3.7. Translation services	2 439.61	437.00	2 002.61
3.8. Bank account service fee	600.00	239.78	360.22
<b>Total (euro):</b>	<b>149 999.72</b>	<b>100 043.01</b>	<b>49 956.71</b>

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Implementation  
of ethics standards is  
the key to sustainable  
development for any  
company, regardless  
of size

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# UNIC Funding Sources

## Diversification of funding sources for the Network

UNIC and its members understand the importance of ensuring the financial stability of the initiative and the need to diversify funding sources. That is why the Memorandum of Partnership specifies that the activities of the Network are funded from the following sources:

- membership payments and special-purpose contributions from all Members;
- donations from private individuals, institutions, organizations, including intergovernmental, governmental and non-governmental organizations, intended for the Network to complete its tasks and achieve its objectives;
- direct and indirect international funding of projects that meet the purpose of the Network;
- any income derived in compliance with the legislation of Ukraine.

Membership payments are made in the national currency. For convenience, the shown euro amounts are based on the average exchange rate of EUR 1 = UAH 29.99.

325 416

Amounts and sources of UNIC funding for the period from January 3, 2018 through December 31, 2019 (EUR)

187 138

145 405



## Additional Sources of Funding

### Plans to Improve the Financial Stability of the Network in 2020

In 2020, the UNIC plans to attract funding from additional sources (apart from those specified above).

It should be noted that the UNIC needs to make a gradual transition to self-funding in order to strengthen the financial and institutional viability. The successful implementation of this idea largely depends on the effective work of the Secretariat and active Network Members, on the attraction of new members and effective budgeting and cost control in accordance with the operational priorities.



50%

28%

22%

# Our Publications



## Compliance Periscope

Interview Ario Dehghani, Head of Compliance and EU Law at Redcliffe Partners

Series of articles: [Compliance Profession: Insider's Opinion](#)



## SEGODNYA

Igor Svitlyk, Associate, Dentons Kyiv

A Big Discussion: [How a Gift to an Official Differs from a Bribe](#)



## The FCPA Blog

Ganna Gerasymchuk, Head of the UNIC Secretariat

[Ukraine business network adopts certification based on ISO 37001 standard](#)



## Liga Zakon Business

Ganna Gerasymchuk, Head of the UNIC Secretariat Interview: Maryna Romas, Head of Ethics and Business Integrity at Sanofi Ukraine, Andrii Volos, Legal and Compliance Counsel, ELEKS, Olena Dubovska, Compliance Manager at Kernel

[Transparency and Compliance: Fashion or Business Need?](#)



## Centre for the Study of Corruption at the University of Sussex

Tetiana Kheruvimova, Investigator at Business Ombudsman Council

[Corruption Bulletin, issue No. 1, spring 2019](#)



## Hromadske Radio

Ganna Gerasymchuk, Head of the UNIC Secretariat

[Transparency, Integrity and Ethics: How to Measure Business Reputation](#)



## Business Views

Ganna Gerasymchuk, Head of the UNIC Secretariat, comments: Lana Sinichkina, Partner at Arzinger  
Tatiana Drok, Associate at Arzinger

[Compliance as a Competitive Advantage of your Business](#)

The UNIC is active in establishing contacts with the media to spread the knowledge among businesses and the public about the importance of doing business with integrity, the advantages that effective compliance systems deliver, and how the Network helps establish the primacy of corruption intolerance in Ukraine. The Network staff and Members participate in the creation of interesting and practical educational materials on these subjects for the media operating both in Ukraine and abroad.



## UNIC WEB SITE

Dr. Rainer Markfort, a Dentons Berlin Corporate Partner and co-head of the European Compliance Group

[Compliance as a Business Success Factor: Why "Dealing Quickly and Simply" No Longer Works](#)



## European Pravda

Ivan Kravtsov, Carlsberg Ukraine, Olena Rybak, iC consulenten, Victoria Fokina, SKF Ukraine

[Integrity Comes First: Why Tackling Corruption Does Not Solely Depend on the State](#)



## Law and Business

Tetiana Kheruvimova, Investigator at Business Ombudsman Council

[Compliance: Costs or Investments](#)



## VoxUkraine

Olena Limakova, Head of Legal Department at Sandoz Ukraine

[A series of articles on business climate in Ukraine: Medical State Financing Has to Grow to 8-10% of GDP](#)



## Yurydychna Praktyka

Gaiane Karakashian, Head of the UNIC Secretariat

[Collective Awareness](#)



## Business Views

Gaiane Karakashian, Head of the UNIC Secretariat

[Compliance and Reputation: 17 Tricky Questions and Answers](#)

# Key Quotes



The pre-certification verification (Arzinger) has proved quite useful for us, the recommendations gave an additional impetus to our top management to find resources to develop compliance in the company. The recommendations have structured the matter, showed how all elements of compliance are interconnected.

**Olena Dundova,**  
Head of Compliance Service,  
Nova Poshta



Our UNIC membership has given the company an opportunity to gain access to quality templates of documents (policies), improve my expertise as a compliance officer, gain practical experience from experts in the field.

**Hanna Kazymyrova,**  
Head of Internal Audit at MHP



The UNIC has managed to bring together compliance pioneers and launch a promotion of the culture of integrity. This is already enough to move things forward.

**Oleg Lagodiyenko,**  
CEO and Co-founder, Ethicontrol



The UNIC is a universal institution that brings together companies of different sizes from different areas. The Network offers high quality products and an individual approach to its Members.

**Vladyslava Romanova,**  
Ethics, Risk & Compliance Manager



Only a few years ago, issues of integrity and related policies were raised at the level of head offices outside Ukraine. Today, thanks to the efforts of the Network and promotion of the culture of integrity, Ukrainian companies are talking about this.

**Olena Suchyk,**  
Head of Legal Relations/Labor Relations/  
Compliance,  
Metro Cash & Carry Ukraine LLC



The value of the UNIC lies not in the number of companies that have joined the Network, but in their unity in like-mindedness and in shared values. It is an association of companies that do not tolerate corruption. They have united precisely to identify themselves and have their voices heard.

**Ivan Sakal,**  
Chairman of the Executive Committee  
and Financial Director at ORGANIC  
SYSTEMS FE



Since the establishment of the UNIC, we have structured our work and launched educational and awareness-raising actions, such as the Business Integrity Week, which have already become a hallmark of the UNIC. The awareness-raising activity has been fruitful so that now the idea and concept of compliance is heard in different circles, which was not the case before.

**Tetyana Korotka,**  
Deputy Business Ombudsman



It was useful for our company to undergo the pre-certification coaching and receive hands-on recommendations which we plan to implement during the year. We also broadly use the library and all the standard policies developed by the UNIC Expert Group. The regional seminars for local businesses have attracted companies that previously knew nothing about compliance and integrity practices.

**Victoria Fokina,**  
Head of Legal and Compliance  
at SKF Ukraine

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